

**UNEMPLOYMENT WITHIN CHINA'S FLOATING POPULATION:
EMPIRICAL EVIDENCE FROM JIANGSU SURVEY DATA**

Ingrid Nielsen^{*}, Russell Smyth[#] and Mingqiong Zhang[§]

Mailing Address

Professor Russell Smyth
Department of Economics
Monash University,
900 Dandenong Road
Caulfield East 3145

E-mail: Russell.Smyth@BusEco.monash.edu.au

Telephone: +(613) 9903 2134

Fax: +(613) 9903 1128

^{*} Department of Management, Monash University

[#] Department of Economics, Monash University

[§] Committee of Development and Reform, Jiangsu Provincial Government, China

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I. INTRODUCTION

The term 'floating population' in China refers to people who have *not* in fact migrated, but who 'float and move' meaning that they are not, and generally will not become, a permanently settled group. This transience is because the floating population has not been granted permanent, official household registration in the place in which they are residing. Members of the floating population frequently move back and forth between country and city and come and go with the seasons (Solinger, 1999, pp. 15-23). While there are no precise figures, estimates suggest that 120-150 million peasant workers have relocated to China's cities (Pan, 2002), with this number expected to increase to around 300 million by 2010 (Lague, 2003). A large literature has emerged on different aspects of China's floating population. This literature includes studies of the reasons the floating population moves back and forward between the city and countryside (de Brauw *et al.* 2002; Zhao, 1999, 2002), the role which remittances of the floating population play in contributing to economic development in the countryside (Rozelle *et al.* 1999) and the determinants of occupational choice among the floating population (Roberts, 2001).

One issue that has received scant attention from researchers and policy makers alike is the problem of unemployment among the floating population. One explanation for the lack of scholarly attention is that until recently unemployment was not considered a problem for the floating population. There has been a widespread perception that the floating population is rarely out of work. A recent media report stated: "Migrant workers have very low unemployment rates because if they cannot find work, they return to the countryside" (Epoch Times, 2004). This view is also found in the academic literature. An example is Seeborg *et al.* (2000, p. 43) who stated: "Although it is not possible to accurately document the levels of unemployment within the floating population, it is our impression that this number is relatively small. There are many opportunities to participate in the informal market". This perception is reflected in the popular expression among potential migrants in rural areas, "east, west, south, north, centre; to find a job go to Pudong" (*dong, xi, nan, bei, zhong; da gong, dao Pudong*) (Roberts, 2001).

However, recent surveys of the floating population suggest that this situation is changing and that further study of the determinants unemployment among the floating population is timely. One extant study which does examine the determinants of unemployment among the floating population is Guo and Iredale (2003). These authors use data from the 1997 Beijing Migrant Census to examine the characteristics of the unemployed floating population in Beijing. Their main findings were that among the floating population, the older, less educated, females, those who had been in Beijing longer and those with non-agricultural registration status were more likely to be unemployed. As Guo and Iredale (2003, p. 9) noted, while their study is a useful starting point, further research is needed on these issues using more recent data sets on other floating population samples.

The objective of this paper is to draw on a survey of the floating population administered in Jiangsu in December 2003 to examine the rate of unemployment and the determinants of unemployment among the floating population and the means through which the floating population support themselves when unemployed. We hypothesize that unemployment among the floating population is a function of age, education, gender, the individual's income level, registration status (ie. whether the individual has a Jiangsu *hukou*), time spent in the city and whether the individual has unemployment insurance. Foreshadowing our main results, we find that the individual's income level, time spent in the city, registration status and whether the individual has unemployment insurance are the statistically significant determinants of unemployment within the floating population. In terms of social support when unemployed we find that the majority of the floating population either rely on their savings to support themselves or return to their hometown.

II. THE LABOR MARKET AND THE FLOATING POPULATION

The major reason that the floating population moves to the cities is to find employment. For example in the 1997 Beijing Migrant Census, among the 1.58 million migrants who had lived in Beijing for at least three months, more than 90 per cent or 1.43 million reported that they had moved to Beijing for employment reasons (Guo & Iredale, 2003, pp. 4-5). This figure reflects traditional high levels of underemployment in Chinese agriculture, which was brought into the open following the introduction of the household responsibility system in rural areas. When the household responsibility system replaced collective ownership, agricultural productivity increased markedly creating a huge pool of excess agricultural workers. Studies at the beginning of the 1990s suggested that as much as 40 per cent of the rural labor force or more than 200 million workers nationally were not needed in agriculture (Woon, 1993). More recent figures for Anhui province indicate that 12 million of its 63 million population are unable to find work and that half of the 12 million have left Anhui to seek jobs in cities such as Shanghai (Dolven, 2003).

In urban areas the floating population and local urban residents participate in segmented labor markets. A survey of the floating population in Shanghai found a clear division between the floating population and local residents in terms of occupational composition, living conditions and income and benefits (Feng *et al* 2002). There is also much evidence of occupational stratification at the national level. According to 1990 census data, nationally only 3 per cent of all long-term temporary migrant employees are in professional/cadre/clerical positions compared with 24 per cent for permanent urban residents (Yang & Guo, 1996). Moreover, it is common for the floating population to do jobs that the urban populace do not want (Yang & Guo, 1996; Feng *et al* 2002).

These jobs are often so-called 'Three-D' jobs – jobs which are dirty, dangerous and demeaning - which are common in industries such as construction and mining for males and sanitation and textiles for females. A wealth of anecdotal evidence documented in Roberts (2001) and elsewhere supports this claim. For example, a manager of a Shanghai construction project is quoted in O'Neill (1996) as saying, "Shanghai people don't want to do this type of work" (cited in Roberts, 2002). In some cases occupational stratification has been institutionalized. Some municipal governments have implemented regulations to protect urban laborers through reserving specific job categories for urban workers and making explicit suggestions that urban residents not be underpaid compared to outsiders. For instance, in the late 1990s, according to a report in the *Beijing Daily* (April 10, 1997), the Labor Bureau of one of Beijing's districts stipulated that at least 35 types of jobs should not be open to the floating population (cited in Wang & Zuo, 1999).

The floating population is not only disproportionately represented in 'Three-D' jobs that local workers do not want, but receive lower income and poorer benefits relative to urban workers. As Meng and Zhang (2001, p.487) noted: "Not only do migrants take low-end jobs, but when they work in the same enterprise as do urban workers and perform the same kind of work, they also appear to be paid less". In addition few migrants have been able to access the forms of social security that accrue as a right to urban registered Chinese citizens (Solinger, 1995, 1999). The floating population are often denied access to basic services enjoyed by permanent urban residents such as subsidized housing, subsidized medical care and schooling for their children (Seeborg *et al* 2000). In the construction sector where workers from the floating population are recruited by private contractors, those recruited are often not even registered for urban work or temporary residence. These workers are afforded no protection or benefits (Solinger, 1999). Nielsen *et al* (2005) show that in Jiangsu the access which the floating population has to social welfare is at best patchy and primarily driven by market forces, with firms more likely to contribute social insurance for skilled individuals whom the firm wishes to keep.

III. UNEMPLOYMENT WITHIN THE FLOATING POPULATION

As discussed in the introduction there has been a common perception that the floating population is rarely out of work and if unemployed, they soon become invisible through returning to the countryside. There is some support for this claim from the 1997 Beijing Migrant Census, which was analysed by Guo and Iredale (2003). In that survey less than 1 per cent of migrant workers claimed that they were unemployed. However,

as Guo and Iredale (1997, p.9) noted: “The very low [reported] unemployment rate among the migrant population seems at odds with other observations”. Guo and Iredale (2003) went on to point out that the low reported unemployment rate among migrants is inconsistent with their own fieldwork research among migrant communities in Beijing in 1997 and 1998. Guo and Iredale (2003, p.9) stated: “During this time many unemployed migrants were obvious on Beijing’s streets. Numerous spontaneous labor markets scattered around all districts in the city and suburbs were filled with people looking for jobs”.

Table 1: Unemployment Within Jiangsu’s Floating Population, December 2003

Period of Unemployment	Valid Percentages
Never Unemployed	51.3
Less than Three Months	28.3
Three to Six Months	15.4
Six to Twelve Months	5.0

Table 1 reports the findings from our survey of the floating population in Jiangsu in December 2003. The details of how the survey was administered and further results are discussed in more detail later in the paper. In response to the question: “Have you been unemployed before?” just under one half of respondents had been unemployed for periods up to 12 months. This is consistent with a study of the floating population in Shanghai conducted by the Ministry of Labour and Social Security in 2001, in which 25 per cent of respondents reported being out of work, 30 per cent of respondents had changed their jobs once and 15 per cent of respondents had changed their jobs two or more times in the six months prior to the survey (Zhao, 2002a). Similarly, in a survey of 478 workers from the floating population in Fengtai District in Beijing conducted by researchers at Renmin University in 2001, 33.5 per cent of respondents reported being in a situation where they had absolutely no work to do on at least one occasion since leaving their hometown. Of those who had been out of work, the longest period out of work was divided into one-two months (47.7 per cent), three-five months (22.9 per cent), 6-11 months (19.6 per cent) and 12 months or more (9.8 per cent) (Li, 2002).

While little or no attention has been given by policymakers to the problem of unemployment among the floating population, the floating population has been blamed for exacerbating the urban unemployment problem. At the end of 2003 the registered unemployment rate in urban areas was 4.3 per cent, but this does not include the millions of *xiagang* workers laid-off from state-owned enterprises (SOEs). According to official figures there were 26 million workers laid off from SOEs between 1998 and 2002 (Armitage, 2003). At the beginning of 2004, Zheng Silin, Minister of Labor and Social Security, announced that the government anticipates that a further three million workers in SOEs will lose their jobs each year between 2004 and 2006 (*Business Daily Update*, January 9, 2004). When laid-off workers are included, the World Bank estimates that the true urban unemployment rate is 10 per cent nationwide (Chen, 2004). The World Bank suggests there are 10 cities or provinces with ‘true’ unemployment rates exceeding 10 per cent. These include Liaoning (17.68 per cent), Heilongjiang (15.43 per cent), Tianjin (13.96 per cent), Hainan (13.42 per cent), Jilin (13.88 per cent), Qinghai (12.30 per cent), Shanghai (11.99 per cent), Inner Mongolia (11.35 per cent) and Chongqing (10.76 per cent) (Chen, 2004). The scale of economic restructuring in the state-owned sector and resulting unemployment has led to massive demonstrations among urban workers against the lay-offs and their consequent loss of welfare entitlements (Morris *et al.* 2001).

In this process, the floating population have often been treated as convenient scapegoats. One view is that the new urban unemployed are taking jobs from the floating population. Seeborg *et al* (2000, p. 52) stated: “This massive surplus of labor in urban areas will clearly have a negative impact on the job prospects of rural-urban migrants who, in general, are less educated and less socially connected than urban residents”. Wu (2001) stated that in some districts of Shanghai, local governments are laying off migrant workers from community service jobs and retraining furloughed urban residents to replace them. But, it is the fear that the floating population are taking jobs from the urban populace and pushing wages down which is fuelling labor

market tensions between the urban and floating populations. This fear has influenced government policies with local officials viewing the floating population as a burden on their cities (Solinger 1999, Guo & Iredale, 2003). At one level this manifests itself in subtle forms of discrimination. For example, in Shanghai employers using migrant labor are required to contribute 50 RMB to an unemployment fund for each migrant laborer they employ. The proceeds from this fund are used exclusively to assist unemployed permanent urban workers (Feng *et al* 2002). In other cases, municipal governments have adopted more direct action against floating population communities. Guo and Iredale (2003) reported that a number of 'migrant villages' in Beijing have been 'cleaned up' or 'demolished' since the late 1990s as whole floating population communities have been repatriated to the countryside.

However, while there are spasmodic reports of the floating population taking the jobs of urban workers, there is little substance to the claim that this practice is widespread. The floating population should not be blamed for the economic implications of the lay-offs due to economic restructuring. As one commentator put it: "The lay-off of some local workers is not the result of labor market competition from the in-floating population, but a consequence of economic reform" (Sun 1997, cited in Solinger, 1999, p.112). As discussed earlier most jobs undertaken by the floating population are 'Three D' jobs, which permanent urban workers do not want to do. Roberts (2001) noted that despite a shortage of nurses, sanitation and service personnel in Shanghai, 40 per cent of laid-off female workers remain out of work. Chang (1998, p. 39) suggested: "The majority of suspended female workers would regard such work with contempt" and "would rather remain unemployed at home than take on hard and poorly remunerated jobs".

IV. DETERMINANTS OF UNEMPLOYMENT WITHIN THE FLOATING POPULATION

To examine the determinants of unemployment within the floating population we analyzed a survey of the floating population administered in Jiangsu in December 2003. The survey was distributed to 862 floating population working in nineteen enterprises across five cities. We received 770 completed questionnaires, which is a response rate close to 90 per cent. The enterprises that we surveyed have a mixture of ownership types including SOEs, private-owned enterprises, SOE-turned shareholding firms, foreign joint ventures and wholly foreign-owned firms. The details of where the survey was administered are provided in Table 2. Jiangsu is a good province in which to conduct such a study because given its status as one of China's economic powerhouse provinces it has attracted a large floating population from the central and western provinces. Moreover, in addition to a floating population from other provinces, there is considerable intra-provincial population movement between the underdeveloped northern part and developed southern part of Jiangsu. While it is impossible to give a precise figure, a conservative estimate is that there are at least six million peasant migrants working in the cities of Jiangsu province, which has a population of seventy-four million, and that there are 2.5 million residents without a Jiangsu *hukou* working in the province, of whom at least 70 per cent are peasants (Bureau of Jiangsu Rural Economy Survey, 2004)

We used an ordered probit model where, in response to the question: "Have you been unemployed before?" the dependent variable was defined as 0 (never); 1 (less than three months); 2 (three to six months) or 3 (more than six months). We hypothesized that whether the respondent had ever been unemployed and, if so, the duration of unemployment will be a function of a vector of demographic, human capital and personal characteristics of the individual. The personal characteristics on which we have data in the sample are age and gender; the demographic characteristics on which we have data in the sample are registration status and time in the city and the human capital characteristics on which we have data are education, income and whether the individual receives unemployment insurance. The definitions of each of the independent variables and descriptive statistics for each of these variables are provided in Tables 3 and 4.

Before turning to the results we first consider the expected signs on each of the coefficients. Of the human capital variables, when selecting workers for retrenchment, employers concerned with minimizing costs are likely to take into account their productivity relative to their wages (Appleton *et al.* 2002). We expect the coefficients on the primary school, junior middle school, senior middle school and polytechnic variables to be positive relative to the 'three year higher education or above' variable which we treat as the reference category. Using household survey data for 1999-2000, Appleton *et al* (2002) found that the less educated permanent urban workers had a higher probability of being retrenched. Guo and Iredale (2003) found in their

study of the floating population in Beijing that compared with people with higher education (vocational school and above), people with low education (illiterate and primary school) were more likely to be unemployed. Appleton *et al* (2002) and Zhang *et al* (2002) also found that more education increases the probability of unemployed workers finding reemployment.

Table 2: Details on the Survey Administered to the Floating Population, Jiangsu, December 2003

Survey Location	Number and Type of Enterprise	Number of Surveys Distributed	Number of Surveys Collected
Nanjing (ten enterprises)	three SOEs, three JVs, two SHFs, one POE, one WFOE	411	365
Yizheng (four enterprises)	one SOE, one JV, one SHF, one POE	200	167
Suzhou (one enterprise)	One SOE	50	50
Chuzhou (three enterprises)	three POEs	50	49
Changzhou (one enterprise)	One SHF	151	149
Total (19 enterprises)	Five SOEs, five POEs, four JVs, four SHFs, one WFOE	862	780

Notes: SOE=state-owned enterprise; JV=joint venture; SHF=shareholding firms; POE=privately-owned enterprise; WFOE = wholly foreign-owned enterprise.

Table 3: Definition of the Variables, Floating Population Survey, Jiangsu, December 2003

Variable	Definition
Time in city	A variable measuring the period of time that the respondent has been in the city; 1= 'less than 3 months', 2= '3-6 months', 3= '6-12 months', 4= '1-2 years', 5= '2-3 years'; 6= '3-4 years'; 7= '4-5 years'; 8= 'more than 5 years'.
Past income	A variable measuring the net annual income of the respondent in the three years prior to the survey ; 1= '3000 RMB or less', 2= '3001-5000 RMB', 3= '5001-6000 RMB', 4= '6001-7000 RMB', 5= '7001-8000 RMB'; 6= '8001-9000 RMB'; 7= '9001-10000 RMB'; 8= '10001-15000 RMB'; 9= More than 15,000 RMB.
Registration	A binary variable set equal to 1 if respondent's agricultural residential registration is from outside Jiangsu; set equal to zero if the respondent's agricultural registration is from within Jiangsu.
Gender	A binary variable set equal to 1 if the respondent is male; set equal to zero otherwise.
Education level	A variable measuring the highest educational qualification of the respondent; 1= primary school or less; 2= junior middle school; 3 = senior middle school; 4 = polytechnic school; 5= three year higher education or above.
Age	Age in years.
Insurance	A binary variable set equal to 1 if the individual has unemployment insurance; set equal to zero otherwise.

Table 4: Descriptive Statistics, Floating Population Survey, Jiangsu, December 2003

Insurance ^(a)	22.5%
Time in city	
Less than 3 months	2.9%
3-6 months	6.3%
7-12 months	10.7%
1-2 years	13.4%
2-3 years	11.1%
3-4 years	7.9%
4-5 years	6.3%
More than 5 years	41.4%
Past income	Mode = 2 (3001-5000 RMB); Mean = 4.65; Standard deviation = 2.28.
Registration	
Jiangsu registration	49.2%
Registration outside Jiangsu	50.8%
Gender	
Male	70.6%
Female	29.4%
Education level ^l	
Primary school or less	4.5%
Junior middle school	56.7%
Senior middle school	28.2%
Polytechnic	7.4%
Three year higher education or above	3.2%
Age	Mean = 31.94 years; Standard deviation = 7.89 years; Min.=15; Max=57.

Notes

(a) All percentages are 'valid', accounting for missing values

The coefficient of the income variable is expected to be negative. Our interviews with managers at the time we collected the data suggested that those workers who have skills are paid a 'skill premium' in the form of higher income because enterprises want to retain their services. The coefficient on the unemployment insurance variable is expected to be negative following similar reasoning. Our interviews with enterprise managers and contract agencies who provided migrant workers in Jiangsu suggested that employers only paid social insurance for a limited number of 'key' migrant workers. These workers, who have skills which were in high demand, are less likely to have been unemployed.

In terms of the personal characteristics of the respondent we expect female workers and older workers to have a higher probability of being unemployed for longer periods. Appleton *et al* (2002) and Guo and Iredale (2002) found that older workers were statistically more likely to be unemployed. Older workers are more likely to be in poorer health. Appleton *et al* (2002) also find that being in poor health increases the probability of being retrenched. In the case of the floating population, older workers may be less suited to meeting the demands of working in 'Three D' jobs. As far as gender, de Brauw *et al* (2002) found that males had a higher probability of finding off-farm employment including employment in migrant labor markets. In

a study of the floating population in Shanghai, Feng *et al* (2002) found that controlling for human capital and other personal characteristics such as age, females were both less likely to have ‘high status positions’ and received lower incomes than males. Appleton *et al* (2002) found that female urban workers had a higher probability of being laid-off. Guo and Iredale (2003) found that relative to females, male migrants in Beijing were much less likely to be unemployed.

Of the demographic variables, registration status is a binary variable set equal to 1 if the respondent’s *hukou* is from outside Jiangsu and set equal to zero if the respondent has a Jiangsu agricultural *hukou*. Those with a *hukou* from outside Jiangsu are floating population from other provinces while those with a Jiangsu agricultural *hukou* are primarily floating population from the less-developed northern part of Jiangsu who have moved to the south in search of job opportunities. We expect the sign on the coefficient for registration status to be positive. Our interviews with managers in Jiangsu at the time we collected the data suggested discrimination against the floating population from outside the province relative to those with a Jiangsu *hukou*. Supporting this conjecture, in previous research using the same dataset as employed in this study, Nielsen *et al* (2005) found that the floating population from outside Jiangsu were statistically less likely than those with a Jiangsu agricultural *hukou* to receive social insurance benefits.

The ‘time in the city’ variable measures how long the respondent has been in the city. Guo and Iredale (2003) included a similar variable in their study of the determinants of unemployment among the floating population in Beijing. Their expectation was that the coefficient on the ‘time in the city’ variable should be negative, meaning that the longer the individual remains in the city, the lower the probability of being unemployed. The rationale is that the longer the individual is in the city, the more time he or she has to get linked in to social networks operating in migrant communities in the cities and the easier it will be to find a job. Guo and Iredale (2003), though, found that the coefficient on ‘time in the city’ was actually statistically significant with a positive sign. Their conclusion (at p.13) is that their results “might ... suggest that those who have been living in Beijing for a longer period of time are more likely to afford to live in Beijing once they are unemployed, as they might have more resources and help available”. The social networks that become more established the longer the individual has been in the city might assist to find employment and, at the same time, provide a safety net when the individual is unemployed. Thus we treat the sign on ‘time in the city’ as ambiguous.

Table 5: Ordered Probit Results Predicting the Probability of the Duration of Unemployment Among the Floating Population

Predictor	<i>B</i>	Wald χ^2	<i>p</i>
Past income	-0.122	20.708	0.000
Time in city	-0.555	3.662	0.056
Registration	0.577	18.905	0.000
Gender	-0.040	0.090	0.764
Age	-0.008	0.895	0.344
Primary School	0.335	0.604	0.437
Junior Middle School	0.207	0.394	0.530
Senior Middle School	0.433	1.680	0.195
Polytechnic Education	0.179	0.217	0.642
Insurance	-0.323	4.428	0.035
χ^2 (df = 10)	100.720	p<0.000	
Nagelkerke R ²	0.235		

Notes: For education, ‘three year higher degree’ is the reference category.

The results of the ordered probit model predicting the probability of duration of unemployment among the floating population are presented in Table 5. Past income, registration status and unemployment insurance are each statistically significant at the 5 per cent level or better with the expected sign. ‘Time in the city’ is statistically significant at the 10 per cent level with a negative sign suggesting that the longer the individual is in the city, the lower the probability of being unemployed. This result is the opposite to that reported by Guo and Iredale (2003), but it is consistent with their initial expectations. The coefficients on age, gender and education are statistically insignificant. While the results for education are inconsistent with those found by Appleton *et al* (2002) and Guo and Iredale (2003), they suggest that education does not generally effect the employability of the floating population in ‘Three-D jobs’, at least in our Jiangsu sample. This implies that in these jobs returns to education are low. This is consistent with some evidence from previous studies of the determinants of returns to the floating population. Knight *et al* (1999, p.79) found that ‘education is little rewarded’ based on an analysis of a 1996 survey of rural migrants working in four cities. Roberts (2001) found that education beyond junior-middle school was a statistically insignificant determinant of occupation choice among the floating population in Shanghai for all occupations except farming.

V. HOW DO THE UNEMPLOYED WITHIN THE FLOATING POPULATION SUPPORT THEMSELVES?

In the wake of the restructuring of SOEs, much previous research has considered the coping mechanisms of urban workers laid-off from the state-owned sector (see eg. Chan and Qiu, 1999, Price and Fang 2002). Little attention, however, has been given to the avenues through which the floating population support themselves when unemployed. Table 6 shows the means through which the unemployed within the floating population supported themselves in our Jiangsu survey. The two major forms of recourse, consisting of almost three-quarters of all valid responses, were to return to their hometown or draw on their savings. About one fifth of respondents relied on unemployment insurance, with a relatively small percentage turning to friends and relatives for financial support.

Table 6: How Do the Unemployed Within the Floating Population Support Themselves? Jiangsu, December 2003

Form of Support	Valid Percentages
Unemployment Insurance	21.7
Savings	33.8
Friends or Relatives	6.9
Return to Hometown	38.5

Our findings can be compared with the results from the Renmin University survey of the floating population in Fengtai District in Beijing in 2001, which was referred to earlier. That survey found that when unemployed 41.1 per cent relied on their own savings, 36.1 per cent borrowed from friends, relatives or others within the floating population and 14.6 per cent returned to their hometown (Li, 2002). The main difference between the findings from our survey and the results in the Fengtai study is that in our sample a much higher proportion of respondents returned to their hometown rather than borrowed from friends and relatives. If the Fengtai survey is an accurate reflection of how the floating population supports themselves when unemployed in Beijing, it is consistent with Guo and Iredale’s (2003) finding that the coefficient on the ‘time in the city’ variable has a negative sign because, when unemployed, a high proportion within the floating population can afford to remain in Beijing through turning to friends and relatives.

However, the finding that less than 15 per cent of respondents in the Fengtai survey returned home when unemployed seems surprisingly low and is inconsistent with what we know from other studies, including Guo and Iredale’s (2003) Beijing study. Based on fieldwork in Beijing in 1997-1998, Guo and Iredale (2003, pp. 10-11) suggested: “If someone lost their job and was unable to work the most common solution would be to ‘go home’”. Observations among street vendors in a Henan migrant community also confirmed

that many people could not afford to stay in Beijing without a job. The temporary nature of their employment status and lack of legal protection have forced many unemployed migrants out of the city once the employment perspective is no longer promising". The findings from our survey are consistent with this perspective.

VI. CONCLUSION

Most existing research has focused on the important role which the floating population has played in fuelling China's impressive record of economic growth over the last two decades. When researchers have turned their attention to the downside of large numbers of migrants flowing into the cities, most of the focus has centred on the 'hardships', which large numbers of floating population have brought to bear on the urban populace. The floating population has been blamed for exacerbating a range of social ills including congestion, crime, degradation of the environment, and housing shortages (Solinger, 1999). When attention has been paid to the needs of the floating population, research has tended to focus on labor rights issues with particular emphasis on the poor working conditions and long hours the floating population are forced to endure (Chan, 2001).

Most existing studies of China's labor market have focused on how to redeploy large numbers of urban workers laid-off from the state-owned sector. While urban unemployment is a major policy issue confronting the Chinese government and deserves study, the preoccupation of policy makers with this problem has directed attention away from the looming unemployment problem among the floating population. This study has examined the rate and determinants of unemployment among the floating population as well as discussing how the unemployed within the floating population support themselves. The overriding policy implication that comes through our findings is that unemployment within the floating population *is* an issue which cannot be ignored.

To this point policy makers have not only focused exclusively on addressing urban unemployment, but, in doing so, have positively discriminated against the floating population in efforts to reduce dislocation in urban labor markets. Examples, as discussed in the paper, are levies on employers who hire migrant labour which go into a fund to assist the urban unemployed and bans on migrants working in certain occupations. Our findings suggest that such discriminatory practices need to be changed. Jiangsu does not have a province wide social insurance scheme for the floating population and social insurance support is left to municipal governments. The available evidence suggests that these embryonic reforms provide, at best, patchy coverage. It is interesting that about one-fifth of the respondents surveyed had unemployment insurance. At this stage those within the floating population with unemployment insurance and other forms of social insurance tend to be limited to key workers. This suggests that in addition to eliminating labor practices that discriminate against those without an urban *hukou*, more needs to be done to develop social insurance support mechanisms for the floating population.

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