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Source: *The China Quarterly*, Mar., 2005, No. 181 (Mar., 2005), pp. 22-45

Published by: Cambridge University Press on behalf of the School of Oriental and African Studies

Stable URL: <http://www.jstor.com/stable/20192442>

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# Migration as the Second-best Option: Local Power and Off-farm Employment\*

Lei Guang and Lu Zheng

**ABSTRACT** In the 1980s and 1990s, China experienced rapid labour transfer from agricultural to non-agricultural activities. Large numbers of Chinese villagers sought to escape low-status and unprofitable work in grain cultivation through migration or local off-farm employment. Although migrants generally earned higher wage income, they suffered from inferior work and living conditions compared to local off-farm workers. All things considered, we argue that migration was a second best option for the villagers which they chose only after they had failed to secure comparable local employment. Under such circumstances, political power in the rural area was expected to have a significant influence on the outcome of local off-farm employment. When the off-farm population (migrants and local off-farm workers) is further divided into wage labourers and entrepreneurs, it can be seen that local power worked differently in each case. Being from a cadre family had little impact on whether a wage worker stayed local or migrated, but entrepreneurs with political connections were more likely to stay in the local area. This conclusion contradicts the “market transition” theory that asserts marketization (measured by the presence of private entrepreneurial activities) nullifies the advantage of traditional power. It also qualifies the “power persistence” theory in that positional power seemed less relevant for the wage labourers than for the private entrepreneurs.

China’s agricultural labour force has declined rapidly during the reform. According to official statistics, agricultural workers no longer made up the majority of China’s employment after 1994. Their proportion has decreased steadily from 71 per cent of the total labour force in 1978 to about 47 per cent in 2000. Even in the rural areas, only 66 per cent of the labour force was absorbed by agriculture in 2000 whereas the corresponding number was about 90 per cent at the beginning of the reform.<sup>1</sup> Given that official Chinese statistics still categorize millions of peasant migrants as being employed in agriculture, the figure on agricultural employment in the countryside is most probably still an over-estimate.<sup>2</sup>

\* Lei Guang acknowledges the support of the post-doctoral fellowship provided by the Center for East Asian Studies, Stanford University (2002–2003). Both authors are grateful to the UCLA Institute for Social Science Research for making available the survey data used in the article. For comments and criticisms on earlier versions, the authors thank Katherine Cushing, Richard Hofstetter, Jean Oi (and the Chinese politics workshop group at Stanford), Dorothy Solinger, Andrew Walder and Litao Zhao.

1. State Statistical Bureau, *Zhongguo laodong tongji nianjian (China Labour Statistical Yearbook)* (Beijing: Zhongguo tongji chubanshe, 2001), pp. 9, 28.

2. D. Gale Johnson, “Can agricultural labour adjustment occur primarily through creation of rural non-farm jobs in China?” *Urban Studies*, Vol. 39, No. 12 (2002). Rozelle and his colleagues estimate that about 34% of the rural labour force had off-farm jobs as early as in 1995. Scott Rozelle *et al.*, “Leaving China’s farms: survey results of new paths and remaining hurdles to rural migration,” *The China Quarterly*, No. 158 (1999), p. 370.

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The decline of China's agricultural labour force accelerated in the 1990s. In six out of ten years from 1991 to 2000, the *absolute* number of workers in the agricultural sector dropped from that of the previous year. Such an absolute decline happened only once in the preceding decade, in 1984. Chinese policy makers and analysts have labelled this precipitous decline as de-agriculturalization (*feinonghua*) – a shift of employment from agricultural to non-agricultural sectors in both rural and urban areas.

De-agriculturalization is mainly the outcome of dual processes: industrialization and off-farm entrepreneurship in the countryside, and massive migration from the rural to urban areas. So far, scholars have studied them largely as two separate processes. On the one hand, many have studied rural industrialization and its effect on rural non-agricultural employment and state–society relations.<sup>3</sup> On the other, an equally large literature has emerged on the rural–urban migration that explores its determinants and the migrants' relationship with the rural/urban state.<sup>4</sup> Both these processes shift labour away from agriculture. Insofar as the villagers are concerned, they open up two alternative avenues of non-agricultural employment: off-farm work in the nearby rural areas or migratory employment in the distant cities.<sup>5</sup> One may ask how such alternatives are related as off-farm work opportunities, and what factors explain the local or migrant employment outcomes for the villagers.

Several recent studies have examined the Chinese villagers' decisions to pursue non-agricultural employment, but they generally did not treat local and migratory employment as the main subtypes. Instead they either distinguished between the migrants and non-migrants as a whole or categorized non-agricultural employment according to whether the villagers worked in the state, collective or private sector.<sup>6</sup> Little work has been done comparing the local and migrant off-farm workers. This study will address this lacuna by systematically comparing these two groups of villagers who have left farm work but ended up in different localities.

3. Sarah Cook, "Who gets what jobs in China's countryside? A multinomial logit analysis," *Oxford Development Studies*, Vol. 26, No. 2 (1998); Jeffrey Taylor and Judith Banister (eds.), *Surplus Rural Labour in PRC, The Uneven Landscape: Geographical Studies in Post-Reform China* (1991); Jean Oi, *Rural China Takes Off: The Political Foundation for Economic Reform* (Berkeley: University of California Press, 1999); William Byrd and Qingsong Lin (eds.), *China's Rural Industry: Structure, Development, and Reform* (New York: Oxford University Press, 1990).

4. Loraine A. West and Yaohui Zhao, *Rural Labour Flows in China* (Berkeley: Institute of East Asian Studies, UC Berkeley, 2000); Li Zhang, *Strangers in the City* (Stanford: Stanford University Press, 2001); Dorothy Solinger, *Contesting Citizenship in Urban China* (Berkeley: University of California Press, 1999); Lei Guang, "The state connection in China's rural–urban migration," *International Migration Review* (forthcoming, 2004).

5. In this study, a local non-farmer is someone who lives in a rural household but has local off-farm employment, while a migrant refers to someone who is from a rural area, has agricultural *hukou* but works in a city.

6. Yaohui Zhao, "Leaving the countryside: rural-to-urban migration decisions in China," *American Economic Review*, Vol. 89, No. 2 (1999); Rozelle *et al.*, "Leaving China's farms"; William Parish, Xiaoye Zhe and Fang Li, "Nonfarm work and marketization of the Chinese countryside," *The China Quarterly*, No. 143 (1995); Denise Hare, "The determinants of job location and its effect on migrants' wages: evidence from rural China," *Economic Development and Cultural Change*, Vol. 50, No. 3 (2002); Cook, "Who gets what jobs in China's countryside?"

How different are the migrants from the local non-farmers? Do villagers have reasons to prefer local off-farm employment to migration? What explains their preference? Do local political connections matter in the allocation of agricultural and non-agricultural jobs?

This article addresses these questions by drawing on a nationally-representative survey of rural and urban households in 1996. It regards local off-farm work and migration as two alternative routes of non-agricultural employment open to the Chinese peasants. It argues that, all things considered, migration is a second-best option for the peasants, one that they would pursue only after they have failed to secure comparable off-farm employment in the local area. Given the desirability of local off-farm work, one would expect that political capital plays an important role in the allocation of such opportunities.

This article first reviews the literature that has reached a consensus about the general desirability of non-agricultural employment over agriculture in today's China. Based on a further survey of the literature, it introduces the questions of whether migration represents a second-best option in non-agricultural employment for the villagers, and whether political connections would incline them towards local employment rather than towards migration. Secondly, it describes the data used, the variables and models constructed to explain the different employment outcomes for the villagers. The findings are presented in three steps to allow comparison of general off-farm employment with farming, local off-farm employment with migration, and finally, wage work and entrepreneurship in local rural areas and in distant cities. Finally conclusions are drawn about migration as a second-best option for the villagers, and about the relevance of political power for the patterns of their off-farm employment in the local areas or cities.

### *Moving Out of Agriculture: Economic Distress and Enabling Socio-political Conditions*

In the scholarly literature on rural China, there is a broad consensus on the predominantly economic motivations behind the Chinese peasants' decision to leave agriculture. Some have also pointed to the social motivations such as "broadening one's horizons." There is less agreement on whether political factors such as the cadre connection confer any advantage in the process. A lively debate has arisen on the last question, pitting scholars who foresee persistence (or conversion) of traditional power under market reform against those who find no or declining advantages for the office-holders under "market transition."<sup>7</sup> At the core

7. Yanjie Bian and John Logan, "Market transition and the persistence of power: the changing stratification system in urban China," *American Sociological Review*, Vol. 61, No. 5 (1996); William Parish and Ethan Michelson, "Politics and markets: dual transformations," *American Journal of Sociology*, Vol. 101, No. 4 (1996); Andrew Walder, "Markets and inequality in transitional economies: toward testable theories," *American Journal of Sociology*, Vol. 101, No. 4 (1996); Andrew Walder, "Markets and income inequality in rural China: political advantage in an expanding economy," *American Sociological Review*,

of the argument is the relevance of political power and institutions under rapid industrial and market expansion. In our case the question is whether administrative power affects the pattern of off-farm employment for the villagers during reform.

First, on the question of economic distress for the farming households, scholars generally agree that China has long adopted a development strategy that is biased against the peasant interests.<sup>8</sup> The short-lived rural reform in the 1980s improved the lot of many rural households through a combination of grain price increase and the “household responsibility system.” But it has not fundamentally improved the financial situation for the peasants. Agriculture in particular remained a losing business throughout the 1980s and 1990s, a situation that was made worse by declining central state investment and increasing peasant burdens.<sup>9</sup> Agriculture is held in such low esteem that villagers would not even consider it proper “work” (*gongzuo*) as the latter term is reserved for permanent, stable and income-generating employment in the non-agricultural sector.<sup>10</sup>

Faced with systemic disincentives in agriculture, many peasants seek to diversify by shifting labour to sideline production and off-farm work. In a nationally representative survey in 1995, Scott Rozelle and his associates found that “some 34 per cent of the rural labour force found some employment off-farm ...”<sup>11</sup> The villagers can generally count on a much higher return to labour by switching from farming to off-farm work. Based on a 1993 survey, Parish, Zhe and Li reported that both peasant men and women gained more income and satisfaction from off-farm employment than from farming.<sup>12</sup>

But the fact that the villagers have an incentive to move out of agriculture does not mean that they all can. For one thing, they still have to meet the compulsory grain quota issued by the state.<sup>13</sup> Many farm households cannot abandon agriculture altogether and have to get some members or hire others to cultivate the allotted land. It was not until

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*footnote continued*

Vol. 67, No. 2 (2002); Victor Nee, “A theory of market transition: from redistribution to markets in state socialism,” *American Journal of Sociology*, Vol. 54, No. 5 (1989); Victor Nee, “The emergence of a market society: changing mechanisms of stratification in China,” *American Journal of Sociology*, Vol. 101, No. 4 (1996); Lisa A. Keister and Victor Nee, “The rational peasant in China: flexible adaptation, risk diversification, and opportunity,” *Rationality and Society*, Vol. 13, No. 1 (2000).

8. Jean Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989).

9. Thomas P. Bernstein and Xiaobo Lu, *Taxation without Representation in Rural China* (Cambridge: Cambridge University Press, 2003).

10. Barbara Entwisle and Gail E. Henderson (eds.), *Re-Drawing Boundaries: Work, Households, and Gender in China* (Berkeley, CA: University of California Press, 2000), pp. 33–50. On the villagers’ increasing reluctance to undertake agriculture, see also Elizabeth Croll and Ping Huang, “Migration for and against agriculture in eight Chinese villages,” *The China Quarterly*, Vol. 149 (1997), p. 144.

11. Rozelle *et al.*, “Leaving China’s farms,” p. 370.

12. Parish, Zhe, and Li, “Nonfarm work,” pp. 707–708.

13. Xin Meng, *Labour Market Reform in China* (Cambridge: Cambridge University Press, 2000), p. 146; Oi, *Rural China Takes Off*, pp. 78–79.

recently that the state allowed some land to be left fallow. Furthermore, institutional obstacles including residence registration (*hukou*) and permit requirements continue to hold back large numbers of peasants from off-farm employment in distant urban localities.<sup>14</sup>

Past research suggests that a host of personal, household and community-level factors affect the villagers' chance for off-farm employment. Other things being equal, peasants from a younger age cohort have a better chance of securing off-farm employment than those from an older age cohort.<sup>15</sup> Women are more likely to stay in farming while their husbands and brothers engage in off-farm work in both local and distant areas. Older women in particular face difficulties in finding off-farm jobs.<sup>16</sup> Marriage also affects ability to find off-farm work. Parish, Zhe and Li have found that unmarried men and women are more likely than the ever-married to have off-farm jobs.<sup>17</sup> Finally, most researchers agree that education is positively related to off-farm employment,<sup>18</sup> although there is dispute as to whether the level of education exerts an independent effect on finding off-farm employment.<sup>19</sup>

Besides these individual-level characteristics, one may also view the villagers' pursuit of off-farm work to be part of the household diversification strategy.<sup>20</sup> As already mentioned, gender relations in rural households hold back married women from off-farm work. Other household characteristics such as the worker/dependent ratio and the size of land ownership may have an effect on off-farm employment as well. Keister and Nee have found that larger families are more likely to allocate labour to off-farm activities.<sup>21</sup> In a separate study in 1995, Zhao concluded that a reduction of family land or an increase in household labour increases the villagers' propensity to migrate.<sup>22</sup>

The effect of household endowment other than labour and land is a more complicated question. While some researchers have shown that a household's physical endowment, such as the amount of productive assets owned, has a big impact on the probability of its members being

14. Lei Guang, "Reconstituting the rural-urban divide: peasant migration and the rise of "orderly migration" in contemporary China," *Journal of Contemporary China*, Vol. 10, No. 28 (2001).

15. Ying Du and Nansheng Bai, *Zouchu xiangcun: Zhongguo nongcun laodongli liudong shizheng yanjiu (Moving Out of the Countryside: An Empirical Investigation of China's Rural Labour Flow)* (Beijing: Jingji kexue chubanshe, 1997); Junqiang Wang and Zhijin Liu, *Hebei sheng nongcun laodongli zhuan yi yanjiu (A Study of Rural Labour Transfer in Hebei Province)* (Baoding: Hebei daxue chubanshe, 1997), p. 29; Zhao, "Leaving the countryside."

16. Haizheng Li and Steven Zahniser, "The determinants of temporary rural-to-urban migration in China," *Urban Studies*, Vol. 39, No. 12 (2002).

17. Parish, Zhe, and Li, "Nonfarm work"; Ethan Michelson and William Parish, "Gender differentials in economic success: rural China in 1991" in Barbara Entwisle and Gail E. Henderson (eds.), *Re-Drawing Boundaries: Work, Households, and Gender in China* (Berkeley: University of California Press, 2000).

18. Wang and Liu, *Rural Labour Transfer in Hebei*, p. 30; Parish, Zhe, and Li, "Nonfarm work."

19. Rozelle et al., "Leaving China's farms."

20. Keister and Nee, "The rational peasant in China."

21. *Ibid.* p. 57.

22. Zhao, "Leaving the countryside."

self-employed,<sup>23</sup> questions remain as to the importance of political and cultural capital for securing off-farm employment. This question harkens back to a central debate in the literature on the continuing cadre advantage in the new stratification order during the reform. Although the debate was mainly about the advantages cadres have in rural income distribution, one may ask a similar question about the impact of political capital on the labour market outcome. If all the villagers favour off-farm work for both financial and social-status reasons, do members from politically-connected households have an advantage over others in obtaining such jobs?

Past findings on this question have been mixed. In their 1995 study, Parish, Zhe and Li found that the effect of cadre family connections varied by locality. The authors concluded that while political connections improved one's chances of getting off-farm jobs in the less developed areas, they did not seem to matter much in the more developed areas where such jobs are widely available.<sup>24</sup> They attributed this variation to the "over-running of the kin and friend networks" in the latter area because high demand for off-farm labour would simply outstrip the number of villagers with cadre connections. In a 1996 study, however, Parish and Michelson stated emphatically that cadre connections did matter in the rural labour market regardless of the region. "Members of administrative families drift towards the best jobs in their region," they wrote. The authors modified their argument again in a later study published in 2000. They showed that the presence of "white collar" workers, not administrative cadres, in the household would increase the villagers' chance of holding down off-farm jobs in the public sector.<sup>25</sup>

Studies by Nee and his collaborators on this question were also inconclusive. In his 1996 study, Nee found no statistically significant effect of cadre power on the number of off-farm workers in rural households.<sup>26</sup> But he noted that having a cadre *relative* would increase one's chance of getting an off-farm job, especially in the marketized region. He explained this peculiar outcome by invoking Mark Granovetter's "strength of weak ties" argument, that is, having a cadre kin vastly expanded one's informational base about off-farm jobs.<sup>27</sup> In the end, he argued that labour market channels were more important than political connections in moving the villagers to non-agricultural employment. In a later study based on the same survey, however, Keister and Nee concluded that political connections did improve one's chance of securing off-farm work, but not that of launching into private entrepreneurship.<sup>28</sup>

23. Hare, "The determinants of job location and its effect."

24. Parish, Zhe, and Li, "Nonfarm work."

25. Parish and Michelson, "Politics and markets," p. 1053; Michelson and Parish "Gender differentials."

26. Nee, "The emergence of a market society."

27. Mark Granovetter, "The strength of weak ties," *American Journal of Sociology*, No. 78 (1973).

28. Keister and Nee, "The rational peasant in China," p. 58.

At least part of the confusion stems from the way these authors defined cadre power and how they then juxtaposed it to a loosely-defined “labour market.” A restrictive definition of the former, coupled with a more expansive definition of the latter, tends to bias toward a conclusion of no cadre advantage in the outcome of household labour allocation. For example, in his 1996 study, Nee distinguished between two modes of obtaining off-farm jobs: through the village government or through the labour market, the latter of which he defined as “through friends and relatives or through advertisement or private job agencies.”<sup>29</sup> Similarly Parish distinguished between non-market channels of recruitment (such as state assignment) and “market-based” methods including personal connections and competitive market process.<sup>30</sup> As long as their purpose was to gauge the significance of narrowly-construed *bureaucratic* power in labour allocation, such a distinction may be justified in that it clearly contrasts administrative job allocation with non-bureaucratic modes of job attainment.

But such an administrative definition of power would be too narrow to assess the influence of *cadre power* in the job allocation process. Formally assigning a coveted off-farm job to a relative is certainly a clear demonstration of cadre power. But in a world of dwindling assignable positions, the ability to use social and political connections to get jobs for friends and family also testifies to a cadre’s influence. One may distinguish between two kinds of power enjoyed by rural cadres: positional power enjoyed by the office-holders; and a general and diffused form of power deriving from the cadres’ local connections and/or Party membership. The former kind of power is formal and direct in its application, but circumscribed in its reach. The latter is informal and circumstantial, but it may have wider influence beyond one specific locality.

Another problem with the previous research is in defining the labour market outcome. Part of the reason for the inconsistent findings mentioned above may be attributed to the different ways various authors have specified the dependent variable of off-farm work allocation. When the authors broke down off-farm work into different occupational types (manual labour/clerical/manager as in Parish and Michelson in 1996 or local/nonlocal/private categories as in Keister and Nee in 2000), they found political capital to be a significant factor for certain occupational categories and for regional variation. But when they lumped all the categories together, their conclusions tended to show little influence for political capital.

This article first draws a distinction between off-farm work in the local area and migratory employment, and suggests that political connections may be most useful for the former, but less so for the latter because of the territorial bounded nature of rural cadre power. It then further divides local off-farm and migratory employment into two subcategories of wage work and private entrepreneurship (including *getihu* and private

29. Nee, “The emergence of a market society,” p. 924.

30. Parish, Zhe and Li, “Nonfarm work,” p. 710.



businesses). Past research would lead to an expectation that, first, local political power matters in the case of wage employment in rural areas because such opportunities are likely to be still under the local government control (the power persistence thesis), but that, secondly, it matters little in the case of peasant entrepreneurship because market forces have eroded rural cadre power in the private sector (the market transition thesis).

Finally, regional or community characteristics make up part of the enabling structure for off-farm employment. Compared to less developed regions, the more industrialized rural areas have more non-agricultural opportunities that in turn translate into more villagers being employed in the non-farm sector. As Graham Johnson pointed out in a five-village study in the Zhu (Pearl) River delta area, even variations of development at the village level affect the degree and pattern of off-farm employment by the villagers.<sup>31</sup> Similarly, Keister and Nee have argued that regional variables are the best predictor of whether a villager would undertake off-farm work.

#### *Local versus Non-local Employment: Migration as a Second-best Option?*

Having reviewed the main arguments suggesting that almost all villagers have a preference to quit cultivation and that some are better endowed with socio-political resources than others enabling them to act upon that preference, this section turns to the question of what determines the types of off-farm work villagers pursue. For the sake of simplicity, off-farm employment is first considered to fall into two categories: entrepreneurship or wage work in the rural collective or private sectors within the county, and migratory employment in distant localities. According to the China's State Statistical Bureau, the proportion of long-distance (out-of-county) rural migrants had increased steadily relative to local off-farm workers in the 1990s. By 2000 out-migrants made up 40 per cent of the rural off-farm workforce while locally-employed personnel were 60 per cent of the total.<sup>32</sup> Rozelle and his colleagues confirmed this official estimate in a separate survey on off-farm work in 1999.<sup>33</sup>

Chinese peasants contemplating off-farm work during the reform thus faced at least two options – local employment or migration. The

31. Graham E. Johnson, "Family strategies and economic transformation in rural China: some evidence from the Pearl River Delta," in Deborah Davis and Stevan Harrell (eds.), *Chinese Families in the Post-Mao Era* (Berkeley, CA: University of California Press, 1993).

32. Fang Cai (ed.), *2002 nian: Zhongguo renkou yu laodong wenti baogao (Report on China's Population and Labour in 2002)* (Beijing: Shehui kexue wenxian chubanshe, 2002), p. 61. If "local" is defined as "within the township" rather than "within the county," the proportion of migrant work force (out of the township) started to exceed local off-farm labour force (within the township) after 1998. In 2000, the ratio is about 54% to 46% with the former representing the proportion of migrant off-farm workers and the latter representing the proportion of locally-employed off-farm workers. *Ibid.* p. 61.

33. Rozelle *et al.*, "Leaving China's farms," p. 374.

difference is more than geographical because the options offer different income prospects and affect livelihood and household economy in distinctive ways. In general, past research has found that villagers can expect to earn more money through migration than from local off-farm work. For example, Zhao found a large earnings difference between migratory and local off-farm work across all educational levels.<sup>34</sup>

In spite of the higher income prospect associated with migration, past research has also revealed that the best educated in rural areas often stayed for local jobs rather than migrated to the cities. In general, it is expected that education facilitates migration because educated persons are better equipped to access and evaluate the job information from distant localities and that human capital is highly rewarded on the migrant job market.<sup>35</sup> The best educated do not necessarily desire migration. For example, Li and Zahniser found that the most-educated and the least-educated villagers are less likely to migrate than the medium-educated.<sup>36</sup> Similarly, Rozelle and his associates did not find any significant correlation between the village education level and propensity of migration.<sup>37</sup>

The above findings have often been presented as evidence that a full-fledged labour market has yet to emerge in China that rewards human capital.<sup>38</sup> But another way of engaging the evidence is to ask why some villagers, including some of the best educated, stay in the local area rather than migrate towards higher-paying jobs in distant locations? The above claim about an underdeveloped labour market is one possible answer to this question. A host of other reasons, ranging from individual-level to household to community-level factors, may also be relevant. Other things being equal, these factors induce them to stay in the nearby rural areas, reversing the usual “push and pull” logic favouring rural-to-urban migration.

At the individual level, many researchers have pointed to the direct, indirect and even psychological costs involved in migration.<sup>39</sup> Direct costs include money spent on transport, housing, and obtaining the necessary permits for work in the destination area. Indirect costs include job search expenses and the generally higher cost of living in the cities. Of particular significance is what some researchers have called the psychic costs. Many young people from rural areas are motivated by other than monetary reasons such as “broadening one’s horizon,” but they often find the cities to be socially-alienating places. Unlike the local off-farm workers, migrants have to deal with the anxiety of adjusting to

34. Yaohui Zhao, “Labour migration and earnings differences: the case of rural China,” *Economic Development and Cultural Change*, Vol. 47, No. 4 (1999), p. 777; Hare, “The determinants of job location and its effect,” p. 565.

35. Du and Bai, *Moving Out of the Countryside*.

36. Li and Zahniser, “Determinants of rural-to-urban migration.”

37. Rozelle *et al.*, “Leaving China’s farms,” p. 389.

38. Meng, *Labour Market Reform*; Rozelle *et al.*, “Leaving China’s farms.”

39. Zhao, “Labour migration and earnings differences.”

a new urban environment, face common discrimination, and work under the constant fear that they may be expelled from the cities.<sup>40</sup>

In spite of the generally better amenities in urban areas (such as paved roads, uninterrupted electricity, piped water, indoor toilets, heating in the north), migrants in the cities may have an overall lower standard of living than the locally-employed villagers. The former are likely to be crammed into a small living space, separated from their families and deprived of consumption in the cities. Lifestyle considerations aside, staying in the local area has another attraction for the villagers: the ability to attend to the family land in the off season or during off-work hours. Some rural enterprises close during the busy agricultural season to allow workers to return to the field. Agriculture may not be profitable, but most peasant households prefer to continue cultivation in order to satisfy the government quota and to ensure minimum food security for all families.<sup>41</sup>

For those villagers who enjoy a relatively high political or socio-economic standing in the local community, migration entails a palpable loss of status. "Once in the city," as Rachel Murphy has observed, "regardless of whether they are the child of a village cadre or village idiot, migrants are 'bumpkins' whose work options are generally limited to low-skilled tasks."<sup>42</sup> For some villagers, then, migration means they can no longer use the socio-political resources they enjoy in the rural area, but have to compete with ordinary villagers in a new setting. Considering all these factors, one could plausibly argue that, in spite of the prospect of higher income, migration represents a second best option for many peasants, especially for well-connected villagers. This may partially explain why the best educated people from the rural areas prefer local off-farm employment over migration, and migration over agriculture.<sup>43</sup> It is perhaps also why many villagers set their sights on eventually returning to the village while treating out-migration as a temporary sojourning experience to acquire new skills and to expand their horizons.<sup>44</sup>

#### *To Migrate or Not to Migrate: Does Political Power Matter?*

The question remains: what determines Chinese villagers' decision to migrate or to stay for local off-farm employment? To return to the central question posed in the beginning: is cadre power a significant factor in the distribution of off-farm work opportunities? Past research suggests that different kinds of political resources may be required to obtain local and

40. Du and Bai, *Moving Out of the Countryside*, pp. 79–80; Feng Wang, Xuejin Zuo and Danching Ruan, "Rural migrants in Shanghai: living under the shadow of socialism," *International Migration Review*, Vol. 36, No. 2 (2002).

41. Keister and Nee, "The rational peasant in China."

42. Rachel Murphy, "Migration and inter-household inequality: observations from Wanzai county, Jiangxi," *The China Quarterly*, No. 164 (2000), p. 973.

43. Du and Bai, *Moving Out of the Countryside*, p. 79.

44. Rachel Murphy, *How Migrant Labour Is Changing Rural China* (Cambridge: Cambridge University Press, 2002).

non-local jobs. Under most circumstances, migratory employment is beyond the reach of rural cadre influence. Instead, outward-oriented networks of friends and relatives tend to be most useful for migrants to obtain jobs. Such networks may not be connected to formal hierarchies of power at the place of rural origin but may be facilitated by a diffused form of power such as political and social connections that span local and non-local areas. Whereas traditional positional power has jurisdictional limits, diffused political resources have a wider reach and at the very least are conducive to the horizontal communication of information about employment opportunities in distant localities.

Obtaining off-farm jobs in the local rural area may be a different matter, however. Rural cadres wield much more influence over the allocation of local positions than of migrant work. As Chan, Madsen and Unger pointed out long ago, the same people who were in charge during the Mao years were capable of converting their power and managerial experience into well-paid employment in the off-farm sector during the first decade of reform.<sup>45</sup> Similarly, Murphy found that villagers with local political contacts or traditional skill-sets generally land better-paying jobs in her county of study.<sup>46</sup>

The above discussion would lead to the expectation that, everything else being equal, politically well-connected villagers are more likely to stay for off-farm work in the local area than to migrate. Cadre families and their close associates are more likely than ordinary villagers to stay close to their home turf so as best to capitalize on their political resources. However, weaker or more diffused forms of power, such as membership in the Party, may not have the same effect. Such power may be less helpful to the villagers in obtaining coveted jobs in the local area, but may turn out to be useful in building the bridge to non-local jobs. These propositions are tested by using data from a national survey conducted in China in 1996.

### *The Data, Models and Variables*

*Data.* The data we draw on are from the Chinese Life History Survey conducted by a team of researchers from several universities in China and the United States in 1996. They consist of a nationally representative multistage stratified random sample of 6,090 individuals in China's rural and urban areas.<sup>47</sup> The data provide comprehensive information about the individual respondents' education and work history, along with other demographic, socio-economic and political information. The combined

45. Anita Chan, Richard Madsen, and Jonathan Unger, *Chen Village under Mao and Deng: The Recent History of a Peasant Community in Mao's China* (Berkeley: University of California Press, 1992), p. 309.

46. Murphy, *How Migrant Labour Is Changing Rural China*, p. 68.

47. A complete description of the sample design and fieldwork procedures are available in the project's codebook in Donald Treiman (ed.), *Life Histories and Social Change in Contemporary China: Codebook* (Los Angeles: UCLA Institute for Social Science Research, 1998).

Table 1: Types of Off-farm Employment

<i>Locality</i>	<i>Wage worker</i>	<i>Entrepreneur</i>
Local	Local wage worker (N = 248)	Local entrepreneur (N = 204)
Migrant	Migrant wage worker (N = 136)	Migrant entrepreneur (N = 95)

rural and urban survey data allow us to break down the off-farm population into “migrant” and “locally-employed” categories. From the rural survey, we identified 2,508 individuals who reported farming as their main occupation and 495 who reported doing local off-farm work. The data on migrants are culled from the urban survey where a migrant is defined as someone who was not born in the city, came into the city after 1979 and maintains rural *hukou* or household registration. A total of 242 migrants were identified and included in the present study.

Within each category of off-farm workers – the locally-employed and migrants – a further distinction can be made between “wage workers” and “private entrepreneurs” according to the information respondents provided on their job activities. Justifications for drawing such a distinction will be provided below, but for now, the combined rural and urban samples contain 204 cases of local entrepreneurs (including both *getihu* and *siying qiye*), 95 cases of migrant entrepreneurs, 248 local wage workers and 136 migrant wage workers. For the purpose of clarity, Table 1 presents a conceptual map of the four different categories of off-farm workers when types of work are crossed with locality.

*Models.* A set of multinomial and binary logistic regressions is used to assess the effect of individual as well as household characteristics on the villagers’ job destinations. Model 1 compares farm with off-farm populations by using a binary logistic regression. In Models 2 and 3, the off-farm population is first broken down into local and migrant groups, and then into wage workers and entrepreneurs so that each of these groups can be compared against the farming population. Model 2 assesses the villagers’ employment outcome in local or migrant off-farm work versus farming, while Model 3 provides an analogous analysis with respect to wage work or entrepreneurship versus farming. Given that the outcome variable in both cases has three categories, multinomial logistical regression is employed in both models. Models 4 and 5 use binary logistical regressions to compare the local and migrant wage workers, and the local and migrant entrepreneurs respectively.

*Variables.* Basic demographic variables such as gender, age and marital status of the respondent are included in the models to account for their

variations. For the main explanatory variables, we include four sets of measures that are important predictors of the villagers' employment outcome besides their individual demographic characteristics. The first set pertains to an individual's human capital, measured in years of education. The other three all pertain to the household level and are constructed to capture villagers' political, economic and cultural capital.

Measures of human capital include the respondent's schooling years. Education improves skills or ability to engage in off-farm work and enhances access to information about such opportunities. Many employers also use years of education to screen prospective employees. Since education can be used to control for the effect of the cadres' stock of human capital, including it as a variable is also necessary for gauging the net effect of cadre advantage.

Three dummy variables are created to capture villagers' political capital. The first, "political elite household," is coded from the information respondents reported about their family background (*chushen*), the rank of their jobs or their close association with the leading cadres (*lingdao ganbu*) in the community. This measure captures the effect of formal positional power. Specifically, it is defined by whether the respondent comes from a cadre family background, currently has a cadre in the household or otherwise has close associations with the leading cadres.

The second variable is "Party membership." Party members who do not occupy administrative positions generally do not wield much formal power, but their Party membership may improve their interaction with cadre members and facilitate the formation of certain political connections not available to ordinary villagers. As many peasants recruited into the Party during the reform were regarded as "capable people" (*neng ren*) from the rural area, Party membership also borders on the human capital in that it may be regarded as an indication of personal abilities.

The third variable, "Party connections," also captures the soft and diffused form of power deriving from the Party affiliation of other household members. It is defined by whether the respondent has a family member (parent, grandparent or spouse's parent) with Party membership. It measures a weak form of political resource that may be passed down from an older generation.

Two variables are used to capture information on villagers' economic capital: the household labour supply relative to the non-working members; and family business. Household labour ratio is defined by the number of working adults divided by the total number of people in the family. We believe that the labour ratio is a better predictor than the household size or the number of workers in the household for the probability of a household member to engage in off-farm work. An entrepreneurial household is defined by whether there was a family-run business *prior to* the respondent's current work activity. It can be used as an explanatory variable because it has excluded the possibility that the villagers' entrepreneurial activities were the outcome, rather than the precursor, of their current off-farm work.

Finally, a villager's cultural capital is defined in terms of his or her father's level of education (years of schooling) and the number of books the respondent had at the age of 14.

### *Analysis and Findings*

This section compares various groups of off-farm workers and presents a series of multivariate analyses of their employment outcome. This is a three-step process whereby the rural population is sliced up into different categories. We start with a simple division into farm and off-farm groups. The off-farm group is then divided into local and migrant sub-groupings. Finally, we introduce a distinction between wage workers and entrepreneurs to arrive at four categories of off-farm population (see Table 1). As the analysis proceeds, it moves away from the conventional question of cadre advantage in obtaining off-farm jobs to a more complex explanation about how political power affects the distinctive paths of local and migratory entrepreneurship or wage work.

*A first cut: the conventional question – farmers versus non-farmers from the Chinese village.* Table 2 presents the basic demographic data as well as information on income, work and living conditions for the farming and non-farming populations. The latter exhibits a very distinct demographic profile as well as major socio-economic differences from the former. The result confirms much of what is already known about farmers and non-farmers from previous research. On average, the non-farmers were seven years younger than the farmers, which still understates the age difference between these two groups because the national survey excluded many young-age migrants by sampling a population between the ages of 20 and 69. Such an age distribution led to a difference in the level of education received by the two groups and their respective literacy rates. The younger-aged non-farmers received 2½ more years of education than the farmers. The illiteracy rate for the former (6.5 per cent) was substantially lower than the comparable figure for the latter (27.3 per cent). As one may expect from the sampling of a population over 20 years of age, a high percentage of farmers and non-farmers were also married, with the proportion of marriage among the farmers (86.5 per cent) higher than that among the non-farmers (77.9 per cent). In terms of gender composition, men made up a much higher proportion (69.7 per cent) of the non-farming population than women.

As shown in Table 2, the household income of non-farmers doubled that of the farmers. Moreover, the income gap between the two types of household grew bigger over the years from 1986 to 1995. So there was a strong financial incentive for farming households to have some members in off-farm employment. In addition, branching off to off-farm work served a useful purpose as part of the household strategy to diversify the income streams. It is thus not surprising that a higher percentage of the non-farmers (57 per cent) than the farmers (49 per cent) believed that life was much better in 1996 than in 1986.

Table 2: A Comparison of Farmers and Non-farmers

	<i>Farmers</i>	<i>Non-Farmers</i>
N (aged 20–69)	2,508	737
Age	42	35***
Gender (% male)	48.7%	69.7%***
Education (years)	5	7.6***
Percentage illiterate	27.3%	6.5%***
Married	86.5%	77.9%***
Total household income last year	7,164	14,036***
Total household income in 1986	2,034	3,411***
Life lot better than 10 years ago	49.0%	56.5%***
Planting	96.4%	81.5%***
Sideline	46.6%	33.1%***
Private business	16.3%	50.5%***
Living with spouse	97.1%	94.5%***
Own house	98.7%	85.8%***
Rental	0.6%	8.4%***
Dormitory or workplace	0.0%	4.1%***
Number of rooms	4.3	4.3
Square metres	94	104*
Running water	37.7%	56.4%***
Indoor toilet	14.2%	18.1%***

*Notes:*

\* $p < .1$ , \*\* $p < .05$ , \*\*\* $p < .01$  (significance level is from T-test or Chi-2 test).

*Source:*

*Life Histories and Social Change in Contemporary China* (Treiman 1998).

It is interesting to note that a high percentage of the non-farmers (82 per cent) spent part of their time on agriculture or had family members continue to cultivate farm land (*zhong zhuangjia*) even while their households' main pursuit was outside agriculture. The ability to straddle farming and non-farming activities – what some have called multi-sectoral labour deployment<sup>48</sup> – is precisely where the mainly off-farm households had an advantage over the pure farming ones. The latter were more likely to engage in some small-scale sideline activities to complement farming than the off-farm households, but the latter were more likely to put their energy into lucrative entrepreneurial activities such as handicrafts, manufacturing, transportation, retailing and catering.

Insofar as their living conditions were concerned, there was not much difference between the farmers and non-farmers as two broad population groups. The farmers were more likely to be the owner-occupiers of their houses and to be united with their spouses than the non-farmers, but the

48. Johnson, "Family strategies and economic transformation."



former were less likely to enjoy modern amenities like running water or indoor toilets. The non-farmers may still own houses (as most villagers do in China) but they may not be occupying them at the time of the survey. As shown below, a major difference in the living conditions and in instances of house ownership/occupancy was *within* the non-farm group, that is, between the local non-farmers and the migrants. But at a general level, it is certainly hard to argue that the farmers as a whole enjoyed better living conditions than the non-farmers. Given that the non-farmers enjoyed higher household income and had the ability to straddle farming and non-farming activities, it is not surprising that villagers were attracted to off-farm employment.

We now turn to a multivariate analysis of the various factors contributing to the respondent's employment in farming or off-farm jobs. Table 3 presents maximum likelihood estimates of Model 1. It shows the effect of the above-mentioned variables on the probability at which the respondents obtained off-farm jobs over farming. Education had a significant

**Table 3: Maximum Likelihood Estimates of Binary Logistic Regression Models Predicting Employment Destination**

	<i>Model 1</i> <i>Non-farmer</i> <i>versus</i> <i>farmer</i>
<i>Human capital</i>	
Education (in years)	0.218***
<i>Political capital</i>	
Self: Party membership	- 0.321
Political elite household	0.653***
Party connections	- 0.388***
<i>Economic capital</i>	
Household labour ratio	0.635***
Entrepreneur household	1.366***
<i>Cultural capital</i>	
Father's schooling year	0.003
Number of books at 14	0.003***
<i>Demographic variables</i>	
Male	0.781***
Age	- 0.037***
Married	0.136
<i>Intercept</i>	- 1.183***

*Notes:*

\* $p < .1$ , \*\* $p < .05$ , \*\*\* $p < .01$  (two-tailed).

*Source:*

*Life Histories and Social Change in Contemporary China* (Treiman 1998).

positive effect on the villagers getting off-farm jobs. Each year of additional schooling increased the probability of a villager finding off-farm work by 24 per cent ( $\exp(.218) - 1 = .24$ ). Compared to women, men were twice as likely to get an off-farm job ( $\exp(.781) = 2.18$ ). Young people also enjoyed a distinct advantage. Being a Party member did not seem to work in one's favour. However, coming from a political elite household did help. The result shows that the odds were almost twice as good for those from the political elite than for those without a strong political connection ( $\exp(.653) = 1.92$ ). People from entrepreneurial households were also more likely to take an off-farm job. Those from households with a higher labour/dependent ratio were more likely than others to shift to off-farm work. Cultural capital, measured by the number of books owned by the family when the respondent was 14, also showed a significant positive effect.

In contrast to the above-mentioned variables, Party connections seemed to work in the opposite direction. One plausible explanation for this seemingly paradoxical finding is that in the past most rural Party members were recruited because of their dedication to agriculture. This was especially the case with the older-generation villagers whose Party affiliations the variable in question was constructed to capture. Given this, Party connections did not confer any obvious advantage on the villagers in obtaining non-agricultural jobs. If anything, local expectations may work against their abandoning agriculture for off-farm work, especially migratory employment in distant localities.

*A second cut: introducing locality as a factor – local non-farmers versus migrants.* When we introduce locality as a factor and break down the off-farm population into subgroups of locally-employed and migrants, there are several interesting features that suggest a preliminary conclusion about the relative desirability of local off-farm work over migration (see Table 4). Compared to the local off-farm population, migrants were younger and less likely to be married. Close to two-thirds of migrants were men, but men made up an even larger proportion of the local off-farm population at over 70 per cent. A t-test shows no statistically significant difference in the education levels of these two subgroups.

Comparing the two subgroups on other measures such as income, work and living conditions, the local subgroup came out ahead of the migrants on all but one indicator, the monthly wage. However, the relatively high monthly wage enjoyed by the migrants may not be the envy of the locals earning a lesser amount for the following reasons. First, there are extra demands on the cash of migrants (such as urban living expenses), but not on those engaging in off-farm work in the local rural area. So, higher wages do not necessarily translate into higher savings. Secondly, higher urban wages for migrants may simply be a compensation for their harsh working conditions and long work hours. Inhumane working conditions aside, long hours and mandatory over-time may well mean that the hourly rate of pay of migrant workers was not significantly higher

Table 4: A Comparison of Local Non-farmers and Migrants

	<i>Local Non-farmer</i>	<i>Migrant</i>
N (aged 20–69)	495	242
Age	36.1	32.1***
Gender (% male)	70.1%	63.2%*
Education (years)	7.5	7.4
Percentage illiterate	7.5%	6.2%
Married	82.0%	73.1%***
Monthly wage for individuals	394	638***
Total household income last year	12,954	12,772
Total household income in 1986	3,279	3,284
Life lot better than 10 yrs ago	57.2%	46.7%*
Planting	84.9%	55.8%***
Sideline	33.7%	19.8%***
Private business	49.5%	45.9%
Work duration	8.7	4.3***
Living with spouse	96.8%	69.4%***
Own house	95.2%	7.9%***
Rental	2.2%	49.2%***
Dormitory or workplace	1.0%	38.0%***
Number of rooms	4.3	1.8***
Square metres	108.0	25.0***
Running water	52.3%	70.7%***
Indoor toilet	16.6%	18.6%

*Notes:*

\* $p < .1$ , \*\* $p < .05$ , \*\*\* $p < .01$  (significance level is from T-test or Chi-2 test).

*Source:*

*Life Histories and Social Change in Contemporary China* (Treiman 1998).

than that of the local non-farmers.<sup>49</sup> Finally, a most important observation is that the monthly wage differentials did not translate into any significant difference in the household income between the two groups. There may be two reasons for the divergence between wage and household income. One is that the wage figure only captured the income of the workers in salaried employment, not the income of the self-employed or entrepreneurs. The other reason is that, unlike migrants, local non-farmers derived their household revenue from multiple streams of income including non-agricultural as well as agriculture and sideline activities. The above analysis thus reinforces our argument that, generally speaking,

49. For an indictment of the harsh working conditions and low wages facing China's migrant workers in the cities, see Anita Chan, *China's Workers under Assault* (Armonk: M.E. Sharpe, 2001)

migration was a second-best option for the villagers *after* they have exhausted local off-farm employment opportunities.

A multinomial logistic model (see Model 2 in Table 5) predicting local off-farm or migratory employment supports the general pattern reported in Model 1. The two areas where the local and migrant groups diverged somewhat were in the effect of Party membership and household Party connections. As mentioned above, Party membership and other Party connections tended to work against the villagers moving to off-farm jobs. But the negative impact of Party affiliations on the more narrowly-construed migratory employment is not statistically significant. This is not to say that Party connections were useless or even liabilities to the villagers at all times. Once the villagers with Party connections committed to some kind of off-farm work, they could turn ordinary affiliations into networking opportunities. This seemed to have happened in the case

**Table 5: Maximum Likelihood Estimates of Multinomial Logistic Regression Models Predicting Employment Destination**

	<i>Model 2</i>		<i>Model 3</i>	
	<i>Local non-farmer versus farmer</i>	<i>Migrant versus farmer</i>	<i>Wage worker versus farmer</i>	<i>Entrepreneur versus farmer</i>
<i>Human capital</i>				
Education (in years)	0.227***	0.161**	0.250***	0.175***
<i>Political capital</i>				
Self Party membership	-0.378*	0.454	-0.247	0.686
Political elite household	0.647***	0.675***	0.575**	0.445*
Party connections	-0.422**	-0.139	-0.260	-0.234
<i>Economic capital</i>				
Household labour ratio	0.607**	0.835*	0.963***	0.098
Entrepreneur household	1.422***	0.860**	1.277***	1.298***
<i>Cultural capital</i>				
Father's schooling year	-0.012	0.092***	-0.003	-0.001
Number of books at 14	0.004***	0.002*	0.003**	0.004***
<i>Demographic variables</i>				
Male	0.818***	0.537***	0.635***	1.028***
Age	-0.034***	-0.052**	-0.029***	-0.045***
Married	0.097	0.384	-0.358*	0.735**
<i>Intercept</i>	-1.852***	-5.065***	-2.810***	-4.409***

*Note:*

In both Models 2 and 3, the reference category is the farmers. \* $p < .1$ ; \*\* $p < .05$ ; \*\*\* $p < .01$  (two-tailed).

*Source:*

*Life Histories and Social Change in Contemporary China* (Treiman 1998).

of entrepreneurs who enjoyed Party connections. As shown in the next section, Party connections had a positive effect on the migration of rural entrepreneurs to the cities.

*A third cut: complicating the local–migrant distinction – wage workers and entrepreneurs.* So far, our discussion has been premised on the assumption that a local–migrant distinction is warranted because local employment represented a more desirable option for villagers. Such a distinction also allows us to explore the influence of local power on villagers' employment outcome. But within each category of non-farmers – locals and migrants – a further distinction can be made between the wage workers and entrepreneurs. One reason for this is that wage workers and entrepreneurs were the two largest off-farm groups in the survey. Another is that wage employment and entrepreneurship represented two qualitatively different activities associated with distinctive processes of industrialization and marketization respectively. As Walder has recently argued, distinguishing between these two processes is crucial in determining the sources of institutional change in China even if they are conjoined and hard to disentangle in rural China. "In considering the impact of marketization in a region where growth is rapidly transforming rural social structures," he wrote, "it is essential to keep the impact of markets distinct from the impact of growth."<sup>50</sup> Building on this insight, we ask the question of how local power may work differently for the wage workers and for the entrepreneurs.

Two distinct patterns emerge from our analysis. Models 4 and 5 (see Table 6) show that the covariates have a different impact on the two groups' decision to stay in the local area or to move to the cities. Well-educated wage workers were more likely to stay in the local area than to have employment away from home. A one-year increase in formal education increased one's probability of having local wage employment by 18 per cent ( $1 - \exp(-.195) = .18$ ). This is consistent with our argument that migration is a second best option, at least insofar as wage workers are concerned. For the entrepreneurs, the effect of education on their locality of their employment was not significant. But in contrast to the wage workers for whom strong political connections did not seem to have much of an impact on the location of employment, entrepreneurs from the political elite households were 60 per cent ( $1 - \exp(-.0927) = .6$ ) more likely to carry out their activities in their home area than elsewhere. This suggests that the efficacy of local political power may vary according to whether industrialization or privatization was the dominant logic of local development. We will elaborate on why this might be the case in the conclusion. At the same time, we also notice that Party connections had a positive effect on entrepreneurs' operating outside their home area. Taken together, these two observations about rural entrepreneurs suggest that different kinds of political capital, deriving respectively from

50. Walder, "Markets and income inequality in rural China," p. 233.

**Table 6: Maximum Likelihood Estimates of Binary Logistic Regression Models Predicting Employment Destination**

	<i>Model 4</i> <i>Migrant wage worker</i> <i>versus</i> <i>local wage worker</i>	<i>Model 5</i> <i>Migrant entrepreneur</i> <i>versus</i> <i>local entrepreneur</i>
<i>Human capital</i>		
Education (in years)	- 0.195**	0.083
<i>Political capital</i>		
Self Party membership <sup>a</sup>	- 0.003	- 1.731
Political elite household	0.579	- 0.927*
Party connections	0.020	0.792*
<i>Economic capital</i>		
Household labour ratio	0.011	0.878
Entrepreneur household	- 0.089	- 1.232
<i>Cultural capital</i>		
Father's schooling year	0.072*	0.149***
Number of books at 14	- 0.003*	- 0.001
<i>Demographic variables</i>		
Male	- 0.015	- 0.719**
Age	- 0.042**	- 0.008
Married	0.265	0.866*
<i>Intercept</i>	- 0.070	- 3.287***

*Notes:*

<sup>a</sup>In Models 1 and 4, self Party membership is defined by the respondent's affiliation, whereas in Model 5 it is defined by the membership of both the respondent and his/her spouse. The rationale is that private businesses in rural China are run by the family, not by individuals.

\*p < .1, \*\*p < .05, \*\*\*p < .01 (two-tailed).

*Source:*

*Life Histories and Social Change in Contemporary China* (Treiman 1998).

strong positional power and weak Party connections, may be at work in facilitating their emergence.

One potential weakness of this study is that our data lack information at the community level for migrants. As a result, we could not fully explore the effect of local context on the employment outcome for the villagers. One could argue that the availability of local opportunities may have a huge impact on the villagers' labour allocation outcome so that not including contextual variables would skew the effect of individual and household-level characteristics. While we agree that our data do constrain us in this regard, we do not think that our basic conclusion about the overall second-best nature of migration would be affected. Including such information would not substantially change our argument about the continuing advantage enjoyed by the members of political elite households in off-farm employment. We thus have two general responses to the

above criticism. One is that, in the rural portion of the survey, we do have some community-level information that can be incorporated into the analysis of the villagers' employment outcome. It turns out that incorporating such variables did not change the signs or the significance of the main explanatory variables. Our second response is that, insofar as regional characteristics are concerned, what matters is not so much the *absolute* level of local development (or the number of local opportunities) as the relative differential between the rural locale and nearby towns and cities. In other words, what determines whether one would stay or migrate depends not only on the local opportunities but also on what kinds of opportunities are available in the destination cities. It is thus inadequate, and may even be misleading, to incorporate only rural development information and not information about the cities into the analysis.

### *Interpretations and Conclusions*

China's massive agricultural population declined dramatically during the 1980s and 1990s. This was largely a result of the twin processes of rural industrialization and out-migration, both of which expanded non-agricultural opportunities for villagers. Existing studies of rural China tend to focus on either one of these two processes, thus foregoing an explicit comparison between the locally-employed non-farmers and the migrants. Much of this literature, especially the migrant studies, did not distinguish between wage workers and entrepreneurs, treating them as belonging to the same category of non-farmers. This article fills this lacuna in the literature by breaking down non-farmers into different groups by locality (locals or migrants) and by employment type (wage workers or entrepreneurs), and by systematically linking the villagers' employment outcome to a set of individual and household characteristics.

As suggested by the title, we reach two broad conclusions. First, compared to local off-farm employment, migration is a second-best option for the Chinese villagers. Secondly, local political power matters a great deal in determining one's prospect for off-farm employment. But the efficacy of such power varies for wage workers and the entrepreneurs insofar as their employment localities are concerned.

Our first conclusion is about the circumstances under which people would migrate in order to get out of farming. There exist two views of rural migrants in much of the current literature. One is that migrants are poor, unskilled, not well educated, from remote areas and generally ill-informed about urban employment opportunities. Labelled as "blind floaters," rural migrants are regarded as people from the very bottom of China's rural society, "pushed" out of the countryside because of economic circumstances. The other view holds migrants as the elite of China's rural population: young, well educated by rural standards, from accessible and even urbanizing areas, and thoroughly rational in their behaviour who are "pulled" away from the countryside by the expanding off-farm opportunities in cities.

Our analysis shows that both views need to be amended. The poorest, the least educated and least powerful villagers are generally stuck with farming and do not migrate. But the best-off, the best-educated and politically well-connected villagers are not willing to move too far from their home base. The latter are more likely to be found in local off-farm employment than on migration circuits. Villagers from political elite families are particularly disinclined to migrate because they can best use their power for good jobs or entrepreneurship in the local area.

One implication of our analysis is that, as the middle-stratum villagers migrate to the cities, Chinese society may become increasingly polarized into two unequal groups of cultivators and non-farmers in rural areas. On the surface, this is not unlike what Lenin identified long ago in the case of Russian capitalist development at the turn of the 20th century. In the Russian case, he pointed out that out-migration of the middle-strata villagers had exacerbated class conflict in Russia's rural areas and helped to dissolve feudalism and bring about capitalism.<sup>51</sup> But in the Chinese context, out-migration of middling villagers may not lead to the same kind of social structural change as in Russia a century ago owing to the predominantly circulatory nature of China's rural-urban migration. In China, return migration has always accompanied out-migration because of rural land arrangement and government policies on employment and grain production. What precisely will be the social effect of migration in contemporary China is an intriguing question open to further investigation.

Our second conclusion is on the efficacy of local political power. On one view, market reform has changed the *modus operandi* of local power but has not diminished its significance. The local rural economy is still nested in a form of clientelism linked to the elite's enduring power. Others, however, have argued that market reform has brought about a fundamental shift of power from the traditional office-holders to the direct producers. An extreme version of this argument would even suggest that marketization nullifies the traditional administratively-based power.

This study offers qualified support for the former view. We find that members from cadre households were advantaged in off-farm work across all categories of employment when the base of comparison is with farming. In other words, being from a cadre household would help one to find off-farm employment. As rural industrialization, entrepreneurship and migration open up more off-farm employment opportunities in both local and non-local areas, a two-tiered labour market seems to have developed in rural China. The members of politically well-connected households tend to occupy the upper-tier jobs in the local economy while the rest migrate to more distant localities in search of off-farm work. We find that such advantages accrue particularly to the office-holding elite.

51. V.I. Lenin, *The Development of Capitalism in Russia* (Moscow: Progress Publishers, 1964), p. 186.



What is most interesting is that local power persists not so much in the rural *public* economy (such as wage employment in the rural industries) as in the *private* sector (such as private entrepreneurs). Once we distinguish between wage workers and entrepreneurs, cadre advantage in the area of local wage employment disappears. If it can be assumed that rural cadres maintain considerable control over the allocation of local industries, they are not utilizing their power to gain local wage jobs for their family members. But the situation is very different for the private entrepreneurs. We find that the entrepreneurs from political elite households were more likely to stay in the local area than to migrate. This suggests that political power seems to matter a great deal in the private economy. There are several explanations as to why this may be the case. Compared to wage workers, entrepreneurs are much more dependent on the local elite for capital, services and patronage. They have to deal with bureaucrats on a constant basis, from obtaining a business licence to procuring needed supplies to taxation. Herein lies the importance of strong political connections in the local area. In results not reported here, our data also suggest that locally-based entrepreneurs were more likely than migrant entrepreneurs to receive financial assistance from public and private sources. The former were also more likely to sell their products to state agencies. Thus for migrant entrepreneurs, the “fittest” ones survive in the competitive marketplace since most, if not all, migrants lack local connections in the cities. Among local entrepreneurs, the ones with the strongest political connections thrive. In this sense, the transition to a private and marketized economy may amplify rather than diminish the power of rural cadres in China.