Migrant Workers’ Old-age Insurance Policy in China:
Beyond an Economic Development Perspective

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Abstract

This thesis examines old-age insurance policy provision for Chinese internal migrant workers. In recent years, the government’s old-age insurance policy has been redesigned to include migrant workers in the current insurance scheme and to offer them better protection. However, the participation rate is still extremely low and numbers of migrant workers are increasingly high, making it imperative to investigate the reasons for such low participation. To this end, this thesis employs a three-dimensional analysis framework of old-age insurance policy for migrant workers: individual perceptions, policy analysis of old-age insurance policies and documents, and the linkage between the economic and political environment and social security/old-age insurance reform.

However, the prevailing framework of State economic development goals creates deeply embedded institutional obstacles for these workers, and more significantly, because of their confined capabilities in relation to the resources they possess, migrant workers are severely limited in their access to old-age insurance. There are a number of insurmountable constraints stemming from the poor real-world situation they are in, notably their lack of access to information about old-age insurance, the lack of guarantee provided for future benefits, and their well-founded fear of making demands on their employers. The institutional obstacles exclude migrant workers from participating; the old-age insurance policy inherently has discouraging factors which negatively influence migrant workers; and the national goal of economic development has led to massive economic and social consequences, which effectively marginalise rural populations, including migrant workers, and restrict their access to equitable social welfare provision.

In this thesis I argue that since the economic reform of 1978, the mechanisms formed under powerful new economic and social imperatives have defined migrant workers as cheap, unprotected labour. In this context, in order to secure their own interests, provincial governments have developed a collusive relationship with profit-seeking enterprises. Thus rather than strictly
implementing the old-age insurance policy for their workers, they have sided with capital over labour. Finally, as an interest group, migrant workers are greatly disadvantaged in contention with the other powerful groups, especially provincial governments and profit-seeking enterprises, and their interests are marginalised. Compared to these powerful interest groups, migrant workers command very limited resources; they are often powerless and their old-age insurance interests are infringed.

The Chinese migrant workers’ old-age insurance policy is well-intentioned and equitably conceived. However, under the prevailing economic development imperative, the government’s implementation is stymied by the lack of support from powerful interest groups caught up in the lust for capital. Effective government policy needs to be implemented to resolve the current situation.
Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name, in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree.

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Chapter One: Introduction

Since economic reform in 1978, China has experienced a vast and historically unprecedented social transition from a controlled and planned economy to an aggressive market economy. As a result, set within the framework of economic growth in China\(^1\), a migration of people from rural to urban centres on a massive scale.\(^2\) And as one significant impetus for this growth, migrant workers, the conditions of their lives and their social welfare have been noticed by some scholars.\(^3\)

Rural-to-urban migration is a pervasive phenomenon in all developing countries but this phenomenon is especially evident in the case of China.\(^4\) The plight and problems of migrant workers in China have drawn the attention of both the Chinese government and scholars.\(^5\) Their income is below average in urban areas which leads to lower standards of living and less access to facilities and work choices. Perhaps the most problematic aspect of their situation is that these migrant workers do not have security. This means that such a large group (approximately 229.78 million in 2009\(^6\) and reaching about 252 million in 2012)...

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   http://www.stats.gov.cn/was40/piti_d2009etail.jsp?searchword=%C5%A9%C3%F1%B9%A4%D7%DC%C1%8F&channelid=6697&record=1, [accessed:] 27August, 2012.
has no welfare provision as elderly citizens. This will cause misery for these workers and impact their families. In 2013, the number of migrant workers aged over 50 had already exceeded 36 million, and thus they are already facing serious old-age problems.

When examining old-age insurance policies for migrant workers, there is one striking and seemingly contradictory fact. We can see that changes to these policies have become far more inclusive since 2003, with the goal of protecting the workers’ future. However, the participation rate in these policy schemes is still very low. Why do migrant workers not take up old-age insurance policies, even though these policies now specifically include them? What are the factors prohibiting migrant workers from participating in old-age insurance? This thesis endeavours to examine various factors that impact on the low participation of migrant workers’ in such policies.

Background

To explore these factors, I outline the general picture of old-age insurance policy in China and old-age insurance policy for migrant workers and the phenomenon of low participation.

Old-age insurance policy in China

During the abovementioned planned economy period (before 1978), state-owned enterprises were obligated to deliver old-age security, which was developed with

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7 XinhuaNet, "中国农民工超 2.5 亿,去年外出农民工月均收入逾两千(Chinese Farm Workers Exceeded 250 Million, and the average monthly income for the migrant workers in 2011 was More Than 2,000 yuan) " (2012). [accessed:] 3 June, 2012.


labour insurance.\textsuperscript{10} Under the planned economy system, the state took a unified management approach to enterprises finance, revenue and expenditure, as well as profit and loss.\textsuperscript{11} These enterprises delivered care to urban retired employees with cradle-to-grave service financed by central and local governments. The welfare system for urban citizens was comprehensive and generous.\textsuperscript{12}

After 1978, the traditional old-age security system was dismantled and enterprises were responsible for paying pensions.\textsuperscript{13} Since 1978, state-owned enterprises changed the relationship between enterprises and the State. Enterprises no longer turned a profit; instead, they paid tax and shared profits with the State. Enterprises had to take some responsibility for paying their employees’ pensions. In 1991, the \textit{Decision on the Reform of Enterprises Pension System} consisted of a multi-pillar system combining government, employers and individuals that shared the financial responsibility for pensions.\textsuperscript{14}

Policy reform throughout the 1990s to increase insurance coverage was extended to include the employees of foreign-owned enterprises and joint ventures, private companies and others.\textsuperscript{15} For example, the program promulgated by the State Council in 1999 (\textit{Interim Measures for Collecting Social Basic Insurance Premiums}) encouraged provinces to include flexible employees, employees of small establishments and self-employed persons in the old-age insurance system in urban areas. The management of old-age insurance had changed since 1998.


\textsuperscript{13} Wang, "China's Rural Old Age Security System: Challenges and Options."

\textsuperscript{14} Song and Chu, "Social Security Reform in China: The Case of Old-Age Insurance."

\textsuperscript{15}International Labour Office Sub-regional Office for East Asia International Labour Office Sub-regional Office for East Asia, "Extending Old-age Insurance Coverage in the People's Republic of China," (Bangkok: International Labour Office Sub-regional Office for East Asia, 2006).
The State Council, for example, promulgated the *Notification of Issues on Implementing a Provincial Pension Pooling Scheme of Uniform Basic Old-age Insurance System for Enterprise Employees and Switching Sectored Pension Pooling to Local Management*, which clarified the principles of consolidating the basic old-age insurance system for all enterprise employees, changing the pooling scheme from city to provincial level. But this implementation was highly dependent on local government discretion, according to local fiscal capabilities.

In 2001 the *Pilot Program on Improving the Social Security System*, first announced in 2000, had begun in selected cities, provinces, autonomous regions and municipalities directly under the central government. This system separates social and individual accounts of insurance policies.

With all this reform of the urban social security system, urban old-age security expanded and urban elders enjoy improved social security status. But the situation for migrant workers was a different story.

**Migrant workers’ old-age insurance**

As discussed above, during the 1990s, urban social security was reformed to construct a market-oriented system. A series of policy documents were issued to expand social security coverage for urban workers. However, migrant workers were not taken into account. Local governments only started to allow migrant workers to participate in social security from the mid-1990s in Guangdong province where migrant workers are concentrated in large numbers. The early insurance policy for migrant workers focused more on health and work-related injury, and gradually old-age insurance was introduced. Different schemes have been introduced in different locations, which fall into three main categories:

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16 Wang, ”China’s Rural Old Age Security System: Challenges and Options.”


special schemes for migrant workers’ social security; migrant workers participation in urban old-age insurance schemes; and migrant workers’ participation in rural schemes.\footnote{Yingfang Hua, "Baseline Study, CAGP Social Security for Migrant Workers Project (C2T3)," (2009).}

Since the significance of migrant workers’ role in economic development has been recognised, the government has issued policy measures to improve migrant worker’s social protection. Since 2003, migrant workers’ welfare, training, education and employment have been addressed. In 2006, the government Document No. 5 reviewed all migrant workers’ problems\footnote{These migrant workers’ problems included many aspects, such as low income, delayed income, long working hours, lack of social security, children’s education, housing, and so on. See http://news.sina.com.cn/c/2006-03-28/05138544342.shtml, [accessed:] 1Jan, 2011. And also 中国国务院, "关于解决农民工问题的几点意见（Several Views On Settlement of the issue of Migrant Workers）," ed. Labour and Social Security Department (2006).} and declared its determination to solve them. This document sets out the principles for migrant workers’ old-age insurance policy:

Explore a scheme for old-age insurance that suits the characteristics of migrant workers. Focus research on a migrant workers old-age insurance scheme that has a low rate of contribution, broad coverage, is transferable, and can link to existing old-age insurance system. Where conditions are suitable, migrant workers in stable employment can be bought directly into basic old-age insurance for urban employees. Employers of migrant workers already participating in urban schemes should continue to pay contributions for them.\footnote{Cited from Andrew Watson’s translation of the document. See Watson, "Social Security for China's Migrant Workers-Providing for Old Age."}

Since 2006, migrant workers were seen as a group that needed policy support. However, implementation of these policies remains weak and challenging. Watson identifies nine main challenges for developing practical old-age insurance policies that meet the needs of migrant workers who regularly change employment. This requires constant re-registering for old-age insurance schemes. Migrant workers move frequently between provinces and cities and rural and urban regions. They are more likely to find informal employment than formal employment. Female migrants have more mobility in jobs due to their more
inconsistent employment and family responsibilities. Migrant workers lack incentive and faith in the long-term benefits they are supposed to receive from the old-age insurance policy. Employers are usually not willing to pay for the higher labour cost of paying old-age insurance for migrant workers. Migrant workers find it hard to satisfy the contribution requirements of current schemes, (i.e. contributing for 15 years), and instead make continuous contributions for the final five years of employment. Designing schemes to match these features requires a flexible information system to cater for frequent movement, and mechanisms to ensure that fund contributions are preserved in various pools, combined together and transferred to the place of final retirement.\textsuperscript{22}

Drawing on local experience to address these issues, in 2009, a procedure draft for migrant workers’ participation in basic old-age insurance was issued. This draft aims to improve migrant workers’ participation in old-age insurance. It proposes six policy principles. First, the procedure is compulsory and all migrant workers with formal contracts are included in the scheme. Second, the contribution rate would be 12 per cent of the wage for the employers and between 4 and 8 per cent for migrant workers. The employers’ contribution goes to the social pool and individual contributions to the individual pool. Third, migrant workers who are already in the urban old-age insurance scheme should be allowed to change their contribution rate to a new level. Fourth, withdrawals should not be allowed, but migrant workers can use a contribution certificate to rejoin the scheme when they change jobs. Fifth, after 15 or more years of contributing, migrant workers can claim their benefits. Those who have not satisfied the 15-year contribution can transfer to a rural scheme or make a lump-sum withdrawal from their individual contribution. Sixth, a unified national information database for migrant workers’ old-age insurance should be established and a national social security card should be issued. At that time, migrant workers’ participation rate in old-age insurance was about 17 per cent. To address this low participation, the basic principles of these proposals for the new scheme were brought forward. They included: the scheme should be compulsory and without withdrawals; reduce the threshold of

\textsuperscript{22} Ibid.
participation for migrant workers; maintain the sealed accounts in local pools when migrant workers move; and establish a national database for keeping migrant workers’ account records; build a mechanism for pooling lifetime contributions and transferring to the final place of residence. Although these proposals are straightforward, the implementation is complex due to significant differences between local schemes. These proposals also need critical adjustments and national database development. For these reasons, the new policy still faced the following challenges. First, potential discrimination may continue. Second, development of clear and transparent management and a national information database that can encourage migrant workers to participate is required. Third, development of fund management and security is needed to preserve and increase their value. Fourth, the complexity of account management increases if migrant workers’ contributions are dispersed in different pools. And finally, there is an urgent need to establish a national information database at a unified national level.

**Importance of old-age insurance for migrant workers**

Migrant workers in China have flocked from rural to urban areas in huge numbers, and they have fuelled China’s rocketing economic growth. However, despite some efforts to improve their conditions, they are a socially excluded group, facing many difficulties and with many problems. These problems particularly include the lack of welfare provision, social exclusion and subsequent ‘identity crisis’. Due to the institutional transformation of the Chinese economy and accompanying social relations, special social groups have formed since the economic reforms. Migrant workers have recently become a major part of the labour force, especially in building construction and manufacturing industries. In these contexts there are several factors that make their old-age insurance crucial for their respective futures, and highlight the difficulties of their participation in old-age insurance schemes.

First, the migrant workers are mainly employed in low income industries and their jobs are linked with high instability and mobility, which indicate a greater risk of unstable income. This low income and frequent underemployment both highlight
migrant workers’ need for old-age insurance to defend their future. Old-age insurance can obviously decrease such risks; however, it is difficult for migrant workers to satisfy the minimum contribution period of 15 years because of their unstable and highly mobile work conditions. It has also been noted that migrant workers are deliberately excluded from many urban jobs, except those considered dirty, dangerous, or so low in pay that urban residents are not willing to do them. Migrant workers mainly work in manufacturing, construction, servicing, catering and retail, transportation and post. These industries are consistently characterised by low income, high levels of physical labour, and little opportunity for advancement. According to data collected by the China National Bureau of Statistics the annual average income of migrant workers was about 7000 Chinese RMB in 2004. The national average income for the corresponding year was RMB 16,024. Apart from lower income, migrant workers also face the problem of under-employment. Most researchers assume they only work full-time for nine months per annum, which also partly explains why they have much lower incomes than their urban counterparts.

Second, migrant workers cannot save much for their future because they have lower discretionary incomes. Their living conditions seem to indicate that it is more difficult for them to put aside money for their retirement. In 2008, the

23 The minimum contribution of accumulative years must be more than 10 years, and if the contribution years are less than 10 years, the account will be transferred to the household registered place. See 人力资源与社会保障部和财政部, "城镇企业职工基本养老保险关系转移续接暂行办法( Temporary Measures of Urban Enterprises Workers Basic Old-age Insurance Transfer and Splicing) ", ed. Ministry of Human Resources and Social Security and Ministry of Finance (2009). http://www.cnss.cn/new/zldh/zcfg/ylbx/200912/t20091230_244942.htm, [accessed:] 27 August, 2012.


25 中国国家统计局农村司, "2011年我国农民工调查监测报告(Monitoring and Survey Report on Migrant Workers in 2009)," (2012). Migrant worker numbers in the construction industry increased from 13.8% in 2008 to 17.7% in 2011, while the number in manufacturing industries decreased.


average monthly wage of migrant workers was about RMB 1,417, much lower than the urban average income of about RMB 2,436. This shows the gap between migrant and urban workers. These figures also show that migrant workers’ income was lower than the national average standard.

In addition, according to investigations carried out by the China State Council, about 10 per cent of migrant workers’ salary payments is very often delayed by an average of about seven months, which is quite common in the construction industry. Due to these issues, migrant workers are thought to be less able to save and thus they need more income security in their old age.

Migrant workers between 16 and 40 years of age are in their premium working lives. As they get older, employment opportunities dwindle. This means that if they cannot contribute to or plan for their old-age income, they will face an uncertain financial and social future in later life, and this calls for the preparation of old-age insurance participation in their early years. Table 1.1 shows some significant details from 2009: here the average age of a migrant worker was around 29 and it was shown that job opportunities for them begin to decline dramatically after 40. This is because most of the areas they work in rely on manual labour. In this case, there was a premium placed on youth and strength as reflected in the age distribution of migrant workers.

Table 1.1: Composition of migrant workers in the workforce by age

<table>
<thead>
<tr>
<th>Ages</th>
<th>Percentage of total migrants (%)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
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</table>

28 Ibid. The migrant workers’ income increases every year, and according to the 2011 survey carried out by the China National Bureau of Statistics, the average income of a migrant worker was about 2000 RMB.


Clearly, when migrant workers are young, they are more likely to be employed and earn a higher income.\textsuperscript{32} However, their family and other needs may tend to absorb all their income in these earlier years. As they age, it is evident they have even fewer resources to prepare for retirement.\textsuperscript{33} This makes old-age insurance a pressing issue which needs detailed investigation. In China today, for urban workers, there is a system of old-age insurance which offers support after they retire. However, it seems that migrant workers are not taking advantage of it, and have great difficulty in fitting into the system. Even though the provision of a social security system is vital for them the existing arrangements have not been successfully designed to meet their needs. For today’s migrant worker population the existing provisions are insufficient. The scheme’s structure and conditions make it very difficult for such workers to become involved in an old-age insurance program, and these difficulties highlight the vital need for this investigation of old-age insurance for migrant workers.

\textit{Hukou and policy background}

Migrant workers’ welfare is closely related to the national government’s policy changes in old-age insurance, social security, as well as household registration, to accommodate rapid social change brought about by economic reform. The household registration system has been shaping both social security and old-age insurance policies. In this section I outline developments in household registration

\begin{table}[h]
\begin{tabular}{|c|c|}
\hline
16-25 & 41.6 \\
\hline
26-30 & 20 \\
\hline
31-40 & 22.3 \\
\hline
40-50 & 11.9 \\
\hline
50 & 4.2 \\
\hline
\end{tabular}
\end{table}

\textsuperscript{32} Ibid.

\textsuperscript{33} Ibid.
and old-age insurance policies, and explain how recent trends show they are becoming more inclusive. Originally, the household registration system divided the population into rural and urban, and this restricted migrant workers’ mobility. However, over time these restrictions were gradually relaxed, and the social security system framed the basic old-age income for everyone including migrant workers.

From the 1950s to 1978, the household registration system was implemented relatively strictly and a formal social welfare system was enjoyed by the urban population. During the 1950s, the state focused on heavy industry, and government policies were introduced to serve this goal. Both the household and social welfare systems centralised scarce resources to end heavy industry development. During this period the Chinese government implemented a series of laws and regulations which divided the population into urban and rural residential groups to control population movement and shape developmental priorities. This was formalised as a permanent system in 1958 through the issuing of the edict known as hukou, or the Regulations on Household Registration in the People’s Republic of China. This dual structured institution was pro-urban and tightly implemented. Urban and rural parts were divided into two very different classifications of income, housing, grain rations, medical and other services, education, employment and retirement arrangements. During 1958 to 1978, hukou control was tight and rural to urban mobility was restricted.

Since 1978, when economic reform began, hukou control was slackened and the social welfare system began to be reformed. Social security policies, household registration policies and old-age insurance policies were modified to serve the new state goal of economic development. The rural welfare system was crippled with the dismantling of the collective economy and was left to its own devices to


35 Ibid.

36 Ibid.
finance its welfare and social services. In urban areas initiatives were taken to replace the employer-based labour insurance model with a largely social insurance model. 37 Employer-based insurance covered comprehensive aspects of social welfare provided by employers, while social insurance was managed by the local social security bureaucracy. This is because the economic reforms required further enterprise reform which, in turn, required alternative forms and funding of worker social welfare. In the Reform era, enterprises began to change from a multifaceted role 38 to an economic role in order to shake off the burden of welfare responsibility and to perform better in the market-oriented economy. Household registration policies also underwent a series of changes according to the needs of the new market economy development. Whereas the traditional social security system depended on both enterprises and the state for its provision, the old-age insurance was funded by contributions from both enterprises and individuals.

On the whole, the policies loosened the restraint of the household registration system, and the old-age insurance policies increased increasing their coverage gradually so migrant workers were encouraged to participate. In 1984 the hukou policy was relaxed by permitting rural workers to work in urban areas. By 2001, a change in the hukou system further enabled a tiny percentage of people who satisfied certain criteria (usually having some skills or investing in cities) to change their status to urban hukou.

In conjunction with changes to the hukou system, old-age insurance policies have become more inclusive. In 1991, old-age insurance widened its access to foreign-owned enterprises, private enterprises and self-employed individuals.39 In 2011, it went even further by welcoming migrant workers to participate. 40 These

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38 Before the reform, enterprises worked as providers for all kinds of welfare including provision of kindergartens, housing, and other services as well as production.


40 Ibid.
developments clearly demonstrate how the *hukou* and old-age insurance policies have been becoming more flexible and deliberately more inclusive of the situations of migrant workers. Nevertheless, migrant workers’ participation rate in the tailored schemes remains alarmingly low.

**Lack of participation**

In 2008, there were 220 million migrant workers in China but only about 24 million participated in old-age insurance; the participation rate was about 9.33 per cent in 2008. 41 This extremely low level of participation remained in the following years. In 2009 the participation rate was about 10 per cent 42 and it was only 13.9 per cent in 2010. 43 Although there has been a slight increase in the participation rate, a low level of participation remains a constant state of affairs, despite the changes that have made the policies for migrant workers more inclusive and attractive.

**A general review of current research**

Based on the current research on migrant workers’ old-age insurance, there are three important explanations for migrant workers’ low participation in old-age insurance. The first explanation is from the aspect of migrant workers’ own perceptions toward old-age insurance. The second widely accepted explanation is institutional. The third notable explanation, recognised by some scholars, is how interest groups have become involved in migrant workers’ old-age insurance.

The first explanation is partially derived from an enduring but impressionistic attitude about migrant workers. These scholars ascribe that part of the low rate,

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regarding migrant workers’ unwillingness to participate, is rooted in migrant workers’ irrationality or short-sightedness towards old-age insurance and their own situation. Lyv Xuejing holds that neither local government and enterprises nor migrant workers have much enthusiasm for the scheme, and her perception is based on her investigation of several districts in Beijing. She arrives at the conclusion that migrant workers’ recognition of old-age insurance is limited. Their perceptions are linked to their younger age, lower education level, or merely their ‘myopia’. Some Chinese scholars hold the view that migrant workers’ low participation in old-age insurance can be attributed to the fact that they want to maximise their disposable income in the short term, but they do not appreciate the value of old-age insurance as a long-term risk strategy. Andrew Watson, Hua Yingfang and other scholars, however, focus on migrant workers’ preferences for constraint. Watson points out some commonly accepted wisdoms. For example: migrant workers are not familiar with concepts of insurance against risk or rights to a social security; their income is so low they are not willing to sacrifice part of their wages to an unknown and uncertain old-age insurance scheme; and their main goals are to remit their money to their home.

44 Xuejing Lyu, "城市农民工社会保障问题的现状与思考——以对北京市部分城区农民工的调查为例 (Current Situation and Reflections on Urban Migrant Workers Social Security Social Problems-Based on the Investigation of Migrant Workers in Some Districts of Beijing)," Study Forum 12, no. 7 (2005). [Please go through all footnotes where pages are missing for journal articles and insert them. I won’t repeat this instruction again].

45 Many researchers hold the view that migrant workers do not have a positive attitude towards old-age insurance, and the view of Yang is a typical one. See Yang Du, ed. Integration of Urban and Rural Welfare: Research and Practice, Pension’s Pattern and Research Review of Rural Migrant Workers in China (Beijing: Social Science Academic Press, 2011).


47 International Labour Office Sub-regional Office for East Asia, "Extending Old-age Insurance Coverage in the People’s Republic of China."

48 Watson, "Social Security for China’s Migrant Workers—Providing for Old Age."

49 Hua, "Baseline Study, CAGP Social Security for Migrant Workers Project (CZT3)."

help their family to build a house in the home village and/or prepare their own wedding or that of their family. Watson also points out that life priorities for migrant workers also influence their perceptions of old-age insurance and their participation. These priorities include housing, education for their children, health, etc. But Watson also notes that these opinions are impressionistic, which underscores that more analysis of migrant workers’ behaviour and preferences is needed.51 The impression that migrant workers are ‘myopic’, for example, needs empirical examination. But one significant fact cannot be neglected: these negative perceptions came into existence along with the history of unjust institutional arrangements and discriminatory attitudes.

Especially in the 1980s, migrant workers were seen as vagrants and were likely to cause social instability and impose greater burden on urban infrastructure. Even the government regulation in 1991, Notice to Discourage Migrant Workers Going to Guangdong Blindly mentions that “migrant workers are moving blindly,” thus migration needed to be regulated.52 This Notice reflects a popular perception about migrant workers in society including that of the government of the time. The marginalised situation of migrant workers has resulted from negative attitudes held by both urban populations and governments. This obvious discrimination had not diminished before 2003.53 There is also the fear that the influx of migrant workers is like a powder keg waiting to explode.54 Migrant workers have been seen as very vulnerable and may therefore take revenge on society, and this perception has the potential to be very destructive.55 These negative perceptions

51 Watson, "Social Security for China's Migrant Workers: Providing for Old Age."


55 Ibid.
are fundamentally related to the institutional division between rural and urban populations as the urban-priority economic-social system. Until the early 1980s, hukou prohibited rural people from migrating and working in cities, so the new appearance of farm workers in cities was then regarded with suspicion, prejudice and hostility by urban residents. Hukou and other urban-prioritised institutional divisions encouraged the perception that migrant workers are inferior, poor, dirty, not cultured (mei wenhua) and backward.

The second widely accepted explanation is that institutional obstacles hinder migrant workers from participating in old-age insurance. The hukou system has been recognised by many scholars as its institutional function prevents migrant workers from gaining access to old-age insurance, as well as other rights.56 Another institutional obstacle is the social security system. Generally recognised defects of this system include the high contribution rate,57 the fragmentation of the old-age insurance system,58 and technical issues such as the state of the information database.59 These are the essential direct barriers that migrant workers face if they are considering old-age insurance. However, it should be stressed that these institutional obstacles are closely linked with the hukou and social security policy reforms, which are guided or influenced by government macro-economic policy. Thus, as this thesis intends to show, it is very necessary to examine the hukou system and social welfare policy reforms, and also wider economic and political policy.


57 中澳管理项目农民工养老保险研究成果汇编委员会, 中澳管理项目农民工养老保险研究成果《The Research Result of China-Australia Management Programme on Migrant Workers' Old-age Insurance》.


59 Ibid.
The third notable explanation recognised by some scholars is to recognise how interest groups have become involved in migrant workers’ old-age insurance. Watson argues there are conflicts of interest that shape the way policy is developed and implemented. He also refers to a number of factors: the ambivalent position of local governments; the conflict of interest between employers and employees; and the conflict of interest between local residents and outsiders.  

Lyu Xuejing has mentioned that neither local government and enterprises, nor migrant workers have much enthusiasm for the old-age insurance scheme. She has considered the influence of other interest groups, and recognises that these attitudes matter in considering the success of policy. However, how these groups might be influencing migrant workers’ participation needs examination. Some scholars have examined the factors that influence companies’ noncompliance in their old-age insurance obligations. There are some media concerns about government behaviour and enterprises’ noncompliance behaviours in implementing old-age insurance policy for migrant workers, but there is little research from these perspectives. More importantly, such interest in group perceptions of migrant workers’ old-age insurance and their behaviours has not been seriously analysed, and how these interest groups come into existence under the influence of macro-economic policy has not been examined either.

**Research objectives**

Regarding the first set of impressions regarding social security policy and migrant workers is that migrant workers are short-sighted and irrational; this research will fulfil the research gap by examining migrant preferences and views through empirical data. Institutional obstacles are widely recognised as the direct reason for the low participation rate. Although institutional obstacles obviously hinder

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60 Ibid.


migrant workers’ participation, importantly macro-economic development policy is closely linked with and structured by institutional obstacles. Thus it is necessary to examine the impact of macro-economic development policy on social policies which structure institutional obstacles. Prevailing explanations locate the causes for this low participation at the micro level, within institutional arrangements or with migrants themselves. However, what is missing from this analysis is appropriate consideration of the fundamental macro level forces constraining migrant workers’ responses to policy initiatives.

In other words, the thesis aims to answer the question of key institutional, social, political and economic factors that impact the low participation rate of old-age insurance taken by migrant workers in China.

To address this research question, I will use a three-dimensional analysis framework: the first dimension is from individual perceptions, which I obtained from fieldwork and empirical data. The second dimension is from policy analysis of old-age insurance policies and documents. The third dimension is to examine the strong links between large, economic political environments and social security/old-age insurance reforms. To pursue this framework, I use the following three subsidiary questions.

What factors do interest groups identify as the main reasons for low participation in old-age insurance? In order to examine the interest group’s role in low participation and to explore migrant workers’ real attitudes in relation to insurance participation, I designed a study which involved collecting and analysing data from three interest groups: local governments, businesses, and migrant workers. With the data from fieldwork and also secondary sources, this research examines the different groups’ perceptions. To know the real situation of interest groups and their function in the implementation of migrant workers’ old-age insurance, this study also examines the capabilities each interest group commands and how different capabilities influence their interplay, which determines the outcomes of insurance policies for migrant workers. For this purpose I access online data sources and conduct interviews and questionnaire surveys. This fieldwork aims to contribute a new and empirically informed analysis of the status of dominant
thinking on this issue, as well as Chinese migrant workers’ genuine motivation for their inertia in relation to old-age insurance. From this analysis, a critical argument is then developed to seek in-depth explanation from broader economic and political factors influencing this outcome.

What are some of the key elements contained within old-age insurance policy documents including implementation documents that may either encourage or discourage the take-up of old-age insurance by migrant workers? In order to gain a more profound understanding, I also conduct policy analysis of social security and old-age insurance. Through analysis of chronological social security policy evolution and old-age insurance policy documents, economic and political driving factors under old-age insurance policy reforms are explored plus encouraging and discouraging factors.

What are the key political and economic factors that have influenced the way old-insurance policies have developed and implemented? I examine policy reforms from the backdrop of macro-economic policy and argue that such policy has played an important role in structuring institutional arrangements and driving old-age insurance and hukou policy reforms, and under such circumstances, interest groups emerge and eventually affect the results of old-age insurance policy, both at drafting and implementation stages. Based on the three-dimensional analysis framework, the following section outlines the organisation of the thesis.

Organisation of the thesis

This thesis consists of eight chapters. In the introductory chapter, I establish the social setting and historical background to the apparently puzzling situation: even though the central government has designed policies specifically to attract migrant workers’ participation in old-age insurance, the rate of participation is very low.

In Chapter Two, I examine the scholarly explanations for migrant workers’ low participation in old-age insurance in the literature review. This chapter critically evaluates current explanations.
Chapter Three presents the analytical framework and methodology used to conduct the empirical investigation. The methodology explains the general approach taken, including the context of this problem and the study participants, being stakeholders in old-age insurance: provincial governments, profit-seeking businesses and migrant workers. Quantitative and qualitative methods are employed to determine migrant workers' attitudes toward old-age insurance, their lack of ability to defend themselves and resist invasion of their rights.

Chapter Four examines the empirical data gathered, in order to shed light on the different interest groups’ attitudes, situations and conceptual perceptions of low participation. This chapter examines both government officials and business enterprise managers are likely to hold deeply entrenched views that migrant workers are short-sighted, unwilling to see the benefits of investing in their futures and interested only in short-term financial gain.

Chapter Five aims to provide policy analysis related to the current state of affairs regarding insurance problems, including hukou policy, social security policy, and old-age insurance policy for migrant workers chronologically. It attempts to answer the question of what the key elements are within old-age insurance agreements that may encourage and discourage migrant workers to take up old-age insurance. Through the analysis of the evolution of the old-age insurance policy and the localised models for migrant workers, I aim to find the gaps between the policy provision and the implementation.

Chapter Six attempts to develop a new understanding of the complex interrelationships among stakeholders of old-age insurance arrangements. This chapter aim to provide an explanation for the specific institutional faults that clearly impede migrant workers from taking up the scheme. This chapter delves into the close linkage between institutional obstacles and macro-economic and political policy. To alleviate these obstacles requires policy makers to rethink China’s models of economic development and welfare policies.
Chapter Seven tries to explain how separate interest groups were formed under the Chinese State’s aggressive economic development, and how a new interest mechanism has been created by such a ‘development at all cost’ strategy. This chapter also clarifies the operations of the different interest groups. By comparing the ways in which these groups are able to recognise and act in their own interests, this chapter aims to examine migrant workers’ lack of capabilities and their disadvantaged position in the current old-age insurance implementation structures.

Chapter Eight is the Conclusion, which summarises the thesis and main contributions of the thesis. Finally, this chapter proposes policy recommendations for the policy makers.
Chapter Two: Literature Review

Introduction

Perceptions of migrant workers in China have undergone dramatic changes since the reform. In the 1980s they were seen as aimless vagrants (mangliu) who were likely to cause social disorder in cities. And historically, rural migrant workers have been mistreated, discriminated against and marginalised. It is only recently that their contributions to Chinese economic growth have been recognised, and their rights and entitlements given attention. Among these entitlements, old-age insurance is the most significant and only recently have migrant workers been included in the national social insurance scheme. However, migrant workers do not seem to be enthusiastic about these changes designed to serve their interests. The phenomenon of migrant workers’ reluctance in taking up the social security scheme demands an explanation. When we search the Chinese literature we will find that the earlier literature on migrant workers focuses primarily on motivation for migration. More recently scholars have conducted research on the unique situation of Chinese migrant workers and their low participation in the old-age insurance scheme.

Social security is a significant topic in China because the country is developing rapidly, both in economics and the social sphere. China is under increasing pressure from social security issues. Developing a viable social security system has been recognised as essential for China’s sustainable economic and social development. Social security under the current circumstances in China refers to five main areas: social insurance, social welfare, social relief, preferential treatment resettlement and social assistance. Among these five areas, social insurance is the most important, which includes old-age insurance, unemployment insurance, health insurance, work injury insurance and maternity insurance. This study focuses on old-age insurance because of its complexity, involving long-term

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processes which are supposed to apply to everyone. It calls for many years of financial contribution. For this very reason, the design of the old-age insurance system and information management are very complex. And the macro-economic implications for old-age insurance are many because of the financial burden for government over time with such a large, ageing population. These issues are more complex in China because there are two different social security systems. There is one old-age insurance system for urban employees and a different system for the rural population. This dual structure has been keeping migrant workers in social security limbo for a long time. Although they have left their rural homes, they are still considered rural residents and as such, they were excluded from urban social welfare services including the old-age insurance system until 2006. It has taken the Chinese government a long time to include migrant workers in policy consideration and accept them as a social group that needs social protection.

Social security and old-age insurance in China

By the late 1980s and early 1990s, the social security system adopted in the era of Mao appeared to be inadequate because a sedentary population employed by a work unit under the planned economy had been replaced by a mobile labour force driven by a market economy. China’s welfare was based on the planned economy model, and under this model employers were responsible for the welfare of their employees including old-age income. Market reform made this model unsustainable, because the labour force became mobile, enterprises became profit-oriented and government needed to shake off the welfare burden. This transformed the economic and social basis for social security and demanded a social security system include those who do not work in a work unit or who do not work at all.64 From the mid-1980s to early 1990s, social security became a significant research area. For example, from the 1990s to 2000s, social security in China has attracted many studies ranging from social security theoretical research,

Chinese social security system analysis, social security system reform and the introduction of an international social security system, to new topics such as philanthropy, housing, social welfare and special group rights protection. Social security is supposed to act as a social safety net, which provides citizens with resources to overcome life risks, and cushion the challenges brought about by rapid economic change. Furthermore, the demographic transition has led to a decrease in the working-age population and this has raised social concerns about old-age support and social security in both rural and urban areas.

Then there is the gap between urban and rural areas. The urban old-age insurance system principally covers workers in urban areas in the formal sector, or rather the state sector. In contrast, the rural old-age security system is under-developed, even though ageing population in rural China is growing much faster and thus the dependency rate is higher. During the era of Mao, the rural ageing population had a low level of social security under the collective system. Under this system, most of the elderly were taken care of by their children. Childless old farmers have what was called Five Guarantees including food, clothing, medical care, housing and burial expenses by the collectives. In the late 1970s, the collective system was dismantled and replaced with the household responsibility system. In 1992, what was called the Basic Program for Rural Social Security Insurance at County Level was promulgated, but was contracted and stagnated after 1998 and the participation rate fell significantly from 53.78 per cent to 11 per cent in 2007.


66 Ibid.


68 International Labour Office Sub-regional Office for East Asia, Asia, "Extending Old-age Insurance Coverage in the People’s Republic of China."

69 Wang, “China’s Rural Old Age Security System: Challenges and Options."
The World Bank has conducted research on social security in China at the request of the Chinese government. The research conducted in 2005 identified four problems. The first problem is that rapidly ageing demographics creates a high dependency ratio as a result of declines in fertility combined with increased longevity. Secondly, social security in China is a highly decentralised and fragmented system. Thirdly, there is what is called the faulty amortisation factor. Finally, there is a problem of increasing early retirement. The World Bank research claims that the government needs to address these policy problems. World Bank experts agree on five general principles for the urban pension system. Firstly, there is a need for adequacy. The benefits should be sufficient to meet basic functions for the elderly. Secondly, there is the issue of breadth. The system should have a broad coverage. The third principle is about sustainability. The system needs to be robust to deal with demographic trends. The fourth principle is about affordability. The system has to be affordable for the provider and participants. Finally, the fifth principle is about multiple layers. The Chinese government articulated these principles in 2012 for a reformed pension system by stating the need for an urban social security system that “has broad coverage, protects at the basic level, is multilayered and sustainable”, and for rural residents the system should have “broad coverage, protect at the basic level, be flexible, and sustainable”. A three-pillar design is widely accepted by international experts and domestic scholars with the following components: a basic pillar providing


72 Ibid.

73 China government adopted some of these reform options, such as increase the retire age to 65. The government did not take the option that bring contributory rate to 25%wage for old-age insurance.

74 Cai, "The elderly and old age support in rural China challenges and prospects".


76 Ibid. Murton, "new perspectives on pension reform: the people's republic of China."

77 Wang Dewen, Ma Yongtang, and Zhu Changyou, "Social Security for Rural Migrant Workers In China:
minimum elderly protection to urban and rural citizens’ through Social Pension benefits; a contributory pillar with a mandatory national contribution rate; and a supplementary savings pillar for all citizens, providing a voluntary pension.

According to other research carried out by the World Bank, ageing in rural areas is faster than urban areas, because in the process of urbanisation, migration of young people into cities will shift the working age population from rural to urban areas. In 2008, dependency ratios in rural and urban areas are 13.5% and 9% respectively, and by 2030, dependency ratios will be 34.4% and 21.1% respectively. This phenomenon would make it more difficult for rural families to provide old-age care. According to the research, in the long term, the rural elderly are poorer and more vulnerable than the urban elderly, as the former are mainly dependent on their own labour income and family support. By comparison, the urban elderly depend on pension income. Thus it is critical for the rural elderly to receive a rural pension. Drawing on experiences from most developing countries, social security in China is designed to be financed largely on the basis of contributions, which means that the most likely excluded elders are those who pursue lifelong agricultural work. Some middle-income developing countries have been successful in taking a substantial fraction of their rural elders into protection, such as Brazil, Argentina and South Africa. The most significant experience from Brazil is that the system does not need individual contributions.

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78 Wang, "China's Rural Old Age Security System: Challenges and Options."

79 Ibid.

80 Ibid.


82 Ibid.

Some researchers suggested non-contributory pensions for Chinese rural elders, and claimed that the means test was inapplicable in China due to a lack of administrative capability.\textsuperscript{84} A rural pension scheme\textsuperscript{85} was designed in 2009 and China inaugurated the New Rural Pension System, which has an ambitious objective of universal coverage and provides very modest basic benefits.\textsuperscript{86} At this basic level the coverage was reported to be 95 per cent in 2012,\textsuperscript{87} and expected to achieve national coverage by 2013.\textsuperscript{88} Some problems are left unsolved, such as contributory rates and subsidy levels, individual account management, transfer of individual accounts and transfer between different schemes.\textsuperscript{89}

Furthermore migrant workers who move from rural to urban areas, or move between them, not only have the practical difficulties in participating in old-age insurance, but they also face resistance from both local governments and employers in implementing social security measures designed by the central government. To understand this scenario better, it is necessary to backtrack to the history of migrant workers in China, the changes within government policies and social attitudes toward them.

**Background: rural-urban migration in China**

Rural-urban migration is not unique to China. There is an abundance of literature examining motivation for migration. One prominent theory is the Push-Pull Theory, which explains the transfer of rural labour to urban areas as the

\begin{itemize}
  \item \textsuperscript{84} Yang, Williamson, and Shen, "Social security for China's rural aged: A proposal based on a universal non-contributory pension."
  \item \textsuperscript{85} These rural pension plots include Beijing, Baoji, Yantai, Suzhou, etc.
  \item \textsuperscript{87} Wang, "China's Rural Old Age Security System: Challenges and Options."
  \item \textsuperscript{88} 中国国务院, “国务院关于开展新农保试点指导意见( Guidelines from State Council on Launching New Rural Old-age Insurance Projects) ”, ed. China State Council office (Beijing2009).
  \item \textsuperscript{89} Wang, "China's Rural Old Age Security System: Challenges and Options."
\end{itemize}
redistribution of labour among different industries.⁹⁰ According to this theory developed by Ravenstein, population flows from places which have push factors to those that have pull factors. The pull factors have more advantageous living conditions in urban areas, while the push factors have more disadvantageous living conditions and thus people aim to improve their living conditions through migration.⁹¹ Todaro has proposed an Expected Income Theory, which holds that labour will continue migrating to urban areas if the urban wage is expected to be higher than that in rural areas.⁹² According to this theory, the labour movement between rural and urban areas is a response to the expected income gap. In furthering this understanding, Lewis puts forward the Lewis Model, which holds that in many economies an unlimited supply of labour is available for a subsistence wage.⁹³ These labour migration theories all shed light on Chinese rural workers’ motivation for migration, to some extent. Nevertheless, they do not offer completely satisfactory explanations for the situation of migrant workers in China.

Rural-urban migration in China shows a peculiar trajectory as a result of the Chinese hukou (household registration system), instituted in the 1950s to impose strict limits on ordinary Chinese citizens changing their permanent place of residence.⁹⁴ This system restricts rural-urban population mobility. It requires that all internal migration be subject to approval from the authorities at the destination. The allocation of social welfare and social security provision is organised


according to household registration. The existence of local pooling arrangements and social insurance contributions are pooled at the local level rather than the national level. In this way, the rural population is excluded from state welfare, subsidies and other prerogatives. Because of these restrictions, migrant workers and their families are excluded from access to public services such as public schools.

*Hukou* was first set up in Chinese cities in 1951 and extended to rural areas in 1955 during the early phase of China’s economic recovery. *Hukou* is enforced by local governments which issue identification at birth. It was designed not only to provide population statistics and identify personal status, but to regulate population distribution and provide targeted social services, mostly for the urban sector. The *hukou* system is a very important method of social control used by government to control population mobility. As a system it has had a crucial impact on most aspects of people’s lives in China, and many researchers believe that the *hukou* system has created unnecessary difficulty and unfairness for migrant workers.

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95 Watson, “Social Security for China's Migrant Workers-Providing for Old Age.”


97 Ibid.


103 Wang, F. ”The Breakdown of a Great Wall: Recent Changes in the Household Registration System in
hukou system changes, and analyses the fundamental effects of hukou on population mobility and its social and economic ramifications. The system divides Chinese citizens into two categories: urban and rural. The rural residents are effectively treated as inferior to the urban residents and they are deprived of the right to settle in urban areas. Li Qiang, while referring to the Push-Pull Theory, points out that Chinese migrant workers represent a different migration pattern from other countries due to the hukou system that is peculiar to China. Liu Huailian also uses the Push-Pull Theory to explain Chinese migration. He explains that the growing population has caused diminishing marginal productivity of rural land and this has produced a surplus labour “thrust” or “push”; the comparative advantage created by economic development in urban areas, however, created a “pull”. These authors view the floating population as

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107 Huailian Liu, 农村剩余劳动力转移新论 (Rural Surplus Labour Force Transfer) (Beijing: China Economy Publisher, 2004).
surplus rural labour forces motivated by a search for employment opportunities in the external community.  

These economic analyses are almost all based on the absolute income gap theory raised by Todaro. Migrant workers move because they seek better opportunities and channels for upward income mobility in the city. For example, Li Peilin argues that, in China, as the income gap between urban and rural regions has expanded, farmers have lost interest in their land because of the slow growth of rural income compared with other forms of income.

**Discrimination and poor social conditions**

The urban-rural divide created by hukou has marginalised rural people. This group has been largely discriminated against as a result of negative attitudes developed by both government and urban dwelling populations. There are two main beliefs contributing to this negativity: that large scale migration creates disorder; and a big influx of migrant workers will impose a greater burden on urban infrastructure and create many problems. An exaggerated point of view holds that the influx of migrant workers is just like a powder keg waiting to explode. Migrant workers have been seen as very vulnerable and therefore could want to take revenge on society, and this view has the potential to be very destructive. As in other developing countries, different points of view have developed about the

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110 Peilin Li, “流动民工的社会网络和社会地位(Migrant Worker’s Social Network and Social Status),” *Sociology Research* 4(2004); Peilin Li, 农民工：中国进城农民工的经济社会分析(Migrant Workers: Economic and Sociological Analysis on Chinese Migrant workers) (Beijing: China Social Science Documentary Press, 2003).


113 Ibid.
extent to which the movement of migrant workers to urban areas should be controlled. Government policymakers have also had these concerns. They once believed that development of the modern sector required some regions to develop ahead of others and they were particularly worried that large scale migration to urban areas might cause problems in providing jobs, food and infrastructure. In the economic transition period, China has adopted an urban approach to the old-age insurance system.

Until the early 1980s, hukou prohibited rural people from migrating and working in cities, so the new appearance of farm workers in cities was then regarded with suspicion, prejudice and hostility by urbanites and government. The migrant workers were characterised as dirty, not cultured (mei wenhua), and backward. For example, a recent news item reported that a public toilet in Wuhan forbids migrant workers to use it, because the local residents think migrant workers are dirty and backward. Between 1982 and 2003, an administrative procedure called ‘custody and repatriation’ (shourong qiansong) was established to allow the police to detain people with no urban hukou status. This only ended in 2003 when Sun Zhigang, a university graduate, was mistaken for a migrant worker and beaten to death in a detention centre. Before this incident, migrants were required to have temporary urban residential cards, otherwise they would be taken into custody. This procedure of custody and repatriation was created to deal with what was called ‘blind’ migration, which was thought to cause urban social instability and increase crime. The Sun Zhigang incident prompted social debate about


115 Wang, "China's Rural Old Age Security System: Challenges and Options."


custody and repatriation, and problematised urbanites’ and government’s defensive and discriminatory attitudes toward migrants.

It is still evident though that these migrant workers often suffer the worst working and living conditions trying to earn a basic living. Scholars have written extensively on their poor social conditions caused by mistreatment and discrimination in urban areas. Research on migrant workers in the Pearl River Delta area, carried out by the Chinese Academy of Social Sciences, documented the living conditions of migrant workers: they work longer hours which tests their physical limits in a poor working environment; most of them live in collective dormitories which are overcrowded and with no privacy. According to investigations carried by the National Bureau of Statistics in China, the pervasive problems which exist among migrant workers are wage delays, prolonged hours of work, inequitable labour contracts, and low participation in any kind of insurance. Several surveys have shown that migrant workers’ average wage level had not increased for 10 years until 2006. The 2002 Chinese Household Income Project Survey (CHIPS) shows that over 80 per cent of migrant workers worked seven days a week; and only 7 per cent worked five days in line with the official mandated number of working days for urban workers.

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119 Gao, Gao village.

120 Li, Yinhe. "珠江三角洲外来农民工状况(Migrant Workers' Situation in Pearl Delta)." China Social Sciences 4 (1995): 92-104.

121 Agricultural Department of China State Statistic Bureau 中国国家统计局农村司, “2009 年农民工监测调查报告（Monitoring and Survey Report on Migrant Workers in 2009）.”


123 Li, "Rural Migrant Workers in China: Scenario, Challenges and Public Policy."
Changing scholarly perspectives

Generally speaking, Chinese scholars’ attitudes have developed in accordance with the negative perceptions of migrant workers by government and urban dwellers. Only recently have scholars started to acknowledge migrant workers' contribution to spectacular urban development. It is noted that, even though they have been making significant contributions to China’s development, their rights as equal citizens and employees have long been violated. Sidney and Alice Goldstein are among those who write about migrant workers and their influence on the urbanisation of China. They hold that migrant workers in China have greatly influenced the growth of large cities, and both urban and rural development. Most scholars agree that migration has been a great impetus for the Chinese economy.

According to a 2009 investigation by the Chinese Social Science Academy, migrant workers contributed 32 per cent of Beijing’s GDP and 31 per cent of Shanghai’s GDP; contributions to other cities amounted to between a third and a sixth of their GDP. Another report on migrant workers shows that they accounted for up to 30.3 per cent in the manufacturing industry, 22.9 per cent in the construction industry, 10.4 per cent in social services, 6.7 per cent in hotel and catering services, and 4.6 per cent in wholesale and retail business. Today many firms demand low-paid workers to make labour-intensive goods for export; this is valuable for China and export has already become a sizeable component of

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the Chinese economy. Their average national contribution rate to non-agricultural industry is about 37 per cent. Undoubtedly, these migrant workers have contributed to the rapid economic growth of China.

However, despite this significant contribution, it has been shown that their rights as equal citizens and employees have long been ignored or even violated. Some Western scholars have observed that social security coverage in China is too narrow, and inadequate for protecting human rights or citizenship rights, especially for migrant workers. As a result, migrant workers will not be able to take advantage of China’s economic boom. Many reports have illustrated violations of migrant workers’ rights. Some scholars believe there is an equity issue and migrant workers are not treated in the same way as other citizens in their own country, since they are excluded from social security protection, including old-age insurance, as well as from many other welfare benefits. Solinger’s analysis of the cultural politics of inequality in socialist and contemporary China is meticulous. She discusses migration issues from the perspective of the politics

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132 Ibid.

of citizenship and argues that, not only do migrant workers have to contend with discrimination and prejudice inherited from the *hukou* system, but also new forms of exploitation that have come with capitalism. Solinger drew attention to the migrant workers’ situation from the perspective of rights during a comparatively early period. Chen Min is one of the first Chinese scholars to place emphasis on the protection of migrant workers’ rights. He has suggested that both governments, that is, those which migrant workers come from and those which they flow into, should both have responsibility for protecting their rights.

However, for a long period, migrant workers were not protected and their problems were not accorded any attention. Now the situation seems to be changing. From 1999 to 2002 in China, for example, there were only 29 Chinese articles dealing with the protection of migrant workers’ rights; from 2003 to July 2006, there were about 808 articles on this topic. There were about 3,700 articles on the topic of migrant workers protection in China from 2003 to 2014 February. Thus it was not until 2003 that the protection of migrant workers became a popular and important research issue in China.

**Old-age insurance and migrants’ lack of participation**

As a result of this expansion in research, it can now be seen that in terms of social insurance, migrant workers were historically excluded altogether from the scheme and have only recently been included. Many researchers have come to agree on the necessity of an old-age insurance system for migrant workers, and the State Council also has identified the extension of coverage of migrant workers as a

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135 Min Chen, 农民工维权论(Discussion on Preserving Migrant Workers’ Rights) (Beijing: China Worker Press, 2003).

136 This data is based on the search result of CNKI, the Chinese full-text journal database.

Thus old-age insurance for migrant workers has become a subject of public policy. Wang Laijie holds that whatever system is developed, it must reflect the need to balance social equity and social efficiency, and the later mainly focuses on economic growth. Most researchers agree that social security should emphasise social justice and this calls for increasing social security coverage. Other scholars have compared social security benefits for migrant workers in China with those in other countries, showing China unfavourably.

Some researchers, such as Lyu Xuejing, focus on categorising and interpreting existing types of old-age insurance systems. Lyu has identified four models of social security systems, evaluating their advantages and disadvantages. The first model includes migrant workers in the urban system. The second model allows migrant workers to join the rural insurance system. The third comprehensive model combines old-age insurance with other forms of insurance. And the fourth model is referred to as "double-low", because it requires a lower standard contribution but also produces lower benefits. Each model is based on the differential treatment of welfare for urban residents and migrant workers. These models are deficient in certain aspects because they all treat migrant

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workers and urban workers differently, which means these models are fundamentally flawed.

As pointed out in Chapter One, it is now well established that, despite all these initiatives which aim to induce migrant workers to insure for their old age, their participation in the relevant scheme is extremely low. Consequently, these workers have attracted extensive attention from scholars and researchers who have aimed to investigate why this is the case, and to propose reasons for migrants’ lack of engagement.

**Perceived obstacles to participation**

In recent scholarly studies it has been established there are three main categories for such low participation. The first category, as mentioned in Chapter One, ascribes the low participation to institutional problems. These include the hukou household registration system and dualistic social structure, the fragmentation of the current social security system, the transfer regulation, the high contribution requirements for 15 years, and so on. The second category ascribes the low participation to personal factors, migrant workers’ own passive

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147 Bingwen Zheng, "'Welfare Fragmentation' Is the Obstacle of Reform " *Social Sciences* 6, no. 004 (2006); 1-4. The fragmented old-age insurance system has over 2000 local pools varied from place to place, which create the difficulty of transferring old-age insurance account across different places.

148 Andrew Watson mentioned that transfer regulations between different places have been an obstacle for migrant workers to participate in old-age insurance, because migrant workers have such high mobility. See Watson, "Social Security for China’s Migrant Workers-Providing for Old Age." Besides, the local pool from migrant workers’ movements can keep 8 per cent of the 20 per cent from the enterprises’ contribution, which also contributes to the transfer difficulty.

149 Ping He and Yingfang Hua, "农民工的社会保险政策设计(Migrant Workers' Social Security Policy Design),” *Forum* 7(2007).

150 Another problem is that there is no information database at a national level.
attitudes and their so-called ‘myopia’ towards old-age insurance. The third category ascribes the low participation to interest groups, which includes inactive and complacent behaviour by enterprises.

Institutional obstacles

Two major institutional obstacles have been identified by a number of scholars and can be classified into two main categories. First, some researchers have argued that the hukou household registration system has continued to prevent migrant workers from participating in old-age insurance. Household registration remains bound up with welfare and other services, as it is a key means by which the state allocates its limited resources. Because it divides rural and urban areas, it ties the provision of welfare into the local economy. The practical operations of hukou show how migrant workers are excluded from enjoying the rights and benefits extended to their urban counterparts.

Urban citizens receive welfare benefits from their employment unit (danwei) or company; rural citizens are meant to receive these benefits from the local government in their hometowns. Based on this hukou division, migrant workers were excluded from social security protection in urban areas, including old-age insurance, as well as many other rights. As there is a marked difference in the

151 This opinion is pervasively held by scholars, enterprise managers, as well as government officials, which will be discussed later in the section.


treatment of old-age insurance returns between the rural pension and urban old-age insurance, it is not justified that migrant workers should work in cities but receive much lower old-age insurance, with a much lower return. The hukou system remains linked to this welfare provision, and creates unnecessary difficulty and unfairness for migrant workers. 155 Because the social welfare systems are managed and funded at the local level, the systems lead to different local pools of old-age insurance, which create a basic barrier to migrant workers’ transferring their old-age insurance accounts from one location to another. 156 Because migrants are continually moving, it is difficult for them to contribute to their old-age insurance when it is tied into their hukou. The research referred to above clearly points out the negative influence of hukou on migrant workers’ participation in an old-age insurance scheme.

Secondly, many researchers argue that given the defects in the social security system, there is little incentive for migrant workers to participate in old-age insurance. The generally recognised defects include the high contribution rate, fragmentation of the old-age insurance system, and technical issues such as the state of the information database. According to research carried out by the China-Australia Government Management Program Committee, a pervasive


156 Pools are local funds of old-age insurance.

understanding of low participation is that the contribution rate for old-age insurance is too high. This prevents migrant workers from participating, given an enterprise constitutes about 20 per cent of a migrant workers’ wage.\textsuperscript{158} An investigation of the World Bank also articulated that such high contribution rates discourage employer compliance and worker participation in China.\textsuperscript{159} This phenomenon is all pervasive among other developing countries through the use of labour dispatch services and under-reporting employment and wages, particularly in private enterprises and self-employed businesses, as well as some state and foreign enterprises.\textsuperscript{160} 

A specific institutional defect is that mentioned above: the fragmented old-age insurance system has over 2000 local pools that vary from place to place and these pools operate separately.\textsuperscript{161} The system is fragmented across geographic jurisdictions and across localities with different financial capacity of local government, which also leads to local accounting, budgeting, information management and localised management.\textsuperscript{162} Without provision of integrated services and geographical portability, this fragmented system creates difficulties for migrant workers transferring accounts from one location to another. Although since 2009 there have been provisions for transferring migrant workers’ accounts,\textsuperscript{163} the difficulty still remains because of other institutional and

\begin{flushleft}
\textsuperscript{158} 中澳管理项目农民工养老保险研究成果汇编委员会, 中澳管理项目农民工养老保险研究成果 (The Research Result of China-Australia Management Programme on Migrant Workers' Old-age Insurance).


\textsuperscript{160} Mary Gallagher et al., “China’s 2008 Labor Contract Law: Implementations and Implications for Chinese Workers,” (Hong Kong: Hong Kong University of Science and Technology, 2012); Wang, Ma, and Zhu, “Social Security for Rural Migrant Workers in China: Current Coverage, Institutional and Policy Suggestions Workers.”


\textsuperscript{162} Giles, Dewen, and Park, "Expanding Social Insurance Coverage in Urban China.”

\textsuperscript{163} 人力资源与社会保障部和财政部, “城镇企业职工基本养老保险关系转移接续暂行办法 (Temporary Measures of Urban Enterprises Workers Basic Old-age Insurance Transfer and Splicing) ”.
\end{flushleft}
operational problems. One problem is that, according to the new transfer regulation, migrant workers moving from a local pool can only transfer 8 per cent out of the 20 per cent of the relevant enterprises’ contribution. As a result the local pools which migrant workers move into will face a serious issue in balancing funds, and receiving pools will then have to pay at least RMB 80,000 for one person after they retire in local places.\textsuperscript{164} The receiving pools will face even more pressure considering the practical income increase and payment adjustments. The International Labour Organization has suggested that pooling can be included at the national level or in inter-provincial agreements, but it is unlikely to provide a solution to the portability problem of the system in the short or medium term.\textsuperscript{165}

A related complication is that there is currently no national level database, and information management systems and structures for migrant workers’ transfer are not yet ready. A new information system for social security, the Jinbao project, is being implemented, but this system is still underdeveloped.\textsuperscript{166} Consequently, this constitutes a systematic barrier for migrant workers’ participation in old-age insurance. Currently, provinces, cities and counties have their own information systems developed by different software companies, which again increases the technical difficulty of transferring migrant workers’ old-age insurance accounts. Interoperability is severely limited, thereby making it more difficult for workers to transfer funds. It is also evident that operating administrations of old-age insurance are universally undermanned.\textsuperscript{167} A widely accepted view is that there are no clear regulations for transferring one’s insurance from one area to another;
neither new rural pension systems nor urban enterprises’ old-age insurance schemes have any such regulations.

These widely held understandings explain the institutional obstacles for migrant workers to participate in old-age insurance in different ways. Wang Dewen claims that institutionalised exclusions are embedded in social security for migrant workers. Although the Chinese Labour Law stipulates that migrant workers employed by urban units in various forms of employment should have social insurance including old-age insurance. However, the design of the scheme is not consistent with the Labour Law. Wang Dewen also divides the determinants for low participation into institutional supply and demand. The supply side includes institutional factors and the demand side includes the migrant workers’ situation and perceptions of old-age insurance.

The existing literature which gives these institutional explanations has improved people’s understanding of the key issues migrant workers are facing. The Chinese government has become more proactive, but further reforms are crucial. Institutional obstacles create serious barriers for migrant workers to participate in the old-age insurance, but they alone do not provide an adequate explanation for the low participation rate. This thesis argues that these institutional challenges are shaped by economic and political imperatives to increase Gross Domestic Product (GDP) and they should be examined against the backdrop of other large contextual policies.

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168 State government planned to cover all the rural population before 2020, and the coverage rate was 10 per cent per cent of the rural population in 2009. China State Council, “国务院关于开展新农保试点指导意见 (Guidelines from State Council on Launching New Rural Old-age Insurance Projects).”


170 Dewen, Ma Yongtang, and Changyou, ”Social Security for Rural Migrant Workers In China: Current Coverage, Institutional Design and Policy Suggestions.”

171 Wang, ”China’s Rural Old Age Security System: Challenges and Options.”
Interest groups

Having a good institutional structure will help to increase participation by migrant workers. However, enterprises and local governments’ perceptions and their willingness to adhere to the existing regulations are also crucial. Andrew Watson states that underlying these systematic challenges are conflicts of interest that shape the way policy is developed and implemented.\(^{172}\) He also points out a number of factors: the ambivalent position of local governments; the conflict of interest between employers and employees; and the conflict of interest between local residents and outsiders.\(^{173}\)

Lyu Xuejing holds that migrant workers do not have enough enthusiasm and initiative to recognise the value of old-age insurance. She attributes the reason for low participation to simply personal factors, and she argues that neither local government and enterprises, nor migrant workers have much enthusiasm for the scheme. A reasonable part of this view is that she does consider the influence of the other interest groups involved, and recognises that these attitudes do matter in considering the success of the policy. However, how these groups might be influencing migrant workers’ participation needs examination. Another reasonable aspect of Lyu’s argument is her assessment that local government and business enterprises do not have enthusiasm for migrant workers’ old-age insurance because they are not the beneficiaries. To serve their own interests, local governments and businesses have an incentive to get rid of the responsibility for migrant workers’ old-age insurance, because they both can benefit from their own noncompliance in the scheme in terms of economic growth by decreasing the cost of labour. There are scholars that have examined the factors’ which influence companies’ noncompliance in their old-age insurance obligations.\(^{174}\) There are some media concerns about the government’s behaviour and enterprises’

\(^{172}\) Watson, "Social Security for China’s Migrant Workers: Providing for Old Age."

\(^{173}\) Ibid.

\(^{174}\) Nyland, Smyth, and Zhu, "What determines the extent to which employers will comply with their social security obligations? : evidence from Chinese firm level data ".

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noncompliance behaviour in implementing the old-age insurance policy for migrant workers,\textsuperscript{175} but there is little research from this perspective. We need to examine the key players involved in workings of the old-age insurance policy. The people themselves act as players, and they are influencing the practical functioning of the old-age insurance policy. Since the social economic market was established as a result of economic reform, local governments, enterprises, and migrant workers have already become independent interest groups, and they are all looking for interest maximisation. In order to maximise their own interests, these groups may have very different attitudes and desires related to such old-age insurance. Further, they may have very different capabilities to influence its operations. In the prevailing explanation for migrant workers’ low participation in old-age insurance, the players, including local governments, enterprises and migrant workers themselves, are not adequately examined.

**Migrant workers’ perceptions and their situations**

Scholars ascribe the present situation to the low willingness and enthusiasm of migrant workers themselves to participate in the old-age scheme. Based on a detailed investigation carried out in the districts of Dongcheng, Xicheng, Xuanwu, Zhaoyang, Haidian, Fengtai and Tongzhi in Beijing,\textsuperscript{176} Lyu Xuejing’s main argument, is that migrant workers’ recognition of the value of old-age insurance is limited. She contends that some migrant workers do not know much about old-age insurance policy, and some have completely no idea. Migrant workers’ lack of knowledge and information hinders their engagement. She also holds that migrant workers have marked lack of confidence in the social security system, and they are uncertain about the benefits of old-age insurance.

\textsuperscript{175}www.CFI.NET.CN, "广东美的偷漏数千员工社保 暗中隐藏巨大利益链(Guangdong Midea Evasion in Old-age Insurance for Their Employees-Hidden Massive Interest Relation)."

\textsuperscript{176}Lyu, "城市农民工社会保障问题的现状与思考——以对北京市部分城区农民工的调查为例(Current Situation and Reflections on Urban Migrant Workers Social Security Social Problems-Based on the Investigation of Migrant Workers in Some Districts of Beijing)."
My fieldwork confirms what Lyu says about the situation. While I acknowledge that participation is related to individual choice by migrant workers, the extent to which individuals in any social context can achieve their entitlements and rights depends on the social and economic environment in which they are situated. The unwillingness factors that Lyu Xuejing posits may actually belong to the social and economic restrictions in the environment, imposed on individuals, rather than to migrant workers’ attitudes and willingness towards old-age insurance.

Du Yang argues that migrant workers are earnest in their wish to improve their immediate economic situation, but not through old-age insurance. He holds that most migrant workers are still young and they do not appreciate the value of insuring for their old-age and providing for future life risks. 177 Du Yang’s explanation is his rationale for this low participation as the short-term priority of migrant workers, as well as a result of their lack of understanding of old-age insurance and of their own long-term needs. Bingwen Zheng takes a similar position in judging migrant workers’ recognition of their life needs, and mentions other reasons which induce their unwillingness to take up the insurance. He holds that migrant workers are not sure whether they can get the old-age insurance contribution return after they retire, and how much money they will receive. A further group, the International Labour Organization, is also concerned that ‘myopia’ and lack of confidence in old-age insurance are major reasons for migrants’ low participation. 178 According to these views, migrants have their attitudes developed out of their own assessments of the old-age insurance system. Based on their own economic situation and their understanding of the system, they lack confidence to participate in the old-age insurance scheme.

Another perspective that attributes the unsatisfactory participation to migrant workers themselves is held by scholars who argue that the low education level of

177 Many researchers hold the view that migrant workers do not have positive attitude to old-age insurance, and the view of Du Yang is very typical. See Du, Integration of Urban and Rural Welfare: Research and Practice.

178 International Labour Office Sub-regional Office for East Asia, "Extending Old-age Insurance Coverage in the People’s Republic of China."
these workers leads to unawareness of their social security and protection rights. For example, Guan Xinping argues that, because migrant workers are less educated, they do not have a sense of their future risk and so their demand for old-age insurance is not strong.\textsuperscript{179} Xie Jianshe further notes that migrant workers’ social security awareness is weak and they do not notice that there is injustice in their lack of entitlements.\textsuperscript{180} He also elaborates on migrant workers’ education levels, pointing out that most migrant workers’ education level is lower than middle school, and most have no skills training. In his 2009 survey investigation, 82.8 per cent of migrant workers had an education level lower than middle school; only 9.7 per cent were educated at high school level, and 7.7 per cent had a technical secondary school education or higher. Thus Xie believes that, because of their low education levels and lack of skills training, they can only take on simple manual labour, or jobs with low skill and high intensity. Significantly, he argues that low education levels definitely limit access to information and socialisation after they arrive in urban areas, and this ultimately leads to low participation in insurance.

Based on an investigation in Jiangsu, Jilin and Liaoning provinces, Hua Yingfang observes that young migrant workers with formal work and better education not only have an obvious willingness to participate in old-age insurance, but there is also a strong demand.\textsuperscript{181} He draws the conclusion that migrant workers with high mobility and informal work are more likely to be indifferent to old-age insurance.\textsuperscript{182} However, we know that most migrant workers have informal work and high mobility, so without more relevant and rigorous data analysis it is not possible to establish whether or not these workers desire old-age insurance. In this

\textsuperscript{179} Xinping Guan, “农民工参与城镇社会保障问题：需要、制度及社会基础(The Problems of Migrant Workers’ Participation: Demand, Institutions, and Social Foundation),” \textit{Teaching and Research} 1(2008).

\textsuperscript{180} Xie, \textit{Rights Safeguard for Chinese Migrant Workers.} : 97.


\textsuperscript{182} Ibid.
context, it is too simplified and problematic to imply that migrant workers just need to be educated, and if educated properly, they will participate in old-age insurance. This argument clearly overlooks the broader picture of structural constraints affecting the profiles of these workers and how they live. Lack of education is just one kind of deprivation; however, deprivation from several resources can combine to produce a lack of capability which prevents migrant workers from participating in old-age insurance. Although a low education level would likely limit migrant workers’ ability to appeal effectively when their rights are violated, it must be assumed they are rational in terms of maximising their interests. A relatively low education level does not necessarily inhibit a person’s ability to realise the importance of old-age insurance.

Another explanation is that migrant workers’ lack of recognition of old-age insurance ascribes to their low participation and rural origins. However, this standpoint is easily open to bias and discrimination against migrant workers specifically and rural populations in general. It carries a strong and often unsubstantiated implication that rural populations are lagging behind. A typical viewpoint is that of Jianshe Xie, who expresses the view that migrant workers’ rural origins limit their understanding of the value of insurance, as well as their ability to appeal against injustice. He argues that because migrant workers come from rural areas, they are naturally more likely to resort to family and friends for support, rather than taking up insurance to protect their own interests. Historically, for a substantial period, these workers have not had the experience of social security so they do not recognise its significance. As a result, they do not understand the necessity of social security in industrialised contexts including that of old-age insurance. According to Xie, migrant workers lack the vision and energy to strive for the entitlements of social security, and they are more likely to leave it to their employers to decide their old-age insurance for them. Here he holds that because they are from rural backgrounds, migrant workers react slowly to change and to new issues. However, there is little empirical evidence to support such a view, and a more rigorous and justified approach is required to examine the

183 Ibid.
system, which has failed to address or foster the insurance knowledge of migrant workers.

Another issue raised by scholars supports the view that migrant workers’ willingness is hindered by the immediate, urgent need for cash. Lyu Xuejing, for example, asserts that many migrant workers want to participate in old-age insurance but they have no spare money to contribute. Zheng Bingwen also argues that migrant workers usually have a very tight budget and a great burden in supporting their family (上 有 老， 下 有 小 shangyoulao, xiayouxiao). Consequently, they would rather choose not to participate, considering all the uncertainties. This argument clearly neglects the difference between migrant workers’ willingness and their actual capacity to participate in the scheme; lack of spare cash is a factor that limits their capacity to take full advantage of their old-age insurance, rather than an indication of their unwillingness to participate. Furthermore, Zheng’s empirical study shows that migrant workers think the current old-age insurance contribution rate is acceptable, so the influence of the need for cash on migrant workers’ participation is not firmly established here.

From the literature review above, it can be seen that many scholars ascribe migrant workers’ low participation to their myopia, limited understanding and lack of awareness of old-age insurance and future risks associated with ageing. Such viewpoints emphasise the role in and significance of social choice of an individuals’ personal characteristics, which can be characterised here as migrant workers’ limited knowledge of the social security system. In practice, however, it is increasingly clear that, as China’s contemporary institutional arrangements are designed to serve the state goal of economic development, individuals in their own contexts are mostly shaped by this institutional arrangement. Whether they can choose to participate in a social security scheme, such as old-age insurance, is also highly influenced by their environmental background.

Such views of migrant workers’ preferences reflect a prevalent phenomenon today: many China scholars ascribe low participation to migrant workers’ perceptions, and thus focus on the deficiencies of this target group. However, this explanation lacks empirical examination and is too impressionistic. As Wang Dewen claims, there are wide knowledge gaps that remain, concerning the factors influencing migrant workers’ perceptions and demand for social security. Appropriate research needs to extend beyond personal characteristics, to consider ways in which migrant workers’ perceptions are restricted by institutional factors, by the resources with which they are endowed, and by their capabilities, all of which are largely out of their control and instead shaped by state mechanisms. There may be bias in the research with regard to migrant workers’ perceptions and situations, and this view may be the typical, prevalent expression of attitudes held by a dominant group of Chinese scholars. These scholars tend to agree with other groups, which have finally formed a certain settled view of migrant workers, and of their low participation in old-age insurance.

**Beyond institutional obstacles and individual choices**

Most of the existing Chinese literature explains the current obstacles to migrant worker participation in old-age insurance but it does not address a closely related issue, which is also fundamental: the recognition that social security institutions and old-age insurance schemes are carried out under state philosophy of economic development. Clearly, as Chinese policy makers have for some time privileged the concept of state economic development, the social security system, including old-age insurance, has been designed to serve this development. The ends thus justify the means; to achieve economic growth, some sacrifices have to be made or something to that effect.

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185 Watson, "Social Security for China's Migrant Workers: Providing for Old Age."

Because the state goal is economic development, old-age insurance policies and related policies are adjusted to achieve this goal without considering how conflicting interests at the provincial level might make it hard for migrant workers to participate. Under this goal of economic development, provincial governments obviously have their own interests at the provincial level. As the social security system was established to serve the market oriented economy, to develop such an economy all enterprises need to have equal footing in economic market competition. This has not been the case. The previous state-owned enterprises have large social security obligations, and cannot compete with new enterprises. This is because new enterprises employ mostly young workers, and they do not have to incur the costs of providing welfare to their retired employees. The comprehensive welfare provided by enterprises has therefore decreased their competitive power. In order to level the playing field, old-age insurance was introduced to relieve this burden and to facilitate enterprises joining the competitive market economy. Before the introduction of old-age insurance, the government and collective economy were responsible for old-age welfare. In order to adapt to the changing demands of the market economy, the responsibility of providing old-age welfare was devolved to several separate entities: government, enterprises and individuals. Therefore the old-age insurance policy was not developed as a result of concern for the welfare and interests of rural migrant workers’ that brought about such changes, nor do these entities take priority in the design and implementation of policy.

It is clear that the state economic development goal has significant impact and influence on social policies, and specifically here to old-age insurance policy. However, such fundamental impact and influence are not reflected in

187 The interests groups in policy implementation at the provincial level have been mentioned broadly by Andrew Watson, but they have not been explained thoroughly.


contemporary research on old-age insurance policy and migrant workers’ low insurance participation in the scheme. Furthermore, independent interest groups emerged under the framework of economic development, which also plays an important role in old-age insurance policy and they interact with each other. How the complex interplay of differing interests among the various stakeholder groups function in relation to old-age insurance policies for migrant workers has not been investigated or clarified in sufficient detail. It is true that institutional obstacles are evident and contribute significantly to such low participation, but these institutions are also closely related to macro-economic development policy. It is the social and economic policies which support the national goal of economic development, establish the institutional obstacles and nurture the interest groups with various influential policies under the macro-economic context. Among these involved interest groups, migrant workers are the weakest in the institutional game. These issues will be unfolded in detail the part two of this thesis.

Summary

As can be seen in this chapter, migrant workers’ old-age insurance is located in the field of social security in China, which is divided by the hukou system into urban and rural welfare. Based on this division, the urban population have much better social protection than the rural population. This division remains after the economic reform, and the social security system needed to reform to cushion the shock that marketisation brought. As the historical legacy, social security has been developed with a bias towards the rural population. Migrant workers face difficulties when they have to fit into the social security system in urban areas. As social security has several significant challenges, domestic and international experts recommended reform proposals and principles to strengthen the existing social security system. The system is still being reformed and there is still a long way to go before migrant workers can enjoy their entitlements in the form of old-age insurance.

There are three main categories identified for low participation: perceptions of migrant workers, institutional obstacles and interest groups. The perceptions of
migrant workers in China have undergone dramatic change since economic reform. Although rural-urban migration is also a process experienced by other countries, such migration in China went through a peculiar trajectory due to the household registration system, which divided rural and urban populations artificially by restricting their mobility and allocation of welfare. Migrant workers were prohibited from relocating cities and were treated like secondary citizens. They came to be seen as vagrants who were likely to threaten social stability and cause social disorder, and consequently they have been discriminated against, prejudiced and marginalised by both urbanites and government. Only since the Sun Zhigang incident in 2003 and the shortage of labour generated in the 2000s, have scholars and government begun to acknowledge migrant workers’ contribution to economic development and urbanisation. But their rights and entitlements have been violated. Gradually, scholars’ recognition of migrant workers developed from describing their living conditions and the problems they encountered, to considering their contributions, and finally focusing on protecting their rights and entitlements. However, these researchers take a descriptive approach to the living situations of migrant workers, rather than analysing the fundamental reasons behind the difficult social and institutional situations in their lives.

As discussed previously, some Chinese scholars argue that it is migrant workers’ perceptions, preferences, and their situations that cause their low participation. From this standpoint migrant workers are myopic and do not see the long-term importance of old-age insurance. Thus, many scholars ascribe the present situation to the personal characteristics of migrant workers themselves. Thus their individual choices are based on and closely related with institutional arrangements.

Among the entitlements of migrant workers, old-age insurance is peculiarly significant for its special characteristics: it needs a lifelong plan to contribute, and it is a universal need compared with other items of welfare. The research on migrant workers’ low participation in old-age insurance is mainly categorised into two schools of thought. One group of scholars argue that institutional obstacles have prohibited migrant workers from participating. The household registration
system (hukou) has clearly continued to prevent migrant workers from participating in old-age insurance. Many of these researchers note that given the defects in the social security system, there is little incentive for migrant workers to participate in old-age insurance. Institutional obstacles are thus recognised as significantly contributing to low participation. However, the close relationship between macro-economic developments with economic institutional obstacles has yet to be clarified. There are at least two aspects of this relationship that should be examined. First, this explanation has not been developed to the operation level to demonstrate how different interest groups act within an institution and how the stronger groups beat down the weaker group’s capacity. Secondly, it does not deal with the root cause of how these institutions came into being and how they are justified. This is by no means an unimportant issue. The Chinese have to change their model of development so as to improve the social security situation. This means policy makers have to shift their understanding of root causes which underlie development at all costs.

Thus, in order to gain an empirical understanding of the reasons for migrants’ low participation in old-age insurance, a field study was carried out to understand migrant workers’ perceptions and attitudes within their own contexts, to explore their willingness as well as their recognition of the need for participating in old-age insurance, and to investigate how various stakeholders might construct this issue in relation to lived realities. The methodology for conducting this study is outlined in the following chapter.
Chapter Three: Analytical Framework and Methodology

Introduction

As I have established, the existing scholarly and institutional explanations for the low participation of migrant workers centre primarily on migrant workers’ perceptions and preference, ‘myopia’ and their unwillingness to prepare for old age. However, clearly these issues have not been rigorously interrogated, so it is imperative to look much more openly and critically at them and examine their validity. Several questions should be asked and the issues investigated: How valid are these prevailing views of migrant workers’ attitudes to participation? How has the old-age insurance policy for migrant workers evolved? How do other stakeholder groups explain such low participation? And, most importantly, are immigrant workers’ attitudes and willingness favourable to participation, or not, and what do they themselves think of old-age insurance?

This research proposes a broader, more in-depth approach and shows how the old-age insurance policy for migrant workers evolved under macro-economic development. The research is broader from a national economic development context and more in-depth because it engages with prevailing views in relation to participation and implementation of the old-age insurance policy. In this way state goals and interplay of other interest groups’ perceptions and influence on migrant workers’ participation are opened up for new consideration, with the aim of more accurately exposing the fundamental reasons for low participation in old-age insurance. This research thus takes an approach which extends beyond the economic development perspective, and uses a three-dimensional analysis framework. From this framework, the perceptions of other interest groups are examined, and old-age insurance policy is examined. The overarching social implications of economic development as the driving policy are also foregrounded and given new consideration.
Three-dimensional analysis framework

I will use a three-dimensional analysis framework for old-age insurance policy for migrant workers: individual perceptions, obtained from my fieldwork and empirical data; policy analysis of old-age insurance policies and documents; close links between the macro-economic and political environment and social security/old-age insurance reform.

First, I will examine the factors that interest groups identify as the main reasons for low participation in old-age insurance. Case study is employed in order to examine the role of interest groups and to gain an understanding of migrant workers’ real attitudes in relation to insurance participation. This fieldwork aims to contribute a new and empirically informed analysis of the perceptions of interest group stakeholders about old-age insurance, as well as Chinese migrant workers’ genuine motivations for their inaction in relation to the take up of old-age insurance. From this analysis, a critical argument will be developed to seek in-depth explanations from broader economic and political perspectives.

Second, I will examine the key elements contained within old-age insurance agreements that either encourage or discourage the take up of old-age insurance by migrant workers. A policy analysis of social security and old-age insurance is conducted to identify encouraging and discouraging factors contained in old-age insurance and social security policy documents. By taking a chronological approach to these policy documents, I analyse the economic and political driving factors behind old-age insurance policy reform.

Third, I identify key determining factors within economic and political government policy, including implementation, that may either encourage or discourage the take up of old-age insurance. Macro-economic policy has played a significant role in structuring institutional arrangements and driving old-age insurance and hukou policy reforms. The strong linkages between macro-economic policy and institutional arrangements and policy reform in old-age insurance needs to be checked. Based on the abovementioned three-dimensional framework, I will now present the methodology used in this research.
**Methodology**

Within this three-dimensional framework a diverse range of views on migrant workers’ old-age insurance are interrogated. In this research, a mixed methods approach was employed, which combined quantitative and qualitative data analysis in order to reach a better and broader understanding of the research problem.

Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques.\(^\text{190}\) In this research, the goal was to ask a set of specific questions on migrant workers’ perceptions, attitudes, willingness, ways of solving problems and protecting their interests, as well as their estimations of their own functioning capabilities in relation to old-age insurance. In order to capitalise on statistical analysis, I collected data to record the frequency of migrant workers’ attitudes on their participation in old-age insurance and protecting their interests. These data were aimed to provide an unbiased result that could be generalised to a larger population.

To fulfil these goals, I selected a construction company’s project site in Xi’an, a city which has become an important destination for rural to urban migrant workers in North China. It is estimated that about 1.1 to 1.4 million migrant workers are currently working and living in Xi’an.\(^\text{191}\) There were several reasons for selecting construction sector migrant workers. First, providing social protection for migrant workers in the construction industry is one of the government’s main policy concerns. Secondly, the construction industry has been an attractive option for newly arrived male migrants, as it is easy to find a job. Also, the usual pattern for

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\(^{190}\) Lisa M. Given, *The Sage encyclopedia of qualitative research methods* (Los Angeles, Calif.: Sage Publications, 2008).

\(^{191}\) Min Zhou, *融合与保护--西安市区农民工生存状况调查研究* (Inclusion and Protection-Investigation of Migrant Workers’ Living Situation in Xi’an), ed. Min Zhou (Xi’an: Shaanxi Social Science Academy, 2012).
migrants is to work in construction for a while, and then move on to better paid and less tiring jobs. Thus, migrants in the construction sector are highly mobile and readily move between projects and areas. Administratively, construction workers do not “belong to” one employer and do not stay in one place for a very long time. Therefore, they have always been considered particularly vulnerable to the constraints imposed by the hukou system.\textsuperscript{192} Construction is an industry in which a great number of migrant workers are working, and this particular construction company was chosen for its size: being average among the range of construction companies. And besides, its operational functions are typical of firms in the construction industry which use labour companies (劳动力公司 laowu gongsi) for recruitment.

In order to carry out an in-depth investigation of prevalent understandings of migrant workers’ attitudes and willingness to participate in old-age insurance, in this study a qualitative approach was also employed. According to Denzin and Lincoln, qualitative research is an inquiry designed to explore or gain deep understanding of a social or human problem.\textsuperscript{193} Qualitative research involves an interpretive, naturalistic approach to its subject matter, attempting to make sense of or interpret a phenomenon in terms of the meaning people bring to it.\textsuperscript{194} This research involves collecting information about personal experiences, introspection, life story, interviews, observations and visual text which characterise important moments and are meaningful in people’s lives. Potter defines qualitative research as seeking to provide understanding of the unique interactions in a particular situation.\textsuperscript{195} It is a process of naturalistic inquiry that seeks to understand in depth the social phenomena and the meanings brought by participants and what is


\textsuperscript{194} Ibid.

happening to them. It usually uses fieldwork as primarily employing an inductive research strategy focusing on process, meaning and understanding, resulting in a richly descriptive product. In this research, by employing interviews and observation of the different interest groups involved, I provide in-depth understanding of the unique interactions of migrant workers in the old-age insurance policy.

I also provide an analysis of social security policy and old-age insurance policy for migrant workers. Thus I collate policy documentation including old-age insurance policy, social security policy, and hukou policy chronologically. This policy analysis attempts to examine the influence of macro-economic development strategy on old-age insurance policy for migrant workers including encouraging and discouraging factors.

Methods

This section presents the research design that delineates the different stages in the study including the collection of data. In this investigation, it was decided to adapt the stages recommended by Isaac and Michael for planning descriptive research, as well as those suggested by Van Wagenen as follows: Stage 1 is establishing the research goals, Stage 2 is data collection and analysis, and Stage 3 is drawing conclusions and implications. Each stage included several steps respectively (see Figure 3.1). Stage 1 (establishing the research goals) includes three steps: Step 1, define research objectives; Step 2, survey the literature; and


Step 3, formulate the research question. Stage 2 (data collection and analysis), includes three more steps: Step 4, collect samples and questionnaire data; Step 5, conduct interviews; and Step 6, primary data analysis. Stage 3 (drawing conclusion and implications), includes three more steps: Step 7, policy and social mechanism analysis; Step 8, develop arguments and draw conclusions; and Step 9, policy implications. These stages will now be outlined in more detail.

**Stage 1: Establishing the research goals**

The first stage was establishing the research goals. Step 1 defined the objectives or aims of the study which were to reassess and interrogate the reasons for migrant workers’ low participation in the old-age insurance scheme.

To achieve these research aims, Step 2 provided explanations for low participation as presented in the existing literature. As demonstrated in this literature survey, there are two main contemporary explanations for low participation, and it is argued that the prevailing analyses are flawed and inadequate. Thus, the literature led to the third stage, formulating appropriate questions to drive the research. If existing explanations are not good enough, a series of pressing issues remain: How have such views been built up? What are the real reasons for migrant workers’ low participation in this old-age insurance scheme? What are other interest groups’ views on this? And, most importantly, what are migrant workers’ own attitudes on this? If they do not want to participate, what are the reasons, and if they do want to participate, what prohibits them from participating?

**Stage 2: Data collection and analysis**

In Stage 2 I collected data from relevant policy documents concerning old-age insurance and hukou, questionnaire surveys and semi-structured interviews. I followed Steps 4 and 5: collecting samples, the survey questionnaires, and conducting semi-structured interviews. The objectives here were to engage with migrant workers and other targeted interest groups: provincial government officials and enterprises managers. The interview questions (see Appendix 2) were informed by an understanding of economic development. From the
interviews, I gained the information about the interviewees’ personal situations, their attitudes toward migrant workers and their old-age insurance, the resources they possessed and their capability to make use of their resources. From the data, I analysed why interest groups held particular views and how these views were formulated. I investigated other interest groups’ views, and most importantly, the views of migrant workers themselves on low participation. I examined the context of the data collection, which includes both city and industry.
The selection of city and industry was primarily for accessibility to large numbers of migrant workers, as explained previously, and also for a practical reason based on contact networks. The design aimed to include samples that would roughly represent general interest group populations. The survey was carried out at the end of 2011, in which 600 questionnaires were distributed at five construction project department sites. These migrant workers were distributed across several different construction sites. Every site had one construction project department (xiangmubu), which included migrant workers in lower management and construction jobs. In lower management, staff included project managers, project vice managers, technicians, a building materials man, accountant and others. There were about 20 staff in this group including management staff and permanent staff, and they had comparatively stable positions in the company. Most of them were better educated and had some established skills. This group constituted about 20 per cent of the project department, and some of them were migrant workers. The other 80 per cent were exclusively migrant workers involved in basic construction work. They were employed by a labour company which had a contract with the construction company. These construction workers were involved in unskilled manual labour and most were less educated. They did not have a secure position in the construction company, and they only had a tenuous relationship with the labour company.  

To guarantee the quality and return rate of surveys, I visited the construction sites to distribute, explain and collect the questionnaires. With the assistance of personal industry contacts and university students, the distribution was satisfactorily completed.

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200 The information about migrant workers’ composition in the construction company is achieved from interviews with different projects management staff, company manager, as well as confirmation from construction migrant workers.
The survey questionnaire is attached in Appendix 1. It consisted of 46 questions and covered four topics: (1) migrants’ basic social demographic information, and their status of participation in social insurance schemes; (2) their attitudes and perspectives on the old-age insurance policy; (3) their capabilities to protect their entitlements including old-age insurance; and (4) their attitudes to and their effectiveness in protecting their entitlements. The questionnaire aimed to acquire details of their attitudes and their willingness for participation, how they would protect their interests and entitlements and whether their approach was effective.

To supplement the questionnaire survey, I also carried out Step 5: semi-structured interviews conducted with migrant workers, enterprise managers and provincial government officials. The respondents were randomly selected from three groups: migrant workers who were willing to answer the questions; enterprise managers who were in a relevant position of management, had labour relations with migrant workers and were willing to be interviewed; and provincial government officials (in the relevant provincial social security department) who were willing to be interviewed. In these interviews I expanded on the questionnaire items, and sought more detailed explanations and information about participants’ situations. I was exploring what migrant workers really think of old-age insurance; what influences their willingness to participate; and what prohibits them from participation. In order to gauge migrant worker’s awareness of old-age insurance and their willingness, I also asked whether they were aware of the existence of each individual social insurance benefit, whether they knew the details of each and how to access this information. The semi-structured interview question sheet is attached in Appendix 2.

These interviews required continuous conversation with the interviewee for between 40 to 70 minutes. Before each interview, I promised anonymity to the interviewee. All interviews were recorded with the interviewees’ permission and I also took notes. The migrant workers were more willing to answer closed questions with straightforward yes/no answers than open-ended questions which required them to elaborate. In order to overcome the problems that emerged, I used references about the interviewees from friends. This made it easier to
schedule interviews and the number of interrupted interviews was minimised, so migrants were able to talk openly about their attitudes and situations.

Similar in-depth interviews were carried out among government officials and enterprise managers. Again using friends’ references about the interviewees, the interviewees were more likely to open up; they made time adequately for the interviews, and talked more extensively rather than just responding to the questions I put to them. Generally, they expressed their attitudes and their understandings freely in interviews.

To supplement the questionnaires and interviews, I asked the vice-manager of a construction company about the general situation of the construction group, the form of organisational structure, the way of recruiting migrant workers, every project department’s management structure, and other structural details. From these questions, I gained an overall picture of the management structure of the construction company. From this structure, I learnt how the companies manoeuvre to influence the implementation of the old-age insurance policy.

There are clearly some limitations in the data collection. For example, the questionnaire respondents were more likely to have come from the same provinces as their co-workers. This problem was partially avoided as I collected data from five different project sites. Since the interviews were carried out in Xi’an only, I cannot generalise the results categorically for all Chinese migrant workers. However, given the research provides a detailed perspective of low participation from a wider and more empirical angle, it is this angle that needs to be considered for a more informed understanding.

After collecting the data, Step 6 of the study involved primary data analysis. For the quantitative data I used a descriptive statistical method to analyse the survey data using the software package SPSS 16. Before any analysis started, the survey data were transformed into numerical form. After data coding, descriptive analysis was performed to obtain the central tendency and dispersion of variables. The data collected from both the survey and interviews were used to explore the attitudes
of interest groups regarding migrant workers’ old-age insurance. For analysing the interview transcripts and archival records, a thematic data analysis approach was adopted. The transcripts were read through and divided into text segments. A code label was assigned to each segment, using interviewees’ or my own words as the researcher. The codes were then divided by different themes and categories to show the considerations of interviewees.

Stage 3: Drawing conclusions and implications

There were three steps in the third and final stage of drawing conclusion and implications as follows: in Step 7, I used a policy and social mechanism analysis paradigm, which identified the broader and in-depth social mechanism for migrant workers’ low participation in old-age insurance; in Step 8, based on the study and mechanism analysis, I drew conclusions and developed arguments to shed light on the issues revealed by the empirical data; in Step 9, from this research and its conclusions, I suggested the policy implications for the migrant workers’ old-age insurance policy.

Ethics and confidentiality

In this research, a large number of people, including questionnaire respondents (N=451), interviewees (N=9) and information resources were accessed, which involved some ethical issues. I addressed these issues by first obtaining permission from the research sites, respondents and interviewees. A signed, written consent form was received from each respondent, giving their permission for conducting the research. A full and frank explanation of the purpose and process of the study was explained to interviewees, and their explicit oral permission was received. The research project received consent from the Ethics Committee of The University of Adelaide.

All the participants were assured of voluntary participation, anonymity and confidentiality both during the study and in the research report. Participants were
also assured they could terminate their participation at any time before they returned the questionnaire.
Chapter Four: Interrogating the Dominant Assumptions

Introduction

Broadly stated, as we have seen, the prevalent explanation for the low participation of migrant workers in insurance schemes is very impressionistic. This explanation holds that it is the migrant workers’ perceptions, preferences, ignorance, myopia and inability to make long-term rational calculations that have prevented them from signing up to such a beneficial old-age insurance scheme. This ultimately places the burden of responsibility for this state of affairs on the workers themselves. However, the trustworthiness of this view, which has become such a taken-for-granted assumption with deeply embedded stereotypes for migrant workers, has not been questioned or validated by any rigorous process of investigation.

Consequently this study sought to interrogate such prevalent thinking by conducting empirical fieldwork to investigate how the parties involved in the old-age insurance arrangement perceive migrant workers’ low participation, and to what extent these parties share, reproduce, or contradict the views of academic scholars. Three main stakeholder groups were involved: provincial government officials responsible for making, managing and enforcing old-age insurance policies within their province; the employers who have the obligation to make employer contributions to the old-age scheme; and employees themselves. These groups were surveyed and interviewed in the field in order to provide an empirically based understanding.

As described in the previous chapter, data were collected from a construction company in Xi’an, employing large numbers of migrant workers. This site was chosen as a standard migrant workplace in the construction industry, which is known to be a typical industry in which migrant workers’ non-participation in old-age insurance is noteworthy. In my role as researcher, I distributed 600 questionnaires to migrant workers at five construction sites and 451 were
the effective return rate was about 75.2 per cent. To supplement the questionnaire survey, I conducted semi-structured interviews with migrant workers, enterprise managers and provincial government officials, who knew the situation for migrant workers regarding old-age insurance.

This chapter begins by examining the views of social security bureau officers based on my interviews and secondary sources. The chapter discusses how employers respond to low participation in old-age insurance in their organisations. And most significantly for this study, I analyse migrant workers’ own views, as presented in my fieldwork. In the final section, by drawing on the previous analysis, I challenge the dominant (and currently not interrogated) explanations to arrive at the conclusion that there is no evidentiary basis for scholarly views that migrant workers’ low participation in old-age insurance schemes is caused by their own perceptions to old-age insurance, ignorance and myopia. On the contrary, migrant workers are willing to participate in old-age insurance but they are constrained by a much wider variety of reasons than is currently acknowledged, which extend in many ways beyond their control.

**Party-state perspectives**

In interviews with two provincial government officials I aimed to explore their perceptions in order to give a broader explanation for the low participation. In their discussions with me, these officials discussed their impressions of migrant workers and their recognition and pride in their own work, offering explanations for the low participation of migrant workers. I interviewed two officials in the Shaanxi Social Security Bureau: Chen Xiuyin, one of the chief leaders of the Bureau and Jiang Zhe, a lower level manager in the Bureau.

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201 The first questionnaire distribution was carried out on 1 December, 2011; 80 questionnaires were distributed, 71 were returned, and the effective returns were 65. The second questionnaire distribution was carried out on 2 December, 2011; 160 questionnaires were distributed, 123 were returned, and the effective returns were 119. The third questionnaire distribution was carried out on 16 December, 2011; 100 questionnaires were distributed, 88 were returned, and the effective returns were 86. The fourth questionnaire distribution was carried out on 23 December, 2011; 200 questionnaires were distributed, 131 were returned, and the effective returns were 128. The fifth questionnaire distribution was carried on 31 December, 2011; 60 questionnaires were distributed, 55 were returned, and the effective returns were 49.
Impressions of migrant workers

My discussion with the provincial government official, Chen Xiuyin, was revealing in terms of his understanding of what he saw as the generic character of rural Chinese people. He had clearly formed fixed views that rural migrants are unable to access state welfare services because of their typical way of valuing their own independence and autonomy. He generalised rural populations by describing their historical way of thinking:

…rural people have thousands of years of traditional consciousness, that is, self-sufficient (自给自足 zìjǐzìzú); migrant workers and rural people must think they have the land and their children to support themselves.

Thinking in this way, he naturally blamed migrants’ lack of interest in state welfare schemes on this historic attitude. When he was asked for his overview of the situation of migrant workers and their insurance participation, he seemed genuinely concerned for the welfare of these migrants but, seeing them first and foremost as generic rural people without education, he stressed the positive details of the financial arrangements of the new scheme, and was unable to understand why the migrants could not realise them:

Migrant workers can participate in the urban enterprises workers’ basic old-age insurance, and they also can participate in the new rural pension, but the benefit of urban enterprises workers’ old-age insurance is many times more than the new rural pension. The problem of migrant workers’ low participation is migrant workers do not have the initiative [to participate], so migrant workers themselves need to take the initiative and sign labour contracts with enterprises and contribute into the old-age insurance individual account. I think they just cannot realise this.

Thus, Chen attributed the non-participation directly to the workers’ lack of initiative to change their way of thinking, and their failure to recognise the logical benefits they would receive. As Chen had a highly influential position as one of the chief leaders in the Bureau, his view on migrant workers and rural populations could well be perceived as reflecting the attitudes of provincial government officials who worked under his leadership.
Perceptions of government efforts

It was also evident that in this government department there was a strong sense of satisfaction and pride in the recognition of government officials’ achievements. Chen Xiuyin expressed his satisfaction in their education level, the social security management system they operated, and in their work achievements. When asked about the education levels of staff in the social security department, Chen replied:

We have many Bachelor’s degree holders, and many officials have a Master’s degree. I think more than 80 per cent of our staff have a Bachelor’s degree.

He also showed particular satisfaction with their social security management system. When asked what he thought would happen if the enterprises did not contribute to old-age insurance for migrant workers, Chen Xiuyin did not reply directly to this question:

We will record the enterprise’s contribution. The individual accounts have a strict and clear record of such information. We have very intelligent and mature information technology, and the database contains very detailed records for migrant workers. Such a database is very reliable and cannot go wrong. Maybe enterprises and migrant workers are not willing to contribute into the old-age insurance. The database for migrant workers is very good.

In his response he shows his care and concern for the accurate functioning of the process set up to benefit the migrant workers, and his professional desire that the system should be up-to-date and accurate. He clearly has a sense of pride in the database designed to track the established financial structures. It is noticeable, however, that he does not place any emphasis on whether the system that the database is set up to serve is working or not. He recognises that the goals of the scheme are not being met, but he does not see this as his responsibility. It is the ‘good’ database that ‘cannot go wrong’ that lies at the centre of his thinking.

Chen Xiuyin also talked with genuine pride about the ways in which the achievements of the Shaanxi Social Security Department have been successful in fulfilling the central government’s policy directives and in helping migrant worker
populations gain expanded equitable services through the new social security policy:

We have made great achievements and we are the first to have a provincial unified pool of social security at the national level. This unification has had great influence nationally; it was recognised by central government leaders, and this practice was promoted nationally. We also have a pilot for a new rural pension in Baoji, and we have expanded the coverage of old-age insurance and the new rural pension, especially in the last two years. Our work has been appraised by the central government many times. We are currently dispatching 1.3 million social security cards among enterprises’ workers. This card not only dispatches social security benefits, but is also connected with banks.

Interestingly, Chen also expressed the strong view that, in his opinion, migrant workers and rural people were extremely satisfied with the current old-age insurance policy:

People (群众 qunzhong) are now very grateful for the good policy (old-age insurance policy) and they have warm feelings toward the policy, because they never enjoyed such good treatment before, this is unprecedented. The rural people in Shaanxi in the Guanzhong area now not only have noodles to eat, but they also have meat mince and chillies, and they now feel quite comfortable about their lives; the elder people even can buy stationery for their grandchildren.

Here it is with a natural sense of warmth that Chen gains his professional satisfaction on behalf of the migrant workers; his expressed pleasure in their new ability to have ‘meat mince and chillies’ and buy ‘stationery for their grandchildren’ is a moving indication of his positive administrative intentions attached to a lack of political vision needed to bring about the changes required.

Chen Xiuyin praised the central government for making old-age insurance available to migrant workers, seeing it as a sign of the government’s pastoral care for migrant workers:

202 Baoji is a city in Shaanxi province.
Migrant workers can participate in urban enterprise employees’ old-age insurance…the old-age insurance policy became more inclusive, which shows caring for migrant workers and is good for them. But it is not easy to estimate the number of the migrant workers who have participated in the old-age insurance, and no data is available currently in Shaanxi province. At provincial level Shaanxi old-age insurance policy has had great influence nationwide and was positively recognised by the central government. Our method was promoted nationwide…Social security cards are distributed among the province and about 1.3 million cards will be distributed this year [2012].

**Explanations for low participation**

The government officials did not seemed surprised at the low participation in old-age insurance by migrant workers. They were not surprised either that migrant workers have little confidence in the insurance payments. Liu Jiachen, who was a social security official in Guangdong province, wrote:

> Many migrant workers are not willing to enjoy the current old-age insurance social protection... it is a prevalent phenomenon in some urban areas that even migrant workers who have just joined the old-age insurance are attempting to opt out from it.

Liu believes that this state of affairs exists because migrant workers would rather invest in something tangible and reliable rather than something unreliable without any guarantee of future promises.

Similarly, Huang Guixiang, a social security official from Guangdong province believes that migrant workers have little faith in social security payments:

> Migrant workers are indifferent to old-age insurance because they think paying for the insurance will decrease the current cash income; they are worried about the...
“security” of social security. 205

When asked why he thought a centralised pooling system has not improved migrant workers’ participation dramatically, Chen blamed the failure on the instability of private businesses, and migrant workers’ lack of confidence in old-age insurance derived from their short-sightedness:

Usually migrant workers participate in old-age insurance in established enterprises such as state-owned enterprises. It is difficult for migrant workers in primate businesses to participate in old-age insurance. For example, if a migrant worker works in a barbershop, he may leave the job in two months… Migrant workers are not willing to participate in old-age insurance, because they are short-sighted and only care about short-term gains. The young migrant workers are not concerned with the problems of old-age. They want to save money now and they do not want to sacrifice their current interests, and they worry about the old-age insurance return and do not have enough confidence in it.

This comment expresses the explicit view that, even where these workers know about the old-age insurance, they do not trust it and will not sacrifice their present desires. However, both of my interviewees also shared the opinion that, due to the fact that old-age insurance security is a fairly new phenomenon in China, in fact migrant workers are mostly not aware. Chen Xiuyin stated:

The Chinese generally are not aware of old-age insurance. Although insurance consciousness has been increasing, migrant workers still pay no attention to it as social security started in China relatively late.

Jiang Zhe raised similar concerns:

On the one hand, old-age insurance for migrant workers is not enforced strictly. On the other hand, however, migrant workers don’t have enough insurance consciousness.

Chen Xiuyin emphasised that implementation of social security policies, including old-age insurance, depends on migrant workers themselves. He pointed out that if migrant workers do not report the situation （反映情况 fanyin qingkuang） to social security departments; it is very difficult for government officials to make sure that enterprises comply with their social security obligations. However, Chen failed to mention that migrant workers put their jobs at risk if they complain to the authority about their employers. Hua Yingfang, researcher in the MHRSS, demonstrates through her survey data that migrant workers are vulnerable in these situations and may lose their jobs if they fight for their old-age insurance entitlements.

In summary, neither of my interviewees denied the fact that migrant workers are not enthusiastic about joining urban old-age insurance schemes. They recognised the difficulty in implementing old-age insurance due to fragmented pooling, and openly acknowledged migrant workers’ lack of confidence. Like academics at large, however, they assumed the cause to be the unsuitable characteristics of migrant workers, their short-sightedness, low insurance consciousness and non-reporting of shortfalls, and they primarily attributed migrant workers’ low participation to these alleged weaknesses.

This political elitist explanation clearly reflects their impressions and understanding of the situation. The interview with Chen Xiuyin is representative of provincial government’s attitudes about migrant workers generally: it is believed that they should be grateful and satisfied, because they have never had such good policies and treatments. Migrant workers were being constructed as happy with their conditions. From these interviews, it was obvious that provincial government officials thought highly of the recognition of their work by central government, and provincial governments were very satisfied with their social

206 These interviews to provincial social security officials were carried in February 2012.

207 Ministry of Human Resources and Social Security of PRC.

208 Hua, ”农民工社会保障:思考与政策选择——来自江苏、吉林、辽宁的调查(Migrant workers’ Social Security: Reflection and Policy Choice-Based on Jiangsu, Jilin, and Liaoning Provinces)."
security achievements. These government officials thought they had well-educated staff and an intelligent database. So, naturally, in this context, government officials believe they do good work and imply no need for change or improvement.

**Perspectives of profit-seeking businesses**

Compared with provincial government officials, the interviewed managers of construction enterprises knew more about the situation of migrant workers. In these interviews, the managers again discussed their impressions of migrant workers and their perceptions of policy implementation; they were comfortable with their explanations for the low participation of migrant workers. I interviewed two enterprise managers to obtain their perspectives: Xu Feixiang, Deputy General Manager of a construction group, and Wu Shanming, a Manager of three project departments and thus a medium level manager in the same construction group. As both men held important leadership positions in the construction company, their views on migrant workers, the implementation of old-age insurance policy, and their explanations regarding low participation could be interpreted as representative of management thinking in the construction industry, to some degree.

**Impressions of migrant workers**

When asked about his impressions of the migrant workers’ situation and their old-age insurance, Xu Feixiang saw them as a powerless group with, what he called, a “lower cultural quality”. For him, their disadvantaged social position and their character were the cause for such low participation in old-age insurance. He said:

> Migrant workers’ situation varies greatly person to person. Some migrant workers have stable income, while others do not. Most migrant workers I have met do not have any say on their entitlements, such as old-age insurance, and they do not have communication channels and influence. Most migrant workers do not have old-age insurance: maybe they have it in their hometown, but they do not have it in Xi’an… Migrant workers consider current interest more than long-term interest. In general, I
think there are two characters of migrant workers: first, they are mainly with lower cultural quality, and they mainly work with lower safety; second, they are a disadvantaged group.

Xu was confident that the migrant employees he worked with did not have old-age insurance in their city of employment; and here again he implies that migrant workers are not able to prepare for their futures; they are myopic, only capable of investing in their “current interest” and risking their long-term security for short-term gain.

**Perceptions of the implementation of the old-age insurance policy**

When asked about migrant workers’ old-age insurance policy implementation, Xu Feixiang did not think that many had old-age insurance, basically because of migrant workers’ high mobility and low demand for such insurance. He said:

> I think in the construction industry, we seldom participate in the old-age insurance for migrant workers, yet we may participate in the injury insurance. This is because of the high mobility of migrant workers and they do not have a strong demand for it.

He did not believe it should be the enterprises’ responsibility to make additional contributions to migrant workers’ old-age insurance as, in his view, the wages paid by the enterprises already include retirement funds and it is entirely up to the migrant workers to save for their retirement:

> I think that we enterprises include migrant workers’ old-age insurance in their income, and they need to deal with old age by themselves. The labour company pays migrant workers’ wages, and the labour company usually uses two methods to pay migrant workers: one is to pay them by a piecework wage, the other is a package wage (一口价 yikoujia), but the labour company does not pay old-age insurance for migrant workers, and I think the wage already includes the money they need for old age. Some migrant workers are employed by a project department, but such project department will disappear after the project is finished.

It seems that, as one of the top managers of the construction group, Xu Feixiang was unaware of how old-age insurance policy works, nor did he understand the
rationale behind it, that is, to create a social risk sharing system through contributions from both employees and employers. For Xu, old-age insurance is simply a top-down, “nice-sounding” government policy that brings extra costs to businesses, as he commented:

The government made the policy, but it is enterprises that have to fulfil the obligation [for migrant workers’ old-age insurance]. Provincial governments have the dominant position in the policy, but there is a gap between the policy and its implementation. No enterprise is willing to pay for migrant workers’ old-age insurance, let alone construction enterprises that do not have a direct [labour] relationship with migrant workers. Currently, the provincial government just supervises whether migrant workers have labour contracts, and receive their wages on time, but there is no supervision on old-age insurance for migrant workers. So far I have not received any notice of such investigation.

Thus, the managers informed me that there is no government investigation or monitoring involved in the implementation of social security for migrant workers. The government may investigate the status of labour contracts but it allows old-age insurance to lapse without notice.

Very often, as Xu Feixiang explained, the enterprises do not even have direct contractual relationships with migrant workers, who are employed through a labour agency. The enterprises, therefore, do not feel obliged to open an old-age insurance account for migrants, as Xu said:

Why would enterprises be willing to pay for migrant workers’ old-age insurance? No enterprises are willing to do that. This is because migrant workers move frequently; you cannot control that … We construction companies do not employ migrant workers directly; we employ them through labour agencies (laowu gongsì), who have labour agreements with migrant workers. The project department of our company signs labour contracts with labour agencies, which usually do not contribute to old-age insurance for migrant workers. The project department only employs a small number of migrant workers directly, who only take up a very small percentage of the entire workforce.
Here again, it is the itinerant nature of migrants’ work and the employment structures through which they are hired. These are presented as logical, common-sense reasons for businesses’ unwillingness to address any problems to do with their workers’ old-age insurance.

Given this system, the other manager, Wu Shanming, explained why he did not believe the old-age insurance policy for migrant workers would work:

I have heard of the policy, but I think the actual implementation is flawed. It [the policy] just cannot be implemented, although it has a good intention. There are so many interest groups involved in the system. Because we use labour agencies, so after the projects are completed, the project departments will be removed, and the migrant workers have no relationship with the company anymore… Although I’ve heard of “the regulation of old-age insurance transfer” [Temporary Measures of Urban Enterprises Workers Basic Old-Age Insurance Transfer and Splicing], I have never even seen one case of transfer in my entire career in the construction industry [at this point, Wu had worked in the construction industry for five years].

Here Wu sees his own experience as typical evidence of the fact that the government’s policy of insurance transfer is not working – even though he had never seen a single example. Nevertheless, he felt that the temporary nature of construction industry projects, together with the labour agency employment system for migrant workers, meant that enterprises would be acting foolishly and against their own interests if they played any role in implementation of the central government’s policy.

What Wu and Xu reveal is a common attitude of businesses towards employer contributions to old-age insurance: the enterprises are simply not willing to pay. Significantly, as seen in Xu’s comments, the provincial government does not supervise the implementation of old-age insurance policy for migrant workers. These conditions, however, are not perceived as obstacles for migrant workers’

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participation in old-age insurance, according to the business managers I interviewed.

**Explanations for low participation**

Like government officials, managers did not think that migrant workers would be interested in old-age insurance, and they shifted the responsibility almost entirely onto the migrant workforce. The managers’ rationale was that, because old-age insurance for casual migrant staff is not enforced by law, it is entirely up to the migrant workers to demand their entitlements and take action to join the scheme. When no such demand is forthcoming from the workers, government does not enforce contributions to old-age insurance and there is core involvement via a third party agency, the enterprises do not feel obliged to open accounts on behalf of migrant workers.

They pass the responsibility entirely to workers’ own initiatives and naturally blame low participation on them. Xue Feixiang said,

> One of the main obstacles to participating in old-age insurance is that migrant workers do not understand the importance of old-age insurance… [and] there are no compulsory contributions enforced. The old-age insurance policy is not popular among migrant workers. There is no active demand.

Wu Shanming shared Xu Feixiang’s opinion, and placed considerable emphasis on migrants’ lack of knowledge and understanding plus their inability to value the opportunities offered by old-age insurance:

> Migrant workers have no awareness of old-age insurance. They are not aware of their entitlements, so they have many problems with maintaining their rights and entitlements, their medical insurance, work injury insurance, safety, and other insurance policies … they just look at things very superficially…The biggest obstacle to participating in old-age insurance is migrant workers’ lack of awareness and understanding of old-age insurance, because the policy is there for them… They had no awareness of old-age insurance when they first came to the city. After several years working in the city, they finally got to know the importance of old-age
insurance, but by then they may have to go back to their rural hometown. The new migrant workers have no awareness either.

Thus, both these managers held the strong view that migrant workers are short-sighted and would rather have cash-in-hand than a long-term plan for future investment. Xu Feixiang showed a very clear and well-established opinion when he stated,

Migrant workers think about current more than long-term interests. They think they will deal with their old age after they turn 60. Now they only do what they need to do now. They only pay attention to current economic issues instead of long-term plans… They usually do not make long-term plans, and they only think about current cash flow. Their wages are usually saved for specific purposes such as purchasing a house or covering the cost of marriage, and so on, so they do not have spare money to contribute to their old-age insurance accounts.

Wu Shanming expressed the same view, returning more than once to the generalisation that migrants can only think ‘superficially’ about their life needs:

Migrant workers never think in the long run, because their priority is always cash needs… They just think in a very superficial way.

The two managers both complained that migrant workers do not take the initiative to secure what is rightfully theirs under the policy: they hardly ever report to the upper management of the enterprises or to social security departments when their old-age security entitlements are not met.

Therefore, the interview data from enterprise managers show there are serious structural flaws that hinder policy implementation. It is evident that the implementation of old-age insurance policies is not enforced and supervised by the government. The involvement of labour agencies in the employment process makes old-age insurance for migrant workers even less reachable. Most apparently, regarding the low participation rate, managers’ views resonate with the prevalent thinking of mainstream scholarship. We see here that government officials and enterprise managers also believe that a low participation rate largely
results from migrant workers’ lack of awareness of the importance of old-age insurance, together with their inability to make long-term calculations and their ambivalence in protecting their insurance entitlements. However, it seems that these views are largely based on unfounded, negative stereotypes of the rural population. How relevant are they to the realities of these people?

Migrant workers’ attitudes toward old-age insurance

In order to gain insight into migrant workers’ perspectives, both quantitative survey and qualitative interview strategies were adopted. As I elaborated previously in this chapter, the survey was conducted in late 2011 among the migrant workers in the construction industry. To supplement the questionnaire survey, I also conducted semi-structured interviews with three migrant workers. The interviewees were selected randomly from survey respondents who were willing to answer the questions.

Participants demographics

This section will briefly highlight some of the demographic characteristics of the participants. Due to the limited size and random-selected nature of the sample, these characteristics cannot be taken to reflect Chinese migrant workers in general, but they provide a detailed account which can be used in comparison with other primary investigations carried out with Chinese migrant workers.

Age

Most participants were relatively young and at the prime of their physical strength: 81.6 per cent were aged between 21 and 46 years or over. Table 4.1 details the ages of survey participants.

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>23</td>
<td>5.1</td>
</tr>
<tr>
<td>21-25</td>
<td>93</td>
<td>20.6</td>
</tr>
<tr>
<td>26-30</td>
<td>79</td>
<td>17.5</td>
</tr>
</tbody>
</table>
Gender

There was a very uneven gender distribution in the respondents, with 19.5 per cent of the respondents being female (n=88), and 80.5 per cent (n=363) of the respondents being male. This was reasonable in the construction industry, in which male labour dominates.

Region of origin

The majority of the participants (n=310) came from other rural areas in Shaanxi province, and they accounted for 68.7 per cent. The remainder (n=141) came from rural areas in other provinces, and they accounted for 31.3 per cent.

Income and expenses

The participants had relatively low incomes and low expenses, as tables 4.2 and 4.3 show. The majority of participants (n=269) had a monthly income between RMB 2000-4000, and this represented 59.6 per cent of the cohort. Most of the participants (n=364) spent in the range of RMB 500-2000 per month.

Table 4.2 Income by RMB (n=451)

<table>
<thead>
<tr>
<th>Income</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000-2000</td>
<td>95</td>
<td>21.1</td>
</tr>
<tr>
<td>2000-4000</td>
<td>269</td>
<td>59.6</td>
</tr>
<tr>
<td>Above 4000</td>
<td>87</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Table 4.3 Expenses by RMB (n=451)

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 500</td>
<td>51</td>
<td>11.3</td>
</tr>
<tr>
<td>500-800</td>
<td>180</td>
<td>39.9</td>
</tr>
<tr>
<td>1000-2000</td>
<td>184</td>
<td>40.8</td>
</tr>
<tr>
<td>Above 2000</td>
<td>36</td>
<td>8</td>
</tr>
</tbody>
</table>
**Education level**

The survey participants had relatively low education levels, as shown in table 4.4. The majority (n=204) had attended middle school, which constituted 45.2 per cent of the total. Those who were illiterate (n=12) were rare, being only 2.7 per cent. Participants with higher education levels were also rare: only 25 had tertiary degrees or above, which accounted for 5.5 per cent.

**Table 4.4 Expenses by RMB (n=451)**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>12</td>
<td>2.7</td>
</tr>
<tr>
<td>Primary school</td>
<td>68</td>
<td>15.1</td>
</tr>
<tr>
<td>Middle school</td>
<td>204</td>
<td>45.2</td>
</tr>
<tr>
<td>High school, junior college and technical school</td>
<td>142</td>
<td>31.5</td>
</tr>
<tr>
<td>Tertiary school and above</td>
<td>25</td>
<td>5.5</td>
</tr>
</tbody>
</table>

**Views of old-age insurance**

**Attitudes to participating**

Contrary to the stereotypical view that migrant workers are unaware of the importance of old-age insurance, a clear majority indicated they actually value the significance of old-age insurance, as detailed in table 4.5.

**Table 4.5 Consideration of old-age insurance (n=451)**

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will consider old-age insurance</td>
<td>285</td>
<td>63.2</td>
</tr>
<tr>
<td>Will not consider old-age insurance</td>
<td>166</td>
<td>38.6</td>
</tr>
</tbody>
</table>

The data in table 4.5 shows that the majority of respondents consider old-age insurance when they look for a job. This directly contradicts the prevailing assertion that migrant workers are not aware of old-age insurance. Instead, it strongly suggests they are interested and willing to participate.
However, responses to the questionnaire survey indicated that the vast majority of migrant workers in this study (69.8 per cent) were not participating in old-age insurance, as the table demonstrates:

<table>
<thead>
<tr>
<th>Participation</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not participate</td>
<td>315</td>
<td>69.8</td>
</tr>
<tr>
<td>Participated</td>
<td>136</td>
<td>30.2</td>
</tr>
</tbody>
</table>

Thus, despite the small percentage of migrant workers who had joined the urban old-age insurance system, most respondents indicated they would like to have old-age security. As the data shows in table 4.7, 59.6 per cent of respondents reported they would accept old-age insurance. Only 31.9 per cent had not considered the old-age insurance at the time of the survey, as the table shows:

<table>
<thead>
<tr>
<th>Demand</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand old-age insurance</td>
<td>269</td>
<td>59.6</td>
</tr>
<tr>
<td>No demand</td>
<td>38</td>
<td>8.4</td>
</tr>
<tr>
<td>Not sure, have not considered</td>
<td>144</td>
<td>31.9</td>
</tr>
</tbody>
</table>

These figures show a marked discrepancy between the demand and the actual take up of old-age insurance. While the majority of respondents would like old-age insurance, only a small number have taken it up. This raises a serious question as to why those who need old-age insurance do not have it, despite the entitlements provided for them in the policy.

My interviews with migrant workers also confirmed the survey results. As elaborated in Chapter Three, interviewees were selected randomly and they were willing to talk freely about their attitudes to old-age insurance and other issues. None of the three interviewees had old-age insurance. These interviewees, however, thought they should have old-age insurance, and they wanted to participate. Feng Junyan, for example, was an experienced migrant worker; he left
his home town in 2000 and had worked in many places around China. When asked what he thought about old-age insurance, he was immediately forthright in his answer:

Sure we want old-age insurance, we definitely need old-age insurance, and I think it is very important. Participating in old-age insurance is a good thing.

What was noticeable in Feng’s response was his ability to look analytically at his short- and long-term needs, and to reflect on his own feelings about his situation and what was holding him back from participating:

If the conditions are better, it will be even better, and by conditions I mean my own financial conditions, more knowledge about old-age insurance. If I have that, I will have more confidence in the old-age insurance. I have doubt in the credibility of the system: if I contribute the money into the system, I’m not sure if I can get my money back. If we have more information and get some sort of guarantee from the government, sure we will participate. Definitely we need old-age insurance; imagine when we get old and cannot go to cities to make money, this is a big problem.

Interestingly, Feng showed an imagination for his community’s future, and he also gave a very insightful appraisal of the historical attitudes rural migrants had inherited:

Relying on land in a hometown [for old-age support] is more psychological, rather than economic…

Another migrant worker, Shi Weiming, was a 61-year-old man working in the project department. He also expressed an eagerness to participate:

Since we have worked here [for these enterprises] for a long time [about six years], I think by rule (andaoli) we should have old-age insurance. We all think we should have old-age insurance… but it is hard to express this view to managers, because we are temporary workers… My land in the rural hometown has already been given to other relatives, I cannot rely on that and I do not want to rely on my son either, so migrant workers definitely should have old-age insurance. If I cannot have old-age insurance, I can only rely on my own savings. But enterprises do not want to pay for
Several of the points Shi made here show levels of awareness and analysis which directly contradict the dominant assumptions about migrant workers’ thinking: he valued his consistent (six years) work history; he was not relying on his rural land or family for future security; he recognised that he and his colleagues had a right to old-age insurance (they “definitely should have” it). He saw the obstacles to participation as the workers’ constrained communication with managers, and in the structural unwillingness of the enterprises to pay for insurance.

Another interviewee, Zhang Jiemin, had been away from his hometown for more than 23 years, and he also showed an informed awareness of the benefits of insurance generally, and of old-age insurance in particular. He said:

I have already taken measures to participate in the rural pension, but if I can participate in the old-age insurance in this company, sure I will participate.

Thus, unlike the ways in which government officials or enterprise managers have described migrant workers, in fact these data show that migrant workers have a profound understanding of their circumstances and the structural constraints they face to pursue old-age insurance. These constraints stem from their poor financial situation, their lack of access to information available on old-age insurance, the lack of guarantee for future benefits, and their vulnerable employment conditions leading to a fear of making demands on their employers.

Affordability of contributions

Currently, the employee contribution rate to old-age insurance is 8 per cent of salary. When asked if this percentage was an affordable rate, again contrary to expectation, the majority of migrant workers (68.5 per cent) indicated they thought it was acceptable, as table 4.4 shows.
Table 4.8 Affordability regarding personal contribution (n=451)

<table>
<thead>
<tr>
<th>Affordability</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not affordable</td>
<td>142</td>
<td>31.5</td>
</tr>
<tr>
<td>Affordable</td>
<td>191</td>
<td>42.4</td>
</tr>
<tr>
<td>Reasonably affordable</td>
<td>109</td>
<td>24.2</td>
</tr>
<tr>
<td>Highly affordable</td>
<td>9</td>
<td>2</td>
</tr>
</tbody>
</table>

This is an extremely surprising result, in light of general understandings of migrants’ thinking about the cost of old-age insurance, in relation to their short-term budgetary commitments and preferences.

Further, the interview data also show that, not only do migrant workers think the current employee contribution rate is affordable; they see it as a valuable investment for the future, as Feng Junyan made clear:

Although we have cash needs, and enterprises never encourage us to do so [to participate in old-age insurance], I think 8 per cent of my income is not a big deal and it won’t affect my life much. We eat and live on the project site, so we do not need to pay for accommodation and food.

Zhang Jiemin added:

The 8 per cent of monthly income is not high and is reasonable to invest for old age.

The interviewees showed sophisticated consideration for their future based on their immediate circumstances. As Zhang explained, most migrant construction workers live on site and they do not need to pay for accommodation; they work long hours and they eat at the work canteen so their meals and living expenses are minimal. As a result, most of their income can be saved and these data show that these people are keen to invest in old-age insurance. At no time did I find that migrant workers were simply short-sighted and did not consider long-term investment in their future. Those who are not enthusiastic about old-age insurance seem to be struggling to survive on a daily basis to support their families.
Perceived obstacles to participation

Policy promotion

The migrant workers in this study have provided their own insights into the obstacles to their involvement in the old-age insurance scheme. The first and foremost obstacle is lack of knowledge of the policies. There are hardly any advertisements for old-age insurance on the radio, TV, newspapers and the Internet, and once migrant workers enter the workforce, they are not introduced, by the employers, to their old-age security entitlements either.

For most migrant workers, the government’s promotion of old-age insurance policies is not enough. Here promotion is defined as the extent to which the old-age insurance policy is published and discussed in the media, that is, radio, TV, newspapers and the Internet, or by booklets sent directly to workers. As a result, they lack access to sufficient information to maximise their old-age benefits. Only 16 per cent of these migrant workers thought that the promotion of old-age insurance was sufficient and continuous, as shown in table 4.9:

<table>
<thead>
<tr>
<th>Promotion</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enough promotion</td>
<td>72</td>
<td>16</td>
</tr>
<tr>
<td>Not enough promotion</td>
<td>293</td>
<td>65</td>
</tr>
<tr>
<td>Very limited promotion</td>
<td>36</td>
<td>8</td>
</tr>
<tr>
<td>No promotion</td>
<td>50</td>
<td>11</td>
</tr>
</tbody>
</table>

The above data show that 84 per cent of respondents felt there had not been enough, very little or no promotion of the old-age insurance policy. One of the interviewees, Zhang Jiemin, explained specifically:

I did not participate in the old-age insurance, because the government has never taken measures to publicise this issue. Currently the government demand [us] to register for old-age insurance [account]. Now I should participate in old-age insurance, because I only heard of it recently.
Accessibility of information on policies

The survey data clearly demonstrate that, in the collective minds of migrant workers, accessibility to information on the old-age insurance is not enough, as shown in table 4.10:

Table 4.10 Accessibility of information about the old-age insurance policy (n=451)

<table>
<thead>
<tr>
<th>Accessibility</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full accessibility</td>
<td>69</td>
<td>15.3</td>
</tr>
<tr>
<td>Limited accessibility</td>
<td>147</td>
<td>32.6</td>
</tr>
<tr>
<td>No accessibility</td>
<td>235</td>
<td>52.1</td>
</tr>
</tbody>
</table>

Three levels of accessibility to information about old-age insurance policy are examined here: full accessibility means respondents think they can find and understand the information easily; limited accessibility indicates that it is difficult for them to access information about the policy; no accessibility means they cannot access any information about the policy. These data show that only 15.3 per cent of migrant workers could access the old-age insurance policy with ease, while the majority had difficulty or could not access information. The data in table 4.10 strongly suggests that lack of government promotion, together with workers’ accessibility to the information about old-age insurance, has already become a serious problem.

Because of lack of promotion of a range of policies relating to migrant workers, they also lack access to information needed to protect their entitlements accordingly. They do not know either how the old-age insurance system works, or if it will be a reliable source of income in the future. Only a small percentage of the migrant workers (7.3 percent), showed confidence in their knowledge of government policies relating to their social welfare, and to old-age insurance policies in particular, as detailed in table 4.11.
Table 4.11 Knowledge of policies relating to migrant workers (n=451)

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knows very well</td>
<td>33</td>
<td>7.3</td>
</tr>
<tr>
<td>Knows a little</td>
<td>139</td>
<td>30.8</td>
</tr>
<tr>
<td>Knows very little</td>
<td>178</td>
<td>39.5</td>
</tr>
<tr>
<td>Knows nothing</td>
<td>101</td>
<td>22.4</td>
</tr>
</tbody>
</table>

This trend was confirmed and explained by one interviewee, Feng Junyan, who commented:

I know some information about old-age insurance, but not enough. I think the enforcement is not enough, because migrant workers are a disadvantaged group. I hear about the information about old-age insurance from the media like the newspapers, the internet, and recently on our project sites.

Another migrant worker, Shi Weiming was not sure about the old-age insurance policy either:

We [migrant workers] may know a little bit about the old-age insurance, but not enough.

This leads to the question of whether migrant workers would like to know more about the old-age insurance and other related policies (see table 4.12).

Table 4.12 Willingness to find the information (n=451)

<table>
<thead>
<tr>
<th>Not willing to find the information</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>131</td>
<td>29</td>
</tr>
<tr>
<td>Willing to find the information</td>
<td>320</td>
<td>71</td>
</tr>
</tbody>
</table>

Table 4.12 shows that most migrant workers (71 per cent) showed great interest in the old-age insurance policies and other related policies. They were actually seeking the information on policies. When asked about this issue, Feng Junyan said:
I want to know the information, and I always try to get information from the internet, TV, newspapers, and other ways, to learn information on policies about migrant workers.

Thus, in sum, the empirical fieldwork conducted in the Xi’an construction industry, interrogated the commonly accepted view that Chinese migrant workers are not willing to engage in the old-age insurance policy. Through rigorous research, the result of the investigation is seen to be quite different from the prevalent view.

Implications

This research has interrogated the widely shared impressionistic view held by scholars that migrant workers’ perceptions of old-age insurance prohibit them from participating in old-age insurance. According to this view, it is migrant workers’ perceptions, ignorance, myopia, and inability to make long-term rational calculations that has prevented them from joining an old-age insurance scheme. This view is also supported by provincial government officials and enterprise managers, but it does not stand up to rigorous investigation of migrant workers’ attitudes toward old-age insurance. Rather, this view seems to be derived, at least partly, from government officials’ and enterprise managers’ preconceived prejudices.

The empirical research conducted here shows that the majority of migrant workers are willing, perhaps eager, to join old-age insurance schemes and the 8 per cent contribution is affordable to them. They do not participate because: they lack confidence in the old-age insurance scheme as they have limited access to information on their entitlements, or how old-age insurance works; they are aware that their employers do not have any incentive to open an old-age insurance account for them, or make employer contributions to their old-age insurance; and there is no government supervision overseeing the old-age insurance scheme.

These findings make it clear that old-age insurance as a social policy has failed to produce expected outcomes for migrant workers. This thesis argues that the
failure results from long-term economic growth priority over human development in shaping social policies related to migrant workers. The economic growth rationale encourages businesses and local governments to pursue and maximise their self-interests instead of ensuring equal access to social policies for all. It also creates uneven capabilities for the parties involved in the old-age insurance policy – migrant workers, employers and provincial governments – to exercise their rights and power to make the old-age insurance policy function.

The following chapters explore how economic growth priority has crippled the implementation of old-age insurance policy for migrant workers. Chapter five traces how, since the founding of the People’s Republic, social policies related to rural populations and migrant workers have been designed in such a way that discourage migrant workers from participating in the old-age insurance scheme.
Chapter Five: Analysis of Migrant Workers’ Old-age Insurance Policy

Introduction

This chapter examines China’s welfare policy, particularly the old-age insurance policy for migrant workers chronologically. This policy went through dynamic reform with economic development. In the earlier period of rural-to-urban migration (from late 1970s to 1990s), the central government paid little attention to the welfare of migrant workers. There are two main reasons for this policy neglect. First, the Chinese government rural-to-urban migration flow was a temporary affair and migrants eventually returned to rural areas. Second, the cost of providing welfare coverage for migrant workers was too high for the government to consider. At the start of economic reform, labour intensive industries needed to minimise labour costs and therefore there was very little consideration for the workers. During the 1990s, however, the Labour Law expanded old-age insurance coverage to all workers, so although migrant workers were legally entitled to old-age insurance, they were not included in the system. Thus inequality and the income gap widened, which led to social disorder and instability. Since 2000, the rising problems from economic development, including urban poverty, unemployment and migrant workers’ social protection, attracted the central government’s attention and social policies were adjusted. At the same time, China’s family planning had already led to a lower fertility rate in urban areas. This demographic transition was also a factor for welfare reform. Scholars predict the low fertility rate will inevitably lead to future urban labour shortages. This was already a clear trend in the east coast of China from 2004 to


even though the economy is increasingly reliant on migrant workers. Considering the political and economic implications, migrant workers’ social protection was finally taken into consideration and related policies were made in 2006. Pilot welfare reforms tackling migrant workers’ welfare have been embarked on in different cities. This chapter examines these policy changes as they relate to migrant workers, analyses localised models for migrant workers’ welfare and old-age insurance including encouraging and discouraging factors, and the gaps between policy and implementation.

**Evolving social welfare policies**

As previously discussed these policies and the old-age insurance policy in particular, have evolved since migrant workers appeared in cities in large numbers. The central government excluded migrant workers in its policy for about 20 years. With growing concerns for migrant workers in the 2000s, direct policy was promulgated in 2006.

**1980s–1990s: From no policy to loose policy**

From 1979 to 1983, rural migration to urban areas was restricted by the *hukou* system and only about 20 million educated youth were allowed to return to the cities. From 1984 to 1987, however, rural migration flow to urban areas was acquiesced and the restriction was loosened. There were three main reasons for this loosening of migration control. Firstly, employment pressure from 1979 to 1983 was relieved. Secondly, much of the emphasis on heavy industry during the planned economic period shifted to light industry and service industry, which provided the demand and opportunities for rural migrant workers to work in urban areas. Finally, there was a large surplus of rural labour in rural areas and income from agriculture gradually increased. From 1988 to 1991, rural migration was again restricted because huge internal migration flow imposed burdens on urban areas.

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infrastructure and public security. From 1992 to 1998, China started to establish a market economy, which demanded a free labour market and labour flow. In 1993, the 3rd Session of the 14th Party Congress facilitated this goal by encouraging and guiding rural surplus labour to non-agricultural sectors and areas.\(^\text{214}\) During the 1980s to 1990s, internal migration from rural to urban areas increased massively; but migrants’ welfare was neglected as welfare reform was subordinated to the overall goal of economic development.\(^\text{215}\) The Chinese government abandoned the provision of permanent employment to urban workers and focused on unemployment insurance and a basic living standard pension instead. The government also changed fundraising for old-age insurance for urban workers to the three pillars model: shared by employers, individuals and the state. Migrant workers were considered to be phenomenal and temporary, and thus too expensive to take into the system. On the one hand, labour intensive industries under marketisation tried to keep labour costs to a minimum. Migrant workers, on the other hand, seldom if ever put pressure on government or employers to improve their welfare or infrastructure.\(^\text{216}\) These were the combined reasons why these workers were not covered by old-age insurance and indeed other insurances, even though they were legally entitled: the Labour Law in 1995 actually stipulates that labourers should participate in the local old-age insurance scheme and other insurance schemes.\(^\text{217}\) The Decision on Establishing Unified Employers Employees Basic Old-age Insurance Institutions by the State Council issued in 1997 stipulates that the old-age insurance policy would gradually expand its coverage to all urban labourers.\(^\text{218}\)

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\(^\text{218}\) \textit{China State Council} 中国国务院, “国务院关于建立统一的企业职工基本养老保险制度的决定 (The
Regulations promulgated in 1999 by the State Council also stipulate that old-age insurance should cover all employees of foreign employers, private employers and other employers. All these laws and policies did not change the situation of migrant workers’ old-age insurance participation in practice.

2000s: Growing concern about migrant workers’ welfare

During 2000s, there was a growing concern about migrant workers’ welfare and old-age insurance. There are two reasons for this shift in welfare policy. One significant reason is that the neglect of social policy and an increasing focus on economic efficiency led to a wider income gap and inequality between individuals, which negatively influenced Chinese society and stability. Thus, the government started to adjust social policies to relieve the problems that emerged from economic transition including urban poverty, unemployment, and migrant workers’ social protection, neglected for so long. In order to relieve the tension and conflicts in Chinese society, the Chinese government adopted several political slogans including yiren weiben (以人为本 taking human being as the basis for policies) and jianshe hexie shehui (建设和谐社会 to build up a harmonious society).

Another important factor for the welfare extension to migrant workers was the labour shortage in China following the transition. In 1978 in urban areas, the implementation of a family planning policy to control population growth had started and began on a nationwide scale from 1982. The fertility rate was greatly reduced with effective policy implementation. Thus experts predicted that the low


\(^{220}\) Croll, "Social Welfare Reform: Trends and Tensions."

\(^{221}\) Guan, “农民工参与城镇社会保障问题：需要、制度及社会基础(The Problems of Migrant Workers’ Participation: Demand, Institutions, and Social Foundation)."
fertility rate would begin to have an effect on the labour shortage.\textsuperscript{222} From 2004 to 2010, the east coastal cities of China experienced further labour shortages, thus migrant workers were needed for economic development.\textsuperscript{223} Cai Fang believed that China had arrived at the ‘Lewis turning point’, which meant the era of cheap labour had ended.\textsuperscript{224} Thus there was a need to give migrant workers fair treatment to attract them to move and work in the cities.

In response, several policies were implemented. In 2001, the Ministry of Labour and Social Security promulgated \textit{The Notice about Related Issues of Improving the Basic Old-age Insurance for Urban Workers' Policy} \textsuperscript{225} which for the first time stipulated specific regulations for migrant workers’ participation in old-age insurance as follows:

Social security organisations should keep the individual accounts for those contracted migrant workers who terminate their labour contract, and continue or transfer their accounts after they are employed again; or pay the individual contribution all to individuals and terminate the old-age insurance relation; they need to re-participate in the old-age insurance scheme after they are employed again.

In 2006, the Chinese government initiated specific document to tackle the issue of migrant workers’ social protection including \textit{Several Views on Settlement of the Issue of Migrant Workers}.\textsuperscript{226} This document addressed a comprehensive review of migrant workers’ problems and indicated the government’s concern. The government prioritised the basic principles for migrant workers’ development by this document: explore a scheme for old-age insurance that suits the

\textsuperscript{222} Peng, \textit{The changing population of China}.


\textsuperscript{224} Fang Cai, \textit{刘易斯转折点: 中国经济发展的新阶段 (Lewis turning point : a coming new stage of China’s economic development)} (Beijing Shi: She hui ke xue wen xian chu ban she, 2008).


\textsuperscript{226} China State Council 中国国务院, “关于解决农民工问题的几点意见（Several Views On Settlement of the issue of Migrant Workers）." This document is also called as Document NO.5.
characteristics of migrant workers, which calls for a low contribution rate, broader coverage, a transferable account, and merged with the urban old-age insurance system. It also stated that migrant workers be directly included in the urban old-age insurance system, if local conditions were favourable. The document showed a clear intention to improve migrant workers’ welfare and old-age insurance. This was a crucial turning point for migrant workers’ welfare policy, since migrant workers were viewed as needing support, and could no longer be excluded from the social security system.

However, basic old-age insurance for urban workers in and of itself is a complex system. Andrew Watson elaborates on the complexities that create barriers for migrant workers to participate in the old-age insurance scheme. First, the national scheme is not managed as a unified system, but run by many parallel local pools. As a consequence, there are now over 2000 provincial old-age insurance funds in urban areas, consisting of mixed employee and employer contributions. In practice, methods of pooling vary greatly from place to place and as such they are fragmented. This diversity makes the transfer of contributions and benefits problematic, even for settled urban residents, but especially so for transferring accumulated contributions and benefits between cities and regions. This is extremely difficult for the migrant workers, who move frequently between jobs and regions and certainly do so many times during the course of their working lifetime. Second, the pools also tend to be structured around the employer’s level of registration. As a result, the provincial social security bureau only deals with employers registered at the provincial level, and the city social security bureau deals exclusively with employers registered at the city level. Thus the concept of registration relates to both place and administrative levels. Third, participation requires the formal employer to register the employee. After registration, the contribution is calculated by the social security department and collected by the tax office or social security office. Such a complex system also increases the

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228 Watson, "Social Security for China's Migrant Workers-Providing for Old Age."
difficulties for those who are self-employed and/or flexible employed migrant workers. Fourth, the contributions of employers and employees go to different accounts. The employer’s contribution goes to a common social pool and the employee’s contribution goes to an individual account, and the accounts are recorded separately; thus it is not straightforward, which means the transfer can be tricky.\textsuperscript{229}

Despite these difficulties in practice, it is evident that the central government is increasingly concerned about migrant workers’ welfare and, in particular, old-age insurance.

In 2008, the government report of State Council pointed out that it is important to increase the coverage of migrant workers’ social security, and to design the old-age insurance policy to match migrant workers’ characteristics.\textsuperscript{230} Eventually in 2010, the basic principles of expanding old-age insurance to the private sector and self-employed workers were incorporated into the Social Insurance Law of the PRC.\textsuperscript{231} Further policy refinements were made to cover migrant workers and to make transfers between pool areas by those with urban household registration easier.\textsuperscript{232}

Pilot welfare projects have been embarked upon in several cities and provinces such as Guangdong province and Shanghai. Based on the lessons of these pilot projects in dealing with the problems emerged, China Ministry of Human Resource and Social Security drafted procedure for migrant workers to join in the basic old-age insurance in 2008 and opened public discussion and comment until July 2009.\textsuperscript{233} Meanwhile, in order to address the problem of portability, the

\textsuperscript{229} Ibid.

\textsuperscript{230} Xinfa, "现行农民工养老保险政策评估 (Policy Assessment of Current Old-age Insurance for Migrant Workers)."


\textsuperscript{232} Watson, "Social Security for China’s Migrant Workers-Providing for Old Age."

\textsuperscript{233} 中国人力资源与社会保障部, “农民工参加基本养老保险办法(Procedure for migrant workers
Ministry also issued a draft procedure for the transference of basic old-age insurance registration, which is the *Temporary Measures of Urban Employers Workers Basic Old-age Insurance Transfer and Splicing.* 234 This proposed scheme basically outlined the following issues: 1) compulsory participation without withdrawals, 2) the reduction of the entry threshold for migrant workers, 3) the maintenance of sealed accounts in local pools when migrants move, 4) the establishment of a national database for migrant records, and 5) a mechanism for pooling lifetime contributions at the place of final residence. 235 A negative effect of this process is that provincial governments do not need to pay old-age insurance after migrant workers opt out of their accounts. Before this policy, migrant workers could only withdraw money from their individual accounts. However, this *Old Age Transfer and Splicing* policy sets out that from 2010, urban workers are allowed to transfer all their money from their personal old-age insurance account to another pool; the transfer fee is 12 per cent of their total account holdings including the enterprise contribution. This regulation increases the lump sum migrant workers can expect to receive from their old-age insurance.

However, these proposals were met with many practical challenges. The central government recommended local government implement these policies, but local government can take a liberal approach to the implementation of policy, especially when local interests are involved. Besides, the stipulation of 15 years’ contribution (including five years’ consecutive contributions in the final years of employment in the same local pool) grossly neglects the mobility of migrant workers across regions, instability of employment and informal employment. The regulation also stipulates that migrant workers can only take their individual contribution with them when they want to withdraw from the old-age insurance, while the employers’ contribution has to be kept in the local pension fund. It is

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235 Watson, ”Social Security for China’s Migrant Workers—Providing for Old Age.”
very difficult and problematic for migrant workers to satisfy these requirements and therefore they have little incentive to join the schemes. Given this separate structure for migrant workers, this proposal is not conducive to establishing a unified, national system in the long run.

Another proposal that made the situation even more complex was the *Guidelines from State Council on Launching New Rural Old-age Insurance Projects*, which stipulates that central government and local government will pay 55 RMB per month to rural residents over the age of 60. It was designed as a universal scheme to achieve national coverage by 2020. This proposal raised another issue: migrant workers move from rural to urban areas frequently and they should choose either a rural or urban area on retirement. If they decide to retire in a rural area there will be a new issue, that is, how to change their urban-based insurance to the rural system. This issue requires a policy solution.

In 2014, in response to these transitional problems, the Ministry of Human Resources and Social Security promulgated the *Temporary Procedure for Urban and Rural Basic Old-age Insurance Transfer*. (This draft policy is currently for public comment, and will be officially implemented after 1 July, 2014.) The policy outlines the following principles: facilitate the free labour migration; introduce the policy to rural residents and workers; facilitate the transfer service; and establish the information database and build up the national information process platform. This is a countermeasure for solving the transitional problems. For a unified labour market, social equity and social justice, a unified social security system in which everyone has access to the basic structure is needed.

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Localised models

Since the policies were refined at central government level, pilot welfare reforms have been embarked upon in several cities with localised characteristics. According to Hua Yingfang of the National Institute for Social Security in the Ministry of Human Resource and Social Security, these new models of migrant workers’ old-age insurance fall into three main categories: those that cover migrant workers into the urban old-age insurance schemes; those that set up special schemes for migrant workers; and those that place migrant workers into the rural schemes. There are models already in practice for the first two categories. According to Lyu Xuejing, there are various models. For example, in Guangdong province, migrant workers can enjoy welfare policy on an equal footing with local urban workers, as long as they contribute to the welfare pool, which is called equal contribution and equal benefits schemes (城保模式). Beijing has brought migrant workers into the scheme by offering them lower contribution rates, which is called low threshold and low benefits schemes (双低模式). Shanghai and Chengdu have established separate insurance schemes in parallel with their local urban insurance systems, which is called the separate social security scheme (综合保险模式). Contributions and benefit rates vary from place to place. Chongqing has taken even more fundamental measures to abolish the hukou division in order to establish a unified welfare system for both local residents and migrant workers.

The equal contribution and equal benefits schemes are prevalently used in Guangdong province, Dongguan and Shenzhen, because these places experienced salient economic growth from the contributions of their migrant workers. The

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238 Hua, "Baseline Study, CAGP Social Security for Migrant Workers Project (C2T3)." From Watson, "Social Security for China’s Migrant Workers-Providing for Old Age."

239 Lyu and Wang, "The Analysis of Migrant Workers’ Social Security Patterns in Contemporary China."

factories in these places are greatly reliant on migrant workers. Here, migrant workers can enjoy the same beneficial returns as local residents, if they make the same contributions. In 1993, Guangdong province became the first to integrate migrant workers into urban social insurance schemes. Guangdong province promulgated a temporary regulation under which the pension system was composed of social pooling and individual accounts. The welfare contribution came from employers and individuals, and the benefits were intended to be linked. The coverage expanded from state-owned employers and collective-owned employers to other forms of ownership and to public institutions. The regulation also stated that all workers, including permanent, contract and temporary workers, those in foreign owned companies as well as migrant workers, should be covered by the social insurance system. Unfortunately however, these are just guidelines, which lack specific measures for practical implementation. Eventually in 1998 when social insurance schemes reformed, migrant workers’ social security entitlements were addressed. Guangdong province promulgated relevant regulations on migrant workers’ pension schemes, work injury insurance and unemployment insurance, including migrant workers in the welfare system. Since 1998, migrant workers in Guangdong province have been able to make the same contribution as the local urban workers (for a period of 15 years) and receive the same benefits after they retire. Before 1998, migrant workers could withdraw their contributions from individual accounts if they lost their job or their labour contract was terminated. When a large number of migrant workers withdrew from the system, local governments were the biggest winners, because they kept the contributions made by employers. It was not until 2010, when the transfer


regulation was issued to facilitate account transfers across regions, that these withdrawals were stopped.

This model in Guangdong province is an extension of its coverage based on the original urban social insurance framework. The model’s principle is to build a unified welfare system that covers all workers, including migrant workers. This *equal contribution and equal benefits scheme* model focuses on the urban social insurance system, according to which, contributing to the local pool is very essential. Thus, it is easier for those migrant workers with formal labour contracts, by which their employers would pay for the insurance contribution. However, for those migrant workers without formal work contracts, especially for those with unstable or lower paid work, the threshold for participation in the insurance scheme is too high. 244 At the same time the urban minimum standard living scheme, which does not require a personal contribution, is not open to migrant workers. A wide welfare gap between migrant workers and urban residents still persists.

*Low threshold and low benefits schemes* have been adopted mainly in Zhejiang province and Beijing. This pattern was designed to overcome the high threshold for both migrant workers and employers to participate in the schemes, considering their financial burden. This model essentially relies on the urban insurance system but also lowers the contribution rate and beneficial rate accordingly. For example, since 1999, Beijing promulgated a series of procedures, which stipulated that the migrant workers’ contribution rate for old-age insurance, unemployment insurance and maternity insurance should be half of the previous year’s rate. The medical insurance changed to 60 percent of the 1998 rate. And they were all lower than the rate paid by urban workers. In July 2003, Zhejiang province promulgated a regulation to lower the contribution rate for migrant workers’ old-age insurance. Migrant workers’ are required to pay 4 per cent of their wages and employers pay 12 per cent of the payroll; by contrast, urban residents with *hukou* are required to pay 8 per cent of their wages while enterprises pay 22 per cent of the payroll.

244 Lyu and Wang, "The Analysis of Migrant Workers’ Social Security Patterns in Contemporary China."
The separate social security scheme is used in Shanghai and Chengdu. This is a comprehensive insurance scheme that includes old-age subsidy, work injury insurance, and medical insurance for migrant workers. This model is specially designed to suit migrant workers’ needs, which greatly lowers their contribution rate by combining three insurance items. This system is separate and runs parallel to the urban social security system for urban residents with hukou. In Shanghai, employers that are required to make contributions include those based in other provinces, but their contribution rates are different. For example, the contribution rate of local employers is 12.5 per cent of the payroll and employers based in other provinces contribute 5.5 per cent, which is the equivalent of half and one quarter respectively of the contribution rate of local urban workers. A significant feature of Shanghai’s scheme is that the entire contribution for participating comes from employers and migrant workers do not need to contribute. The baseline of the employer’s contribution is 60 per cent of the previous year’s average wage in Shanghai. This comprehensive package is run by commercial insurance companies, which come under the Shanghai Bureau of Labour and Social Security management. Chengdu’s comprehensive scheme requires employers to contribute 20 per cent of the payroll. Migrant workers need to pay 5.5 per cent of their wages. The scheme is run by commercial insurance companies and the local comprehensive insurance centre.

Lyu Xuejing has discussed the pros and cons of these models. The first model gives equal treatment to migrant workers and manifests policy equity and social justice to some extent. However, she holds that the equal contribution rate with local workers comes at a high cost for migrant workers, which probably exceeds their financial ability. She also pointed out that migrant workers easily lose their insurance when they move from city to city. When they move, part of the social insurance is left in the local social pool. Only the individual contribution can be transferred, leaving the old-age care responsibility to migrant workers’ families and other individuals.\(^\text{245}\) The merit of this model lies in its set up goal of a unified

\(^{245}\) Ibid.
social security system, which is beneficial for free labour flow in the long run. The second model is easier for migrant workers and employers to meet the requirements of contribution rates. Lyu also holds that this model suits migrant workers’ high mobility and satisfies the needs of some migrant workers; meanwhile, it increases the coverage by lowering the cost.\textsuperscript{246} The final comprehensive model introduces commercial management, which lowers management cost, simplifies management procedure, and increases coverage. Lyu also pointed out that this model suits them better, especially in terms of work injury and medical insurance, but it is weaker for old-age insurance.\textsuperscript{247} This model does not require migrant workers to contribute, thus it is much easier for them to accept the scheme.

**Gaps between policy and implementation**

Despite the pilot welfare programs previously discussed, migrant workers’ participation rates are still not satisfactory. The following statistics show the social insurance participation rate of migrant workers in 2012 based on data from the National Bureau of Statistics (2013).

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td><strong>Old-age insurance</strong></td>
<td>9.8</td>
<td>7.6</td>
<td>9.5</td>
<td>13.9</td>
<td>14.3</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>24.1</td>
<td>21.8</td>
<td>24.1</td>
<td>23.6</td>
<td>24.0</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>13.1</td>
<td>12.2</td>
<td>14.3</td>
<td>16.7</td>
<td>16.9</td>
</tr>
<tr>
<td>Industrial injury insurance</td>
<td>3.7</td>
<td>3.9</td>
<td>4.9</td>
<td>8.0</td>
<td>8.4</td>
</tr>
<tr>
<td>Maternity insurance</td>
<td>2.0</td>
<td>2.4</td>
<td>2.9</td>
<td>5.6</td>
<td>6.1</td>
</tr>
</tbody>
</table>

\textsuperscript{246} Ibid.

\textsuperscript{247} Ibid.
Such a low participation rate calls for a thorough study of current policies. A gap exists between government policy and practical participation. Take the first and second models, for example, that both emphasise contribution, which is greatly reliant on migrant workers’ financial capability to contribute. After migrant workers have contributed for 15 years (with the final five years to be in the same location), they are eligible to benefit from a monthly pension, that is, about 60 per cent of local average wage. This policy requirement fails to take the high mobility of migrant workers into consideration. The fact that migrant workers regularly change jobs and frequently move across regions makes continuity difficult. The requirements for continuity of contribution discouraged migrant workers from participating in old-age insurance.

Another reason for the gap is that there is no procedure to regulate employers’ behaviour. Migrant workers’ old-age insurance depends largely on contributions from employers, but employers avoid their responsibilities if they can, because they are not willing to increase their labour cost by paying social insurance. If there are no regulations on how to discipline employers’ incompliance the policy cannot be implemented. Without effective supervision, the policy lacks incentive for both migrant workers and employers to participate. Migrant workers lose the employers’ social contribution when they move. And employers do not benefit from the current policy provision either, since that is not good enough to retain their employees.

Another reason that leads to this gap between central government policy and local implementation is that local governments are very happy to collect the social contributions made by employers to improve the local fund. But they are reluctant to allow those contributions to be transferred from the local pool when migrant workers withdraw or transfer their accounts.

Most models place a greater emphasis on contribution rather than redistribution. Migrant workers are not eligible to participate in the Minimum Standard of Living program in the cities. They have limited formal ways to ask for help, and can only
turn to their friends and other networks.\textsuperscript{248} This is still an urban-rural division based on the \textit{hukou} system. This is a discouraging factor for migrant workers to enjoy old-age care in terms of system equity and social justice.

The last two decades have witnessed progressive policy regarding migrant workers’ welfare and old-age insurance and efforts have been made to set up insurance models to deal with migrant workers’ welfare and protection; however, there is a huge gap between policies and implementation, especially in the case of migrant workers.

\textbf{Conclusion}

As welfare policy has been examined, the old-age insurance policy, in particular, went through dynamic reforms with economic development. During the earlier period of rural-to-urban migration, government paid little attention to migrant workers’ welfare. Since 2000, problems that arose from economic development and the subsequent demographic transition led to welfare reform. As the economy was increasingly reliant on migrant workers, migrant workers’ social protection was finally taken into consideration and related policies were implemented in 2006 at central government level. At provincial government level, many pilot welfare programs that aimed to tackle migrant workers’ welfare problems were embarked upon in big cities. Both central and provincial level governments have indicated their intention to encourage migrant workers – at least on paper.

Although it has taken more than 20 years for government to take measures to provide social welfare protection for migrant workers, low participation remains. As social welfare policies and the old-age insurance policy for migrant workers in particular are still in their elementary stages, gaps remain between migrant workers’ needs and policy provision.

\textsuperscript{248} The survey and interviews in Xi’an show that migrant workers usually turn to informal networks when they have difficulties.
As indicated previously, migrant workers, employers and local governments all have their own respective interests and agendas in policy implementation; and these can strongly influence practical policy implementation.

The policy at the central government level encourages migrant workers to participate in welfare programs and the old-age insurance scheme; however, policy is more reliant on the implementation and interpretation of local governments. Under these circumstances, when local government interests become involved, especially the retention of social contributions from employers, it makes it harder for migrant workers to keep their legal entitlements. This is also a reason for the low participation rate, despite encouraging policy at the central government level, but discouraging policy at the local level.

There are uneven policy treatments for rural migrant workers and urban residents. As discussed earlier in this chapter, the Minimum Standard of Living program in urban China is not open to migrant workers. Some models have lower contribution rates and lower beneficial rates for migrant workers. Migrant workers without formal work and labour contracts are excluded from the insurance system. These policy divisions are all built up along with the hukou system against the macro-economic development backdrop, to be examined in the next chapter.
Chapter Six: State Economic Development Policies and their Institutional Consequences

Introduction

As previously demonstrated, in spite of the central government policies for old-age insurance provision, very few migrant workers take them up. One of the prevalent explanations for their lack of enthusiasm to embrace these policies is that migrant workers from rural China are short-sighted and are not rational enough to invest in their futures. Chapter Four interrogated these dominant assumptions, especially by Chinese scholars, which is also articulated by some provincial government officials and business enterprises. Another significant explanation for the low participation of old-age insurance policies by migrant workers is that there are institutional obstacles that make participation difficult. However, it is crucial to realise that such institutional obstacles were formed against the backdrop of China’s macro-economic development.

The explanation that ascribes migrant workers’ perceptions and preferences as not being rational assumes that provincial governments and enterprises will fully comply with the old-age insurance policy, and furthermore, that migrant workers have the same kinds of opportunities as other interest groups in the Chinese socioeconomic structure. However, in practice, this is far from the case. Local governments and business enterprises all have their own self-interests to protect, and therefore will not necessarily follow the processes established for insurance policies designed by the central government, and therefore most often work against the interests of migrant workers. This chapter aims to unpack the complex economic and social contexts in which migrant workers are placed in a disadvantaged position, in spite of, and very often because of, central government policies. I will argue that central government policies, more often than not, have contributed to the emergence of institutional obstacles as well as interest groups. The economic development strategy has designed the hukou policy and welfare policy to suit economic growth, which is the root cause of
rural-urban division in many aspects. The economic development strategy led to
the decentralisation of government administration and increased management and
financial power by local governments, which eventually resulted in the emergence
of institutional obstacles to funding transfers.

I also argue here that migrant workers’ low participation in old-age insurance, at
least in part, is a consequence of the influence of powerful interest groups against
the backdrop of an interest-driven and market-oriented ‘developmentalism at all
cost’ mentality. This mentality, designed by the Chinese state, has led to the
segregation of rural and urban populations and the influx of rural workers into the
cities. However, urban development, as well as the decentralisation of political
and fiscal power, in turn, leads to the emergence of active local government
interest groups. These groups do not care about the welfare of migrant workers
because there are no incentives.

This state led development strategy did not just originate in the post-Mao reform
period. As far back as the Mao era (1949 to 1978), China had a strong focus on
economic development, especially that of heavy industry. Many economic and
social policies were developed to achieve this national aim. For example, it was at
this time that the household registration system *hukou* was created, which divided
the population of China into rural and urban groups, each with its own distinctive
welfare arrangements. This system forced people to remain in their area of origin,
so that rural people could produce agricultural products which supported the
population in the urban areas, and industries could thus be concentrated in the
urban areas with scarce resources allocated where needed. Despite the economic
reforms of 1978, elements of this state-imposed division remain today, and many
historically developed social policies still serve the national goals of economic
development.

More recently, although many rural workers live and work in urban areas, these
migrant workers have experienced a number of obstacles. Powerful new interest
groups have emerged and have formed relationships with each other and with
central administration, which disadvantages migrant workers and their life choices.
These new relationships have become structurally entrenched because they are a direct consequence of state development policies.

From 1949 to 1978, in order to focus on economic development, the Chinese government’s segregation of agricultural and urban populations had huge and ongoing historical consequences. This framework was entrenched by a number of social and economic policies.

One of the most important social consequences of this economic development strategy was the alliance formed among interest groups against the rural sector, which has emerged since post-Mao economic reform. A series of policies have been made with the primary purpose of supporting economic development, and these policies have further marginalised rural populations, those who have migrated from rural areas and those who have moved to urban areas for work. The interests of migrant workers on the one hand, and local governments and industries on the other, are conflicting and competing within this structure. Thus the division between rural and urban areas has been reinforced since the economic reforms and, as a direct result, migrant workers’ interests and wellbeing have been more severely jeopardised.

**Strategy of economic development in the Mao era**

The Chinese government’s segregation of rural and urban areas resulted from the heavy industry oriented development strategy that China adopted between 1949 and 1978, as previously mentioned. This segregation was rooted in its national economic growth goal and consolidated by subsequent social and economic policies.

This process was set in motion when the CCP convened the Second Session of the Seventh Party Congress in 1949. At this Congress, the following strategic guidelines were put forward: to recover and develop production rapidly; to turn China from an agricultural into a stable industrial economy; and to turn China from a “newly democratic country” (新民主主义 xin minzhu zhuyi) into a
socialist country. This development strategy was further clarified in 1953, when the general guidelines for the transitional period were proposed. The main tasks for the party at this time were to realise national socialist industrialisation. When the ‘Great Leap Forward’ began in 1958, the CCP proposed a strategic development plan for economic development, promoting the idea of catching up with the US and Britain by boosting iron and steel production – a dominant symbol of industrialisation. In 1958, the second national development plan aimed to surpass England’s production of iron and steel in 10 years and surpass America’s in 20 years. The output of light industries and farming production were calculated according to the needs of urban heavy industries. Under such national guidelines, even though the Great Leap Forward failed as a movement, the Chinese government continued with the aim of designing economic and social policies to support and respond to the national emphasis on industrial development.

**Phased social impacts**

To support the state goal of heavy industry growth, a series of economic and social policies were developed. In the period following 1949, when economic development became the focus of the Communist Party, the state designed what was called ‘unified finance’ and ‘planned purchase and supply’ (统一财政、计划购买供应).

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250 The transitional period starts from 1949 through to socialist reconstruction.

251 Wang, "The Historical Evolution of the Party Basic Line since the Founding of New China and Its Implications."


253 Wang, "The Historical Evolution of the Party Basic Line since the Founding of New China and Its Implications."


255 The decision to implement a unified finance system was made in 1950 by Chen Yun. See Yaomin He,
Unified finance was a fully centralised finance policy under which the central government managed and decided on the distribution of all income including grain, tax and other resources. This policy deprived provincial governments of financial independence, and central government completely controlled the scarce national resources required to build a national industry system. Significantly, the controlled procurement and distribution policy stipulated that the state monopolised the purchase and marketing of grains. The urban populations were provided with grain rations at a fixed price, and agricultural production was based on the collective system called the People’s Commune (人民公社 renmin gongshe). Agricultural products were purchased at a very low price by the government and industrial products were sold at a very high price to support industrialisation. The way this artificial pricing system worked has been called ‘scissors price’ because of the gap between industrial goods and agricultural produce. According to Wen Tiejun, the impact of the scissors price system on the economy from 1949 to 1978 was that about RMB 7-8 hundred billion were transferred from the agriculture sector to the industrial sector. This urban-rural division, designed

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256 This policy of controlled procurement was carried out after October 1953. The controlled procurement started with grain and was expanded to other products. See Yang Liu, "From "War Time Economy" to Socialist Reconstruction-The economic Practice of Chen Yun After The Establishment of P.R.C." (2010).:104.


258 In China, provincial governments are included in the concept of local government. The term ‘local government’ refers to all governments except the central government.


261 Ibid.
for achieving the goal of industrialisation, also had tremendous consequences for social policies.

In line with the dominant national vision of industrialisation, social policies were created to support the State goal for economic development. The most significant of these included the household registration system (户口 hukou) according to which differential welfare systems, employment policies, and a range of other policies were designed so the State could extract resources from rural sectors for capital accumulation for industrial expansion.262

The hukou system worked as one of the fundamental elements of State-led industrialisation, by dividing the population into urban and rural residential groups to control the population and shape developmental priorities.263 In this way, the system took on the strong role of resource allocation. The hukou system was a powerful instrument for the State’s strategy of heavy industry oriented development utilising scarce resources, and the dual structural institution was firmly established. Urban and rural regions had two classifications for income, housing, grain rations, medical and other services, education, employment and retirement.264 This development strategy has led to a range of welfare measures for China’s urban residents including low levels of inequality and high rates of development.265 Nevertheless, the allocation of resources, opportunities for employment and education and other entitlements were prioritised for urban

262 Chan, "The Chinese Hukou System at 50." 199.


264 Cheng and Selden, "The Origins and Social Consequences of China's hukou System."  

265 The welfare system of PRC was developed in the context of the socialist ideology of egalitarianism, so it was with a low level of inequality. Through the establishment of the social security institutions such as <The Regulation of Labour Insurance of PRC> 《中华人民共和国劳动保险条例》, which was carried out in 1951, the Communist Government introduced social insurance programs for employees in the urban sectors and in state-owned, non-profit-making agencies, official social organisations and government organisations. The programs included old-age pensions, health insurance, workers’ compensation, paid sickness leave, maternity benefits for women and other welfare services. The introduction of these programs was a significant achievement. See Gordon White, Xiaoyuan Shang, and Studies University of Sussex. Institute of Development, "Issues and answers: reforming the Chinese social security system : papers from an International Workshop held in Beijing, October 1995" ([Brighton], 1996).
populations, resulting in intense inequalities in entitlements between rural and urban residents.

The hukou policy and the welfare tied to hukou strengthened the State’s ability to lower labour costs and maintain social control. China accomplished the desired industry capital accumulation but this also led to a marked separation between rural and urban areas at a great social cost.

**Segregation as legacy**

There are two results of these economic and social policies that served the earlier national goal of heavy industry development. One result, as previously elaborated, is that China built up a comprehensive industrial system in a comparatively short period under great resource constraints. With the support of specifically designed economic and social policies, China achieved great economic success during the period 1949 to 1978. In 1978, for example, China’s industrial sector accounted for 46.8 per cent of the total national income, an increase of 34.2 per cent from 12.6 per cent in 1949. China’s GDP had also grown massively from 680.9 hundred million RMB in 1951 to 3488.6 hundred million RMB in 1978, maintaining a growth rate of 6.5 per cent per year and 4.12 times that in 1952. This growth was higher than most other countries worldwide during that period. The industrial production grew from 344.3 hundred million RMB in 1952 to 0.499

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268 Li and Piachaud, "Poverty and Inequality and Social Policy in China."

269 Wen, "贫困经济学：资本化与制度成本转嫁 (Poverty Economics: Capitalization and Institutional Cost Shift)."


trillion in 1980 (17.9 times that in 1952), which maintained 11 per cent growth per annum. From 1952 to 1976, steel production grew from 1.35 million tons to 20.46 million tons; coal production grew from 66 million tons to 483 million tons; crude oil production grew from 0.44 million tons to 87.16 million tons. China also made enormous progress in national defence: the country developed its own atomic bomb and hydrogen bomb, and also built up a substantial defence industry during this period. 272 Heavy industries grew at the rate of 13.8 per cent per annum. Notably, however, farming output only grew at 2.7 per cent per annum during the same period. 273

By contrast with these indicators of growth and positive development, the segregation between rural and urban areas, directly induced by hukou, meant that the impressive economic achievements came at a huge cost. The economic and social policies engineered to support urban development also induced very differential treatment in many aspects between rural and urban areas, especially in relation to social welfare, education and income generation. The rationing system established in 1952 stipulated that social provisions were made to guarantee urban populations the provision of food, housing, education and healthcare at low prices. 274 These differential treatments are seen as outcomes, particularly in relation to consumption, income, education and social security. The difference in consumption and income, as seen in Table 5.1 below, is evidence of the dualistic, economic rural-urban economic development evident in this period.

Table 5.1: Per capita consumption of rural and urban residents, 1952–78

<table>
<thead>
<tr>
<th>Year</th>
<th>National average</th>
<th>Rural residents</th>
<th>Urban residents</th>
<th>urban/rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>76</td>
<td>62</td>
<td>149</td>
<td>2.4</td>
</tr>
<tr>
<td>1953</td>
<td>87</td>
<td>69</td>
<td>181</td>
<td>2.6</td>
</tr>
<tr>
<td>1954</td>
<td>89</td>
<td>70</td>
<td>183</td>
<td>2.6</td>
</tr>
<tr>
<td>1955</td>
<td>94</td>
<td>76</td>
<td>188</td>
<td>2.5</td>
</tr>
<tr>
<td>1956</td>
<td>99</td>
<td>78</td>
<td>197</td>
<td>2.5</td>
</tr>
<tr>
<td>1957</td>
<td>102</td>
<td>79</td>
<td>205</td>
<td>2.6</td>
</tr>
</tbody>
</table>

272 Ibid

273 Li and Piachaud, ”Poverty and Inequality and Social Policy in China.” :7.

274 Ibid.
Table 5.1 shows a significant gap between rural and urban residents in terms of consumption, which indicates a marked discrepancy in living standards. The incomes are difficult to compare because urban wages represent only a fraction of total income, which could also include welfare provisions. Nevertheless, wages per capita in urban areas were 343 RMB per annum in 1978, not including the necessities that the government covered by vouchers to urban populations; in rural areas, the annual net income per person in 1978 was only 134 RMB.

There were also clear welfare gaps between rural and urban areas. Under the hukou system every member of a rural collective met with very stringent conditions for converting from rural to urban status. Many key entitlements enjoyed by urban residents including pensions, education, unemployment benefits, housing, maternity insurance and so on were not extended to those with a rural

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276 Li and Piachaud, "Poverty and Inequality and Social Policy in China." 10.

During the collective period from 1956 to 1978, under the five guarantees (五保户 wubaohu) system, rural social assistance measures provided minimum food, clothing, medical care, fuel and burial costs for a small number of the elderly, the disabled, the orphaned, people who had lost the ability to work and those who had no children.

In conclusion, in this period the state goal of economic development produced centralised economic and social policies which concentrated the scarce resources in urban growth and sacrificed rural interests, especially to support heavy industry. On the one hand, this economic strategy yielded an accumulation rate of over 15 per cent and successfully established a comprehensive industrial system under conditions of considerable resources constraint, a very large population, extreme economic backwardness, and a very hostile international environment. On the other hand, however, the cost of implementing the strategy was high. Firstly, the high accumulation outcome was accompanied by slow improvement in people’s living standards. Secondly, the centralised system led to a severe segregation between rural and urban areas. Under this policy regime, the social security system also took the form of a dual structure. The urban system was based on the individual unit and the rural system depended on the collective. This structure remained in place until economic reform, but the historical legacy continued to influence the social security structure long after economic reform. The dual


279 Xinping Guan, "论我国农村社会救助制度的目标、原则及模式选择(Discussion on The Aim, Principle and Pattern Choice of Rural Social Assistance System In China)," Journal of East China Normal University (Philosophy and Social Sciences) 38, no. 6 (2006): 29-36.


282 There are some reasons for these low living standards: first, resource allocation through government planning increased saving and curtailed consumption; second, personal income and people's living standards were kept at a low level; third, the industrial structure was biased towards capital-goods industries, the supply of consumer goods was deficient and people's living standards only improved slowly. See Lin, Cai, and Li, The China miracle: development strategy and economic reform. 73-74. The basic idea is ‘production is first and living secondary’. See Li and Piachaud, "Poverty and Inequality and Social Policy in China." :8.
structure of rural and urban investment and living standards that was deeply established continued after economic reform, and the gap in differential treatments in relation to the dual structure increased.

**Pro-urban developmentalism**

After 1978, economic development, gradually guided by market force, became an even more aggressive focus for the Chinese government. As a result, the pro-urban growth bias has not declined, but in fact, it has prevailed in another way.  

At the beginning of the Reform, the state set two very simple targets for economic growth: to increase GDP three times by the end of 1990, and another three times by the end of 2000. These economic targets highlight the continued importance of GDP-oriented development in the national strategy. The GDP-prioritised national strategy had consistently shaped central–provincial relations through its economic and social policies.

**Provincial controls post 1978**

In the earlier planned economic period during the Mao era, provincial governments strictly followed the command of central government; the benchmark for central government to assess provincial government performance was whether central government’s policy had been effectively implemented. However, this centralised relationship has changed since economic reform. The 3rd Plenum of the 11th Central Committee of the Chinese Communist Party held in Beijing in December 1978 marked the return Deng Xiaoping, and a new phase of Chinese economic development. The formulation of new policies was part of the broad view of economic development strategy initiated after 1978. The

283 In this period, the development was still urban-biased, but it was different from the central planning model.


policies cover areas including the reform of SOEs, fiscal reform, tax reform and so on, and these reforms have changed the central and provincial government relationship in a profound way.

There is a pervasive understanding that economic reforms have weakened control by the central government over provincial governments. Before economic reform, the central government held control over enterprises. After China’s reforms of the fiscal system in the 1980s, the administration system and state allowed provincial governments and SOEs with greater power to manage their own businesses, and gave them more financial control. More fiscal and administration powers were devolved to lower-level governments. Provincial governments were allowed and even encouraged to be more independent in finance, planning and administration. Although the influence from central government and communication between central and provincial governments is still quite strong, provincial governments have gained much more independence and autonomy since reform.

In the early 1980s, fiscal reform, as part of the effort to promote economic reform, gave property rights to provincial governments. This was instituted by the central government to create great incentives for provincial government to deliver public

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287 SOEs is the abbreviated form of State-Owned Enterprises.


289 This is basic common knowledge shared by scholars on the main differences before and after economic reform; however, there are some controversial views on the period division. See Ying Liu, "新中国成立后中央与地方关系的历史变迁研究述评(The Review of China Central and Local Relationship Historical Changes After New China Was Established)," *Journal of Sichuan Administration College* 1(2012): 21. There are also different forms of central–provincial revenues and expenditures in various provinces; however, there are some common features that are obvious: central government enjoys predominance and administrative regulation occurs over market intervention. See Michel Oksenberg and James Tong, "The Evolution of Central-Provincial Fiscal Relations in China, 1971-1984 The Formal System," *The China Quarterly* 125(1991):2.

290 Chan, "The Chinese Hukou System at 50.”:205.

services that would suit provincial preferences, as well as to pursue provincial
economic development. Accordingly, the regulations regarding provincial revenue
collection also changed to reflect local government autonomy. This was designed
to improve efficiency and produce better provincial growth,\textsuperscript{292} for it was assumed
that provincial governments had more information and thus more advantage over
central government concerning resource allocation. They could therefore better
supply the kinds of public services and goods demanded by provincial needs.\textsuperscript{293}
In all, this would give local governments economic incentives for their own
development and responsibility for fiscal security.

Since the fiscal reforms, tax collection has been decentralised to provincial
governments,\textsuperscript{294} and this has had a strong positive impetus for provincial
governments to support provincial businesses. In 1994, the Tax Sharing System
(分税制 fenshuizhi) was initiated, which fundamentally changed the way revenues
are shared between central and provincial governments. To be specific, some taxes
which included tariff duties, the income taxes of SOEs, consumption taxes and so
on fell under the jurisdiction of central government. Taxes which included sales
taxes, income taxes from SOEs, collectively owned enterprises and personal taxes
fell under the jurisdiction of provisional governments. Shared taxes include value
added tax, taxes on natural resources and others. This policy mainly served
provincial governments to make them self-sufficient and to reduce the fiscal
burden of central government. Thus, provincial governments now have more


\textsuperscript{293} The commonly shared view that there have been improvements and gains in efficiency can be found in


revenue independence, and incentive and autonomy in their financial arrangements.

Because of this decentralisation, most government officials at the provincial level have continued to show strong entrepreneurship for development. Provincial governments have also had the wherewithal and authority to circumvent central plans and policies in favour of regional priorities. Clearly provincial governments have taken advantage of the strong incentive to collect revenue and promote economic growth. In these endeavours they endeavour to create friendly investment environments for businesses, as businesses at least have the choice of where to invest and pay tax. This means that if they are satisfied with local business conditions provided by the provincial government, they will continue to invest in this province and pay tax; otherwise they can choose to shift their capital to another province. The employment opportunities they create and the tax they pay correlate with provincial government economic and revenue increases. Thus, as a result of decentralisation, since the devolution of the management of many SOEs to provincial governments, the interests of enterprises and those of provincial governments have become closely related. Enterprises can and do contribute to local revenue, and provincial governments tend to protect SOEs in their areas because they want to optimise their access to financial capital.

Under such conditions of change, provincial government have become a much more independent and active self-interest group. Consequently, they have gained more autonomy over many aspects of their operations. Firstly, at the basic level,


\[297\] Lin and Liu, "Fiscal Decentralization and Economic Growth in China."

\[298\] Yong Tao, "中国地方政府行为企业化变迁的财政逻辑(Fiscal Logic of Changes of Local Governments’ Enterprises Behaviours in China)," Journal of Shanghai University of Finance and Economics 13, no. 1 (2011).
their revenue relies on economic development and tax from businesses. Secondly, performances by provincial government officials are now benchmarked in terms of economic development, which is mainly assessed by GDP growth. This is extremely relevant in this context where central government still has the power to select, assign and promote top provincial leaders. In practice, since GDP became the provincial governments’ performance target, their officials have turned their attention to encouraging the growth of businesses. Significantly, the statistical ranking of provinces is mainly based on the economic development index of GDP and there is always high competition among provinces for such ranking assessment. For example, according to Yang, it is evident that the heads of faster growing provinces tend to be promoted more quickly than they otherwise would be. Under these conditions, self-interested provincial governments have a great deal of self-determination in many of the issues which fall under the central government’s guidelines, including how to, or even whether to, implement old-age insurance policies for migrant workers.

Household registration system reform

Before the economic reform, as previously discussed, household registration served the state goal of heavy industry development. Since 1978 economic reform, the household registration system has also played an important role in facilitating economic reform by providing cheap surplus labour demanded by the market economy. The hukou policy itself has also been adjusted primarily to suit the needs of economic development. For example, farmers are now allowed to participate in some economic activities, and the hukou system has accordingly

299 Huang, "Central-local relations in china during the reform era: The economic and institutional dimensions."

300 Tao Feng, Yanwei Song, and Yan Lu, "Fiscal Decentralization, Local Government Behaviours and Regional Finance Development.," Journal of Xi’an Jiaotong University( Social Sciences) 27, no. 5 (2007); ibid.

increased its flexibility (see Chapter One), with a series of reform changes being made. In 1984, the hukou policy was relaxed to permit rural workers to work in urban areas. In 2001, the state further enabled a small percentage of workers who satisfied certain criteria (usually having some skills or investing in cities) to have urban hukou registration status.

Thus from the early 1980s, China gradually implemented various programs to give fiscal and administrative powers to lower-level governments including changes in the management of the hukou system. Local governments have subsequently been given more control over hukou and rural-to-urban migration. As more autonomy has been accorded to local governments in financing their activities, they have demonstrated more drive to support profit-seeking businesses in their areas. The measures put into effect have included the easing of hukou restrictions to lower-level governments. As a result, from 1978 to 1995, the non-agricultural hukou population grew on average 7.8 million per year. However, the beneficiaries of these relaxed policies have not exclusively been migrant workers. Only migrants who could invest in urban areas or had special skills could obtain urban hukou. Over time in some provinces, provincial governments also took measures to sell hukou status to make money, which has gradually become a lucrative business for some provincial governments. Some local governments also aggressively exploited the dual household registration system to


303 From a Chinese full-text data base search, it was revealed that central government policy on household registration has had no changes since 2000, although local governments may have created local policies relating to household registration.

304 Chan, "The Chinese Hukou System at 50." Many local governments have received full power and discretion to set their own administration criteria and the number of hukou each unit will accept each year. Kam Wing Chan and Will Buckingham, "Is China Abolishing the Hukou System?,” The China Quarterly 195(2008):582-606.

305 Chan and Buckingham, "Is China Abolishing the Hukou System?."

increase their revenues by selling residential cards, health cards and other cards.\textsuperscript{307} Even though the central government forbade the overt provincial government sale of hukou,\textsuperscript{308} some provincial governments still continue the practice with resilience.\textsuperscript{309} As a result, changes from rigid to flexible hukou policies only served China’s economic development, obviously at the expense of marginalised groups, and especially the migrant workers. For many years, urban governments would only allow rural migrants to work in urban areas if they paid residential permits when migrant workers were needed. But when labour was not needed, migrant workers were deported to where they had come from.\textsuperscript{310}

Under this devolution of the administration power of hukou to lower government levels, provincial governments are able to make policies to suit their interests: they would relax the hukou control only when cheap or skilled labour was needed. As can be seen after 1992, the relaxed hukou policy enabled a small percentage of people to have urban hukou.\textsuperscript{311} Meanwhile, it is a beneficial system for profit-seeking businesses because this system guarantees cheap labour, which also serves the interests of local governments because the system provides a lucrative way of increasing income for provincial governments.\textsuperscript{312} Under these circumstances, businesses do not need to bear the cost of maintaining migrant workers in urban areas since the changes to hukou policy offer urban status only to those who have money (investors and house purchasers) or sought-after

\begin{footnotesize}
\begin{enumerate}
\item[Ibid.]
\item[309] This directive was issued in 1998 by the State Council: “关于解决当前户口管理工作中几个特殊问题的意见(“Opinions on addressing several critical questions of current hukou management work”),
\item[311] Wing Chan and Buckingham, "Is China Abolishing the Hukou System?.
\end{enumerate}
\end{footnotesize}
occupational skills. Thus, *hukou* policy changes were made primarily to facilitate economic development, because these changes keep the cost of labour low, and they recruit skilled workers where needed, inviting economic and human capital to the city.

**The social security system and old-age insurance reform**

Since 1979, in the urban areas initiatives have been taken to replace the old employer-based, labour insurance model with a largely social insurance model. 313 In order to perform better in the market-oriented economy, work units (*danwei*) began to change from fulfilling a multifaceted role to an economic role, to shake off the burden of welfare responsibility. 314 Before economic reform, a state-owned enterprise was structured as a self-contained unit that was responsible for all kinds of welfare for its employees including housing, health care, pensions and education. However, when the reforms started to privatise SOEs, the self-contained unit welfare system collapsed. Once the enterprises were privatised, many of those who lost jobs and were retrenched also lost welfare benefits such as housing, education and health care. As private foreign-owned enterprises, collective cooperative sectors began to take a higher proportion of industrial output; 315 the responsibility for social security was then shared among government, employers and workers. 316

The rural–urban split in welfare is still entrenched in the social security system. In the countryside, the welfare system of “*wubao*” (Five Guarantees) collapsed after the collective system was dismantled and was replaced by household responsibility from the late 1970s. Rural social security was supposedly carried out at the village level and without the financial support or administrative

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313 Tang and Ngan, “China: developmentalism and social security.”

314 Before the reform era, employers offered permanent jobs and full welfare protection to all employees.


management of central government. Under rural economic system reform, the Basic Program for Rural Social Security Insurance at County Level was promulgated in 1992, but was contracted and stagnated after 1998 and the participation rate fell from 53.78 per cent to 11 per cent in 2007. Thus, for quite a long time in actual practice, vast rural areas were rarely covered by social security. It has been noted that in 2003 the coverage was only 2 per cent in the countryside, and social security for farmers who constituted 70 per cent of the total population only accounted for 11 per cent of total expenditure. From 2009 the New Rural Pension System was put into practice, which had a goal of universal coverage and to provide modest basic benefits, and in 2012 the social security coverage was 95 per cent. The level of the basic pension in rural areas is quite low compared with urban old-age insurance. However, the basic pension in rural areas is hard to meet the migrant workers’ minimum living requirements if they retire in urban areas.

There has been similar devolution and decentralisation specifically in relation to the old-age insurance policy. The decentralisation of social welfare supply has meant that provincial governments have become key actors in their practical dealings, including managing provincial funds, redistributing resources and establishing new welfare systems, leaving central government funds comprising only a small fraction of welfare expenditure.

The old-age insurance “Decision” of 1991 stipulates that central government is

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317 Smart and Smart, "Local citizenship: welfare reform urban/rural status, and exclusion in China." Wang, "China’s Rural Old Age Security System: Challenges and Options."


319 Hinz et al., Matching contributions for pensions: A review of international experience.

320 Wang, "China’s Rural Old Age Security System: Challenges and Options."


322 中国国务院, "关于企业职工养老保险制度改革的决定 (Decision On The Reform Of The Pension Insurance System For Urban Enterprises Employees)," ed. China State Council (Beijing1991).
Responsible for setting general guidelines and provincial governments have the discretion to set their own contribution rates and conditions. Since 1979, universal social pooling of pension insurance was introduced in 13 economically advanced provinces and later introduced in other counties and cities. Because of this decentralisation over 2000 pools of funds currently exist in urban areas. These pools are known as provincial old-age insurance funds, consisting of mixed employee and employer contributions. Thus, transferring accumulated funds is necessary if they want to benefit from the insurance but extremely difficult.

In this structure, the provincial governments have great incentive to circumvent the operations of the old-age insurance policy for migrant workers. The provincial governments actually support and encourage migrant workers to opt out of their individual contribution to old-age insurance, with the intention of keeping the employers’ contribution in the provincial pool. This phenomenon was quite normal before the Temporary Measures of Urban Businesses Workers Basic Old-age Insurance Transfer And Splicing policy was issued. As previously mentioned, from 2010 urban workers were allowed to transfer only 12 per cent of the total amount from their individual and social accounts, or they could withdraw a lump sum from their personal old-age insurance funds.

The social security system and old-age insurance continue to constitute the rural-urban divide, even though they have evolved since 1979 to support economic development. This divide and the pooling system have become significant institutional barriers for migrant workers to participate in old-age insurance.

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325 Watson, "Social Security for China's Migrant Workers-Providing for Old Age."

326 人力资源与社会保障部和财政部, "城镇企业职工基本养老保险关系转移接续暂行办法" (Temporary Measures of Urban Enterprises Workers Basic Old-age Insurance Transfer and Splicing)."
Institutional obstacles formed under macro-economic policies

As the post-Mao central government has focused on the state goal of economic development by market forces, the *hukou* system has changed under such development. The *hukou* system, as previously discussed, was originally designed to complement the economic development strategy that concentrated scarce resources in urban areas and thus sacrificed the rural workers’ support for the stage goal of heavy industry. Even though it became more flexible, the *hukou* system remains a root cause of institutional obstacles for migrant workers’ low participation rate. Under this system, rural population only can get access to the limited rural welfare services, and urban population can enjoy much better urban social security services.

The *hukou* system is profound and has penetrated every institution. As welfare is based on the *hukou* system, one’s *hukou* identity decides his/her right to access welfare and old-age insurance.

Fragmentation can also be seen in the information database. The current database is dependent on the local management system, which involves different localised technology, which makes it difficult to transfer funds.

One generally recognised institutional obstacle is lack of incentives from the old-age insurance system. As discussed previously, local governments have gained more independence in administration and finance, so they have incentives to prioritise their local fiscal security. There is no such incentive for participants, both employers and migrant workers, or local governments. Thus the system is flawed and contributes to migrant workers’ low participation rate in old-age insurance.

New interest groups

As elaborated previously, since fiscal reform has been put into practice with its administration devolution and social security reform, new interest relationships have emerged and a new structure has formed out of these interests. Qian Yingyi
argues that three things have changed since the devolution of administrative power: compared with central government, provincial governments now play a much more important and direct role in policy making; provincial governments can and do intervene in ways which greatly shape central government policy; and they use indirect forms of intervention, which constitute change in the way government functions.\(^{327}\) Thus, provincial governments may shape, delay, or even ignore central policies, especially if those policies conflict with their own agendas and/or there is an absence of a monitoring mechanism.\(^{328}\)

In this way, provincial governments secure their own interests by favouring investors and future capital at the cost of their own labourers under their administration. The relations and vested interests among provincial governments, businesses and migrant workers are briefly reflected in figure 6.1 below.

![Diagram](image)

**Figure 6.1: Relations and vested interests among stakeholders**

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\(^{327}\) Qian and Stiglitz, "Institutional innovations and the role of local government in transition economics: the case of guangdong province of china."

In this figure migrant workers represent labour, businesses represent capital, and provincial government is meant to coordinate the interests of labour and capital. However, provincial governments and businesses have developed strong symbiotic (or even collusive) relationships because their interests overlap: governments encourage businesses, which drive the economy and provincial governments collect tax from businesses to accrue revenue. Migrant workers rely on businesses’ registration and contributions for their old-age insurance. It is obvious that provincial governments and businesses both have certain authority over migrant workers; however, migrant workers do not have the equivalent leverage.

The same level and performance of self-interest is also evident in provincial government behaviour. These governments exercise their power to protect and maximise their interests, and they have the casting vote on old-age insurance policy at the provincial level. They have powerful influence over the situation by tightening or loosening old-age insurance policies and regulations that govern their implementation. Provincial governments have patently failed to recognise the significance of the long-term role of rural people in economic development, and they selectively overlook both their administrative and moral responsibilities in overseeing migrant workers’ interests. Today, provincial governments are actually favouring capital over labour.

Under such interest relation mechanisms, briefly there are several consequences. First, provincial governments and profit-seeking businesses are free to make any variations to central government policy, so as to adjust the arrangements to take advantage of the local situation. Under this condition, provincial governments have undue influence regarding how policy functions. This is why old-age insurance policy may look more equitable and inclusive, but this not the case in practice. Second, as the reciprocal interest relationship between provincial government and profit-seeking businesses clearly dominates the situation, once there are capital–labour conflicts, the migrants themselves do not have the capacity to uphold the role of labour to contest powerful capital incentives. Thus,
migrant workers’ interests are much more likely to be infringed as a result of such conflict of interest with other powerful stakeholder groups.

**Conclusion**

As elaborated previously, under the guidance of China’s national macro-economic development strategy in China post Mao, there are three main policy trends: provincial governments have more control over local administration and finance; the *hukou* system has changed to serve economic development; and mostly because of *hukou* constraints, social security and old-age insurance policy have also evolved to serve the outcomes of economic development. These trends caused at least four related institutional obstacles to migrant workers participating in old-age insurance. Firstly, the *hukou* system established the basic bifurcated welfare system for rural and urban populations, which hinders the rural population from receiving equal and fair treatment in social welfare and old-age insurance, as well as having other opportunities and benefits. Secondly, because provincial control has strengthened since local governments have gained more power in administration and finance plus social security policy reform; the social security fund has become fragmented and this fragmentation is an institutional barrier for old-age insurance account transfers and this influences the local interest relationship. Thirdly, under the current the local *hukou* system and social security system, it is difficult to build up a unified information database. Last but not least, these policy changes have led to the emergence of new interest groups, which have greatly influenced the participation rate, as these groups have become involved in old-age insurance policy.

Since economic reform there are interest conflicts that have formed in regard to the social welfare of migrant workers, and these have emerged from the relationships between provincial government and migrant workers, and between profit-seeking businesses and migrant workers. Among these three stakeholder groups, provincial government and profit-seeking businesses are the decisive groups. Under this reciprocal interest mechanism, migrant workers need their employers to contribute to their old-age insurance account. Provincial
governments however collude with businesses in terms of the *hukou* management of migrant workers. This collusion keeps the cost of labour low, because it perpetuates discriminatory treatment. The enterprises do not need to provide migrant workers with the same wage and social welfare conditions afforded to urban workers. Provincial governments issue *hukou* status only to those with skills or those who can invest in local areas. Provincial governments strategically protect migrant workers in words only; they do not try to educate migrant workers to have more capabilities to protect themselves, because clearly it is in their best interests to keep the *hukou* system in place. Even when migrant workers take up appeals mechanisms (if there are any), to protect themselves, provincial governments tend to be partial towards businesses. Under such conflicting circumstances, migrant workers are in a particularly vulnerable position.

Contrary to the assumptions of many, migrant workers do not necessarily have access to old-age insurance, even if the policy exists. Just because a targeted scheme has been initiated by central government does not mean that businesses and governments at provincial level will implement such a scheme. Provincial governments and enterprises are bound first and foremost by their own interests and therefore motivated to resist the interests of disadvantaged groups. As a result, the stronger parties tend to collude in implementing old-age insurance in such a way that participation by migrant workers is seriously hindered.

Historically, although formed under more recent economic and social contexts, the mechanism that retains migrant workers as cheap labour can actually be traced back to earlier economic reform which began in 1978. As the development of heavy industry became the focus of the central government in the early years of The People’s Republic of China, a centralised planned economy was introduced to suit this prime goal. As a dualistic structure designed to serve such an economy, the *hukou* system and resultant rural/urban divide surfaced with different social welfare provisions. Such division set the pre-conditions for the 1978 economic reform in at least two ways. First, the imposed social division kept surplus labour in rural areas, ensuring a continuing source of cheap labour needed for urban economic development. Second, the welfare provision for individual citizens
was/is defined by their *hukou* status. Since economic reform, the devolution of administration power and social security reforms contributed to the rise of local autonomy and self-interest, in the name of promoting local economy. Even when social security reforms and policies were meant to solve existing problems, as by-products of economic acceleration and social transition, the fundamental issues have remained untouched. These issues have created a flawed social security system in both its conception and delivery.¹²⁹

Above all, provincial governments have colluded with businesses against migrant workers. They have developed a symbiotic relationship with profit-seeking enterprises. Given this interest-based relationship between political and economic powers, local governments will certainly endorse their capitalist allies when they run into conflict with the interests of labourers. This is ostensibly the case as all provincial governments do is console angry migrant workers, while their entitlements are still not met.

Chapter Seven: Conflicting Roles of Interest Groups in the Institutions Designed for Economic Development

Introduction

The previous chapter elaborates on how the Chinese national goal of economic development strategy has led to economic and social policy reforms: policies aimed at increasing the rate of economic growth at the expense of migrant workers. Due to this underlying priority of economic growth, policies designed to improve old-age insurance for migrant workers are largely superficial, do not provide an effective safeguard for migrant workers, or facilitate the development of their capabilities. Contrary to the assumption that provincial governments are just neutral agents acting as tools to implement central government policies, local governments serve their own interests by working collaboratively with other stakeholders against the interests of migrant workers.

This chapter expands on this argument, and elaborates how each of the relevant interest groups functions under the existing mechanism of economic development. Because each interest group has developed its own interests and works toward its own advantage; the end result of the old-age insurance design and delivery at the provincial level is greatly influenced by conflicting interactions among these interest groups. This chapter discusses how macro-economic development has directly shaped the way these various interest groups function. As will be demonstrated, despite different motivations and goals of these groups, the powerful stakeholders form alliances that in many ways work against migrant workers and against the successful implementation of central government policies. Consequently, the design and delivery of old-age insurance at the provincial level are directly affected by interest group competition, which has led to institutional obstacles that infringe migrant workers’ old-age welfare and other relative benefits.
Provincial governments’ interests and institutional obstacles

As shown previously, the Chinese push for a market economy produced some major policy changes which have had a marked impact on stakeholders. Firstly, provincial governments have been given more autonomy in both shaping and articulating their own interests. Secondly, business and state relations have changed considerably since the introduction of the market economy. Finally, the social security system has changed accordingly, to suit economic activity, in that funding is to be shared among the employer, the employee and the state.330

Let us begin with one interest group – the state – and in this case local governments to explore how their interests are played out. As previously argued, the decentralisation of economic and administrative power (since 1978) has served as a catalyst for provinces to develop a keen interest in their own economic advancement. Fiscal reform encourages provincial governments to entice and foster businesses because businesses create employment opportunities and increase provincial government taxes. The post-Mao fiscal reform means that tax is shared between provinces and central government according to a contracted ratio. There are two consequential effects of such fiscal reform: the provincial government will collect more tax from businesses if there are more businesses; and the provincial government will be judged to have better performance if there are more businesses in their jurisdiction. Under such conditions, provincial governments exert themselves to facilitate more enterprises to invest in their own province. That is to say, this fiscal system is an effective one for provincial governments to encourage provincial businesses. The new fiscal system thus provides provincial governments with powerful incentives for revenue collection and to promote economic growth.331

Thus, the important agenda of provincial governments is to attract investors, with their tax and employment opportunities, in order to strengthen provincial

330 Sun, Kao, and Chih, China’s social security system.19.

331 Lin and Liu, "Fiscal Decentralization and Economic Growth in China."
economic and political performance. Due to fragmentation of the old-age insurance system and the geographic disparity among different places, businesses’ contribution rates are different in various locations. For example, according to a survey in 2001, the contribution rate for old-age insurance required from employers in Shenzhen (the fastest developing area) was just 6 per cent, 19 per cent in Beijing and 24 per cent in Wuhan. This obviously created an imbalance in development among the various regions, because relevant businesses would take the additional labour cost across the different regions into consideration.\textsuperscript{332} Given that businesses’ contribution rates to employees’ social security vary, the enterprises can choose strategically to elect lower contribution rates to old-age insurance. Although the central government wants to diminish this difference, in practice it is difficult to do so. There is tight competition for provinces to attract foreign investment. The provincial governments do not have much motivation or incentive to enforce the old-age insurance policy and to alleviate the inequities among different provinces.\textsuperscript{333} Provincial governments prioritise the consideration that their interests are directly related to those of their investors, so it is primarily important to attract business.\textsuperscript{334}

Currently the old-age insurance policy for migrant workers means a 24 per cent tax burden for businesses, whose contribution goes to the local social pool.\textsuperscript{335} Provincial governments do not want to alienate businesses that may consider the contribution rate too high. Therefore it is not surprising that provincial governments may be tolerant of business avoidance of their responsibility to contribute to migrant workers’ old-age insurance. And they may even be lax in

\textsuperscript{332} Peter Jen-Der Lue, “Making a liberal labour market: the political economy of the Chinese state-Owned enterprises welfare reform,” in Annual Academic Conference of University of Florence (Florence2007).

\textsuperscript{333} Ibid.


\textsuperscript{335} Yaohui Zhao and Jianguo Xu, “China’s Urban Pension System: Reforms and Problems,” CATO Journal 21, no. 3 (2002).
their enforcement of the old-age insurance policy, because clearly their own interests side with those of business.

A symbiotic relationship has therefore been developed between provincial governments and businesses and can be seen to operate in terms of complex interactions. As economic growth is the assessment benchmark of provincial government, their development depends on the growth of businesses with corresponding investment. On the other hand, businesses need provincial governments’ support to maximise their profits. Thus, in order to improve political performance and GDP growth, provincial governments create a beneficial investment environment for business, which in turn brings about GDP growth.

Thus, provincial governments have little incentive to enforce the old-age insurance policy for the migrant workers in their jurisdiction. This is the significant root source of institutional obstacles. Strict enforcement of old-age insurance limits business profits as well as their competitiveness, and may drive enterprise away to other provinces, which offer better investment conditions. Furthermore, provincial governments actually benefit financially from migrant workers’ opting out from old-age insurance, because, although migrant workers and their employers contribute to the local fund, the local pool is allowed to keep 88 per cent of the employers’ contribution after migrant workers move to another place and opt out from the local pool. Take Shenzhen as an example: about 830,000 migrant workers opted out from old-age insurance accounts in 2007. This meant that Shenzhen’s fiscal revenue did not need to cover old-age insurance for these migrant workers who moved out of Shenzhen. As a result, in 2007 Shenzhen’s fiscal revenue was increased by RMB 800 million as a result of


those who opted out of the local pool. As the migrant workers could only withdraw their individual contributions, which count for 8 per cent of their wages, when they moved out of the city, the employer contributions, which accounted for as much as 20 per cent of migrant workers’ wages, remained in the local social security pool, thereby increasing the coffers of the local government. This situation is the same with provincial governments.

Out of consideration for their own interests, provincial governments therefore encourage market liberalisation because this gives them the opportunity to create a better environment for investors, and achieves their goal of increasing GDP growth at the expense of implementing an effective and inclusive old-age insurance policy. Such interests constitute one cause of institutional obstacles for migrant workers’ participation in the old-age insurance system.

**Enterprises’ interests and institutional obstacles**

The second extremely powerful group whose interests have a direct influence are business enterprises. Enterprise employers, even state-owned enterprises (SOEs), have been given more autonomy and fiscal distance from the State. Before economic reform, the State bore any profits and losses incurred by SOEs and social security, and welfare expenditure was taken as part of the production cost. In this arrangement, enterprises were subject to government financial control, with the government providing monitoring and financial support when needed.

As economic reform has progressed since 1978, SOEs have been given more autonomy in their operations. This means they need to enter the market

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339 Saunders and Shang, "Social Security Reform in China's Transition to a Market Economy." 278.

340 Ibid.

competitively so as to increase their individual efficiency. In line with the Reform goals, SOEs initiated innovations in contract management and privatisation, which also shifted some of the costs of employees’ insurance on to employees.\footnote{Sun, Kao, and Chih, \textit{China's social security system}. 16.} It is especially significant that, since the Reform, SOEs have become accountable for their own profits and losses.\footnote{Song and Chu, "Social Security Reform in China: The Case of Old-Age Insurance."} Thus, enterprises need to depend on their economic performance to offset their welfare costs.

These changes in the way SOEs operate have increased their competitive strength, but to the immediate detriment of effective social welfare. The newly emerging agenda now calls for a unified social security system which can address the deficiency. Because SOEs have been burdened with the debt of welfare obligations accumulated over 30 years before economic reform, they are presently at a significant financial disadvantage. SOE reform let these enterprises compete with others in the marketplace. Nevertheless, this market competition has led SOEs to want to shake off the welfare burden.\footnote{Lianyou Li, "论利益分化对我国养老保险制度变迁的影响(The Discussion of the Influence of Interests Differentiation on Old Age Insurance Institution Changes)," (国家数字文化网(National Digital Cultural Net of China), 2000). \url{http://www.ndcnc.gov.cn/dataLib/2003/TheoryStudy/DL/DL-61937}, [accessed:] 20 August, 2011.}

As a result of all these reforms to enterprises and to the social security system, most enterprises have expanded their autonomy, and have been allowed to retain a higher proportion of their profits. Undoubtedly the reforms have brought remarkable economic efficiency. For instance, 20 of China’s 30 provinces have enjoyed faster per capita growth than any other country in the world.\footnote{Joseph Stiglitz, "Second-Generation Strategies for Reform for China," (Beijing: Peking University, 1998). 2.} However, the Reform era has also led to the restructuring of enterprises with outcomes commonly seen within a capitalist economic system,\footnote{Lue, "Making a liberal labour market: the political economy of the Chinese state-Owned enterprises welfare reform."} including for example, the
downsizing of the workforce, noncompliance with the old-age insurance policy and the introduction of contract labour.

SOE reform, as mentioned, enabled these enterprises to compete in the marketplace. Since 1984 SOEs have been given autonomous management rights, such as recruiting and dismissing employees, shaking off daily operational responsibilities for the supply of social security benefits to their employees, and alleviating the related financial burden by sharing social insurance costs with both employers and workers covered under the insurance scheme. At the time this reform was mainly aimed at relieving individual enterprises of their entire responsibility for their employees’ old-age insurance by establishing local funds that pooled resources and shared the risks among enterprises.

As mentioned earlier, because current old-age insurance requires enterprises to contribute about 20 per cent of a migrant workers’ wage (which means an extra tax for them is equivalent to a tax burden of about 24 per cent on enterprises), not surprisingly SOEs will attempt to avoid this responsibility. One way of avoidance is to infringe the workers old-age insurance entitlements. Noncompliance and evasion are common phenomena among enterprises, and there are several forms of avoidance which they usually take. First, they do not register their employees. Second, they falsify the documents of their contracted employees, falsely reporting lower levels of employment and lower wage bills to the government, in order to reduce their pension contribution liabilities. Third, they do not pay for their employees. Fourth, they understate their earnings to reduce contribution


348 Ibid. 400.

349 Lue, "Making a liberal labour market: the political economy of the Chinese state-Owned enterprises welfare reform."

350 Hu, "Reforming China's social security system: Facts and perspectives."

351 Song and Chu, "Social Security Reform in China: The Case of Old-Age Insurance."

352 Zhao and Xu, "China's Urban Pension System: Reforms and Problems."
liability. Most significantly, profit-seeking businesses recruit migrant workers at their discretion and register old-age insurance accounts on their behalf, which is extremely problematic, since it is clearly not in their interests to do so. In this relationship, businesses take the dominant position as wielding the power of capital, while labourers are vulnerable. As governments are involved in high levels of competition to retain their investors, it allows enterprises to use their balance of power to exert pressure on provincial governments rather than strictly enforce compulsory coverage of old-age insurance.

The enterprises themselves often complain that they are involved in low-technology manufacturing and can only remain competitive if they lower their costs. They are worried that, if they contribute to the migrant workers’ old-age insurance accounts according to the policy, they will be unable to bear the resultant cost burden, as such costs will significantly reduce their profits and competitive capabilities.

Business can express and promote their interests in a number of ways. Even though they exist in small numbers, some influential entrepreneurs may be elected to be People’s Congress representatives, or Chinese People's Political Consultative Conference members. Some may participate in the Federation of Industry and Commerce, and some may even join one of the registered minor parties. There are also civil, social and economic associations for entrepreneurs under the supervision of the Civil Administration Bureau, where

353 Nyland, Smyth, and Zhu, "What determines the extent to which employers will comply with their social security obligations? : evidence from Chinese firm level data ".p198.

354 Lue, "Making a liberal labour market: the political economy of the Chinese state-Owned enterprises welfare reform."


356 Ibid.

357 Liu, Chunping[Titles in English first and then characters in brackets.]春萍 刘, "私营企业主政治参与的现状、问题与对策(The Current Situation, Problems and Countermeasures of Private Enterprises' Political Participation)," Journal of Nanjing Forestry University (Humanities and Social Sciences Edition) 3, no. 2 (2007).
business owners come together to express their views and articulate their interests. Apart from these formal channels, employers often build social networks with government authorities, and thus exert influence on government decisions and their implementation of policies. As a result, it is common for enterprises to achieve acquiescence, from a provincial government, to avoid taking responsibility for migrant workers’ old-age insurance and other social security benefits. The Midea Electronic Company in Guangdong province is a good example. In 2011 this company only paid for about 30 per cent of its employees’ old-age insurance, such that more than 60 per cent of the workers did not have coverage. In this case the company profited an extra RMB 10 million from noncompliance with its old-age insurance obligations. However, because it was paying RMB 160 million in tax to the provincial government, the government obviously favoured the enterprise by turning a blind eye to the shortfall in the company’s insurance payments. This is a typical example of local government favouring enterprise while ignoring employees’ rights in order to achieve higher revenue.

Migrant workers and their interests

Integrated within this complex network of intersecting power dynamics among provincial governments and business enterprises are the interests of the migrant workers themselves. In this respect, it is immediately apparent that migrant workers are not treated as equals in urban areas. As previously established, because of migrant workers’ difficulties in accessing a range of public and social services due to the hukou system, they are excluded from the entitlements that urban residents enjoy. These include insurance, health, education, housing, equal employment opportunity and a safe work environment. According to a 2009 survey carried out by the National Bureau of Statistics of China, the pervasive

358 www.CFI.NET.CN, "广东美的偷漏数千员工社保 暗中隐藏巨大利益链(Guangdong Midea Evasion in Old-age Insurance for Their Employees-Hidden Massive Interest Relation)."

359 Ibid.
problems among migrant workers are wage delay, prolonged hours of work, labour contracts and low participation in all kinds of insurance. In fact, migrant workers’ entitlements and interests are violated in at least five areas.

First, there is an income inequality between migrant workers and urban residents. During the late 1980s and 1990s migrant workers’ wage rate was kept at a subsistence level. Several surveys show that migrant workers’ average wage level did not increase for 10 years in the period before 2006. In 2002, the average monthly wage of migrant workers was USD 100, which was 58 per cent of the average wage of urban workers.

Second, migrant workers continually face job insecurity. Their jobs are often short-term positions and there is a high level of under-employment among them. Most researchers claim that migrant workers only work full time for nine months per year. According to the Chinese Household Income Statistics of 2002, 98 per cent of migrant worker respondents had changed their jobs at least once in urban areas, and 75 per cent had changed jobs more than twice.

Third, migrant workers have extended working hours. The 2002 Chinese Household Income Project Survey (CHIPS) shows that over 80 per cent worked seven days a week. Only 7 per cent working five days a week according to the officially mandated number of working days for urban workers. These data also show that migrants worked more hours per day; one-third worked 9 to 10 hours per working day, a quarter worked 11 to 12 hours, and 12 per cent worked 13

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360 中国国家统计局农村司, "2009年农民工监测调查报告 (Monitoring and Survey Report on Migrant Workers in 2009)."

361 中国国务院, 中国农民工调研报告 (Investigation Report on Chinese Migrant Workers).

362 Li, "Rural Migrant Workers in China: Scenario, Challenges and Public Policy."

363 Watson, "Social Security for China's Migrant Workers-Providing for Old Age."

hours or more per day. Also the 2002 CHIPS data indicate that most migrant workers worked longer than the legal maximum working time of 8 hours per day.

Fourth, there is a clearly apparent social security inequality between urban and migrant workers. Urban workers are entitled to social security benefits including the pension, unemployment insurance, medical insurance, and public housing with subsidies. However, recent studies have shown that the situation for migrant workers is very different, especially in relation to participation in insurance. In 2005, for instance, only 13 per cent of migrant workers had occupational injury and disease insurance, 10 per cent had medical insurance, and 15 per cent had old-age insurance. In 2009, only 7.6 per cent of migrant workers had old-age insurance, 21.8 per cent had occupational injury insurance, 12.2 per cent had medical insurance, 3.9 per cent had unemployment insurance, and 2.3 per cent had maternity insurance. In 2011, 13.9 per cent of migrant workers had old-age insurance, 23.6 per cent had occupational injury insurance, 16.7 per cent had medical insurance, 8 per cent had unemployment insurance, and 5.6 per cent had maternity insurance. Thus, despite a slight improvement in occupational injury and maternity coverage, migrant workers have been largely left with very little social security.

Fifth, migrant workers’ families have limited access to public services, and thus to public schools. According to an estimate by Xiang in 2005, more than 70 million migrant workers’ children lived in urban areas. Han Jialing’s 2001 survey

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365 Li, "Rural Migrant Workers in China: Scenario, Challenges and Public Policy."

366 Ibid.

367 中国国务院, 中国农民工调研报告(Investigation Report on Chinese Migrant Workers).


shows that 16 per cent of migrant workers’ children of school age were not at school, and 87 per cent of migrant workers’ children were not at kindergarten. Migrant workers’ children drop out of school either because they are denied access to public schools or because they cannot afford the fees. The 2001 survey shows that 67 per cent of migrant workers’ children were paying higher fees than urban children.

All these are fundamental entitlements and interests that should be protected. According to research carried out by China–Australia joint projects on migrant workers’ old-age insurance, migrant workers want to have their rights to insurance upheld, and old-age insurance is considered the most important among five types of insurance. However, it is difficult for them to achieve their entitlements because they are placed in the most disadvantaged position by the powerful interests of other stakeholders, who may be working together to jeopardise migrant workers’ access to their rights.

**Migrant workers’ capabilities constraints**

Different interest groups command different resources, and therefore have very different capacities to take action to secure their interests. In this section I argue that different interest groups command resources differently in the prevailing economic, political, organisational and cultural conditions, and that these resources define the capabilities of each group to achieve its interest goals. The interpretation of these resources in relation to a range of different indicators is based on social stratification theory and the social stratification indicators used by Xueyi Lu. This research builds a model that translates the influential factors

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370 Jialing Han, "北京市流动儿童教育状况调查报告(Report on Compulsory Education of Migrant Workers Children In Beijing)," *Youth Studies* August (2001).

371 中澳管理项目农民工养老保险研究成果汇编委员会, 中澳管理项目农民工养老保险研究成果(The Research Result of China-Australia Management Programme on Migrant Workers’ Old-age Insurance).


373 Xueyi Lu, “当代中国社会阶层研究报告(A Report on Contemporary Chinese Social Classes),” (Beijing: Social Sciences Documentary Press, 2002); Xueyi Lu, *Social Mobility in Contemporary*
as economic, political, organisational and cultural, which I elaborate upon here in four different sub-sections, which can be assessed by the following main indicators.

Table 7.1 Indicators of resources

<table>
<thead>
<tr>
<th>Economic resources</th>
<th>Indicator 1</th>
<th>Indicator 2</th>
<th>Indicator 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political resources</td>
<td>Knowledge of the policy</td>
<td>Political skills</td>
<td>Available political channels</td>
</tr>
<tr>
<td>Organisational resources</td>
<td>Available social networks</td>
<td>Knowledge of the government system</td>
<td>Organisational skills</td>
</tr>
<tr>
<td>Cultural resources</td>
<td>Educational level</td>
<td>Social acceptance</td>
<td>Authority influence</td>
</tr>
</tbody>
</table>

To provide information about the resources commanded by migrant workers and other dominant interest groups, as elaborated in Chapter Three, I have used both primary and secondary data from my fieldwork including a questionnaire survey and interviews with migrant workers, government officials and enterprise managers in Xi’an.\(^{374}\)

**Economic resources**

As explained in Chapter Three, this research assesses the economic resources from three main indicators: income, expenditure and the Engel coefficient.\(^{375}\)

\(^{374}\) Zhou, 融合与保护-西安市区农民工生存状况调查研究 (*Inclusion and Protection-Investigation of Migrant Workers’ Living Situation in Xi’an*). There are several reasons for selecting construction sector migrant workers. Firstly, providing social protection for migrant workers in the construction industry is one of the main policy concerns. Secondly, because it is easy to find jobs in the construction industry, it has been an attractive option for newly-arrived male migrants. Usually, they would work in construction for a while and then move on to better paid and less tiring jobs. Migrants in the construction sector are highly mobile and readily move between projects and areas. Administratively, a construction worker does not “belong to” one employer and does not stay in one place for a very long time. Therefore, construction workers have always been considered particularly vulnerable.

\(^{375}\) The Engel coefficient is the proportion of family income that is spent on food. It received its name in honor of German statistician Ernst Engel (1821–96). M.Odekon, “Engel Coefficient,” in *Encyclopedia of World Poverty* ed. Victor Aguirregabiria (Boston: Sage Publications, 2007).
From such an assessment, it becomes evident that migrant workers have less economic resources compared with the other two powerful groups. According to statistical data from the National Bureau of Statistics of China (NBS), the monthly income of migrant workers in 2011 was about RMB 2049, the average urban residents’ monthly income was about RMB 4996, and the average government employee’s monthly income is about RMB 6118. According to a recent government report, business managers’ monthly incomes can be thousands more than that of migrant workers: the highest being 4553 times more. Migrant workers’ monthly expenses are about RMB 335, and the urban average residents’ is about RMB 1263.

Whilst there are no official data for government officials and business managers, according to my interviews with both groups, government officials have a slightly higher expenditure than the average, and business managers have a very high expenditure because they live according to their high income. The Engel coefficient of urban residents in this case is 36.3 per cent; migrant workers’ is about 30 to 50 per cent, while government officials’ is about 20 to 30 per cent,

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http://www.stats.gov.cn/was40/gjtjj_detail.jsp?searchword=per centC5per centA9per centC3per centF1per centB9per centA4per centB5per centF7per centB2per centE9&channelid=6697&record=2, [accessed:] 3 February, 2013.


379 NBS, “2011年我国农民工调查监测报告.”


381 The interviews were carried in February 2012 Xi’an.

382 NBS, “中国统计年鉴 China Statistical Yearbook 2012.”
and business managers’ is under 15 per cent.\textsuperscript{383} The table below details economic resources commanded by different interest groups.

Table 7.2 Economic resources comparison

<table>
<thead>
<tr>
<th></th>
<th>Migrant workers</th>
<th>Local residents</th>
<th>Local government officials</th>
<th>Business managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income indicator index</td>
<td>Low</td>
<td>Average</td>
<td>Above average</td>
<td>Very high</td>
</tr>
<tr>
<td>Expenditure indicator index</td>
<td>Low</td>
<td>Average</td>
<td>Less than average</td>
<td>High</td>
</tr>
<tr>
<td>Engel coefficient indicator index</td>
<td>High</td>
<td>Average</td>
<td>Lower than average</td>
<td>Very high</td>
</tr>
</tbody>
</table>

From the above table, it is clear that the three interest groups have markedly different economic resources and capabilities ascending in the following order: migrant workers, government officials and business managers. Logically, as one kind of fundamental resource and capability, the economic resources these stakeholders command greatly shape their capabilities to achieve their interests.

**Political resources**

Following Xueyi Lu, I define the three main indicators of political resources as knowledge of policy, political skills and available political channels. According to the investigation carried out by Lu, government officials consist of about 2.1 per cent of the total population, and they usually have better political resources than other members.\textsuperscript{384} Also, significantly, they usually have practical administration power. The enterprises’ managers also have good political resources, but migrant workers have much fewer resources.\textsuperscript{385} This situation in relation to the political resources of these groups was convincingly supported by my investigation.

\textsuperscript{383} There is no official data for the three groups, and these calculations are based on the interviews.

\textsuperscript{384} Lu, *Social Mobility in Contemporary China*.

\textsuperscript{385} Ibid.
Thus it is clear that the four interest groups have different economic resources and capabilities ascending in the following order: migrant workers, local residents, government officials and business managers, as the next table shows. Economic resources command and greatly shape their capabilities to achieve their interests. Local government officials have advantages in political resources.

Table 7.3 Political resources comparison

<table>
<thead>
<tr>
<th></th>
<th>Migrant workers</th>
<th>Local residents</th>
<th>Local government officials</th>
<th>Business managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of the policy index</td>
<td>Low</td>
<td>Average</td>
<td>Very high</td>
<td>Above average</td>
</tr>
<tr>
<td>Political skills index</td>
<td>Low</td>
<td>Average</td>
<td>Very high</td>
<td>High</td>
</tr>
<tr>
<td>Available political channel index</td>
<td>Low</td>
<td>Average</td>
<td>Very high</td>
<td>High</td>
</tr>
</tbody>
</table>

According to my fieldwork, political resources commanded by the different interest groups occurred in the ascending order of migrant workers, enterprise managers and government officials. According to the survey and interview data from these three interest groups, only 7.3 per cent of migrant workers knew the old-age insurance adequately, while the majority, 92.7 per cent, felt they did not know the policy adequately and this was probably because only 15.3 per cent thought they had full accessibility to the policy. They did not have much experience or training in political participation skills, and they assessed that current appeal channels for them are not effective. This situation will be elaborated upon in detail later in this chapter.

Government officials, by contrast, presented as knowing the policies very well; they were much more equipped in political participation, and they had better ways of protecting their interests. The provincial government official, Jiang Zhe (06), talked very specifically about the details of the old-age insurance policy and related policies and regulations because he participated in the implementation of

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This assessing model is modified from the classification of different social stratum in society. Lu, "当代中国社会阶层研究报告（A Report on Contemporary Chinese Social Classes）."
these policies. He was actually able to give meticulous instruction about the whole social security system and specific figures, including the money and years that people need to contribute and can claim. Chen Xinjun (05), the other government official I interviewed, also spoke about insurance policies with confidence. Both officials had worked in the Social Security Bureau of the provincial government and knew firsthand how government functioned. According to Chen, he had been in his position for more than 10 years, which afforded him excellent political skills and an expert command of available political channels.

In this study, the business managers expressed good understanding of the relevant policies and required political skills. They were evidently familiar with most of the policies relating to old-age insurance and migrant workers. The construction group manager, Xu Feixiang (07), expressed that he had been a manager for six years; he was very familiar with all the policies relating to migrant workers because he received these policies from the government and he and his colleagues had the responsibility to implement them. The project manager, Wu Shanming (08), also revealed that he knew the policies relating to migrant workers because he was required to attend frequent meetings which explained the details of these policies. Both managers expressed that they knew the government policies, had knowledge of government institutions and confidently understood how governments functioned.

Organisational resources

Here the organisational resources are assessed by three main indicators: available social networks, knowledge of the government system and organisational skills. According to Lu, government officials have important organisational resources as they work in in core institutional departments. The enterprise managers also have some organisational resources as they work in or around the institutional

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387 The information is based on the interviews carried out in Xi'an.
departments. Migrant workers, by contrast, again have much fewer resources as the following table shows.\textsuperscript{388}

Table 7.4 Organisational resources comparison

<table>
<thead>
<tr>
<th></th>
<th>Migrant workers</th>
<th>Local residents</th>
<th>Local government officials</th>
<th>Business managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available social network index</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>Very high</td>
</tr>
<tr>
<td>Knowledge of the government system index</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Organisational skills index</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>Very high</td>
</tr>
</tbody>
</table>

My fieldwork also supports the disadvantaged position of migrant workers in organisational and social resources. My survey and interview data show that most of the respondents had a limited number of social contacts that they could call on to give them information or advocate for their social welfare needs. This means they did not have many supportive contacts when their entitlements were infringed. They also expressed that their knowledge of the government system was limited. Thus 83.8 per cent of migrant worker respondents showed a lack of knowledge of the way organisations work, or experience in organisational structures or management.

Conversely, in relation to the number of their professional connections in local areas, business managers usually have very extensive social contacts. Data in this study reveal that these may include 60 to 100 close friends, and such managers have connection channels to elites in different social fields. They participate in many social and business associations in order to gain information, to exchange opinions, learn from other companies’ practices, and also to seek opportunities for personal and economic development. They are interested to know the legal and practical ways to solve real-life problems to ensure their businesses survive and profit. For example, manager Xu Feixiang said:

\textsuperscript{388} Lu, \textit{当代中国社会流动 (Social Mobility in Contemporary China)\textsuperscript{.}}

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I have joined many associations, such as the (China) Construction Industry Association, (China) Engineering Cost Association, (China) Project Management Association, and many other associations. I have also started MBA study in Xi’an Jiaotong University, and the classmates are all similar to me, managers or deputy managers in industries. It is a good way to build up social contacts through these associations and MBA studies. I intend to get more information and learn management experiences from others with similar positions. I also want to meet elites through study or other social activities in other industries and explore the potential opportunities for individual careers.

Local government officials also have the potential for good social contacts and in-depth knowledge of institutions. Jiang Zhe said:

I have quite a few social contacts; most of them are my classmates, friends, family in this city, there are many people to ask support when necessary.

Clearly, Jiang Zhe knew the institutions very well since he could articulate meticulously all the relevant institutional operational arrangements and he had been highly promoted in his department. In regard to his attitudes and understandings he spoke of himself as one of a community, very similar to his professional colleagues and social connections.

Migrant workers showed the least ability among the three groups to be able to access the benefits which government policies make theoretically possible for them. Business managers use various ways to obtain more useful social resources and they are better trained in social networking. They have good management skills and experience in dealing with difficult and urgent situations. They use a specific management structure to get rid of their old-age insurance responsibility. A structure chart at the end of this chapter shows the complex management structure of a construction company. If I clarify the chart into four levels, the old-age insurance in this company (for their staff) covers all personnel in the top three levels, as well as the people in charge of units at the fourth level. These are permanent staff covered by an enterprise old-age insurance policy. Meanwhile, the migrant workers in these project departments are concentrated according to company projects. Every project department has 20 or so management staff who
are in charge of different aspects of the project and more than 100 casual migrant workers. Some management staff have stayed in this company for more than three years or five years, so they will have old-age insurance, while others come and leave when one project begins and ends. Project departments take charge of the building work, which they distribute to the temporary migrant workers according to the needs of each specific building project. In recent years the employment of migrant workers in the construction industry has become more flexible and complex. The casual migrant workers are not employed as individuals; Most of them are organised by a labour company (劳务公司 laowu gongsı), who co-sign the contract with the construction company. Migrant workers complete the work according to the demands of the construction company, and get paid by the company. By using this management structure, enterprises successfully remove their obligation for migrant workers’ old-age insurance.

Cultural resources

According to Lu, cultural resources are assessed by three main indicators: educational level, social acceptance extent and authority influence. Lu’s study demonstrates that enterprise managers and government officials have much better cultural resources, and migrant workers have very limited cultural resources as the next table shows.³⁸⁹

Table 7.4 Cultural resources comparison

<table>
<thead>
<tr>
<th></th>
<th>Migrant workers</th>
<th>Local residents</th>
<th>Local government officials</th>
<th>Business managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational level index</td>
<td>Low</td>
<td>Above average</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Social acceptance extent index</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Authority influence index</td>
<td>Low</td>
<td>Average</td>
<td>Very high</td>
<td>High</td>
</tr>
</tbody>
</table>

³⁸⁹ Ibid.
The fieldwork in my study also supports Lu’s investigation. From my fieldwork and other statistics, migrant workers are seen in a distinctly disadvantaged situation compared with the other two dominant groups in regard to cultural resources. From my interviews and the survey, as well as from statistical sources, I have found that it was local government officials who had the greatest access to vital cultural resources needed for protecting one’s own interests.

According to statistical information given by my interviewees, migrant workers have a lower education level than both government officials and business managers. More broadly, when asked about the extent of their social acceptance, the respondents held very different perceptions. A majority of migrant workers think they are not accepted or recognised and they face discrimination in many ways. They also believe that local urban residents think they are superior to migrants. Government officials, by contrast, think they are well recognised in the community and that other groups think they have more authority because of their higher profiles, so they are recognised as one of the more successful groups. The provincial government official, Jiang Zhe said:

I feel I am quite recognised by society. I think compared with migrant workers and enterprises, we government officials are more influential.

The other two groups hold that government officials always have a better social image and higher social status, and they have more direct and greater influence in policy making and implementation. Further, according to both their own feedback and also other groups’ understandings, business managers also enjoy a good image and social status. Thus, according to this information, the ascending order

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390 Migrant workers with illiterate 3.6 per cent, primary school is 13.6 per cent, middle school 44 per cent, Secondary technical/high/technician school 29.9 per cent, and those with higher degree is 8.7 per cent. From 中澳管理项目农民工养老保险研究成果汇编委员会, 中澳管理项目农民工养老保险研究成果(China-Australia Management Programme on Migrant Workers' Old-age Insurance).

391 The provincial Social Security Bureau official gave the data that more than 80 per cent of their staff have a bachelor’s degree.

392 According to the interviews, migrant workers have lower levels of education, government officials usually at least have tertiary level education, and business managers also at least have tertiary level education.
of interest groups’ ability to command the cultural resources accorded to educational level and social status is: migrant workers, business managers and government officials.

In summary, my migrant worker respondents commanded far fewer resources in terms of economic, political, organisational and cultural aspects. As the resources gap is so wide, the interest game that results logically can be grossly imbalanced and demonstrate serious infringement of the disadvantaged group’s interests under the liberal market economic competition.

**Existing complaints mechanisms**

As their capabilities are uneven, coupled with the defects of current complaints mechanisms, migrant workers cannot contend their rights. There are some existing appeal channels for migrant workers to secure their old-age insurance entitlement. These channels mainly include legal appeal, letters, visits and petitions, labour unions, media and negotiations with fund managers. Here I examine migrant workers’ attitudes toward these channels and the difficulty in taking up these channels in practice, with limited opportunities confined to the resources they command.

When their rights are violated, migrant workers may take legal action through the labour dispute resolution system, or search for justice through the petitioning system, or talk to the union, seek help from mass media and social media, or negotiate with their bosses. None of these approaches, however, has proven to be an effective mechanism for dealing with complaints.

The Chinese government first addressed the need for a mechanism to resolve labour disputes in 1987, when the labour attribution system was re-established. It was not until 1993, however, when the government promulgated its *Regulations on Handling Labour Disputes in Enterprises*, that the four-stage dispute resolution

system was established and this system is still in use today.\textsuperscript{394} According to the \textit{Regulations}, in case of dispute between the employer and employees, the two parties should first attempt to settle their dispute through consultation and negotiation. If consultation fails they should seek mediation, and then arbitration. If these three stages fail to resolve the dispute, either the employer or the worker can take their case to court.\textsuperscript{395}

In practice, the legal appeal system does not work well. Today, apart from consultation and negotiation, the current legal system for migrant workers to solve labour disputes occurs on three levels: mediation, arbitration and court (two trials). This procedure is complex and troublesome, from mediation (through the enterprise’s mediation committee), to arbitration (through a labour arbitration committee) and finally to court. This is a long, tedious and costly process, especially when 40 per cent of all disputes go to court.\textsuperscript{396} Given the complexity of the appeal procedure, as well as costs, it is understandable that migrant workers would not choose this option. In my fieldwork data, a large number of migrant workers considered that disputes through the court system to protect their interests were a major impediment to taking legal action: 37.9 per cent expressed the high financial cost; 31.9 per cent identified the time cost; 24.4 per cent identified the energy cost; 28.8 per cent said they had no documentary evidence; and 47.7 per cent were not familiar with the legal procedure, which shows this is the single, biggest obstacle. Thus these migrant workers are not willing to engage in lawsuits, which to their mind, takes time, consumes energy and they can’t afford the court costs. The data show that only 38.1 per cent of migrant workers would consider resorting to a lawsuit if their interests were infringed.

\textsuperscript{394} Ibid.

\textsuperscript{395} Ibid.

\textsuperscript{396} This data is from Mary E. Gallagher’s chapter “Use Law as Your Weapon!": Institutional Change and Legal Mobilization in China, this is quoted from Aaron Halegua, ”Getting Paid: Processing the Labor Disputes of China’s Migrant Workers,” \textit{Berkeley Journal of International Law} 245(2008).
Similarly, when asked about labour arbitration: 30.2 per cent of them did not know about arbitration; 20 per cent did not know how to write an application; 22 per cent had no time or energy; 59.2 per cent were not sure about the procedure and regulation; and 13.5 per cent did not trust the arbitration process. The use of laws as a way to protect their interests requires good knowledge of labour law and labour contracts, but only 2.4 per cent of migrant workers were not overly familiar with the labour law and 39.2 per cent did not even have a labour contract. This situation naturally goes against migrant workers to secure their interests.

Letters, visits (referred to as 信访 xinfang) and petitions are also important ways for migrant workers to secure their entitlements. Letters and visits are the most immediate legal channels available to migrant workers a if their interests are infringed. Letters and visits do not take so much time or money, but they may be effective in solving the problem.\textsuperscript{397} The central government pays some attention to letters, visits and petitions. In 2007, the central government released a document entitled Views on Strengthening the Work of Letters and Visits from the Central Committee of the Communist Party of China and the State Council.\textsuperscript{398} This policy initiative theoretically offers migrant workers practical means of redressing their grievances. However, in reality, it does not produce a solution for disputes between labour organisations and migrant workers. The weakness lies primarily with the ‘Letter and Call Bureau’ (信访局 xinfangju) and its practical implementations, which depend on their willingness to solve the problem, their consistency and their insistence in its implementation.

Looking at real cases of migrant workers using the ‘visit, letter and petition’ mechanism to solve their problems, it was found to be time consuming and full of grievance for migrant workers. This is revealed in many cases in published

\textsuperscript{397} Xuanjun Wei and Weide Zhou, "农民工权益保护与信访问题研究(The Research on Migrant workers’ Rights Protection and Problems of Letters and Calls)," 江西财经大学学报 5, no. 65 (2009).

\textsuperscript{398} 中共中央及国务院, "中共中央、国务院关于进一步加强新时期信访工作的意见(The Views on Strengthening the Work of Letter and Call from the Central Committee of The Communist Party of China and the State Council)," in No.5 Article, ed. 中共中央及国务院(the Central Committee of The Communist Party of China and the State Council).
documents and from my fieldwork data. In my own study, only 15.5 per cent of migrant workers would consider this method for securing their interests.

Using the labour unions is another important way for these workers to fight for their interests. Theoretically, unions should take up the responsibility to represent migrant workers’ interests. However, there are no unions in many private enterprises, and, if there is one, some unions do not represent migrant workers in practice. 399 Also, migrant workers may not belong to any union, or they may be unaware of the existence of unions. 400 For state-owned enterprises in China, the existing model for labour unions was inherited from the planned economy before the reform. Today, there are three institutional weaknesses inherent in the traditional labour union model, which have become increasingly obvious. First, the union system has a high dependency on chief officials and enterprise managers; and without them the union cannot represent the interests of its workers and other staff members. Second, there is an absence of legality in the collective action necessary for negotiation and conciliation, and in the contract system. 401 Thus, in practice, enterprise unions are largely not independent and ineffective. 402

With regard to their participation in union activity, the respondents in my survey clearly expressed negative attitudes. Only 7.3 per cent of migrant workers felt they knew the labour union very well. The majority, 93.7 per cent, did not know anything or enough about labour unions. Without this knowledge, they did not have confidence in the unions. Only 20.8 per cent of these migrant workers thought labour unions could help them to secure their interests, whilst the largest

399 Weibin Gong, “我国现阶段劳资矛盾产生的原因及对策研究(the research on the causes and countermeasures of China contemporary conflict between labour and capital),” contemporary world and socialism 3(2005).


group, 79.3 per cent were not sure about labour unions and/or whether unions could help them. And over half (62.1 per cent) would not resort to unions when their interests were infringed. However, interestingly, they believed it was worth joining a union. In my study, those who participated in the union were comparatively long-term staff in the construction project department. They did not think the union could solve their problems, especially labour-capital disputes, because, as was made clear, the Chairman of the union was also the Vice-Manager of the company. One of the migrant worker interviewees said, ‘The union is only a hollow name. It does not function as a voice or protector of the workers here.’ He also said this is very common in other enterprises. Thus, from my study it can be seen that unions do not protect the workers’ interests.

As we can see, the current practices of using the legal system, the xinfang ‘Letter and Visit’ procedure, and the union are only partly effective in fulfilling migrant workers’ interests. In what follows, I examine the effectiveness of the media and finally workers’ negotiation with managers. While expressing their attitudes toward the media, 28.4 per cent of the respondents thought the media was very influential and could help them to secure their entitlements such as old-age insurance; 51.4 per cent thought the media may be helpful but were not sure; 14 per cent thought it would be difficult to secure their entitlements via the media; and 6.2 per cent thought it would be impossible to secure entitlements or solve problems via the media. In general, migrant workers were not confident in the effectiveness of the media in securing their entitlements.

There are numerous accounts of migrant workers using social media and the Internet to hold the employer accountable for their entitlements without success. A well-known example is that in October 2012 Miao Cuihua, an underpaid female migrant worker, made a video in which she mimicked the spokesperson of China’s Ministry of Foreign Affairs while demanding for herself and her fellow migrant workers’ aggregate backpay amounting to RMB 3.5

\footnote{In this case, they claim their salaries, not old-age insurance, but this also implicates the limited influence of the Internet and media.}
million. The video was uploaded to Youku, China's Youtube, and went viral. Her staged four-minute appeal, with polite and diplomatic language and purposefully stilted bureaucratic jargon, was clever and humorous. The video quickly gained widespread popularity and support amongst the netizens. However, she was still unable to claim unpaid wages for herself and her workmates.404

Similarly, direct negotiation is not seen to be an effective way either, because workers have limited bargaining powers.405 The data in this study show that 55.7 per cent of migrant workers negotiate with their managers in case of disputes. However, the obstacles to successful negotiation with managers are also obvious: migrant workers want to retain the job, so they do not want to be taken as troublemakers by their managers; and they are also afraid of revenge from managers.406 As a result, despite their apparent willingness to negotiate, chances of success are slim for migrant workers and they run the risk of losing their jobs.

In all, the paths to redress issues for migrant workers are not effective in practice. Migrant workers cannot really count on these ways to secure their entitlements. With their limited resources, even if they had equal opportunities, they are not on a level playing field to contest their entitlements compared with other powerful interest groups.

**Powerlessness of migrant workers**

It is evident from the analysis above that in China today there is a prevalent trend by which interest groups use their resources to maximise financial gain and political influence and make both work to their advantage. Working together to maximise their mutual economic interests, government authorities and businesses


405 “Protecting Workers’ Rights or Serving the Party: The way forward for China’s trade unions.”

406 This information was sourced from fieldwork interviews carried out in Xi’an in 2012.
have organised an entrenched labour relationship in which migrant workers have little control over their lives, welfare and working conditions.

The household registration policy has been the most constraining factor on migrants achieving their entitlements together with other management controls. As has shown in Chapter Six that how the household registration system divides people into rural and urban populations, and how the current system has facilitated economic reform and kept the dual structure, so that surplus labour in rural areas continues to provide cheap labour for the market economy. Because only a small number of migrants – those who can invest in urban areas or have special skills – are eligible for urban *hukou* entitlements, the vast majority of rural migrant workers are excluded from such entitlements.

To stem the movement of migrant workers into cities, rural migrants have been required to hold several cards, typical among them being a health card, temporary residence card and marriage status card. Provincial governments have been exploiting the *hukou* policy, especially during the 1990s, to increase their revenues by selling residential cards, health cards and other cards, all costing migrant workers money and time to satisfy their requirements. These cards have curbed the movement of migrant workers, while restricting workers from going to certain sectors characterised by “dirt, drains, danger, and disgrace.” This practice not only made migrant workers flow into certain industries in a manageable and sustainable way, but also kept labour at a low cost for enterprises. As a result, businesses have greatly benefitted from this practice of controlling cards, and provincial governments have benefitted from card sales, not to mention the economic development brought about by flourishing enterprises. In 2004,

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408 Li, “Rural Migrant Workers in China: Scenario, Challenges and Public Policy.”

409 Xie, *Rights Safeguard for Chinese Migrant Workers*.

410 Ibid.
however, the State Council abolished this practice, required city governments to eliminate these cards, and abolished all corresponding fees.

Another way of managing labour is to employ migrant workers through a third party to avoid a contractual relationship. This employment model has been widely adopted by businesses. Enterprises use the following management structure.

This structure ensures that enterprises do not need to sign a labour contract with their migrant workers. There is a three-level management structure, under which there are two categories of workers: long-term and temporary workers. Migrant workers are not long-term or permanent employees; they have no labour contracts with enterprises, and are therefore excluded from urban enterprise insurance because the companies only pay social welfare for contracted workers. Migrant
workers are employed by third party labour companies, not by the enterprises themselves, so the latter does not need to pay for their social welfare. Enterprises only have contracts with labour companies (劳务公司 laowu gongsi), not with individual migrants. Thus migrants fall outside social welfare assistance. This employment method is approved by provincial governments without the provision of insurance for workers, thus leaving them without social services. This way the enterprises can successfully evade their responsibility of contributing to migrant workers’ social welfare and they minimise labour costs through this flexible and informal employment structure, rather than having labour contracts directly with migrant workers under labour law.

Finally, there is the issue of workplace safety. Again, migrant workers are powerless to protect their interests. In case of labour disputes and accidents, government authorities and enterprises exert their power to work together, to shift the blame onto migrant workers and evade their own industrial responsibilities. The suicide of 13 young migrant workers in Shenzhen offers a moving example of such evasion. In this case local government presented its case through newspaper coverage: suicide is not classified as work injury, and they did not find that extra work shifts were compulsory, so there was no liability for the company. Obviously, local government asserted that these suicides were to do with migrant workers’ individual problems, publically protecting and defending enterprises. As a result, under this kind of collaboration between provincial governments and enterprises, migrant workers’ interests are seriously and sometimes fatally damaged, and they are further marginalised because of the biased, self-interested positions taken by local governments.

**Conclusion**

Because powerful interest groups, provincial governments and business enterprises work consistently together to maximise their own interests, and they are all involved in migrant workers’ old-age insurance policy, in this respect they

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411 This incident is more fully discussed in the concluding chapter.
are all negative to migrant workers’ interests. The result of old-age insurance design and delivery at the provincial level is greatly influenced by such collusion. Provincial governments and enterprises work against migrant workers, thus old-age insurance entitlements are flawed and remain inaccessible.

Since economic development has become the national focus and market liberalisation has occurred, we can see that significant changes have fundamentally influenced old-age insurance for migrant workers. As provincial governments have gained more autonomy, as a result of the decentralisation of economic administration since tax reform, they attempt to create friendly environments for enterprises and encourage their growth. In this political climate enterprises have also become independent interest groups, whose goals are to maximise profits and minimise their labour costs. Consequently they evade their responsibility for migrant workers’ old-age insurance, with the full support of provincial governments to which they pay tax. Migrant workers are isolated from other powerful groups whose intersecting interests are mutually beneficial and self-sustaining.

This chapter has highlighted the powerless situation of migrant workers against prevailing interests that work towards securing the state goal of economic development. Migrant workers as an underclass do not have, or have considerably fewer, institutionalised channels to voice their issues. They are at the bottom of Chinese society, and they have very few organisational, economic and educational resources. They have no privileges and much less protection than other groups. They are not able to express their own concerns and interests for themselves but instead rely on the sympathy of other social groups, mostly academic researchers and media practitioners. The grave situation and needs of migrant workers have been reported and reflected on by media practitioners, but these reflections are not institutional ones and therefore they are mostly ignored. Because of the voicelessness of vulnerable groups like migrant workers, it becomes more

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difficult to know and address problems until those problems are out of control. In response, migrant workers resort to extreme ways of expressing themselves, such as suicide.

There are three fundamental obstacles for migrant workers regarding political participation, and lack of participation reinforces their lack of capability to fight for their legal entitlements. Mo Qisheng has discussed the substantial obstacles to political participation for migrant workers. One is migrant workers’ lack of understanding of the processes of political participation, which can be ascribed to their limited resources. As a result, they are always in a disadvantaged position regarding protection of their interests and this situation makes them disenchanted with the political process. In particular, their enthusiasm is quenched by the indifference of others. A second obstacle is that migrant workers currently do not have an autonomous organisation to represent them in the cities. A third obstacle is a lack of effective means to participation. Migrant workers basically cannot vote in cities for the representatives in their district because of their high mobility, despite the fact that some cities now have regulations so that workers can vote after staying in the city for more than three years. Nevertheless, because their institutional participation is limited, migrant workers’ motivation is comparatively low and there is a pervasive political indifference among them.

Unions do not take up the responsibility of representing workers’ interests as expected. Not only are there no unions in many private enterprises, but also some unions are not representing migrant workers in practice. Other migrant workers may not belong to any union or are even unaware of the existence of unions. With the present reality of differentiating social interests, three

413 Qisheng Mo, “和谐社会视野下政参与的价值与实现路径研究 (the research on the value and realising path of political participation under the perspective of harmonious society),” *Forward Position* 16, no. 270 (2010).

414 Gong, “我国阶段劳资矛盾产生的原因及对策研究 (the research on the causes and countermeasures of China contemporary conflict between labour and capital).”

415 Daniel Fu Keung, Chang Ying, and He Xue, “Rural migrant workers in urban China: living a marginalised life.”
institutional weaknesses inherent in this traditional labour union model become increasingly obvious. First, the union system is not independent in itself, because of its high dependency on the chief government officials and enterprises’ leaders; Second, it is politically unable for the union to represent the interest of its workers and other staff members; Third, there is an established absence of legality in collective action or collective negotiation and conciliation, or in the collective-contract system. 416

In all, the limited resources migrant workers possess result in an imbalance of distribution in relation to the old-age insurance policy for migrant workers, one which is noticeably beneficial for the more advantaged interest groups. This uneven distribution implicates the defects of the prevailing liberal market, which needs to be improved and developed into a more just situation that benefits all groups.

These combined forces are the key factor in causing migrant workers’ low participation in old-age insurance. Migrant workers are totally disadvantaged when the other interest groups involved all work against them.

416 Feng, "企业工会的“制度性弱势”及其形成背景(The "Institutional Weaknesses" of Labor Unions and Their Formative Contexts )."
Chapter Eight: Conclusion

This thesis has examined the pressing social welfare issue of old-age insurance for millions of Chinese workers who have chosen to uproot their lives and move to urban centres to fulfil the increasing demand for industrial labour in today’s economically driven China. Although central government insurance policies have been redesigned to offer these migrant workers security and protection for their livelihoods in their old age, it has been established beyond doubt that there is a very low participation rate in these insurance schemes. In order to explore the complexity of this situation and to investigate the reasons for the migrant workers’ low participation in old-age insurance, in this thesis a three-dimensional analysis framework was adopted. Based on this framework, I interrogated the perceptions and preferences of migrant workers and other interest groups. I undertook an analysis of old-age insurance policies and documents and examined the strong linkage between the economic political environment and social security/old-age insurance changes. In other words, the thesis attempts to answer the question of key institutional, social, political and economic factors that impact the low participation rate. Under this framework, I answered the following three subsidiary questions.

What factors do interest groups identify as the main reasons for low participation in old-age insurance? To answer this question, this research designs the investigation of the explanation of migrant workers’ low participation in old-age insurance. The survey investigated migrant workers’ attitudes, in particular, their willingness, their perceptions on old-age insurance policy, their capabilities, and methods of appeal. The interviews were conducted among migrant workers, enterprise managers, and provincial government officials. Through the investigation, I found that, despite their obvious concern for the welfare of the migrant workers, the provincial government officials interviewed had pre-existing, biased impressions of these workers as a group; without question they felt that
they were short-sighted and did not want to participate in the old-age insurance scheme, and these officials were quite satisfied with their own work for migrant workers. As a result, it was unlikely for the officials to feel they had any role in addressing difficulties or trying to improve the situation of low participation. The enterprise managers interviewed in this study also had a prejudiced impression; without question they explained that migrant workers live for the present, only being capable of considering their immediate cash needs rather than their long-term interests. The managers thought the old-age insurance for migrant workers was just a “nice-sounding” initiative made by governments but one which was not feasible, bringing costs to enterprises and with no supervision from the government. Thus it became clear that it is unlikely for enterprises to contribute to the scheme for migrant workers. Most importantly, from this analysis I found that migrant workers themselves actually do want to participate in the old-age insurance scheme, but there are insurmountable constraints stemming from the poor financial situations they are in, their lack of access to information available to them on old-age insurance, the lack of guarantee provided for future benefits, and their well-founded fear of making demands on their employers. Other interest groups have prejudiced views of these workers and they do not take positive action to implement the old-age insurance policy for them. If the migrant workers’ own perceptions and attitudes are not the primary obstacle to their participation, it then becomes necessary to explain the institutional and fundamental reason for the low participation and for other interest groups’ assertions of their unwillingness. Thus, it was important to move on to examine the historical trajectory of the old-age insurance policy and the policy documents.

*What are some of the key elements contained within old-age insurance policy documents including implementation documents that may either encourage or discourage the take-up of old-age insurance by migrant workers?* In order to answer this question, I analyses migrant workers’ old-age insurance policy for migrant workers, examines welfare and old-age insurance policy for migrant workers chronologically along with the economic development. The welfare and old-age insurance policy were greatly influenced by macro-economic
development strategy. I found that there are still gaps between the policy provision and the implementation, which embeds in significant obstacles for migrant workers to participate in the old-age insurance.

What are the key political and economic factors that have influenced the way old-age insurance policies have developed and implemented? To answer this question, I tracks the interest mechanism formed under recent economic and social imperatives has actually kept migrant workers as cheap labour since the economic reform. I found that as the development of heavy industry became a focal issue of the central government in the early years of the People’s Republic, a centralised planned economy was adopted to achieve a variety of state goals. Social polices were introduced partly to serve such an economy, and the deeply embedded rural-urban division that resulted from it surfaced with different social welfare provisions. Then the intractable dualistic structure was formed. Such a division set the pre-conditions for the 1978 economic reform mainly in two ways. First, the artificial social division between rural and urban communities, ensured that surplus rural labourers became cheap urban labourers. Secondly, the welfare provision for citizens has relied on their hukou status. Even the policies of social security reform, which were modified to solve existing social and economic problems, were by-products of the economic “take-off”, and social transitions resulting from a planned economy became a market economy. However, the fundamental issues have remained, and these issues have caused the social security system to suffer from many defects in both its conception and delivery. Under such pro-urban development, the specific institutional formed that has impeded migrant workers’ participation in the old-age insurance scheme. The interest groups emerged in the market economy development also have important influence in the old-age insurance policy interpretation and implementation.

Given this interest-based relationship between the political and economic powers, the provincial governments are willing to do is to console the angry migrant workers, rather than strictly implement the old-age insurance policy for them. This results in the latter’s entitlements remaining unmet. Consequently, it becomes harder and harder for central government protection policies to reach the
migrant workers, as local governments resist the enforcement of the implementation of the policy. The result of the old-age insurance scheme design and delivery at provincial level is greatly influenced by their interactions with business enterprises.

In the complex interactions of local governments and enterprises in this matter, as they first and foremost try to prioritise their own interests and therefore intentionally keep themselves from giving in to the interests of disadvantaged groups. With predictable logic, the more powerful parties tend to collude with each other during the implementation of the old-age insurance, thus migrant workers’ participation is seriously impeded. Since economic development has become the national focus, these changes have greatly influenced the implementation of old-age insurance for migrant workers. Because of market liberalisation, enterprises are given freedom of management, finance, welfare and employment to improve their performance in the market economy. In order to maximise their profits and keep the cost of the labour force low, enterprises often try to evade their responsibility to contribute to welfare schemes, and enterprises routinely choose noncompliance and evasion in relation to old-age insurance for migrant workers. Enterprises’ self-interest also inspires them to impair migrant workers’ entitlements. As an interest group, migrant workers are greatly disadvantaged in contention with other powerful groups especially provincial governments and profit-seeking enterprises, and their interests are structurally infringed in the competition with these groups.

What is even more damaging is that provincial governments and profit-seeking enterprises collaborate with each other to work against the welfare of migrant workers. Because of the mutual interests between them, they take two ways to collude with each other. First, provincial governments use hukou and other administrative measures to regulate the migrant workers. Consequently, enterprises can keep the cost of labour low and provincial governments make a profit out of the enterprises’ economic contribution to the scheme. Secondly, enterprises use avoidance in implementing the migrant workers’ old-age insurance policies. A common practice employed by enterprises is falsely reporting less
employment and lower wage bills to the government in order to reduce their pension contribution liabilities. Enterprises also set up a strategic distance management structure with labour companies to avoid signing a labour contract with migrant workers so as to evade the obligation of contributing to the labourers’ old-age insurance.

Thus, the interest groups’ interactions with each other negatively influence the effective implementation of the scheme. Migrant workers are in an absolutely powerless position when the other stakeholder interest groups all work against them, let alone the effects of the imbalanced resources and capabilities commanded by all the interest groups involved. Under this interest mechanism, migrant workers’ ability to defend their rights is dictated by operational structures resulting from imbalanced power resources commanded by the different interest groups, including financial, political, organisational and cultural resources. Compared to the powerful interest groups, namely provincial governments and enterprises, migrant workers command very limited resources and they are very often powerless.

**Contributions of the thesis**

The contributions mainly address four aspects. The first is empirical study, which proves that migrant workers are as rational as they can be, given their circumstances, and they are willing to participate if they can see the benefits. This research interrogated the impressionistic views of migrant workers’ perceptions and preferences for old-age insurance, and found there is a huge gap between migrant workers’ need for old-age insurance and the de facto situation on the ground. Migrant workers actually have strong beliefs about old-age insurance; however, they have difficulty in fulfilling them. In my investigation, I found conclusively that the embedded impressions of migrant workers among provincial governments and enterprises managers, who held that migrant workers’ were ‘myopic’ and unwilling to participate, were grossly uninformed. Such impressionistic views neglect the situation of migrant workers. Institutional obstacles, lack of policy knowledge and conflicts of interest all impact on migrant
workers’ decisions about participation. The empirical study revealed that provincial and local governments are quite satisfied with their system, their personnel and their work, thus they see very little need for improvement in the old-age insurance policy for migrant workers. They revealed they are very much more likely to care about their performance for the assessment by central government, rather than migrant workers’ protection. The enterprise managers also thought they did not have responsibility for the outcomes of institutional arrangements. Basically they thought old-age insurance was just a policy that sounded good without supervision and support from government. Furthermore it was evident that provincial governments did not make policies known to both migrant workers and enterprises. Thus, all in all, the prevalent, socially constructed understanding of migrant workers and their thinking on insurance were enriched. There are many complex, other interest groups have jointly contributed to the low participation rate, Primarily lack of necessary compliance by enterprises, and provincial governments’ satisfaction with the status quo.

The second contribution is that this research located institutional obstacles in the context of China’s strategy of economic development, tracing back to the rationale for state development goals and how they have impacted migrant workers’ policies and their implementation, including the hukou policy, social welfare policy, and specifically the old-age insurance policy to the era of Mao. This research underpinned the significant impact of state development goals on migrant workers’ old-age insurance policy. These goals have worked all along as the fundamental driver for policy changes related to migrant workers, and crucially influence their implementation.

The third contribution to this research is analysis of how government economic development policies are such that the interaction of three interest groups, namely local governments, business and migrant workers, ultimately disadvantage migrant workers. This research has shown the importance of the interrelationship of these interest groups and how this affects the successful implementation of policy, and specifically that of migrant workers’ old-age insurance. In such a dynamic interaction, the policy result is highly dependent on the balance of
capabilities. This especially applies to Chinese migrant workers’ old-age insurance and their capabilities. Even more significantly, powerful interest groups form alliances against migrant workers, making it even more difficult for these workers to access their entitlements.

The fourth contribution is that this research presented data and discussion of how in terms of capacities migrant workers are the weakest of the three interest groups. It is noteworthy that the policies for migrant workers, including old-age insurance, *hukou* and others, have in recent years showed a marked trend towards the care and protection of migrant workers. However, their disadvantaged position and their low participation in old-age insurance remain. This research examined “benign” policies from the position of migrant workers. It is crucial for policy makers to realise that it is important to consider the capabilities of policy recipients. In real world contexts, many of these beneficiaries – migrant workers in this case – do not have the necessary capabilities to access their entitlements as endowed by law. Thus there is a huge gap between policy demand and policy supply.\(^{417}\)

Thus, based on the benefits of the analytical approach employed by this research, I put forward policy recommendations for the more effective implementation of migrant workers’ old-age insurance policy. Such recommendations can also be useful for policy making in other fields.

**Policy recommendations**

There are four main policy recommendations suggested by this research. First, from the outcomes of the research it is evident that provincial and local governments do not strictly enforce the old-age insurance policy regulations for migrant workers. Therefore, central government should strengthen the monitoring and supervision of provincial governments in implementing the policy. To

guarantee effective enforcement, behaviours such as violating the policy and noncompliance should be punished; otherwise the policy will remain on paper only.

Second, it is urgent for central government to publicise the old-age insurance policy among migrant workers via available channels. Further social research is needed to establish the most effective forms of communication through which migrant workers’ capability of accessing old-age insurance will be greatly increased. From my fieldwork, it is clearly evident that the promotion of old-age insurance is far from effective.

Even more importantly, the central government should take a more active role in strictly supervising interest groups and their involvement in policy implementation. They also need to empower the disadvantaged group – migrant workers – by supporting them with integrated key resources, and building effective networking channels with other organisations to support migrant workers in accessing relevant information, and seeking legal and social support. Without effective intervention to balance the resources and capabilities of interest groups, migrant workers will never receive fair treatment and enjoy their entitlements. Policy recipients, in this case migrant workers, should be consulted when the central government formulates policies, including how they are operationalised.

Finally, but most fundamentally, the Chinese central government needs to change its development philosophy from efficiency to equity and fairness. Economic development and expansion has been a priority of state development since 1949, while the interests of the rural population and rural migrant workers have been sacrificed. As state development goals and policies have widened the gulf of inequity between rich and poor, it is crucial for central government to shift their priorities and bridge the gap between interest groups and migrant workers.

This thesis has shown that the central government conceived the desire and intention to increase the equity of migrant workers so they could access and enjoy
the entitlements of old-age insurance, and these policy initiatives are unprecedented. However, this research has demonstrated that there is a lack of conceptual understanding by central government in relation to desired outcomes. The biggest obstacle is the central government’s and provincial governments’ lack of conceptual understanding, and their subsequent refusal to grapple with the challenges of administering the policy. This research shows that economic development goals have produced active interest groups, and this process has created an institutionalised mechanism which operates to confound the goals of the policy makers and prevent migrant workers from taking up the old-age insurance policy. These discouraging factors are obstacles for migrant workers to participate in the old-age insurance scheme. They are constrained, by the resources that have been available to them through their backgrounds and life histories. This thesis has shed light on a flawed mechanism and inept policy makers; if they want to achieve their goals, they need to take account of migrant workers’ perceptions, institutional obstacles, interest groups and their role in policy implementation, and the links between these factors. These policy makers urgently need to reconceptualise their economic development goals, and, above all, develop strategies to change deeply embedded socially constructed perceptions of economic development. Thus they need to focus on migrant workers’ strength and growths, so as to inspire equitable implementation of the old-age insurance policy by facilitating intelligent and mutually rewarding collaboration among all interest groups.
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Appendices

Appendix 1: Xi’an migrant workers’ old-age insurance survey

Migrant worker friend,

We are Xi’an migrant worker survey assistants commissioned by Shurong Han, PhD students in University of Adelaide, to conduct a survey in order to get the information about migrant workers’ situation in old-age insurance participation for the research and analysis of old-age insurance policy. The survey is anonymous and all the collected information is just for research and primacy will be protected. Please fill in the questionnaire with factual, detailed and complete answers. Your cooperation is much appreciated.

Record:

• survey data year_month_day

• 访问员自检（签名）____________________

Questionnaire auditing

• Auditing data: year_month_day

• assessments ①□effective ②□followed interview ③□ineffective

• Signature____________________

Survey assistant consent:

I consent that every questionnaire respondent meets the survey demand and every question in the questionnaire is answered by the respondents.

Signature____________________

Explanation: Please tick the box by “√” or fill in the blank lines.

Part 1: Basic information
Q1. Gender: ① □ male  ② □ female

Q2. Age: ① □ under20  ② □ 21-25  ③ □ 26-30  ④ □ 31-35
      ⑤ □ 36-40  ⑥ □ 41-45  ⑦ □ beyond 46

Q3. Province of origin: ① □ Shaanxi province  ② □ other province


Q5. Food expense proportion in the wage: ① □ 0 (provided)  ② □ under 10%
      ③ □ 20%-30%  ④ □ 30%-50%  ⑤ □ above 50%


Q7. Education level: ① □ illiterate  ② □ primary school  ③ □ middle school
     ④ □ high school / junior college / secondary specialised or technical school
     ⑤ □ tertiary school

Part two: recognition and attitudes to old-age insurance and other relative policies

Q1. Do you need old-age insurance?
   ① □ yes  ② □ no  ③ □ have not considered yet

Q2. Do you know and understand old-age insurance policy?
   ① □ yes  ② □ no  ③ □ some, but not very well

Q3. Are you satisfied with the current old-age insurance policy?
   ① □ satisfied  ② □ slightly satisfied  ③ □ not very satisfied  ④ □ not satisfied
   ⑤ □ do not know it well, so hard to comment
Q4. Do you think the current 8% wage contribution rate for old-age insurance is too high?

①□ too high, unaffordable ②□ reasonable, affordable

③□ high, but I would like to participate ④□ it is low

Q5. Where do you plan to retire?

①□ city ②□ rural hometown ③□ I have no plan

Q6. What do you think about the old-age insurance policy advertisement and promotion?

①□ comprehensive and consistent ②□ Just heard a little about it

③□ never heard of such advertisement ④□ I do not know about the policy

Q7. Which old age care will you take?

①□ depend on children ②□ old-age insurance scheme

③□ depend on saving ④□ depend on land

⑤□ rural pension ⑥□ other ways________ （Fill in, if any）

Q8. Do you have old-age insurance now?

①□ no ②□ yes, the monthly contribution money_______ （fill in, if any）

Q9. If you are not satisfied with the old-age insurance policy, what will you do?

①□ do not participate ②□ other way: _______ （fill in, if any）

Q10. Will you consult your local social security department for old-age insurance information?

①□ yes ②□ no

Q11. Will you consider old-age insurance when you look for work?
Q12. Do you know other policies relative to migrant workers?

①□ familiar  ②□ know some basics
③□ do not know well  ④□ know little

Q13. Will you actively find out about policies relative to migrant workers?

①□ no  ②□ yes

Q14. Will you contact government officials to give suggestions or report situations about any migrant workers’ policies?

①□ no  ②□ yes

Q15. What is the biggest obstacles for migrant workers to participate in old-age insurance?

①□ employers are not willing to contribute  ②□ I don’t want to  ③□ work mobility
④□ others__ （fill in, if any）

Part three: willingness and capabilities of participation for interest protection

Q1. Would you like to participate in any organisation (the union, or association of fellow provincials or townsmen, etc.) to express or protect your interests?

①□ yes  ②□ no

Q2. If your interests are damaged, will you find a proper organisation to contend your interests?

①□ yes  ②□ no

Q3. Will you do some social management work?
Q4. Do you think you can do some management work?

① □ yes  ② □ no

Q5. What is the biggest obstacle for you to do some management work?

① □ lack the knowledge and capability  ② □ no experiences  ③ □ lack of energy  ④ □ lack of interest

Q6. Do you have experience in management?

① □ very experienced  ② □ some experience  ③ □ no experience but willing to  ④ □ no interest  ⑤ □ not confident

Q7. Would you like to participate in policy making or be consulted, if needed?

① □ yes  ② □ possible  ③ □ no time and energy  ④ □ no interest  ⑤ □ no confidence due to the lack of knowledge

Q8. Do you know the labour law?

① □ familiar  ② □ know the main content  ③ □ not much  ④ □ don't know any  ⑤ □ never heard of it

Q9. Do you have a labour contract?

① □ yes, the employer asked  ② □ yes, I proposed  ③ □ no, I do not want to  ④ □ no, employer refused  ⑤ □ other reason: （fill in, if any）

Q10. Which group do you think has more influence on old-age insurance policy making (number the items in descending order)?

① （ ） provincial government officials  ② （ ） enterprise managers
Part four: interest protection and expression

Q1. Have your interests been damaged?
①□ yes ②□ no

Q2. What will you do if your interest have been damaged?
①□ be tolerant ②□ may contend, but give up if it is too difficult
③□ cannot be tolerant, I will resist it ④□ no time and energy to contend

Q3. Have you ever been discriminated?
①□ yes ②□ no

Q4. Do you feel you are accepted by other urban residents?
①□ yes ②□ no

Q5. Do you know labours’ union?
①□ familiar ②□ not much ③□ know little ④□ never heard of it

Q6. Do you think labour unions can solve problems?
①□ yes ②□ not sure ③□ no

Q7. Will you ask help from the labour union or organisation?
①□ yes ②□ no

Q8. Do you know the ways to protect your interests?
①□ familiar ②□ know many ③□ not many ④□ do not know any

Q9. Do you have social contacts to resort to, when necessary?
①□ no ②□ yes, how many? _______（fill in, if any）
Q10. What the difficulty in taking up law suit? (multiple choice)

① □ high expenses  ② □ no time  ③ □ no energy  ④ □ no available documents as evidence, like labour contract, etc.  ⑤ □ do not know the legal procedure  
⑥ □ others  _______ (fill in, if any)

Q11. What do you think of the difficulty of labour mediation? (multiple choice)

① □ do not know this way  ② □ cannot write application  ③ □ no time or energy  ④ □ no available documents as evidence, like labour contract, etc.  ⑤ □ do not know the legal procedure and regulation  ⑥ □ not accepted  ⑦ □ do not trust the result  ⑧ □ others  _ (fill in, if any)

Q12. What do you think of the administration appeal? (multiple choice)

① □ do not know this way  ② □ out of limitation of action  ③ □ no time and energy  ④ □ no available documents as evidence, like labour contract, etc.  ⑤ □ do not know the procedure and regulation  ⑥ □ too complex and time-consuming  ⑦ □ do not trust the result  ⑧ □ others  _ (fill in, if any)

Q13. Do you think the media can solve problems or disputes? (newspaper, TV, radio)

① □ yes, it is influencing  ② □ possible to solve the problem  ③ □ difficult  ④ □ impossible

Q14. What ways will you take to protect your interests? (multiple choice)

① □ seek help from personal contacts  ② □ law suits  ③ □ mediation  
④ □ petition (letter and calls)  ⑤ □ strike and other collective activities
⑥ ☐ negotiate with enterprises managers  ⑦ ☐ extreme actions  ⑧ the Internet and other media  ⑨ others  _ （fill in, if any）

Thanks again for your cooperation!
西安农民工养老保险调查问卷

农民工朋友:

您好！我们是西安农民工养老保险调查问卷访问员，受澳大利亚阿德莱德大学社会科学院博士研究生韩树蓉委托，开展西安农民工养老保险的问卷调查。了解养老保险在西安市的状况，以作科学研究和政策分析。本次访问采用不记名方式，所有信息仅供我们研究使用，并将得到严格的保密，请不要有任何顾虑。您的回答没有对错之分，请您如实、详细、完整填写问卷，衷心感谢您的合作！

调查记录

• 调查时间  2011年___月___日___时___分至___时___分

• 访问员自检（签名）____________________

问卷审核

• 审核时间  2011年___月___日

• 问卷审核意见  ①口合格  ②口补充调查  ③口废卷

• 审核者签名____________________

访问员承诺:

我保证自己每份问卷的访问对象均符合调查项目要求，每份问卷的每个问题均有被访者回答或填写。

访问员（签名）____________

说明：请在您认为正确的选项框打“√”或在空处写上相应的答案。
一、基本情况

Q1. 性别： ① □男  ② □女

Q2. 年龄： ① □20 岁以下  ② □21-25 岁  ③ □26-30 岁
  ④ □31-35 岁
  ⑤ □36 -40 岁  ⑥ □41-45 岁  ⑦ □46 岁以上

Q3. 籍贯： ① □陕西省  ② □其他省

Q4. 月收入： ① □1000-2000 元  ② □2000-4000 元  ③ □4000 元以上

Q5. 月支出： ① □500 元以下  ② □500-800 元  ③ □1000-2000 元  ④ □2000 以上

Q6. 受教育程度： ① □文盲  ② □小学  ③ □初中  ④ □高中 / 大专 / 技校或中专  ⑤ □大专以上

Q7. 食物支出占工资比例： ① □食宿全包  ② □10%以下  ③ □20%-30%
  ④ □30%-50%  ⑤ □50%以上

二、对养老保险和其他政策的认识

Q1. 您是否需要养老保险？
  ① □ 需要  ② □ 不需要  ③ □ 目前还没有考虑

Q2. 您对养老保险政策了解吗？
  ① □ 了解  ② □ 不了解  ③ □ 有所了解，不是很清楚

Q3. 您对于陕西省现行的养老保险政策是否满意？
  ① □ 满意  ② □ 较为满意  ③ □ 不是很满意  ④ □ 不满意  ⑤ □ 不太了解，不好评价
Q4. 用工资的 8% 用于养老保险，您认为比例是否过高？

① □ 太高，不能承受   ② □ 合理，可以承受

③ □ 高，但是为了将来养老仍会参加   ④ □ 有点低

Q5. 您打算在哪里养老？

① □ 城市   ② □ 农村   ③ □ 目前还没有计划好

Q6. 您觉得社会养老的宣传工作如何？

① □ 很全面，而且是持续性的   ② □ 只是听到有宣传

③ □ 从来没有过   ④ □ 不知道

Q7. 您打算依靠哪种方式养老？

① □ 子女养老   ② □ 参加城市企业职工养老

③ □ 自己储蓄养老   ④ □ 土地养老

⑤ □ 参加农村养老   ⑥ □ 其他方式：其他________（请填写）

Q8. 您现在是否参加了养老保险？

① □ 否   ② □ 是，参保金额为________（请填写）

Q9. 如果您对养老保险政策不满意，您将通过什么方式表达不满？

① □ 不参加   ② □ 其他方式：其他________（请填写）

Q10. 您是否会就养老保险咨询当地社会保障部门？

① □ 会咨询   ② □ 不会

Q11. 您在找工作时会考虑雇主提供养老保险吗？

① □ 会   ② □ 不会
Q12. 您对于农民工相关的国家政策了解吗？
① □ 熟悉  ② □ 基本了解
③ □ 不太清楚，但了解一点  ④ □ 了解很少

Q13. 您会主动了解农民工相关的国家政策吗？
① □ 不会  ② □ 会

Q14. 您会主动就农民工相关的政策对有关人员提建议或反映情况吗？
① □ 不会  ② □ 会

Q15. 您认为农民工参加养老保险最大的障碍是什么？
① □ 雇主不愿意投保  ② □ 自己不愿意参保  ③ □ 工作不稳定
④ 其他原因： ____________________________________________ （请填写）

三、参政和参与社会管理的意愿和能力

Q1. 您是否愿意参加社会组织（例如工会、同乡会等）表达自己的意愿或维护自己的利益？
① □ 愿意  ② □ 不愿意

Q2. 在您利益受损的情况下，您是否会主动寻找适合自己的社会组织表达自己的意愿或维护自己的利益？
① □ 会  ② □ 不会

Q3. 是否愿意参与社会管理工作？
① □ 是  ② □ 否

Q4. 您认为自己是否具备参与社会管理工作的能力？
① □ 备  ② □ 不具备
Q5. 您认为自己参与社会管理工作的最大障碍是什么？

① □ 缺乏相关知识能力  ② □ 没有经验  ③ □ 没有时间精力  ④ □ 没兴趣

Q6. 您是否有参与生产管理的经验？

① □ 有丰富经验  ② □ 有一定经验  ③ □ 没有经验但很愿意参与

④ □ 没有兴趣  ⑤ □ 不懂政策，觉得自己的建议没有参考性

Q7. 如果被要求给与政策建议，您愿意参与政策制定建议吗？

① □ 一定会参与  ② □ 有可能参与  ③ □ 没有时间精力  ④ □ 没有兴趣

⑤ □ 不懂政策，觉得自己的建议没有参考性

Q8. 您是否了解劳动法？

① □ 十分了解  ② □ 基本了解  ③ □ 不太了解  ④ □ 不清楚⑤ □ 没听过

Q9. 您是否签订了劳动合同？

① □ 是的，雇主主动提出签订  ② □ 是的，自己坚持要求签

③ □ 没有签，自己没意识  ④ □ 没有签，雇主不签

⑤ 其他原因: ____________________ （请填写）

Q10. 您认为那些人对政策制定和实施具有影响能力，请在括号里排序。

① （ ）政府人员  ② （ ）企业经营者

③ （ ）当地市民  ④ （ ）农民工

四、利益表达渠道及其他
Q1. 您是否曾遇到到自己的权益受到损害的情况？
①□ 有   ②□ 没有

Q2. 您的权益收到损害时，您会？
①□ 忍气吞声   ②□ 会争取一下，不成功则放弃
③□ 不能容忍，会想尽办法抗争   ④□ 想争取，但没时间没能力

Q3. 您是否曾遇到受歧视的情况？
①□ 有   ②□ 没有

Q4. 您是否感到自己被城市居民认同和接受？
①□ 是   ②□ 不是

Q5. 您是否了解工会组织？
①□ 了解   ②□ 不太了解   ③□ 不了解   ④□ 没听过

Q6. 您认为工会组织能解决问题吗？
①□ 能   ②□ 不太确信   ③□ 不能

Q7. 您如果有需要是否会求助工会组织或其他相关组织？
①□ 会   ②□ 不会

Q8. 您对保护自己权益的渠道是否了解
①□ 熟悉   ②□ 解   ③□ 不太了解   ④□ 没听过，不知道

Q9. 您在西安是否有社会关系可以求助？
①□ 没有    ②□ 有，大约有多少人可以求助（请填写）

Q10. 您认为依靠法律维权的难度主要在哪里？（可多选）
①□ 费用太高   ②□ 没有时问   ③□ 没有精力   ④□ 没有可以使用的文本证据（合同等）   ⑤□ 不了解法律程序   ⑥□ 其他（请填写）

Q11. 您认为依靠劳动仲裁的难度主要在哪里？（可多选）
①□ 不知道此途径   ②□ 不会写申请   ③□ 没有时问或精力   ④□ 没有可以使用的文本证据   ⑤□ 不了解程序和规则   ⑥□ 不予受理   ⑦□ 对仲裁结果不信任   ⑧□ 其他（请填写）

Q12. 您认为依靠行政诉讼的难度主要在哪里？（可多选）
①□ 不知道此途径   ②□ 行诉时限过期   ③□ 没有时问精力   ④□ 没有可以使用的文本证据   ⑤□ 不了解程序和规则   ⑥□ 程序复杂审理时间长   ⑦□ 对诉讼结果不信任   ⑧□ 其他（请填写）

Q13. 您认为通过互联网和媒体（报纸、电视、广播等），是否可以帮助解决问题吗？
①□ 可以，影响力大   ②□ 有可能解决问题   ③□ 有难度   ④□ 不能解决

Q14. 您会采取以下哪些措施维护自己的权益？（可多选）
①□ 找熟人亲戚帮忙   ②□ 法律诉讼   ③□ 仲裁   ④□ 信访部门   ⑤□ 罢工游行或静坐等群体性行动   ⑥□ 直接找单位负责人解决   ⑦□ 极端行为   ⑧□ 利用网络   ⑨□ 其他（请填写）
再次感谢您的合作
Appendix 2: Semi-structured interviews

- Brief self-introduction, occupation, background, position, income, expenses, education level, and years since you have left hometown
- Whether you are familiar with policies, policy making, how to express your interests (income, working time, environment, experience in organisational management)
- Whether you feel accepted by other groups; what is your impression of migrant workers, local residents, provincial governments officials; what do you think their ways of expressing themselves; whether they are influential?
- Do you know the policies relative to migrant workers?
- What is your view on migrant workers’ participation in old-age insurance?
- Do you think migrant workers will exert pressure on local residents?
- What are the main obstacles for migrant workers to participate in old-age insurance?
- Do you have social security card? Will you participate in commercial old-age insurance? Will the transfer policy of old-age insurance help when you move?
- Are you interested in social management, and what way do you think is best to express your interest?
- Do you have relatives and reliable friends? What kind of help can they give?
- Whether your interests have been damaged, if so, which way will you consider to take up to protect your interest? (Law suits, labours union, social contacts, media, or other ways)
- Did you join any organisation or association? If yes, what is your consideration?
半开放式采访:

- 能否简单的自我介绍一下你自己，职位，背景，收入，支出，教育程度，食物支出，外出年限
- 是否熟悉政策，政策制定过程，你如何表达自己（收入，工作时间，环境，是否有组织经验
- 感觉是否受认同，你对农民工西安居民，政府人员，企业主的印象怎么样，你觉得他们在政策过程中怎么表达自己，是否有影响力
- 与农民工相关政策您了解吗
- 对于农民工参保您的态度是
- 您认为农民工是否造成对城市居民就业上的压力
- 您认为什么是农民工参保的主要障碍
- 是否办理了社会保障卡，是否参加了养老保险，流动性是否很高，养老保险的转移续接是否对您在转移时有帮助
- 您对社会管理感兴趣吗，您认为什么渠道易于表达自我利益，
- 您在西安有亲戚，可以信赖的朋友吗，如果您想他们求助是否会得到帮助，他们能给您什么样的帮助
- 您的利益是否遭受过损害，如果您的利益受到损害，您会考虑什么措施进行维护（法律，工会，社会关系，媒体，其他？）
- 您是否是任何协会或组织的成员，您参加的心态是，这些协会能给您带来什么样的社会影响