



# The Great Migration

*After a quarter century of double-digit growth, 135 million rural migrants were living in China's cities by 2007. This massive migration exceeds anything else recorded in human history. Based on new survey data, The Great Migration explores cause and effect while comparing China's restrictive with Indonesia's liberal migration policies. The result is the best book on rural-urban migration thus far.'*

– Jeffrey G. Williamson, Harvard University  
and University of Wisconsin, USA

This fascinating study compares and contrasts the immense internal migration movements in China and Indonesia. Over the next two decades, approximately two-thirds of the rural labour force is expected to migrate, transforming their respective societies from primarily rural to urban based.

Whilst both countries face similar challenges as hundreds of millions of people move, the policies implemented and their consequences are very different. Using an extensive range of qualitative and quantitative data, the contributors explore the impact of migration on migrants and their families, as well as the rural communities they leave behind and the urban communities they enter. They discover that migrants earn less and face discrimination in the urban labour market, although more so in China where there are greater restrictions. However migration contributes to a more equal distribution of income in urban China and to lowering poverty in rural China, and migrants fare better on health and poverty indicators in Indonesia.

*The Great Migration* will strongly appeal to researchers, economists and sociologists with a special interest in migration and development studies. Policy-makers in both China and Indonesia will also find much to fascinate them within this highly original book.

**Xin Meng** and **Chris Manning** are at the Australian National University. **Li Shi** is at Beijing Normal University, China and **Tadjuddin Noer Effendi** is at Gadjah Mada University, Indonesia.

# The Great Migration

## Rural–Urban Migration in China and Indonesia



EDWARD ELGAR: A FAMILY BUSINESS IN INTERNATIONAL PUBLISHING

The Lypiatts, 15 Lansdown Road  
Cheltenham, Glos, GL50 2JA, UK

Tel: +44 (0) 1242 226934 Fax: +44 (0) 1242 262111

ISBN 978-1-84844-644-1



# The Great Migration

Rural–Urban Migration in China and Indonesia

---

*Edited by*

**Xin Meng**

*Australian National University, Australia*

**Chris Manning**

*Australian National University, Australia*

*with*

**Li Shi**

*Beijing Normal University, China*

**Tajuddin Noer Effendi**

*Gadjah Mada University, Indonesia*

**Edward Elgar**

Cheltenham, UK • Northampton, MA, USA

© Xin Meng, Chris Manning, Li Shi and Tadjuddin Noer Effendi 2010

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Published by  
Edward Elgar Publishing Limited  
The Lypiatts  
15 Lansdown Road  
Cheltenham  
Glos GL50 2JA  
UK

Edward Elgar Publishing, Inc.  
William Pratt House  
9 Dewey Court  
Northampton  
Massachusetts 01060  
USA

A catalogue record for this book  
is available from the British Library

Library of Congress Control Number: 2009941235

ISBN 978 1 84844 644

Printed and bound by MPG Books Group, UK

## Contents

---

<i>Figures</i>	vii
<i>Tables</i>	ix
<i>Contributors</i>	xiii
<i>Acknowledgments</i>	xv
1 The Great Migration in China and Indonesia: Trends and Institutions <i>Xin Meng and Chris Manning</i>	1
PART I CHINA	
2 Why Don't More Chinese Migrate from the Countryside? Institutional Constraints and the Migration Decision <i>Leng Lee and Xin Meng</i>	23
3 Jobs, Working Hours and Remuneration Packages for Migrant and Urban Workers <i>Paul Frijters, Leng Lee and Xin Meng</i>	47
4 Wage Structures and Inequality among Local and Migrant Workers in Urban China <i>Deng Quheng and Li Shi</i>	74
5 The Educational and Health Outcomes of the Children of Migrants <i>Sherry Tao Kong and Xin Meng</i>	93
6 Rural–Urban Migration and Poverty in China <i>Chuliang Luo and Ximing Yue</i>	117
7 Rural–Urban Migration in China: Survey Design and Implementation <i>Sherry Tao Kong</i>	135

## PART II INDONESIA

8	Assessing the Welfare of Migrant and Non-migrant Households in Four Indonesian Cities: Some Demographic, Social and Employment Characteristics <i>Tadjuddin Noer Effendi, Mujiyani, Fina Itriyati, Danang Arif Darmawan and Derajad S. Widhyharto</i>	153
9	The Socio-economic and Health Status of Rural-Urban Migrants in Indonesia <i>Budy P. Resosudarmo, Asep Suryahadi, Raden M. Purnagunawan, Athia Yumna and Asri Yusrina</i>	178
10	Making It in the City: Recent and Long-term Migrants in the Urban Labour Market in Indonesia <i>Armida Alisjahbana and Chris Manning</i>	194
11	Rural-Urban Migration in Indonesia: Survey Design and Implementation <i>Budy P. Resosudarmo, Chikako Yamauchi and Tadjuddin Noer Effendi</i>	222
	<i>References</i>	245
	<i>Index</i>	257

---

## Figures

1.1	Rural-Urban Migration in China and Indonesia Project: Survey Cities and Provinces in China	4
1.2	Rural-Urban Migration in China and Indonesia Project: Survey Cities and Provinces in Indonesia	5
1.3	China: Estimates of the Number of Rural-Urban Migrants, 1980-2006	8
1.4	Indonesia: No. of Recent and Lifetime Migrants, and Migrants as a Share of the Total Urban Population, 1980-2005	11
2.1	China: Proportion of Male and Female Rural Residents by Age and Migration Status	31
2.2	China: Mean Number of Children Ever Born to Rural Women by Age and Migration Status	32
2.3	China: Mean Number of Years of Schooling of Rural Residents by Age and Migration Status	33
2.4	China: Distribution of Rural Residents Who Indicated They Were Too Old to Migrate by Age and Gender	36
2.5	China: Predicted Probability of Migration by Age and Gender	40
A2.1	China: Years of Schooling by Age at First Migration	46
3.1	China: Relationship between Annual Earnings and Total Insurance Payments	55
3.2	China: Relationship between Age and Total Hourly Compensation	56
3.3	China: Relationship between Current Job Tenure and Total Hourly Compensation	56
3.4	China: Relationship between Level of Education and Total Hourly Compensation	57
3.5	China: Conditional Rate of Return to Education by Level of Education	64
4.1	China: Monthly and Hourly Wages of Urban and Migrant Workers by Educational Level	80

4.2	China: Monthly and Hourly Wages of Urban and Migrant Workers by Age	81
4.3	China: Kernel Density of Monthly and Hourly Wages for Urban, Migrant and All Urban Workers	86
4.4	China: Kernel Density of Working Hours per Week for Urban, Migrant and All Urban Workers	87
5.1	China: Children's Height by Age	111
6.1	China: No. of Rural–Urban Migrants, Share of Migrants in the Rural Labour Force, and Poverty Incidence in Rural Regions, 1985–2006	118
8.1	Indonesia: Labour Force Participation Rates by Migration Status, Gender and Years of Schooling	161
8.2	Indonesia: Sector of Employment by Migration Status and Gender	162
8.3	Indonesia: Housing, Cooking and Communication Facilities by Migration Status	164
8.4	Indonesia: Poverty Incidence by Migration Status	165
9.1	Indonesia: Migrant Perceptions of Their Average Household Income	184
9.2	Indonesia: Average Household Expenditure per Capita by Migration Status	185
10.1	Indonesia: Share of Recent Migrants, Long-term Migrants and Non-migrants in the Formal, Small Business and Informal Sectors	200
10.2	Indonesia: Index of Hourly Earnings of Recent Migrants, Long-term Migrants and Non-migrants by Sector of Employment	201
10.3	Indonesia: Age–Earnings Profiles of Migrant and Non-migrant Workers by Gender	212
10.4	Indonesia: Education–Earnings Profiles of Migrant and Non-migrant Workers by Gender	213
A10.1	Indonesia: Definition of Sector of Employment for Employees and Self-employed/Employers	221

## Tables

2.1	China: Summary Statistics of Rural Household Characteristics	28
2.2	China: Characteristics of Individuals in Rural Households	29
2.3	China: Reasons for the Decision Not to Migrate or to Return Home	35
2.4	China: Regression Results for the Migration Decisions of Rural Residents by Gender	39
2.5	China: Predicted Effect of Policy Change on Migration Probability by Age Group	43
A2.1	China: Results of the Earnings/per Capita Income Equations	46
3.1	China: Summary Statistics for Total Labour Force and Wage/Salary Earners	51
3.2	China: Summary Statistics for Workers' Remuneration Packages	52
3.3	China: Earnings Regression Results for Migrant and Urban Wage/Salary Earners	60
3.4	China: Earnings Regression Results for Migrant and Urban Wage/Salary Earners by Gender	62
3.5	China: Decomposition of Mean Anti-log Earnings and Compensation	67
3.6	Decomposition of Hourly Earnings/Total Compensation Differentials between Urban and Migrant Workers by City	68
4.1	China: Descriptive Statistics for the Urban Labour Force	78
4.2	China: Wage Functions for Urban, Migrant and All Urban Workers	82
4.3	China: Inequality Indices for the Monthly and Hourly Wages of Urban, Migrant and All Urban Workers	87
4.4	China: Shapley-value Decomposition of the Gini Coefficient for Wages (%)	89
A4.1	China: Weights for Urban and Migrant Workers by Province	92
5.1	China: Number and Share of Rural, Left-behind, Migrated and Urban Children and Their Living Arrangements	97
5.2	China: Age and Gender Composition of Rural, Left-behind, Migrated and Urban Children	98

5.3	China: Characteristics of Children's Parents and Households	100
5.4	China: Probit Model for Left-behind versus Migrated Children	102
5.5	China: Summary Statistics for Children's Education	104
5.6	China: Correlation between Migration Status and Children's School Performance	108
5.7	China: Summary Statistics on Children's Health	110
5.8	China: Correlation between Migration Status and Children's Health	114
6.1	China: Descriptive Statistics for Households with and without Migrants	124
6.2	China: Poverty Indices by Poverty Line	125
6.3	China: Regression of Migration Variables on Instrumental Variables	127
6.4	China: Probit Regression of Headcount on Its Determinants Based on Total Consumption	129
6.5	China: Probit Regression of Headcount on Its Determinants Based on Adjusted Consumption	131
6.6	China: Regression of Headcount and Squared Poverty Gap Indices for Migrant Households	132
7.1	China: Basic Information on the Listing of Migrant Workers by City	142
7.2	China: Listing and Sample Information on the Distribution of Migrant Workers by Industry	144
8.1	Indonesia: Key Characteristics of Sample Households by Migration Status	159
8.2	Indonesia: Mean Years of Schooling of Household Heads and Children Who Have Finished School by Migration Status and City	160
8.3	Indonesia: Share of Blue-collar Workers in Total Employment by Migration Status, Gender and City	161
8.4	Indonesia: Poverty Incidence by Migration Status and City	166
8.5	Indonesia: Characteristics of Households and Household Heads by City and Migration Status	168
8.6	Indonesia: Female Labour Force Participation Rates by Migration Status and City	170
8.7	Indonesia: Share of Employment by Migration Status, Gender and City	171
8.8	Indonesia: Ratio of Female Employment in Each City to Total Female Employment in All Cities by Migration Status, Sector and City	173

8.9	Indonesia: Housing, Cooking and Communication Facilities by Migration Status and City	174
9.1	Indonesia: Socio-economic and Health Indicators by Migration Status	183
9.2	Indonesia: Estimation Results for Household Expenditure per Capita and the Probability of Being Poor	187
9.3	Indonesia: Estimation Results for the Health Status of Adults	188
9.4	Indonesia: Estimation Results for the Health Status of Dependent Children	190
9.5	Indonesia: Estimation Results for the Educational Status of Dependent Children	191
10.1	Indonesia: Index of Mean Monthly Earnings, Hours Worked and Earnings per Hour by Migration Status and Sector of Employment	202
10.2	Indonesia: Descriptive Statistics for the Main Variables	203
10.3	Indonesia: Multinomial Logit Results for Employment Attainment among Migrants and Non-migrants	205
10.4	Indonesia: Determinants of Hourly Earnings by Migration Status	209
10.5	Indonesia: Distribution of Migrants and Non-migrants by Gender and Sector of Employment	211
10.6	Indonesia: Determinants of Earnings by Migration Status and Gender	214
11.1	Indonesia: Distribution of Long-term and Short-term Migrants by Region, 2005	226
11.2	Indonesia: Results of the Pre-survey Listing by City	229
11.3	Indonesia: Allocation of the Sample by City	231
11.4	Indonesia: Non-migrant Households Visited and Interviewed by City	234
11.5	Indonesia: Lifetime Migrant Households Visited and Interviewed by City	236
11.6	Indonesia: Recent Migrant Households Visited and Interviewed by Region	238

## Contributors

---

**Armida Alisjahbana**, Professor, Faculty of Economics, University of Padjadjaran, Bandung

**Danang Arif Darmawan**, Lecturer, Social Development Department, Faculty of Social and Political Sciences, Gadjah Mada University, Yogyakarta

**Deng Quheng**, Assistant Professor, Chinese Academy of Social Sciences, Beijing

**Tadjuddin Noer Effendi**, Professor, Sociology Department, Faculty of Social and Political Sciences, Gadjah Mada University, Yogyakarta

**Paul Frijters**, Professor, School of Economics and Finance, Queensland University of Technology, Brisbane

**Fina Itriayati**, Lecturer, Sociology Department, Faculty of Social and Political Sciences, Gadjah Mada University, Yogyakarta

**Sherry Tao Kong**, Research Fellow, Economics Program, Research School of Social Sciences, The Australian National University, Canberra

**Leng Lee**, Doctoral Candidate, Oxford University Centre for the Environment, Oxford University, United Kingdom

**Li Shi**, Professor, Department of Economics, School of Economics and Business Administration, Beijing Normal University, Beijing

**Chuliang Luo**, Associate Professor, School of Economics and Business Administration, Beijing Normal University, Beijing

**Chris Manning**, Associate Professor, Arndt-Corden Division of Economics, Research School of Pacific and Asian Studies, The Australian National University, Canberra

**Xin Meng**, Professor, Economics Program, Research School of Social Sciences, The Australian National University, Canberra

**Mujiyani**, Research Associate, Rural–Urban Migration in China and Indonesia Project, Gadjah Mada University, Yogyakarta

**Raden M. Purnagunawan**, PhD candidate, Arndt-Corden Division of Economics, Research School of Pacific and Asian Studies, The Australian National University, Canberra

**Budy P. Resosudarmo**, Research Fellow, Arndt-Corden Division of Economics, Research School of Pacific and Asian Studies, The Australian National University, Canberra

**Asep Suryahadi**, Director, SMERU Research Institute, Jakarta

**Derajad S. Widhyharto**, Lecturer, Sociology Department, Faculty of Social and Political Sciences, Gadjah Mada University, Yogyakarta

**Chikako Yamauchi**, Research Fellow, Economics Program, Research School of Social Sciences, The Australian National University, Canberra

**Ximing Yue**, Professor, School of Finance, Renmin University of China, Beijing

**Athia Yumna**, Researcher, SMERU Research Institute, Jakarta

**Asri Yusrina**, Researcher, SMERU Research Institute, Jakarta

## Acknowledgments

---

This book is the first major publication of the Rural–Urban Migration in China and Indonesia (RUMiCI) project. It outlines the results of the first of five annual surveys on rural–urban migration in China and Indonesia to be undertaken from 2008 to 2012. At the outset we would like to acknowledge the financial support for our work of the Australian Research Council, the Australian Agency for International Development (AusAID) and the Ford Foundation.

In China, the surveys were conducted by professional survey company Datasea Marketing Research, and by the Department of Rural Social and Economic Surveys and the Department of Urban Social and Economic Surveys at the National Bureau of Statistics. The success of our surveys relied heavily on their efforts. Ms Zhijing Wei managed the survey monitoring process and contributed significantly to the quality of the survey data.

In Indonesia, the project benefited from the support of the Faculty of Social and Political Sciences at Gadjah Mada University, especially the successive deans of the faculty during the survey period, Professors Mochtar Mas'oeed and Pratikno. We would also like to thank the other members of the Indonesia Field Survey Project team at Gadjah Mada University, who undertook the field work for the study.

The Australian National University and Indonesia's National Development Planning Agency (Bappenas) hosted workshops in December 2008 and February 2009 at which most of the papers were presented. The comments received from both the discussants and the audience during these meetings proved very useful.

We appreciate the time and attention devoted by all those who read the draft manuscripts, which greatly assisted in the preparation of the final chapters. In particular, we would like to thank Tue Gorgens and Stephen Horn for reading through the two chapters on survey design (Chapters 7 and 11) several times, and for providing valuable suggestions on our sampling strategies.

Our thanks go to Hong Yu, manager of the RUMiCI project, for overseeing the flow of papers and arranging the preparation of supporting documents, including the two maps included in Chapter 1. Cartographic Services at the Australian National University did a fine job of preparing the maps. Finally,



we would like to thank Beth Thomson for her meticulous and very patient copy editing of the draft papers, and for readying the book for print.

Xin Meng and Chris Manning

October 2009

# 1 The Great Migration in China and Indonesia: Trends and Institutions

**Xin Meng and Chris Manning**

---

## 1 THE RURAL–URBAN MIGRATION IN CHINA AND INDONESIA PROJECT

Economic growth almost inevitably leads to a substantial movement of labour from rural primary industry to secondary and tertiary industries in the cities. This movement is essential to foster growth and to spread rising income more evenly across the population. It is thought to benefit both those who migrate and those who remain behind. As a result, rural–urban migration is often regarded as one of the most effective ways to reduce rural poverty and increase agricultural productivity.

Industrialization and urbanization almost always go hand in hand. Most countries in the developed world experienced large-scale rural–urban migration during the process of economic growth. In the United Kingdom, for example, less than 27 per cent of the population lived in towns with more than 5,000 inhabitants in 1801, but 100 or so years later the proportion had increased to 60–70 per cent (Brown 1991). In Japan, more than 80 per cent of the labour force worked in the agricultural sector between 1878 and 1882, but by 1979 the ratio had dropped to 11 per cent (Moriya 1963: 238–9; Sorensen 2004).

A similar process is occurring in China and Indonesia at a much faster speed. Twenty to thirty years ago, both were largely agricultural societies. In 1980, only 19 per cent of the total population of China, and 22 per cent of the total population of Indonesia, inhabited cities; by 2005, the rates had reached 47 per cent and 43 per cent respectively.<sup>1</sup> But these percentages do not portray the precise dimension of the urbanization process, and the following absolute numbers may be more revealing. In the 10 years between 1995 and 2005, the number of rural-to-urban migrants in China increased from 40 million to around 130 million, to account for almost one-third of the total urban labour force. In comparison, at the height of the Industrial Revolution in Great