

Enhancing the Welfare of Migrant Workers for High-quality Economic Development

Xiao Zheng

State Information Center, Xicheng District, No. 58 Sanlihe Road, Beijing, China

Abstract: This thesis examines the current development status of China's migrant worker population from perspectives such as income, origin, and age structure. Migrant workers in China are currently facing challenges including low income, insufficient social security, and job instability. It is recommended that job security for migrant workers be improved, skills training for the new generation of migrant workers be increased, pension security for the older generation be ensured, and the educational needs of migrant workers' children be addressed.

Keywords: Migrant Workers; Welfare Level; High-quality Economic Development

The rapid socio-economic development of China has been significantly supported by the labor contributions of migrant workers, who are among the vulnerable groups within this developmental process. Characterized by job instability, frequent job changes, low income levels, and inadequate social security, these workers also face prominent aging issues. As uncertainties in socio-economic development increase and the labor substitution effect of economic transitions intensifies, the instability in employment among migrant worker populations is expected to rise further.

Considering the contribution of migrant workers to urbanization, their presence enhances the competitiveness of their cities. High-quality urban development depends not only on the balanced growth of various skilled occupations but also on the increase in personnel in high-skilled, high-income sectors such as technology, finance, and healthcare. This increase stimulates demand for services and products like domestic help, restaurants, and courier services. In the holistic development of a city, high-skilled talents are analogous to critical organs like the brain and heart, while low-skilled talents are comparable

to the blood, indispensable for the city's operations. Furthermore, the full development of low-skilled workers within the city can elevate the standards of urban services and products, thereby enhancing the city's attractiveness to high-skilled talents, improving the quality of urban life, and cyclically fostering high-quality economic development (Liu Xuesong, 2018). Therefore, from the perspective of high-quality economic development under new urbanization, the introduction of high-skilled talents and support for low-skilled workers are essential. Cities should not focus solely on high-skilled talents but should also enhance employment security for low-skilled workers. By systematically addressing the issues faced by migrant workers and enacting relevant policies to alleviate their difficulties, migrant workers can be truly integrated into the city, thereby further advancing China's overall high-quality economic development.

1. Current Development Status of Migrant Workers

As of the end of 2019, the number of migrant workers in China reached 290 million, accounting for 65.7% of the urban employed population. Among them, 174.25 million were migrant workers who had moved out of their hometowns, representing 60% of the total. This group includes 75.08 million inter-provincial migrant workers, making up 43.1% of the total migrant workforce.

In terms of income, in 2019, the average monthly income of migrant workers was 3,962 yuan, an increase of 6.5%. Migrant workers who had relocated earned an average monthly income of 4,427 yuan, reflecting a 7.8% increase, which was significantly higher than that of local migrant workers; local migrant workers earned an average monthly income of 3,500 yuan, with only a 4.8% increase. In terms of educational attainment, migrant workers who had relocated also had significantly higher

levels of education compared to local migrant workers. Among these migrant workers, 14.8% had received tertiary education or higher, compared to just 7.6% of local migrant workers.

Looking at the origin of the workforce, the eastern region of China sent out the most migrant workers, but the western region saw the largest increase, accounting for more than half of the new additions. Specifically, the proportions of migrant workers originating from the eastern, central, western, and northeastern regions were 35.8%, 33.1%, 27.7%, and 3.4%, respectively. From the perspective of destination, the eastern and northeastern regions saw a decrease in the number of migrant workers they absorbed, while the central and western regions continued to see increases. Specifically, the proportions of migrant workers absorbed into the eastern, central, western, and northeastern regions were 54%, 21.4%, 21.2%, and 3.1%, respectively. Among these, the Beijing-Tianjin-Hebei area employed 22.08 million migrant workers, an increase of 0.9%; the JiangZheHu area employed 53.91 million, a decrease of 1.1%; and the Pearl River Delta area employed 44.18 million, a decrease of 2.6%.

Regarding age demographics, the proportion of "new generation" migrant workers has continuously risen. The new generation of migrant workers typically refers to those born in 1980 and later, accounting for 51.5% of the total national migrant workforce. This has been increasing for four consecutive years, with "post-80s" making up 50.4%, "post-90s" 43.2%, and "post-00s" 6.4%.

2. Main Challenges Faced by Migrant Workers

2.1 High Job Vulnerability

In recent years, China's tertiary sector has developed rapidly, exerting a certain degree of displacement effect on the secondary sector. The tertiary industry has become the largest employer of migrant workers, with 51% of them engaged in this sector in 2019, an increase of 0.5 percentage points from the previous year. In the first quarter of 2020, affected by the COVID-19 pandemic, the tertiary sector contracted by 5.2%. If the added value of industries such as technology, finance, and online education is excluded, the overall

contraction increases further. Specifically, the accommodation and catering industry and the wholesale and retail industry, which are the most labor-intensive in the service sector, employed 20.06 million and 34.89 million migrant workers respectively. However, these two industries saw the largest declines in output in the first quarter of 2020, dropping by 35.3% and 17.8% respectively. Thus, under the influence of significant public health events and other social factors, the job vulnerability of the migrant worker group is relatively high, facing greater unemployment risks.

2.2 Low Income and Sluggish Growth

The wage level of migrant workers is significantly lower than that of urban workers, and the wage growth rate has been lower than that of urban workers for five consecutive years since 2015. Specifically, in 2019, the average monthly wage of employees in urban non-private units was 7,542 yuan, an increase of 9.81%; in urban private units, it was 4,467 yuan, an increase of 8.13%; while for migrant workers, it was only 3,962 yuan, an increase of just 6.5% (Figures 1 and 2). In 2019, the annual wage gaps between migrant workers and employees in urban private and non-private units were 6,060 yuan and 42,975 yuan respectively. Moreover, since the wage growth rate of migrant workers has been lower than that of urban workers for five consecutive years, this gap is expected to continue widening. Slow wage growth, coupled with rising living costs, further increases the financial pressure on migrant workers, putting significant strain on the savings of migrant worker families. Short-term unemployment or work stoppages pose substantial challenges to the income and expenditure of migrant worker families.

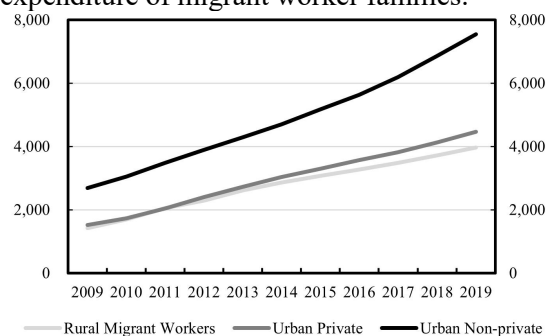


Figure 1. Average Monthly Wages of Different Workers from 2009 to 2019 (Unit: Yuan)

Data Source: National Bureau of Statistics

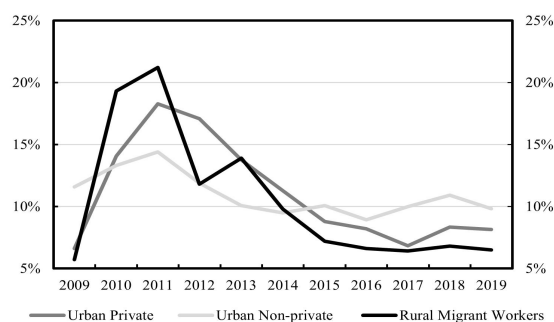


Figure 2. Wage Growth Rate of Different Workers from 2009 to 2019 (Unit: %)

Data Source: National Bureau of Statistics

2.3 Low Participation in Social Security

Migrant workers have insufficient social security coverage, with both the number of insured individuals and the participation rates significantly lower than those of urban workers (Figure 3). Specifically, in 2017, 78.07 million migrant workers were covered by work injury insurance, with a participation rate of 27.25%, the highest among all social security categories for migrant workers but still markedly lower than the 35.13% for urban workers. Next was medical insurance, with 62.25 million migrant workers insured, at a participation rate of 21.73%, which is lower than the 37.83% for urban workers. For pension insurance, 62.02 million migrant workers were covered, with a participation rate of 21.65%, significantly below the 54.32% for urban workers. The lowest was unemployment insurance, with 48.97 million migrant workers insured, at a mere participation rate of 17.09%, compared to 32.70% for urban workers. Job security for migrant workers is also low; in 2016, only 35.1% of migrant workers had formal employment contracts with their employers, which is even lower than the 42.8% recorded in 2009.



Figure 3. Number of Insured and Participation Rates for Social Security among Migrant Workers and Urban Workers in 2017 (Unit: 10,000 people; %)

Data Source: Ministry of Human Resources and Social Security, "2017 Annual Statistical

Bulletin on the Development of Human Resources and Social Security Affairs"

2.4 Prominent Aging Issues

In 2019, the average age of migrant workers was 40.8 years, an increase of 0.6 years from the previous year. Local migrant workers had an average age of 45.5 years, while migrant workers who had moved away from their hometowns averaged 36 years. Looking at the proportion of migrant workers in different age groups, those aged 50 and above increased the fastest among all age groups, from 11.4% in 2008 to 24.6% in 2019, more than doubling, with the rate of increase becoming more significant starting in 2013. Meanwhile, the proportion of migrant workers aged 40 and below decreased from 70% in 2008 to 50.6% in 2019, a notable decline (Figure 4). The aging of migrant workers is intensifying, but the pension insurance participation rate remains relatively low at only 21.65%, highlighting further issues regarding pension provision for migrant workers after retirement.

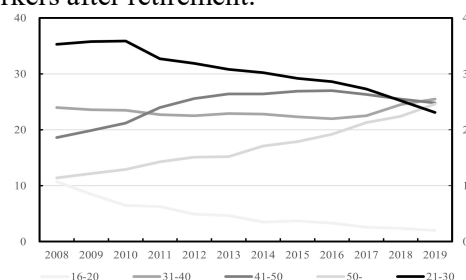


Figure 4: Growth Rate of Proportions of Migrant Workers in Different Age Groups from 2008 to 2019 (Unit: %)

Data Source: National Bureau of Statistics

2.5 Educational Challenges for Children

The education of migrant workers' children has always been a critical issue for the integration of migrant workers into urban areas. According to a survey by the National Bureau of Statistics, 50.9% of migrant workers reported that their migrant children faced schooling challenges in cities. In 2019, migrant workers indicated that their children faced difficulties in progressing to higher educational levels, high costs, and the inability to participate in local university entrance examinations during compulsory education, with the respective proportions being 34.2%, 28.9%, and 14.3%. In the eastern regions, these figures were 44.9%, 30.1%, and 21.3%, respectively, significantly higher than in other regions. The larger and more

economically developed the city, the more prominent these problems become. Due to the difficulties and high costs of education in major cities, migrant workers are often forced to leave their children in their hometowns for schooling, which leads to serious issues of educational neglect among left-behind children due to the lack of parental companionship and lower quality of rural education.

3. Policy Recommendations

3.1 Improve Job Security for Migrant Workers

Establish a digital platform for migrant worker information; first, to register migrant worker details, allowing all migrant workers to voluntarily register their work experience, skills, etc., making it more convenient for employers to recruit staff through such platforms. Second, the platform should regularly publish employment information, such as job vacancies and salary details, enabling migrant workers to flexibly move between different industries and regions. As the national social security network becomes interconnected, it will be easier for migrant workers to move across regions for work (Wang Lingyun, 2019). Third, the platform should regularly organize vocational training for migrant workers to enhance their professional skills, increase their human capital, and raise their expected income.

3.2 Intensify Skills Training for the New Generation of Migrant Workers

Compared to the older generation, the new generation of migrant workers has almost no farming experience and typically has a higher level of education, making them the main force behind China's future urbanization. The new generation of migrant workers is more motivated to integrate into urban life, pursuing modern urban lifestyles rather than migrating out of necessity, and they are more receptive to new things. However, this group often changes jobs frequently, making it difficult to accumulate a significant level of human capital and often relegating them to lower-level labor markets. Therefore, it is crucial to enhance vocational skills training for the new generation of migrant workers to improve their professional skills, enabling them to adapt better to urban life, settle, and truly integrate

into cities.

3.3 Ensure Pension Security for Migrant Workers of Different Ages

The older generation of migrant workers is less urgent in their demands to settle and integrate into cities compared to the new generation. The government should adopt different policies tailored to different groups of migrant workers, implementing local strategies. For the older generation of migrant workers, policies such as special transfer payments and pension subsidies should be used to improve their pension security (Yan Longtao, 2017). For the new generation of migrant workers, the government should lower the pension contribution rates and raise awareness about pension insurance contributions among the new migrant worker population.

3.4 Address the Educational Issues of Migrant Workers' Children

Addressing the education of migrant workers' children is a critical way to enhance the stock of human capital over a longer time span and to improve the overall educational level of society, with significant and far-reaching policy effects. Ensuring the education of migrant workers' children also helps to increase the likelihood of these children succeeding in their development, addressing the pension issues faced by older migrant workers. Therefore, it is essential to give high priority to the educational issues of migrant workers' children, increase educational investments in this area, reduce the school enrollment costs for migrant workers' children, and improve their school enrollment rates.

References

- [1] Liu Xuesong. Research on the Protection of Migrant Workers' Rights from the Perspective of Government Responsibility [D]. Dongbei University of Finance and Economics, 2018.
- [2] Wang Lingyun. Research on the Dilemmas and Countermeasures for the Protection of Migrant Workers' Rights [J]. Legal Expo, 2019, (29): 131-132.
- [3] Yan Longtao. Research on the Current Situation and Countermeasures of the Absence of Protection for Migrant Workers' Rights [J]. Journal of Qingdao Agricultural University (Social Science Edition), 2017, 29(04): 18-24.