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Xin Meng and Chris Manning

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

**Xin Meng and Chris Manning**

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## 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

Britain, only 3 million people moved from rural to urban areas during the 60 years from 1841 to 1901 (Long 2005).

Over the course of the next two decades, both China and Indonesia are expected to make the transition from mainly rural-based to urban-based societies. In both countries, it is estimated that about two-thirds of the rural labour force will migrate to urban areas. The sheer size and speed of the urbanization process in the two countries should qualify as among the largest population movements ever.

Driving the speed of the urbanization process in China and Indonesia is their high economic growth rates, which are more than double those that prevailed in Europe and the United States during the Industrial Revolution. The unprecedented scale and pace of the movements of people that are taking place are confronting both governments with challenging policy questions, particularly in terms of properly managing the process of migration.

While China and Indonesia face similar challenges, the policies implemented in each country, and their consequences, have been very different. China has established an internal 'guest worker' system with tight controls on the migration process, both to prevent overly fast migration and to force migrants to maintain their ties with the home village. One positive outcome of this system has been very few slums, even though over 100 million rural migrants are currently employed in urban areas throughout China. However, the system has also led to large discrepancies in income between migrant and urban workers, partly due to constraints on the types of jobs that migrants have access to in the cities. Moreover, in the countryside, agricultural productivity has not improved as much as it should have in recent years. Restrictions on land trading and on the access of rural residents to urban facilities have prevented migrants from severing their ties with the land; this in turn has severely hindered progress in the rationalization of the agricultural sector. As a result, the income gap between rural and urban areas has increased significantly over the last 20 years, and migration has led to only modest reductions in rural poverty. In addition, the members of migrant families left behind in rural areas have suffered disproportionately from social problems caused by a lack of quality education and health care services for left-behind children and inadequate provision of care for the elderly.

In contrast to the situation in China, over the past 40 years the Indonesian government has placed few restrictions on rural-urban migration. Most of the migrants moving to the cities have been rural poor taking up jobs in the informal sector and living in urban slums, although there are also a considerable number of circular migrants who leave their families behind in the countryside while they work in the cities. The pace of rural-to-urban migration slowed after the Asian economic crisis of 1997-98 but has nevertheless continued to fuel urban population growth. Over the last three decades, the picture that has emerged is one of a country with rapidly growing urban agglomerations on the

one hand, and a decline in rural and urban poverty on the other. In Indonesia, increased productivity in the agricultural sector, partly related to out-migration, has contributed to a relatively narrow rural-urban income gap (Thorbecke and van der Pluim 1993).

Given the contrasting strategies undertaken to manage rural-urban migration in China and Indonesia, and their consequences, Indonesia may serve as an excellent case study through which to contrast the benefits (and costs) of relatively free migration. At the same time, migration and its effect on economic development in Indonesia is an important issue in its own right.

This book reports on the findings of the first stage of a research project examining the effect of the unprecedented movements of people in China and Indonesia—on migrants and their families, on the rural communities they leave behind and on the urban communities they enter. The Rural-Urban Migration in China and Indonesia (RUMiCI) project was initiated by a group of researchers at the Australian National University, the Queensland University of Technology, the Beijing Normal University and Gadjah Mada University. The broad aim of the project is to gain an understanding of the comparative migration and urbanization processes in China and Indonesia, in order to inform policy makers about how to manage these processes most effectively.

The research project was designed to focus on the following three issues:

- 1 the effect of rural-urban migration on income mobility and poverty alleviation;
- 2 its long-term effect on the education, health and nutrition of migrants' children; and
- 3 the extent to which migrants assimilate into urban societies and the channels through which they do so.

To study these subjects, large-scale household surveys were planned in 2006-07, with the first wave of the surveys conducted in both countries in early 2008.

The Chinese surveys were carried out in 10 provinces identified as major migrant-sending or migrant-receiving regions, namely Shanghai, Jiangsu, Zhejiang, Guangdong, Sichuan, Chongqing, Henan, Anhui, Hubei and Hebei (see Figure 1.1). To capture the three populations of interest—rural-urban migrants, urban residents and rural residents—the researchers conducted three surveys: the Urban Migrant Survey (5,000 households in 15 cities), the Urban Household Survey (5,000 households, in 19 cities) and the Rural Household Survey (8,000 households in 10 provinces).

The Indonesian survey was conducted in four cities: Tangerang near Jakarta in Java; Medan in the northern part of Sumatra; Samarinda in the resource-rich region of Kalimantan; and Makassar in Sulawesi (see Figure 1.2). The total sample comprised 2,400 households: 900 non-migrant households, 900

Figure 1.1 Rural-Urban Migration in China and Indonesia Project: Survey Cities and Provinces in China

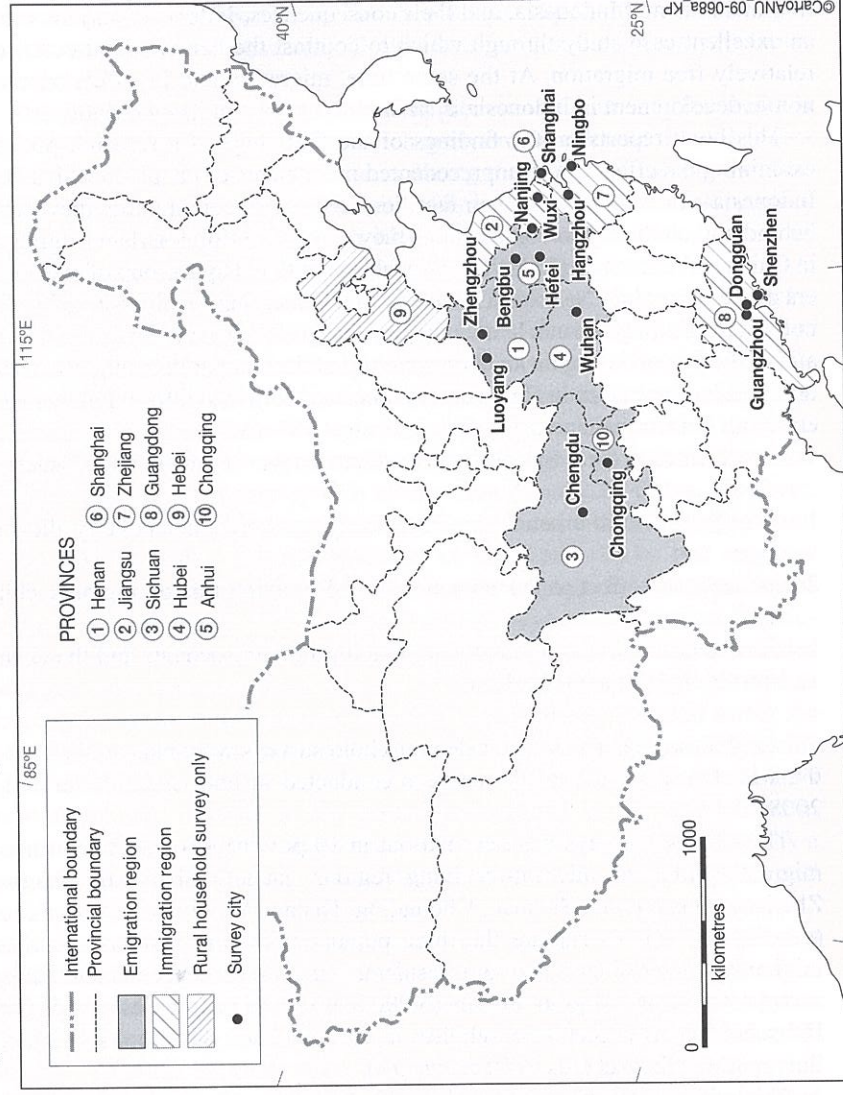
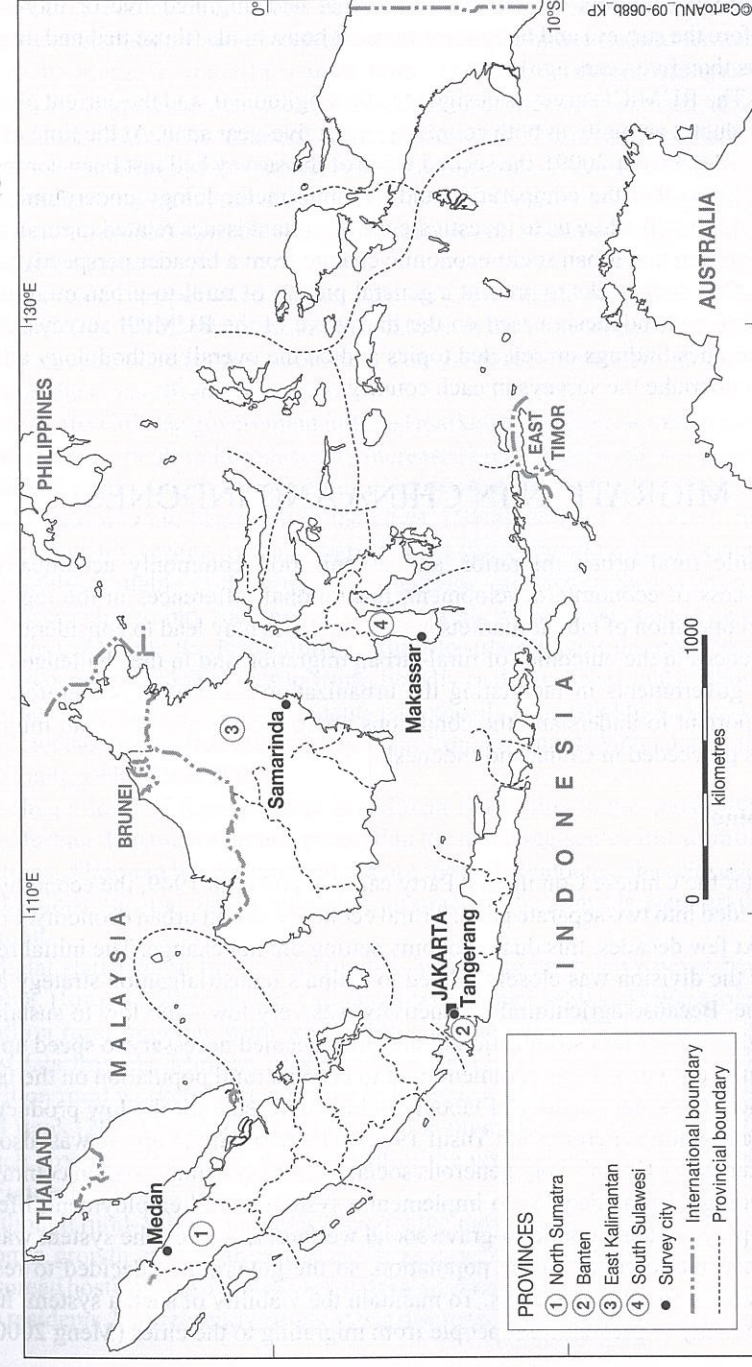


Figure 1.2 Rural-Urban Migration in China and Indonesia Project: Survey Cities and Provinces in Indonesia



long-term migrant households (those that had migrated five or more years before the survey) and 600 recent migrant households (those that had migrated less than five years ago).

The RUMiCI survey is designed to be longitudinal, and the current plan is to conduct it annually in both countries over a five-year span. At the time of writing (September 2009), the second wave of the survey had just been completed. We hope that the comparative and dynamic methodology underpinning this research will allow us to investigate the important issues related to rural–urban migration and urban socio-economic change from a broader perspective.

This book seeks to present a general picture of rural-to-urban migration in China and Indonesia based on the first wave of the RUMiCI surveys. It also examines findings on selected topics and on the overall methodology adopted to undertake the surveys in each country.

## 2 MIGRATION IN CHINA AND INDONESIA

While rural–urban migration and urbanization commonly accompany the process of economic development, institutional differences in the regulation and operation of labour markets across countries may lead to considerable differences in the outcomes of rural–urban migration and in the challenges faced by governments in facilitating the urbanization process. It is therefore very important to understand the conditions under which rural-to-urban migration has proceeded in China and Indonesia.

### China

After the Chinese Communist Party came to power in 1949, the economy was divided into two separate parts: a rural economy and an urban economy. For the next few decades, this dual-economy setting did not change. The initial reason for the division was closely related to China's industrialization strategy at the time. Because agricultural productivity was very low—too low to sustain the high levels of industrialization in the cities deemed necessary to speed up economic growth—the government tried to keep its rural population on the farms, where the sheer quantity of labour could compensate for the low productivity of agriculture (Perkins and Yusuf 1984). The rural–urban divide was also perpetuated by China's very generous social welfare system. Based on communist ideology, China decided to implement a system of full employment, lifetime employment and cradle-to-grave social welfare. However, the system was too expensive to cover all the population, so the government decided to restrict coverage to urban residents. To maintain the viability of such a system, it was necessary to prevent rural people from migrating to the cities (Meng 2000).

The restrictions on rural–urban migration were implemented through the household registration (*hukou*) system, which obliged individuals to live and work in the areas in which they were born. The cornerstone of the system was the food coupon scheme. During the pre-reform (pre-1978) period, urban residents had to use food coupons to purchase food. The coupons were distributed only to households with an urban *hukou*, and allocated according to the number and age of household members (Meng, Gregory and Wang 2005). Thus, even if they had moved to the cities, rural *hukou* holders would have had no means to survive.

These restrictions persisted for the next 40 years. It was not until the late 1980s and early 1990s, when demand for labour in the cities began to rise and the food coupon scheme was abolished, that the restrictions were gradually eased and the Great Migration began.

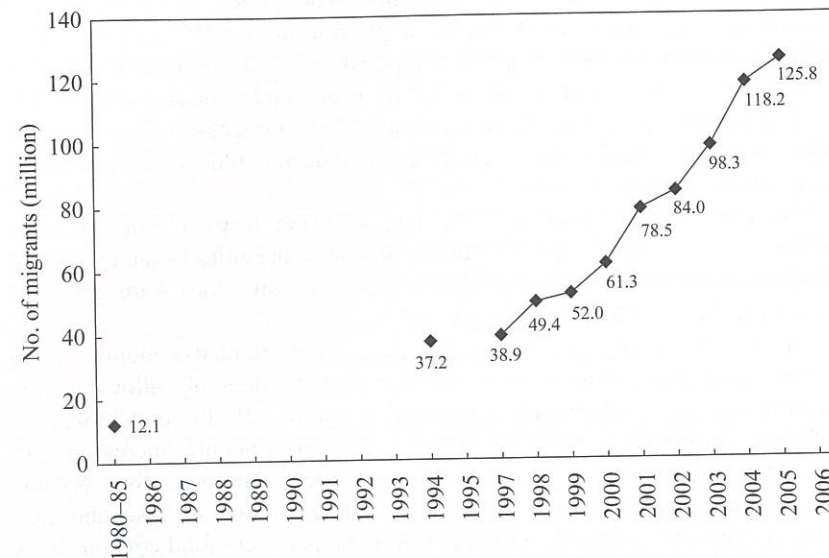
In 1978, the Chinese government initiated market-oriented economic reform in rural areas. Agricultural productivity increased considerably, allowing large numbers of rural workers to move out of agriculture. By the mid-1980s, the effects of reform were being felt in the cities. Urban incomes increased, creating demand for various types of services. At the same time, food became more readily available in the cities as agricultural production rose, and individuals were able to buy food products at markets, where food coupons were not required. Despite the restrictions on rural-to-urban migration, many rural *hukou* holders came to the cities to work illegally as domestic servants, labourers and street vendors. City governments periodically evacuated these workers to the countryside, but that did not stop them from returning (Wang and Wang 1995; Xiang 1996; Zhao 2000).

The huge flows of foreign direct investment into China in the early 1990s created further demand for labour, prompting the first large-scale rural-to-urban migrations. Although the government did not formally announce the relaxation of restrictions on rural–urban migration, in practice the controls were gradually eased.

Official statistics on the size of rural-to-urban migration have never been available. However, Zhao (2000) estimates that between 1980 and 1985 around 12 million rural migrants were working in Chinese cities. Based on national survey data from the Ministry of Agriculture, Du (2000) indicates that around 37 million rural workers were working in the cities by 1994. Figures from the World Bank (2009) point to a sharp increase in migration since the late 1990s, to reach around 130 million, or one-third of the urban labour force, by 2005 (see Figure 1.3).

Although rural–urban migration is one of the most important forces driving economic growth and urbanization in China, migrants continue to encounter widespread hostility and discrimination from local governments, employers and urban residents. Until recently, much of this discrimination was institutionalized

Figure 1.3 China: Estimates of the Number of Rural–Urban Migrants, 1980–2006



Source: 1980–85: Zhao (2000); 1994: Du (2000); 1996–2005: World Bank (2009).

(Zhao 2000). For example, migrant workers were only allowed to take certain types of jobs—normally the jobs that urban residents were unwilling to do themselves. Even if they were doing the same job as an urban *hukou* holder, they were not entitled to employer contributions to various insurance schemes. If they were sick or injured, they had no health cover. If they lost their jobs, they were not eligible for unemployment benefits. Unlike urban workers, they did not receive housing subsidies or pension contributions. And the children of migrant workers were not allowed to enrol in normal city schools without paying extra fees (West and Zhao 2000; Meng 2000; Meng and Zhang 2001; Du, Gregory and Meng 2006).

The rationale for not providing a social safety net for migrant workers was the view that land already served as a safety net for the rural population. When farmers migrated, their families were permitted to keep their land. If rural–urban migrants lost their jobs, they could always return to the countryside and work on the family farm. Similarly, if they fell ill, they could be cared for by family back in the rural home town, where the cost of living was much lower than in the cities, even though the quality of health care was worse and its cost still substantial (Du, Gregory and Meng 2006).

As a result of these institutional settings, internal rural–urban migration in China has taken place within a guest worker system. Most migrants come to

the cities alone, leaving their families behind in the rural village of origin. Migrants do not envisage a future for themselves in the cities. Rather, they hope to earn as much as possible in the city before returning home with a nest egg that will secure their future in the countryside.

In recent years, the central government has introduced new laws and regulations to protect migrants' benefits and increase their access to urban services. These attempts to eliminate discrimination against migrants have had only limited success, however, for both systemic and institutional reasons. Urban stakeholders at every level lack the incentives and resources to treat migrants equally. Local governments, for instance, are evaluated on indicators such as economic growth, city image and the welfare of local constituents, so it is no surprise to find that they are prepared to sacrifice the interests of migrant workers in the process of achieving better performance. Over the years, local governments have repeatedly demolished the shanty towns where migrants live (Wang and Wang 1995; Xiang 1996), tightened employment restrictions on migrant workers when local employment conditions were tough (Zhao 2000) and ignored violations of labour laws by local employers. Employers, in turn, are unlikely to provide the requisite welfare insurance and working conditions for migrants as long as they are able to avoid serious scrutiny from the local government. Often, migrants are paid lower than minimum wages, receive no social security contributions from their employers and work extremely long hours. Urban residents are not usually sympathetic to the plight of migrants either; they see them as their competitors in the labour market, as a drain on local government services—both welfare and infrastructure—and as a source of crime, violence and overcrowding. They regularly call on their local governments to control migration and restrict migrants' access to the urban labour market (Zhao 2000).

The trends and challenges associated with migration have changed dramatically since the RUMiCI project was first envisaged, due to changes in both domestic policies and the international economic environment. In mid-2007, the People's Congress of China passed a new Labour Contract Law, which was implemented at the beginning of 2008. The law required employers to sign permanent contracts (under the same conditions as existing contracts) with all workers who had had one temporary fixed contract or who had been employed by the same employer for 10 years or more. In addition, employers were obliged to inform employees and unions of any lay-off or retrenchment plans at least one month in advance, with those plans to be approved by the local labour bureau. Employers were required to provide severance pay equal to one month's salary per year of employment to workers who were laid off.

Employers viewed these features of the new law as a return to the old 'iron-bowl' system under which wages were guaranteed to meet basic needs regardless of productivity. Labour-intensive manufacturing industries in particular

had difficulty complying with the provisions of the new law. In late 2007 and early 2008, many export-oriented enterprises began to retrench large numbers of workers and some closed down. Thus, a policy that had been intended to protect migrant workers in practice turned into a policy that may actually have worsened their employment conditions.

The global financial crisis hit the Chinese exporting industry around this time. The combination of the introduction of the new Labour Contract Law and the financial downturn can be expected to have had a profound effect on the employment prospects and earnings of rural migrants. At the time of writing this chapter, however, the extent of the impact was unclear.<sup>2</sup>

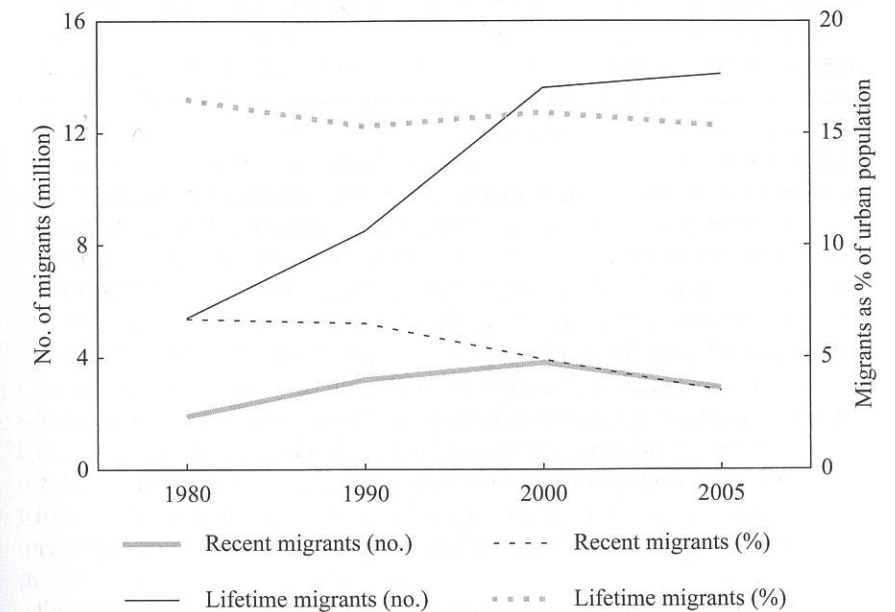
### Indonesia

Indonesia's migration has been smaller than China's, but it has nonetheless been substantial. Although the country has some features in common with China as a developing country, it has experienced a very different modern history of rural-urban migration, it has developed very different institutions, and its migration has extended over a longer time period. Apart from the desire to prevent 'overurbanization', successive governments have had no major reason to try and keep rural people in the countryside, and hence have imposed no systematic restrictions on population mobility since relative peace was restored to independent Indonesia in 1949. In any case, the early democratic governments, and even the more autocratic, quasi-military government of Soeharto, did not have the means to control the temporary or permanent migration of rural people to the cities, despite an extensive registration system.

Since independence, the rate of urbanization has been rapid by developing country standards, slowing only slightly in the past 20 years.<sup>3</sup> The urban population comprised approximately 15 per cent of Indonesia's total population of just under 100 million in 1961. It grew less quickly in the early years after independence, and especially in the period of slow economic growth during a good part of the 1960s (Hugo et al. 1987: 89). Urban population growth rates then accelerated to close to 5 per cent per annum—that is, to two to three times the rate of total population growth over the same period—through to the Asian economic crisis.<sup>4</sup> The share of the urban population doubled from just over 20 per cent of the total population in 1980 to 40 per cent in 2005, with the pace of urbanization slowing perceptibly (to a little under 2 per cent per annum) in the most recent period, 2000–05. Over the past 20–30 years, around one-quarter of urban population growth has been due to net migration to the larger cities, much of it from rural areas.<sup>5</sup>

Indonesia's national censuses differentiate between two kinds of migrants: lifetime and recent. Lifetime migrants are those who currently live in a province that is different from the province of birth. Recent migrants are migrants

Figure 1.4 Indonesia: No. of Recent and Lifetime Migrants, and Migrants as a Share of the Total Urban Population, 1980–2005



Source: 1980, 1990 and 2000 population censuses; 2005 intercensal population survey.

aged five years and above who reside in a province that is different from the province of residence five years ago. For both definitions, the published data are broken down by current place of residence in an urban or rural area.<sup>6</sup> The national data have historically defined migrants as persons who have moved across a provincial border, thereby missing much of the important intra-provincial movement between the countryside and nearby towns and cities.

Figure 1.4 presents census data on patterns of rural-urban migration in Indonesia over the 25-year period from 1980 to 2005, based on the official definitions given above. Lifetime migrants to urban areas (those people who were born in another province and moved to an urban area) accounted for around 16 per cent of the total urban population in 1980. This share has remained relatively constant, falling slightly in 2005. Recent migrants (those aged five years and above who moved to an urban area during the five years preceding the census) accounted for about 20–30 per cent of all urban migrants, with the share declining from around 1990.

The above figures refer to permanent migrants as defined in the official data. However, in the 1970s and 1980s a large proportion of all rural people working in the major cities were circular migrants whose families lived in the home

village or a nearby small town, especially in Java where the majority of the urban population resided. It has been estimated that as much as half of the total working population in urban areas were circular migrants during this early period of accelerated growth (Hugo 1997). This was a time when rural labour supply pressures, together with rapid increases in labour demand and cheaper transport, were leading to large-scale movements of rural workers into the major cities. These circular migrants were typically engaged in wage employment or the informal sector, and returned to their home villages on a monthly, three-monthly or irregular basis depending on economic circumstances.

As the focus of development shifted in the late 1980s and 1990s, a different kind of circular migrant emerged. These were the young, single and increasingly better-educated people, many of them women, who had benefited from improved access to schooling during the early years of growth. They became especially visible in the rapidly expanding export-oriented factories found in the major urban conurbations, and commonly returned to their home villages when they married.<sup>7</sup> The economic crisis of 1997–98 marked a turning point for these more educated people, many of whom had little choice but to return to their villages. Unlike their parents, who still had ties with agriculture, they were unable to fit easily back into rural life. Most of them probably drifted back to the cities as the economy underwent a slow but steady recovery over the next decade.<sup>8</sup>

As in other countries, Indonesia's migration has been accompanied by all the attendant opportunities and social and environmental challenges in the cities, and the problems for families left behind. Major cities and urban conurbations grew rapidly from the 1970s through to the Asian economic crisis. During this period the economy was expanding at 7–8 per cent per annum, initially as a result of the oil boom and later through export-oriented manufacturing growth.

While Jakarta is by far the largest city, and the extended Jakarta region one of the most rapidly growing, Indonesia has experienced a visible but quite mild problem of urban 'primacy'—mild, that is, compared with some neighbouring countries, such as Thailand and the Philippines. The greater Jakarta region, with its population of around 25 million, accounted for approximately one-quarter of the total urban population in 2005, close to the share recorded in the 1990s (Firman 1997).<sup>9</sup> But migration has spread well beyond Jakarta to other major cities on the island of Java (especially Greater Surabaya in the east and Bandung in the west),<sup>10</sup> as well as the major Outer Island cities of Medan and Palembang in Sumatra, Samarinda in Kalimantan and Makassar in Sulawesi. The populations of these secondary cities expanded from a relatively small base to reach around 1–3 million by 2005, placing strains on urban services similar to those experienced in the larger cities. Three of these large Outer Island cities (Medan, Samarinda and Makassar) were chosen for this study, in

addition to Tangerang, a major industrial centre on the outskirts of Jakarta (see Chapter 11 for details).

As noted, the movement of people from rural to urban areas has been a relatively uncontrolled process in Indonesia. Unlike in China, where the restrictions on mobility have been man-made, the main constraints to migration have typically been transport costs associated with poor infrastructure rather than government regulation, especially in the more isolated Outer Island regions. As both living standards and infrastructure improved, migrant flows increased significantly in the more densely populated regions from around the mid-1970s.

Although much easier than in China, movement to the cities has not always been smooth. Migrants moving from one residential address to another (whether from a rural to an urban area or from one urban area to another) are required to register with the local authorities and, if the move is permanent, to register their address on a new identity and family card.<sup>11</sup> Some city authorities have attempted to limit migration from rural areas by banning informal sector activities such as peddling and trishaw driving from the city centre and major highways. Conflicts between the authorities and migrant populations have been most publicized in the case of Jakarta, where successive governors (equivalent to mayors in other cities) have sought to improve the capital's image by removing unsightly and potentially congesting informal sector activities from the main thoroughfares.<sup>12</sup>

Nevertheless, these efforts to limit the spread of the informal sector, and by implication rural–urban migration, have probably had only a marginal effect in slowing the growth of the urban population. The illegal practice of holding multiple identity cards bearing different residential addresses has tended to undermine any controls that city authorities might seek to exert over the movement of people from rural areas. Unlike in China, urban slum areas have been a constant feature of the urban environment over the past half-century, and have increased in absolute size, even if they have spread from the urban centre to the urban periphery over time.<sup>13</sup>

At the same time, the urban informal sector has not always been so visible, or as constraining with regard to modern urban functions and social services, as at the present time. Tensions between the resident urban population and migrants are thus important in present-day Indonesia. Efforts to relocate slum dwellers have been more constrained under the democratic governments elected since 1999 than under the military-backed rule of Soeharto. Although demand for labour in the urban economy has grown less rapidly since the fall of Soeharto, the police and military have proved less able to prevent rural people from setting up stalls and selling their wares on crowded footpaths, contributing to major problems of congestion in the major cities. These stalls often compete directly with the formal sector shops and other services operated by long-term urban residents.

### 3 OUTLINE OF THE BOOK

The book is separated into two parts: the first on China and the second on Indonesia. The chapters in each section examine several important issues related to rural–urban migration in the respective countries.

#### China

The book contains six chapters examining rural–urban migration in China. The issues they investigate include who migrates and why, how migrants fare in the urban labour market, the effect of rural–urban migration on the education and health of the children of migrants and whether rural–urban migration contributes to poverty alleviation in rural areas. The final chapter in this section of the book is devoted entirely to the sampling methodology and survey details of the China component of the RUMiCI project. Below we outline the main issues raised in these chapters.

Although rural-to-urban migration has contributed significantly to Chinese economic growth in recent years, very little is known about why people do or do not migrate and to what extent government restrictions prevent rural workers from moving to the cities. Leng Lee and Xin Meng examine these two interrelated questions in Chapter 2. They find that in 2007, the year in which the number of migrants to cities reached its peak (around 135 million), only 22 per cent of the rural labour force had migrated. The analysis reveals that, while pure monetary push and pull factors form part of the reason for rural people to consider migration, these are much less important than family-related factors such as marriage, childbearing and the need to look after elderly household members. The results suggest that the special social service and welfare arrangements applying to migrants play an important role in discouraging migration among certain groups of rural people.

In Chapter 3, Paul Frijters, Leng Lee and Xin Meng look at the working conditions and remuneration of migrant workers versus incumbent urban residents in the urban labour market. They find that, on average, migrant wage and salary workers work 58 hours per week, or 35 per cent more hours than their urban counterparts. The average hourly compensation of an urban worker is more than double that of a rural migrant worker. Only 20 per cent or so of migrant workers benefit from the various insurance schemes—known as ‘Five Insurances, One Fund’—provided for workers, whereas the ratio for urban workers is above 60 per cent. Around half of the hourly compensation difference between migrant and urban workers cannot be explained by differences in education, work experience or any of the other observable characteristics that are commonly used to explain wage differentials. The implication of this finding is that, even in 2008, migrant workers were still experiencing discrimination in the urban labour market.

The analysis presented in Chapter 3 also reveals strong differences between cities. In Wuxi and Bengbu, for example, total compensation is roughly the same for migrants as for the equivalent urban city dweller with the same characteristics. Yet in Shenzhen, Guangzhou, Shanghai and Dongguan, a migrant is paid less than half the equivalent urban city dweller. This suggests that some cities compete for migrants whilst others do not. It also suggests that there are many city dwellers who would be better off if they moved to another city.

Because there have been no previous household surveys of rural–urban migrants based on a randomly selected sample, to date studies of urban earnings inequality have never included migrant workers. Chapter 4 fills this gap in the literature. The authors, Deng Quheng and Li Shi, study the effect on wage inequality of including migrant workers in the urban labour market. They find that wage inequality is higher among urban workers than among rural migrant workers. The Gini coefficient of monthly and hourly earnings is 0.38 and 0.39 respectively for urban workers, but 0.29 and 0.31 for rural migrant workers—a 10 percentage point difference.

The inclusion of migrant workers in the urban labour force does little to monthly wage inequality but slightly increases hourly wage inequality. The more equal distribution of hours worked by urban workers, and the large variation in hours worked by migrant workers, may be the main reason for this discrepancy. Regional variations in earnings play a very important role in explaining wage inequality between migrant and urban workers.

The effect of rural–urban migration on the children of migrants is of interest to both academics and policy makers, not only because these children will be vital to social stability, but more importantly because they will play a crucial part in China’s future economic and social performance. Sherry Tao Kong and Xin Meng inspect the effect of migration on the educational and health outcomes of migrants’ children in Chapter 5. They find that left-behind and migrated children are less likely to have very good school performance relative to rural non-migrant children and urban children respectively. They also find that the long-term health of left-behind and migrated children, as measured by their height, is worse than that of rural non-migrant children and urban children respectively.

Based on the Rural Household Survey sample, in Chapter 6 Chuliang Luo and Ximing Yue evaluate the effect of rural–urban migration on poverty by estimating poverty indices as a function of many factors, including migration. The results suggest that migration plays an important role in alleviating poverty among rural households. On average, a household with one or more migrant members is around 31–46 per cent less likely to be poor. The length of time a migrant works in the destination city is also significant in reducing poverty among family members left behind in the rural village.

In Chapter 7, Sherry Tao Kong explains the sample and survey design for the data collected in China. The chapter highlights the innovative listing and



sampling strategy developed by the RUMiCI project to address the lack of information on the distribution of the migrant population. This design provides a scientifically based sampling frame for random and representative sample selection.

### **Indonesia**

What do the papers included in this volume tell us about rural–urban migration and migrants in Indonesia? Like the chapters in the first section of the book, the four chapters in the second section of the book focus on the differences between migrants and non-migrants. But the chapters on Indonesia also pay close attention to the duration of migration and the contrasts between recent and longer-term migrants. This topic is especially relevant in the case of Indonesia, because of its longer experience with rural–urban migration and because of the relatively unconstrained nature of mass migration to the cities in Indonesia. The topics covered include the characteristics of migrants and non-migrants; contrasts in perceptions, incomes and health outcomes; differences in occupation and earnings; and finally, the methodology employed in the Indonesian part of the study.

Three main themes stand out. First, it is clear that migrants fare no worse, and often fare better, than non-migrants in the four cities studied. Migrants record better results than non-migrants in relation to participation in formal sector occupations, wages and household incomes, and health. For example, longer-term migrants to the four Indonesian cities have done well compared with both non-migrants and recent migrants in terms of income and earnings, although the health and poverty status of recent migrants is as good as, or superior to, that of both longer-term migrants and non-migrants.

Second, although recent migrants are paid lower wages than longer-term migrants and non-migrants, they earn quite high household incomes and record lower incidences of poverty, partly because they are younger and have few dependants. Their health outcomes also tend to be superior to those of longer-term migrants and non-migrants. We are not certain whether the higher wages of longer-term migrants is a cohort effect or simply an outcome of the relative inexperience of younger labour market participants. Anecdotal evidence suggests a combination of both.

And third, location appears to be important for migration outcomes. Residence in the rapidly growing towns of Tangerang and Samarinda is important for relative incomes among recent migrants but much less so among long-term migrants. Employment outcomes appear to be superior among those who have settled in the more established cities of Medan and Makassar.

In Chapter 8, Tadjuddin Noer Effendi, Mujiyanti, Fina Itriyati, Danang Arif Darmawan and Derajad S. Widhyarto describe the socio-demographic and

employment characteristics of recent migrants, long-term migrants and non-migrants in the four Indonesian cities. They draw attention to the younger age of recent migrants, their better school performance and the significant share of females in this group. Poverty rates are also lower among recent migrants, although their housing conditions are worse. On the basis of the many similarities between longer-term migrants and non-migrants, the authors conclude that there appear to be quite high levels of social and economic mobility in the cities surveyed. At the same time, they draw attention to the dynamic growth in the newer cities of Tangerang and Samarinda, which has given recent migrants an edge in the urban labour market. In contrast, recent migrants have not always fared so well in the more established cities of Medan and Makassar, where urban growth has been more influenced by their administrative functions as regional capitals.

In Chapter 9, Budy P. Resosudarmo, Asep Suryahadi, Raden M. Purnaganawan, Athia Yumna and Asri Yusrina pose the provocative question: ‘Do rural–urban migrants make it in the city?’ Their answer is very much in the affirmative, especially among longer-term migrants who are able to invest in themselves and their children. But although migrants feel they have succeeded relative to the people in the rural communities they have left behind, they do not feel they have made it compared with non-migrants in the cities, even though their incomes are higher. Perhaps this is because of the greater (perceived?) wealth among the latter group. And perhaps it is because migrants are less optimistic, because they have had to work doubly hard to make it in the city. In contrast to the findings on wages and incomes, recent migrants report better levels of health than the lifetime migrant and non-migrant groups. The single marital status of many recent migrants may contribute to this result: a significant number are dependent students.

Armida Alisjahbana and Chris Manning take a close look at employment patterns and wages among migrants and non-migrants in Chapter 10. They, too, ask whether migrants make it in the city, but they place greater emphasis on the differences between recent and longer-term migrants than those between migrants and non-migrants. They find that long-term migrants in particular perform significantly better than non-migrants in terms of earnings. Especially for males, this difference is almost entirely explained by differences in human capital, employment and location. Higher levels of participation in the formal sector and in small business reward long-term migrants, again mainly among males, suggesting that productivity and job quality are important, although these effects are not well captured in the regression. Two other important findings are the higher earnings of long-term compared with recent migrants, reflecting the rewards for experience (among males) and age (among both males and females). Unlike in China, gender differentials in earnings are small among all groups, after taking a range of explanatory variables into account.

In general, the findings confirm our hypothesis that a relatively unconstrained migration process (as in Indonesia) brings greater gains to migrants relative to non-migrants than a highly controlled migration process (as in China).

The final chapter, by Budy P. Resosudarmo, Chikako Yamauchi and Tadjuddin Noer Effendi, describes the methodology employed in the Indonesian study. The 2007 National Socio-Economic Survey proved a valuable starting point for the implementation of a census in randomly selected census blocks in the four Indonesian cities, and the subsequent survey. The experience with sampling design and implementation provides insights into some of the pitfalls associated with trying to develop a set of quite sophisticated sampling procedures. This is especially true when enumerators may not stick to a sometimes difficult set of instructions on the substitution of new households for households in the original sample that had dropped out for various reasons.

## CONCLUSION

The RUMiCI project and the chapters in this book have been inspired by the Great Migration that gathered pace in China towards the end of the twentieth century, and the smaller yet very substantial migration that has occurred in Indonesia over a longer period of time. In China, this massive movement of people has taken place under institutional arrangements that are very different to those in many other countries—including Indonesia—where there are less imposing barriers to the longer-term relocation of rural people to urban areas. In both countries, migration is connected with very high rates of economic growth. In China, it has been underpinned by extraordinarily high economic growth rates by world standards over a compressed time period. Indonesia's smaller yet still very substantial migration has been driven by a similar, if less dramatic, process of economic growth for most of the past half-century, though to a lesser extent over the past decade.

The chapters in this book allow us to see some of the striking differences and similarities between the two countries, and to test some of the conventional beliefs about rural–urban migration. Although migrants have benefited from the creation of new jobs in both countries, we find that the social and economic gap between the migrant and urban populations is much wider in China than in Indonesia.

Some of the differences between the two countries are explained by the cross-sectional analysis and models described in this book. The longitudinal study of households that we are undertaking in both countries, repeated annually through to 2012, should shed light on other differences. For instance, one important topic to be covered in future rounds of the surveys is the impact of the world economic crisis on the jobs and welfare of urban and rural households, both migrant and non-migrant.

We hope that the chapters in this book will provide important baseline findings for investigation of many other analytical and policy-related issues in the years to come, in addition to providing original data and the methodology to analyse these problems.

## NOTES

- 1 The 1980 figure for China is from the 1989 *China Statistical Yearbook*; the 2005 figure is calculated from the 2005 intercensal population survey. The data for Indonesia are from the 1980 population census and the 2005 intercensal population survey.
- 2 The second round of the survey, conducted in March–July 2009, should shed considerable light on the impact of the global financial crisis on the employment situation for migrants and non-migrants.
- 3 In estimating the size of the urban population outside the areas officially classified as cities (*kota*), Statistics Indonesia considers a range of criteria, such as the share of population outside agriculture, the share with access to electricity and the presence of modern markets, high schools, health facilities and the like. The numbers are revised every 10 years when Indonesia undertakes its national population census, and re-estimated five years later when it undertakes its intercensal survey. The latest census was in 2000; the most recent intercensal survey was in 2005.
- 4 See especially Hugo (1997), Firman (1997) and Firman, Kombaitan and Pradono (2007). For a discussion of population and internal migration trends, see Muhidin (2002).
- 5 The reclassification of areas from rural to urban has also been a major source of urban population growth, probably accounting for at least another quarter of the total growth in the officially defined urban population in major cities. The balance is due to natural increase. See Gardiner (1997: 125) for an analysis of the period 1980–90.
- 6 There are no published data on the urban versus rural origins of migrants. In 2005, 67 per cent of lifetime migrants residing in urban areas were born in rural areas. By comparison, 61 per cent of recent migrants residing in towns and cities in 2005 had moved from rural areas to urban locations in the five years from 2000 to 2005. The census definition of rural residence differs from that adopted in this study, which is based on a 'socialization' concept of rural origins (see Chapter 11 for details).
- 7 See Chapter 8 for more details on patterns of circular migration in Indonesia.
- 8 Particularly in manufacturing, modern-sector employment growth has not recovered since the 1997–98 crisis. Hence, in the post-crisis period fewer jobs have been available for younger job seekers from rural areas (Manning 2008).
- 9 When Indonesia proclaimed its independence from the Dutch in 1945, its largest city, Jakarta, supported a population of less than 1 million (Abeyasekere 1987: 141). Other major cities were much smaller. Medan, the largest Outer Island city to be included in our survey, is now home to 2 million people, but in 1945 it is estimated to have had a population of just 80,000 (Widodo, n.d.).
- 10 Greater Surabaya, the second-largest urban conurbation in Indonesia, has some similarities with Jakarta. It embraces several neighbouring cities in addition to the core city of Surabaya and had a total population of around 5 million in 2005.
- 11 For a discussion of these procedures, see especially Hugo (1978) and Abeyasekere (1987).
- 12 The best known case was the dismal failure of the popular (and otherwise very successful) governor Ali Sadikin to limit the movement of migrants into Jakarta in the early 1970s by declaring it a closed city.
- 13 Part of this movement has been spontaneous in response to rising land prices and demand for space in the city centre, and part has occurred as a result of conscious public policy to clear the city centre of slums, especially in major cities like Jakarta. See, for example, Jellinek's (1991) study of the relocation of one urban community from Central Jakarta in the 1970s and 1980s.