



Research Report

Xiaogang Wu

Registration Status, Labor Migration,
and Socioeconomic Attainment in China's
Segmented Labor Markets

Report 05-579
July 2005

Registration Status, Labor Migration, and Socioeconomic Attainment in China's Segmented Labor Markets[♦]

Xiaogang WU
Social Science Division
Hong Kong University of Science & Technology
Clear Water Bay
Kowloon, Hong Kong SAR

Email: sowu@ust.hk

Population Studies Center Research Report 05-579

[♦] Direct all correspondence to Xiaogang WU (email: sowu@ust.hk), Social Science Division, the Hong Kong University of Science & Technology, Clear Water Bay, Kowloon, Hong Kong. The data collection was supported by grants from the National Science Foundation (SBR-9423453), the Luce Foundation, the Ford Foundation, and the University of California Pacific Rim Program. I thank Donald J. Treiman and Andrew G. Walder for making the data available to me.

Registration Status, Labor Migration, and Socioeconomic Attainment in China's Segmented Labor Markets

Abstract

Since 1955 the Chinese household registration system (*hukou*) has been used as the main tool to restrict rural-urban migration and allocating socialist benefits to urbanites. During the economic reform, while the system has become less effective, it continues to play a critical role in drawing segment boundary in China's emerging labor markets. This paper examines the rural-urban labor migration processes and migrants' socioeconomic achievement in the segmented labor markets. Analyses of data from a national representative survey shows that migrant workers in cities share similar experience with local non-farm workers in rural areas, but differ from urban workers in labor markets. Compared to their peers staying in villages, migrants may be economically better off, yet due to the lack of local urban *hukou* registration, they are segregated from permanent urban residents and thus far from achieving socioeconomic parity. People of rural origins who have changed *hukou* status, on the other hand, have been integrated in the urban labor markets. *Hukou* change makes a great difference in socioeconomic attainment.

INTRODUCTION

China's economic reform during the past two decades has substantially relaxed the administrative control of population migration and labor mobility via the *hukou* registration system (Cheng and Selden 1994; Chan and Zhang 1999). Starting from 1978, the household responsibility system has replaced the commune system as the major form of agricultural production. Peasants signed contracted with the local government to deliver a fixed quota of grain in exchanging for farming on a household basis; as a result, they gained freedom to their labor and no longer need to report to the collective for daily work (Lin, Cai, and Li 1994). The release of surplus labor tied to the land helped create a rural labor market and drive the spectacular growth of rural non-agricultural sectors, largely constituted by local township and village-owned enterprises (TVEs) (Oi 1990), and later by more private enterprises (Peng 2001). The employment size of rural industry reached 128,195,000 in 2000 (Cai 2002: 66). Most of TVEs employees were recruited from local peasants, who worked as both part-time wage earners and part-time farmers (Parish, Zhe, and Li 1995; Yang 1997).

From its inception, the rural non-farm employment has been truly market-oriented, wage determination in the rural public sector is found similar to that in the rural private sector, but quite different from that in the urban public sector (Peng 1992). Unlike urban workers, peasant-workers are not entitled to job security and welfare benefits such as housing, pension and medicare plans, thus offer sufficient cheaper labor to rural industrialization. During economic recession, they can be easily let go and return to farm, regardless whether they are employed in the public or private sectors (de Brauw, Huang, Rozelle, et. al. 2002). Local governments have no responsibility to create jobs for them. They are not even counted in government unemployment statistics (Solinger 2001).

Even the initial development of labor markets in urban China was driven by laborers outside the urban formal employment system (Wu and Xie 2003). To enhance the development of the urban service sector, since 1983, the government had allowed peasants to enter cities and establish small urban businesses such as shoe-repair shops, barbershops, and restaurants (Li 1993:110). Furthermore, millions of young peasants from rural areas were hired in the growing urban private sector. Even the state-owned enterprises preferred to hire rural workers either because they had no legal commitment to housing and other social benefits for them, or because the jobs were unattractive to urban workers (Cai 2002).

As a result, the release of surplus rural laborers from the land in rural reform and the emergence of a free social space in urban reform have triggered a massive labor migration in China. Geographic mobility has been much easier than before. Since the late 1990s, out-migration to cities has prevailed over local employment in TVEs (Cai 2002; Rawski 2002). The government's bureaucratic control over population migration and labor mobility is waning rapidly (Liang 2001; Liang and Ma 2004; Zhao 2000).

Nevertheless, the household registration system still persists, albeit losing its effectiveness to some extent. This has led to a disparity between people's residence and registration place in the reform era. An estimate in the 2000 census put the figure of migration population to 144 million, more than 10 percent of the China's national population (Liang and Ma 2004: 475). The figure is even higher in the coastal cities. Inter-provincial migrants account for 1/5 to 1/4 of the total population in Beijing and Shanghai (National Bureau of Statistics 2002).

The *hukou* continues to be used as the main criterion to allocate government subsidies, welfare, and employment opportunities to local urban permanent residents. Only temporary, undesirable, and menial jobs are open to migrants (Wang, Zuo and Ruan 2001; Yang and Guo 1996). Most government services are not available to them: they need to pay extra fee to go to hospital, to rent an apartment, to have their children attend local schools (Cai 2002: 215). Moreover, many city governments often instituted a set of local regulations requiring migrants of several documents (3 certificates and 1 card) for their stay to be considered legal.¹ For those documents, on average, a migrant worker was charged about

¹. They include an identification certificate (*shenfen zheng*) and a temporary resident certificate (*zanzhu zheng*) issued by local police departments in originating counties and destination cities, and an employment certificate (*jiuye zheng*) and an employment card (*jiu ye ka*) issued by labor bureaus of originating counties and destination cities, respectively.

223 Yuan in 1995 (Zhao 1999: 777). Since the *hukou* is used as the main basis for social exclusion, employees with rural *hukou* status, regardless of their occupations, are classified as “*peasant-workers*” (*ming gong*), a synonym of underclass, who are not entitled to labor rights and benefits and subject to severe discrimination (Solinger 1999). As Chan (1994:135) asserts: “Chinese reform socialism has created, structurally, a sizable ‘second class’ of urban citizens without permanent urban household registration status. This informal segment of urban labor and population is an extension of the rural segment, which was largely bottled up in the countryside under Mao.” The large-scale migration from rural to urban areas in the reform-era has not dismantled the socialist segregation policy set by the household registration system. Instead, it has made the long-existing inequality and social injustice more visible.

While market forces have increasingly penetrated the process of labor allocation in transitional China, the development of urban labor markets are not only shaped by the public-private duality based on the urban work-unit system, but also constrained by the urban-rural divide based on the registration status. Nationwide labor markets are far from being developed.

In this paper I analyze the process of labor mobility and socioeconomic attainment in China, with a particular attention paid to the role played by the household registration system. In the following I first sketch the structure of China’s labor markets, and then investigate the different patterns between spatial migration and *hukou* mobility, between local non-agricultural employment and out-migration. I compare the earnings determination among workers in the rural non-agricultural sector, rural migrants sector in cities, and the urban workers, and demonstrate the persisting effect of the household registration in drawing the boundary in China’s labor markets. Finally, I investigate the impact of change in *hukou* from rural to urban status on occupational status attainment in urban areas.

THE *HUKOU* SYSTEM, LABOR MARKET STRUCTURE, AND LABOR MOBILITY

To set up a framework for the following empirical analysis, Figure 1 plots China’s rural-urban labor market structure and labor mobility process. Prior to entering the labor force, all young (potential) workers are categorized into two categories based on their *hukou* status inherited from their parents. A portion of rural residents could change *hukou* status through their own efforts, such as receiving high education, being recruited by urban work units, etc (Wu and Treiman 2004). The majority would stay as rural *hukou* residents. However, as the government control on spatial migration is relaxed in the reform era, even without changing *hukou* registration, rural residents have been able to move to the place other than where their *hukou* is registered. They could move into cities, where there is a social space for them to live; they could move to villages in other regions, where rural TVEs are relatively more developed (for their experience, see Yao 2001). Of course, the majority tended to stay in their home villages; but even so, some of them would be able to locate a job in the non-agricultural sector as wage earners or private entrepreneurs; the rest would stay as farmers in the agricultural sector.

Literally, rural labor migration also includes that within rural areas, yet the main thrust of the internal migration in China is from rural to urban areas in the reform era. As Figure 2 shows, in the 5 selected provinces/municipalities, the majority of migrants reside in cities/towns.² Since the main purpose of this paper is to assess the role of the household registration system in Chinese labor migration, thereafter I will ignore the discussion of migration within rural areas, and focus on comparing and contrasting among several different rural-urban migration regimes. Most residents of urban origin would be able to maintain their *hukou* status, and downward mobility to rural residents is very rare.

Previous studies on China’s internal migration issues have paid much attention to the migrant workers in urban settings, but lost the broad picture of the labor market structure in the whole countries. Empirical analyses, if survey data are used, are limited to either selected originating villages or destination cities, but not both, probably due to the difficulties and costs associated data collections. On the rural side, the villages are not drawn randomly (e.g. Zhao 1999), and in some cases village-level

² Even though with the same rural *hukou* type, migrant workers in non-naive villages may still be subject to economic discrimination and social exclusion to some extent (Yao 2001).

analysis is substituted for individual-level analysis, thus conclusions may be subject to “ecological fallacy” (e.g., Rozelle *et al.* 1999; for the discussion on this issue, see Robinson 1950). In the urban side, as migrant workers are often sampled within selected enterprises, whether migrant workers’ difficulty in cities is due to their individual characteristics or to unobserved characteristics of work unit clusters is unknown (e.g. Knight, Song and Jia 1999; Maurer-Fazio and Dinh 2002; Wang, Zup and Ruan 2001).

An important issue closely related to the above research design deficiency is, to whom the migrant workers are compared? Economists and sociologists are particularly interested in assessing migrants’ disadvantages in income and rewards to human capital investment. However, without a broad framework and national sample data, many important issues are hard to pin down. For instance, some scholars found migrant workers earn significantly lower than local urban workers (Knight, Song, and Jia 1999; Wang, Zuo and Ruan 2001), whereas others pointed out that the average earnings of migrants is among the highest (Yang and Chan 2000; Maurer-Fazio and Dinh 2002). With respect to migrants’ education background, some reported a strong and positive selectivity on education in internal migration (Ma and Liaw 1994); others found that education has either small or insignificant effect on rural-urban spontaneous migration (Mallee 1996; Meng 1996; Rozelle *et. al.* 1999); still others revealed a negative selection on education in out-migration versus local non-farm work (Zhao 1999).

Furthermore, a form of government-sponsored rural-urban migration under the Chinese socialist regime was put in place long before the emergence of massive (informal) migration driven by the market reform. Whereas scholars have paid some attention to the role of the *hukou* system in restricting population migration (e.g., Yang 1993), current migration studies are still overwhelmed by the latter (except for Wu and Treiman 2004). These two migration regimes coexist and interact with each other, and each must be understood with reference to the other. A direct comparison and contrast between the two migration regimes would yield insights into the role of state and market, selection mechanisms, and their socioeconomic consequences in labor markets.

DATA AND VARIABLES

The data to be analyzed are from the survey of *Life Histories and Social Change in Contemporary China* (1996), a multi-stage stratified national probability sample of 6,090 adults aged 20-69 from all regions of China (except Tibet). The sample was stratified by dividing each county into rural and urban portions, with the urban population sampled at three times the rate of the rural population. Within the rural sample, counties were divided into 25 strata on the basis of the proportion of the rural population with at least a middle school education. Two counties (*xian*) were chosen randomly from each stratum with probability proportionate to the size of the adult population (PPS); within each county, one township (*xiang*) was chosen PPS; within townships, two villages (*cun*) were chosen PPS; within villages, 30 households were chosen randomly from the permanent and temporary *hukou* lists; and within households, one adult was chosen randomly; this procedure yielded 3,003 cases. The urban sample was selected in the same way, with the stages comprised of counties or county-level units (county-level cities and districts of larger cities), “street committees,” and “neighborhood committees,” yielding 3,087 cases; see Treiman (1998: Appendix D) for details.

Whereas the survey was designed not specifically for migration studies, it contains rich information on respondents’ residential history, registration status, and occupation, and family background. As far as we know, even to date, the data are quite unique in two respects. First, Compared to China’s population census data, the information on family backgrounds and earnings not only allows an in-depth analysis of the roles of spatial migration and *hukou* change in socioeconomic mobility, but also makes it possible to compare and contrast two migration regimes in China. Second, compared to most survey data specifically targeting migrants on either rural or urban sides in limited areas, the national probability sample of the Chinese population could essentially overcome several weaknesses pointed out in previous migration studies, in the sense that, with the data, the whole process of rural-urban labor mobility, both spatially and socially, can be examined, and migrant workers can be compared to different groups in both rural and urban labor markets.

Table 1 presents descriptive statistics for selected variables to be included in the following analysis.

One main concern about the general population survey data is that migrants may be undercounted. Although the survey analyzed here took special pains to try to identify migrants by sampling from the register of temporary residents as well as the register of permanent residents, many migrants fail to register as temporary residents. However, the problem seems not be so serious. The survey data indicate that about 12.3 per cent ($=1-0.877$) of the urban populations are informal migrants without permanent urban *hukou* (Table 1, Column 1). Computations from the 2000 census yield a comparable estimate—12 per cent of the urban population lacks a local *hukou*. To be sure, the survey and census results are not entirely comparable, even apart from the four-year gap between them, because the census does not distinguish between rural-to-urban and urban-to-urban migrants, while the survey estimate refers to rural-to-urban migrants. However, a substantial majority of all migration is rural to urban (Liang and Ma 2004).

The unit of analysis in this paper is individuals, although rural households could be the decision-making unit in rural labor allocation. Particular attention in the analysis is paid to the role of human capital (education) and political capital (party membership) in the process, which, as we know, are both important in socioeconomic attainment in China. Because the survey research design necessitated clustering the sample within 100 city districts/counties (see details in Treiman 1998), an adjustment on standard errors is needed in statistical analyses. All the models reported were estimated using Stata 8.0, with robust standard errors to correct the clustering on sampling units (districts/counties) (Stata Corp. 2003). The data were weighted to represent the Chinese general population.

RESULTS OF ANALYSIS

1. *Spatial Migration Versus Hukou Mobility*

As indicated in Figure 1, the rural-urban population migration comprises two parts. The formal migration is sponsored by the government, with the change of both residence and *hukou* type. The informal migration is temporary and spontaneous, with rural *hukou* status kept in migrants' native place. Although the massive spontaneous migration occurs only during the market reform, government-sponsored migration, i.e., *hukou* mobility, has long existed before the reform era. Indeed, according to the survey, 11 per cent of people who held rural *hukou* at age 14 had successfully obtained urban *hukou* and moved into cities; they constituted 35 percent of the urban permanent residents (Wu and Treiman 2004).

Table 2 presents the models of determination of two migration regimes for those who held rural *hukou* and resided in a village at the age of 14. Education, party membership, gender, age and family background when respondent was at age 14 are included as independent variables. If respondents have ever moved since age 14 (including both migration to urban areas and migration to rural areas), they are coded as migrants. In Model 1, I exclude those who have change *hukou* and estimate a logit model on spatial migration. Results show that women are more likely to move than men do, probably due to that fact that women often migrate via marriages (Fan and Huang 1998; Yang and Guo 1999). Except for gender, none of the other variables seems to have significant effect. In particular, education seems to have no significant effect on spatial migration.

Nevertheless, for those people experiencing *hukou* mobility since age 14, the selection pattern appears to be more prominent. Education is a strong predictor of changing *hukou* from rural to urban status, or government-sponsored migration. An additional year of education increases the odds of changing *hukou* by 39.1 per cent ($=e^{0.330}-1$), other things being equal. Party members are also more likely than non-party members to obtain urban *hukou* status. The net odds for a party member to change *hukou* status are 3.3 times ($=e^{1.193}$) as high as those for a non-party member. Through the household registration system, the Chinese communist regime has created two unequal classes of citizens, with educational and political credentials as two major selection criteria (Chan 1994; Wu and Treiman 2004). It is in this sense that *hukou* mobility can be seen as a form of social mobility, through which the best and bright rural

residents are selected to move into cities. Spatial migration, on the other hand, seems to have shown no clear pattern with respect to individual characteristics such as education, gender, age, and party membership status.

Different patterns of migrating into cities could have important implications on their socioeconomic performance in urban labor markets. A large amount of literatures have documented the rural migrants' disadvantages in urban labor markets, which are attributed to their lack of urban permanent registration status (e.g., Liu 2005; Wang, Zuo, and Ruan 2001; Yang and Guo 1999); whereas there is also evidence showing that those who came from rural origins but successfully converted their *hukou* into urban status tend to do better than average urban residents in occupational attainment (Wu 2001). The social implication of changing *hukou* status will be investigated later in this paper.

2. Stay or Move? Out-Migration Decision

Among the majority of rural residents who are unable to change *hukou* status through education, political tracks, marriage, or taking advantages of family connections, most of them worked in the agricultural sector in the pre-reform era. During the economic reform, more opportunities have become available to them. In particular, the development of local rural TVEs has afforded a lot of non-farm employment opportunities. Meanwhile, the urban reform has also created a free social space for rural migrants. Hence, the local non-agricultural sector and the urban sector are two competing destinations for rural surplus labor. Who stay and who move? Will the urban sector attract most productive/capable workers and thereby cause the brain drain to rural areas?

Table 4 compares the characteristics among local non-farm workers, urban migrant workers, and urban workers with permanent *hukou* status. As seen, the average schooling is 8.2 years for local non-farm workers, 7.5 years for migrant workers and 9.7 years for urban workers. Both local non-farm workers and migrant workers are relatively younger than urban workers; and the percentages of party members are about the same among rural non-farm workers and migrant workers, both significantly lower than the percentage of party members among urban workers. More notably, in terms of sectoral distribution, migrant workers are more likely to be hired by private firms, and local non-farm workers are evenly distributed in the state, collective and private firms. Regarding the occupational distribution,³ migrant workers are concentrated more in lower-status jobs even than local non-farm workers: 26.6 percent of the latter could find a white-collar job, while only 15.8 percent of migrants could do so in cities, where there supposed to be much more white-collar jobs available.

Table 4 presents estimates from multinomial logistic regression on local non-farm employment, out-migration versus local farm work (migration within rural areas are not considered here). The data show that party members are more likely to be engaged in local non-farm employment than non-party members, but they do not differ in the likelihood of out-migration into cities. The results are not surprising, since rural TVEs are mainly controlled by village cadres and party members; but in cities, they are all treated as peasant migrants due to the lack of local urban *hukou*, regardless of their political background. The rural political elite members tend to stay in villages and find jobs in the local non-farm sector.

Better-educated people seem to be more likely to find non-farm jobs, both in the local non-farm sector or in city. An additional year of schooling increases the odds of being local wage-earners by 18.6 per cent ($=e^{0.171}-1$), and the odds of out-migration by 14.6 per cent ($=e^{0.136}-1$), other things being equal. This is consistent to the education selectivity effect on migration reported by Ma and Liaw (1994), but the effect is not as strong as that on local non-farm employment (Parish, Zhe, and Li 1995; Yang 1997). In other words, among all rural residents, the best-educated people tend to stay, should local non-farm employment opportunities be available to them. Rural laborers prefer local non-farm work to out-migration, whereas the local farm work was the least desired choice. Similar findings are reported by Yao (1997) and Zhao (1999).

³ I code all occupations into three categories: 1=workers; 2=ordinary staff; 3=middle rank manager/professional or above. The second and third categories can be seen as white-collar jobs.

One possible explanation is that local non-farm workers tend to earn higher than migrant worker in cities, thus better educated people are attracted to stay. However, this claim is not sound, since the average monthly salary is 590 RMB yuan (or 71 USD) for migrant workers, 50 per cent higher than the average monthly salary for local non-farm workers (392 RMB yuan, or 47 USD). Despite the disparity, better-educated workers chose to stay in the local non-farm sectors for various reasons. The first may be associated with migration cost. Although the survey data analyzed here do not contain measures of migration cost, an estimate by Zhao (1999) put the average of the transportation cost and government fee charge around 722 RMB yuan per year for every migrant worker in 1995. Second, the living cost is much higher in cities than in villages, where they do not spend much cash income on food and rent. Moreover, discrimination against peasant migrations in cities and the associated social/psychic pressure also deter rural workers with human capital and political capital from out-migration; and most migrants are unable to bring families with them. All these factors may offset the attractiveness of urban employment to migrant workers.

3. *Earnings Determination in the Segmented Labor Markets*

The persisting role of the *hukou* in labor markets attainment is treated as a hypothetical question. I conceptually identify three labor markets: labor markets for rural non-farm workers; labor markets for urban migrant workers; and labor markets for urban workers with local permanent registration status, and examine earnings determinations within three different types of labor markets. If local non-farm workers and migrant workers share a similar pattern in contrast to the urban workers, namely, the most prominent difference exists between those who have urban *hukou* and those who do not have, rather than between those who work in cities and those who work in countryside, then the evidence supports the claims that the *hukou* system still plays an important role in drawing the boundary in China's labor markets.

Earnings include regular wages and bonus for employed workers. Income of the self-employed private entrepreneurs depend much more directly on the characteristics of their product market as well as their entrepreneurial skills, access to capital, contact with suppliers, and other factors. Table 3 shows that the on average, migrant workers earn not only higher than local non-farm workers in rural areas, but also higher than urban workers. Whereas this finding may be a bit surprising, it is indeed consistent with results reported by Yang and Chan (2000) and Maurer-Fazio and Dinh (2002) based the data collected some selected cities. A better indicator would be the hourly rate wage by taking into account of working hours (Yang and Chan 2000). Unfortunately, the 1996 survey did not collect the information.

Table 5 presents estimates for earnings equations separately for non-farm workers, migrant workers, and urban workers respectively, based on the conventional human capital models (education, age and its square term), modified by adding party membership, gender, work-unit type, and occupation as independent variables. In regards to the effect of individual characteristics, Model 1 (non-farm workers) and Model 2 (migrant workers) show a similar pattern, in sharp contrast to Model 3 (urban workers). For both non-farm workers and migrant workers, the rewards to human capital variables (education and age) are low and insignificant, and neither party membership has significant effect. For urban workers with permanent status, an additional year of schooling brings about 3.5 percent ($=e^{0.035}-1$) increase in monthly earnings, a rate higher than both local non-farm workers and migrant workers, and the effect is statistically significant ($p < .001$); party members also enjoy an 11 percent ($=e^{0.105}-1$) advantage in earnings. As expected, the effect of age on earnings is concave, first increasing with early in the life course, and then diminishing after reaching the optimal number of years (about 56.7) of work experience. Gender difference in earnings is also large, with men earning 26 percent ($=e^{0.232}-1$) higher than women, other things being equal.

Concerning the effects of work unit and occupation, for rural non-farm workers, the "worker unit" sector does not matter at all, suggesting workers are fluid in the rural labor markets. Yet oddly enough, the earnings for white-collar occupation is even lower than the earnings for blue-collar occupations. We suspect that the former may rely on a regular and fixed salary, while the latter may rely on piece-counting wages and may often work overtime. There are some sectoral and occupational differentials for migrant workers. Migrant workers in private firms earn 40 percent ($=e^{0.337}-1$) higher than

migrants workers in the state firms, and the effect is statistically significant ($p < .05$). Among them, middle-rank manager/professionals earn significantly more than blue-collar workers. For urban workers, these patterns become even clearer: workers in collective firms earn less, and workers in private firms earn more (insignificant, though), than workers in state work units, other things being equal. Both ordinary staff and middle-rank managers/professionals earn significantly more than blue-collar workers.

Overall, comparisons of earnings determinations (Models 1 to 3) among rural non-farm workers, migrant workers, and urban workers show that non-farm workers and migrant workers share more similarities, especially in terms of returns to education. Despite the fact that both in the “urban” labor market, the experience of migrant workers differs from that of urban workers. Thus, to a large extent, a boundary in the labor market can be drawn between those with urban *hukou* status and those without, rather than those working in rural areas and those working in urban areas.

To what extent the disparity in urban labor markets between migrant workers and urban workers with permanent registration status can be attributed to the sectoral segregation based on the work unit system in urban China? Since migrant workers could be segregated in the sectors different from local urban workers, and sectoral differentials in earnings may partly account for the advantages enjoyed by migrants. To test this hypothesis, I fit Model 1 and Model 2 in Table 6. Model 1 is an additive model, with local urban *hukou* status included as a dummy variable. Net of other factors, urban workers’ monthly wage is still only 76 percent ($=e^{-0.27}$) of that of migrant workers, a result consistent with descriptive statistics in Table 4. This gap should not be considered absolute since first, migrant workers usually do not have benefits, which account a significant portion of rewards urban workers receive; and second, migrants usually work longer than local urban workers. Even with the higher level of earnings, migrants are not necessarily better off than local urban workers.

In Model 2 of Table 6, I include the interaction terms between work units and *hukou* status. Within the state sector, local urban workers essentially earn 9.9 percent ($=e^{0.094}-1$) more than migrant workers, even though migrant workers are entitled to few benefits, and may work longer than urban workers. However, the negative and significant interaction terms suggest that the urban workers’ advantages diminished in the work units that are subject to less redistributive control. In collective firms, urban workers earn only 58 percent ($=e^{0.094-0.642}$) of migrants, and in private firms, the figure is only 69 percent ($=e^{0.094-0.469}$). The sectoral segregation partly explains the relatively higher cash income of migrant workers. On the other hand, it suggests that wage discrimination against migrants may be more prominent in the state-controlled sector than in the private sector.

To confirm that migrant worker and local urban workers are segregated based on work units, I estimate logit models on entering A state work unit in Table 7, with education, age, party membership, gender, and *hukou* status as independent variables. Controlling the effect of other individual characteristics, urban workers are much more likely than migrant workers to find a job in the state sector. The net odds of being in state work units for urban workers are 2.5 times ($=e^{1.239}$) as high as for migrant workers. As most good jobs are still concentrated in the state sector, the exclusion of migrants to access to the jobs in the state sector may lead to the lower returns to human capital and less career growth opportunities.

4. *Hukou Status and Occupational Status Attainment*

Prestige and working environments are very important dimensions of stratification in the labor markets. Occupational attainment may be a better measure of labor market outcome, given the fact that the level of earnings could be much contingent upon the number of hours a migrant work. Sociologists have constructed a scale to measure occupational status. Since The *Chinese Standard Classification of Occupations*, used to code the occupation data in the survey, closely matches the 1968 *International Standard Classification of Occupations* (International Labor Office [ILO] 1969), I employ the 1968-basis ISEI (*International Socioeconomic Index*) scores assigned to each occupation. ISEI scale of occupations ranges in principle from 0 to 100 (Ganzeboom, De Graaf, and Treiman 1992).

In Table 8, based on Blau and Duncan's status attainment model (Blau and Duncan 1967), I estimate OLS regression models of occupational status on one's education, first occupational status, father's occupational status when the respondent was at age 14, and gender. With the entire national sample with both rural and urban components, Model 1a includes two dummy variables - current *hukou* status, and whether the respondent has switched *hukou* status.

Results show that urban residents enjoy 13.8 points higher occupational status than rural residents; those who originally held rural *hukou* status but later have successfully achieved urban *hukou* status indeed enjoy an additional advantage of 3.5 points. In other words, the *hukou* switchers have 17.3 points advantages in occupational status than their peers who stay with rural status. Whether one has changed *hukou* status makes a great difference in occupational attainment. *The hukou* switchers tend to do better than other urban residents originally from urban backgrounds.

As previous analyses have shown, education is an important factor in determining *hukou* change (Table 2), and occupational status attainment (Model 1a of Table 8). To examine how the effect of education on occupational attainment differs by *hukou* status, Model 1b includes an interaction term between *hukou* status and education. The positive and significant interaction term suggests that, education has more effect on occupational attainment for urban residents than for rural residents, other things being equal. A year increase in schooling will lead to 0.53 points increase in occupational status for rural residents, but 1.2 points increase for urban residents, net of the other factors.

In Model 2a and Model 2b, I replicate Model 1a and 1b based on the urban sample only (including both permanent urban residents and migrants). The substantive results remain roughly the same. Model 2a shows that local urban workers of urban *hukou* origins enjoy 4.9 points higher, while local urban workers of rural *hukou* origins enjoy 7.9 points higher, in occupational status than migrant workers. Model 2b also confirms that human capital is more highly rewarded among urban residents than among migrant workers. The *hukou* status is an important factor in determining occupational achievement in the urban labor markets.

SUMMARY AND CONCLUSIONS

To sum up, in this paper I sketched the structure of China's segmented labor market and examined the rural-urban labor migration process and their experience in the urban labor markets. I paid a special attention to the role of the *hukou* registration system in constructing labor markets in China's transition to a market economy. With this emphasis, I treated the change of *hukou* from rural to urban status and the spatial move from countryside to cities as two forms of migration, with the former sponsored by the government and the latter resulted from the market-oriented economic reform, and also conceptually differentiate three types of workers in China's labor markets: rural non-farm workers, rural migration workers (in cities), and urban workers.

Empirical evidence has shown that *hukou* mobility, typically associated with migration into cities, is different from spatial migration. The rural-urban migration via the change in *hukou* status is a highly selective process, in which education and communist party membership serve as the important criteria. On the contrary, except for gender difference, spatial migration without changing *hukou* status shows no clear pattern pertaining to migrants' individual characteristics.

Moreover, even without changing *hukou* status, rural laborers have been able to find non-farm jobs, either in local TVEs or in cities, in the reform era. Out-migrants are better educated than farm workers, but they are not the best-educated group. Despite of the higher earnings in urban areas, the best-educated rural laborers tend to stay as non-farm workers in local TVEs; out-migration is only the second choice. The explanation lies in the cost associated with out-migration, as well as the discrimination against rural migrants in cities.

Third, the patterns of earnings determination among local non-farm workers, migrant workers, and urban workers offer a strong support to the segmented labor market based on their *hukou* status. In the urban sector, due to the lack of local permanent status, migrant workers are segregated in non-state sector and denied of access to benefits and career opportunities. The earnings determination is much

similar between migration workers and rural non-farm workers, in sharp contrast to urban workers. Human capital characteristics are not rewarded for both rural non-farm workers and migrant workers in urban areas, both holding rural *hukou* status, regardless where they are employed. Migrant workers earn higher than urban workers, mainly because they are segregated in the private sector, where slightly higher wages are compensated by few benefits and longer working hours. In the state sector, urban workers indeed enjoy a slight advantage in earnings. The wage discrimination against migrants is stronger in the state sector than in the market sector.

Finally, rural *hukou* status is a barrier in occupational achievement in the labor market. The occupational status attainment for either all-rural workers (including farmers) or migrant workers is significantly lower than that for urban workers. Education is more rewarded in the labor market designated for those with urban registration status. A particular interesting phenomenon is that, people who have experienced *hukou* mobility enjoy full urban entitlements and are, in fact, highly advantaged relative to not only their rural peers, but also to the urban permanent resident, probably due to a strong positive selection on the basis of education and political loyalty. Once the institutional hurdle is overcome, they seem to have been fully integrated into the urban labor markets. *Hukou* change makes a great difference in the labor market outcome of migration sanctioned by the government.

China's transitional labor markets are clearly segmented by laborers' *hukou* status. Based on experience in western capitalist economies, segmentation theorists argue that labor markets can be separated into two sectors — primary and secondary labor markets — with distinctive patterns in earnings, benefits, and career ladders between employees with the same individual characteristics but in different segments (see review in Kalleberg and Sorensen [1979]). This is similar to what have been found in China's emerging labor markets. However, segmentation in market economies and reforming socialist economies are due to different causes. While the former is seen as a historical and evolutionary outcome of capitalism, or as a result of market failure (Chandler 1977), the latter is explicitly created by the state and implemented through laws, policies, and other institutions (Bian 1994; Burawoy and Lukacs 1985; Stark 1986). Hence, further reforms in China's transitional labor markets call for the removal of institutional barriers set by government policies.

The data analyzed in this paper cover a period only up to 1996. Since the mid-1990s, the massive layoffs from the state sector and rising cross-regional migration from rural areas have become two prominent features of China's labor force allocation. The massive layoffs have pushed many former state workers into the jobs and sectors that are traditionally occupied by migrant workers, creating competition between migrants and laid-off workers. Meanwhile, reforms on the *hukou* system in some provinces have also taken place. As a result, a possible opportunity for integration and assimilation of migrants is also afforded, since the benefits are no longer associated with work units and *hukou* status. Future research should be devoted to exploring the impacts of these reforms on the development of labor markets and labor mobility processes in China.

REFERENCES

- Bian, Yianjie. 1994. *Work and Inequality in Urban China*. Albany: State University of New York Press.
- Blau, Peter M. and Otis Dudley Duncan. 1967. *American Occupational Structure*. New York: Wiley.
- Burawoy, Michael and J. Lukacs. 1985. "Mythologies of Work: A Comparison of Firms in State Socialism and Advanced Capitalism." *American Sociological Review* 50:723-37.
- Cai, Fang et. al. (eds) 2002. *Employment in Rural and Urban China: Issues and Options*. Beijing, China: Social Science Archive Press.
- Chan, Kam Wing. 1994. *Cities with Invisible Walls*. Hong Kong: Oxford University Press.
- Chan, Kam Wing and Li Zhang. 1999. "The *Hukou* System and Rural-Urban Migration in China: Processes and Changes." *The China Quarterly* 160:818-55.
- Chandler, Alfred D. 1977. *The Visible Hand*. Cambridge, MA: MIT Press.
- Cheng, Tiejun and Mark Selden. 1994. "The Origins and Social Consequences of China's *Hukou* System." *The China Quarterly* 139:644-68.
- De Brauw, Alan, Jikun Huang, Scott Rozelle, Linxiu Zhang and Yigang Zhang 2002 "The Evolution of China's Rural Labor Markets during the Reforms." *Journal of Comparative Economics* 30:329-53.
- Domanski, Henryk. 1988. "Labor Market Segmentation and Income Determination in Poland." *Sociological Quarterly* 29:47-62.
- Fan, C. Cindy. 1999. "Migration in a Socialist Transitional Economy: Heterogeneity, Socioeconomic and Spatial Characteristics of Migrants in China and Guangdong Province." *International Migration Review* 33:954-87.
- Fan, C. Cindy and Youqin Huang, 1998. "Waves of Rural Brides: Female Marriage Migration in China", *Annals of the Association of American Geographers*, 88(2), 227-251
- Ganzeboom, H. B. G., P. de Graaf, and D. J. Treiman. 1992. "An International Scale of Occupational Status." *Social Science Research* 21:1-56.
- International Labor Office. 1969. *International Standard Classification of Occupations*. Revised edition 1968. Geneva: International Labor Office.
- Kalleberg, Arne L. and Aage B. Sorensen 1979. "The Sociology of Labor Markets." *Annual Review of Sociology* 5:351-79.
- Knight, John, Lina Song and Jia Huaibin 1999 "Chinese Rural Migrants in Urban Enterprises: Three Perspectives," Pp 73-104 in *The Workers' State Meets the Market: Labor in China's Transition*, edited by Sarah Cook and Margaret Mauer-Fazio. Frank Cass.
- Lee, Ching-Kwan 1999. "From Organized Dependency to Disorganized Despotism: Changing Labor Regimes in Chinese Factories." *The China Quarterly* 157: 44-71.
- Li, Qiang. 1993. *Dangdai Zhongguo de Shehui Fenceng Yu Liudong*.(Social Stratification and Mobility in Contemporary China). Beijing: Zhongguo Jingji Press. [In Chinese]
- Liang, Zai 2001. "The Age of Migration in China." *Population and Development Review* 27(3) 499-524.
- Liang, Zai and Michael J.White. 1997. "Market Transition, Government Policies, and Interprovincial Migration in China: 1983-1988." *Economic Development and Cultural Change* 45:321-84.
- Liang, Zai and Zhongdong Ma 2004. "China's Floating Population: New Evidence from the 2000 Census." *Population and Development Review* 30(3) 467-88.
- Lin, Justin Y. F., Fang Cai and Zhou Li 1994. 1994. *Zhongguo de Qiji: Fanzhan Zhanlue yu Jingjin Gaige* (China's Miracle: Development Strategy and Economic Reform) Shanghai; Sanlian Press.
- Liu, Qiming, and Kam Wing Chan 1999. "Rural-urban Labor Migration Process in China: Job Search, Wage Determinants and Occupational Attainment." University of Washington Center for Studies in Demography and Ecology 99-16.
- Liu, Zhiqiang 2005. "Institution and Inequality: the hukou system in China." *Journal of Comparative Economics* 33: 133-57
- Lu, Xueyi (eds.) 2002. *Dangdai Zhongguo Shehui Jiecheng Yanjiu Baogao* (Research Report on Social Stratification in Contemporary China). Beijing: Shehui Kexue Wenxian Chubanshe.
- Ma, Zhongdong, and Kao-Lee Liaw 1994. "Education Selectivity in the Internal Migrations of Mainland China," in *Journal of Population Studies*15: 135-159.

- Ma, Zhongdong. 1999. "Temporary Migration and Regional Development in China." *Environment and Planning A* 31:783-802.
- Mallee, H. 1996. "Agricultural Labor and Rural Population Mobility: Some Preliminary Observations," Paper presented at the Conference on Rural-Urban Migration, Beijing, June 25-27.
- Maurer-Fazio, Margaret and Ngan Dinh. 2002. "Differential Rewards to, and Contributions of, Education in Urban China's Segmented Labor Markets." The William Davidson Institute Working Paper 508, Michigan Business School.
- Meng, Xin. 1996. "Regional Wage Gap, Information Flow, and Rural-Urban Migration." Paper presented at the Conference on Rural-Urban Migration, Beijing, June 25-27.
- National Bureau of Statistics. 2001. *China 2000 Census Data Tabulation*. Beijing: Zhongguo Tongji Press [in Chinese].
- Oi, Jean 1990. "The Fate of the Collective after the Commune." Pp15-36 in *Chinese Society on the Eve of Tiananmen: the Impact of Reform*, edited by Deborah Davis and Ezra F. Vogel. Cambridge: The Council of East Asian Studies, Harvard University.
- Parish, William L, Xiaoye Zhe and Fang Li 1995. "Non-farm Work and Marketization of Chinese Countryside." *The China Quarterly* 143:697-730.
- Peng, Yusheng. 1992. "Wage Determination in Rural and Urban China: A Comparison of Public and Private Industrial Sectors." *American Sociological Review* 57:198-213.
- _____, 2001. "Chinese Villages and Townships as Industrial Corporation: Ownership, Governance, and Market Discipline" *American Journal of Sociology* 106:1338-70.
- Rawski, Thomas G. 2002 "Recent Developments in China's Labor Economy." Manuscript obtained from Rawski.
- Roberts, Kenneth D. 1997. "China's 'Tidal Wave' of Migrant Labor: What Can We Learn from Mexican Undocumented Migration to the United States?" *International Migration Review* 31:249-93.
- Roberts, Kenneth D. 2002. "Female Labor Migrants to Shanghai: Temporry 'Floaters' or Potential Settlers?" *International Migration Review* 36:492-519.
- Robinson, William S. 1950. "Ecological Correlations and the Behavior of Individuals" *American Sociological Review* 15:351-357.
- Rozelle, Scott, L. Guo, M. Shen, A. Hughart, and J. Giles. 1999. "Leaving China's Farms: Survey Results of New Paths and Remaining Hurdles to Rural Migration." *The China Quarterly* 158:367-93.
- Solinger, Dorothy. J. 1999. *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of Market*. Berkeley: University of California Press.
- _____. 2001. "Why We Cannot Count the 'Unemployed'" *The China Quarterly* 160: 671-688.
- Stata Corp. 2003. *Stata Reference Manuals*, Stata Corporation. College Station, Texas.
- Stark, David. 1986. "Rethinking Internal Labor Markets: New Insights from a Comparative Perspective." *American Sociological Review* 51:492-504.
- Treiman, D. J. 1998. *Life Histories and Social Change in Contemporary China: Provisional Codebook*. Los Angeles: UCLA Institute for Social Science Research.
- Wang, Feng, Xuejin Zuo, and Danqing Ruan 2001. "Rural Migrants in Shanghai: Living under the Shadow of Socialism." *International Migration Review* 36:520-45.
- Wu, Xiaogang. 2001. *Institutional Structures and Social Mobility in China: 1949-1996*. unpublished Ph.D. Dissertation, Dept. of Sociology, University of California, Los Angeles.
- _____, and Yu Xie, 2003. "Does the Market Pay Off? Earnings Inequality and Returns to Education in Urban China." *American Sociological Review* 68:425-42.
- _____, and Donald Treiman 2004 "The Household Registration System and Social Stratification in China 1955-1996." *Demography*
- Yang, Dennis. 1997. "Education and Non-farm Work." *Economic Development and Cultural Change* 45:613-32.
- Yang, Quanhe and Fei Guo. 1996. "Occupational Attainment of Rural to Urban Temporary Economic Migrants in China, 1985-1990." *International Migration Review* 30:771-87.
- Yang, Xiushi. 1993. "Household Registration, Economic Reform and Migration." *International Migration Review* 30:771-87.

- Yang, Xiushi. 2000. "Interconnections among Gender, Work, and Migration." Pp. 197-213 in *Redrawing Boundaries: Work, Household, and Gender in China*, edited by Barbara Entwisle and Gale E. Henderson. Berkeley: University of California Press.
- Yang, Xiushi and Fei Guo. 1999. "Gender Difference in Determinants of Temporary Labor Migration in China: A Multi-level Analysis." *International Migration Review* 33: 929-53.
- Yang, Yunyan and Kam-Wing Chan 2000. "Zhuanxi Laodongli Shichang de Fenceng yu Jingzheng" (Stratification and Competition in Transitional Labor Markets). *Zhongguo Shehui Kexue* (5) [in Chinese].
- Yao, Yang. "Social Exclusion and Economic Discrimination: The Status of Migrants in China's Coastal Rural Area," Working Paper E2001005. *China Center for Economic Research*, Beijing University.
- Zhao, Yaohui. 1999. "Labor Migration and Earning Differences: The Case of Rural China." *Economic Development and Cultural Change* 47:767-82.
- _____. 2000. "Rural to Urban Labor Migration in China: The Past and the Present." Pp 15-32 in West and Zhao (eds.) *Chinese Rural Labor Flows*, Institute for East Asian Studies, University of California, Berkeley.

Table 1. Descriptive Statistics of Selected Variables: Rural and Urban Samples, China 1996

Variables	Urban Sample	Rural Sample
Current income per month (logged)	6.161 (0.940)	5.240 (0.913)
Current occupational socioeconomic status	44.42 (15.58)	20.95 (11.73)
Current occupation		
Peasant	0.029	0.821
Ordinary worker	0.600	0.139
Ordinary professional/cadre	0.327	0.038
High-rank professional/official	0.043	0.002
Work unit sector		
State	0.381	0.035
Collective	0.090	0.027
Private	0.806	0.047
Missing or N.A.	0.447	0.891
Years of schooling	8.597	5.444
Education level		
Junior high school or below	0.652	0.925
Senior high school	0.106	0.017
Vocational school	0.142	0.053
College or above	0.100	0.004
Male	0.497	0.517
Age	41.98 (13.47)	40.90 (12.53)
Party member (yes=1)	0.173	0.058
Current urban <i>hukou</i>	0.877	0.039
Spatial move since age 14	0.351	0.210
<i>Hukou</i> change since age 14	0.216	0.020
Father's socioeconomic status (respondent at age 14)	34.06 (19.32)	20.27 (11.90)
N	3087	3003

Figures in parentheses are standard errors for continuous variables

Table 2. Spatial Migration and *Hukou* Mobility: Rural *Hukou* Registrants Living in Villages at Age 14

	Migration without changing rural <i>hukou</i> Model 1	<i>hukou</i> mobility from rural to urban Model 2
Education	-0.021 (0.019)	0.330*** (0.035)
Party member	0.257 (0.338)	1.193*** (0.199)
Gender	-2.398*** (0.188)	-0.462** (0.165)
Age	0.009 (0.007)	0.051*** (0.010)
Family background at age 14	0.003 (0.005)	0.030*** (0.005)
Constant	0.013 (0.037)	-7.428*** (0.554)
Pseudo R ²	0.206	0.204
N	2434	2910

Figures in parentheses are robust standard errors adjusted for clustering on counties. Data are weighted.

*** p<.001 ** p<.01 * p<.05 † p<.10 (two-tailed tests).

Table 3. Multinomial Logit Models of Non-farm Work Determination: Local Employment and Out-Migration: Rural Registrants Active in Labor Force, 1996 (N=3087)

	Local wage earner vs. Local farmer	Out-migrant vs. local farmer
Education	0.171*** (0.025)	0.136*** (0.028)
Party member	0.710*** (0.202)	0.406 (0.315)
Gender	0.623*** (0.145)	-0.378* (0.188)
Age	-0.061† (0.033)	-0.103** (0.039)
Age squarex1000	0.407 (0.375)	1.100 * (0.448)
Constant	-1.341† (0.738)	-1.115 (0.881)
Pseudo R square		0.086

Figures in parentheses are robust standard errors adjusted for clustering on counties.

Data are weighted.

*** p<.001 ** p<.01 * p<.05 † p< .10 (two-tailed tests).

Table 4. Characteristics for Wage Workers in Three Labor Markets

	Rural Local Non-farm worker	Migrants	Urban Urban workers
Monthly Income (Yuan)	392 (215)	590 (360)	480 (421)
Years of schooling	8.2 (2.9)	7.5 (3.4)	9.7 (3.6)
Age	35.6 (11.7)	35.1 (12.4)	42.0 (13.0)
Party member (yes=1)	12.4%	13.0%	24.4%
Gender (male=1)	69.0%	59.0%	55.4%
Work Units			
State	30.9%	29.9%	59.9%
Collective	31.6%	13.7%	13.9%
Private	31.7%	37.2%	4.2%
Missing	5.8%	19.2%	22.0%
Occupation:			
Worker	73.4%	84.2%	63.0%
Ordinary staff	21.4%	9.9%	22.5%
Middle-rank manager/ professional or above	5.2%	5.9%	14.5%
N	225	180	1835

Figures in parentheses are standard errors for continuous variables

Table 5. Earnings Determinations in China's Segmented Labor Markets

	Rural	Migrants	Urban
	Local non-farm worker		Urban workers
	Model 1	Model 2	Model 3
Years of schooling	0.014 (0.023)	0.014 (0.013)	0.035*** (0.005)
Age	0.034 (0.033)	-0.020 (0.019)	0.028*** (0.006)
Age square *1000	-0.499 (0.434)	0.092 (0.221)	-0.247** (0.080)
Party member	0.095 (0.170)	0.096 (0.182)	0.105*** (0.025)
Gender	0.150 (0.108)	0.418*** (0.118)	0.234*** (0.036)
Work Units (state omitted)			
Collective	-0.058 (0.120)	0.321 (0.184)	-0.175*** (0.050)
Private	0.117 (0.136)	0.337* (0.161)	0.162 (0.173)
Missing	-0.587* (0.291)	0.376* (0.170)	-0.232*** (0.065)
Occupation (worker omitted)			
Ordinary staff	-0.414* (0.161)	0.073 (0.137)	0.108** (0.036)
Middle-rank manager/ Professional or above	-0.488† (0.267)	0.405* (0.166)	0.119** (0.044)
Constant	5.041*** (0.710)	6.134*** (0.480)	4.826*** (0.141)
R ²	0.045	0.272	0.228
N	225	180	1835

*** p<.001 ** p<.01 * p<.05 † p<.10 (two-tailed tests).

Table 6. Earnings Determinations in Urban China's Labor Markets: *Hukou* and Work Unit Interaction Effect N=2005

	Model 1	Model 2
Years of schooling	0.034*** (0.005)	0.034*** (0.005)
Age	0.024*** (0.007)	0.024*** (0.007)
Age squarex1000	-0.229** (0.083)	-0.209* (0.081)
Party member	0.105*** (0.024)	0.104*** (0.026)
Gender	0.250 (0.030)	0.244*** (0.033)
Work Units (state omitted)		
Collective	-0.145** (0.050)	0.466* (0.187)
Private	0.206 (0.142)	0.623*** (0.137)
Missing	-0.159* (0.062)	0.435* (0.161)
Occupation (worker omitted)		
Ordinary staff	0.116** (0.035)	0.108** (0.033)
Middle-rank manager/ Professional or above	0.148** (0.046)	0.132** (0.043)
Urban hukou	-0.270** (0.096)	0.094 (0.085)
Interaction:		
Collective*urban <i>hukou</i>		-0.642** (0.192)
Private*urban <i>hukou</i>		-0.469** (0.152)
Missing* urban hukou		-0.649*** (0.174)
Constant	5.203*** (0.191)	6.134*** (0.480)
R square	0.215	0.272

Notes: Figures in parenthesis are robust standard errors
 *** p<.001 ** p<.01 * p<.05 † p< .10 (two-tailed tests).

Table 7. Logit Model on Entry into State Work Units by *Hukou* Status

Variable	Model
Years of schooling	0.137*** (0.019)
Age	0.292*** (0.046)
Age square	-0.004*** (0.001)
Party member	1.047*** (0.181)
Sex	0.378** (0.139)
Urban <i>hukou</i>	1.239** (0.416)
Constant	-7.020*** (1.206)
Pseudo R Square	0.211

Notes: Figures in parenthesis are robust standard errors
*** p<.001 ** p<.01 * p<.05 † p< .10 (two-tailed tests).

Table 8. The Effect of *Hukou* on Occupational Status Attainment

Variable	National sample		Urban sample Only	
	Model 1a	Model 1b	Model 2a	Model 2b
Years of schooling	0.609*** (0.069)	0.527*** (0.072)	1.059*** (0.150)	0.436† (0.257)
First job ISEI	0.400*** (0.034)	0.382*** (0.036)	0.324*** (0.030)	0.319*** (0.030)
Father's occupational ISEI When respondent at age 14	0.051* (0.023)	0.044† (0.023)	0.005 (0.030)	0.002 (0.030)
Gender (male=1)	1.447*** (0.409)	1.549*** (0.400)	0.351 (0.845)	0.472 (0.816)
Current urban <i>hukou</i>	13.810*** (1.266)	7.736*** (1.826)	4.913*** (1.365)	-1.127 (2.523)
Ever change <i>hukou</i> since age 14 (yes=1)	3.531** (1.300)	3.507** (1.249)	3.018** (1.237)	3.030* (1.221)
Schooling*urban <i>hukou</i>		0.677*** (0.194)		0.770** (0.276)
Constant	8.123*** (0.605)	9.016*** (0.689)	18.626*** (1.255)	23.371*** (2.269)
R square	0.537	0.540	0.358	0.362
Number of cases		3563		1422

Notes: Figures in parenthesis are robust standard errors
 *** p<.001 ** p<.01 * p<.05 † p<.10 (two-tailed tests).

Figure 1. China's Labor Market Structures

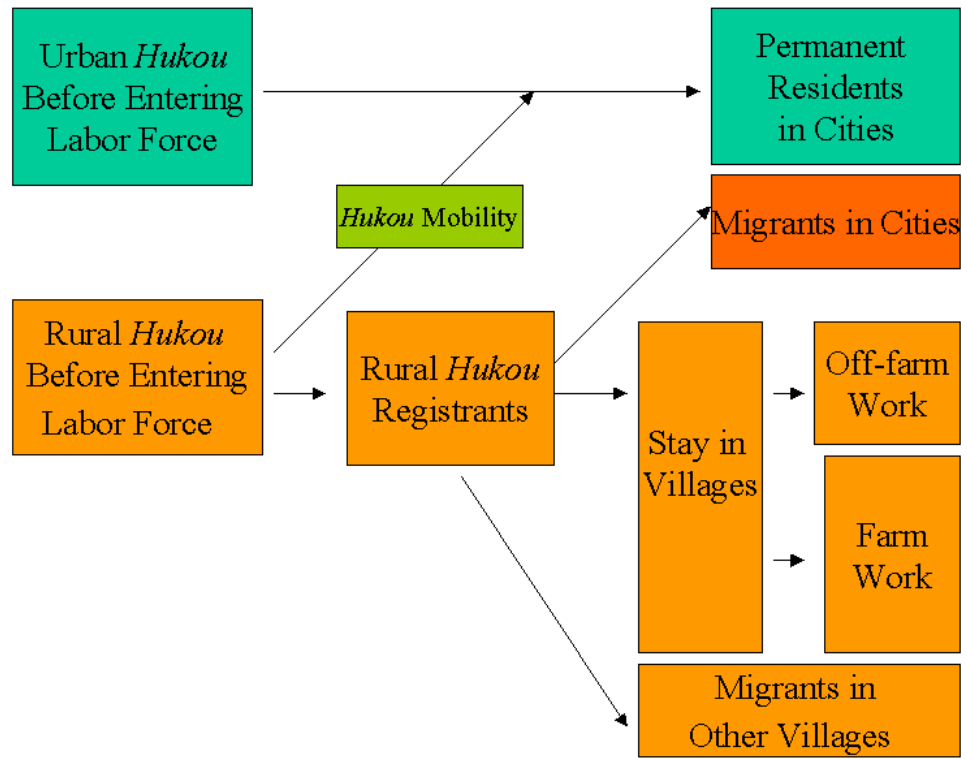


Figure 2. Compositions of Destinating Residence of Cross-Provincial Migrants in Selected Provinces/Municipalities: China Census 2000

