29 Informal workers in a context of urbanisation and migration

Reflections from China for social policy in Asia

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Asia does not lend itself to easy generalisations: the ‘region’ is characterised more by huge variation within and between countries than by many similarities. This chapter focuses on China, with reflections on migration, informality and social policy that may have wider relevance in the region. Across Asia, rapid migration – domestic or across borders – and urbanisation are core features of development and structural transformation processes: population movement continues to take place on a staggering scale contributing to the growth of many of the world’s megacities. Migration and urbanisation are intrinsically associated with informality – of employment, but also of housing, rights to urban “space”, status and security, and entitlements or access to services.

Migration and urbanisation processes are for the most part disorderly and unmanaged. Even where population movement has been subject to greater control by the state – as in China and Vietnam – for most rural residents, the migration process is an individual decision fraught with risk and insecurity. Migrants face multiple exclusions – from decent or formal jobs, or access to housing and social services. In this chapter I argue that their status as migrants, underpinned by China’s state institutionalised urban-rural dualism, is more fundamental in shaping vulnerabilities, including employment conditions and lack of social rights, than the informality of employment – though the two are inextricably linked.

Despite the growing informalisation of urban employment, informal work in China is viewed as a phenomenon almost exclusively associated with migrant workers. Policy responses to informal jobs and enterprises in turn focus on migrants, often exacerbating their exclusion from space, opportunities or access to services. Indeed, the very notion of “informal” employment challenges the Chinese state’s aspirations whether for an orderly transition to a market economy or for the maintenance of social control. When urban residents visibly joined the ranks of “informal” workers following state sector restructuring in the late 1990s, policy-makers had to grapple with the breakdown of the urban worker/rural peasant employment dichotomy and associated mechanisms of social control. Discomfort with the notion of informality (*feizhengui*), with its implications of being outside the formal state system, led instead to wider adoption by

scholars and policy-makers of the term ‘flexible’ (*linghuo*) employment, a recognition of the liberalising reforms necessary to transition to market-based mechanisms of labour allocation (Cook 2008: 50).

The definitions and concepts of informal work have been blurred through the association of informality principally with a “floating population” (*liudong renkou*) of scarcely legal “peasant workers” (*nongmingong*) outside the formal state employment and social security system. This in turn influences what is measured and how policies are formulated. Looking at the 2000–2010 decade following state enterprise reform, when urban workers were laid off in large numbers, estimates for urban informal non-agricultural employment range from 30 per cent to as high as 60 per cent, depending on definitions, data and methods (e.g., Xue et al. 2014; Fang et al. 2016). Such varied estimates, together with a lack of research directly on the nature and conditions of informal jobs, or of the institutional arrangements that support or hinder formalisation, meant, however, that there was a very weak evidence base for policy.

Migration, informality and social policies: the linkages

Migrants to the cities generally face exclusion by virtue of their rural household residence (*hukou*) status that denies them access to many of the entitlements to services and benefits of urban residents, as well as through the nature of their employment. Can social policy provide a path to greater security for migrant informal workers? China has impressively expanded a three-pillar social security system, involving contributory insurance and non-contributory assistance, as well as service provision. Social policies are, however, designed and implemented within a dualist (rural/urban) framework, underpinned by a wide range of state institutions and policies: in this context, notwithstanding a massive expansion of benefits and coverage, policies may marginalise migrants and further incentivise informality even when the intent is formalisation and inclusion.

Expanding coverage of social protection can take place through a number of channels, primarily: the formalisation of employment – where this implies access to contributory social security and insurance; through citizenship or residence entitlements (whether contributory or non-contributory); or based on need (usually non-contributory social assistance). Both social assistance (*dibao*) and a range of insurance programmes started with coverage of formal urban workers, later expanding to urban and then rural residents – with different programmes and benefits for different groups, as illustrated in Figure 29.1. Notable here is that informal employment is a category only applied to rural workers. Urban residents receive benefits as residents regardless of employment, hiding numbers of low-income urban casual or informal workers who have entitlements to social protection as residents.

Does China’s expanding social policy framework successfully incorporate informal migrant workers and meet their needs? China expanded its social assistance programme (*dibao*) beginning in the late 1990s, initially in response to the

Figure 29.1 Social protection schemes for different population groups in China.

Source: Wang (2013: 7), Figure 3.

inability of urban laid-off workers to find re-employment and rising urban poverty. In the early 2000s, the *dibao* programme was rolled out to rural areas along with basic health and pension programmes. For migrants, however, regardless of location, benefits remain linked to their rural place of registration unless they are covered by formal employment programmes. At lower levels (sub-provincial/municipal) of administration, greater integration and portability of programmes and benefits are starting to occur, but across provincial boundaries this is more challenging. In the case of health, for example, the much higher costs of treatment in an urban hospital will generally exceed reimbursement limits of a rural scheme, while the referral system rarely works across administrative boundaries. In the case of pensions, portability or trust in the system (particularly across jurisdictions) remains an issue. High contributions to formal schemes tend to disincentivise formal employment among migrants (particularly first generation migrants with strong links to rural areas), who prefer to send remittances or invest in housing, children's education or economic activities in their place of origin rather than face an uncertain future pay-out from a scheme in another jurisdiction.

China's social policy expansion broadly reflects a developmental or productivist approach, but retains a strong urban bias inherited from the Maoist system.

During the global financial crisis, the government used social policies to protect (urban) workers and jobs, rebalance the economy and stimulate consumption-led growth, thus harnessing social policy for crisis management (Cook and Lam 2011: 145). In this context, migrant workers became a dispensable “shock absorber” – with a massive reverse flow back to rural areas. More recent extensions of social policy reflect a growing concern to integrate migrants – and particularly second-generation migrants – into urban settings (Chen 2017), and to increase social “investments” in education and early childhood development to enhance future productivity. For migrants, employment remains the main route both to urban residence and social protection coverage, while becoming registered as an urban resident (that is, changing from a rural to urban *hukou*) is key to longer-term security, even while employment may remain informal.

Beyond jobs: family, gender and social reproduction among migrant informal workers

Increasing rates of family migration, and demand for women to fill feminised occupations (domestic service and care), mean that there is a strong gendered dimension to informal employment in China (Cook and Dong 2011). The reform period saw labour force participation of women (both urban and rural) decline at a faster rate than for men; women were more likely to be laid off from state enterprises; wage gaps widened, and informal employment rates for women correspondingly increased (*ibid.*: 76). The loss of childcare provisions that occurred with the dismantling of state and collective services doubly disadvantages female migrants with children, limiting their job choices, while the growth of contributory social insurance schemes exacerbates this disadvantage for women in primary care-giving roles. The alternative – leaving children in rural areas – has become a major social phenomenon in China, as in other parts of Asia: China has over 60 million “left-behind children” with consequences for their cognitive development and mental health that are only just starting to be understood. Access to services including health, housing, care and education are thus becoming urgent social needs for migrants and their families, and for China’s next generation. Exacerbating these inequalities, China (like much of Asia) is rapidly ageing. Migrants and informal workers have limited old age provisions or care, while an elderly urban population relies on care services largely provided by an informal (largely female) migrant workforce.

Implications and debates: social policy for current and future needs

Migrant informal workers’ access to security, benefits and services requires not only well-designed social protection schemes but accompanying access to legal rights and security. Social policies can be used to foster inclusion and reduce discrimination – but can equally exacerbate inequalities. The design and implementation of social policy require systems of identification or criteria for eligibility that

do not increase the risk or vulnerability of migrants whose status is often already tenuous, or put already vulnerable migrants at further disadvantage.

To encourage participation in formal contributory or insurance-based schemes, portability of benefits and entitlements, equalisation of benefits across jurisdictions, as well as mechanisms for guaranteeing access to entitlements, need to be secured. Legal protection and recourse to justice need to underpin these provisions regardless of location. Barriers posed by administrative or governance jurisdictions must be lowered to ensure portability and access – including fiscal measures that redistribute from migrant-receiving areas that benefit from labour, to the often much poorer sending areas.

Regardless of employment, access to housing and services are also needed to provide security to migrant workers. Migrants remain vulnerable to frequent evictions and clearance of homes, places of work or informal schools by the authorities.

New drivers of social policies are seen in the heightened policy emphasis on inclusive growth, and on social investment as a means to achieve such inclusion while also contributing to economic growth. The emphasis on social investment provides entry points for more redistributive policies that can also benefit migrants or informal workers, such as expanding services for early childhood care and education. These policies invest in individual children, but may also relax key constraints on women and potentially reduce the risk of intergenerational poverty traps. In China, such investments are in part driven by a declining labour force, an ageing population and an economic slowdown in response to which greater emphasis is being placed on the quality and productivity of a future workforce. Further research is required to understand related issues associated with ageing populations and second-generation migrants as well as the impacts on left-behind children. The demand for care work and social service provision related to these processes can potentially create opportunities for better jobs particularly for women.

Social policies – in China and beyond – will need to adapt to address new risks at the intersection of informality and migration, for example, those associated with environmental migration/refugees; or from the digital economy and automation driving new movements between formal and informal employment and unemployment. Across Asia, diverse forms of social protection programmes have arisen to address a range of risks in contexts of high levels of informality, urbanisation and migration. A comparative evidence base on the outcomes of different social policy regimes and programmes would help to identify lessons worth sharing.

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