

Dynamics of Rural-Urban Migration in China: A Decade of Economic Impact

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Abstract: This essay provides a comprehensive exploration of the economic impacts of rural-urban migration in China from 2010 to 2020. In the background of China's rapid industrialisation and urbanisation, the essay examines the multifaceted consequences of this migration trend, balancing an in-depth analysis of negative aspects with the recognition of positive contributions. The study highlights the decline in effective rural labour and the resultant challenges faced by migrants in urban areas, including increased housing prices. On the positive side, the migration brings increased labour supply to cities, improvement in incomes for rural migrants, and significant developments in the land market and urban industries. A comprehensive evaluation highlights the need for a balanced approach to urbanisation and rural development. Future considerations emphasise potential challenges and propose strategies like optimal land use, income source expansion, and characteristic town development. Striking a balance between rural and urban development is crucial for sustained economic stability. The essay concludes that maintaining this delicate balance is essential for China's sustained economic prosperity.

Keywords: Rural-Urban Migration, China, Economic development

1. Introduction

China's rural-urban migration has had a significant impact on the country's demographic and economic environments. Due to its scope, speed, and wide-ranging effects, this migration has long been a hot topic in the world. The process of rural-urban migration has developed rapidly and significantly since 1990s. [1] This tendency accelerated significantly between 2010 and 2020, which led to a thorough investigation of its economic implications. This essay aims to provide a comprehensive analysis of the economic impacts of rural-urban migration during this decade, scrutinising both the negative and positive aspects, and suggesting practical strategic measures for sustainable development.

2. Historical Context

Before delving into the complicated dynamics of rural-urban migration in China from 2010 to 2020, it is essential to analyse the context of this phenomenon within the broader historical narrative. The late 20th century marked the initiation of China's rapid industrialisation and urbanisation, accelerating mass migrations from rural to urban areas. The ensuing decades saw an unprecedented surge in the

scale and speed of this migration, fundamentally changing the socio-economic environment of the nation. The substantial movement of rural labours from China into urban areas since 1978 is considered one of the most significant migrations in human history, among which lots of people change agricultural activities into non-agricultural jobs, as argued by Roberts [2]. Various factors contribute to the magnitude of this extensive migration. According to Jia, Du, and Wang [3], the first cause is the "compensation effect", stemming from the heavy-industry-oriented strategy implemented prior to 1978, and the second factor is the "development effect", an inevitable outcome of the profound transformations in both rural-urban and agricultural-non-agricultural systems over recent decades, and the third factor, the "pushing effect", arises from low agricultural productivity in the traditional economy, compelling surplus rural labours to migrate from limited cultivated lands. In conclusion, the rural-urban migration in China which is resulted from various reasons would have multiple impacts on China's socio-economic landscape from 2010 to 2020.

3. Negative Impacts

3.1. Decline in Effective Rural Labour

The shift of people from rural to urban areas has caused a significant transformation in the workforce, fundamentally altering the historical role of agriculture as the foundation of China's economy. Over time, there has been a noticeable decline in both the economic importance of the agricultural sector and the percentage of people engaged in farming. From 1970 to 2005, the economic contribution of agriculture dropped from 40% to 10%, indicating a substantial change in the economic structure of the country. Simultaneously, the proportion of individuals involved in farming decreased from 81% to 45%, as highlighted by Deininger et al. [4]. This widespread rural-urban migration not only diminishes the rural labor force but also poses a significant challenge to the overall economic vitality of rural areas.

Moreover, this migration has exposed many rural migrants to precarious conditions in urban settings, where the combination of low incomes and rising living costs creates a challenging environment. Those with limited education often struggle to meet the demands of urban employment, resulting in suppressed wages and increased unemployment rates [5]. The higher cost of living in urban environments exacerbates the difficulties faced by rural migrants, who must contend with substantial expenses for housing, healthcare, and other essential needs. Therefore, instead of fostering rural development, rural-urban migration may paradoxically hinder economic progress in the regions left behind. As we proceed with the subsequent analysis, it is crucial to explore in-depth the multifaceted impacts of this migration on both rural and urban socio-economic dynamics.

3.2. Housing Market Pressures

The profound changes in demographics resulting from the migration of people from rural to urban areas have triggered an unparalleled increase in the demand for housing, consequently leading to a substantial escalation in urban housing prices. China's urbanization underwent a remarkable 20% surge between 2000 and 2015, characterized by the influx of more than 290 million new urban residents, as meticulously documented by Wang, Hui, and Sun in their 2017 publication [6]. This substantial population growth has exerted substantial pressure on the housing market, fundamentally altering its dynamics.

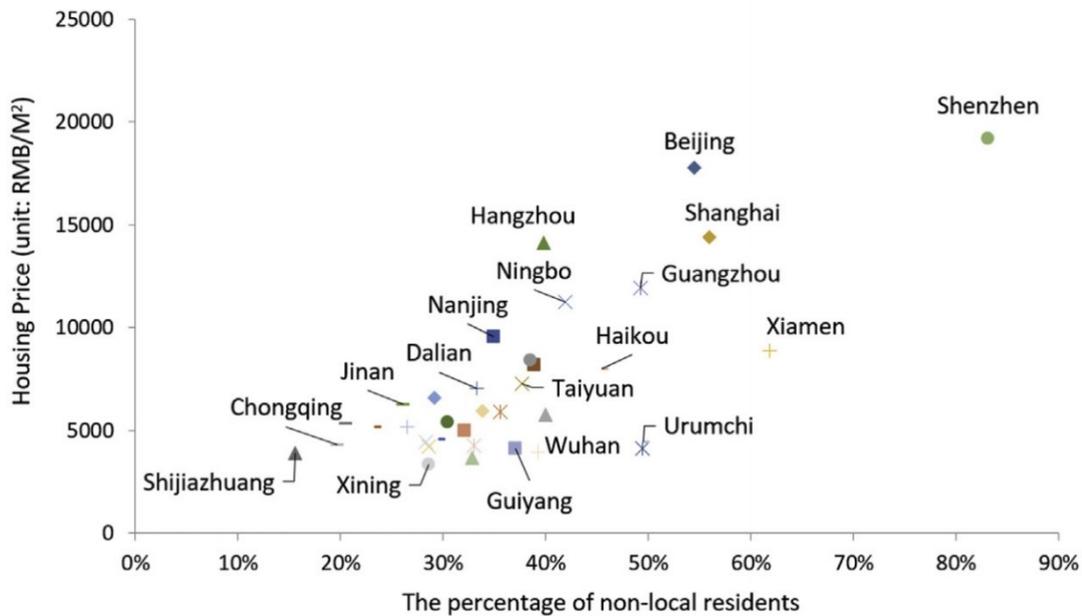


Figure 1: Population migration and housing price in China in 2010.

Cities, particularly exemplified by Shenzhen in 2010, with a significant migrant population, witnessed the most pronounced impact on average house prices [6]. Through Fig.1, the evident positive correlation between the percentage of migrants and housing prices presents a formidable challenge in ensuring the availability of affordable housing options in urban areas. As the interplay between rural-urban migration and housing dynamics unfolds, it becomes imperative to scrutinise the nuanced factors contributing to this relationship. The intricate web of social, economic, and policy variables influencing housing markets necessitates a comprehensive exploration to gain a deeper understanding of the challenges posed by this demographic shift.

4. Positive Impacts

4.1. Increased Labour Supply to Cities

Despite the inherent challenges presented by rural-urban migration, this demographic shift brings substantial advantages to urban areas, with one of the most significant being an enhanced labour supply. Urban centers, particularly, stand to benefit significantly from the influx of rural migrants, and the manufacturing industry, in particular, emerges as a key beneficiary. Unlike certain other industries, the manufacturing sector places less stringent skill requirements, making it more accessible for the incoming rural labour force. According to statistics from the National Bureau of Statistics (NBS), there has been a steady increase in the proportion of rural migrants working in manufacturing companies, rising from 25.2% to 31.1% over a span of 12 years [3]. This trend not only enhances the labor force in the manufacturing sector but also brings in a younger and potentially more skilled workforce to high-tech industries. Consequently, this contributes to a more inclusive and diversified economic development. The symbiotic relationship between rural-urban migration and industry dynamics highlights the potential for positive contributions to urban economies and broader regional development.

4.2. Income Improvement for Rural Migrants

The migration of individuals from low-wage rural areas to high-wage urban areas signifies a comprehensive improvement in the overall income levels of families with migrant members. An in-depth examination of data from the CPMS highlights a noteworthy trend: households with migrant members experience a substantial 12% increase in per capita incomes compared to those without migrants [5]. The increase in income that has been noticed is, in some measure, linked to the substantial impact of financial support sent by family members who have migrated. These remittances serve as a vital source of financial support, playing a crucial role in improving the overall economic welfare of entire families [7]. Hence, the existence of a migrant family member is connected to a positive correlation with an increase in household income, highlighting the extensive economic advantages stemming from the migration phenomenon. This phenomenon not only elevates individual economic statuses but also holds the potential to enhance the overall socio-economic fabric of the communities from which migrants originate.

4.3. Land Market Development

Rural-urban migration has a significant impact on the dynamics of the land market, acting as a catalyst for the shift from collective ownership to individual land use rights. According to Song, Wang, and Zheng [8], in the context of China, rural land has traditionally been owned by collectives, such as farms, while individual farmers only have the right to use the land. Also, land acquisitions are made between the government and collectives through village committees, then once land is acquired for non-agricultural uses, land ownership goes to the government and farmers lose the land, but they are compensated with monetary lump-sums, such as money, free apartments and so forth. However, as individuals migrate from rural to urban areas, those who own land can lease it to others, thereby enabling non-agricultural activities and generating additional income. For individuals who choose to lease their land, rural-urban migration opens avenues for the more efficient utilisation of family labour. With the land leased to others, individuals are free to explore opportunities in urban areas, while still benefiting from the productive use of their land. This arrangement facilitates the expansion of farming scales and can lead to an increase in profits through enhanced cultivation techniques [9]. The migration process thus allows for the optimisation of family labour resources and, in turn, drives the growth of agricultural enterprises.

Furthermore, the acceleration of the land rental market, spurred by rural-urban migration, contributes to the overall efficiency of land use in rural areas. By reallocating resources through the land rental market, unused or underutilised land can be leased to those who can make better use of it. This process enhances the overall productivity of agricultural activities and maximises the utilisation of available land resources. Moreover, it also provides opportunities for non-agricultural activities to thrive, diversifying the rural economy and driving economic development.

4.4. Impact on Urban Industries

Rural-urban migration has played a pivotal role in shaping the landscape of urban industries in China. The manufacturing sector is one that has profited greatly from this migrant movement. As I have stated, the lesser requirements of manufacturing draw migrants from rural areas. Since the implementation of compulsory education lasting for nine years starting in 1986, migrants have gained access to improved education. This educational reform has played a vital role in equipping rural migrants with the knowledge and skills necessary to pursue a wider range of job opportunities in urban areas [7]. Consequently, there is now more labour accessible in basic urban businesses, which helps to fuel their expansion and advancement. Additionally, the improved education among migrants has also led to an enhancement in the quality of the labour force. With their increasingly varied skill

set, migrants may now successfully integrate into urban high-tech companies. Among the many advantages of this integration are the advancement and innovation it has fostered and the knowledge transfer in these industries. The flood of people with different backgrounds and experiences has contributed to a more diverse and creative workforce. The influence of rural-urban migration extends beyond the economic realm. It has also contributed to urbanisation and the transformation of urban landscapes in China.

5. Comprehensive Evaluation and Future Considerations

In conclusion, the phenomenon of rural-urban migration in China brings both opportunities and challenges that need to be carefully considered. While there are certain drawbacks such as a decline in effective rural labour and rising housing prices, it is essential to recognise the positive impacts the migration has on urban labour, citizen income, and the development of the land market. Urbanisation is still a necessary process for long-term economic growth despite the risks involved in China.

However, it is important to recognise potential future challenges arising from excessive urbanization. To effectively tackle these issues, the Chinese government should adopt a comprehensive and varied strategy. One aspect of this approach involves promoting optimal land use for farming, breeding, and tourism industries. Expanding income sources for migrant workers and improving conditions in both rural and urban areas are crucial steps the government can take. Additionally, establishing characteristic towns that specialize in industries aligned with local strengths can play a key role in bridging the rural-urban gap and enhancing living environments. This strategy acknowledges the unique strengths and resources of different regions, facilitating economic growth and sustainable development in both rural and urban areas.

Striking a balance between urbanization and rural development is crucial for ensuring sustained economic stability and prosperity over the long term. The government can address the challenges posed by migration and leverage its potential benefits by implementing policies that prioritize the simultaneous progress of both rural and urban areas. This holistic approach will not only promote more balanced economic growth but also improve the overall well-being of all citizens. In essence, sustaining economic development in China requires an integrated and inclusive strategy that considers the needs and aspirations of both rural and urban populations.

6. Conclusion

In conclusion, rural-urban migration is and will continue to be economically beneficial for a certain period. The identified measures, coupled with ongoing policy adjustments, can mitigate potential future challenges. As China progresses, maintaining a delicate balance between rural and urban development will be essential for sustained economic prosperity.

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