

Governance Reform towards “Serving Migrant Workers”: The Local Implementation of Central Government Regulations*

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ABSTRACT Using data from three provinces as part of a joint study by Monash University in Australia and China’s Institute of Labour Science, an affiliate body of the national Ministry of Labour and Social Security, this article examines the extension of social rights and social security coverage to intra-national migrants in China as a public governance issue. More specifically, it analyses how central government regulations on improving the situation of migrant workers are being interpreted and implemented by local governments. In this regard, it offers a unique case study of difficulties encountered in the local implementation of policy directives issued by the central government.

In 2005, a collaborative project on the situation of China’s migrant workers was undertaken by Monash University in Australia and China’s Institute of Labour Science (*Laodong kexue yanjiusuo* 劳动科学研究所, hereafter ILS), an affiliate body of the Ministry of Labour and Social Security (MOLSS). For this project, ILS researchers selected Hunan, Zhejiang and Heilongjiang as they had not previously surveyed these provinces. Monash and ILS researchers agreed that useful local comparisons could be drawn between Heilongjiang and Hunan as relatively poor provinces that had become prominent “senders” of migrant labour. As a rich province and “receiver” of migrant labour, a survey of Zhejiang could be used to analyse how conditions of migrant labour might differ between rich and poor provinces.

The role of Monash academics was to contribute to project conceptualization and design of the field survey that ILS researchers conducted between March and August 2005. We were provided with a full set of the ILS Chinese-language field reports and a 70-page English-language summary authored by Guo Yue 郭悦, the official responsible for supervising the field research. The topic

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addressed here – the extent to which central government regulations were being implemented across the three provinces in 2005 – was a key survey question.¹

The ILS field reports and Guo's summary reveal an enormous difference between central and local officials' perceptions of migrant workers. Whereas Guo and other ILS researchers viewed them as taxpayers who performed jobs that urbanites found lowly and undesirable, local officials regarded them with ambivalence as "outsiders" (*waidiren* 外地人) who were a necessary labour force but who placed enormous social and economic burdens on their cities. The field reports confirm that, in most instances, central government regulations were being interpreted and implemented to maintain rather than reduce (let alone eradicate) local restrictions on migrant workers.

The ILS field findings were complicated by the following factors. Local officials sought only to emphasize their achievements with little or no discussion of areas in which progress was slow or non-existent. They also tended to select as respondents migrant workers from large-scale and well-managed enterprises. The organizational burdens that the ILS survey placed on local labour bureaus meant that many scheduled tasks were not completed. Fifteen-day itineraries for each location were often cut back to ten days and, in some cases, seven days.

Nevertheless, because ILS projects are intended to assist policy-making within MOLSS, the field reports reflect the consultative approach that MOLSS now adopts in relation to policy reform. That consultative approach indicates a shift towards the discourse of "social justice" (*shehui gongzheng* 社会公正) now favoured by Party officials who advocate a balance between economic growth and welfare needs.²

In practice, "social justice" generally takes the form of laws and regulations intended to protect the rights of citizens and enhance their social security. These include the array of central government regulations issued in recent years to extend the rights and social security of migrant workers. These regulations constitute a significant aspect of governance reform but there are equally significant obstacles to their implementation.

The abolition of discriminatory regulations alone constitutes a significant loss of local government revenue.³ When this loss is compounded by highly inadequate central funding for local governance reform, it is not surprising to find little progress being made. In brief, the onerous challenge of maintaining

1 Our analysis is based on the following unpublished ILS data: *Hunan sheng diaocha qingkuang jiyao* (Survey of the Situation in Hunan); *Heilongjiang sheng diaocha qingkuang jiyao* (Survey of the Situation in Heilongjiang); *Zhejiang sheng diaocha qingkuang jiyao* (Survey of the Situation in Zhejiang) (October 2005).

2 Wu Zhongmin, *Shehui gongzheng lun* (A Theory of Social Justice) (Jinan: Shandong renmin chubanshe, 2004).

3 Xin Deng and Russell Smyth, "Non-tax levies in China: sources, problems and suggestions for reform," *Development Policy Review*, Vol. 18, No. 4 (2000), pp. 391–411.

strong local economic growth *and* implementing governance reform cannot be met without effective public finance reforms.⁴ The section below summarizes recent regulations aimed at “serving migrant workers.” The article then analyses the ILS field reports to show that, without adequate funding for governance reform, local governments will continue to manipulate central regulations to maintain the *status quo*.

Policy Reform⁵

Despite the central government’s recognition that the *hukou* (戶口) system produces de facto institutionalization of class segregation and discrimination, it has remained reluctant to abolish the system entirely. Rather, it has sought to reform it through new policies aimed at facilitating the greater movement of rural residents into towns and cities and providing them with entitlements previously enjoyed only by urban residents. The first of these policies appeared as Circular No.1 of the General Office of the State Council in January 2003. Also known as the “Circular on good management and provision of services for rural migrant workers,” it outlines six steps to be taken towards abolition of all discriminatory regulations. Specific issues of governance reform were then elaborated in regulations produced since 2003.

The items included in Circular No. 1 were expanded in at least two circulars issued in 2004 (No. 92 by the State Council⁶ and No. 1405 by the National Development and Reform Commission⁷). Circular No. 92 specifically instructs municipal governments to simplify the application process for migrant workers in search of work. It instructs “labour departments at all levels” to assist trade unions in securing collective contracts for migrant workers “on the basis of equality and consultation” as well as mandating employers to compensate migrant workers for work-related injuries.

Circular No.1405 reiterates much of what appears in Circular No. 92 but with the additional stipulation that local governments must “take the training of rural migrant workers as an important task,” and “receiving and sending governments” must make optimal use of “existing local educational resources” for training purposes. It also stipulates that whilst all training-related expenses “should be financed by three parties, the government, the employer and the individual migrant worker” (with migrant workers participating on a voluntary basis), no fees were to be charged for either the actual content of the training or

4 The World Bank co-sponsored a roundtable discussion on “Public finance for a harmonious society” (20–27 June 2006, Diaoyutai State Guesthouse) in which problems of fiscal accountability and transparency between local and central government bodies were discussed, together with suggestions for reform in the sectoral or regional reallocation of public finance.

5 Our analysis in this section is based on documents from the MOLSS compilation, *Guanyu gaishan nongmingong jin Cheng jiu ye huanjing wenjian huibian (Documents about Improving the Job-Seeking Prospects of Migrant Workers)* (April 2005).

6 “Circular on further improving the working conditions of rural migrant workers.”

7 “Circular on further clearing up and abolishing discriminatory regulations and unreasonable charges imposed on inter-provincial rural migrant workers.”

the issuing of certificates upon completion of training. Indeed, such fees are "strictly prohibited."

Both circulars include statements that instruct "public employment agencies at all levels" (affiliated with local bureaus of labour and social security) to provide migrant workers with job referrals and information about job vacancies and labour policies at no cost. No. 92 notes that migrant workers who were already locally registered should be provided with both vocational guidance and job referrals. In relation to the provision of services for migrant workers, No.1045 further instructs "labour and social security departments at all levels and their affiliated public employment service agencies" to make their services available to migrant workers at no charge, noting also that "the required expenses" for providing these services "should be funded by the finance department at the same level."

In 2005, MOLSS's Circular No.18⁸ stated the abolition of four sets of regulations issued in the 1990s, the first three of which were issued by the former Ministry of Labour that MOLSS replaced. The defunct regulations are "Provisional regulations on inter-provincial employment for the rural labour force" (No. 458) issued in 1994; "Circular on the prohibition of the improper issuing of mobile employment permits or cards" (No. 59) issued in 1995; "Circular on issuing employment registration cards for workers employed outside their own localities" (No. 99) issued in 1996; and abolition of the specific regulation on employment permits or cards as stipulated in the "Circular to improve the employment of redundant rural labour" (No. 3) issued by MOLSS's General Office in 2000.

Local Implementation of Central Regulations

The following analysis is confined to discussions ILS investigators conducted with representatives of public security bureaus, labour and social security bureaus, and departments of education in Changsha (Hunan province), Harbin (Heilongjiang province) and Yinzhou (鄞州) district in Ningbo (Zhejiang province). Three key issues of centrally mandated governance reform were addressed: the entitlement of migrant workers to urban residential status; the extension to migrant workers of social security and employment-related services; and access to education for the children of migrant workers.

Lifting residential restrictions

Public security officials in Changsha, Harbin and Ningbo's Yinzhou district all claimed that discriminatory residential regulations had largely been abolished. The survey work, however, reflects a decidedly less optimistic situation. Changsha officials stated that their bureau had adopted a uniform "temporary residence certificate" for all migrant workers. Holders of this certificate, they claim, now enjoy the same rights as urban residents in all but two areas: they are

⁸ "Circular on the abolition of 'provisional regulations on inter-provincial employment for rural labour force'."

not allowed to purchase government-subsidized commercial premises and they are ineligible for the guaranteed “minimum standard of living.”⁹

The consistent emphasis Changsha officials placed on the “eligibility” of migrant workers for urban entitlements reflects an implicit discrimination. “Eligibility” is always open to the interpretation of policy makers as to whether it should constitute “entitlement,” making those “eligible” clearly inferior to those “entitled.”¹⁰ Thus, despite the officials’ claim that parity had largely been achieved, the situation of Changsha’s migrant workers remains clearly inferior to that of urban *hukou* residents.

This becomes even clearer when it is considered that migrant workers in Changsha wishing to register for urban *hukou* status are required to satisfy one of the following three criteria: ownership of a residential dwelling of more than 60 square metres; investments in Changsha of at least 500,000 yuan in value or taxation payments in excess of 20,000 yuan per year; or possession of a technical college or university qualification with the technical college qualification (*zhongzhuan* 中专) as the minimum standard, together with social security contributions totalling at least 12 months and the requisite approval of the local bureau of labour and social security.

The ILS survey of Harbin does not include any discussion of reform in the issuing of temporary residence certificates. Public security officials estimated the actual number of migrant workers in Harbin at around 400,000 but noted that there were only 210,000 registered holders of temporary residence certificates. They stated that most of the previous restrictions on urban *hukou* registration, including registration fees in small cities and towns, had been abolished. They observed that because rural land had increased in value, few rural residents now sought to enrol for urban *hukou* status in contrast to the large number who had sought such status in previous years when fees were payable. Registration for *hukou* status in Harbin depended on the applicant satisfying one of the following two criteria: ownership of commercial property worth at least 150,000 yuan or ownership of a residential dwelling *and* at least ten years’ employment in the city.

In the Yinzhou district of Ningbo, public security officials were forthright in calling migrant workers “outsiders.” They stated that temporary residence certificates were now issued within three days of application for long-term employees. They noted that there was one police officer for every 200 migrants and explained that because “outsiders” committed 87.4 per cent of the district’s crimes, it was necessary to categorize migrants under three headings: blue (the majority), red (those requiring close monitoring) and yellow (those identified as dangerous). As in Changsha and Harbin, the public security bureau in Ningbo now allowed “outsiders” to register for urban *hukou* status provided that they

9 “Regulations on guaranteeing urban residents’ minimum standard of living,” (1999) in *White Paper on China’s Social Security and Its Policy* (Information Office of the State Council, PRC) at <http://www.china.org.cn/e-white/20040907/>.

10 See Peter Saunders, “Selectivity and targeting in income support: the Australian experience,” *Journal of Social Policy*, Vol. 20, No. 3 (1991), pp. 299–326.

satisfy one of three criteria: ownership of a residential dwelling, stable employment and a fixed income; possession of a technical college or university qualification with the technical college qualification as the minimum standard, together with current employment in the city; or commercial investments in the city totalling at least 600,000 yuan and evidence of regular taxation payments.

From the above, it is evident that governance reform in *hukou* registration is marginal because new restrictions are being introduced via new eligibility criteria. Property ownership and high levels of taxation payments are beyond the means of most migrant workers and these criteria are clearly intended to exclude the majority of migrant workers from the entitlements enjoyed by urban residents. ILS investigators found in all three cities that migrant workers who sought urban *hukou* status relied on marrying urban residents or on their parents purchasing urban properties for them. None was able to satisfy the new criteria by virtue of employment alone.

Provision of social security and employment-related services

On this issue, the ILS found evidence of some governance reform in the work of the bureaus of labour and social security in Changsha and Yinzhou (Ningbo) but not in Harbin. In Changsha, employment services became available to migrant workers at no cost in 2005, with finance departments at different levels bearing the expenses incurred. The additional services now being provided are: "information network platforms" (*xinxi wangluo pingtai* 信息网络平台) at municipal, district, township and village levels to provide migrant workers with regular updates on urban employment opportunities and conditions; and subsidies for the training of migrant workers.

Changsha labour officials also spoke of an initiative their bureau had undertaken with the department of construction to resolve the problem of unpaid wages, noting that some 60 million yuan in back wages owed to the city's migrant workers was paid in 2004, and that a wage insurance system was now in place for migrant workers in the construction industry. These officials also listed numerous difficulties in enrolling migrant workers in the existing range of social insurance schemes, given the high contribution levels mandated. Moreover, because they lacked statistical data on the numbers of migrant workers enrolled, they could only provide a rough estimate of some 10,000 migrant workers currently enrolled in a pension scheme, with the numbers entitled to medical insurance being considerably lower (of an estimated total of 600,000 migrant workers in Changsha alone).

In Harbin, local officials offered the ILS investigators little concrete information about employment-related services that had been made available to migrant workers but stated that most of the city's migrant workers were employed in construction, value-added manufacturing and the service industry, with an average wage of around 500–600 yuan per month. The ILS field report on Harbin states that "No initiative has been shown towards providing social

security to migrant workers.” In our discussions with Guo Yue, he commented that the situation in Harbin is similar to that of other poor cities that once formed part of the now largely defunct state-owned industrial sector. He was at pains to note that the local labour bureaus in these cities faced an enormous challenge in managing change, let alone implementing new policies. Thus, in its assessment of governance reform in Harbin, the ILS attributed the absence of social security and social services for migrant workers to adverse local social and economic conditions rather than to the poor performance of local governments.

In Ningbo’s Yinzhou district, labour officials stated that their bureau had now established 20 “grassroots stations” (*jiceng zhan* 基层站) in surrounding towns and villages to assist the rural population with information relevant to urban employment. These stations each had seven employees whose work was partially subsidized by the bureau at a cost of around one million yuan to date. Additionally, the bureau offered migrant workers (from within and outside Zhejiang) the same information services as urban *hukou* residents through an integrated four-level (municipal, district, township and village) network, similar to Changsha’s, based on the principle of “impartiality and equal favour” (*yishi tongren* 一视同仁).

Yinzhou labour officials also noted that a 2004 investigation conducted on enterprise violations of employment conditions within the district revealed that of the 1,200 cases identified, 98 per cent of the victims were migrant workers who had entered Zhejiang from other provinces. They also noted that such violations had increased by 30 per cent each year between 2002 and 2005. Similarly, of the 655 labour dispute cases the Yinzhou district bureau handled in 2004, 90 per cent involved migrant workers from outside Zhejiang.

As Zhejiang is a major “receiver” of migrant workers from other provinces, Yinzhou district’s labour officials highlighted the difficulties involved in subsidizing training for non-Zhejiang migrant workers when “local migrant workers” (*bendi nongmingong* 本地农民工) were their priority. Currently, only local migrant workers are entitled to vocational training. They argued that this was a systemic (*tizhi* 体制) problem because there were no guarantees that “outsiders,” the majority of migrant workers, would remain in Zhejiang upon completion of their training. Zhejiang authorities thus could not ensure a return on their investment in training these “outsiders.” They also noted that even though local governments in “sending” provinces had actively sought to train their rural population for migrant work, there was insufficient understanding of labour market needs in “receiving” provinces like Zhejiang and the quality of training provided generally failed to meet Ningbo standards.

As in Changsha, enrolment of migrant workers into social insurance schemes was low and accurate statistics on the social security situation of migrant workers were non-existent. Labour officials estimated that there were some 300,000 migrant workers in Yinzhou district of whom only about 35,000 were enrolled in a pension scheme, with considerably lower enrolments in other forms of social insurance. They also noted that migrant workers who were currently

enrolled in some form of social insurance tended to be supervisors or skilled workers who held steady jobs in large-scale factories.

Access to education for the children of migrant workers

Officials from Changsha's education bureau stated that a new set of administrative principles was introduced in 2005 to facilitate the admission of migrant workers' children into the city's state schools. Non-state or private (*minban* 民办) schools were also being encouraged to admit these children. Under the bureau's new rules, children of urban *hukou* residents and migrant workers paid the same school fees, with families experiencing hardship either paying reduced fees or being exempt from fees altogether. Admission of migrant workers' children into local schools is conditional on the provision of documentation confirming a parent's or guardian's employment in Changsha. Relevant documents include: evidence of the parent or guardian having signed a labour contract with a local employer; a temporary residence certificate; or evidence of property ownership or rental accommodation in Changsha. In addition, parents are also required to provide local schools with documentation from the schools in which their children were previously enrolled, indicating the level of education completed.

Changsha officials stated that the city admitted 28,000 migrant children into state schools in 2004 alone, and the total number of migrant children enrolled in primary and lower secondary schools exceeded 50,000 in 2005. They also noted that, in the absence of any increase in funding and staffing for schools, the implementation of equal access to education for migrant workers' children has exacerbated the already overcrowded situation in state schools, creating resentment among urban *hukou* residents who viewed the situation as one where "peasants have appropriated (*qinshan* 侵占) the city's educational resources."

Education officials in Harbin noted that they had established a uniform "three types of evidence" (*sanzheng* 三证) procedure in enrolling migrant children into local state schools: provision of a temporary residence certificate; evidence of the parent's or guardian's employment at a local enterprise; and evidence of previous schooling. They claimed that the principle of "impartiality and equal favour" had been achieved in relation to charging the same fees for urban and migrant children, and that migrant children were now fully integrated into the city's current school zoning system. They stated that around 50,000 migrant children were enrolled in the city's state schools (making up 10 per cent of the total primary and lower secondary student population), with 17,000 of these being enrolled in lower secondary schools.

Similarly, education officials in Ningbo's Yinzhou district stated that migrant workers' children were eligible for admission into state schools on provision of documentation to confirm the parent's or guardian's employment in the district, such as an identity card, *hukou* papers, temporary residence certificate or other

evidence of employment such as a labour contract. They noted that some 20,500 children of migrant workers were now enrolled in the city's state schools and around 11,000 migrant children were attending non-state schools. Unlike Changsha and Harbin, where school fees for urban and migrant children are now the same, Ningbo sets a higher fee for migrant children at 450 yuan per term (as opposed to 150 yuan per term for urban children). Yinzhou officials claimed that higher fees were necessary because of the enormous financial pressures the district faced in accommodating migrant children within the existing school system.

Like their counterparts in Changsha and Harbin, Yinzhou officials emphasized that "impartiality and equal favour" was difficult to achieve in the absence of substantial increases in government funding for urban schools. They also noted that non-state schools remained their preferred option for improving educational access for migrant children because these were directly supervised by the local education bureau and were less of a financial burden.

From the above, it is clear that local policies are now worded to reflect the goal of integrating migrant children into the existing urban state school system or improving their access to education. The continued emphasis on eligibility rather than entitlement, however, means that children of migrant workers unable to provide the required documentation remain excluded.

Conclusion

Of the three cities surveyed, Yinzhou district was best able to allocate resources to the management of migrant workers but did so largely in the interest of policing "outsiders." More generally, the field data confirm that economically developed cities that attract a significant inflow of migrant labour are more likely to retain discriminatory regulations to restrict the movement of migrant workers and to distinguish between intra- and inter-province migrants.

There were repeated complaints about inadequate funding for governance reform and this is also indirectly reflected in the significant lack of co-ordination and communication between local government departments in the same province (let alone between provinces) in response to ILS-Monash survey questions about social security for migrant workers. However, when faced with a serious problem that threatens to disrupt social order, such as the problem of wages owed to migrant workers in Changsha's construction industry, local governments will move quickly to find an effective solution.

Without public finance reforms, local implementation of regulations aimed at serving migrant workers will remain extremely limited. Accountability and transparency in local and central governance practices will also remain unsatisfactory.¹¹ While it is impossible to say whether the national interest will

11 The new emphasis on public finance reform and accountability is discussed in Bert Hofman, "Public finance for a harmonious society: summary of a roundtable at the Diaoyutai State Guesthouse (Beijing, June 26–27, 2006)," unpublished memo, World Bank Beijing. We thank Bert Hofman for allowing us to cite this paper.

ultimately prevail over local interests, there is, at the very least, some evidence of local acceptance that governance practice must now include the rhetoric of showing "impartiality and equal favour" to migrant workers, a phrase that local officials repeatedly invoked as the overarching aim of their practice. Since effective governance reform will occur only with adequate funding, it remains to be seen whether the central government's declared intention to achieve equality for migrant workers will turn out to be substantial rather than rhetorical.