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DOSSIER: LABOUR MARKET

Transformations of China's labour market after 2008

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Abstract

The past decade after financial crisis has witnessed profound changes in the Chinese labour market: Its integrating process of labour markets segmented one for migrant workers; the overall labour shortage confronts with severe youth unemployment; the rapid wage growth failed to offer a fair income distribution; the slowing increment of working-age population no more offsets the diminishing demographic dividend, to name a few. Along with these changes, massive industrial unrest occurred and tended to be politicised since 2010. And migrant workers are seen with strong potentials leading the pioneering role of the current labour movement. In short, these transformations are rather passively responses to the changing economic reconfigurations and pushed by proactive labour market policies. This paper, through multiple analyses of the labour market, closely follows workers' response, and exposes the State's strategy for transforming the labour market based on an ordoliberal ideology.

Keywords: Labour market; Market segmentation; Industrial unrests; Labour migration.

JEL: J1, J2, J3, J5, J6, J8.

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Transformações do mercado de trabalho chinês após 2008

Resumo

Após a crise financeira internacional de 2008, houve profundas mudanças no mercado de trabalho chinês: o processo de integração dos mercados de trabalho segmentou os trabalhadores migrantes; a escassez geral de mão de obra contrastou com o grave desemprego juvenil; o rápido crescimento dos salários resultou em maior desigualdade na distribuição de renda; o lento aumento da população em idade ativa deixou de contrabalançar o decrescente bônus demográfico, entre outras. Junto com essas mudanças, ocorreram distúrbios trabalhistas, que tenderam a ser politizados desde 2010. Os trabalhadores migrantes são vistos com forte potencial para liderar o atual movimento trabalhista e seu papel pioneiro. Em suma, essas transformações são, em grande medida, respostas passivas a mudanças nas configurações econômicas e impulsionadas por políticas proativas de mercado de trabalho. Este artigo, por meio de análises múltiplas do mercado de trabalho, acompanha a resposta dos trabalhadores e expõe a estratégia do Estado para a transformação do mercado de trabalho com base em uma ideologia ordoliberal.

Palavras-chave: Mercado de trabalho; Segmentação de mercado; Conflitos trabalhistas; Migração laboral.

Transformaciones del mercado de trabajo chino después de 2008

Resumen

Después de la crisis financiera del 2008, acontecieron profundos cambios en el mercado laboral en China; el proceso de integración de los mercados de trabajo segmentó a los trabajadores migrantes; la escasez general de mano de obra contrastó con el grave desempleo juvenil; el rápido crecimiento de los salarios resultó en mayor desigualdad en la distribución del ingreso; el lento aumento de la población en edad activa dejó de contrabalancear el decreciente bono demográfico, entre otras. Junto con estos cambios, se presentaron protestas laborales que tendieron a ser politizadas desde el 2010. Los trabajadores migrantes son vistos con fuerte potencial para liderar el actual movimiento de los trabajadores y su papel pionero. En resumen, esas transformaciones son, en gran medida, respuestas pasivas a los cambios en la configuración económica e impulsada por políticas proactivas del mercado de trabajo. Este artículo, por medio de múltiples análisis del mercado de trabajo, acompaña a la respuesta de los trabajadores y expone la estrategia del Estado para la transformación del mercado de trabajo con base en una ideología ordoliberal.

Palabras clave: Mercado de trabajo; Segmentación del mercado; Conflictos laborales; Migración laboral.

Changements sur le marché du travail chinois après 2008

Résumé

Le marché du travail chinois a profondément change après la crise financière internationale de 2008: le processus d'intégration au marché du travail a segmenté les travailleurs migrants; pénuries de main-d'œuvre globales contrastant avec le grave chômage des jeunes; la croissance rapide des salaires a entraîné une plus grande inégalité dans la répartition des revenus; la lente augmentation de la population en âge de travailler ne compense plus, entre autres, le bonus démographique en baisse. Parallèlement à ces changements, il y a eu des conflits de travail qui ont eu tendance à être politisés depuis 2010. Les travailleurs migrants ont un fort potentiel pour diriger le mouvement syndical actuel et son rôle de pionnier. En bref, ces transformations constituent des réponses en grande partie passives aux changements de contextes économiques et sont motivées par des politiques volontaristes du marché du travail. Cet article, à travers de multiples analyses du marché du travail, suit la réponse des travailleurs et expose la stratégie de l'État pour la transformation du marché du travail basée sur une idéologie ordolibérale.

Mots clés: Marché du travail; Segmentation du marché; Conflits de travail; Migration de travail.

Introduction

The past decade after the financial crisis has witnessed persistent changes of the labour market in China: Since 2010, labour market has entered an overall situation of shortage, meanwhile confronted severe youth unemployment; although wage has been comprehensively increased, its proportion in income distribution demonstrated a constant decline; minimum wage has been yearly adjusted with double-digit increase, its proportion to average social wage declined even lower than that of the 1990s; working-age population still demonstrates a positive growth (till 2014), but its proportion already started to decline since 2010; furthermore, service since 2011 and industry since 2014 surpassed agriculture become the more prominent sectors absorbing employment; to name just a few. Although these changes are not necessarily induced by the financial crisis, they did alarm bell to the developmental model, which was much based on overexploitation on natural and labour resources, in turn, requires re-configurations of labour market thereof. Before presenting general features of the labour market, some significant changes are worth mentioning, since they have taken most of the public attention during the past decade. These include the labour migration boom, migrant labour shortage, wage growth, demographic transition, and industrial unrests.

For long, rural area has provided substantial low-cost supplies to sustain industrial sectors, so as to ensure that China's industrialisation has competitive advantages and with smooth development (C. Li, 2017b). Supply of abundant labour force from the rural area has been long as a decisive source towards China's high economic growth, which consists of the very success of the "Made in China" that inextricably meshed with the story of rural migrants toiling for cheap wages to produce for exports (Chan, 2007). As confirmed by Zhou (2013) from the Chinese Academy of Social Sciences, the GDP contributed by migrant workers increased from 32.1% in 2008 to 38.6% in 2012. And the substantial rural-to-urban labour migration ever since the 1990s has always been taken the striking headlines. In 2016, the number of rural migrants in urban labour market reached 281 million, accounted for 36.3% of the entire employment (National Bureau of Statistics of China [NBS]). Nonetheless, recent decade manifests its growth rate a declining tendency. In particular, long-distance labour migration demonstrated a progressively declining (Table 1). It implies that more and more rural migrants in relative terms prefer to work at inland provinces, reducing their overall supply to industrial areas. Besides, ever since the widespread of migrant labour shortage in 2002, apart from 2008 and 2009, it has become the most normal situation that is annually reported (Z. Zhang, 2008; C. Wang, 2005).

Against the backdrop of migrant labour shortage, the wage of migrant workers was found with significant growth over the past two decades (Graphic 8). With an annual growth rate above 10%, it climbed sharply from 1,340 RMB (in 2008) to 3,275 RMB (in 2016) (NBS). And this triggered a heated debate over the remaining surplus labour force in the rural area. Some argued that labour market has moved from a period of unlimited supply to the new era of labour shortage as early as 2004 (Cai, Du & Zhao, 2007; Cai & Wang, 2008); In contrast, others claimed that China still has abundant rural labour force and is unlikely to reach the shortage until 2020 (Kwan, 2009; Das & N'Diaye, 2013). Besides, the rest attributed the current shortage to the structural problems of the labour market that prevent surplus labour from being fully employed (Meng, 2012). Nonetheless, it's not necessary to deepen this debate, since different measurements lead to corresponding conclusions (C. Li, 2017c). However, the essential point here lies in the debate that along with the ongoing transformations of the labour market, when it would end China's growth model that has been claimed was much based on the unlimited supply of rural labour.

In spite of all these aforementioned changes, the demographic transition is often viewed too stable to have an essential impact on labour market transformation. However, that of China's case manifested very differently. Impacted by its 1970s' family planning policy (known as "One-Child Policy"), various consequences of the induced demographic structural changes have been gradually realised nowadays and become more visible. For example, the constant decline of the fertility rate, proportion of the working-age population (since 2010), and the rural population growth rate would fundamentally reduce the overall labour supply; the diminishing demographic dividend measured by the age dependency ratio since 2010 would make the cheap wage impossible any more. Changes in age structure, fertility, age dependency, demographic dividend, population ageing, etc., all have some impacts on the general labour market transformations.

Nevertheless, against the transformations of China's labour market, workers are not passive at all towards these changes. More and more industrial actions have been taken when workers demand higher wage and better working condition. It is found that during the past five years, each day, there is an average of 25 varying levels of industrial actions taken place (China Labour Bulletin [CLB]). Thus, the wage growth should not be as claimed simplistically attributed to the simple response of market mechanism (given the deteriorating situation of labour shortage), or to the proactive wage policies that promoted by the State. It is rather pushed mainly by massive and spontaneous industrial actions (C. Li, 2017a). As one of the significant components of the labour market, it is found that various forms of spontaneous industrial actions already started to play a bigger role in the recent decade. Under the absence of essential union representation, as well as lack of concrete mechanism of collective bargaining, workers started to defend themselves spontaneously and often bypassed official trade unions. Some changes have been seen after the 2010's strike wave since the demands from workers' collective voice are not any longer only focused on wage and lawful interests; instead, they have been shifted to some fundamental rights, calling for establishing their own independent trade union.

It is an arduous task to have a profound analysis of the Chinese labour market since it is still highly segmented. Moreover, these segmentations are not only intrinsic, but also interactive one another, meanwhile, all are undergoing structural transformations (Liu, Qiu & Wang 2011). Moreover, under the dualistic division of the economy, with the barred rural labour mobility, the Chinese labour market segmentation is not very conventional, but with more Chinese characteristics. Therefore, in the light of the theory of labour market segmentation, and under the framework of the tripartite labour market division (C. Li, 2017a), three sub-divided labour markets will be elaborated respectively (C. Li, 2017c): namely, rural labour market, urban labour market and migrant worker's labour market. To organize this paper, topics like employment distribution, labour supply and demand, labour migration, wage and income distribution, labour unrests and trade union's response, etc., are facilitated to present the general profile of the current labour market. So followed by the transformation analysis, historical formation and demographic transition are placed to elaborate on the fundamental causations of the ongoing transformations.

1. General Profile of the Current Labour Market

The status quo of the Chinese labour market is highly segmented. Nonetheless, its content has many differences comparing to any conventional labour market segmentation that of the market economy. Besides, the current Chinese labour market, as a result of economic transformations from the previous command to the current market-oriented system, is still reflected by various institutional configurations of the planned economy. To elaborate a general profile of the current labour market transformations, topics, like employment distribution, labour supply and demand, labour mobility, wage and income distribution, and labour unrests and trade union's response will be discussed respectively in details.

1.1. Employment Distribution

Rural-urban distribution

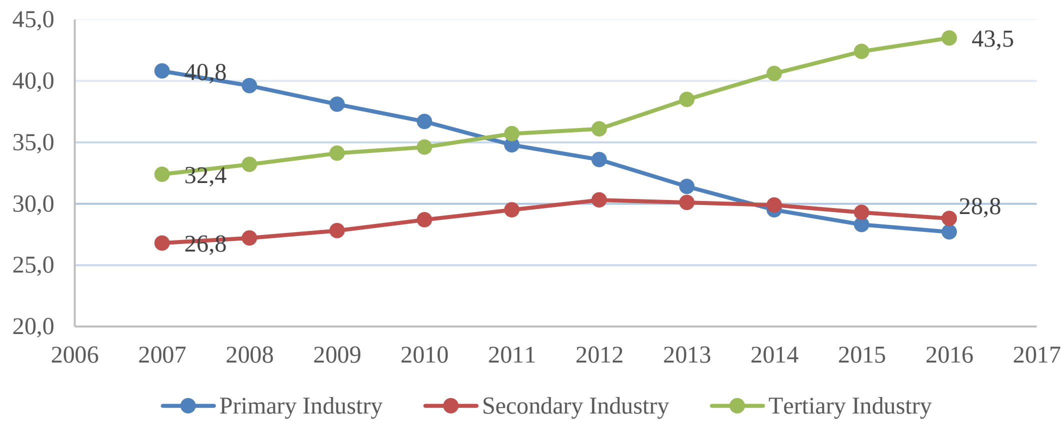
Since 2008, the working population in China has been on a stable scale and remained around 750-780 million (NBS). In the past ten years, the number of urban employed population has increased steadily with an average annual growth rate of 3.29%. As thus, for the first time in history, more than half of the workers employed in urban area from 2014 and onwards. And such a tendency is estimated to continue, given the current low level of urbanisation rate (around 55%), and the massive labour migration. On the contrary, in the rural area, the phenomenon of part-time farming has become increasingly severe (C. Li, 2017b). Farmers have found gradually changed from being mainly engaged in agricultural activities to working partly/periodically in non-agricultural sectors both in rural and urban areas. Also, self-employed farmers and farmers employed in rural private enterprises have been found with constant growth. In 2007, the proportion of self-employed farmers (22 million) in rural areas only accounted for 4.9%, and that in rural private enterprises (26.7 million) occupied only 6%, however, ten years later, both proportions doubled to 11.7% and 16.3% respectively (NBS).

Likewise, after decades' rural-to-urban labour migration, rural area emerged with new phenomena of being hollowing, aging, and feminizing, mainly through new divisions of labour in rural family that women and the elder stay as the main force for agricultural production, while men and young women leave for cities as migrant workers (C. Li, 2017b). Thus, the current transformation of the rural labour market is much realised in a means of consuming rural labour resources. That is to say, the outflow of the labour force not only results in the reduction of the quantity of agricultural labour resources, but it also brought a decline in the quality sense, since non-substantial skills upgrading of rural labourers has been found. As Hao suggested in his research that in the current rural labour market, it has yet to emerge high school or higher education as the main body of the proportion of high-skilled employment (Hao, 2016).

Sectoral distribution

Besides, the transformation that reflected on employment distribution by three strata of industry has been apparent in the past ten years (see Graphic 1): service since 2011 and industry since 2014 surpassed agriculture to become the bigger sectors absorbing employment. As of today, the service sector offers almost half (43.5%) of total employment. It demonstrates a steady growth with an average annual growth rate of 3.67%; on the contrary, the employment contributed by the primary industry has been shrinking year on year (with an average rate of 3.89%), from 40% in 2007 reduced to the current 27.7%.

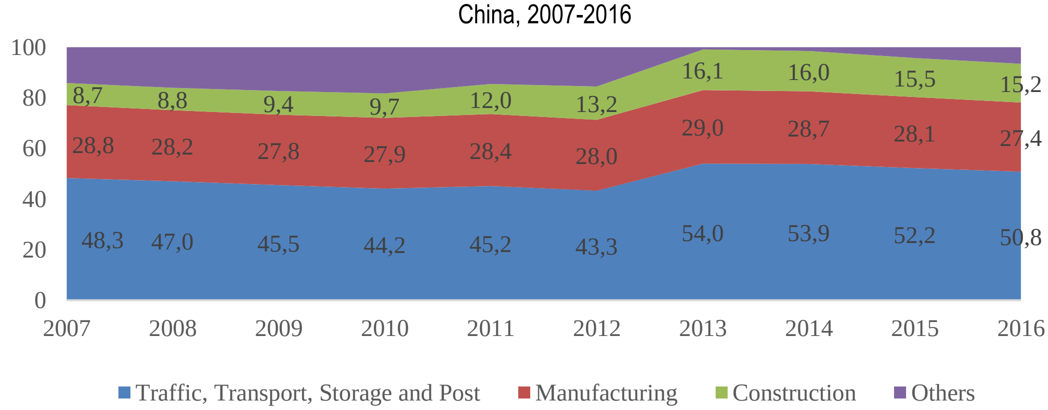
Graphic 1. Employment by three strata of industry (%)
China, 2007-2016



Source: China Statistical Yearbook 2017.

Moreover, within the internal compositions, sectors, like traffic, transport, storage, and post all together offered more than half of urban employment (see Graphic 2). Coupled with 28% of employment contributed by the manufacturing, they marked off nearly 80% of jobs in the urban labour market. The construction sector is also found with a steady increase and overgrew from 8.7% (2007) to 15.2% (2016). Rest sectors like business, administration, management, high tech, research and development, finance, etc., are suggested with more potentials in the near future. 7

Graphic 2. Employment compositions in urban sectors (%)
China, 2007-2016



Note: Data of new classification criteria since 2012 are not comparable with the previous.
Source: National Bureau of Statistics of China (NBS).

Regional distribution

Regional disparities are severely huge in China, especially gaps in terms of economy, GDP per capita, infrastructure, urbanisation, education, etc. Due to early biased industrial policies in favour of southeastern coastal regions, cities like Shanghai, Guangzhou, and Shenzhen, are well developed than the rest. To facilitate economic comparisons, China is conventionally divided into three main parts, which are Eastern, Central and Western regions. In general, eastern regions are well industrialised, with weighted employment in manufacturing and service, while the central and western regions are still agriculture-based with the main source of migrant workers.

In terms of employment distribution by regions, taking manufacturing for instance, it has been much concentrated in the eastern region and reserved stably with more than two-third of employment. Such a profile demonstrated a successively decreasing from the east (67.8%) to the central (21.7%) and to the west (10.5%) (Chinese Industrial Enterprises Database). Yet, within ten years, such a regional distribution has not found with significant changes. The inward development suggested by the new industrial policies of the "Go West Strategy", [1] unfortunately failed to transfer manufacturing from the east to the west. Nevertheless, more and more high-tech industries generally tend to still concentrate in eastern regions, while marginalised western regions in terms of potential employment share (Anon, 2016).

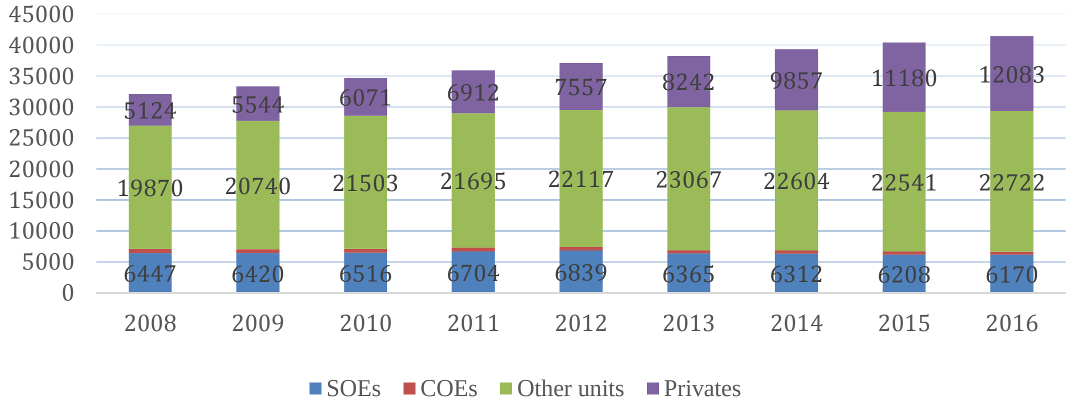
Public-private distribution

Due to historical circumstances, as of today, there are still various ownerships of enterprises in China. Generally, they can be divided by the following types of ownerships, such as the State-Owned (SOEs), the Collective-Owned (COEs), the Privately-owned, the Joint Ventures, the Foreign Invested, and the Self-employed. The SOEs and COEs can be understood simply as public sectors, while the rest are the private sectors. Thus, employment distribution between the public and the private sectors are self-evident. As Graphic 3 demonstrated bellow, the share of employment in the SOEs witnessed a steadily decreasing from 20% in 2008 to 15% in 2016. To be noted, this proportion before 1978, together with that of COEs accounted for almost 99% of urban employment (NBS). In contrast, employment share in the private enterprises and self-employed have shown a sharp increase, from 14.8%

[1] China launched its "go west" strategy in 2000 to boost the economic development of 12 western provincial-level regions — Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Ningxia, Xinjiang, Inner Mongolia, Guangxi and Qinghai — that are home to more than 400 million people.

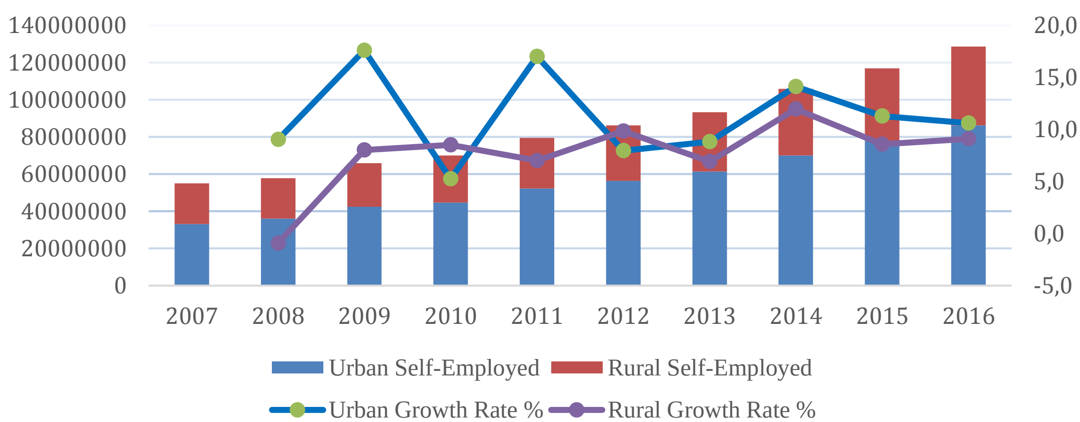
for the private enterprises and 10.7% that of the self-employed form in 2008, doubled to 29.2% and 20.8% respectively in 2016.

Graphic 3. Composition of urban employment by ownership (10,000)
China, 2008-2016



Note: Other units are including Joint Ownership units, Limited liability corporations, Share holding corporations Ltd., units with funds from Hong Kong, Macao and Taiwan, Foreign funded units, and Self-employed individuals.
Source: China Statistical Yearbook 2017.

Graphic 4. Urban and rural self-employment
China, 2007-2016



Note: Data adopting new classification criteria since 2012 are not comparable with the previous.
Source: National Bureau of Statistics of China (NBS).

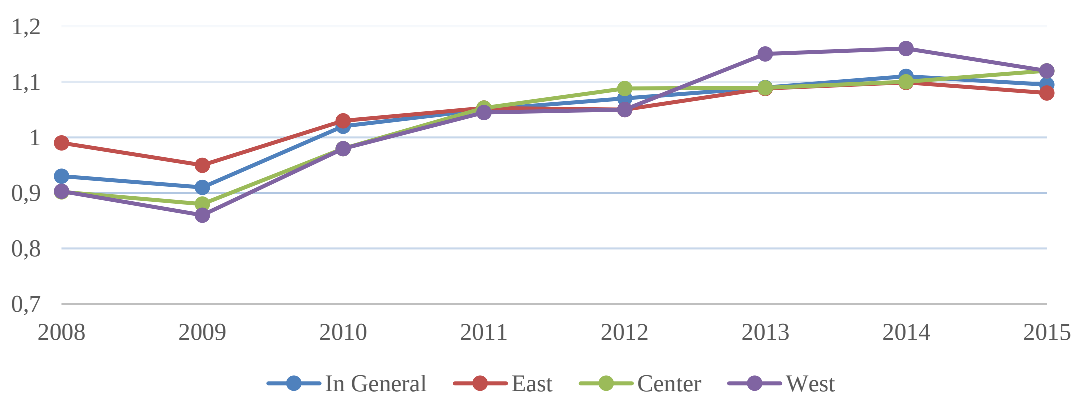
Besides, certain flexible forms of employment found are emerged with steady growth, including self-employment, labour dispatch, outsource, and informal work. Among the most, self-employment manifests the most apparent growth both in rural and urban areas (see Graphic 4). Its employment share has climbed from 7.3% in 2007, sharply to 16.5% in

2016. Notably, urban self-employment accounted for 65% of the total self-employment, and showed a steady increase; While, left 35% for the rural area, with a tendency to decline year by year. However, from the viewpoint of the internal structures of rural employment, although the number of rural self-employed people in total employment is falling, the proportion of rural self-employed people in rural employment shows an increasing tendency, from 5% in 2007 to 11.7% in 2016.

1.2. Labour supply and demand

The most noticeable change in the labour market during the past decade has been marked by shifts between labour demand and supply. Apart from 2009 impacted by the financial crisis, the rest years all reported in varying degrees of shortage. A study from Fudan University also showed that labour shortage ever since 2010 had taken place nationwide, and will be the basic feature of the labour market in the near future (Anon, 2016). The ratio of job vacancies to jobseekers is set to monitor the general demand-supply of the labour market. Thus, when the ratio is less than 1, it indicates that the overall labour market is in the situation of oversupply of labour; Contrariwise, when the ratio exceeds 1, it means that the supply falls short of demand and there is a shortage. Self-evidently, as presented in Graphic 5, apart from 2008 and 2009, the ratio had dropped from the previous peak, ever since then it has been rebounded and maintained above 1 since 2010, which strongly implies a labour shortage. Furthermore, the shortage not only appeared in the eastern region but also spread to the central and western regions.

Graphic 5. Ratio of job vacancies to jobseekers
China, 2008-2015



Note: The ratio covers more than 100 cities in China both in Public and Private sectors.
Source: CEIC Database: China Economic Database.

In particular, details revealed that the most demand for labour is still in the manufacturing and service sectors. Correspondingly, the highest demand for labour lies in the group of workers whose education background is from high school, vocational school and technical school. Besides, studies showed that China has gradually realised the transformation from equipment manufacturers to parts suppliers (Anon, 2016). Against this background, demand for highly skilled labour continuously rising. Further, it has been found that the highest demand for labour is those senior technicians (the ratio maintained above 1.4 ever since 2008). However, the situation for young graduates from university and higher education contrasts to all. Its rate for long has been keeping less than 1, indicating an over-supply to the labour market (Han & W. Zhang, 2015). Although higher education sustains economic growth in the long run, radical expansion in university enrolment in the past 15 years has created some structural problems in short-run, given its unmatch to the current demand for lower-skilled workers.

In addition, labour demand for emerging industries with highly globalised services such as IT, software, R&D, accounting, marketing, finance and customer service is constantly growing. And this is much identical with changing compositions of the FDI in China's industries. Before 2009, the total amount of foreign investment in manufacturing attracted more than service. However, this ratio has been reversed after 2010. The proportion in manufacture dropped down to 38.74% in 2013, whereas for service increased to 59.4% (Nie, 2015). Besides, with the rise of the artificial intelligence industry, the State Council in 2015 launched "Made in China 2025", formulated key indicators thereof, and prioritised ten high-value-added industries for development.[2] Thus, this will create a huge demand for labour correspondingly, especially high-qualified technicians and services in the near future.

Against this background of the overall shortage, the situation of unemployment seems less problematic. Official unemployment rate (registered rate) has always been hovered at 4% in the past decade (NBS), although its accuracy has long been criticised by various investigated rates. For example, the official unemployment rate in 2008 reported was 4.2% (NBS), whereas, the investigated rate conducted by CASS was as high as 9.6%. Also, it is estimated that the size of the current unemployed population is maintained at 30 million, of which 85% are in the urban area (Anon, 2016). In general, unemployment appears more

[2] It includes including a new generation of information technology; high-end CNC machine tools and robots; aerospace equipment; marine engineering equipment; high-tech ships; advanced rail transportation equipment; energy-saving and new energy vehicles; electronic equipment; agricultural machinery and equipment; new materials; and biomedical products.

among college graduates and migrant workers, which are identical with workers aged between 16 and 29, and between 45 and 60, according to the 2010 census.

1.3. Rural-to-urban labour migration

Another significant feature of the current labour market is the growing number of rural migrant workers in urban sectors. Ever since the abolishment of relevant institutional barriers on rural labour mobility, internal labour migration has been taking place at an unprecedented scale. According to the National Monitoring Survey Report of Migrant Workers, there were 281 million migrant workers by the end of 2016, which is roughly equivalent to 1/5 of the national population; 1/4 of the working-age population; and 1/3 of total employment. Within the decade, the number of migrant workers has continued to grow at an average annual growth rate of 2.83%. As of today, more than half of migrant workers are working in the manufacturing and construction sector. Meanwhile, service sectors, such as wholesale and retail, accommodation and catering, as well as transportation, warehousing and postal services, have been becoming larger areas that absorb migrant workers, and totally grew from 33% in 2008 to 46.7% in 2016.

Table 1. Migrant workers in China, 2008-2016

Year	Amount (1.000)	Male (%)	Female (%)	Local (%)	Inter-province (%)	Entire family (%)
2008	225420	-	-	37.7	62.3	12.7
2009	229780	65.0	35.0	36.8	63.2	12.9
2010	242230	65.0	35.0	36.7	63.3	12.7
2011	252780	66.0	34.0	37.2	62.8	13.0
2012	262610	66.0	34.0	37.8	62.2	12.9
2013	268940	66.0	34.0	38.2	61.8	13.1
2014	273950	67.0	33.0	38.6	61.4	13.1
2015	277470	66.0	34.0	39.2	60.8	-
2016	281710	66.0	35.0	39.9	60.1	-

Note: Local migration means migrant workers work in his/her original province, which contrast to the inter-provincial migration; Entire family means migration with entire family.
Source: Annual Monitoring Report of Migrant Workers, NBS.

Furthermore, compositions of migrant workers are very stable during the past decade: Male workers still dominate 2/3 of entire rural migrants; individual mobility (more than 85%) still marks the chief form of current migration, and the inter-province (long-distance) migration remains more than 60% (see Table 1). Nevertheless, insightful differences are also found, on the one hand with the gradual growth of the short-distant migration, given more and more migrant workers (nearly 40%) tend to mobilize within his/her province; on the other hand, emerging migration with entire family starts to grow. Since there are still various restrictions on migrants' full access to public welfares and social services in cities (e.g. children' schooling), currently only 35.2 million migrant workers (13%) are found migrating with the entire family.

In general, the Chinese rural-to-urban labour migration exposes some unique features comparing to that of conventional migration process, which can be summarised into following points: Firstly, subject to certain degrees of social exclusion in urban area, majority of migrant workers do not achieve settling in cities, demonstrating a "Migratory Bird" pattern (Bai & Li, 2008), or a bidirectional mobility.[3] Main reasons can be attributed: For one thing, there are still remaining administrative barriers that prevent rural migrants of being fully equal to urban citizens; For another, rural migrants themselves yet to give up their entitlement of access to farmland in rural area; Secondly, migrant workers normally rely on their own networks rather than public & private job agencies in searching for jobs. Gradually, it forms an independent labour market segmented from the conventional urban labour market. And such a way of obtaining jobs often occurs spontaneously. It is found that only 12% of rural migrants achieved urban employment via an organised way. Although in recent years, getting jobs through agencies is gradually increasing, it is still yet the main channel.

Additionally, under the context of substantial regional disparities, workers are not only in principal with rural-to-urban migration, but they also demonstrate regional labour mobility, namely, from the backward regions to the advanced ones. Data from the 2010 censuses showed that Pearl River delta with Guangdong province as the center, Yangtze River Delta with Shanghai as the center, and Bohai Sea Gulf with Beijing & Tianjin as centers, are three major destinations for migrant workers. Further, among inter-province migration, more than half (58.7%) of rural migrants went to the eastern region in 2016. However, this tendency has demonstrated a steady decline ever since 2009 and dropped from 71.2% in 2008. Whereas, the inter-province migration to the central region are found with prominent growth from 13.3% in 2008 to 21.1% in 2016 (NBS).

[3] Since all migrant workers are entitled of access to land in rural areas, bidirectional mobility then reflects a flow from rural to urban during the agricultural slack season and from urban back to rural during the farming season.

1.4. Wage and income

Income distribution and inequalities

Increasing inequality in labour income has been a trend in China since the 1980s, and has been linked to the change in employment structure in urban areas (Herr, 2011).

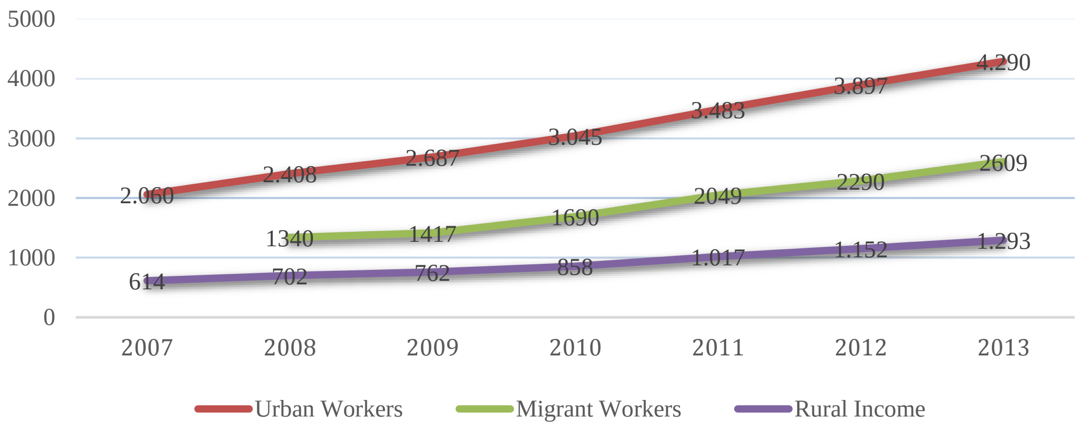
Given migrant workers are often exclusively calculated and excluded from the urban statistics (although there are many overlapped areas), and according to the Ministry of Human Resources and Social Security, more than 20 million migrant workers (15.3%) returned to rural area in 2008, the financial crisis was not fully reflected in the overall wage growth of urban labour market. As demonstrated below (Graphic 6), the average annual wage of workers in all ownerships of urban firms during the past decade was nearly tripled from 24,721 RMB (in 2007) to 67,569 RMB (in 2016). However, the increment varies among different types of firms. As manifested below, firms of foreign-funded pay the highest, followed by the State-owned firms, and with the collective-owned firms pay the lowest. And the wage gap between the highest to the lowest maintains stably at 1.6 times.

Graphic 6. Average wage in all forms of urban firms / unites by ownerships (RMB)
China, 2007-2016

Source: National Bureau of Statistics of China (NBS).

Generally speaking, in the past decade has manifested: a rapid growth of urban wage, overall improvement of rural disposable income, and substantial increment for migrant workers. In comparison, although wage of migrant workers and income of rural residents demonstrate varying degrees of increase, they are still lag by urban wage growth. Also, there is almost no tendency of seeing the wage gaps to be reduced during the past decade. Due to the change of rural statistics after 2014, reliable comparisons can be only due by 2013. As Graphic 7 below demonstrated, the income gap between urban workers and rural residents still maintains as high as 3.3 times from 2007 to 2013; so is that between urban workers and migrant workers stays around 1.7 times. And in recent five years, perceptions can be through the comparison of household disposable income. As Table 2 demonstrated, gaps between urban household and rural one stagnated at 2.7 times.

Graphic 7. Monthly average income (RMB)
China, 2007-2013



Note: The data on income of rural residents before 2013 was derived from an independent rural household sample survey.
Source: National Bureau of Statistics of China (NBS).

Table 2. Per capita disposable income (RMB) in China, 2013-2016

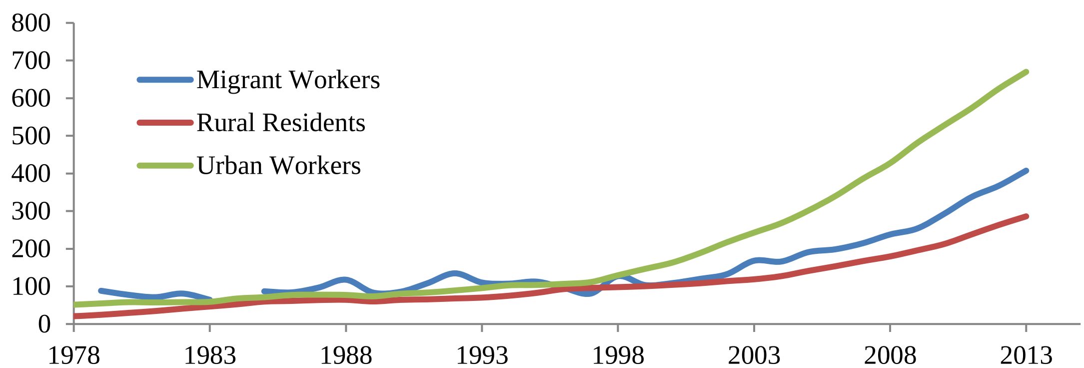
Year	Urban households (a)	Rural households (b)	Ratio (a)/(b)
2013	26467	9430	2.8
2014	28844	10489	2.7
2015	31195	11422	2.7
2016	33616	12363	2.7

Note: The data on income of rural residents before 2013 was derived from an independent rural household sample survey.
Source: National Bureau of Statistics of China (NBS).

Although wages have been steadily increased during the past decade, not only did they not see any tendency of the diminishing wage gaps, but they are also revealed more inequalities. In the light of GDP measured by income approach (forms by labour remuneration, operating surplus, net production tax and depreciation), past two decades before 2009 saw a declining and low (40%) proportion of labour remuneration among the initial income distribution (Luo & J. Zhang, 2009). That is to say, the income distribution has long been tilted towards factors of capital rather than labour. Further, the ratio of urban income to GNP also manifested a similar situation. It only started to grow from 2011 and onwards, after four years' stagnation (11% from 2007 to 2010), and slowly reached 16% in 2016 (NBS). Besides, research revealed that wage difference among different industries in China reached as high as 3,000%, whereas the world average level is only 70% (Lu, 2016).

In essence, the increasing income inequality can be also concluded from data analysis of real wage comparison. It is found wage in real term also demonstrated an expanding tendency (C. Li, 2015), since the gap between urban workers and rural residents increased from the lowest level of 1.15 times in 1996, climbed to 2.48 times in 2010; and that between urban workers and migrant workers also increased from 0.62 times in 1978 to 1.90 in 2009. Although from 2010 onwards, these gaps showed a slight trend of convergence, the past three decades are long enough to conclude that the current labour marketisation process grows various income inequalities.

Graphic 8. Monthly real wage (RMB) in the tripartite labour markets, 1957-2013



Source: National Bureau of Statistics of China (NBS). Retrieved from C. Li (2015).

Minimum wage

Different from many countries, the minimum wage in China is not universal. It is determined and adjusted by each local government (province, autonomous region or municipality). Required by the Minimum Wage Provision (2004), the minimum wage should be adjusted at least once every two years. Further, it is found that during the past decade, the minimum wage was adjusted every year in most provinces. And the growth rate is rather impressive. After gradual economic recovery from the financial crisis, nearly all provinces[4] since then started to adjust their minimum wage. Further, it is found that in 2010, 31 provinces announced the minimum wage adjustment at an average growth rate of 24%. In the following years, 25 provinces adjusted at an average rate of 22.1% in 2011; 25 provinces did at 20.2% in 2012; 19 provinces adjusted at 14.1% in 2014; and 21 provinces at 13.3% in 2015 (Lu, 2016).

Against this background of the comprehensive growth of minimum wage, but its proportion to the average social wage seems quite low, and even lower than that of the 1990s. To elaborate, the proportion of the minimum wage to social average wage in 1994 was about 40%; whereas, in 2012, this ratio dropped to 31% (Lu, 2016). Take Shanghai for instance, it was 33.2% in 2008, and only slightly increased to 35.4% after 10 years (Table 3). It is suggested that by the end of the 13th Five Year Plan (2016-2020), the ratio would reach between 40-60 percent. However, tracking cities of the highest level of the minimum wage (Shanghai and Shenzhen) of the past 10 years, non of them reached 40%. Besides, other perception can be found looking at the proportion of minimum wage to the GDP per capita. In the light of research reported by the China Economic System Reform Research Association, China's minimum wage in 2010 was 25% of GDP per capita, however, the average world level was 58% (Lu, 2016).

Table 3. Minimum wage (monthly & hourly) (RMB). China: 2008-2017

Year	Highest monthly minimum wage	Province/ Municipality	Provincial average monthly salary	Percentage	Highest hourly minimum wage	Province/ Municipality
2008	960	Shanghai	2892	33.2	8.7	Beijing
2009	960	Shanghai	3292	29.2	9.6	Beijing
2010	1120	Shanghai	3566	31.4	11	Beijing
2011	1320	Shenzhen	3763	35.1	13	Beijing
2012	1500	Shenzhen	4215	35.6	14	Beijing
2013	1620	Shanghai	4692	34.5	15.2	Beijing
2014	1820	Shanghai	5036	36.1	17	Shanghai
2015	2030	Shenzhen	5525	36.7	18.7	Beijing
2016	2190	Shanghai	5939	36.9	21	Beijing
2017	2300	Shanghai	6504	35.4	22	Beijing

Note: Data collected are not very accurate given different publication dates of all the provinces.
Source: Various governments' reports.

[4] China so far administrates 34 provincial level divisions, including 23 provinces, 5 autonomous regions, 4 municipalities, and 2 special administrative regions.

Non-monetary factors

Apart from overall wage growth, non-monetary factors like the social insurance premium as the new component of workers' salary are getting prominently during the past decade. Simply speaking, they are benefits for workers or costs for employers. Among most non-monetary factors, the premium of insurances and housing fund would add 40-45% additional costs to worker's salary, required by the newly promulgated Social Insurance Law (2010). So under the current legal framework, insurance like pension, health care, work-related injury, unemployment, maternity, and housing fund are all mandatory for both employer and employee. But due to different guidance from each local government, the pay base and contribution of social insurance premium vary from province to province. To elaborate, Table 4 below is a nationwide analysis.

Table 4. Components of social insurance and cost

Insurance	Cost	
	From Employer	From Employee
Pension	Usually 20% of an employee's salary	8% salary (uniform rate nationwide)
Health Care	Usually between 7-12% of salary	Usually 2% salary
Work-related Injury Insurance	From 0.4% to 3% of salary depending on location and degree of danger of business engaged in	No contribution required
Unemployment Insurance	From 0.4% to 2% of salary	Usually 1% salary
Maternity Insurance	From 0.5% to 1% of salary depending on location	No contribution required
Housing fund	From 5% to 20% depending on location	Equal contribution depending on location

Source: China's Social Insurance Law and local government's guidance.

However, the mandatory participation of the above insurances and housing fund is only bound by formal jobs. Thus, it has little impact on urban workers, since the majority of them have a labour contract. However, the situation for migrant workers is quite tricky, given more than 60% of them do not have a labour contract. According to the statistics shown in Table 5, the proportion of migrant workers with working contract manifested a steadily decline and dropped from 43.9% to 35.1%. Even worse, migrant workers' participation in social insurance schemes are extremely meagre: their participation rate in pension was only 16.7%, health care 17.6%, work-related injury 26.2%, unemployment 10.5%, and maternity only

7.8%. As such, coupled with factors that enlarge wage gaps between urban workers and migrant workers (as articulated before), the non-monetary factors also aggravate this income inequality.

Table 5. Migrant workers participated in the Social Insurance, 2008-2016

Year	Labour contract	Work-related injury	Health care	Pension	Unemployment	Maternity	Training
2008	NA	24.1%	13.1%	9.8%	3.70%	2%	NA
2009	42.8%	21.8%	12.2%	7.6%	3.9%	2.4%	48.9%
2010	42.0%	24.1%	14.3%	9.5%	4.9%	2.9%	47.6%
2011	43.8%	23.6%	16.7%	13.9%	8.0%	5.6%	31.2%
2012	43.9%	24.0%	16.9%	14.3%	8.4%	6.1%	30.8%
2013	38.1%	28.5%	17.6%	15.7%	9.1%	6.6%	32.7%
2014	38.0%	26.2%	17.6%	16.7%	10.5%	7.8%	34.8%
2015	36.2%	NA	NA	NA	NA	NA	33.1%
2016	35.1%	NA	NA	NA	NA	NA	32.9%

Source National Monitoring Survey Report of Migrant Workers.

Labour unrests and trade union responses

Paralleled to the increasing income inequality, workers are not passive at all towards these changes. Varying degrees of spontaneous labour unrests[5] found are taking place nationwide and occurred substantially, especially after 2008 (C. Li, 2017a). Thirteen successive suicides of workers from the Foxconn factory in 2010 pushed this wave of workers' resistance to the peak. Data collected from the China Labour Bulletin (CLB), a non-governmental organisation that closely monitors and collects both formal and informal records of strikes nationwide, reported that each day there are around 25 varying levels strikes taking place in China (see Table 6).

[5] For example, in June 2010, around 1,700 workers at a Honda parts plant in Zhoushan, went on strike, calling for higher wages, better conditions, and representative trade union; In January 2012, over 2,000 workers at the state-owned Pangang Group went on strike, demanding stable contracts (China Labor Watch, January 4, 2012); in July 2015, around 1,700 workers at a coal mine in Jining, were on strike due to wage cuts (CLB, 2015); to list just a few.

Table 6. Unofficial records of industrial actions in China, 2012-2017

	Number of people involved	Strikes
Participants	1-100	6484
	100-1000	1627
	1000-10000	281
	10000 +	5
	others	345
Demands	Pay increase	630
	Wage and compensation	111
	Trade Union	3

Source: China Labour Bulletin.

Besides, more insights can be revealed through cases of labour disputes that have been arbitrated/judged by the Labour Dispute Arbitration Committee (see Table 7). It is found that the annual growth rate of the labour dispute was 10% between 2007 and 2016. As to collective labour disputes, it seems that the number was declined from 12784 cases (2007) to 9743 cases (2016); however, those are only cases that have been officially disposed of, which left cases that were not via this legal channel maintained unknown. That is why data collected from an unofficial source becomes crucial. Thus, coupled with data from CLB, there are around 54 daily cases of collective labour disputes, among half went on different scales of strikes during the past decade.

Table 7. Official data on labour disputes in China, 2007-2016

Year	Labour disputes	Collective labour disputes	Laborers involved	Laborers involved in collective labour disputes
2007	350182	12784	653472	271777
2008	693465	21880	1214328	502713
2009	684379	13779	1016922	299601
2010	600865	9314	815121	211755
2011	589244	6592	779490	174785
2012	641202	7252	882487	231894
2013	665760	6783	888430	218521
2014	715163	8041	997807	267165
2015	813859	10466	1159687	341588
2016	828714	9743	1112375	289842

Source: National Bureau of Statistics of China (NBS).

Currently, labour remuneration, labour contract, and social insurance are centered around most of the labour disputes. Although cases on social insurance witnesses a declining feature (NBS), however, due to the low participation of migrant workers, such a finding is still much questionable. Disputes on labour remuneration and labour contract manifest an overall worsening since both cases have been nearly doubled during the past decade. Moreover, cases of labour remuneration occupied nearly half of the total disputes. Besides, collective labour disputes are still concentrated in labour-intensive sectors, like manufacturing (NBS). Again, the main body of current labour disputes is much concentrated on migrant workers.

Given labour disputes and the induced collective labour unrests are more intense and visible than before, in response to this deteriorating situation, workers often negotiate directly with employers, and only take collective actions unless no other option is available. Once collective actions are taking place, workers often bypass trade unions and organize themselves spontaneously. In addition, ways of defending workers' rights have also found to shift from individual and small group to bigger group. It is found that there has been a series of semi-organised strikes in export-oriented industrial areas ever since 2004 (CLB). Whereas, in response to the collective labour disputes, on the one hand, the State and trade unions intend to emphasize their efforts on the institutionalisation of legal channels towards dispute resolution mechanism. Several laws were introduced to establish this legal foundation. For example, the Labour Contract Law (in 2008) and the Labour Dispute Mediation and Arbitration Law (in 2008) are sorts of their major achievements in the recent decade; On the other hand, when directly involving in labour unrests, trade unions are normally less hesitant represent individual worker than group workers as long as workers' claims are made through the state-sanctioned channels (Chen, 2003). Besides, they often avoid to represent and opt instead for mediation when discontent bursts into spontaneous collective actions. Even, they adhere to the state's position and co-opt or prevent when workers call for independent unions (Chen, 2003).

To elaborate, according to basic duties that official trade unions abided by, union's engagement in workers' grievance is the merely lawful stipulation of the existing legislation. In other words, trade unions are set to protect only those legitimate/lawful rights for workers, like minimum wage, delay of payment, working contract, etc., but not for any demands/ interests higher than these minimum decrees. However, the research found that the current labour disputes are more concentrated on these "interest disputes",[6] rather than the previous

[6] The "right dispute" refers to the passive rights protection caused by one or both parties violating the contractual agreement; while the "interest dispute" is a dispute arising from the workers' dissatisfaction with the status quo, which is higher than the statutory standard, such as the request for higher salary.

"right disputes" (Liu, Qiu & Wang, 2011). That is to say, most of the ongoing disputes that have been taken action are interests-based and beyond these minimum decrees/rights. Thus, it well explains why there are almost no strikes so far initiated by trade unions (C. Li, 2017a), and trade unions are mostly absent in the process of workers' struggles. Thus far, the basic profile of the Chinese labour market, as well as its changes of the past decade, have been basically presented. As is self-evident, there are many areas very different from the conventional labour market (of the market economy). Thus, to have a profound understanding of those seeming differences, analysis of labour market formation and the Chinese demography would facilitate.

2. Transformation analysis (2008-2016)

The term "labour market" firstly used in China was in 1993 (X. J. Zhang, 2008), requested by the central government to establish a scientific, standardised and modernised labour market. Also, its developmental path has to deal with the transformation of the planned features inherited from the past. The labour market was established under progressive schedules and based on a dualist economic framework. It has been developed much in accordance with the transformations of the economic system from the command to the market-oriented, coupled with the substantial emergence of non-public ownership within the economy. As of today, within three decades, it undergoes significant changes. The preform of a modern/westernised labour market has been basically set up, but with distinct "Chinese characteristics".

2.1. Labour market formation

In short, under the planned economic system, Chinese employment manifested its particular pattern: "Communal Pot" and "Iron Bowl". As the former one refers to the rural production system. Farmers were organised collectively under the "*work without assessing and eat without paying*", meanwhile the rural collectives provided egalitarian goods and services (Cai, Park & Zhao, 2008). Whereas, the latter one refers to the urban employment system that permanent job was assigned and guaranteed by the Labour Personnel. However, once the job was assigned, in most cases, workers were not allowed to change. Correspondingly, layoffs and unemployment were also forbidden to the employer. In turn, companies provided the very kinds of public welfare and socialist protections marked as "*from birth to death*" for all urban worker and their family. Therefore, the conventional labour market did not existed before the economic reform.

Transformation of rural labour market

In rural areas, any conventional labour market has never existed. As of today, against the background of the diminishing collective-owned enterprises and the emerging private enterprises, a preformed labour market has been gradually established. Yet, it is hard to analyze its transformation without knowing where it came into being. Before the agricultural reform (1978), farmers were organised under the agricultural collectivisation. Rural households were grouped into production teams, brigades, and communes. Gradually, a series of rural reforms started to shift the collectivised system from absolute equalitarianism to a semi-capitalism,[7] which farmers got paid through calculating the working points.

Among all reforms, the Household Contract Responsibility System (HCRS)[8] was considered as the most representative one. It entitled farmers bigger autonomy and more independence over their production decision. As thus, each household was assigned to a certain amount of grain quotas with a fixed price to be sold to the government, and the rest could be sold at the private market. Gradually, in 1983, the very first time that farmers were allowed to conduct business outside of their home village, and farmers are permitted to market their own agricultural products. Also in 1984, regulations were further relaxed to allow farmers to work freely in the Collective-owned Township and Village Enterprises (TVEs) of the nearby towns. Farmers were released from pure agricultural production to be able to engage in non-farming activities. Thus, in rural area jobs offered by TVEs and farmers allowed to conduct business had flourished rural non-agricultural sectors. As a consequence, together with the gradual release over the control of rural labour mobility, massive farmers were moving to cities for better employment. Besides, the agricultural production model was also slowly transformed into a by-business form (Gao, Li & Ding, 2011).

Moreover, land tenure, given its deep root in rural resources, including labour force, also have prominent impacts on the rural labour market. Detailed elaboration of it also facilitates a better understanding of the distinct differentials of Chinese rural migrants. During past decades, land tenure has also undergone significant changes. The 1978 reform, via the initiation of the HCRS, started to separate land tenure into proprietary right and management right. More specifically, the proprietary right was still owned by the rural collectives (the rural administration), whereas the management right was via the rural collectives contracted to

[7] Farmers through land stock-cooperation, centralised management, unified allocation participated in joint production, by the proportion of land and farming tools enjoying the dividend's share.

[8] It was an agricultural production system, which allowed rural households to contract land, machinery and other facilities from the collective organisation. Household could make operating decisions independently within the limits set by the contract agreement, and could freely dispose of surplus production over the national and collective quotas.

rural households. That is to say: farmers have been exclusively entitled to use farmland. As of today, such a legal and long-term (every 30 years) entitlement is well guaranteed by series of laws, such as the Constitution (1993), the Rural Land Contract Law (2002), and the Property Law (2007).

In addition, further changes of land tenure especially in the the recent decade are induced by the massive rural-to-urban labour migration, which again calls further separations of the management right into: the right to contract and the right to operate. In doing so, farmers could be released largely from agricultural production which the old system somehow prevents. And the right to operate can be traded on farmer's own will without giving up his/her legal and long-term contract right of land. As of today, the land tenure under the principle goal[9] of the 2014 reform is aiming to be transformed into a "collective owned, farmer contracted, and operation diversified" system (H. Y. Zhang, 2014), which can be realised by the practice of land circulation. As thus, due to income contributed by agricultural production (less than half) has been constantly diminishing for most rural households (NBS), more and more rural migrants via land circulation (Zhang, 2014), one the one hand, make themselves fully employed in urban labour market, on the other hand obtain a benefit from subcontracting their land to neighboring farmers or relatives. In short, being "emancipated" from land, some of them tend to seek better employment outside of agriculture (H. Q. Wang, 2015), while some still attach to his/her land or being employed as agricultural worker remaining in the rural area. And this bears the basic feature of the current rural labour market.

Transformation of urban labour market

Pre the emergence of the modern labour market in the urban area, China was running a command economy under purely public ownerships. Unified urban jobs to a certain extent manifested: lifelong employment, comprehensive welfare package, and egalitarian remuneration. The workplace was called work unit rather than the company, since it was not only economic but also with social and political dimensions (Walder, 1988). And both work units and workers were much deprived of various autonomy, including decisions over recruitment, layoff, and wage (Cai, Li & Lin, 1996). In addition, wage, together with other social welfares, was based on a classification system under administrative controls. They were classified with concerns in terms of occupation, industry, region, enterprise ownership, administrative level, etc. For example, there were eight distinct grade levels for factory workers and technicians, and 24 levels for administrative and managerial works (Yueh, 2004).

[9] 2014 The General Office of the CPC Central Committee and the State Council issued the Opinions on Guiding the Rural Land Management Rights to Orderly Circulate and Developing Agricultural Moderate Scale Operation.

In a general sense, wage determination has nothing to do with labour productivity but by these bureaucratic classifications. In short, little discretion of labour market mechanism was in place.

Corresponding to rural reform, China's first national work conference targeted on the labour market in 1980 had kicked off a series of reforms. An urban Contract Responsibility System centered on a decentralised administration and increased employment autonomy was also initiated. On the one hand, to release control over all types of enterprises, reform of urban labour market in 1984 was adopted a flexible strategy that accompanied the changes in the economic system. To be noted, there were only four kinds of enterprises in China before the reform: namely, the State-Owned Enterprises (SOEs), the Collective-Owned Enterprises (COEs), the Urban Individual Enterprises, and the Rural Township Village Enterprises (TVEs). And along with economic reform deepened, new forms of enterprises came into being gradually, such as domestic private enterprises, foreign-invested enterprises, cooperative enterprises, joint ventures, the limited liability enterprises, and share-holding enterprises;

On the other hand, under the "Provisional Regulations in State-Owned Enterprises (1986)", a labour contract system came up as the start to regulate both sides of the labour market. And along with the Labour Law (1994) came into being, 'iron bowl' types of employment were smashed. Instead, enterprises were granted more discretion in hiring and firing decisions. Along with the gradual removal of previous restrictions on labour mobility across enterprises, workers were first time allowed to work in non-public enterprises. Impacted by waves of the neoliberalism, also as goals to create a modern employment system as part of the establishment of a socialist market economic system, the government began the process of privatisation towards small and medium-sized SOEs, which involved more than 40% with 40,000 SOEs being privatised (Yueh 2004). After the massive layoffs of the SOEs in the mid-1990s, urban labour market rapidly embarked on the track of configuring labour force by the market-oriented mechanism. Thus, the employment share of the SOEs was historically reversed by the late 1990s, since its share declined to below 50% in 2001 and continued to 14.9% in 2016 (NBS).

Besides, the general labour market reform also touched upon the welfare system, as part of the SOEs reform. Replaced by the new social insurance program, it also ended the previous socialist welfare system marked as "from birth to death" for urban workers and their families. As thus, all types of enterprises were required to provide maternity insurance from 1995, work-related injury insurance from 1996, pension insurance from 1997, and unemployment and health care insurance from 1999 and onwards. In short, the concept of modern enterprise-based social security system was basically established by the late 1990s and confirmed by the National Social Insurance Law in 2010. As of today, substituted by the new Labour Contract Law (2008), supplemented by Employment Promotion Law (2008), apart from civil servants and army force, all rest workers and enterprises are basically regulated by the labour market mechanism.

Emergence of migrant worker's labour market

Occupying one-third of total employment, data of migrant workers reported often seems separate from the urban labour market. And different from conventional labour migration, the Chinese case tends to be relatively unstable, unsettled, bidirectional, and periodic. Also, given dualistic welfare programs entitle rural people of land and a differential rural security program, as well as entitle urban people of social security program, rural migrants participate in urban social security program still with various discriminations, as thus, a segmented labour market of migrant workers induced started to form (C. Li, 2017c).

As aforementioned, rural labour mobility has long been restricted before the reform. Agricultural production was organised through a collectivised system that rested on a set of legal and communal obligations designed to increase the productive effort of farmers and focus them exclusively on agricultural production. The mobility of farmers was restricted by various institutional barriers, like the Hukou System (HRS).[10] Only after the implementation of the Resident Identity System (in 1985), the state started to allow farmers to work in cities. But it was still with strict conditions. Initially, it not only required the temporary resident permit (stay if over three months) issued by the Bureau of Public Security, but it also required of letters both of sending and receiving institutions. By 1988, the national identity card was issued to replace the outdated system and facilitated the migration. Also, an employment certificate was introduced to regulate[11] further labour migration in 1995.

Substantial changes happened when China joint the WTO in 2001. Further, due to huge demand for labour to support the Chinese manufacture hub, most rural and agricultural policies[12] issued were not only to focus on the transfer of rural labour force to urban employment (C. Li, 2017b), but also to facilitate the settlement of rural migrants. The initial reforms[13] of the Hukou system (in 2001) enabled small towns no longer to abide quota system

[10] Hukou is a system of household registration in China, which can be used to identify a person's place of residence (rural and urban Hukou). It was placed to restrict people's mobility as well as access to the divided social welfare and public services of the planned economy.

[11] It required migrants to present four documents: identity card, temporary resident permit, employment certificate issued by the labour bureau in the destination location, and employment card issued by the labour bureau in the home location.

[12] Decision of Central Committee on Several Big Issues on Promoting the Reform and Development of Rural Areas.

[13] Promotion of Small-towns Hukou System Reform Views (2001).

that used to restrict the settlement of rural migrants. Gradually, various provisions[14] over the plan of the rural-urban social management loosened small and medium towns out of restrictions for rural migrants. Finally, as of today, with the continuing reforms[15] of Hukou System – setting differentiated targets: *fully liberalised restrictions to the small and medium cities* (less than 500,000 inhabitants)*; orderly release restrictions towards medium-sized cities* (500,000 to 1 million inhabitants)*; reasonably determine the settlement requirements towards big cities* (1 to 5 million inhabitants)*; strictly control the population size towards mega-cities* (more than 5 million inhabitants) – rural migrants are much released from various administrative controls.

Even so, rural migrants are still not fully equal to urban residents at the urban labour market, due to the fact that the Hukou system, together with the dualistic social security system is not extinct. Studies are revealed that more than 60 kinds of inequalities induced by Hukou distinction still persistently exist, especially in terms of social and economic welfares, such as access to farmland, employment, education, income distribution, housing, health care, social security/protection, so on and so forth (C. Li, 2015). Besides, the current improvement is still far from what the Hukou reforms may suggest. The overall integration of rural migrants is still problematic, and in many cases, is induced by the remaining institutional discriminations. Hence, a segmented labour market consisted of migrant workers, ever since the outset of labour migration, came into being with distinct features and coexisted with other segmentations of the urban labour market. So far, a historical transformation of the Chinese labour market has been basically presented. In addition to this, other factors like demographic transformation, wage, workers' resistance, etc., also fundamentally impact the general transformations of the labour market.

2.2. Demographic transition

Impacts of the demographic transition on the labour market are quite profound since they essentially determine the overall labour supply. In general, it is a simple, chronic, and inapparent process. However, the demographic transition in China has been artificially intervened. For example, China introduced the family planning policy known as "One-Child Policy" in the late 1970s (although modified to the "Two-child policy" recently), its impact on the demographic structure is still persistent. Coupled with other factors, consequences of demographic transition have various influences towards the general transformation of the

[14] On Promoting Rural Reforms and Development with Several Major Issues Resolution.

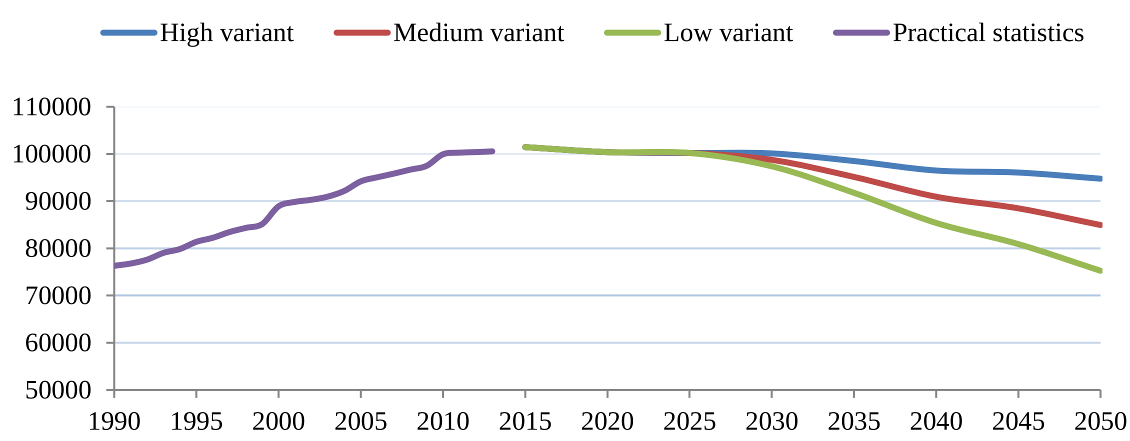
[15] The 18th National Congress (2012) and the 3rd Plenary Session of the 18th Central Committee (2013), "On the Further Reforms of Hukou System Views".

Chinese labour market. To elaborate, the following points are noteworthy to mention: age structure, fertility, age dependency, demographic dividend, and population ageing.

Factors among demography, the working-age population (15-64 years old) reflects the basics of the labour supply. Although its absolute number keeps growing until 2014 (1.004 billion), its proportion to total population ever since 2010 (74.5%) already marked off a clear distinction and started to decline (72.5% in 2016). At present, this proportion still remains above 70%, however, according to statistical predictions from the United Nations, by 2020, its proportion would drop below 70%, and by 2030 to 67.5%; eventually by 2050, to 58.3% only (Graphic 9). Further, to be noted, China's current retirement age (60 for men and 50 for women) is less than 64 years old, which implies that its economically active population is actually less than what the working-age population may suggest. According to the NBS estimation, the total number of people near the retirement age in the urban area in 2011 was about 40 million, but this number would reach 70 million by 2020. Thus, the real situation is even severe.

Furthermore, if the working-age population can be subdivided into 15-24 (young-age), 25-44 (middle-age) and 45-64 (elderly age), then the age structure of the Chinese labour force has been sharply changed from a 33%-42%-25% composition (in 1978) to 23%-44%-33% composition (in 2010) (Anon, 2016). In itself, labour force ageing would be another crucial change, since the reduction of young workers have been largely shifted to the elderly group. Comparatively, this situation is even worse in the rural area. If the age is divided into 15-29, 30-44, and 45-64, then, the age structure of rural labour force would be shifted from 26%-36%-37% composition in 2010 to 18%-28%-54% composition in 2030 (Anon, 2016).

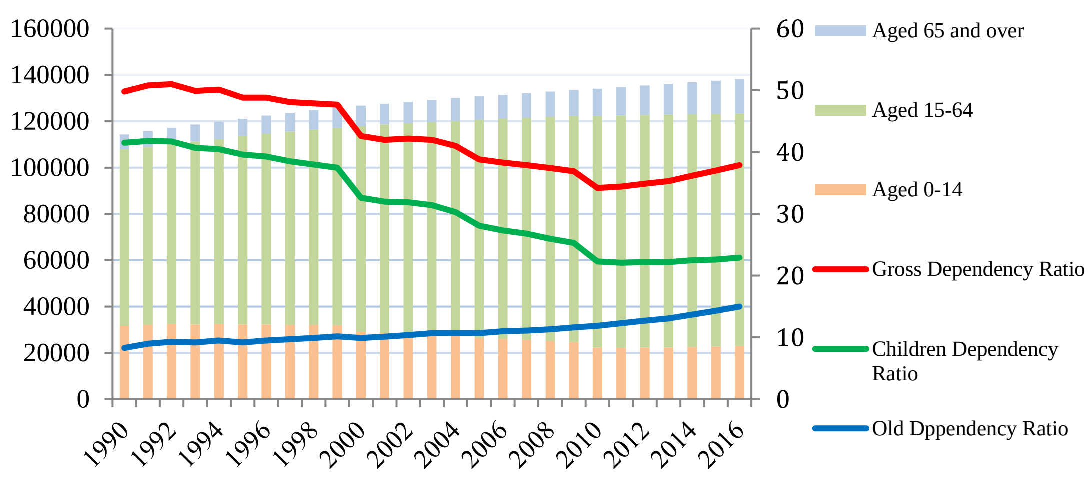
Graphic 9. Working-age population (10,000), 1990-2050



Source: data from 1990 to 2013 is from the NBS.
And the estimated data from 2015 to 2050 is from United Nations, Department of Economic and Social Affairs.

Besides, another consequence of the changing age structure can be reflected in the diminishing (since 2010) demographic dividend[16] measured by age dependency ratio. It is a ratio that indicates the non-economically active population depended on the working-age population. In itself, before the family planning policy, the age dependency ratio was as high as 0.79 in 1971, that is to say, each ten working-age population carry the burden of nearly eight nonworking age population (ages 0 to 14 and 65+). However, dramatic changes occurred after the implementation of the one-child policy, such a ratio had been constantly dropping, until reached the lowest level of 0.36 in 2010, then started to rebound and increased to 0.40 in 2017 (Graphic 10). This artificial drop of the ratio (especially on children) as claimed had created almost 40 years' demographic dividend for China (Ying, 2009). Studies also found that each one percent decline of the ratio would bring 0.115% increase of GDP per capita (Cai, 2009). Thus, this artificially low level of population burden to each labour force might make the lower-level wage possible. However, with the rebounded increase (although still low as 0.4) in 2010, workers will inevitably demand higher-level wage so as to support the increasing number of the infant and the elderly population. To a certain extent, from the demographic perspective, this may explain the rising wage during the past decade.

Graphic 10. Age composition (unit:10,000) and dependency ratio, 1990-2016



Source: National Bureau of Statistics of China (NBS).

[16] Demographic dividend, as defined by the United Nations Population Fund, means "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)". Retreived from: https://www.unfpa.org/demographic-dividend

Also, the sharp drop in population growth rate is another striking point of the current demographic transition. Despite that population still got expanded almost 1.5 times from 960 million to 1.38 billion (NBS), the average annual growth rate manifested a constant decline from 2.75% (in 1971) to 0.56% in 2017. So as one of the consequences of the one-child policy, the fertility rate (births per woman) has been reduced from 5.32 (in 1971) to 1.63 (in 2017) (World Bank Data). Even worse, the situation of population growth in the rural area is more serious, since it may impact on its proportional supply to the urban labour market. Against the background of the ongoing rural-to-urban labour migration, the reduction of rural migrants calculated by the residential approach (if one stays over six months per year is then considered as urban population), has already induced rural population with a negative growth ever since 1998. In itself, the average annual growth rate of the rural population was only 0.24% (a quarter of the average level), comparing to 3.43% that of urban population growth from 1978 to 2012 (NBS).

In addition, due to the declining fertility rate and the increasing life expectancy (76.7 years old), the Chinese population is quickly ageing. Measured by the old-age dependency ratio (see in Graphic 10), the proportion of the elderly population to the working-age population has been increased from 10% (1990) to 15% (2016). And it will be worsened in a predictable future. Confirmed by the State Population and Family Planning Commission, the research estimated that the proportion of the elderly population (60 and above) would grow from 10% in 2000 to 31% in 2025 (Yang, 2005). While, in an absolute measure, the number of elderly will jump to an astounding 355 million in 2030 and 450 million in 2050 from only 133 million in 2001. Still, it is worth mentioning that although the State has expanded the one-child policy to a comprehensive two-child policy, the effect on the scale of the labour force and demographic structure is rather limited. According to multiple calculations in academia, even if China fully abolishes the birth control, positive effects will not be only appeared from 2031 and onwards (Anon, 2016).

Last but not the least, different from any well-integrated labour market, Chinese rural demographic transition to a certain extent, still determines its overall labour supply to the urban labour market. Along with the rural labour force keeps migrating to the urban area, the total urban labour force is expected to grow from 363 million in 2010 to 437 million in 2020 and 459 million in 2030. However, the rural labour force, on the contrary, is continually shrinking from 394 million to 285 million and to 168 million respectively (Anon, 2016). In short, the ongoing demographic transition will be still prominent and continually impact on the transformations of China’s labour market.

Conclusion

The past decade is very crucial for the transformations of China's labour market since it has undergone many structural even essential changes. The labour market has been transformed not only different from what it used to be during the planned economy, but it also appeared some distinct features unduly in the socialist market economy. Its transformations are largely accompanied changes of the economy from the planned to the market-oriented system. However, the conventional concept of the labour market is still quite new in China. It gradually came into being after the decision to establish the socialist market economy in the 1990s. And it was principally formed that based on the institutional configurations of the planned economy. Although its basic functions have been put in place, it is still reflected certain features of the remaining historical and institutional issues. In short, the transformations of the Chinese labour market during the past decade is still in the process of taking shape.

Among all these changes, the emergence of the labour market that exclusively consists of rural migrants is the most prominent one. Coupled with other traditional segmentation, the new *status quo* of China's labour market is highly segmented. Nevertheless, essential contents and basic forms of China's labour market segmentation bear many differences from the conventional segmentation that of the market economy. In specific, the labour market has been being artificially triple-segmented by various institutional and administrative interventions under the dualistic framework of China's rural-urban development. Although an integrated labour market is in pursuing, the remaining barriers centred on the Hukou system still play crucial roles. Besides, due to China's particular land policies, the rural labour market has yet to take shape, since that the scaled family farms have not appeared, and the considerable numbers of rural labourers employed in agricultural production are still small. Thus, the labour market analysis is still concentrated in the urban area, but remains inseparably from the rural labour market, given most rural migrants are still the important suppliers to the urban labour markets.

Finally, the transformations of China's labour market manifest clearly that the State intervention is as a persistent mainstay, whereby, principle stakeholders of the labour market response in accordance with government policies. After 2008, with a series of labour laws put into effect, the object of China's labour market has been more definite. Together with other proactive labour market policies, they all have reflected basic ideas of the policymakers intend to transform the role of the State from dominance to the necessary reserved supervision, regulation and coordination. Specifically, the current transformation is in searching for a certain equilibrium to balance a diluted role of the State and a strengthened mechanism of the market. It is thus a sort of an ordoliberal ideology on the labour market, apart from social security, labour protection, and wages guidance, the State with limited roles preserved should let the labour entities play their independent roles under a liberal/competitive market mechanism.

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