China: Surplus Labour and Migration

Urban fertility decline in recent decades is now having the beneficial effect of easing entry-level urban employment problems.

By Judith Banister and Jeffrey R. Taylor*

The populations of most developing countries have been growing rapidly in recent decades. During the 1970s and 1980s, the number of persons of working age has often grown even faster than total populations. The struggle to provide enough employment for a burgeoning labour force often fails, resulting in high unemployment plus a large part of the working

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population "visibly underemployed" (working fewer hours or days than they would like) or "invisibly underemployed" (doing work of extremely low productivity for low income or underutilizing skills). 1/

China does not have serious unemployment, because of the commitment to full employment that has been followed for four decades, and because labour underutilization generally manifests itself as underemployment rather than unemployment in a rural economy such as China (Taylor, 1986). In fact, employment participation rates in China are extraordinarily high. According to the 1982 census, of the total population ages 15 and older, fully 86 per cent of men and 70 per cent of women were employed (Census, 1985, 272-281, 384; Arriaga and Banister, 1985, 168-172). "Full employment" is a misleading term, however. In the recently disbanded rural communes, everyone was technically employed, even if the marginal productivity of many farmers was zero. In cities also, a high proportion of men and women are employed, but enterprises are overstaffed; many workers are "employed without work" (Ji Yecheng, 1986, 2; Chen Jiyuan, 1986, 15-16). Underemployment has become evident in the last decade because economic reforms have boosted labour productivity and efficiency. The rural population has greatly benefited from these reforms; real per capita income of China's peasants doubled from 1977 to 1986, for example (Statistical Yearbook 1987, 671). But the number of workers required in farming has declined, and the ranks of underemployed farmers have grown sharply. Increased mechanization of agriculture, removal of marginal land from cultivation, and economizing on labour use across virtually all crops have created a crisis in rural labour utilization, the magnitude of which has only recently become clear (Taylor and Banister, 1988).

Because 67 per cent of China's rural work force is engaged in crop production (see table), estimates of rural underemployment concentrate on this sector. Chinese scholarly and official sources during the 1980s have produced a range of estimates from 60 million to 156 million surplus labourers, out of a total of about 250 million farmers growing crops. The usual estimate of around 100 million surplus rural workers constitutes about 40 per cent of rural employment in farming, or one-quarter of all rural workers. This estimate is derived from comparisons of actual employment to required employment. Required employment is estimated either by applying an aggregate figure for cultivated acreage per worker in some past benchmark year to current cultivated acreage, or by using current survey data on labour requirements per crop, weighted by total acreage of each crop under cultivation (Taylor, 1988, 749-753). The latter technique is the better of the two, but is still fairly crude, and sensitive to assumptions on labour days per year available per worker.2/

What has rendered one-quarter of China's rural work force redundant? First, for decades China's economic strategy promoted relatively capital-intensive heavy industrialization to the detriment of more labour-intensive light industry and agriculture. Services were neglected to the point that many were made illegal. This blocked possibilities for productive employment, and concentrated workers in agriculture where their labour was not needed.

Second, China experienced rapid population growth for several decades. The huge cohorts born in the 1950s, 1960s, and the first half of the 1970s have entered the labour force in succession, swelling the supply of workers without a commensurate increase in employment opportunities.

Third, the policy of closing off urban areas to migration from rural areas forced the countryside to absorb almost all the increased numbers of young adults who had been born there (Li Qingzeng, 1986, 18). In addition, during the Cultural Revolution and its aftermath, 1968-1978, national policy was to export to rural areas urban youth who could not easily be employed in their native cities. China's countryside had to absorb 17 million teenagers and young adults from the cities, and rural villages became the residual population sink for the whole country.

Yet China, even a century before the founding of the People's Republic in 1949, had already been facing severe population pressure on the known resource base, particularly the supply of arable land. Since 1949, rapid population growth in rural areas has contributed to a sharp reduction in arable land per capita. Roads, factories, dams and housing have also encroached on some of the most productive farmland. These forces combined with the "detention" of surplus labourers in the rural agricultural sector (Li Qingzeng, 1986, 18) have resulted in a drop in the arable land per agricultural labourer to only 0.3 hectare (Walker, 1988, table 1).

Leave the land but not the village

In the 1980s, it has become clear that China must move a large proportion of farmers out of crop production, The fact that 254 million workers, two-thirds of the rural work force, are still allocated to crop farming depresses labour productivity, causes many workers to be idle a large part of the year, slows down the adoption of more efficient crop growing methods, and dampens the growth of rural per capita incomes. Yet the Chinese Government believes that it would be disastrous if all underemployed rural labourers moved to urban areas. China's strategy for the transfer of its surplus rural work force out of farming is to keep them as close to home as possible. How is this being done?

Table: China: Employment levels and growth rates, 1978-1987

Sector	Employment at year-end (in thousands)										Average annual growth (per cent)	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1952-78	1978-87
Total national employment	398,560	405,810	418,960	432,800	447,060	460,040	475,970	498,730	512,820	527,830	2.5	3.1
Urban and state employment	95,140	99,990	105,250	110,530	114,280	117,460	122,290	128,080	132,920	137,830	5.2	4.1
Rural employment	303,420	305,820	313,710	322,270	332,780	342,578	353,676	370,651	379,898	390,004	2.0	2.8
Agriculture	285,330	285,630	293,570	303,100	311,530	316,451	316,850	303,515	304,679	308,700	1.9	.9
Crop production						282,836	254,969	249,409	253,658			
Other agriculture						33,615	61,881	54,106	51,022			
Non-agricultural	18,090	20,190	20,140	19,170	21,250	26,127	36,826	67,136	75,219	81,304	2.5	16.7
Industry	7,500	8,980	9,160	8,830	8,790	8,730	10,336	27,410	31,393	32,972	2.9	16.5
Township								10,288	11,310			
Village								10,130	11,076			
Below-village								6,814	8,808			
Construction	2,280	2,640	3,100	3,490	3,790	4,825	8,114	11,301	13,086	14,313	3.3	20.4
Transport, post & telecommunications	940	1,050	1,510	1,100	1,150	1,609	3,164	4,341	5,061	5,625	1.4	19.9
Commerce & catering	760	870	1,100	1,260	1,300	2,062	4,217	4,626	5,318	6,069	-6.1	23.1
Health, education & science	4,610	4,680	4,770	3,840	3,580	3,877	4,107	4,455	4,547	4,565	7.5	-.1
Health, and education						3,760	3,987	4,325	4,393	4,409		
Health, sports & social services								1,224	1,246	1,270		

Education, arts & broadcasting								3,101	3,147	3,139	
Scientific research						117	120	130	154	156	
Government	760	750	280	350	340	554	739	809	1,034	1,196	5.0
Other sectors	1,240	1,220	220	300	2,300	4,470	6,149	14,194	14,780	16,564	28.8
Residential, public & household services								887	1,262	1,381	
Banking & insurance								116	142	162	
Other								13,191	13,376	15,021	

Sources: China, State Statistical Bureau, *China Rural Statistics Yearbook, 1985* (in Chinese), *Zhongguo tongji chubanshe*. Beijing, 1985, p.224; He Kang *et al.,* (eds.), *Agricultural Yearbook of China, 1986* (in Chinese), *Nongye chubanshe.* Beijing, 1986, pp.197-*199; Statistical Yearbook 1986,* pp. 124, 145-146; China, State Statistical Bureau, *Statistical Materials on Labour and Wages* (in Chinese), *Zhongguo tongji chubanshe,* Beijing, p.80; China, State Statistical Bureau, *China Rural Statistics Yearbook, 1987* (in Chinese), *Zhongguo tongji chubanshe,* 1987, p.212; He Kang *et al.,* (eds.), *Agricultural Yearbook of China, 1987* (in Chinese), *Nongye chubanshe,* 1987, pp.152-154; China, State Statistical Bureau, *Statistical Abstract of China 1988* (in Chinese), *Zhongguo tongji chubanshe,* 1988, pp.15, 21.

Notes: Total and urban employment figures were reported only to the nearest 10,000 persons, whereas rural employment was reported to the nearest 1,000. Therefore, rural and urban employment may not sum exactly to the national employment figure. Rural employment data underwent a revision in 1985, which moved village-and-below industry from agriculture to industry proper. Revisions also appear to have been made to "other sectors" above. Because of this, time series for rural agriculture, industry and "other sectors" display sudden changes between 1984 and 1985.

First, since the beginning of the rural economic reforms in 1978, crop farmers have been encouraged to work at least part-time in other agricultural pursuits, such as animal husbandry, aquaculture (fish farming), egg production, forestry, or other agricultural sidelines. Such diversification of agriculture can raise rural household incomes because these pursuits are generally more profitable than crop farming. This policy also contributes to greater variety and better nutrition in the diet of the Chinese people, a diet unusually dependent on direct consumption of grains. After the completion of the shift from collective agriculture to household contracts, the number of farmers in crop production declined by 28 million in 1984. The total number of agricultural workers in rural areas stayed constant, however, because these farmers shifted into other agricultural activities (table).

Second, China is promoting a strategy of rural industrialization, in which villages and small towns are encouraged to build small factories to employ rural labourers as they transfer out of agriculture. These factories often serve local needs, producing agricultural machinery, household items, materials for housing construction, or articles for personal use. Sometimes they fill a natural niche by canning, drying, or otherwise processing locally produced foods and other agricultural products. Some of them, especially in coastal provinces, even produce for export. This policy has been successful, and by year-end 1987, there were 33 million workers employed in rural industries (table).

Third, since the rural reforms began in 1978, the Government has followed a policy of loosening prior restrictions on service jobs, including those in retail trade, transport, residential services, repair work, banking and construction. Millions who have left agriculture now provide these services in rural areas.

Leave the land and the village

So far, there are limits to how many workers can be transferred out of crop production into other agricultural or non-agricultural work without moving away from home. Many remain in crop farming for lack of any other local alternative. Many others, though they are still included in the statistical category of a rural agricultural or non-agricultural worker in their native village, have in fact migrated to work elsewhere. For instance, of the 14 million rural construction workers listed in the table, 5 million are in construction teams that work in urban areas. [3/] Many “rural” transport or retail trade workers have migrated to a city or urban town, but have not been granted urban permanent registration, so they are still classified as rural workers.

In assessing the success of China's policy of rural industrial and service sector development, it is important to realize that Chinese employment statistics are somewhat misleading. The statistics in the table indicate that there are 81 million non-agricultural workers in rural areas, yet millions of them have migrated to urban jobs. In addition, "rural" employment in the table includes workers in the nearby suburban districts of cities who are an integral part of the city economy no matter whether their jobs are categorized as agricultural or non-agricultural (Fa Ganlin, 1988, 28). Therefore, China's economic transformation from a primarily rural work force to a primarily urban one may have progressed farther than the data suggest.

Data on migration in China are also confusing and contradictory. Much of the problem is caused by a residual ideological tendency to pretend that a migrant has not really migrated. In addition, different data sets use inconsistent definitions of what a migrant is. The permanent registration system, for instance, ignores all migration that does not involve a change of permanent registration, but includes registration changes over short distances within the same county or city. The 1987 sample census, in contrast, included as migrants those who had migrated without a change of registration, but ignored all moves within the same county or city. It is possible, therefore, that both data sets underestimate the true magnitude of migration for different reasons.

There are severe disadvantages to China's policy of trying to keep rural people where they are. For example, most rural industries involve very little capital investment, use simple technology, take up valuable agricultural land, and have almost no pollution controls. Whereas air and water pollution used to be primarily a city problem, now enthusiastic promotion of rural industrialization is despoiling the environment of villages in many areas (Ma Rong and Jiang Meiqiou, 1988).

Chinese sources are discussing concentrating the industries in a county industrial zone or in urban towns or small cities (Zheng Kunsheng, 1988, 24). Some argue that rural industries waste resources, are inefficient, and will be unable to compete with urban industries once China's transport system improves and urban reforms are implemented (Ke Bingsheng, 1985, 59-62). But others contend that rural industries are very competitive because they involve low capital costs and use cheap labour, and are quick to respond to market signals.

The difficulty of absorbing all surplus farmers locally has prompted China's Government to reconsider its decades-long hostility to rural-to-urban migration. In 1980, the leaders restated their policy of "strictly

controlling the development of large cities", but promoted a new strategy of "rationally developing medium-sized cities, and actively promoting the development of small cities and towns". Consistent with this policy, rural out-migrants have been steered towards the smallest urban places.[4/] For example, in the two-and-a-half-year period from China's mid-year 1982 census to the end of 1984, the 2,505 urban towns counted in the census that were still towns by the end of 1984 grew from a permanent resident population of 55.0 million to 64.6 million. Of this population growth, 81 per cent was accounted for by net in-migration, meaning that there were 7.8 million net permanent in-migrants to those pre-existing towns (Blayo, 1987). Permanent migration from villages to towns was given official national approval only in 1984, when the State Council stipulated:

> All peasants and their family members, who apply for migration to engage in industry, commerce and services in towns, who have a fixed place of residence in towns, who are capable of doing business, and who have worked for a long period of time for some town or township enterprise, should be permitted to register as permanent households by the Public Security Office (Wang Xiang-ming, 1988, 22).

Though we do not yet have enough data to estimate the net permanent in-migration to urban towns since the 1984 regulation was implemented, the numbers surely have escalated since then.

But migration from rural areas to towns that includes a permanent change of registration is just the tip of the iceberg (Goldstein and Goldstein, 1987-88). Probably most actual migrants to urban towns and small cities are not allowed to shift their permanent residence from their village of origin to the urban place. Rather, they take up "temporary" residence in the town or just work and live there without formal documentation, remaining "rural workers" in the statistics.

China's economic reforms have once again given towns an economic role by allowing their markets to revive. For this reason, and owing to a loosening of the criteria for establishment of urban towns, new towns have sprung up all over China. They have helped to absorb surplus workers from the surrounding countryside to engage in trade, construction, or industry.

Those who are away from their location of official residence registration, whether for one week or ten years, are officially regarded as the "floating population". While the vast majority of China's people remain geographically immobile, the number on the move increases year

by year. For surplus labourers, travelling around seasonally for work or moving to where there is work can solve their problem of being underemployed in their home village. Chinese sources have recently ventured estimates of the number of people away from their residence location, and in the process highlighted the huge number of "floating" migrants in some places. For instance:

> It is estimated that some 50 million people have been moving around the country to make their fortune since China adopted its economic reform policy in the late 1970s. For example, in Shishi, Fujian Province, a town of 25,000 permanent residents, the floating population reaches 30,000 in the busiest seasons.[5/]

These 50 million or so workers away from their legal home constitute almost one-tenth of China's total employed population (table).

Until recently, there were few usable statistics on the rate of migration out of China's villages to other rural locations or to urban destinations. The 1982 census, for example, asked no questions on migration history of the respondents. Recently, however, Chinese scholars and officials have been trying to fill the void of migration information by using population registration data, migration surveys and several migration questions on the mid-year 1987 nation-wide sample census.

The Ministry of Public Security and other government organizations have begun releasing data on population movement from the systems of permanent and temporary population registration. For example, in 1987 a researcher at the State Planning Commission revealed that already by the end of 1985, there were 30 million people classified as "rural non-agricultural population" who had entered cities and towns with their own supply of food grain (Li Ying, 1987, 54).

Apparently they were all still part of the "floating" population not considered permanent migrants, because they were not included in the official non-agricultural population of 176 million in China's cities and urban towns.

Preliminary information from one large migration survey is now available. The Population Research Institute of the Chinese Academy of Social Sciences co-operated with the State Statistical Bureau to carry out a survey of 74 cities and urban towns during the last half of 1986. Survey results showed that, in general, the smaller the urban place, the higher the proportion of the permanent resident population that comprised recent permanent in-migrants.[6/]

People who had moved to the surveyed urban places during the years 1981-1986 constituted 18 per cent of the 1986 permanent town populations, 14 per cent of the total population in small cities, 10 per cent in medium-sized cities, 11 per cent in large cities, and 8 per cent in extra-large cities (Ma Xia and Wang Weizhi, 1988, table 1, and Chen Yuguang, 1988, table 4).

A separate analysis of the growth of the permanent resident population of all China's cities that had already been established at year-end 1984 showed that the total population of cities grew 1.0 per cent through net permanent in-migration during 1985 (Banister, 1987).

This means that China's cities, the population of which totalled 191,155,000 at the end of 1984, in one year added 1.9 million migrants from rural areas or towns who were allowed formally to transfer their registration to a city. But the cities of the 1986 migration survey counted permanent in-migrants who moved there in 1985 and constituted about 2.0 per cent of the surveyed population.[7]

The discrepancy may be caused by the fact that the 1986 survey included migrants from one city to another, who may have constituted about one-third of the permanent migrants detected, and because the survey counted long-term "temporary" migrants as permanent migrants. In addition, the survey seems to have estimated gross rather than net migration to each city.

The 1987 sample census produced the smallest estimates of recent rural-to-urban migration so far. Extrapolating from the 1 per cent sample to the whole population, only about 7 million people migrated permanently from rural areas to cities in the five-year intercensal period 1982-1987.

These recent migrants are only 3.6 per cent of the 1987 city population. Another 8.5 million moved permanently from villages to urban towns, constituting 4.3 per cent of the 1987 town population. Of these migrants, in the year before the sample census, 1.6 million migrated from rural areas directly to cities (equivalent to 0.8 per cent of the city population) and 1.8 million from rural areas to towns (or 0.9 per cent of the town population). These are gross migration figures.

Subtracting the migrants from cities to counties and from towns to counties, the sample census reports that from mid-1986 to mid-1987, China's urban population increased by 0.8 per cent through net rural-to-urban migration (Census, 1988, 136-138, 677, 723).

For the period 1978-1986 as a whole, the Ministry of Public Security reports from permanent population registration data that the net in-migration rate to the cities of China has averaged 13.8 per thousand city population per year (Ren Suhua, 1988, 20, 22). That is, China's city population with permanent residence status has increased on average 1.4 per cent a year through net in-migration during the whole reform period.

According to the 1986 migration survey, 3.6 per cent of the total population of these 74 urban places consisted of temporary residents who had been there less than one year. Urban towns had the highest proportion; their "floating" residents of less than one year made up 4.9 per cent of their populations. In the extra-large cities, the proportion was 3.4 per cent. One Chinese author extrapolated from these data to estimate that by 1986 there were 14 million short-term residents of less than one year in China's urban places (Wang Xiangming, 1988, 21). But an additional 6 per cent (which would imply about 23 million 'nation-wide) of the total city and town populations were "temporary" residents who had lived there more than a year. Furthermore, all these estimates of the urban floating population are understated because the survey included only those temporary residents living in a household with permanent residents, excluding those staying at constructions sites, commercial markets, docks, railroad stations, guest houses, or hotels.

Though government policy encourages out-migrants from villages to move to other rural places or to the smallest urban places, many migrants are heading straight for the larger cities, or first to a suburb and then to the city. Big cities have registered big escalations in the size of their "floating" populations, partly because their municipal governments resist granting in-migrants permanent residence status. Wuxi Municipality of Jiangsu province. For instance, recorded 70,000 temporary residents in 1982 and 250,000 in 1987. A 1988 source gave the following figures:

> According to estimates, the floating population averages 10 million persons per day in the 23 cities of one million or larger population. In 1986, the floating population of Shanghai reached 1.34 million persons. In 1987, that of Beijing reached 1.15 million; Canton, one million; Tianjin, 860,000; and Wuhan, 800,000 persons. The size of the floating population is usually equivalent to about one-fifth to one-fourth of the city's *de jure* population (Cheng Ke, 1988,18).

So far, the available data sources do not agree on the size of the recent stream of rural-to-urban migration. China's 1990 census will cover the whole population and include migration questions.

Interprovincial, rural-to-rural and seasonal migration

Most rural-to-urban migration, whether permanent or "temporary", involves movement from a village to a town or city not far away, as confirmed by the Ministry of Public Security:

> Migration to or from China's cities is mainly within provincial boundaries....According to statistics of recent years, regardless of whether it was in- or out-migration, about 78 percent of the migration occurred within provincial boundaries....This shows that population migration occurs mostly within close distances and that the movements...are mostly from rural areas to cities, especially in recent years (Ren Suhua, 1988, 20).

The State Statistical Bureau announced that during 1984, based on its annual survey of population change, 92 per cent of all migrants moved within the same province. [8/] The 1987 sample census reported that from 1982 to 1987, 79 per cent of migrants moved inside the same province (Census, 1988, 770-771). There are practical considerations favouring moves to nearby destinations. Migration is more expensive over longer than shorter distances. China's transport system is weak and slow. Besides, the migrant may depend on his or her family and village social safety net for a regular supply of food grain or for financial assistance to get started in the town or city. The migrant's extended family back in the village may also need help during peak farming seasons or for family occasions.

In addition, official policy is lenient towards moves from villages to the nearest town or small city, but not so accommodating to moves over longer distances which tend to be to big cities. Would-be migrants are still supposed to request permission to move temporarily or permanently to an urban place, and ignoring such rules can add considerable difficulty to an already risky process. In July 1985, China's Public Security Ministry issued rules in an attempt to strengthen information about and control of temporary residents in urban areas. Temporary residence registration is supposed to be carried out for anyone spending three or more days in towns or cities, and "temporary domicile cards" are required for those age 16 or older who stay for more than three months.[9/] Formal permanent registration requires considerably more approval.

Another "temporary" outlet for surplus rural labourers is seasonal employment, even in faraway provinces. Recent loosening of restrictions on movement has increased the likelihood that underemployed peasants will leave their home village in search of seasonal or more permanent employment elsewhere, either in agricultural or non-agricultural tasks. Some localities and provinces are encouraging such out-migration of farmers to

ease their problem of rural surplus labour. For example, since 1980 individual construction workers or teams have been moving each spring from their homes in the east, north-east and south to Gansu, Qinghai, Xinjiang and Tibet in the west, and returning home in October for winter (Deng Quanshi, 1985, 6). Certain provinces seem to specialize in sending out surplus workers to other provinces. In 1987, Sichuan province reported that 1.6 million peasants had left Sichuan to work outside the province.[10/] Fujian province reported in 1988:

> Based on incomplete statistics of Fujian, the number of rural surplus labourers who have left their land and their native places for other provinces totalled about 500,000 persons, constituting one-fourth of those who transferred to non-agricultural pursuits. Among them, more than 300,000 people are with town and township construction teams (Ding Rongfang, 1988, 52-56).

In contrast, some places consistently report receiving migrant workers from elsewhere. For instance, more than a million people from other provinces and other parts of Guangdong have moved to the Pearl River Delta, which "has become China's biggest labour market as a result of its developed processing industry" producing partly for export. The in-migrants have helped to solve a labour shortage in the delta. [11/] Local labour shortages have been reported in agriculture in certain very developed places where most farmers have transferred out of agriculture, for example, in some villages in the Shanghai suburbs (Shanghai Population Information Centre, 1987, l-2). Some developed rural areas in southern Jiangsu province have recruited around 200,000 people from outside areas to work in their town and township enterprises owing to a shortage of labour in their local areas (Jiang Xianggen, 1988, 18).

Sometimes the migration of surplus farm workers and their families from one rural area to another is government planned and sponsored. For instance, in 1982 the State Council decided to move gradually about a million people from some extremely arid parts of Gansu and Ningxia provinces to newly reclaimed irrigated land in the same provinces. By late 1987, over 170,000 had successfully moved, and the relocation was reportedly working well to raise living standards, even though the migrants remained agricultural at their destination.[12/] By the end of 1987, Gansu reported that "altogether, the province sent 1 million surplus labourers, mostly farmers, to other provinces this year."[13/]

The out-migration of surplus workers from impoverished areas is also being tried elsewhere. A 1985 report stated: "Migration of the poor is also under way in Qinghai Province, and Shaanxi Province is also preparing to take part in the programme. Yunnan Province in southwest China has also taken measures to help poor people emigrate."[14/]

Prospects and solutions

Official and academic Chinese sources project that by the year 2000, it will be necessary to transfer out of agriculture not only China's current rural surplus labour force of around 100 million farmers, but also an additional 100 million or more whose work is not expected to be needed in farming in future years.[15/] Some Chinese analysts assume that most of these surplus rural workers can be absorbed by agricultural sideline activities and by non-agricultural enterprises in rural townships.

Others, however, are skeptical of the capacity of the countryside and townships to employ all these workers. They argue that it will be necessary for many of the workers transferred out of agriculture to move to cities and urban towns to find work. There has been a small beginning in recent years. From 1982 through 1987, between 6.3 million and 8.1 million jobs each year were assigned in China's urban areas. In 1982, 10 per cent of the new urban jobs were assigned to rural labourers; the proportion increased to 21 per cent in 1986 and 1987, so that 1.7 million urban jobs went to workers from rural areas in each of those years (Taylor and Banister, 1988, table 5).

Proponents of the policy of minimizing rural-to-urban migration counter that China's urban areas cannot possibly absorb very many rural surplus workers. After all, cities and towns are burdened with underemployment themselves. Visitors to factories in China often notice that for every person actually working, several more are idle. To be sure, much of this inactivity and inefficiency is caused by critical shortages of electricity and raw materials that regularly slow or close down production. Nevertheless, feather-bedding is so bad in Chinese factories that some enterprising new managers, not allowed to fire surplus workers, are continuing to pay them but requiring them to stay away from the factory because their idle presence demoralizes those who are working. [16/] According to statistics compiled from urban departments of labour and personnel nation-wide, there are 20 million people with state or urban jobs but no work to do.[17/] The perceived limits to urban labour absorption in China were expressed in a 1985 article as follows:

> The situation we are facing includes low quality of management and overstaffing of enterprises. Industries in cities are not short of labour. They have even more than they need. Furthermore, there are on average 3.2 million new entrants to the labour force in urban areas each year....City enterprises should fully use the urban population waiting for employment and the surplus personnel from old enterprises. They are unable to absorb too large a number of agricultural labourers (Xu Tianqi and Ye Zhendong, 1985, 18).

In spite of the serious current problem of urban underemployment, other countervailing factors will allow China's cities and towns to absorb many millions of rural surplus workers. First, urban areas have a huge demand for services that is just beginning to be met. Most personal, household, delivery and cleaning services, for example, were forbidden from 1966 to 1977. Although these services have grown rapidly in recent years, wives as well as husbands in urban areas work full time, and there is still a strong unmet need for such assistance.

In addition, China's urban residents are accustomed to comparatively high-status jobs, and are reluctant to take on dirty jobs with long hours at low pay. Peasants from the countryside, however, have shown themselves more willing and able to fill such jobs, so the urban demand for rural labourers is great.

Finally, demographic trends in the urban population of China are favourable for an easing of urban employment problems in the near future, especially in the young working ages. China's urban non-agricultural population experienced a steep drop in fertility from five or six births per woman during the 1950s to three births per woman by 1966 (Fertility Survey, 1984, 162-163). An urban total fertility rate of two births per woman was reached by 1973. By the mid-1980s, smaller cohorts began reaching the working ages, and future cohorts of city-born entrants to the work force will be smaller still.

A massive migration stream of young adult workers from rural areas would merely offset the declining numbers of urban-born work-force entrants. For example, if every year about 3 per cent of China's rural population aged 15-29 years shifts to the urban areas, the size of the urban population in that age range will stabilize for the whole 1990s decade (Banister, 1986, 44, table 8, and medium projection). Such a trend would benefit rural areas by employing many of their young surplus workers, and benefit urban areas by steadying the size of the young adult work force.

Another advantage of the migration of entry-level workers into China's cities and towns in future decades will be to help alleviate the severe aging of the urban populations that is likely to follow decades of very low urban fertility in China (Banister, 1988). The young in-migrants can help to expand the financial base for supporting the projected huge urban elderly population. For all these reasons, there is a niche in China's urban economy that can be filled each year by millions of young adult in-migrants from rural areas. The jobs these migrants are willing and able to do are unlikely to be identical to jobs that would be suitable for the current urban surplus labour force.

In conclusion, China's surplus labour force problems are severe but not insoluble. The economic reforms have raised incomes and increased productivity, trends which in turn expand markets for goods and services that current surplus workers could provide. Urban fertility decline in recent decades is now having the beneficial effect to easing entry-level urban employment problems, so that the cities and towns can be expected to absorb a considerable migration stream of workers from the countryside now and in the future.

Footnotes

1. For international definitions of unemployment and underemployment, see International Labour Organisation, 1987, 42, 48-49.
2. For more detail on estimating the size of China's surplus rural labour force, see Taylor and Banister, 1988.
3. Rural area labourers build cities, *China Daily,* 28 March 1988, 3.
4. Urban places include incorporated towns, the non-agricultural permanent resident population of which may range from 2,000 to 100,000; small cities with non-agricultural populations, from about 100,000 to 200,000; medium-sized cities, 200,000-500,000; large cities, 500,000-l million; and extra-large cities, 1 million and above. (Discussed in Banister, 1986, 35-39).
5. Moving population hard to control, *Beijing Review,* 31, 3, 18-24 January 1988, 8.
6. In this survey, permanent residents were defined as those with permanent population registration status in that town or city, plus those temporary residents who had lived in that urban place for a year or more. (Wang Xiangming, 1988, 21).
7. Using the assumption that the survey counted 1.75 years of in-migrants who moved to a city in 1985-1986. For data, see Chen Yuguang, 1988, tables 4 and 5.
8. The State Statistical Bureau announces principal figures on vital changes in the population (in Chinese), *Jiankang bao-Jihua shengyu ban* (Health Gazette-Family Planning Edition), 22 November 1985, 1.
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