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THE IMPACT OF SUPER-EXPLOITATION AND FINANCE-TAXATION
BARRIERS ON THE HEALTHCARE OF MIGRANT WORKERS IN CHINA

LUO CHIA-LING

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Polytechnic University

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The Hong Kong Polytechnic University

Department of Applied Social Sciences

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LUO CHIA-LING

A thesis submitted in partial fulfillment of the requirements for
the degree of Doctor of Philosophy

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(Signed)

LUO CHIA-LING (Name of Student)

Abstract

China's rural-to-urban migrant workers are the main engine of economic development, but notwithstanding their contributions they fall through the cracks of the marketizing healthcare system. Their plight is sharpened by wages and social security benefits which do not compare with those of registered urban workers. In response to their relegation and exclusion, migrant workers typically secure their simple reproduction in cities, while their expanded reproduction is supplemented by their rural homesteads, who raise 'left behind' children. Because this and other rural supplements to migrant workers' reproduction are appropriated by capitalists, migrants' exploitation is proportionally greater than that of their registered urban counterparts, and so counts as super-exploitation.

Scholarly work commonly attributes the healthcare problems of migrant workers to their lack of urban household registration, together with inequality of social distribution (primary and secondary), and so current solutions tend to emphasize

- (1) Reform or rescindment of household registration in order to facilitate universal social security entitlement without precondition,
- (2) Increasing wages (primary distribution) and
- (3) Implementing medical insurance for migrant workers (redistribution/secondary distribution), though not for their families, be they rural or urban based.

But these solutions mainly focus on migrant workers in cities, while overlooking the rural supplement. Domestic labor goes unpaid, and expanded reproduction undercompensated.

Since healthcare is a necessity for labor power reproduction, for which the site and calculating unit is (in the case of migrant workers) typically the household, if we wish to alleviate migrants' healthcare problems we must examine the economic relations between individuals (migrant workers in cities) and their rural-based family households. By examining these relations we discover that migrant workers' healthcare woes stem fundamentally from (1) regional/provincial barriers of finance and taxation, and (2) the structure of super-exploitation.

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I hereby wish to acknowledge all of the insights, advice and support, critical and otherwise, whether deriving from the professional scholar or from other valuable sources, that in their various ways have contributed to the genesis of this work. It has been a fulfilling, if sometimes aggravating three years, and the rewards, I am happy to say, have been personal as well as professional. If the pursuit of knowledge is conducted with an eye only to the goal, then that goal has been in vain, for society profits at the expense of the individual, who has labored to bring her work to fruition. Even if the work, like every other such, should prove ephemeral, the thanks are eternal.

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List of Acronyms

CPI	Consumer Price Index
GDP	Gross Domestic Product
GNP	Gross National Product
NGO	Non-Governmental Organization
NRCMS	New Rural Cooperative Medical Scheme
OECD	Organization for Economic Cooperation and Development
OEM	Original Equipment Manufacturer
RCMS	Rural Cooperative Medical Scheme
SOEs	State-Owned Enterprises
TVEs	Township and Village Enterprises

Chapter One: Introduction

Those who are invisible as producers in the national economy will be invisible in the distribution of investments, support structures and benefits, which flow to visible producers of goods and services.

Marilyan Waring & Karanina Sumeo (2010:13)

1 Background

My throat bears a scar from a tracheotomy performed 39 years ago, a life-saving procedure that nonetheless marks me as a recipient of poor healthcare, of the sort found in third world countries.

In 1975, my family moved from my father's hometown of He Mei, a rural township in the middle of Taiwan, to the capital, Taipei, where we shared a 60 m² apartment with a family of migrant workers. One unhappy memory is of the hot summer nights when the bathroom was occupied for hours on end while I tried to master the need to relieve myself. These were lean times, even with my father working three jobs. He sold fish in the morning, was a restaurant waiter in the afternoon, and, at night, a street vendor.

As if to compound our problems, I got tetanus and pneumonia within a few months of arrival in Taipei. After the tracheotomy, I was put on a respirator, while my parents scrambled for cash, there being no healthcare coverage. Costs mounted, and matters grew desperate. Among the doctors my uncle recognized an old military friend, and from him I received the help without which my life would have been much curtailed. Yet many migrant workers are not so lucky. They fall through the cracks, with no safety net to catch them.

The need for healthcare rises with the tide of migrant workers, despite industrial development. Over the last three decades the baton marked ‘world factory’ has passed from Taiwan to mainland China. Migrant workers carry the baton, leading the race with their labor power, but win no prizes. Their stories are ever more the stuff of news: “Internal migrant workers often forced to seek medical care in illegal clinics”¹, “Rural-to-urban migrant worker asks how he can afford a doctor if the illegal clinics are shut down”², and “Can’t afford medical treatment? Sell a child: A migrant worker’s healthcare dilemma”³.

Since economic reform, the lack of affordable healthcare has hurt migrant workers, whose rural household registration defines them as peasants,⁴ but also (non-migrant) urban citizens, though to lesser degree. While China’s per capita gross domestic product (GDP) rose from 2,311 yuan RMB in 1992 to 6,420 yuan RMB in 1997, and to 41,908 yuan in 2013, national public health spending lags behind. Out-of-pocket health spending was 1.9 times more than the government spent on health in 1992, then 3.2 times more in 1997, and another 1.1 times more in 2013.⁵ Where there is steady growth is in the number of disenfranchised sick.

The percentage of urban residents who did not consult a health worker during a sickness episode or seek hospital admission when advised to do so, grew between 1992 and 1997, and a larger number attributed this to financial difficulties. Some 20% of people referred to hospital declined admission in 1992 and 40% of

¹ Cf. (H. Zhu, 2011).

² Cf. (Y. Wang, 2005).

³ Cf. (Chen, 2011).

⁴ See Chapter One, Section 2.1.

⁵ Cf. (National Bureau of Statistics of China, 2014a).

them said it was due to cost. Five years later 32% declined admission and 65% said it was due to cost (Bloom, Lu, & Chen, 2003:158).

Notwithstanding the recent healthcare reforms, the 2008 to 2013 growth rate of out-of-pocket health spending, averaging more than 10% per year, consistently outpaced the 8% average annual per capita growth in GDP. In the same period, government health spending fell short of out-of-pocket health spending, and was less than 6% of total annual government spending (in developed countries the figure is usually more than 10%).⁶

Although the post-reform marketization of healthcare concerns all mainlanders, migrant workers are most affected. They work for low pay, lack social welfare, voting rights, access to education, and other benefits of urban life. One of my migrant interviewees therefore complains that

going to the hospital is not like going to the market where we can control how much money we are going to spend. We are more like lambs to the slaughter when we are in the hospital, especially since there is no public healthcare in cities for us. Thus, when we can still work we refuse to see the doctor although we are already feeling weak, and low on energy. This is always the way we face illness among our peer group.⁷

⁶ Cf. (National Bureau of Statistics of China, 2014a). Between 2005 and 2011, China's total health spending rose at an inflation-adjusted annual rate of 16.4%, far outstripping China's GDP (Zhang, Wei & Navarro, Vicente, 2014:178).

⁷ Field work data, December 2011.

The system is against the migrant worker. China's social welfare system consists of two models, rural and urban; which model applies depends on household registration. According to local government regulations as generally expressed, only registered citizens qualify for healthcare, since health budgets are keyed to, and target only, local population numbers. Migrant workers, with their extra- regional/provincial (i.e. rural) household registration, are not entitled to social security, most crucially healthcare. They hit a wall, a regional/provincial barrier built on local finance regimes and tax revenues.⁸ Migrant workers must then pay more for healthcare in urban areas than they did in their rural hometowns, even though

research samples conducted in Hunan, Szechuan and Henan, major destinations for migrant workers, show these workers log 50% more hours than their (non-migrant) urban counterparts, while receiving 60% less per capita income. In terms of hourly wage, they earn one quarter as much (Drafting Team of General Report, 2006:12).

Surely this is scant reward for so essential a contribution to local urban economies.

In response to the growing anger, the central government has implemented new regulations (see Table 1, p.6). For example, 1998 saw the "Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System", which calls for urban employers to give medical insurance to all full-time employees, regardless of household registration.

⁸ See Chapter One, Section 3.1.

The 2003 “Guiding Opinions on Urban Flexible Employment Covered by Basic Medical Insurance” and “View Concerning Issues Relating to Part-time Employment” go further, extending coverage to part-time workers. In 2004, the Ministry of Human Resources and Social Security expanded the definition of ‘employer’ in its “Views on Promoting the Participation of Employees of Mixed-Ownership Enterprises and Non-Public Economic Organizations in Medical Insurance”, and in 2006 the focus shifted explicitly to migrant workers with the “Circular on Expanding Medical Insurance among Rural-to-Urban Migrant Workers”.

But these regulations have not improved, still less have they solved, migrant workers’ healthcare woes, mainly because the rules are not compulsory, or, if so, are not enforced. Employers and employees alike routinely evade them, owing to the high insurance fees and complex bureaucracy. Migrant workers are by definition mobile, but their mobility comes at a price. In China there is what is called a ‘series account union’ (*tong zhang jie he*⁹), a pool consisting of personal accounts together with a social fund. As determined by provincial policies, the workplace deducts a portion of earnings from each employee, and holds the money in a personal account. The social fund is composed of contributions from employer and government. When an employee takes up work in a new province, say province B, province A’s social fund is lost, and there are new policies and paperwork to deal with, if, that is, the new employer is accommodating. Clearly a universal healthcare system would be optimal.

⁹ All pinyin transliterations in this paper reflect Mandarin Chinese.

Table 1
Healthcare Status and Regulations Vis-à-Vis Rural-to-Urban Migrant Workers in China

Problems	<p>1. No public medical insurance (for worker or worker's family)</p> <p>2. Medical expenses are out of proportion to wages</p>
Solutions	<p>1. Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System (<i>guan yu jian li cheng zhen zhi gong ji ben yi liao bao xian zhi du de jue ding</i>)</p> <ul style="list-style-type: none"> ➤ Effective date: December 14, 1998 ➤ Issuing authority: State Council
	<p>2. Guiding Opinions on Urban Flexible Employment Covered by Basic Medical Insurance (<i>guan yu cheng zhen ling huo jiu ye ren yuan can jia ji ben yi liao bao xian de zhi dao yi jian</i>)</p> <ul style="list-style-type: none"> ➤ Effective date: May 26, 2003 ➤ Issuing authority: Formerly the Ministry of Labor and Social Security, now the Ministry of Human Resources and Social Security
	<p>3. View Concerning Issues Relating to Part-Time Employment (<i>guan yu fei quan ri zhi yong gong ruo gan wen ti de yi jian</i>)</p> <ul style="list-style-type: none"> ➤ Effective date: May 30, 2003 ➤ Issuing authority: Formerly the Ministry of Labor and Social Security, now the Ministry of Human Resources and Social Security
	<p>4. Views on Promoting the Participation of Employees of Mixed-Ownership Enterprises and Non-Public Economic Organizations in Medical Insurance (<i>guan yu tui jin hun he suo you zhi qi ye he fei gong you zhi jing ji zu zhi cong ye ren yuan can jia yi liao bao xian de yi jian</i>)</p> <ul style="list-style-type: none"> ➤ Effective date: May 28, 2004 ➤ Issuing authority: Formerly the Ministry of Labor and Social Security, now the Ministry of Human Resources and Social Security
	<p>5. Circular on Expanding Medical Insurance among Rural-to-Urban Migrant Workers (<i>guan yu kai zhan nong min gong can jia yi liao bao xian zhuan xiang kuo mian xing dong de tong zhi</i>)</p> <ul style="list-style-type: none"> ➤ Effective date: May 16, 2006 ➤ Issuing authority: Formerly the Ministry of Labor and Social Security, now the Ministry of Human Resources and Social Security
Results	<p>Migrant workers' healthcare woes have not been solved, since</p> <ol style="list-style-type: none"> 1. The regulations are not compulsory. 2. The insurance fees are higher than expected. 3. The procedures involve a complex bureaucracy. <p>Migrant workers are thus commonly indebted to regulated hospitals, which they leave hastily and without notice, or to unregulated hospitals—back alley clinics, so to speak.</p> <p>In case of serious illness, a migrant worker returns to his or her hometown for treatment.</p>

In recent years, the central government has encouraged local governments to prioritize healthcare for migrant workers, but progress is slow, since not every local government can support its migrants' healthcare costs. Owing to regional variations in economic development, some local governments, not least those in western China, suffered budget shortfalls, while 'boom' regions enjoyed surpluses. Only in comparatively wealthy cities could migrant workers get healthcare. In Shanghai (Type 1 medical insurance; see Table 2, p.8) there is special insurance for non-local employees. The package includes work-related injury insurance, medical insurance and endowment insurance. In Beijing, Shenzhen and Chengdu (Type 2 medical insurance), coverage for migrant workers compares with that of local (non-migrant) employees, though fees and payouts are usually lower. Type 3 is much the same, only fees and payouts do not distinguish between migrants and local workers. When none of these cases hold, workers needing substantial care can either return to their rural hometowns to benefit from the New Rural Cooperative Medical Scheme (NRCMS, *xin nong cun he zuo yi liao*) (Type 4), or stay in cities and cope as best they can.

Table 2
Four Types of Medical Insurance for Rural-to-Urban Migrant Workers in China

Healthcare Coverage In Urban Areas	
Type 1	
Example	Shanghai (since 2002)
Regulation	Shanghai Municipality on The Comprehensive Insurance for Out-of-Town Employees (<i>shang hai shi wai lai cong ye ren yuan zong he bao xian</i>)
Administered	By private insurance companies, but supervised by local (urban) governments. Separate social insurance in Shanghai: medical insurance, work-related injury insurance and endowment insurance.
Type 2	
Example	Beijing (since 2004); Shenzhen (since 2005); Chengdu ¹⁰ (since 2008)
Regulation	Basic Medical Insurance for Urban Employees (<i>cheng zhen zhi gong ji ben yi liao bao xian</i>)
Administered	By local (urban) governments. Medical insurance similar to that of urban employees, but fees and payouts usually lower.
Type 3	
Example	Some government organizations, institutions, State-Owned Enterprises (SOEs), etc.
Regulation	As in Type 2, according to labor law.
Administered	As in Type 2, but fees and payouts the same.
Healthcare Coverage in Rural Hometowns	
Type 4	
Example	Pilot programs in selected counties in 2003. Coverage extended to all rural areas in 2010.
Regulation	New Rural Cooperative Medical Scheme (NRCMS)
Administered	By local (rural) governments

If migrant workers are hired in urban areas without a contract, they have almost no chance to get healthcare. In 2004, a sampling of forty cities by the Chinese Ministry of Labor and Social Security showed that “only 12.5% of rural-to-urban migrant workers have work contracts with their employers” (Drafting Team of General Report, 2006:13). That same year, the Research Team

¹⁰ The Chengdu government conducted a separate social insurance scheme for its rural-to-urban migrant workers beginning 2003, but in 2008 switched from Type 1 to Type 2.

of the PRC's Ministry of Health did a two-week study on how migrant workers seek medical treatment. The study shows that "only 25.44% go to doctors while 73.15% try to cure themselves with cheaper medicine from nearby pharmacies or from their hometowns. Only 1.41% attend regular hospitals and take patent medicine" (2006:240).

Seeking capital investment, some of China's poorer cities lower their labor standards, shrink employee welfare packages, discourage labor contracts, and leave unenforced the few contracts that are signed. Thus, in 2013 only 41.3% of rural-to-urban migrant workers signed a contract, and only 17.6% had medical insurance in cities, according to the National Bureau of Statistics of the People's Republic of China (2014b). Migrant workers, then, compose a *disadvantaged minority*.

2 Literature review

Academic researchers tend to approach the healthcare problems of China's migrant workers in one of two ways:

- (1) They locate the problems in the household registration system, or
- (2) They study inequality of primary distribution (*yi ci fen pei*) and of redistribution, or secondary distribution (*er ci fen pei*), addressing the problems of labor power reproduction of specific groups, including the healthcare problems of migrant workers.

Although some of the researchers who use the second approach may still find fault in the system of household registration, their focus centers on how unequal distribution (e.g. the lack of healthcare, housing and education) affects reproduction of labor power. Nonetheless, their research indirectly confirms that

the healthcare problems of migrant workers are caused by *maldistribution*.

2.1 Household registration and social exclusion

Regarding the first approach, researchers focus on how social security has been restricted by household registration. With the international confrontation between socialism and capitalism that followed World War II, and seeing that the Soviet Union could not have countered the military threats without an extensive war machine, China prioritized heavy industry. But its resources were strained, and would remain so, with low to negligible output the norm given reliance on an outmoded agricultural sector.

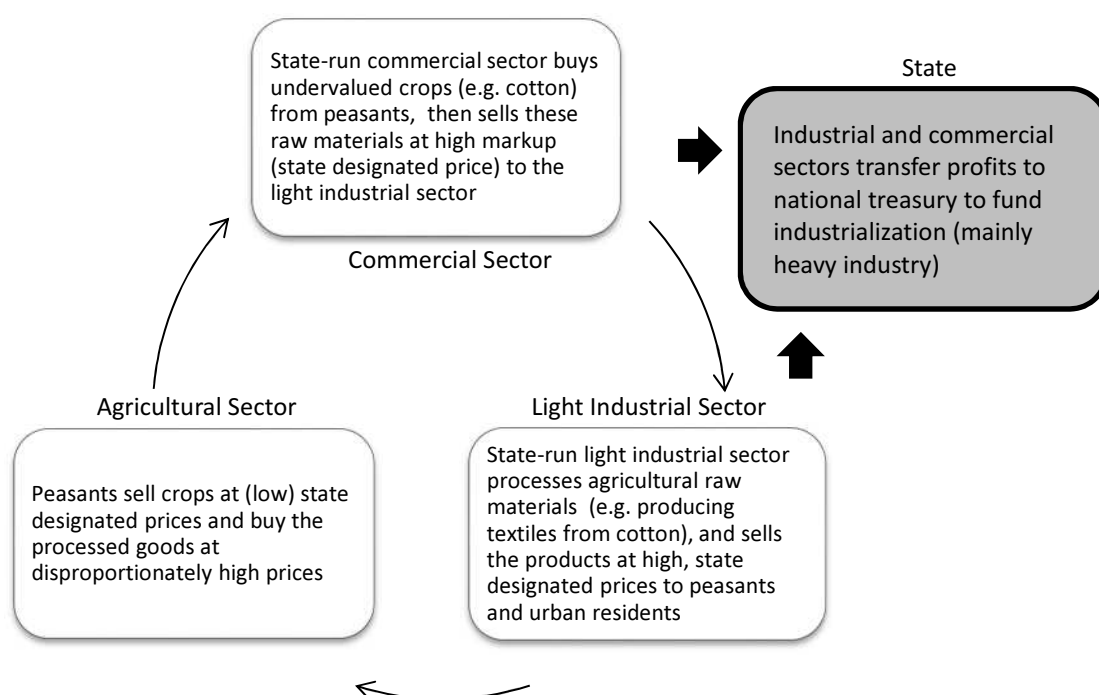
When in 1950 the Soviet Union began to aid China's industrialization, rural peasants migrated *en masse* to cities in search of factory work. By the mid-1950s some 20 million rural peasants dwelled in urban centers, causing food shortages.¹¹ These shortages became critical in the wake of the natural disasters of 1953, when the rural peasantry hoarded what little grain they had, rather than transfer it to the (urban) industrial sector, prompting the state to institute levies, which the peasants opposed. In response the Chinese government enforced the Agricultural Cooperative Movement (*nong cun he zuo hua yun dong*) together with the regulatory system of Unified Purchase and Sale (*tong gou tong xiao*). Citing the demand for agricultural 'cooperation', Mao said that it is not easy to grab a fistful of hair unless it is plaited.

In 1958, the Chinese central government established people's communes based on the Agricultural Cooperative Movement in hopes that collectivization would stimulate agricultural growth, while Unified Purchase and Sale was

¹¹ Cf. (Wen, 2001:8).

intended to generate state funds. The government directed what scholars would later call the ‘price-scissors regulation’ (*jia ge jian dao cha*), owing to the unequal size of the two blades. This emphasis on urban over rural development, not historically unique to China, saw agricultural surpluses absorbed by the (primarily urban) industrial sector and then transferred into social development funds, in exchange for processed goods, farming implements and machinery (see Figure 1).

Figure 1. The process of Unified Purchase and Sale



To stabilize labor power while expanding agricultural production, the migration of peasants from rural to urban areas was tightly regulated, a mandate common to industrializing nations or regions, when cultivated land is scarce in proportion to rural surplus labor, and when there is fear of social displacement and dispersal of national accumulation (e.g. overstressed urban infrastructure). The government implemented a nationwide household registration

system—commonly called the *Hukou*, or *Huji* system—which links social benefits (e.g. healthcare, housing and education) to a person's place of birth, the birthplace designated 'rural' or 'urban'. To maintain labor power, the government issued only to urban residents the food stamps needed to get staple goods like rice and cooking oil.

In general, social security was offered through two systems. Those—mainly peasants—who worked in rural areas got social security from collective units (*she dui*, or communes and brigades), while urban residents were incorporated into enterprises (*dan wei*, or work-units). Collective units and national enterprises together

offered job opportunities to their members and paid them with little variation, while providing them and their dependents with various social benefits such as nurseries, kindergartens, schools, healthcare, pensions and funeral services. This included financial assistance to the disabled and the families of members who had died (S. Wang, 2008:51-2).

By controlling production, circulation (exchange) and distribution, the state sought to maintain primitive accumulation for industrialization.

In the current post-reform era the household registration system still functions, but with fewer government subsidies and more restrictions. China is now without universal healthcare. Local healthcare systems are tethered to household registration. Rural-to-urban migrants lacking this must resort to NRCMS.¹² Clearly the household registration system has influenced social security development, and yet it is often misperceived as the crux of migrant

¹² Cf. (Milcent, 2010:45).

workers' healthcare woes.

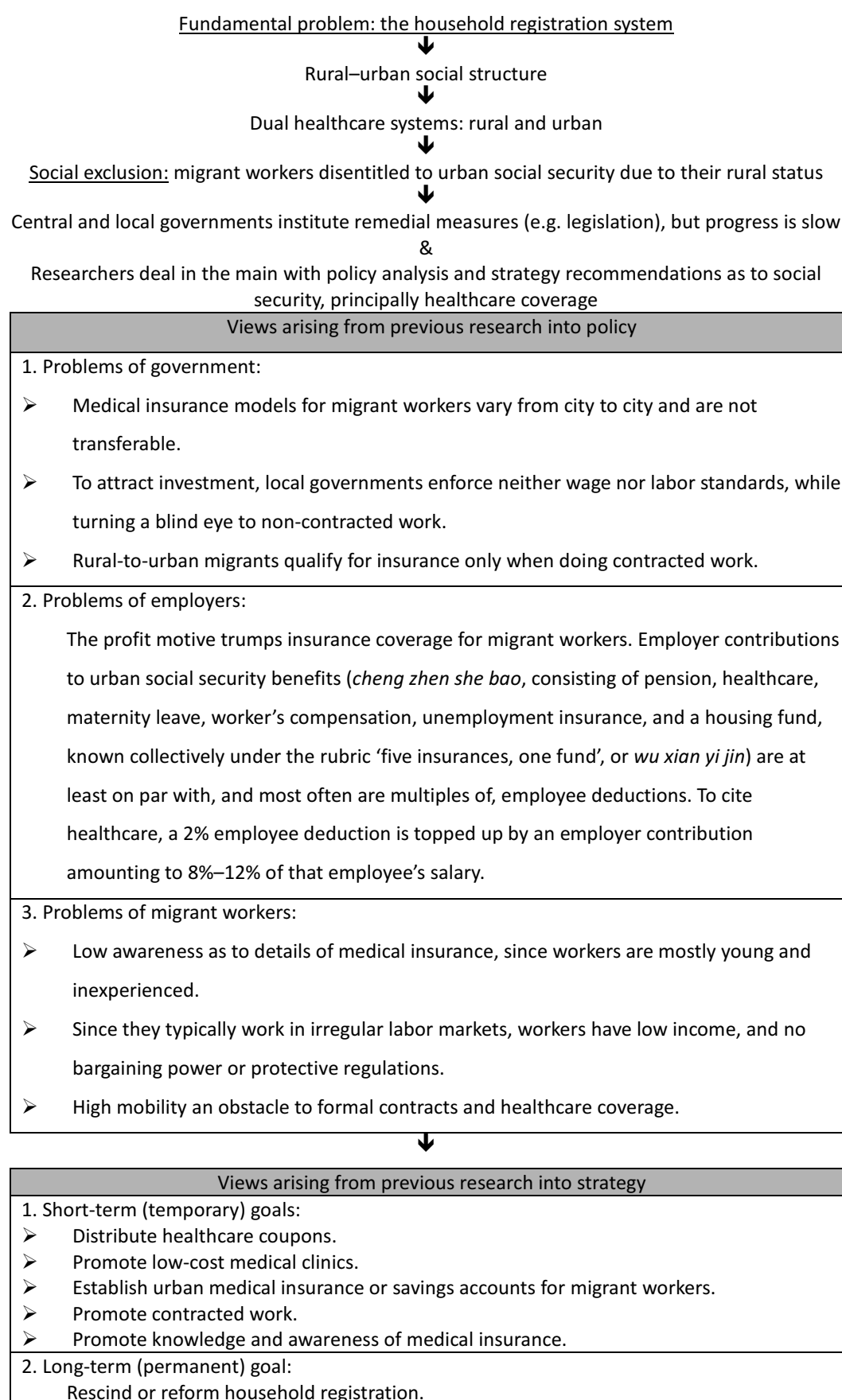
Among the many scholars who blame household registration for the rural-urban gap are Hong Xueying (2006) and Jiang Xiaobing (2008). They blame also the dual healthcare system, where local citizenship is a prerequisite for healthcare, effectively shutting out migrant workers. Joining in the denunciations are Wang Guohua (2006), Feng Jie (2007), Sun Jian (2008), Zhang Zhiyuan (2010), Xiang Yan and Long Mingqing (2012), Zhang Mengqian (2013), Cheng Yebing, Zhou Bin, and Zhang Dehua (2014), all of whom believe that the chief cause of migrant workers' healthcare predicament in cities is the household registration system, which must therefore be reformed or rescinded.

In their contention that it is household registration which consigns migrant workers to the subaltern ranks, some researchers, such as Yao Yang (2001) and Liu Yuan (2012), decry the system as an institutional motor of exclusion, one that disentitles residents to key civic rights and benefits, effectively de-citizenizing them, not least those of rural origin.¹³ Delimited by the household registration system, migrant workers are relegated and excluded, consigned to an urban sub-citizenry of limited rights and benefits.¹⁴ The predicament so argued, most of the above noted researchers focus on the detriments of current policies, asseverating in particular the need to reform or rescind household registration (see Figure 2, p.14).

¹³ Cf. (Chan, Kam Wing & Buckingham, Will, 2008:587). The European Union defines social exclusion as a "process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live" (Laderchi, Caterina Ruggeri & Saith, Ruhi & Stewart, Frances, 2003:257-8).

¹⁴ Cf. (K. W. Chan, 2010:357).

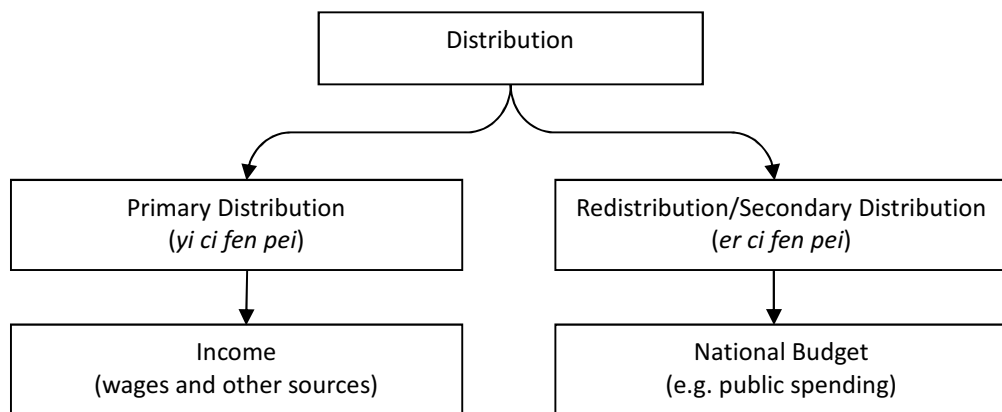
Figure 2. Summary of current research into healthcare for migrant workers



2.2 Inequality of primary distribution and redistribution (secondary distribution)

While some researchers blame the healthcare problems of migrant workers on household registration, others cite unequal distribution. Expressed simply, there are two main cycles of distribution: primary distribution, and redistribution (or secondary distribution) (see Figure 3). Primary distribution is income from labor and other sources. As for redistribution, the state levies taxes to supply budgets for public spending. Included in these expenditures are healthcare, education, infrastructure, salaries for military personnel and civil servants, and the like. Redistribution also concerns government monetary policy, e.g. regulation of interest rates. Therefore, we can say that redistribution usually refers to the transfer of social wealth by such means as taxation, social welfare, and monetary policies.

Figure 3. Categories of distribution



Although in terms of social equality the optimal transfer is from rich to poor, in practice the opposite occurs, and social inequality grows apace. In 2009, the Development Research Center of the State Council surveyed 6,232 migrant

workers to determine average net income per family member. The *net* income figures of migrant workers were well short of the *disposable* income of families with urban citizenship, a 61.5% gap.¹⁵ Since 80% to 90% of personal income is primary distribution (10%–20% is redistribution),¹⁶ the disparity between rich and poor has in recent years become a major, and visible source of urban social instability.

There is a dramatic rise in worker strikes, petitions, and protests. All catch the eye of the government, which has concluded that there was more effort directed towards redistribution (which focuses on equality) than there was towards primary distribution (which focuses on efficiency). But painful experience teaches that primary distribution, which accounts for 80% to 90% of personal income, must also favor equality. To this end, on March 5, 2012, in the Fifth Session of the National People's Congress (China's parliament), Chinese premier Wen Jiabao promised the government would work towards national income parity for individuals, while increasing the proportion of wage income in primary distribution.¹⁷ A month later Wen added that social stability is

¹⁵ Cf. (Research Team of the Development Research Center of the State Council, 2011:9). In case the reader is wondering why net income is here compared with disposable income, and not net with net or disposable with disposable, the answer is that, at the household level, such comparison is common practice, reflecting as it does differing logics and practices of income and expenditure. Whereas disposable household income is money left over after non-consumption expenses (taxes and other such 'instant' payroll deductions), that is to say, *deductions after earnings*, the net income of rural households is *earnings after deductions*, i.e. the profits after costs of seed, pesticides, fertilizer, etc.

¹⁶ Cf. (Zhao, Wenbo & Sun, Li, 2010:78).

¹⁷ Cf. (Deng, 2012).

predicated on fair income distribution, particularly among vulnerable and low-income groups, and pledged to “improve minimum wage standards for urban and rural residents” (Chinascope Financial, 2012).

Shortfalls in primary distribution impair labor power reproduction. Migrant workers have on balance less income than do registered urban workers,¹⁸ and so more easily succumb to the rigors of urban life.¹⁹ To illustrate, in Guangdong, a major locus of migrant workers, the average 2009 cost for a hospital stay was 12,553 yuan RMB per person, while outpatient treatments averaged 186 yuan RMB per person.²⁰ Monthly per capita income for workers with urban citizenship was 2,728 yuan RMB (32,736 yuan per annum²¹), roughly twice that of migrant workers, who earned 1,417 yuan RMB per month²² (17,004 yuan per annum, assuming stable work). This puts each outpatient treatment at 13% of monthly income for migrant workers, compared with 6% of monthly income for workers with urban citizenship (at most 6%, since urban citizens have healthcare coverage, with a sliding scale of benefits dependent on such factors as income and accumulated time worked). Healthcare is thus more than twice as expensive for migrant workers.

In the past decade, there has been a roughly 1:3 ratio in primary distribution between rural and urban areas, 1:5–6 when social welfare is factored

¹⁸ Cf. (Y. Huang, 2008; Lu, Yueying & Tan, Jinyan, 2008; Shao, Renli & Li, Fuyou & Bai, Fengjiao, 2013; Zhao, Wenbo & Sun, Li, 2010).

¹⁹ Cf. (Q. Wang, 2006).

²⁰ Cf. (Y. Zhu, 2011).

²¹ Cf. (National Bureau of Statistics of China, 2010).

²² Cf. (Rural Division of National Bureau of Statistics of China, 2010).

in.²³ For instance, migrant workers are not entitled to unemployment benefits, unlike their registered urban counterparts. Under the current development scheme, with its structure of super-exploitation,²⁴ social distribution (e.g. income and medical resources) overlooks rural-to-urban migrant workers, a situation not unique to China. What is peculiar to China is that the social inequality caused by primary distribution has not been made up by redistribution, but has been rendered still worse.²⁵

Li Qiang (2003) argues that migrant workers are excluded from redistribution systems in urban areas, particularly as regards social security (e.g. healthcare). In 1998, urban residents received 92.4% of the national budget for redistribution, while rural residents were left with the remaining 7.6%.²⁶ That same year, annual per capita public healthcare distribution was similarly imbalanced. Each of 866 million rural residents got 10.7 yuan RMB, compared with 130 yuan RMB for each of the 379 million urban residents.²⁷ Since migrant workers are not generally entitled to urban social security, despite living in cities, their redistribution remains low. Thus, many scholars advise that urban governments offer healthcare to migrant workers through (1) medical insurance (their own separate insurance, as for instance in Shanghai, or inclusion under the existing coverage for registered urban workers, as practiced in e.g. Beijing); and/or (2) the reform or rescinding of household registration, along with urban social security entitlements, as for instance in Zhengzhou.

²³ Cf. (Chi, 2010b; L. Liu, 2006).

²⁴ See Chapter One, Section 3.2.

²⁵ Cf. (China (Hainan) Institute for Reform and Development, 2010a; Song, 2013).

²⁶ Cf. (L. Liu, 2006).

²⁷ Cf. (Wang Shaoguang, 2002, as cited in L. Liu, 2006).

Research by Gao Shangquan (2010a; 2010b), Chi Fulin (2010a; 2010b), Zhang Guoping, Zheng Heng, Ding Yangxin (2010), and the China Institute for Reform and Development CIRD (2010b; 2010c) suggests that inequality of primary distribution and redistribution is the main cause of social inequality, yielding vulnerable groups (e.g. migrant workers) who have poor access to social security (healthcare, housing etc.). Therefore, these researchers argue that what the government needs to reform is primary distribution and redistribution.

3 Weak points of the two main debates

While the above two approaches may seem practical, they merely scratch the surface, leaving untouched the fundamental healthcare problems of China's rural-to-urban migrant workers.

3.1 The fundamental problem is regional/provincial barriers of finance and taxation, not household registration

There have been calls for the Chinese government to reform or rescind its system of household registration in order to reduce the rural–urban development gap, together with related shortfalls in social security. Household registration has in fact been revoked by some local governments, such as those of Shijiazhuang (an industrial center in Hebei Province) and Zhengzhou (an industrial center in Henan Province), but the change is not supported by local peasants, even though peasants are not made to surrender legal right to land use in exchange for urban citizenship.

What peasants realize is that with their low education and job skills (due to longstanding marginalization) it will not be easy for them to get a livable wage

in industrialized or industrializing cities, despite the fact that urban citizenship will entitle them to social security, not least healthcare.²⁸ Vital necessities of labor power reproduction (e.g. urban housing) are priced out of reach. Reform or rescindment of household registration is therefore a misdirected effort to solve the healthcare problems of migrant workers.

Even if peasants who transfer their household registration from rural to urban locales are entitled to social security, this would benefit only the 13% of workers who migrate to cities together with their families,²⁹ unless their urban jobs paid well enough to support more migrant families. Healthcare is a necessity of labor power reproduction, the site and unit of which is the household. One must be healthy to work, and when illness strikes, it is the household that bears the emotional and financial burden. Hence single migrant workers, whose families are in rural areas, will not directly benefit from reform or rescindment of household registration.

The reform or rescindment of household registration will not affect what this research paper calls ‘regional/provincial barriers to finance and taxation’, nor will it narrow the gap between rich and poor authorities. It is because of these barriers that residents are entitled to public healthcare in cities only when they register as local citizens, since social security is tightly budgeted by local governments.

In the early 1980s, the Chinese government replaced collective cultivation with what it called the Household Responsibility System (*jia ting*

²⁸ This is why some local governments have proposed offering urban citizenship without revoking legal right to land use.

²⁹ Cf. (National Bureau of Statistics of China, 2014b).

cheng bao ze ren zhi), according to which the legal right to land use (including cultivated land and homesteads) is granted individuals, the land mostly cultivated by households. Although rural lands are still collectively owned, social welfare is no longer offered by agricultural collectives, but instead by individual and/or local governments, since collective funds have been deprived of their revenue base. In the late 1980s, the central government conducted the Fiscal Responsibility System (*cai zheng bao gan*), which saw central and local governments minding their own budgetary houses, each managing its own revenues and expenditures, with the central government no longer subsidizing local governments, apart from redressing shortfalls or supplying extraordinary need (natural catastrophes and the like).

In 1994, the government initiated tax reform (*fen shui zhi*) that further divided routine and financial power between central and local governments, through the appropriation of variegated tax revenues (e.g. tariffs, customs duties, and business and agricultural tax). This reform proceeded by way of the ‘dump the fiscal burden’ policies of the 1980s, which divided fiscal revenue and spending: central government took about 20% of its revenue from local governments, which kept the remaining 80% while taking charge of local public spending (e.g. social security). Since 1994, to sustain its own larger national revenue appropriations, the central government has been claiming roughly 60% of local government revenues, while leaving public works in local government hands. Revenues, budgets and expenditures are all delegated to local governments, typically at the provincial level, which, to ‘keep the house’, consider only the social welfare needs of their registered residents, erecting regional/provincial barriers of finance and taxation. The capacity of local

governments to meet the social welfare needs of their residents is a fiscal capacity.

In general, migrant workers migrate to richer regions in pursuit of cash income, only to find that they do not qualify for healthcare coverage. Although they devote their labor power to the enrichment of industrializing regions, still they rely on the social welfare resources of their poorer, hometown authorities to keep reproducing their labor power, though the rural dollars are stretched thin in the urban milieu. The gap between rich and poor authorities is thereby propelled, and so too migration.

It is a vicious cycle, when rural poverty drives labor to cities where migrants, individually or with family in tow, face economic exploitation and social welfare deprivation. As regional/provincial barriers of finance and taxation are eroded nationwide, healthcare inequality between rich and poor regions may proportionately be reduced (see Figure 6, p.29).

3.2 The fundamental problem is not unequal distribution, but a development scheme involving a structure of super-exploitation

In addition to regional/provincial barriers of finance and taxation, another key cause of migrant workers' healthcare plight is a structure of super-exploitation. Three strategies account for this structure:

- (1) Low-margin grain prices,
- (2) Semi-proletarianism, and
- (3) Income dependent, stratified consumption patterns.

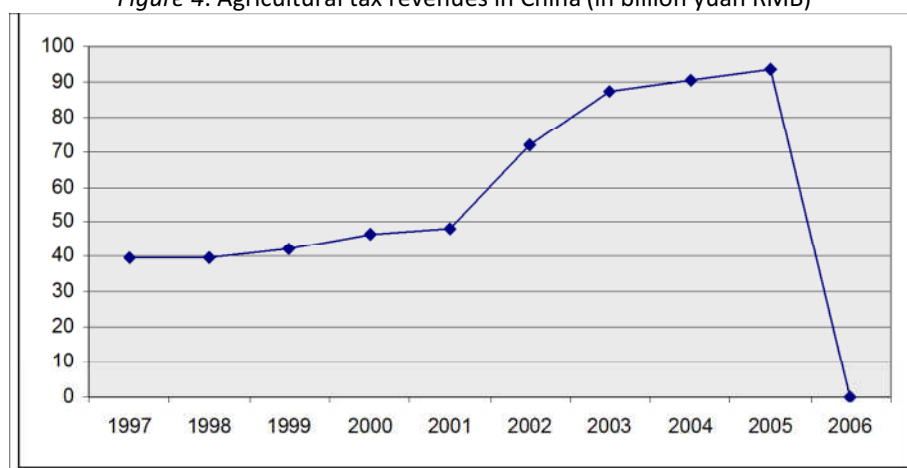
As the operative model of economic development is export oriented and labor intensive, there is wide demand for cheap labor. This demand is met by

surplus labor from rural areas, where population growth eventually outstrips opportunities for employment, there being not enough arable land for those who wish to till it. It would seem a reasonable match, when cities advertise for labor, and rural inhabitants need work. The question is how to induce rural peasants to move apart from hometown and family, and take up work in the industrial sector. The answer is that under a modern commodity economy, rural areas need hard cash for reproduction, such as for healthcare, pesticides and fertilizers.

Since reform and opening up, the government has fostered development of a commodities economy, whereby means of subsistence and production cease being rationed, and must be bought. From 2001 to 2005, agricultural taxes rose sharply (see Figure 4, p.24). Moreover, until 2002, rural peasants could pay tax in either grain or cash; thereafter, only cash would do. China is like (some) other countries, notes Wallerstein, insofar as its tax revenues system consists of a combination of mechanisms, with the upshot that most households had to do some wage labor to comply (and get by).³⁰ These transitions further drove cash starved surplus labor out from rural areas and into the industrial sector. National statistics (see Table 3, p.24) report 78.49 million rural-to-urban migrant workers in 2000, and 83.99 million in 2001. But by 2002 there were 104.70 million migrant workers in cities, a three-year rise of 20.71 million.

³⁰ Cf. (Wallerstein, 1983:39).

Figure 4. Agricultural tax revenues in China (in billion yuan RMB)



Source: (S. Wang, 2007).

Table 3

Number of Rural-To-Urban Migrant Workers in China from 2008 to 2012

Year	2000	2001	2002	2003	2004	2005	2006
Number (in units of 10,000)	7,849	8,399	10,470	11,390	11,823	12,578	13,181
Year	2007	2008	2009	2010	2011	2012	2013
Number (in units of 10,000)	no data	22,524	22,978	24,223	25,278	26,261	26,894

Source: (National Bureau of Statistics of China, 2014b; Research Team of the Development Research Center of the State Council, 2010).

The central government has been subsidizing peasants since at least the early 2000s, and canceled all agricultural taxes in 2006 (see Figure 4 above).³¹ But still the number of migrant workers continues to rise (see Table 3 above). Since grain prices remain low, farmers cannot subsist on farming alone. To illustrate,

the purchase price of corn before 1976 was 0.16 yuan RMB per kg, while average per capita income was about 40 yuan RMB per month. By 2008 the price of corn [a measure of rural household income] had risen 10 to 11 fold (1.6–1.8 yuan per kg), while the wage for urban laborers had multiplied by a factor of at least 30

³¹ For example, since 2007, the general subsidies for the purchase of agricultural supplies (*nong zi zong he bu tie*).

(1,300–1,400 yuan) (Zheng, 2010:11).

Low-margin grain prices force agrarian workers off their lands and into cities as migrant workers. The correspondingly low price of bread and other grain-based foodstuffs (e.g. noodles and steamed buns) sold in cities helps keep migrant workers where they are, and with less incentive to agitate for higher wages.

The industrial sector wants cheap and plentiful labor power, the low wages fueling industrial profit and efficiency. Marx declares wages the monetary expression of the value of labor power, a value subsequently determined by the cost of the means of subsistence necessary for the laborer: for reproduction of current labor power (e.g. food, clothing and housing), future labor power (raising children), and further training (e.g. education). An equivalent exchange between employee and employer must mean wages high enough to support the worker's household expenses.

But migrant workers' wages are barely enough to meet their own personal, and most basic needs, let alone the needs of their families. It follows that in 2013 about 87% of migrant workers were individuals at toil in cities apart from their rural families, and millions of offspring of migrant workers were left in rural areas to be raised by their grandparents or relatives.³²

It is universally the case that employers of wage labor want more for less. Notwithstanding this, the minimum acceptable wage threshold is a function of the type of household that sustains wage laborers from cradle to grave. As per Wallerstein's terminology, 'proletarian' households, with their high reliance on wage income, have high wage thresholds; 'semi-proletarian' households, which derive less of their income from wages, have lower thresholds, and so (to

³² Cf. (Xu, 2009b:190).

employers' delight) find it more rational to accept a low wage.³³

In some countries now developing, where migrant workers are landless or land starved, the working class depends largely on wage income for reproduction. But migrant workers in China, with their legal right to land use (at least at the household level), may be considered semi-proletarian, inasmuch as they supplement their exiguous wages and lack of social security with income derived from the labors of rural-based family members. Semi-proletarian households thus supplement the *sub*-reproductive wage income of urban-based family members while perpetuating the very super-exploitation which necessitates the rural supplement. The big winner in this otherwise withering cycle is the employer, who claims the surplus-value produced by the employee *and* the employee's kin.³⁴ Accordingly, super-exploitation is often defined by Marxists as "that which is over and above the general rate of exploitation of labor power" (B, 2014).

The contributions to migrant workers by their rural families go unrecognized and unrewarded, despite their essential role in industrialization. Although the vast majority of the working class, being so, is to some degree exploited, the exploitation of rural-to-urban migrant workers exceeds (thus meriting the term 'super-exploitation') that of non-migrant workers, who, with their urban household registration, tend to have proportionately higher wages and lower healthcare costs.

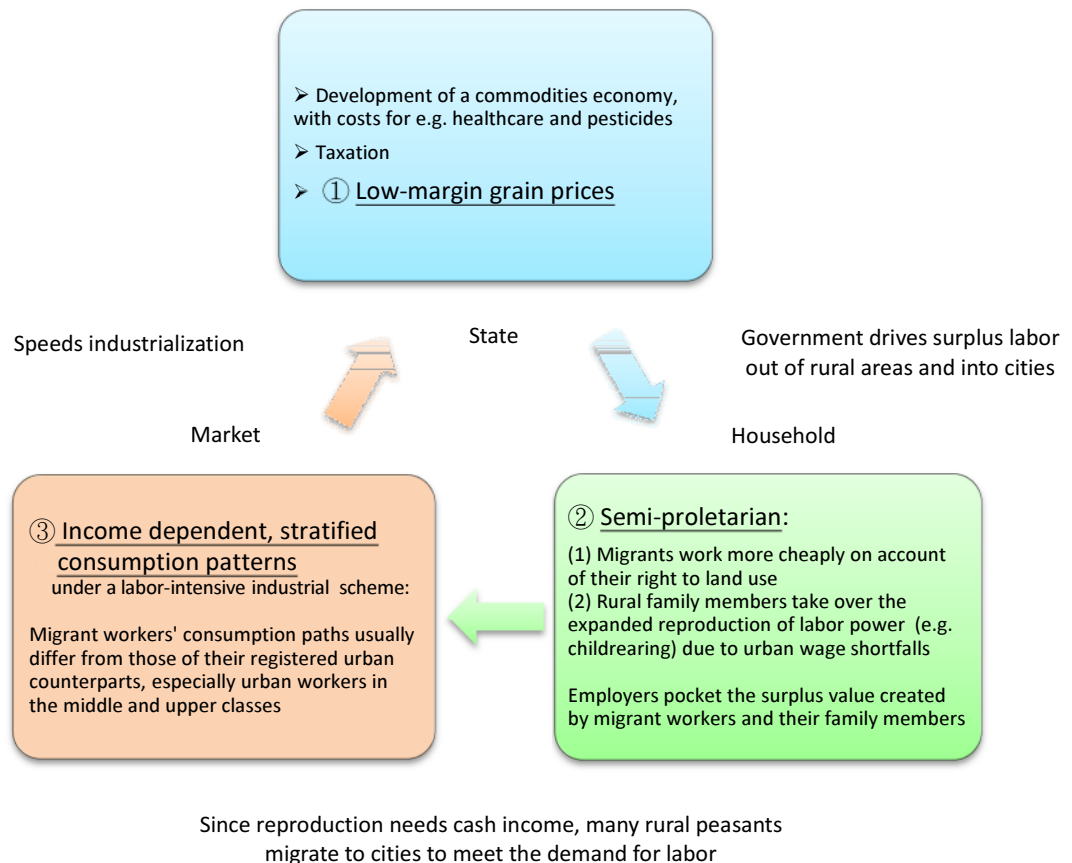
Since migrant workers' wages fulfill only their simple reproduction of labor power, their consumption capacity is lower than that of non-migrant

³³ Cf. (Wallerstein, 1983:26).

³⁴ Cf. (Wallerstein, 1984:19).

workers. Ill-paid migrant workers go to unregulated health clinics, eat at roadside stalls, rent rooms in shanty towns (often unauthorized constructions), and shop in informal sectors where prices are relatively low. The result is income dependent, stratified consumption patterns: Urban workers, particularly from the middle and upper classes, circulate within their own enclaves, while migrant workers have their own, lesser varieties. (Figure 5 summarizes the structure of super-exploitation, and the three strategies which together maintain this structure.)

Figure 5. Structure of super-exploitation effected via three strategies



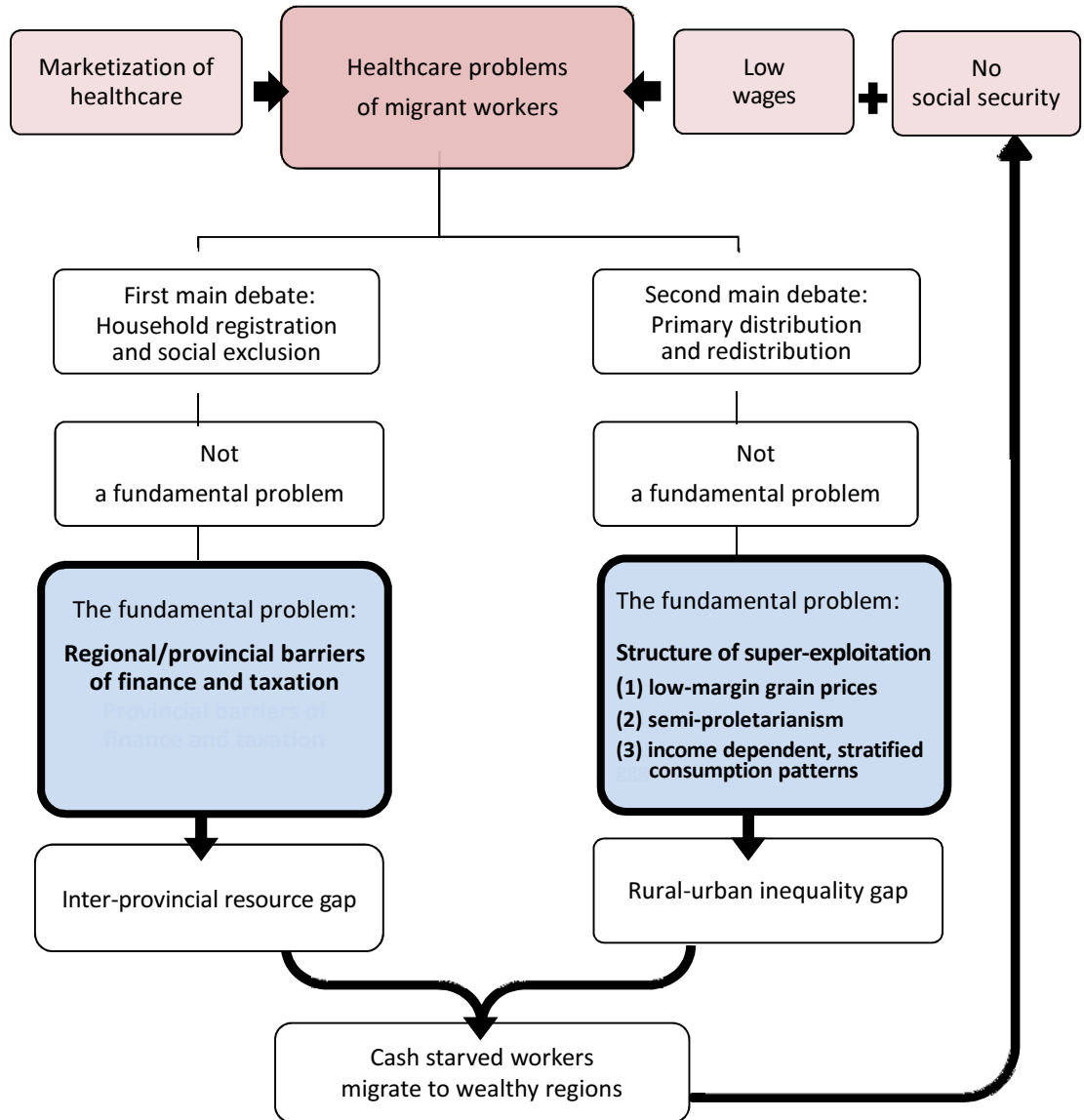
The current development scheme is based on super-exploitation, low prices for grain, semi-proletarianism, and income dependent, stratified

consumption patterns, which reinforce each other while contributing in aggregate to inequality of primary distribution (low wages) and of redistribution (e.g. no social security). If therefore the focus is limited to distribution of social resources, the healthcare problems of migrant workers will achieve at best only partial solution, and the already wide inequality gap between rural and urban areas will continue to grow. The ratio of rural to urban income inequality has, in fact, risen steadily, from 1:1.9 (1985) to 1:2.2 (1990), 1:2.7 (1995), 1:2.8 (2000), 1:3.2 (2005), 1:3.2 (2010), and 1:3.0 (2013).³⁵

Inevitably, the existing structure of super-exploitation reinforces the rural–urban inequality gap, as rich areas get richer and poor areas poorer, trapping migrant workers in a vicious cycle (see Figure 6, p.29). It thus becomes fair to say that the healthcare problems of migrant workers are *institutionally driven*.

³⁵ Cf. (National Bureau of Statistics of China, 2014a).

Figure 6. Analysis of weak points of the two main debates



Note: Straight lines indicate vertical relationships, and arrows causal relationships

4 Research argument

Since rural-to-urban migrant workers have access to necessities of labor power reproduction in cities is so limited, they often migrate individually, leaving family members behind. In general, it is easier to lower the standard of simple reproduction of labor power than of expanded reproduction, since individual workers' reproductive needs (simple reproduction) can be pared to

minimal subsistence levels. Thus it is common for individuals to consent, if passively, to their habitual allotment of food low in nutritional value, perhaps rice or a steamed bun, and one or two dishes of cheap vegetables without (or with meager scraps of) meat, even though the workplace may be a restaurant. Workers are crammed into cabined dormitories, in some cases what once were underground shelters, where each 10 m² room is made to fit 5 to 6 residents, with 2 toilets serving 80.³⁶ Clearly this is not the stuff of dreams.

But the needs of expanded reproduction of labor power are not so easily cinched tight (and breathtakingly so) as they are in the case of simple reproduction. Migrant workers are loath to raise their children in what resemble apocalyptic bomb shelters, and so must opt for more spacious accommodation. Given the disparity between their wages and the high cost of housing in urban areas, this is a difficult prospect. The migrants' rural families must then assume the burden of childrearing, with all its associated expense, not exclusive of food, clothing, education and healthcare. It follows that the site and unit of labor power reproduction is the household, which in rural China is often seen as a three generation model.

As Ernest Mandel states, although commodities production—the production of exchange value—is most developed in capitalist society, two kinds of product have only use-value: all things produced by the peasantry for its own consumption (e.g. grain, tea and basketry), and all things produced in the home

³⁶ Field work data, Beijing, from March to November 2011. On a few interview occasions the workers gave me a tour of their Spartan dwellings, and showed me also their equally spare diet, courtesy of their not so accommodating employers.

(e.g. baked bread, or a knit sweater).³⁷ On account of their right to land use, migrant workers are exploited as cheap labor (direct and inordinate exploitation³⁸), and their households as free/unpaid labor (concealed exploitation). Workers themselves, and so too society at large, adopt, and thus are deceived by, the mainstream capitalist bias against the value of labor performed in the household. In capitalist societies, domestic labor creates goods (e.g. baked goods and handmade apparel) and services (e.g. cleaning and laundry) which are consumed by family members for their labor power reproduction. But this is not considered productive work, since the goods and services are not involved in relations of production, but ‘work apart’. The household is thus conventionally excluded from the economic system by the combined actions of market and state.

Wallerstein observes that to the market system, what is productive is money-, primarily wage-earning work; the rest being mere subsistence work, quite valuable to the worker but of negligible worth to the capitalist because ‘inappropriable’. Thus the household becomes the site of non-productive labor, while productive labor is what is done in the ‘real’ work place.³⁹ Because domestic childrearing is ‘non-productive’ work, employers avoid paying for it. Thus the (rural) household, and expanded reproduction of labor power, are both chronically neglected, and the ravages of super-exploitation covered up.

In the 1970s, Marxist scholars, especially Marxist feminist scholars, addressed the issue of uncounted domestic labor in capitalist production. Peggy

³⁷ Cf. (Mandel, 1967).

³⁸ As opposed to the ‘regular’ rate of exploitation of registered urban workers.

³⁹ Cf. (Wallerstein, 1983:24).

Morton (1971), Wally Seccombe (1974) and Susan Himmelweit & Simon Mohun (1977) asked why domestic labor is neglected when it enhances capitalist profitability via the reproduction of labor power. These scholars urged that domestic labor be counted as a form of production, since it produces labor power, which functions as a commodity in the labor market.⁴⁰

Although the goal for parents who provide food and care in the household is not to raise children like livestock for sale, still they cannot prevent market and state from benefitting from their ministrations, in the form of future labor power.⁴¹ Many scholars, such as Jean Gardiner (1997), Barbara Harriss-White (1998) and Diane Elson (1998), assert that there is complex array of norms and rules which attempt to coordinate the intersection of household, market and state, in social production. Each sector fulfills its role in the economic system: it is mainly the household which produces labor power, while the market seeks profit and the state regulates. For instance, a stable market needs economic policies enforced by the state, and healthy labor power supplied by the household. A well-functioning public infrastructure organized by the state (e.g. roads, power and water) needs its budgets topped up by tax revenues from market and household. For its reproduction, a household needs income from the market, and social welfare from the state.⁴² Says Elson, “command and hierarchy, and mutuality and reciprocity characterize the internal organization of units in all three sectors” (Elson, 1998:194). Household, market, and state, are thoroughly interdependent; each cannot exist without the others.

⁴⁰ Cf. (Himmelweit, Susan & Mohun, Simon, 1977; Seccombe, 1974).

⁴¹ Cf. (Elson, 1998).

⁴² Cf. (Elson, 1998; Nelson, 2003).

From a productive standpoint these three elements gain from cooperation, but when it comes to distribution of benefits, their respective interests conflict.⁴³ In this ‘cooperative conflict’, “the family is more unequivocally ‘the heart of heartless world’ than the firm is the servant of mammon or the bureau a sub-division of Leviathan” (Elson, 1998:194). The goods and services produced for labor power reproduction in the household go unpaid precisely because their labor is unrecognized; if these same labors were done by paid professionals (e.g. nannies and homecare workers) recruited from outside the household, they would be recognized.⁴⁴ This is why Mrs Wibaut (c.1895) stated that “if all housewives were to die at once, and the men were forced to buy everything for use, wages would have to rise immediately. It is by her unpaid labor that the housewife makes it possible for her husband’s wages to be kept so low” (Fleming, 1973, as cited in Gardiner, 1997:82). For there to be an equivalent exchange, the wage paid to workers must include the value of domestic labor, if the contribution made by domestic labor is appropriated by capitalists through individual wage-earners.

As it is, wage-income is often not enough, or barely enough, for labor power reproduction. Support from the household thus becomes a hidden tax on wage earners as capitalists buy one worker’s labor power and get others’ labor power for free.⁴⁵

The value of labor power and the wage paid to workers was premised on other forms of work outside capitalist production

⁴³ Cf. (Amartya Sen, 1990, as cited in Elson, 1998:194).

⁴⁴ Cf. (Braverman, 1998; Gardiner, 1997).

⁴⁵ Cf. (Benston, 1971).

relations.... Hence the contribution domestic labor made to the production of surplus value was that of keeping the value of labor power below the total costs of its reproduction (Gardiner, 1975:54).

In recent years, the Chinese government has tried to stimulate the reproductive capacities of migrant workers. But because policies do not consider domestic labor as essential to labor power reproduction, and thus exclude the household from the social production system, they are limited by this very exclusion. What few changes have been made—revoking household registration to facilitate universal social security entitlement without precondition, increasing wages (primary distribution) and implementing medical insurance for migrant workers (redistribution/ secondary distribution)—focus on reimbursement of individual labor power, with little or no reimbursement to the household for its contribution to labor power reproduction.

With respect to primary distribution, although migrant workers' wages continue to rise, still they are not enough (or barely enough) to cover expanded reproduction of labor power in cities at the household level, certainly for the long-term, due to lack of affordable housing. When we consider redistribution (secondary distribution), we find that migrant workers without urban household registration may yet have public medical insurance, but with coverage not extending to their families. An urban residence certificate entitles migrant workers and their families to (urban) social welfare (e.g. healthcare), but only 13% of migrant workers live with their families in urban areas, and their long-term prospects may include return migration to their rural hometowns, perhaps come retirement. Those who eventually settle in cities with their rural

families have usually better financial capacities, since reproduction of labor power involves not only healthcare but also housing, education, and the like.

Through division of labor, industrial production becomes socialized, in the sense of an ensemble of variegated skills and materials marshalled to the production of a commodity. Meanwhile, these divided cells in a complex production chain, these alienated, hyper-specialized workers, are extolled for their individualism, in keeping with a neoliberal ideology one purpose of which is to safeguard and perpetuate the status of private property, while remunerating only the individual worker in isolation from his or her dependents, whose reproductive needs go unmet.

But the costs of labor power reproduction must rise in parallel with social productivity. Included among these expenses are e.g. urban housing costs, the costs of regular skill upgrades (education fees); medical expenses due to on-site injury and chronic ailments as the resource exploitation of commodified labor intensifies together with the stresses and hazards of the worksite; and a wide range of other fees. These expenses are beyond the capacities of migrant workers, who are inadequately reimbursed for their labors and left to their own resources to alleviate the shortfall. The vital link which human labor power represents in the production chain (alongside non-biological machinery) becomes, through neglect and exploitation, the weakest link, a typical contradiction of means and ends which, however, does not impede efficiency, owing to a ready surplus of labor, in the form of rural-to-urban migrant workers.

Focusing on individual workers obscures the contributions of the household to social production and capitalist accumulation.⁴⁶ It is exceedingly

⁴⁶ Cf. (Rai, Shirin M. & Hoskyns, Catherine & Thomas, Dania, 2014).

important that we recognize all the productive and ‘non-productive’ work in which household members engage, since those who are invisible as producers will be invisible in the distribution of benefits.⁴⁷ In particular, the household is considered a buffer of economic crisis. If starved of resources, its ability to supply labor power and thereby keep social production running will be impaired.⁴⁸ Current solutions which neglect the household, and which in so doing are consonant with the abiding capitalist imperative to get more for less, directly reinforce the structure of super-exploitation, while indirectly sustaining regional/provincial barriers of finance and taxation. Because (1) healthcare is a mainstay of labor power reproduction, and (2) the site and calculating unit of labor power reproduction is the household, it follows that, if we wish to mitigate the healthcare problems of migrant workers, we must carefully examine the economic relations which exist between ‘individuals’, mainly migrant workers in urban areas, and ‘households’, mainly workers’ families in rural areas, under ongoing development. Such an examination is undertaken in this paper, which accordingly argues that the fundamental sources of the healthcare problems of migrant workers are (1) regional/provincial barriers of finance and taxation, and (2) a prevailing structure of super-exploitation.

5 Key concepts

This section expands upon some key terms and concepts used in the preceding sections, and which are further employed in the sections to come. These terms are: migrant workers, healthcare, and reproduction.

⁴⁷ Cf. (Waring, Marilyn & Sumeo, Karanina, 2010:13).

⁴⁸ Cf. (Afshar & Dennis, 1992; Elson, 1998).

5.1 Rural-to-urban migrant workers

Nong min gong stands for ‘migrant worker(s)’. *Nong min* means ‘peasant’, and *gong* ‘worker’. While their household registration defines them as rural peasants, their occupation classifies them as urban wage laborers. They possess legal right to land use, received social security from collectives in the pre-reform era, and now from local (rural) governments.

Since economic reform, internal migration is once again unrestricted. The Chinese government permits rural peasants to migrate to urban areas in search of wage-income so long as they take care of their own benefits.

In the early 1980s, rural productivity increased in response to the Household Responsibility System, but newer crops of quick-growing grain led to a drop in prices (due to market saturation), and peasants turned to cash crops instead, a change reflected in the new economic sectors, namely industry, transport, and commerce. Some rural surplus labor shifted to other trades within rural areas, by for instance taking up work in Township and Village Enterprises (TVEs, *xiang zhen qi ye*). Laborers worked in nearby township areas while continuing to farm their lands as needed (the Chinese expression was *li tu bu li xiang*, literally ‘leave land but not hometown’). In 1984 the term *nong min gong* appeared for the first time in a sociology journal published by the Chinese Academy of Social Sciences; it referred to rural peasants who work in non-agricultural sectors.

In the 1990s, the cancellation of the food stamp system, and the development of coastal zones, drew rural peasants into unskilled, bottom tier sectors, mostly non-agricultural, though about 3% of these peasants worked as agricultural employees: hired hands on tea farms, cotton or tobacco fields, in

greenhouses growing flowers, and the like.⁴⁹ Because household registration has been decoupled from food provisions (the food stamp system), there has been a growing outward migration of rural peasants into cities in search of wage-income, i.e. rural-to-urban migrant workers, prompting a new expression, *li tu you li xiang*, or ‘leave land and hometown’.

According to the National Bureau of Statistics of China, the total number of migrant workers in 2013 was 268.94 million, an increase of 2.4% (6.33 million) from the previous year. As noted above, approximately 87% of this total is made up of individual migrants (who migrate to cities without their families), the remaining 13% familial migrants (who migrate to cities with their families). These migrant workers, most of whom fall within the 21 to 50 age bracket, work primarily in manufacturing, construction, and the service sector.⁵⁰

Internal migrant workers are nothing new; they are germane to developing countries. But despite the similarities between migrant workers in China and those in most other developing countries, the Chinese phenomenon is distinguished by peasants’ right to land use and their mechanisms of reproduction (with simple reproduction of labor power done in cities, expanded reproduction in rural hometowns), as well as other aspects (see Table 4 for details, p.41). These differences arise from China’s system of collective land ownership and of household registration, systems that, on the one hand, reduce the risk of migrant workers becoming landless and forced to occupy urban slums, but which, on the

⁴⁹ Cf. (Z. Huang, 2012).

⁵⁰ In 2013, the employment breakdown of migrant workers was: manufacturing (31.4%), construction (22.2%), and the service sector (34.1%) (National Bureau of Statistics of China, 2014b).

other hand, facilitate their super-exploitation.

In mainland China, the labor division of migrant workers' families is often a three generation model: that is, elders (the first generation) stay with children (the third generation) in their rural homes, while the children's parents (the second generation) labor in cities. Local and central governments still tend to regard migrant workers as an undifferentiated mass. However, these workers have over time become progressively more heterogeneous. The three generation model just noted overlaps with, but is no more than roughly identical to, a historical succession of migrant workers—two waves of outward migration. The first wave of migration consists of workers born before the 1980s. They are called the 'old generation of migrant workers' (*di yi dai nong min gong*). The second wave of migration, consisting of workers born in the 1980s and 1990s, is called the 'new generation of migrant workers' (*xin sheng dai nong min gong*). Whereas the 'old generation' would, on reaching retirement, return to their rural hometowns with their financial savings, the 'new generation' may choose to remain in cities. Some migrants, old and new, have migrated to cities with their families (familial migrants), others have not (individual migrants). Some have kept close economic ties with their rural families; but, again, others have not.

Migrant workers are further differentiated according to their residency, financial status, marital status, occupation, etc. But this research study classifies migrant workers by their household, i.e. rural or urban, since it regards the household as the site and calculating unit of labor power reproduction, and because it focuses on how migrant workers manage their reproduction of labor power when resources are strained. Although central and local governments are implementing policies to widen migrant workers' access to urban social security,

these policies regard migrants as a uniform whole, when in fact their reproductive needs differ according to whether they are individuals who send a portion of their earnings home to their rural based families, and so keep close economic ties with their rural hometowns, or whether they are entire family units who have migrated to the cities, and thus maintain few or no economic ties (see Table 4, p.41).

Table 4

Comparison of Rural-to-Urban Migrant Workers in China with Those of Other Countries

		China		Most Other Developing Countries
		Individual Migrants	Familial Migrants	Mainly Familial Migrants
Similarities	Primary Occupation	Peasant		
	Migrant Region	Internal		
	Working Type	Mainly low-paid and hazardous work		
Differences	Mechanism of Reproduction	Simple reproduction of labor power in cities, expanded reproduction in rural areas	Both simple and expanded reproduction of labor power are urban based	Both simple and expanded reproduction of labor power are urban based
	Site of Reproduction	Strong economic ties maintained with rural households	Urban family together or divided: Few or no economic ties with rural based family members	Urban nuclear or extended family: All or most family members have migrated from rural hometowns
	Urban Housing	Single dorm or small rented room	Suburban housing/shantytown	Urban slum
	Household Registration	Must be classified as rural	Must be classified as rural	N/A
	Land Ownership	Collective ownership of land, but mostly having legal right to land use	Collective ownership of land, but mostly having legal right to land use	Landless or land starved
	Work Status	1. Primarily full-time work 2. Low unemployment rate 3. Return to rural hometown if laid-off or dissatisfied with work conditions	1. Primarily full-time work 2. Low unemployment rate 3. Self-employed; part-time work; return to rural hometown if laid-off or dissatisfied with work conditions	1. Workers often underemployed 2. High unemployment rate 3. Self-employed; part-time work; become homeless if laid-off or dissatisfied with work conditions
	Job Characteristics	1. Mostly unskilled or low skilled 2. Easily replaced	1. Mostly skilled 2. If unskilled, husband and wife both work	1. Mostly unskilled or low skilled 2. Precarious employment

5.2 Healthcare

The second key concept is healthcare, not to be confused with the health system, of which it is a part. Healthcare refers mainly to the cure or treatment of sickness and disease; the health system is a wider term, encompassing all things related to human health. As stated by the World Health Organization (WHO),

A health system consists of all organizations, people and actions whose primary intent is to promote, restore or maintain health.

This includes efforts to influence determinants of health as well as more direct health-improving activities. A health system is therefore more than the pyramid of publicly owned facilities that deliver personal health services. It includes, for example, a mother caring for a sick child at home; private providers; behaviour change programmes; vector-control campaigns; health insurance organizations; occupational health and safety legislation. It includes inter-sectoral action by health staff, for example, encouraging the ministry of education to promote female education, a well known determinant of better health (2007:2).

This paper focuses on healthcare, not the health system, since it considers migrant workers' restricted access to healthcare.

5.3 Reproduction

The third key concept is reproduction. In the field of political economy, society and the individuals who compose it maintain their operations via a persistent cycle of production, circulation (exchange), and distribution of goods and services. This recurrent process of renewal is termed *reproduction*. Says

Marx,

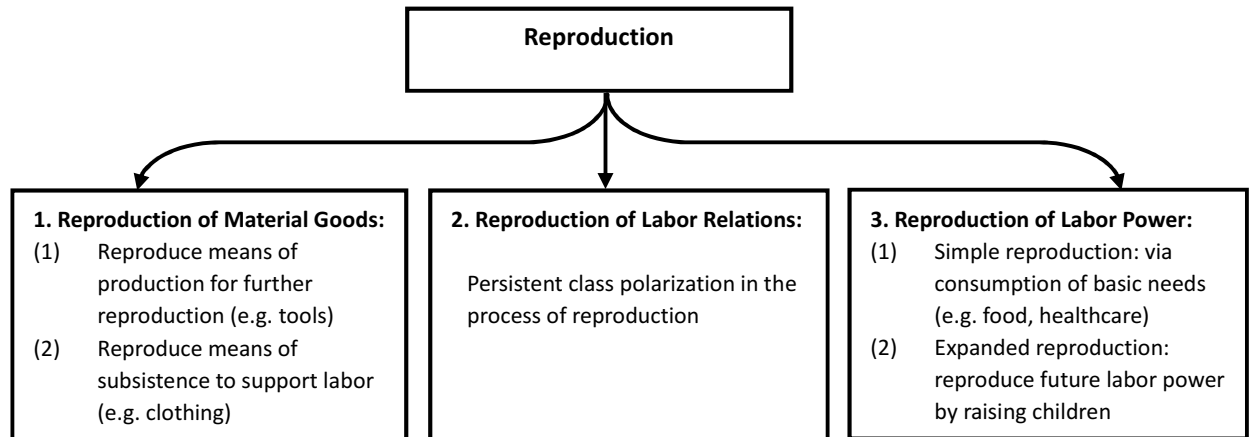
Whatever the form of the process of production in a society, it must be a continuous process, must continue to go periodically through the same phases. A society can no more cease to produce than it can cease to consume. When viewed, therefore, as a connected whole, and as flowing on with incessant renewal, every social process of production is, at the same time, a process of reproduction (1887:394).

There are three categories of reproduction (see Figure 7, p.44). The first is reproduction of material goods, including means of production and of subsistence to support labor. The second category is the reproduction of labor relations, since social reproduction always is processed under specific social relations. Third is reproduction of labor power, including (1) simple reproduction: when strength and health falter due to prolonged industry, workers can replenish themselves through adequate sleep, nutrition and healthcare; (2) expanded reproduction: as Marx states,

the man, like the machine, will wear out, and must be replaced by another man. Beside the mass of necessities required for his own maintenance, he wants another amount of necessities to bring up a certain quota of children that are to replace him on the labor market and to perpetuate the race of laborers (1969:18).

Thus the income paid to workers should be enough to cover the necessities of simple and expanded reproduction.

Figure 7. Categories of reproduction



5.3.1 The site and calculating unit of labor power reproduction

In the course of social development, reproduction of labor power requires adequate healthcare, so healthcare is essential to reproduction. It is in the household where people eat, sleep, and give, while receiving, love and care. Indeed, healthcare is not only found in hospitals, but is practiced in the home when family members are tended to. The family shares resources—material (the home), emotional (love, support) and ideational (inculcation of social norms and communication skills)—to maintain reproduction. The household is therefore a unit of direct production and a unit of reproduction of familial labor power on both a daily and generational basis. . . . Household labor power is used in the home production process or sold as wage labor on the labor market where it participates in what is termed as the wage labor production process. . . . This income, after deduction of the various monetary costs involved in production, generates a net income which permits the purchase of means of consumption for reproduction of the household and means of work for replacement and net investment. . . .

Reproduction includes both daily maintenance to restore the capacity to work and generational reproductive activities reflected in the size, age and sex composition of the household (Deere, Carmen Diana & De Janvry, Alain, 1979:602).

6 Research methods and field work sites

I use a qualitative methodology supplemented by statistical data: qualitative research is grounded in an essentially constructivist philosophical position, in the sense that it is concerned with how the complexities of the sociocultural world are experienced, interpreted, and understood in a particular context and at a particular point in time. The intent of qualitative research is to examine a social situation or interaction by allowing the researcher to enter the world of others and attempt to achieve a holistic rather than a reductionist understanding (Bogdan & Biklen, 1998, Locke et al., 2000, Mason, 1996, Maxwell, 2005, Merriam, 1998, Merriam & Associates, 2002, Patton, 1990, Schram, 2003, Schwandt, 2000, as cited in Bloomberg, Linda Dale & Volpe, Marie, 2008:80).

My research considers changes in social structure, emphasizing contemporary and historical analysis while drawing on in-depth interviews based on lived experience in Yunnan, Beijing, and Gansu (see Figure 8, p.48), among a wide age range; a multi-generational approach. The selection of interviewees is made with the goal of collecting sufficient data by way of participant observation. For practical reasons, this research will be based not on statistical induction but

on theoretical plausibility.

Although rural development in China differs widely from place to place, my experience in Yongning Township (Ninglang County, Lijiang City, Yunnan Province) provides, in broad outline, a representative view. I first went to Yongning in 2000, to conduct two years of praxis-oriented research, working with an NGO (Non-Governmental Organization) dedicated to improving women's healthcare. The work brought home to me the importance of healthcare for the reproduction of labor power, and I saw how rural peasants manage their daily lives, and in particular their reproductive necessities, in the context of ongoing marketization and commodification, all negotiated with limited cash income.

From 2002 to 2012, I regularly visited the area to keep track of social change. I found that as cash demand grew, more and more rural peasants were drawn to cities in search of wage labor. In 2000, the per capita net income of Yongning was 497 yuan RMB, 80% of which was from the agricultural sector; but by 2012 (2013) this had risen to 4,962 (5,573) yuan RMB, 60% of which was from the agricultural sector, the other 40% consisting of assorted local income sources, and the rural supplement, i.e. money sent back from urban working migrants.⁵¹

Beijing is where I stayed in 2011, with occasional visits in 2012. I had begun to see an abundance of migrant workers there in 1999, on my first visit to the mainland. In 2000 I worked with an NGO, advising female migrant workers in Beijing on how better to manage their personal health and hygiene. I continue to build connections with Beijing, and so include it as a research site. The

⁵¹ According to a local public official I interviewed.

permanent resident population of Beijing in 2012 (2013) was 20.693 (21,148) million, about 37% (38%) of which lacked household registration,⁵² and lived in suburban shanties like the Shijingshan District.

In Shijingshan were most of the familial migrant workers I interviewed. I spoke with migrants from various occupations, in addition to hospital workers, public officials, registered urban citizens, and scholars, to study changes in healthcare from the pre- to post-reform eras, rural and urban. I also studied how transformations in the healthcare system, combined with limited resources, influence labor power reproduction, particularly as regards migrant workers, considered individually and together with their rural households.

In January, 2012, I accompanied four Beijing migrant workers back to their rural hometown of Yanan Township, Wushan County, Tianshui City, Gansu Province, spending six weeks there, in and around Chinese New Year. Amid the hustle and bustle of holiday preparations, I had numerous opportunities to learn more about the economic relations which migrant workers maintain with their extended rural families. I came back enlightened, but a little heavier, having been stuffed to the gills with dumplings, noodles, and assorted home-grown vegetables. I chose Gansu because this is where the highest proportion of my interviewees comes from. It suited my limited research time, and their limited holiday time. The villages of Yanan Township I stayed in were made up of 50 to 80 households per village, with 5 to 6 people per household, 1 or 2 of which worked in cities as migrants. The villages' per capita cultivated land was 1.8 mu (i.e. 0.12 hectares), and annual per capita net income was 2,800 to 3,000 yuan RMB, 50% of which

⁵² Cf. (Beijing Municipal Bureau of Statistics, 2014; F. Ren, 2013).

was from the agricultural sector.⁵³

Since my interviewees' life circumstances continue to change, not least in response to ongoing policy changes, we stay in touch over QQ, WeChat, text messages and phone calls. In the process my interviewees have introduced me to a wider network of their friends and relatives who are migrant workers employed in Beijing, along with others I have more recently come to know, who work in Shenzhen.

Figure 8. Research sites: Beijing, Gansu and Yunnan



Map source: <http://www.panasianbiz.com/india/map-of-china-the-15-most-useful/>

7 Chapter outline

Chapter one gives a general background of migrant workers' healthcare problems, before critiquing analyses that attribute these problems directly to China's system of household registration, or to inequality of primary and secondary distribution. I then assert that causal agency should rather be attributed to regional/provincial barriers of finance and taxation, acting together with the structure of super-exploitation.

⁵³ According to a local public official I interviewed.

Chapter two provides a historical analysis of how China's political economy has affected its healthcare system, and how that system challenges migrant workers' reproductive capacities.

Chapter three studies the formation of China's super-exploitation structure and the invisibility of household domestic labor to that structure.

Chapter four shows the essential contribution of semi-proletarian rural households to migrant workers' reproduction of labor power, contributions in the form of domestic labor that capitalists do not recognize and do not pay for. This unpaid labor sustains migrants even as it subsidizes the regional/provincial barriers of finance and taxation that, combined with super-exploitation, worsen migrants' healthcare predicament.

Chapter five points out the disadvantages of current solutions and suggests alternatives.

Chapter Two: How Transformations in China's Healthcare Affect its Migrant Workers

<i>We know what makes us ill.</i>	<i>Are you able to heal?</i>
<i>When we are ill we are told</i>	
<i>That it's you who will heal us.</i>	<i>When we come to you</i>
	<i>Our rags are torn off us</i>
<i>For ten years, we are told</i>	<i>And you listen all over our</i>
<i>You learned healing in fine</i>	<i>naked body.</i>
<i>schools</i>	<i>As to the cause of our illness</i>
<i>Built at the people's expense</i>	<i>One glance at our rags would</i>
<i>And to get your knowledge</i>	<i>Tell you more. It is the same</i>
<i>Spent a fortune</i>	<i>cause that wears out</i>
<i>So you must be able to heal.</i>	<i>Our bodies and our clothes.</i>

Excerpted from "A Worker's Speech to a Doctor"

Bertolt Brecht (1938)⁵⁴

In general, the development of the healthcare system, as a superstructure, derives from the mode of production. Since the healthcare woes of migrant workers spring from current patterns of economic development, we need to examine how the structural changes in China's political economy have affected the development of its healthcare system. Such an examination reveals the causes and effects of the healthcare problems that migrant workers face under transformations in China's healthcare system.

⁵⁴ Cf. (Willett & Manheim, 1987:292).

1 Healthcare in the pre-reform era

In the pre-reform era, healthcare policies were tightly bound to the strategies of a planned economy. Due to an emphasis on urban industrialization, the Labor Health Insurance Scheme (*lao bao yi liao*) for urban laborers, and the Government Health Scheme (*gong fei yi liao*) for public servants, military personnel, school teachers, and the like, were implemented in 1951 and 1952, respectively. Funding came from SOEs and institutions, both of which were self-supporting, with the state making up any shortfalls. As for the peasants, excepting some local, ‘bootstrap’ methods of collective medical insurance, rural residents had to wait until establishment of the Rural Cooperative Medical Scheme (RCMS, or *nong cun he zuo yi liao*) in 1968 to receive healthcare at other than their own expense (funded by local villagers at the production brigade level) (see Table 5).⁵⁵

Table 5
Rural and Urban Healthcare Systems in the Pre-Reform Era

	Healthcare Model	Target	Compulsory
Urban Areas	Labor Health Insurance Scheme (since 1951)	Workers of SOEs (including families)	Yes
	Government Health Scheme (since 1952)	Government employees (including families and university students)	Yes
Rural Areas	Rural Cooperative Medical Scheme (since 1968)	Peasants	No

This unequal access to healthcare did not, however, represent a significant contradiction between rural and urban residents, since all residents benefited from the low cost of medicine (a few cents per dispensation) and a series of government mandated price reductions. For example, “if the index

⁵⁵ Cf. (Ge & Gong, 2007).

number for the retail price of medicine in 1950 was 100, in 1969 it was 20.85 and by 1983 it had fallen to 16.42” (Qi Moujia, 1988, as cited in Ge & Gong, 2007:120). The production, circulation (exchange) and distribution of medicine were all state controlled, and there were restraints on medical practitioners (e.g. doctors’ incomes had no relation to the number of prescriptions issued). But most importantly, the reproduction of labor power was considered an integral part of social production, and reimbursements included workers (current labor power), children (future labor power) and elders (past labor power).

Under these inclusive policies of labor power sustainability, collective units and national enterprises together provided social welfare to their citizens from cradle to grave. Owing to limited national revenue, and in keeping with a two system division (urban and rural), the state tried to optimize the distribution of social resources. These resources were meager. In 1949, an average per-thousand population had recourse to only 0.63 hospital beds in urban areas, and 0.05 beds in rural areas. Though neither was well resourced, urban residents occupied 12.6 times more hospital beds than did rural residents,⁵⁶ this despite the fact that urban residents composed only 11.2% of the total population, and rural residents the remaining 88.8%.⁵⁷ Hence, in the 1950s, drawing inspiration from cooperative movements, some villages, scattered over the country, tried collectively to narrow the rural-urban healthcare gap by conducting an assortment of medical cooperatives, particularly after 1958, when people’s communes could be found throughout rural areas.

⁵⁶ Cf. (Ge & Gong, 2007:146).

⁵⁷ Cf. (Perkins & Yusuf, 1984:12).

The healthcare gap between rural and urban areas was slow to change. On June 26, 1965, Qian Xinzong, head of the Ministry of Health, reported to Mao Zedong that 90% of medical practitioners were in urban areas (70% at city level and 20% at county level), and only 10% in rural areas, with a full 75% of national medical budgets going to urban areas, and only 25% to rural areas,⁵⁸ where most residents still lived. Mao was furious, and accused the Ministry of Health of working only for urban residents, leaving rural peasants without healthcare. The Ministry of Health, he said, should be renamed ‘Urban Ministry of Health’, or ‘City Master’s Ministry of Health’. He then advocated healthcare prioritization of rural areas, with more doctors trained and assigned there to offer treatment in exchange for life provisions provided by the peasantry, a working arrangement which, Mao emphasized, would be amenable to peasants’ economic means, as well as the means of the state to provide for them. Peasants had for the most part to be self-reliant, since the state lacked the resources to fund local governments.

The Ministry of Health thereafter referred to Mao’s proposals as the 626 Indication (*liu er liu zhi shi*), since they were made on the 26th day of the 6th calendar month, and ordered the training of rural doctors, the candidates to be selected from among those who had at least an elementary educational background. They were given short-term, basic medical training, and helped with the farming when there were no medical duties. These requirements, far less than was usual for medical school, increased the number of medical practitioners while lowering their expectations as to pay: If you have devoted years of your life to advanced medical training, it is unlikely that you will be satisfied with the

⁵⁸ Cf. (Dai, 2011).

rewards of life as a rural doctor. From 1965 on, following Mao's Indication and government propaganda trumpeting the common weal, these doctors rolled up their sleeves and set to work in their new rural homes. In 1968, a report published in two wide-circulation newspapers, *Wenhui Bao* and People's Daily, coined the term 'barefoot doctors', since they effectively were half-doctors who also worked barefoot on the farm. This term became a commonplace in the pre-reform era.

Since rural healthcare received less financial support than did urban healthcare, barefoot doctors supplied cost-effective treatment. They used rudimentary equipment (e.g. acupuncture needles) and mostly herbal medicine, this grown or gathered by local peasants together with the doctors. Many barefoot doctors were urban intellectuals transferred to rural areas as part of the Down to the Countryside Movement. The doctors received payment, including work points (*gong fen*),⁵⁹ in the same way as did local peasants, from budgets accumulated via the income of production brigades at village level.⁶⁰

At the same time, healthcare policies focused on primary and preventive health, rather than more costly advanced care. Universal access was stressed in

⁵⁹ Each task was assigned a certain number of points. The production brigade would distribute income in accordance with a fixed quota. Satisfaction of this quota accounted for 70%–80% of labor performed. The remaining 20%–30% consisted of extra tasks done, in effect, for bonus points. The more points earned, the greater a worker's share of the distribution (*ren qi lao san*, or *ren ba lao er*).

⁶⁰ There were three tiers of administrative hierarchy in rural areas from 1958 to the early 1980s. The highest tier was at the county level; the next highest tier, at township level, was called the people's commune (*gong she*), and the lowest, village, level was the production brigade (*sheng chan da dui*).

order to maintain reproductive capacities, thus ensuring a steady resource stream for national industrialization. Rural areas were commonly distinguished by a three-tier healthcare system: barefoot doctors in village medical centers composed the first tier, offering disease preventive (e.g. promoting daily hygiene) and primary care services (e.g. curing common ailments). Township health centers were the next step up the ladder, mainly filling the role of outpatient clinics staffed by assistant doctors. The highest tier was reserved for the most seriously ill, who were treated in county hospitals by graduates of five-year medical school programs.

A similar practice was seen in urban areas, the lowest tier consisting of paramedical personnel in factories and sub-district clinics. More advanced care was dispensed by the second tier, namely district hospitals. To the third tier—municipal hospitals—were sent the most serious cases. Such strategies of primary and preventive healthcare yielded high efficiency at low cost, with the result that China's infant mortality rate fell from 200‰ in 1949 to 34‰ in the late 1970s, and life expectancy rose from 35 years of age in 1949, to 68 in 1980, a generation gain within the space of a generation,⁶¹ though the improvements doubtless also were due to the absence of war.

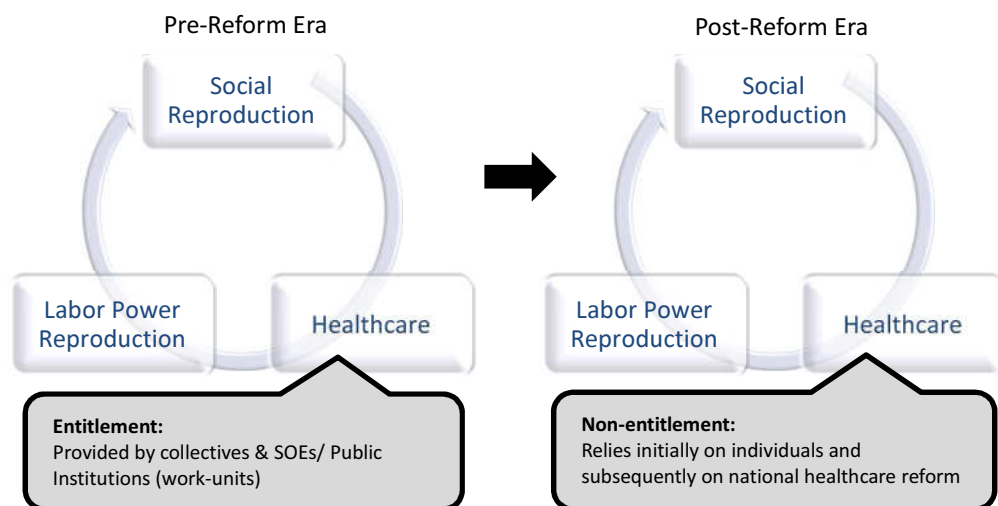
2 Healthcare in the post-reform era

Following economic reform and the shift to a market economy, healthcare is no longer the entitlement it was in pre-reform times, when collectives and SOEs footed the bill (see Figure 9, p.56). Although the market economy of Chinese state capitalism differs from that of western-style neoliberalism (the

⁶¹ Cf. (Ge & Gong, 2007:73, 97&149).

latter conducted in accordance with the Washington Consensus),⁶² they share the same profit motive: once healthcare is commodified, and thus dissociated from public benefit, wealth accumulation among its various providers becomes the overriding concern.

Figure 9. Healthcare changes from pre- to post-reform era



In the pre-reform era, medical systems (e.g. hospitals, medical personnel, and facilities or equipment) and pharmaceutical systems (involving production, circulation and distribution) were funded and controlled by the state. Labor power reproduction (including simple and expanded reproduction) was an element of social production, which saw medical plans and social welfare policies carried out by the state ideological apparatus. SOEs established their own hospitals, or earmarked hospitals for the use of their workers, with healthcare coverage extending to worker's families. But since economic reform, medical and pharmaceutical systems are market regulated, and healthcare policies are influenced by neoliberal ideology together with the private vs. public

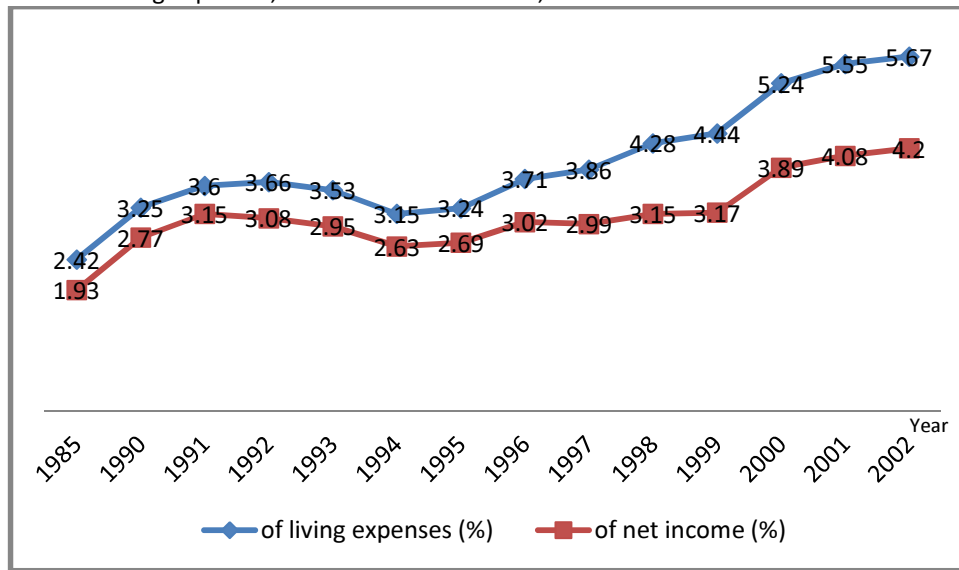
⁶² Cf. (H. Wang, 2011).

architecture of extolled individualism. Healthcare has been transformed into fee for service, and reimbursement of labor power is considered as payment only for the individual worker, exclusive of the household as the site of labor power reproduction.

It is therefore not surprising that healthcare user fees are increasingly demanded in both rural and urban areas, to offset dwindling government subsidies. The result is that “in urban areas, from 1979 to 1985 Government Health Scheme costs rose by 17.9% annually, and 25.3% annually from 1985 to 1989, but fiscal expenditure increased only 8% and 10.6% per annum, respectively” (Ge & Gong, 2007:100). Some governmental institutions could no longer provide insurance for their employees, and some resorted to operating tertiary industry to accumulate funds.⁶³ As for rural areas, where the RCMS was in decline, healthcare costs as a percentage of living expenses, and of net income, also showed an overall rise (see Figure 10, p.58). From 1985 to 2002, the healthcare expenditures of rural peasants increased from 2.42% to 5.67% of living expenses, and healthcare expenditure as a percentage of peasants’ net income rose from 1.93% to 4.2%.

⁶³ Field work data gathered in Beijing in June, 2011 from some former public servants.

Figure 10. Rural residents' per capita healthcare expenditures as a percentage of their living expenses, and of their net income, 1985–2002



Source: (1985–2002 China Statistical Yearbook, as cited in Ge & Gong, 2007:126).

Since economic reform, rural–urban inequalities, as well as inequalities in social strata, have intensified. And since Deng Xiaoping’s ‘southern tour’ of 1992, access to affordable healthcare has worsened. In the course of his tour, Deng advocated the implementation of development and prosperity on an east–west paradigm, saying wealth would be transferred from coastal to inland regions once coastal regions got rich. This was done, but being the last to undergo development, the west, particularly rural areas, lags behind in terms of access to healthcare services, and many health conditions go untreated. The disparity in per capita healthcare expenses between rural and urban residents was 1:2 in 1985, and has continued to rise; to 1:3.55 in 2001, 1:3.57 in 2005, and 1:1.82 in 2013.⁶⁴

As reported by a rural-doctor in Yunnan, “my colleagues and I conducted a volunteer clinic for 207 women in 2001, and found that 38% of patients had diseases such as fibroid, nephritis, hepatitis, vaginitis, and urinary-tract infection. All patients initially received free treatment, but almost none returned for further

⁶⁴ Cf. (Ge & Gong, 2007:65; National Bureau of Statistics of China, 2014a).

treatment since they could not afford it. I have seen women with serious cervical erosion go untreated for the same reason. Sometimes patients requested a discount because they could not pay the nominal fee of 5 to 10 yuan RMB”.⁶⁵

Further research in the same village in Yunnan clarifies the scope of poverty:

In 2000 the annual per capita income was 497 yuan RMB, which includes 394 kg of grain (calculated in terms of grain production at 1 yuan /kg in 2000), and 103 yuan RMB in paid work and other sources of income, such as from fishing and the gathering of mushrooms. But since 151 kg of the grain was earmarked for seeding the subsequent year’s crop, and the remaining 243 kg for consumption,⁶⁶ this left only the 103 yuan RMB as discretionary income (C. Luo, 2002:26-7).

This amount was clearly insufficient: in the same year, “people had to pay approximately 79 yuan RMB for each outpatient treatment and 2,891 yuan RMB for each hospital stay” (Ministry of Health of the People’s Republic of China, as cited in F. He, 2000:52). Although medicine could be had from local pharmacies, the costs were never less than 10 yuan RMB, a significant chunk of already meager discretionary income. Clearly, healthcare was little more than a tantalizing dream for peasants in rural areas, and regional/provincial barriers of finance and taxation have been consolidated.

Effective and accessible medical treatment is needed for labor power to function optimally. Nevertheless, once doctors and medicine had to be paid for out-of-pocket, rather than through public coverage, healthcare passed out of

⁶⁵ Field work data, Yongning Township (Yunnan Province), September 2001.

⁶⁶ A peasant typically needs about 300 kg for yearly consumption.

reach of the poor. In 2000, the WHO assessed healthcare system equity among its 191 member states, ranking China fourth from the bottom at 188th, well below India, which came in 43rd even though China has always regarded its southern cousin's rich–poor gap as “egregious.” Populous developing economies like Egypt, Pakistan, Mexico, and Indonesia all outperformed China. “For a country that calls itself ‘socialist’,” says Wang, “this is unforgivably shameful” (S. Wang, 2003). Clearly, economic growth in China has not led to a higher standard of healthcare, or, if so, only for the rich.

2.1 Marketization of medical providers

With economic reform came a fundamental transformation of healthcare; as it has continued to marketize, all hospitals in China have witnessed shrinking government support:⁶⁷

overall, healthcare as a percentage of government expenditure decreased from 3.1% to 2.3% between 1985 and 1995 (Jackson et al, 2005). And government subsidies as a proportion of total hospital incomes fell dramatically, from 21.4% in 1980 to only 8.7% in 2000 (C. K. Chan, Ngok, & Phillips, 2008:119).

In recent years (2007–2012), although government healthcare has risen from 4.0% to 5.9% of total government expenditures,⁶⁸ government subsidies to public hospitals have remained low, merely 5% to 10% of hospital incomes.

Eventually there were hospitals that could not pay staff wages or continue to provide service. As a result, some cash-strapped local governments have

⁶⁷ At the time, all hospitals were public-owned.

⁶⁸ Cf. (National Bureau of Statistics of China, 2014a).

privatized hospitals; in the notable case of Suqian City, Jiangsu Province in 2000, *all* of their hospitals switched hands.

Some SOEs have cut hospital funding by authorizing management powers, reforming shareholding, and selling off ownership. This allows SOEs to divert resources to their major business holdings and endeavors (post-reform hospitals are now merely subsidiary enterprises). In 2011, to give but one example, a 20-year management term of an SOE hospital in Beijing was sold to a private medical company for 150 million yuan RMB, due to crippling deficits. Both sides consider the deal a win-win situation: the SOE saves 30 million yuan RMB per annum in hospital subsidies for the duration of the term, while the corporation gets a venue for its medical products (e.g. drugs) without having to pay kickbacks (*hong bao*) to the hospital or practicing staff. Left out of this bilateral ‘win’ are the patients, who face rising costs commensurate with a monomaniacal focus on profit,⁶⁹ a familiar and widespread clinical condition that escapes treatment, being often undiagnosed, and even (in some quarters) celebrated as an asset. We see the symptoms, but where the cure?

Once marketizing hospitals became preoccupied with balancing revenues and expenditures, hospital personnel quickly adopted a system of market evaluation, under which all services were hit with a surcharge. The costs to patients rose exponentially. Unscrupulous doctors now profit much more from treatments given, many of them superfluous, than do their patients, and the consumption of drugs has skyrocketed. China’s Health Yearbook reports that, from 1990 to 2003, 44% to 50% of total healthcare spending (government, social, and personal) in China was on pharmaceuticals. For developing countries in this

⁶⁹ This story was confided to me by a hospital head in Beijing in July, 2011.

time period the figure was typically less than 30%. In OECD (Organization for Economic Cooperation and Development) countries in 2003, it was about 18%.⁷⁰ Approximately 90% of China's hospitals are still public, but already drug sales to patients make up the bulk of revenues. The income sources fall roughly into three categories:

- (1) 50% to 60% from drug sales,
- (2) 30% to 40% from medical services (e.g. health exams), and only
- (3) 5% to 10% from government subsidies.

2.2 Marketization of pharmaceutical systems

With the transition from a planned to a market economy, the pharmaceutical system has undergone a shift in modes of production, circulation (exchange), and distribution. Where once every drug had to be tested and approved by the central government, since economic reform, provincial governments, too, have held approval authority. Although central government approval is the more difficult to obtain, pharmaceutical companies always make this their first priority, as it offers the prospect of national distribution. Only failing this do they resort to the less stringent local government tests, typically augmenting their chances with well-placed kickbacks. The companies gain a provincial license; the provincial government pads its GDP. A final, and the least profitable option, is to sell the drug as a health food, thus bypassing the testing and approval process altogether.⁷¹

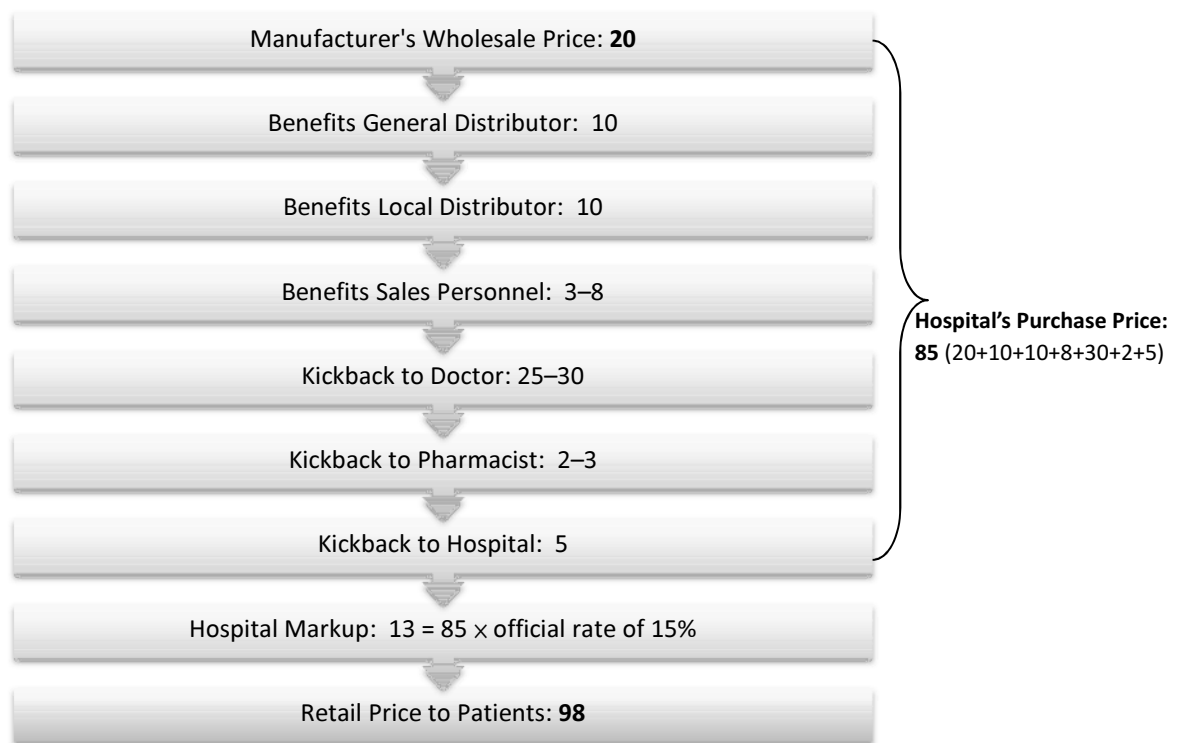
⁷⁰ As cited in (Ge & Gong, 2007:194).

⁷¹ Cf. (Ge & Gong, 2007:31-2).

Absent a unified and consistently enforced regulatory apparatus, the number of pharmaceutical enterprises has exploded. With more sharks in the tank, the fight for market share reaches a frenzy, and the most successful are those who maintain the loyalty of hospitals and doctors. These are courted and seduced by a torrent of free samples, information pamphlets, all-expenses-paid seminar holidays at luxury resorts filled with sundry perks (some of which are best left unspoken), and other benefits, above- and below-board. A salient, but by no means exceptional instance is the GlaxoSmithKline (GSK) bribery scandal which occurred in China in 2013. Heads rolled, but until the loopholes are plugged there will be more fiascoes. The access gates are sales to hospitals, and regular prescriptions from doctors.

With such vibrant competition, one might reasonably assume that drug prices would be low. But since drugs pass through many hands before reaching a patient, each step incurring its own incremental rise, what begins cheap is sold dear. As one example, the manufacturer's price for a box of Twenty-Five Flavor *Guijiu* pills (*er shi wu wei gui jiu wan*), an anodyne and pro-coagulant, is 20 yuan RMB, but the cost for patients is 98 yuan RMB (see Figure 11, p.64).

Figure 11. Price markup chain from factory to patient (Twenty-Five Flavor *Guijiu* pill) (yuan RMB)



Resource: Cf. (Xinhua News Agency, 2006).

2.3 State intervention and market adaptation

Owing to public anger over unaffordable healthcare, the Chinese government has vowed to improve access. In 2004, the official rate of hospital drug markups was reduced from (an astoundingly precise!) 34.66% to 15%, and in 2011 the markup was done away with altogether, starting with primary medical clinics at village/township levels in rural areas, and with the sub-district level in urban areas. Trials are now underway in public hospitals at the county level.

Further to the goal of accessible healthcare, in 2009 the central government published the “National Drug List of Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance”. For the latter two kinds of insurance coverage, all drugs listed are 100% subsidized. As regards

basic medical insurance, the list is divided into two categories, one of which is 100% subsidized, and is largely composed of the National Essential Drug List⁷²; the second category of drugs are less than fully subsidized, the precise figure varying with the drug and with provincial regulations based on fiscal capacities. Regardless of insurance or category, which types of drug appear on the national drug list is decided by a panel of over 1,000 experts gathered from all parts of the country at the invitation of the state government's Ministry of Human Resources and Social Security.

After the list is finalized, hospitals purchase drugs from within a price range determined in a public bidding attended by the drug manufacturers who have made the list, and supervised by provincial governments—hospitals no longer control purchase prices. Drugs enshrined on the list receive more extensive coverage by public medical insurance than do their non-listed counterparts. Public hospitals at the grassroots level (village/township /sub-district) may prescribe only from the list, and are encouraged to restrict themselves as much as possible to the first, wholly subsidized category; at county level and above, 30% to 50% of all drugs prescribed are listed, depending on provincial regulations, in accordance with ongoing policy trials. Hospitals that overcharge patients risk fines, in addition to loss of government subsidies.

While hospital markups are gradually being reduced to zero, still doctors and hospitals can profit in several ways. Kickbacks from pharmaceutical companies to doctors and hospitals have not disappeared, and companies that successfully bid to secure a place for some of their brand drugs on the final

⁷² Cataloging the most often required medications, in amounts and prices calculated to preserve the health of the majority of the population.

catalog list continue to vie with each other for preferential use status among doctors and hospitals, thus ensuring the persistence of a modified form of market competition that sees only the heavy hitters in the ring. The outcome for patients may be higher bid prices made in anticipation of higher ‘marketing costs’. Citing one brand of penicillin, in 2009 the wholesale cost per pill was 0.35 yuan RMB, and the retail cost 0.72 yuan RMB. By the following year, the wholesale price had more than doubled, to 0.75 yuan RMB.⁷³

The loophole exploited by drug manufacturers is that more than one brand variety of a given drug typically appears on the final catalog list. Brands then jockey for position, and part of the maneuvering involves enticements. The perks and kickbacks are directed at the penultimate link in the chain, namely doctors and hospitals, to sway practices. And more is better: doctors’ bonuses from drug companies are keyed to the number and price of drugs prescribed. Doctors thus tend to prescribe expensive drugs, with the result that more economically priced drugs may fall out of production. This is yet another reason for high drug prices (see Table 6, p.67), despite the government’s having conducted three nearly successive rounds (2001–2003, 2006–2007, and 2010–now) of price reduction policies.

⁷³ Cf. (T. Li, 2013).

Table 6

Average Per Capita Annual Growth Rate of Drug Fees Per (Public) Hospital Visit, 2000-2010 (%)

Hospital Level	Average Fee (Visit/Person)	2000–2006 (Year)	2006–2010 (Year)	2000–2010 (Year)
Aggregate	Outpatient	4.37	7.90	5.76
	Hospitalized Patient	5.78	9.22	7.14
National	Outpatient	8.27	6.96	7.74
	Hospitalized Patient	4.77	7.76	5.96
Provincial	Outpatient	2.87	7.96	4.88
	Hospitalized Patient	4.92	8.13	6.19
Prefecture City	Outpatient	3.48	6.67	5.42
	Hospitalized Patient	4.84	8.78	7.30
County-level City	Outpatient	5.22	6.65	5.79
	Hospitalized Patient	6.18	9.51	7.50
County	Outpatient	4.70	9.01	6.40
	Hospitalized Patient	4.77	10.97	7.20

Source: (39 Health Network, 2012).

Notwithstanding doctors' preference for more lucratively priced drugs, some drug companies short circuit the competitive loop by drastically undercutting the competition, with prices achieved by adulterating their drugs or otherwise reducing quality, such as by performing cursory drug trials with non-representative samples of test subjects (the sample may be too small, may not be taken at random from the population, and/or may currently be prescribed other, potentially conflicting medication, or indeed medications)⁷⁴. Competitors are thus priced out of the market—an effective monopoly is attained, but while (for some) the benefits are clear, the true cost is to public health.

⁷⁴ In the United States, it grows ever more difficult for drug companies to find 'pure' test subjects, and there are signs that Chinese citizens are becoming equally medicated.

In May 2001, while I was doing field work in Yongning Township (Yunnan Province), I saw a woman with a high fever being given IV treatment in a private clinic. Some 10 minutes after her treatment she became disoriented and distressed. Her husband took her to a public township hospital, where a doctor immediately suspected she had been infused with a fake or degraded substance. Frequent such instances there and elsewhere have contributed to a climate of suspicion and anecdotal strategies of avoidance. When later in February 2012 I was conducting field work in Yanan Township (Gansu Province), I saw that this climate had not gone away.

Since public hospitals are allowed to sell listed drugs only at standardized prices, some add spurious surcharges, by such means as setting quotas for doctors' prescriptions (e.g. a limited quota for listed drugs, but unlimited for non-listed drugs) while giving patients unnecessary medical exams (such as blood tests and X-rays). Hospitals may secretly advise their practicing staff to *under* prescribe drugs to outpatients, e.g. 50 instead of 100 pills. When not surprisingly patients require more, they are hit with an additional diagnosis and treatment fee, this fee having moreover been raised by the government to balance lost hospital revenues due to the absence of drug markups.

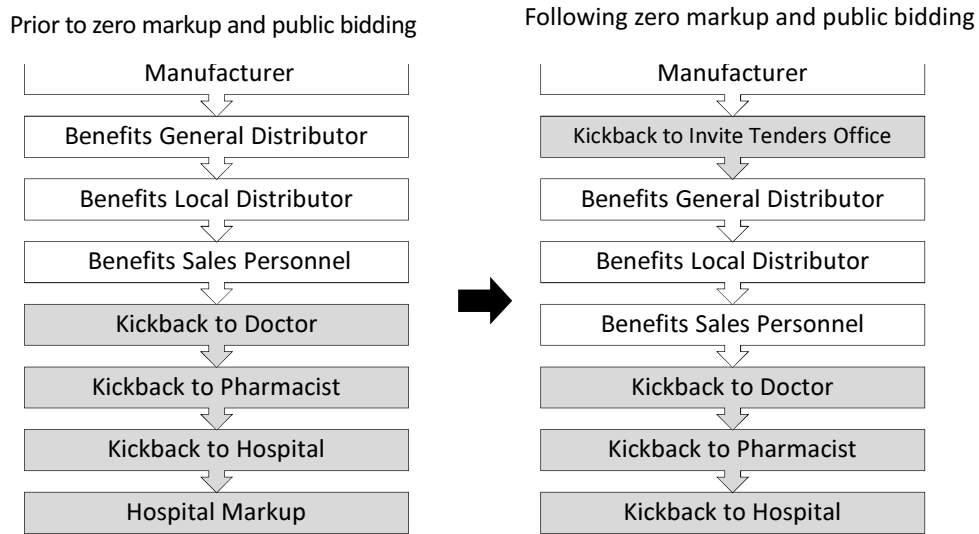
So long as the profit motive dictates the practices of drug companies and hospitals, those in pursuit of profit will forever find some way to achieve their goals: For every new government measure there is soon a counter-measure, an almost military buildup. Drug companies can always adjust their prices, and there is great variance in bid offers for the same drug. In 2009, 16 drug companies active in Guangdong Province tendered bids to produce an antimicrobial—levofloxacin hydrochloride (12 tablet box, 0.1 g per tablet). The

lowest, winning bid was 2.88 yuan RMB, the highest 43.3 yuan RMB.⁷⁵ The disparity invites skepticism as to legitimate production costs and quality control, as well as to the protocols of the invite tenders office. It should also be noted that provincial governments are allowed to deviate from the number of drugs listed in the second category of the National Drug List by $\pm 15\%$ (i.e. if 100 drugs are listed, they may stretch the list up to 115 or reduce it to as low as 85), which divergence provides an additional incentive for kickbacks.

As noted above, the government provides a 5% to 10% subsidy for hospitals. A portion of the remaining 90% to 95% consists of redress for the shortfall in hospital revenues which occurred after implementation of zero markup and public biddings. Yet hospitals remain largely self-reliant, and so conduct themselves in alignment with market forces, not social welfare. Zero markup and public bidding for drugs have not been the panacea intended, and grey areas mark the tapestry of public health. Kickbacks now play if anything a more prominent role in the supply chain, and there is reason to doubt the transparency and fairness of the bidding process. Figure 12 (p.70) provides a before and after comparison of the supply chain.

⁷⁵ Cf. (Su, 2010).

Figure 12. China's pharmaceutical supply chain, then and now



An economic foundation determines its superstructure (e.g. its healthcare system, national laws, social policies, culture and religious tenets). The foundation in China—a market economy—has been operative since economic reform. It thus follows that the mode of social distribution tends very much to favor a market discipline. Pharmaceutical policies and development, for example, have focused for the most part on increasing output values rather than on public health. Many people, particularly the poor, are left without the medication they need, even though the pharmaceutical industry has become an economic mainstay in two thirds of China's provinces.⁷⁶

From 1978 to 2005, the output value of this industry increased on average 16.1% per year (National Development and Reform Commission of the People's Republic of China, 2006). In 1980, the value was less than 20 billion yuan RMB, but by 2003 had risen to more than 400 billion yuan RMB.⁷⁷ Such growth exceeds national GDP growth, which averages 8% to 9% annually. With so much

⁷⁶ Cf. (Ge & Gong, 2007:195-6).

⁷⁷ Cf. (Ge & Gong, 2007:189).

more capital investment in high priced, rather than in affordable drugs, the current distribution of medical resources, focused as it is on the uppermost, ill serves the rest. Advanced medicine with regressed patients is a travesty of health.

3 Regional/provincial barriers of finance and taxation, and the household are not taken into account in process of healthcare reform

The once well-organized, and widely accessible healthcare system of pre-reform China is gone. Healthcare as an entitlement for labor power reproduction is replaced by fee for service, and where there is medical coverage for migrant workers, this covers only individual employees. The current market oriented healthcare system discriminates against, indeed is hostile to, the low income sector. Clearly, reform is needed. However, the series of reform strategies initiated and proposed do not target regional/provincial barriers of finance and taxation, nor do they consider the household (domestic labor) as an integral part of social production.

In 1994, with its publication of “Views on Trial Programs of Healthcare Reform for Urban Workers in State-Owned Enterprises” (*guan yu zhi gong yi liao zhi du gai ge de shi dian yi jian*), the government initiated trials of an insurance system based on a social pooling fund and individual accounts, so that employers could share the burden of healthcare with employees. Then, in 1996, with publication of the “Views on Extending Trial Programs of Healthcare Reform for Urban Workers in State-owned Enterprises” (*guan yu zhi gong yi liao bao zhang zhi du gai ge kuo da shi dian yi jian*), the trials were expanded. Two years later came the “Decision of the State Council on Establishing the Urban Employees’ Basic Medical Insurance System” (*guan yu jian li cheng zhen zhi*

gong ji ben yi liao bao xian zhi du de jue ding), at which point the trial insurance system became national policy for urban employees. And in 2007, the Chinese government carried out a basic medical insurance system for all registered urban residents not currently employed. Yet the above schemes have thus far excluded migrant workers, since it is local governments who are tasked with social welfare, and so it is mainly local registered residents who receive it.

Addressing the problem of healthcare in rural areas, the government—mainly local governments—published models for medical reform from 1990 to 1998. Some of these policies entail:

- (1) Risk-sharing cooperative medical schemes focusing on payment for serious illness;
- (2) Social welfare cooperative medical schemes, with a focus on general disease payment; and
- (3) A mixed model of social welfare and risk coping.

Although these models were successfully carried out by some local governments, not all rural areas incorporated them: only regions with capable administrators and sufficient capital had them in place.

Further to the goal of rural healthcare reform, the central government in 2003 formulated an NRCMS. This policy represents a turning point in rural medical development, as it offers not only greater fiscal contributions from government, but also rebuilds a medical care framework in areas where there is a paucity of affordable care. Under this system, peasants pay a nominal annual fee for medical insurance, and the government contributes an equal or greater amount. Once 10 yuan RMB, the insurance fees have since risen to between 50 and 100 yuan RMB, the amount vary with regional development.

Though NRCMS now helps defray nonlocal medical expenses for migrant workers, the procedure is slow and complicated. Moreover, the reimbursement rate for treatment outside of province is usually lower than it is for in province treatment, and rates depend on the fiscal capacity of local governments. Over 90% of funds earmarked for China's healthcare stem not from the central but from local treasuries, so that per capita allocations are a function of economic prowess. It is thus better to get sick in Shanghai, which outperforms Henan by a factor of ten.⁷⁸

In November 2011, I was told of an incident that had occurred two years previous. The family of a migrant worker who died after lengthy cancer treatment in Beijing discovered, when applying for reimbursement in their rural hometown of Guizhou Province, that NRCMS would cover only about 40% of the 250,000 to 300,000 yuan RMB they had spent. Worse, they saw that with all the exceptions, they could not hope to get back more than 10,000 yuan, and this only after considerable paperwork and legwork. In the end they decided to deal otherwise with their grief. Faced with the prospect of so much hassle and so little returns, some migrant workers consider dropping out of NRCMS once they have been living in cities for a long time, particularly if they have never used it.

The central government does not view regional/provincial barriers of finance and taxation as a problem, since there are high healthcare enrollment rates. The enrollment rate in urban basic medical insurance (for those whose household registration is urban) and in NRCMS (for those whose household registration is rural) was more than 80%, and 95% respectively, in 2013,⁷⁹ but

⁷⁸ Cf. (S. Wang, 2003).

⁷⁹ Cf. (National Bureau of Statistics of China, 2014a).

only 17.6% of rural-to-urban migrant workers had medical insurance in the cities where they worked.⁸⁰

Hometown entitlement does not ensure healthcare coverage everywhere in China, unlike in some other countries or regions, e.g. Taiwan. If a Taipei resident gets sick in Kaohsiung, the reimbursement procedure is no different from what exists in Taipei. The patient gets an at-till deduction immediately after treatment. As currently stands in China, however, regional/provincial barriers of finance and taxation become a pretext for cost-conscious local governments to grant healthcare coverage only to those with local residential status. So long as these regional/provincial barriers exist, migrant workers will labor in the absence of universal healthcare coverage, access denied. The 2020 target for universal coverage is rigidly focused on registered citizens who stay where they are. State conceptions of medical insurance entitlement are static; migrant workers mobile.

Healthcare is unique among the necessities of labor power reproduction. The need for it may come and go, but when that need arrives, it can swiftly devour what resources the poor, and migrant workers in especial, have managed to set aside. Once these resources are spent, and friends and family are not forthcoming, the state must provide, if it is to have a steady source of labor power.

But the state provision apparatus is suboptimal. In 2005, the Research Team of the Development Research Center of the State Council reported that healthcare reform had been unsuccessful, and that healthcare marketization was a mistake, because the poor were so often being left out. The government has therefore tried to address healthcare problems through redistribution. The efforts

⁸⁰ Cf. (National Bureau of Statistics of China, 2014b).

of the government vis-à-vis correcting the rural–urban and regional imbalance in healthcare while enhancing accessibility found expression in its plan, stated in 2005, for a Harmonious Society, one that would see the lower classes elevated into the ranks of the middle class. In pursuit of this goal, the government has worked to reform its social policies, changing focus from economic growth to overall social balance. This represents the first time, since economic reform, that the national development scheme has switched from ‘putting particular emphasis on economic growth’ to ‘laying equal stress on both economy and humanity’.

In terms of medical access, the ability to see a neighborhood doctor for a nominal fee is the stated goal. To this end, in 2006 the Communiqué of the Sixth Plenum of the 16th CPC Central Committee officially passed the following medical policies:

- (1) Return to a three-tier medical system in both rural (county/township/village) and urban (sub-district/district/city) areas;
- (2) Allocate medical resources equally;
- (3) Administrate medical services and medicine supply separately;
- (4) Control the production and circulation of pharmaceuticals;
- (5) Ensure that hospitals are founded and operated in accordance with existing laws and regulations;
- (6) Support the concurrent development of western and Chinese medicines.

In the context of redistribution, primary healthcare for all was set up in the Eleventh Five-Year Plan (2006–2010). Here the most significant recommendations are:

- (1) To establish a system of essential and affordable drugs;
- (2) To found primary medical clinics (village/township and sub-district levels),

and

(3) To universalize public medical insurance, particularly NRCMS for rural residents.

The policy of New Healthcare Reform⁸¹ (since 2009), along with continuing medical and pharmaceutical reform under the guidance of Twelfth Five-Year Plan (2011–2015), has pursued these recommendations, with varying degrees of effectiveness. For instance, although the practice of stuffing hospital budgets with revenue from overpriced and over-prescribed medicine has waned following drug price controls, controls which in some cases have brought prices down to wholesale cost for the basic tier level (clinics in rural villages and urban sub-districts), the problem of high-priced healthcare remains chronic, since more than 80% of healthcare is provided by hospitals at and above county level (2nd and 3rd tiers). The upshot is that although government health expenditure is increasing, individual out-of-pocket health expenditure is also increasing (see Table 7).

Table 7

Government Health Expenditures and Individual Out-Of-Pocket Health Expenditures, 2008-2012

Year	2008	2009	2010	2011	2012
Government health expenditure (100 million yuan RMB)	3,593.94	4,816.26	5,732.49	7,464.18	8,365.98
Annual growth rate (%)	39	34	19	30	12
Out-of-pocket health expenditure (100 million yuan RMB)	5,875.86	6,571.16	7,051.29	8,465.28	9,564.55
Annual growth rate (%)	18	12	7	20	13

Source: (National Bureau of Statistics of China, 2014a), annual growth rates calculated by researcher.

Healthcare reform in China is steered by the central government, but implementation and funding are for the most part the responsibility of local

⁸¹ To be distinguished from the 'healthcare reform' (1979–2009) which precedes it, on the basis of its greater market orientation.

governments. For example, in 2009 the central government allocated 850 billion yuan RMB over three years for New Healthcare Reform, but provided only 331.8 billion yuan RMB and left the rest to local governments. Later allocations followed suit.⁸²

Fixated on short-term balance sheets, local governments usually regarded healthcare reform as a running cost rather than a productive investment. Advocates of neoliberalized fiscal policies, as a front for privatization schemes inimical to (most) individuals and society alike, typically call for leaner government, i.e. for austere constraints upon ‘unproductive’ social spending, a reining in of the social safety net to within the compass of the individual and ideally self-reliant worker, considered in isolation from familial and community ties. It follows that governments do not see healthcare spending as essential for labor power reproduction, despite the latter being an obligatory component of social production.

Still less visible as the site and unit of labor power reproduction is the household, particularly when individualism is promoted in conjunction with neoliberalism. When the performance appraisal of local governments is based on economic development (via such measures as GDP growth), instead of healthcare improvement (less easily quantified in purely economic terms), the control and management of medical fees and pharmaceutical circulation come to be regarded as liabilities, not assets.

China now has the economic ability to distribute surpluses from rich areas and transfer them to less affluent regions, as well as to establish government expenditures for social welfare development. But basic needs, such

⁸² Cf. (Hipgrave et al., 2012:2).

as healthcare, education, and housing, remain problematic elements of labor power and social reproduction.

Chapter Three: The Political Economic Status of Rural-to-Urban Migrant Workers: A Structure of Super-Exploitation

As a general rule . . . any employer of wage-labor would prefer to have his wage-workers located in semi-proletarian rather than in proletarian households.

Immanuel Wallerstein (1983:27)

With China's economic reform, surplus value—the fund of labor power reproduction—is appropriated by capitalists, and reproduction of labor power is left to workers and their households to manage as best they can. The commodification of necessities of labor power reproduction, such as healthcare and education, drives cash starved peasants out of their rural hometowns and into cities in search of wage labor. Migrant workers are thus perforce integrated into an institutional structure of super-exploitation. Three strategies account for this structure:

- (1) Low-margin grain prices,
- (2) Semi-proletarianism, and
- (3) Income dependent, stratified consumption patterns.

1 Low-margin grain prices: interrelationship with commodification and taxation

We see that in China demand for cash has been generated through a complicated nexus of varying intensity and duration between commodification, taxation, and, most importantly, low-margin grain prices.

1.1 Commodification

In a natural economy, peasants often produce agricultural tools and by-products for themselves, so that division of labor is all but non-existent at the social level, occurring only at the household level. As an illustration, in Yongning Township (Yunnan Province), at the beginning of China's post-reform era, people still lived and worked in a natural economy, without close ties to the urban industrial or commercial sector. Subsistence production, as of grain or livestock, was the norm, and there was often little or no surplus for trade. Since exchange value was combined with use value, barter was the prevailing mode of exchange, so much so that currency was rarely used as an intermediary.

In the transition from a natural to a commodities economy, agricultural products are produced not only as a means of subsistence for peasants, but also as commodities. As means of subsistence, these agricultural products have a manifest and immediate use value—ready to hand, as it were, a use dating back to the dawn of agriculture. But when commodified by way of market sale, surplus agricultural products acquire a monetized exchange value, and so are alienated from the peasants who produce them. Through division of labor a market for these commodities develops. This incipient psychology of commodification as to means of subsistence (e.g. food and clothing) and production (e.g. agricultural tools) gains traction, and demand for wage-income compels outward migration.

As China enters its fourth decade of reform, labor power reproduction is increasingly paid for in hard cash. Although rural peasants can produce goods for their own subsistence, they remain poor on account of their limited buying power with respect to the commodities and services they need. In Yongning Township,

for instance, with the movement of the People's Communes beginning in 1958, everyone had the chance to study, until 1980, when education too was commodified, and residents had to pay for their tuition. Notwithstanding that since 1986 there has in China been a system of nine-year compulsory education in place, there remained until 2007 the need to pay for school incidentals, in Yongning Township amounting to 100 yuan RMB per student per year. But even this amount was a burden for local peasants, who in 2000 had only 103 yuan RMB in annual per capita discretionary income. In consequence, 61.4% of students did not complete elementary school.⁸³

In an effort to widen access to education, the government in 2007 revoked all school fees for elementary and junior high school students. In that year, 98% of students completed their compulsory studies. But annual tuition for senior high school (about 2,000 yuan) and university (about 10,000 yuan) is another matter: these costs persist, and peasants wishing higher education for their children may be pushed out of Yongning Township in search of work.⁸⁴ China has since 1979 shared the problem of capitalist countries in the process of industrialization, this being "the commodification of subsistence: that reproduction cannot take place outside commodity relations and the disciplines they impose" (Bernstein, 2010:102), the 'compulsion of economic forces' as Marx defined.

⁸³ Field work data gathered from a local public servant, September 2001.

⁸⁴ Field work data, August 2008.

1.2 Taxation

Taxation can be an additional factor in driving rural households into wage labor, a move that increases government revenues. In such manner did taxation in China shape the rural labor structure, bridging it with local, and then urban wage labor. An illustration of this tax modified architecture was prevalent in Yongning Township prior to 2002, when rural taxes and fees could still be paid for in grain or cash. Peasants had the option of subsisting on agricultural products alone, providing they kept their reproduction of labor power at minimal levels, exercising thrift at every turn. But when in 2002 the Chinese government initiated agricultural tax and fee reforms, the new taxes amounted to about 20% of annual per capita discretionary income, this income being no more than 200 yuan RMB.⁸⁵ Over the next three years (2002–2005), taxes and fees more than doubled, and had to be paid for exclusively in cash.

Peasants were thus compelled to migrate to cities in search of additional cash income. Statistics gathered by the local authority of Yongning Township show that before June 2001, only 886 people left their hometowns in search of wage labor, but in 2002 another 1,009 migrated outwards. In 2003 the population was further depleted by 1,120, and 1,780 more would-be wage laborers left the following year. Although the Chinese government canceled all taxes and fees in rural areas in 2005, this did not stop another 1,230 from leaving, and a further 1,378 the year next,⁸⁶ so pervasive have been the effects of commodification and wage accumulation.

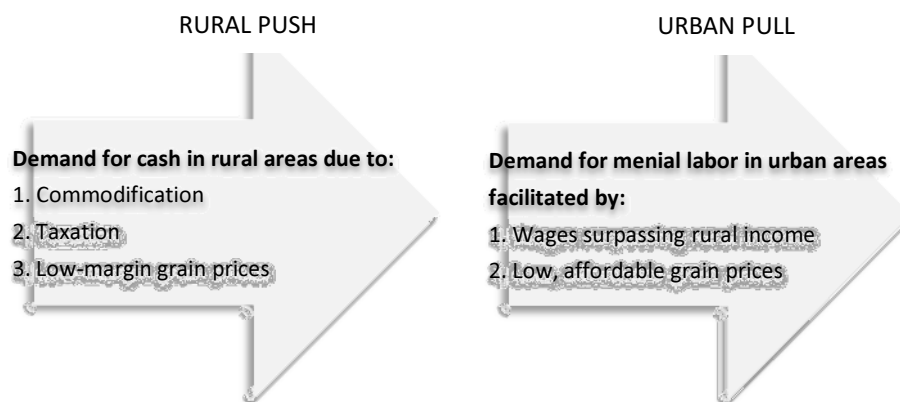
⁸⁵ Field work data (2000) calculated forward to implementation (C. Luo, 2002:41).

⁸⁶ Field work data gathered from a local public servant, August 2008.

1.3 Low-margin grain prices

As rural peasants continue to migrate to urban areas, the demand for foodstuffs among the industrial sector rises. Thus, in order to stabilize the supply of low-paid urban migrant labor, low grain prices are maintained. The tripartite structure of commodification, taxation, and low-margin grain prices contributes to a demand for cash in rural areas, while facilitating the payment of menial wages (though higher than farming income) in urban areas, and in this manner accelerates China's industrialization (see Figure 13).

Figure 13. The push–pull dynamic between the rural and urban sector



The development of the post-reform era is marked by maldistribution of social resources, thereby increasing the inequality gap. The rural–urban income disparity showed an overall rise: 1:1.9 (1985), 1:2.2 (1990), 1:2.7 (1995), 1:2.8 (2000), 1:3.2 (2005), 1:3.2 (2010), and 1:3.0 (2013).⁸⁷ In response to this asymmetry, the Chinese government has since 2004 conducted a series of redistributive agricultural policies (for examples see Table 8, p.84).

⁸⁷ Cf. (National Bureau of Statistics of China, 2014a).

Table 8
Series of Preferential Agricultural Policies Since 2004

Year	Policy
2004	<ul style="list-style-type: none"> ➤ Minimum purchase price for grain (<i>liang shi zui di shou gou jia</i>) ➤ Direct subsidies for grain production (<i>liang shi zhi jie bu tie</i>) ➤ Subsidies for tools and agricultural machinery (<i>nong ji ju gou zhi bu tie</i>)
2005	Revocation of agriculture fees and taxes
2007	<ul style="list-style-type: none"> ➤ Guarantee of minimum living expenses for rural poor (<i>nong cun ju min zui di sheng huo bao</i>) ➤ General subsidies for the purchase of agricultural supplies (<i>nong zi zong he bu tie</i>)

The main purpose of agricultural subsidies in China is to increase rural peasant income, and indeed peasants' annual per capita net income has risen steadily; their transfer income (e.g. a variety of subsidies) was 4% of net income in 2002, and 8.8% in 2013 (see Table 9, p.85). In recent years, rural peasants have with rising surpluses been able to rely less on cash, though money retains its importance, albeit in a moderately diminished sense. Annual per capita net income of rural households minus per capita annual expenditures was 641.3 yuan RMB in 2002, and by 2013 had grown to 2,270.4 yuan RMB, a factor 3.54 rise (see Table 9, p.85), and this in a time when global income growth rates are stagnating, for all but those in the uppermost echelons of finance (or more explicit crime). The result is that some migrant workers have the option of returning to their rural hometowns when dissatisfied with their urban labors, and indeed there have been such cases, to the degree that the urban labor market has experienced a shortage of migrant workers, particularly in the period following Chinese New Year (when presumably workers decide they do not really want to

go back to their urban jobs).

Table 9
Per Capita Annual Expenditure and Net Income of Rural Households (Yuan RMB)

Year	Per capita annual expenditure of rural households	Per capita annual net income of rural households				
		Total	Agricultural Income	Wage Income	Property Income	Transfer Income
2002	1,834.3	2475.6	1486.5	840.2	50.7	98.2
		100%	60%	34%	2%	4%
2003	1,943.3	2,622.2	1,541.3	918.4	65.8	96.8
			58.8%	35%	2.5%	3.7%
2004	2,184.7	2,936.4	1,745.8	998.5	76.6	115.5
			59.5%	34%	2.6%	3.9%
2005	2,555.4	3,254.9	1,844.5	1,174.5	88.5	147.4
			56.7%	36.1%	2.7%	4.5%
2006	2,829.0	3,587.0	1,931.0	1,374.8	100.5	180.8
			53.8%	38.3%	2.8%	5.1%
2007	3,223.9	4,140.4	2,193.7	1,596.2	128.2	222.3
			53%	38.6%	3%	5.4%
2008	3,660.7	4,760.6	2,435.6	1,853.7	148.1	323.2
			51%	38.9%	3.1%	7%
2009	3,993.5	5,153.2	2,526.8	2,061.3	167.2	398.0
			49%	40%	3.3%	7.7%
2010	4,381.8	5,919.0	2,832.8	2,431.1	202.2	452.9
			47.9%	41%	3.4%	7.7%
2011	5,221.1	6,977.3	3,222.0	2,963.4	228.6	563.3
			46.2%	42.5%	3.3%	8%
2012	5,908.0	7,916.6	3,533.4	3,447.5	249.1	686.7
			44.6%	43.6%	3.1%	8.7%
2013	6625.5	8,895.9	3,793.2	4,025.4	293.0	784.3
			42.6%	45.3%	3.3%	8.8%

Source: Figures calculated using raw data from (National Bureau of Statistics of China, 2014a).

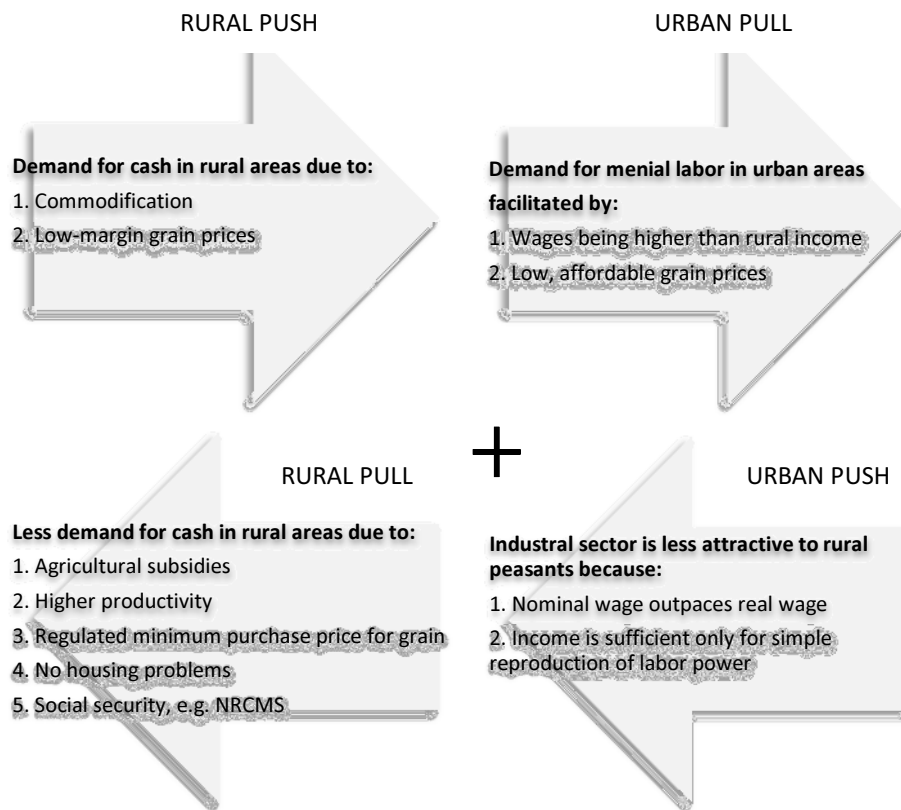
Note: (1) Transfer income consists of welfare and social security benefits. (2) Property income consists of revenue from personal property.

With the rise in rural peasant income, the push–pull between the rural/agricultural and urban/industrial sector has changed from a unidirectional flow (rural push & urban pull) to a bidirectional flow (rural push & urban pull, combined with the reverse, rural pull & urban push), though the effects of bidirectional flow are not as yet significant. Some scholars, notably Cai Fang (2010), think China’s development has reached a Lewis Turning Point, by reason of rural surplus labor having been almost completely absorbed by the industrial sector, so that the industrial sector needs to pay more (e.g. in terms of wages and social welfare benefits) to attract rural labor. But this Turning Point has not yet been realized, so there remains a shortage of workers. However, some other scholars, such as Ren Ren (2011), attribute the shortage of workers not to a Lewis Turning Point but to the challenges and precariousness of urban life.

It is however clear that the industrial sector is becoming less attractive to rural peasants. While this phenomenon requires further analysis, some causative significance may perhaps be given to the failure of urban life quality (low wages, exploitative and hazardous work conditions, and residence in overcrowded dorms or shantytowns) to keep pace with improvements in rural living standards (see Figure 14, p.87). But by and large, rural peasants will continue to migrate to cities so long as wage income exceeds rural income. In 2013, monthly per capita net income for rural households was 405.875 yuan RMB ($3,793.2 + 293.0 + 784.3 \div 12$ months), while monthly per capita wage income for migrant workers was 2,609 yuan RMB, though it bears mention that urban living costs are higher for migrant workers.⁸⁸

⁸⁸ Cf. (National Bureau of Statistics of China, 2014a; National Bureau of Statistics of China, 2014b). According to national statistics (National Bureau of Statistics of China, 2014b),

Figure 14. The shift in push–pull orientation for rural-to-urban migrant workers



migrant workers worked on average 9.9 months for the year 2013. Thus, calculation of average monthly income of migrant workers yields $(2,609 \times 9.9 \text{ month work year}) \div 12 \text{ months} = 2,152$ yuan RMB, which however is still higher than the monthly per capita net income of rural households.

While global grain production is more than enough to feed the world,⁸⁹ hunger persists on account of rising food prices, the prices controlled by multinationals such as Dole, Del Monte and Monsanto through monopoly of circulation markets, e.g. control of patent provisions for seeds and pesticides, and government sanctioned land grabs, as with the peasant dislocations in the Philippines, so that multinationals can control markets quite literally from the ground up. In China, four major foodstuffs are needed to sustain life, three of which are all but entirely supplied by domestic markets: paddy, or unmilled rice (98.6% self-sufficiency), corn (97.7%), and wheat (97%). The fourth, soybeans, is largely imported from global markets (18.1% self-sufficiency).⁹⁰ Although mainland dietary patterns have changed since economic reform, rice, corn and wheat retain their importance in daily life. For this reason, high self-sufficiency equates to less risk.

However, the costs of agricultural supplies (e.g. diesel fuel, pesticides and fertilizers) are determined by the global market, and these cumulative costs eat away at rising grain profits and national subsidies. To give but one instance, from

⁸⁹ “The familiar problem of capitalism, analyzed by Marx, of overproduction: when capitalist competition and productivity growth generate quantities of commodities that cannot be sold because of lack of ‘effective demand’—an economists’ term for whether there is enough purchasing power to buy the commodities on offer. In turn, this reflects a fundamental feature of capitalism: that ‘effective demand’ expresses who gets what—the ‘disposable incomes’ consumers are able to spend (including on credit)—and not who needs what. This is an especially pointed theme in debates about today’s global food economy, in which there is no absolute shortage of food production, but many people, lacking enough income to buy adequate food, go hungry” (Bernstein, 2010:71-2).

⁹⁰ Cf. (Han, 2013).

2007 to 2008 the minimum purchase price for grains increased by 5%, whereas fertilizer costs rose between 50% and 72% depending on grain variety.⁹¹ Since the materials of fertilizers are monopolized, China relies on imports for its fertilizers, such as potash, a major fertilizer in China, about 70% of which is imported.⁹² The result is that the contribution rate of direct subsidies for grain production in the added value of net income of rural peasants fell, as it did between 2004 and 2008 in Henan Province, a top grain producer, declining from 5.3% to 3.83%.⁹³

In general, prices fall when market supply outstrips demand. China has seen a steady growth in agricultural output (see Figure 15, p.90), and production now well exceeds domestic requirements. For example, annual per capita grain production in 2013 was over 442.4 kg,⁹⁴ an amount well exceeding the minimum subsistence level of 300 kg. In 2004, as a safeguard against price fluctuations, the government announced a policy of minimum purchase price for grains. But while rural peasants are protected from loss of income when supply tops demand, they do not enjoy higher revenues when demand exceeds supply, because they are not organized, and so have little bargaining power with buyers. They lack, moreover, the storage facilities for surplus grain, and require immediate cash to invest in the following season, as well as to take care of other expenses, such as those incurred by weddings, housing expansion, and New Year's celebrations.

⁹¹ Cf. (Cao & Yu, 2008).

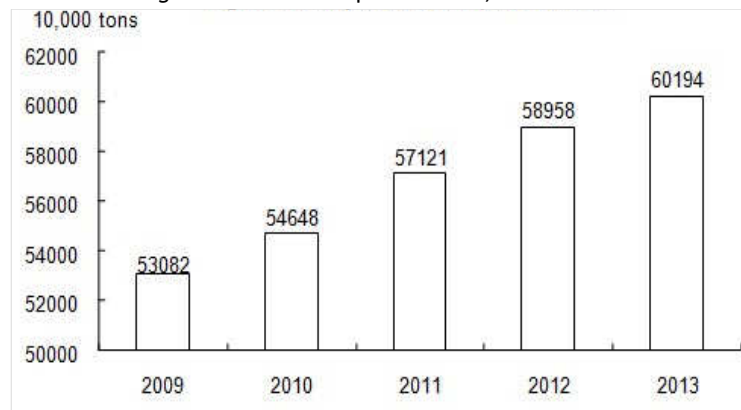
⁹² Cf. (Jin, 2012).

⁹³ Cf. (Yuan, 2012).

⁹⁴ $601,940,000,000 \text{ tons of grains} \div 1,360,720,000 \text{ people} = 442.4 \text{ kg.}$

Grain dealers capitalize on this need. For instance, the official minimum purchase price of paddy (unmilled rice) in the province of Heilongjiang in 2007 was 0.75 yuan RMB/500 gm,⁹⁵ but local peasants sold their paddy for 0.7 yuan RMB while having to pay 1.6 yuan RMB for (milled) rice in retail markets.⁹⁶

Figure 15. Grain output in China, 2009–2013



Source: (National Bureau of Statistics of China, 2014c)

Rural peasants are exploited by upstream markets (e.g. fertilizer and pesticide sales), and by downstream markets (e.g. sales of processed food), so their income remains low. In Heilongjiang in 2007, local peasants sold their soybeans for 1.1 yuan RMB/500 gm, but had to pay 5.8 yuan RMB for soybean oil made from the same amount of soybeans.⁹⁷ Says Bernstein,

powerful agents upstream and downstream of farming in capitalist agriculture today are exemplified by agri-input capital and agro-food capital respectively. ... Both link to each other and to ... the commodification of subsistence, through which once largely self-sufficient farmers come to rely increasingly on

⁹⁵ Cf. (Heilongjiang Administration of Grain, 2007).

⁹⁶ Cf. (Z. Cheng & Yan, 2007).

⁹⁷ Cf. (Z. Cheng & Yan, 2007).

markets (commodity exchange) for their reproduction. In effect, they come to depend on a money income: to pay taxes and/or rent in cash (rather than in kind or in labor service); to buy consumption goods they can no longer supply from their own labor or source from the local economy; and to buy their means of production—fertilizers, seeds, tools and other farm equipment (2010:65).

Small wonder then that peasants opt to try their luck in the urban industrial market. A migrant worker told me that, of the 79 households in his village, all have seen one or more members leave for cities in search of the cash they could not get locally, but needed absolutely.⁹⁸

Low-margin grain prices not only push peasants out from rural areas, but also sustain migrant workers in their low wage industrial labors, by reducing food costs. China is not the first to implement such measures. A salient example appears in 1846, when the British government repealed the Corn Laws⁹⁹ in order to import cheap grains with which to keep labor costs low, in deference to industrial capitalists. This move was a blow to the (British) agricultural sector, whose domestic products could not compete with the influx of cheap grain. The difference between the UK and contemporary China is that the former exploited both foreign and domestic peasants, whereas China for the most part exploits only its domestic peasants.¹⁰⁰ China's Consumer Price Index (CPI) pegs food

⁹⁸ Field work data, October 2011.

⁹⁹ Note that 'corn' in the parlance of the time means 'grains'.

¹⁰⁰ The Corn Laws were trade laws for protecting grain producers in the UK against cheaper products from other countries. Since grain prices in the UK were higher than in

expenditures at 31.79%. Since food accounts for nearly one third of living expenses, the benefit of low-margin grain prices to capitalists in terms of labor costs is clear.

From the term ‘low-margin grain prices’ it should not be inferred that China’s grain prices are low compared with the global market. In fact, China’s grain prices have typically been higher since economic reform (1979). What is meant by ‘low-margin’ is that agricultural revenues for peasants are low due to their unequal exchange with the industrial sector. Consequentially,

the apparent staying power of small-scale farming—or
‘persistence of the peasantry’—throughout the era of modern
capitalism. . . . This staying power or ‘persistence’ is tolerated,
and even encouraged, by capital as long as peasant or family
farming can continue to produce ‘cheap’ food commodities that
lower the costs of labor power (wages) to capitalists, and indeed
itself produces ‘cheap’ labor power (Bernstein, 2010:94).

2 Semi-proletarian: multiple surplus value accumulated by capitalists

Marx states that the value of a commodity (labor power is a commodity) depends on how much socially necessary labor time must be expended in its production. An average of socially necessary labor time can be calculated by

under-developed countries, for its capital accumulation the government imported cheap grains while exporting higher-priced industrial products. But once the UK had industrialized, it subsidized its agricultural sector, particularly multinational agri-corporations who, with their high productivity and low costs, could undercut their global competitors. Should these multinationals be subject to high tariffs, blockades or the like, the British government exercises its global influence (not exclusive of military force).

reference to the average level of labor productivity,¹⁰¹ but the amount of labor time needed changes with technology. Necessaries that once required eight hours' labor to acquire now may be achieved in four.

Thanks largely to technological advancement, labor productivity exceeds global demands, but does not meet those demands due to maldistribution: wastage, inefficient supply chains (e.g. costs of transporting goods to market may surpass anticipated profits) and managed scarcity (e.g. surplus food discarded rather than sold at cut rates in order to maintain demand and market prices), among legions of assorted problems. Capitalists, meanwhile, continue to ramp up work hours and labor intensity to back-breaking levels. The surplus production from these extra hours and loadings, i.e. the surplus value, is appropriated by capitalists.¹⁰²

There is no doubt that the working class is exploited by capitalists, but the type and degree of exploitation differ widely. In China, rural-to-urban migrant workers and urban (non-migrant) workers may, as wage laborers, be similarly exploited (e.g. subjected to long and debilitating work hours), but the degree of exploitation varies in terms of primary distribution (wages and other sources) and redistribution/secondary distribution (e.g. social security).

Families often pool their incomes and other resources, mental and physical, to better sustain each other's needs, the household being the site and unit of labor power reproduction. It is for this reason that national statistics report average living expenses among the general population as calculated from the household, not individual, level. China's urban workers are somewhat better paid

¹⁰¹ Cf. (Marx, 1887:118-9).

¹⁰² Cf. (Marx, 1887:143).

than are its migrant workers, and are moreover entitled to social benefits, such as healthcare and basic living allowances, being registered residents of their cities. If an individual is unable to sustain reproduction of his or her labor power, the family can help, since they share a roof. It is thus easier for urban workers to maintain their (simple and expanded) reproduction of labor power within a household compared with migrant workers, although life quality may not be high (see Figure 16 at end of chapter, p.108).

Reproduction of labor power for migrant workers is in contrast more difficult, since, as transplanted residents, they have less income and no social security. They are only just able to maintain their own simple labor power reproduction (e.g. food and accommodation), while yet managing to send some money back to the rural hometown; there is little or no capacity for expanded reproduction of labor power, i.e. for urban expenses like housing and childcare. These individuals must therefore maintain a rural base (see Figure 16, p.108).

As a general relation, if the number of employees is fixed and inflexible, so too are labor costs, regardless of economic conditions. But if the number of employees is more flexible, as is the case with workers on short-term contracts, then employers must pay more than usual, to compensate for the lack of employee benefits (e.g. medical and unemployment insurance), and for periods of unemployment or underemployment. Still, this flexibility becomes an advantage when there are fluctuations in the economy and/or product demand, and so capitalists ideally seek to employ workers who can be summoned and dismissed at will, *and* paid low wages.

Though it can be difficult to achieve both desiderata at once, this ideal has been realized in China, via the exploitation of rural-to-urban migrant workers,

who come from semi-proletarian households and thus have a lower minimum-acceptable-wage threshold than do proletarian households, which rely more exclusively on wage-income for their reproduction.

Where a proletarian household depended primarily upon wage-income, then that had to cover the minimal costs of survival and reproduction. However, when wages formed a less important segment of total household income, it would often be rational for an individual to accept employment at a rate of remuneration which contributed less than its proportionate share (in terms of hours worked) of real income (Wallerstein, 1983:27).

The portals of exploitation for Chinese migrant workers are multiple:

- (1) Their rural families sell grains at low-margin prices, keeping labor costs low for industrial capitalists while decreasing the value of labor power;
- (2) Workers and their families must pay proportionately rising costs for industrial products, and so, lacking cash, are more amenable to low paid work;
- (3) Their labor power is more devalued in comparison with urban workers, since migrants have less income and no urban social welfare; and
- (4) Their rural households have to make up for their resource shortages, particularly during economic downturns, when wage based income is cut short due to layoffs, at the sole discretion of their employers, who in such cases are afforded a particularly (albeit not exclusively) convenient justification for hiring at need, and laying off at will.

Such super-exploitation challenges Marx's belief, that the essential condition of labor power commodification is proletarianization, as rural peasants

are ‘freed’ from their land, and thus ‘free’ to sell their labor power,¹⁰³ since migrant workers, as a major segment of industrial workers, are not proletarian but semi-proletarian, when we consider their reproduction of labor power at the household level.

Wallerstein asserts that labor power has increasingly been commodified under historical capitalism, but finds it surprising that there has not been far more proletarianization than already there is.¹⁰⁴ He emphasizes the need to take households as the unit of rational calculation when discussing proletarian life, since despite the comings and goings of individual members, households remain relatively stable, common funds “of current income and accumulated capital” (1983:23).

For China’s migrant workers, the ‘unproductive’ work of semi-proletarian households is what supplements family members’ wages. Semi-proletarians, then, who “sell their labor power can be paid less because their wage does not have to cover the full costs of household reproduction, which are partly met through its farming—sometimes seen as a ‘subsidy’ to the capitals that employ rural labor migrants” (Bernstein, 2010:95). ‘Unproductive’ labor is then in fact productive insofar as it lowers the wage threshold for capitalists.

Ideally, the costs of (simple and expanded) labor power reproduction should be paid by employers in the form of wage income *apportioned from* the surplus value produced by migrant workers. But since surplus value is *appropriated by* employers, the migrants’ insufficient remuneration, and so too their undercompensated labor power reproduction, is usually offset by their rural

¹⁰³ Cf. (Marx, 1887:118).

¹⁰⁴ Cf. (Wallerstein, 1983:23).

families' unpaid domestic labor, each side of the rural-urban divide toiling in obscurity and want. This compensated undercompensation amounts to a depletion, certainly in the long term, since according to Shirin M. Rai, Catherine Hoskyns, and Dania Thomas (2014), the resource outflows exceed inflows for reproduction over a threshold of sustainability.

Although domestic labor is unrecognized and unpaid, some scholars have attempted to discover its value through time-use surveys, which calculate the amount of time that respondents spend on daily activities (e.g. cooking, cleaning and grocery shopping). Such surveys are increasingly utilized, as for instance in measuring the value of unpaid labor within Tanzanian households, concluded to be equivalent to 63% of the country's 2009 GDP.¹⁰⁵

So sophisticated and resource intensive a survey is beyond the means and scope of the present study, but something of its tenor can be adopted, and Table 10 (p. 99) offers in rough schematic the one day work routine of a typical rural family I stayed with in Gansu Province as part of my 2012 field work, showing how much unpaid labor time they devote to supplementing the resource depletion of their urban-based family members. A peasant generally works 10 to 16 hours per day (10 hours for the non-farming season, and 16 hours for farming season). Although 2012 national statistical data report a per capita 8.7 hour work day for migrant workers,¹⁰⁶ compared with the statutory 8 hours, the migrants' wage incomes were inadequate to the task of providing their dependents an average quality of life in cities (see Chapter Four for details). Hence urban migrants were forced to leave their dependents in their rural hometowns, to be raised apart.

¹⁰⁵ Cf. (Rai, Shirin M. & Hoskyns, Catherine & Thomas, Dania, 2014).

¹⁰⁶ Cf. (National Bureau of Statistics of China, 2014b).

We can say that the at least 3 to 4 hours (Table 10 in grey, p.99) which my interviewees in Gansu spent in daily care of the ‘left behind’ child (e.g. cooking and feeding) were unpaid. This estimate considers only resources of time, not the financial costs of food, clothing, medication, etc., nor the associated emotional burden and occasional mental strain. These further resource depletions feed back, moreover, into time costs, since for instance more time must be spent laboring in the fields to recoup the above noted material costs. Rural peasants must dig ever more deeply, into the earth and themselves, in a self-defeating effort to slow their accelerating decline.

Table 10
A Day in the Life of a Divided Family

	Daily schedule		
	Migrant worker	Rural family of migrant worker	
		Non-farming season	Farming season
04:00 - 05:00			Cooking (breakfast + lunch), and Feeding livestock
05:00 - 06:00			
06:00 - 07:00		Cooking, and Feeding livestock	Cleaning
07:00 - 08:00		Feeding child	Feeding child
08:00 - 09:00		Cleaning	Farming
09:00 - 10:00	Work	Farming (weeding, or spraying insecticide)	Farming
10:00 - 11:00	Work	Farming (weeding, or spraying insecticide)	Farming
11:00 - 12:00	Work	Cooking for and feeding child	Feeding child
12:00 - 13:00	Work		
13:00 - 14:00	Work		Farming
14:00 - 15:00	Work		Farming
15:00 - 16:00	Work	Housework and Chores (e.g. milling flour)	Farming
16:00 - 17:00	Work	Housework and Chores	Farming
17:00 - 18:00	Work	Cooking for and feeding child, feeding livestock	Cooking for and feeding child, feeding livestock
18:00 - 19:00			
19:00 - 20:00			Storing of grain
20:00 - 21:00			Storing of grain
Total work hours	8.7	10	16
Income	Undercompensated	Unpaid	

The structure of semi-proletarian households helps consolidate the dynamic of super-exploitation in post-reform China, so that social stabilization, as asserted by Gillian Hart, is bought at a high human price. Hart believes that semi-proletarianism in China is marked by accumulation without dispossession: Migrant workers and their rural families can secure a basic livelihood through land output, independent of, but supplemental to, wage income. Hart considers South Africa, where rural lands are institutionally appropriated from peasants, and compares these circumstances with those of China, where peasants usually have right to land use, and so are not dispossessed, thus stabilizing social development while benefiting the industrial sector.

For Hart, then, China's rural land system functions as a social wage.¹⁰⁷ It is not clear from her work, whether Hart distinguishes between social wage and social welfare/social security, though other scholars similarly maintain an identity between the two. But for the purposes of this study, a distinction is asserted: Although land, defined by Hart as social wage, and social welfare, may both be accounted supplementary income, particularly by capitalists, land use (including cultivated land and homesteads) is for rural peasants a permanent right, one relatively immune to economic fluctuation. Furthermore, the output from lands is a factor of choice and motivation at the household level. There are in consequence fewer homeless people and urban slums in China compared to most other developing countries, as landed Chinese peasants have this bulwark against recession, even when quality of life is in such cases not entirely unaffected. Social welfare, in contrast, is a far less resilient proposition; it discriminates among groups, is policy dependent, and subject to budgetary restrictions, not

¹⁰⁷ Cf. (Hart, 2002).

least during slowdowns and crises. It is the enemy of austerity. In sum, land use constitutes a form of primary distribution, and social welfare a form of redistribution, or secondary distribution (see Table 11).

Table 11
Comparison of Land and Social Welfare in China

	Land	Social Welfare
Nominal Status	Peasants	For those entitled to it
Duration of Validity	30 years, but under typical circumstances can consistently be renewed ¹⁰⁸	Dependent on policies, e.g. unemployment pension may be obtained for a limited time
Influence of Economic Downturns	Output from agricultural and home-based land use still meets basic needs, so that social stability hovers above the level of widespread slums and riots	Often fall prey to budget cuts, e.g. Structural Adjustment Programs (SAPs) ¹⁰⁹ , resulting in urban slums and social discord
Benefits Managed by	Peasant household distributes land produce	The government distributes funds
Effectively Forms of	Primary distribution	Redistribution/Secondary distribution

¹⁰⁸ On the whole, peasants with rural registration received the right to a specific quantity of land use. Although in 2002 the Chinese government implemented a policy which stated that new family members by birth or marriage would no longer be granted land use, right to land use is still subject to hereditary transfer.

¹⁰⁹ “Following a neoliberal ideology known as neoliberalism, and spearheaded by these and other institutions known as the ‘Washington Consensus’ (for being based in Washington D.C.), Structural Adjustment Policies (SAPs) have been imposed to ensure debt repayment and economic restructuring. But the way it has happened has required poor countries to reduce spending on things like health, education and development, while debt repayment and other economic policies have been made the priority. In effect, the IMF and World Bank have demanded that poor nations lower the standard of living of their people” (Shah, 2013).

But while rural land may act as a bulwark for peasants, it presents at best a minimum safeguard against destitution and homelessness. Peasants' right to land use does not elevate them to the economic level of urban residents, and widely disparate qualities of life persist. Land use, as an interface between peasants and their urban industrial employers, has been exploited as a negotiating tool for lower wages, with or without the consent of peasants. This runs counter to the Chinese government's original intent in granting land use to peasants, who were to have benefited from dual wages, agrarian *and* industrial, should they choose to work in factories.

3 Income dependent, stratified consumption patterns: lower standard of labor power reproduction in cities

Another factor that sustains migrant workers in the industrial sector is income dependent, stratified consumption patterns. Contemporary China, urban and urbanizing, teeming with development and entranced by the allure of material wealth, has its pricy restaurants, upscale shopping malls, modern apartment blocks soaring into the air, exotic and luxury cars jostling for street space, and a largely spectator audience of migrant workers, who encroach only marginally into this industrious new world. Though they live and work in cities, their lifestyles, as a product of their income, fall well short of such affluence. The occasional accessory—a nice handbag or pair of shoes—is the extent of their reach. They for the most part are unable to consume what they produce. Discount market places and wholesale shops are what they frequent, their consumption paths, though there is some overlap, much at variance with their (registered) urban counterparts, particularly the middle and higher classes, who stand on their

shoulders, and reach higher. Taking Beijing as an example,¹¹⁰ there is in this burgeoning city a structure of income dependent, stratified consumption patterns as regards necessities—food, clothing, housing and transportation—for relatively moneyed locals and migrant workers (see also Table 12, p.105):

(1) Regarding food: Individual migrants, such as factory and construction workers, usually eat in cafeterias, while familial migrants most often buy ingredients from traditional markets and cook at home. When they do eat out, they resort to food stands and other informal eating establishments run mostly by other migrant families. As for local urban citizens, they shop both in traditional markets and at supermarkets for foodstuffs to cook at home. They can afford pricy restaurants when they choose to eat out.

(2) Clothing: migrant workers most often shop for their clothes and accessories at discount market places, wholesale shops and street vendors. Those I have interviewed tell me they like to shop in the districts of *mu xi di* and *dong wu yuan*. Here, wholesale shops and discount shops (irregular clothes, knockoffs) sell a wide assortment of inexpensive gifts to send home. Local urban citizens have a few more options compared to migrant workers, as for instance department stores and import boutiques where products are more expensive.

(3) Housing: individual migrant workers often live in shared accommodation, with perhaps six to eight people crammed into a 10 m² to 15 m² room, and one or two toilets and showers per three to four dozen residents. Migrant families typically dwell in suburban shantytowns (consisting largely of unauthorized, or unregulated constructions) where rents are low, about 20% to 25% of wages. Three to four family members occupy a 10 m² to 12 m² room, the

¹¹⁰ Field work data, Beijing, from March 2011 to December 2012.

showers and toilets public and externally sited. Local urban citizens tend to live in apartments. Many reside with their parents, whose apartments were government allotted in the pre-reform era.

(4) Transportation: Migrant workers take taxis only in case of urgent need; otherwise they take buses or the MTR. Although local urban citizens are also found on buses and the MTR, they have the alternative of private cars, and can resort more often to taxis owing to their higher income bracket.

In sum, low wage migrants require sufficient resources for their necessities, for their reproduction of labor power. If their earnings could not buy their basic needs, at least for simple reproduction, there would be no point their working in urban areas, since subsistence levels are now easily reached in rural areas. Thus a set of consumption mechanisms is associated with their limited budgets, as can be seen from the places where they live and shop, places characteristic of a less regulated, informal economy. The informal economy is “not an individual condition but a process of income-generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Portes & Castells, 1989:12). Here, ‘unregulated’ is a relative and not necessarily pejorative term. Food stands and street vendors, for example, are part of the local economy and have typical income sources, but do not contribute to tax revenues, are not calculated into the gross national product (GNP), and are, indeed, informally tolerated by the government. Without regulations or taxes, the costs of the informal economy are lower, and so what they sell is cheaper, more affordable.

Table 12

Beijing Consumption Patterns by Income Bracket and Demographic

	Individual Migrants	Familial Migrants	Local Urban Residents
Food	<ul style="list-style-type: none"> ➤ Workplace cafeterias ➤ Food stands ➤ Other informal eating establishments 	<ul style="list-style-type: none"> ➤ Homemade meals: ingredients from traditional markets ➤ Food stands ➤ Other informal eating establishments 	<ul style="list-style-type: none"> ➤ Homemade meals: ingredients from traditional markets and supermarkets ➤ Small, pricy restaurants ➤ Rarely food stands ➤ Occasionally, informal eating establishments
Clothing	<ul style="list-style-type: none"> ➤ Mostly discount market places, wholesale shops and street vendors ➤ Rarely department stores 	<ul style="list-style-type: none"> ➤ Mostly discount market places, wholesale shops and street vendors ➤ Rarely department stores 	<ul style="list-style-type: none"> ➤ Occasionally department stores and import boutiques ➤ Occasionally discount market places, wholesale shops and street vendors
Housing	Mostly shared accommodation	Mainly suburban shantytowns, mostly unauthorized constructions	Mainly urban apartments
Transportation	<ul style="list-style-type: none"> ➤ Bus and MTR ➤ Rarely taxis 	<ul style="list-style-type: none"> ➤ Bus and MTR ➤ Rarely taxis 	<ul style="list-style-type: none"> ➤ Bus and MTR ➤ Taxis on occasion ➤ Private cars

Knockoffs—fake bags, I-phones, running shoes and the like—are another aspect of the informal economy. Even ‘brand name’ toilet rolls and shampoo can on occasion be found in shantytowns. As per the commercial imperative, not only goods but tastes as well are manufactured by industrialists, who devote considerable resources to the anxiety of want and its material satisfactions. Celebrities are paid to endorse products that, with their imprimatur, are immediately considered fashionable, and consumers flock to buy. ‘Class’, ‘fashion’ and ‘beauty’ are thus negotiable constructs, as well those who march to their tune.

But migrant workers, who likewise are sold on the ideology of material success, of economized social status, are priced out of the competition, and so do as best they can with knockoffs, for the illusion of prestige, and the more stable identity it is thought to confer. As a result, the market for knockoff goods continues to grow.

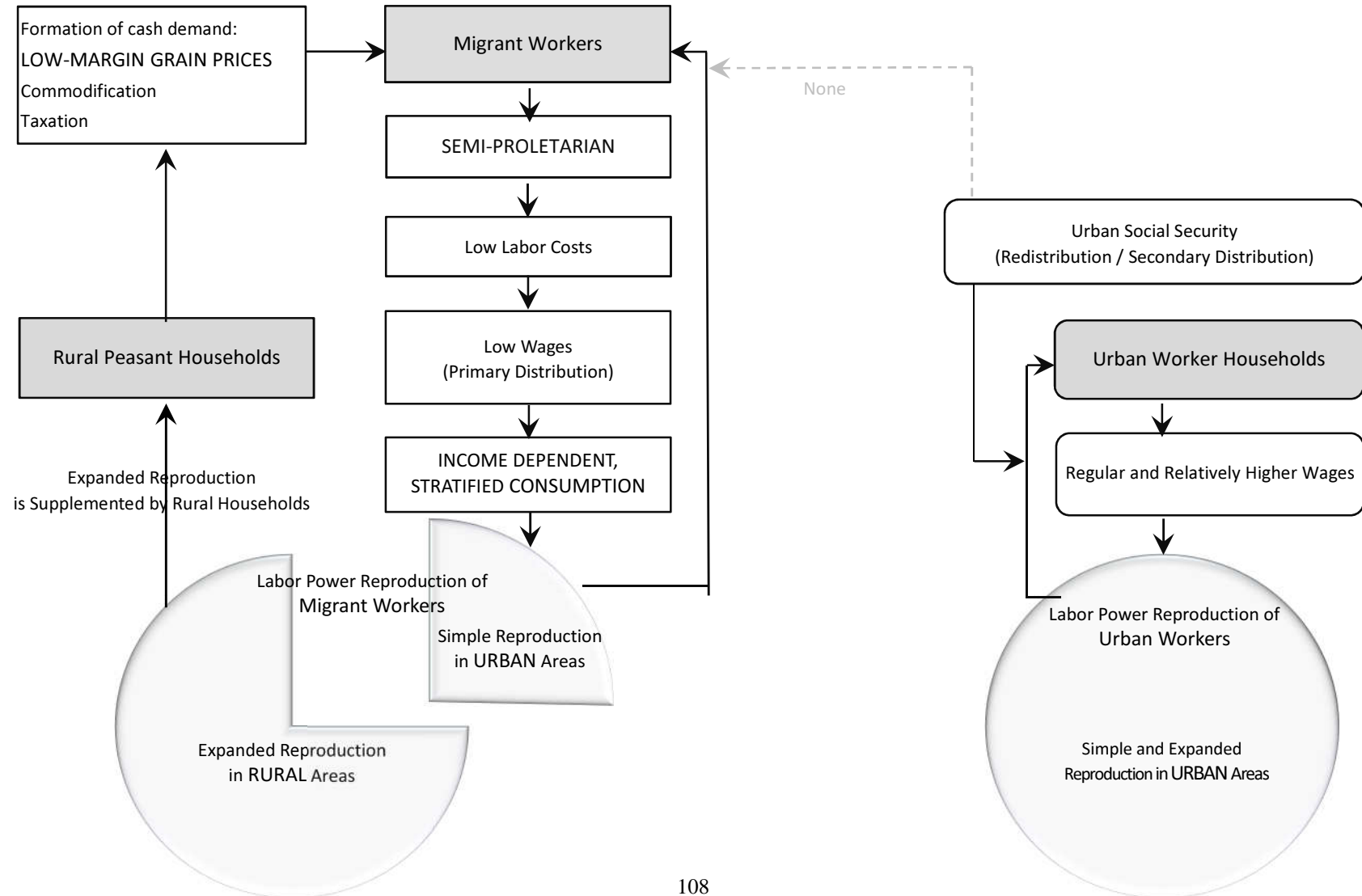
Although those in informal activities are frequently harassed [e.g. copyright persuasion and ban on street vendors], the informal sector as a whole tends to develop under the auspices of government tolerance. Governments tolerate or even stimulate informal economic activities as a way to resolve potential social conflicts or to promote political patronage (Portes & Castells, 1989:27).

Certainly in one sense knockoff /pirate goods undercut capitalists' profits, but they simultaneously lower the living costs of migrant workers, facilitating their greater exploitation.

Strategies of commodification, taxation and low-margin grain prices have stimulated a demand for cash among peasants in rural areas, a demand that propels them into industrial sectors, where low-margin grain prices and semi-proletarianism keep wages low, and profits high. From the peasants' perspective, cheap grain together with income dependent, stratified consumption patterns (low cost of living for the lower tier) have made it possible for poorly paid migrant workers to live in cities, albeit at minimal levels. It is under such an institutionalized structure of super-exploitation that the Chinese government has successfully transferred a portion of rural surplus labor into the industrial sector

to further its economic development, but it is not the workers who reap the dividends (see Figure 16, p.108).

Figure 16. Comparison of labor power reproduction between migrant and urban workers



Chapter Four: Unrecognized Domestic Labor as a Contributing Factor in Migrant Workers' Healthcare Problems

Capital is reckless of the health or length of life of the laborer, unless under compulsion from society.

Karl Marx (1887:178)

The existing structure of super-exploitation does not only result in low wages and a general absence of urban social security for migrant workers, but also consolidates regional/provincial barriers of finance and taxation. Rich areas grow richer at the expense of poorer areas whose resources they exploit. This uneven wealth structure can barely maintain the reproduction of labor power for migrant workers in urban areas. Migrants' expanded reproduction is hindered, and therefore must be supplemented by resources drawn from the workers' own rural households, in the form of unpaid domestic labor. This chapter shows how the rural households of migrant workers are vital for their labor power reproduction, and how the unrecognized domestic labor which these semi-proletarian households provide, though necessary to migrants, nonetheless helps sustain the structure of super-exploitation that worsens their healthcare predicament.

1 Barriers to expanded reproduction of labor power in cities

1.1 Labor power: cost/value disparity

For China's migrant workers, the cost of labor power falls ever more short of its value. This despite the fact that the increase in wages (by a factor of

33.79) between 1978 and 2005 was not so greatly outpaced by the concomitant factor 49.23 rise in national GDP. More substantially of issue in this period is that gross payroll, as a percentage of GDP, declined from 15.61% to 10.81%.¹¹¹ This percentage is an indicator of primary distribution equity. In more developed countries, the rate may top 50%. But in China, wealth has not been trickling down. In 2005, Wang Hongju, then mayor of Chongqing city, stated that while the average annual income of migrant workers in his jurisdiction was 8,000 yuan RMB, the value they created stood at 25,000 yuan RMB.¹¹² That is, two-thirds of the wealth they generated went into employers' pockets. "In developed countries, wages count for about 50% of operating costs; in China, less than 10%" (Fan, 2011:21).

In the past few years, the real wages of migrant workers have steadily grown, at a rate which exceeds that of the CPI. For example, from 2009 to 2013, wages rose more than 10% each year, with the CPI never more than 6% and lapsing into negative growth in 2009 (see Table 13, p.111). But the income of migrant workers was still not enough for average urban living expenses, when we consider the cost of expanded reproduction of labor power. The National Bureau of Statistics of China reports that the annual per capita living expenses of urban residents swelled from 12,264.6 yuan RMB in 2009 to 18,022.6 yuan RMB in 2013. This at a time when each worker had on average 1.9 dependents,¹¹³ a support coefficient which is to provide for the preceding

¹¹¹ Cf. (X. Zhang, 2008).

¹¹² Data are from (Zhong, 2005).

¹¹³ Pending official release by the National Bureau of Statistics of the 2013 support coefficient, we extrapolate a provisional support coefficient from previous figures in order to

generations of labor power, once it supplants them. When the above living expenses are multiplied by the support coefficient, we get the projected annual per capita minimum wage for migrant workers. The calculation suggests that, in order to maintain a family at an average urban standard of living, a worker should ideally have at least 23,303 to 34,243 yuan RMB per annum (see Table 14).

Table 13
Per Capita Income of Migrant Workers

	2009	2010	2011	2012	2013
① Monthly Nominal Wage (yuan RMB)	1,417	1,690	2,049	2,290	2,609
② Annual Growth Rate of CPI (%)	- 0.7	3.3	5.4	2.6	2.6
③ Monthly Real Wage (yuan RMB) = ① ÷ (1 + ②)	1,427	1,636	1,944	2,232	2,543
④ Annual Growth Rate of Real Wage (%)	12.8	14.6	18.8	14.8	13.9

Sources: ① data are from (National Bureau of Statistics of China, 2014b). ② data are from (National Bureau of Statistics of China, 2014a).

Table 14
Average Urban Living Expenses Compared with Income Shortfalls of Migrant Workers

	2009	2010	2011	2012	2013
① Annual Per Capita Consumption Expenditure of Urban Households (yuan RMB)	12,264.6	13,471.5	15,160.9	16,674.3	18,022.6
② Support Coefficient: In urban households, number of dependents per worker	1.9	1.9	1.9	1.9	1.9
③ Projected Ann. Per Cap. Min. Wage for Migrant Workers (yuan RMB) = ① × ②	23,303	25,596	28,806	31,681	34,243
④ Annual Nominal Wage of Migrant Workers (yuan RMB)	-	-	20,080	22,671	25,829
⑤ Ann. Shortfall in Migrant Workers' Living Expenses (yuan RMB) = ④ - ③	-	-	- 8,726	- 9,010	- 8,414
⑥ Monthly Shortfall in Migrant Workers' Living Expenses (yuan RMB) = ⑤ ÷ 12 Months	-	-	- 727	- 751	- 701

Sources: ① and ② data are from (National Bureau of Statistics of China, 2014a).

Note: ④ monthly nominal wage multiplied by the average work year, 9.8 months per year in 2011 (the first year statistics were gathered), 9.9 months in 2012 and 2013 (National Bureau of Statistics of China, 2012; National Bureau of Statistics of China, 2014b).

But this requisite minimum for family maintenance is a distant dream for migrant workers, on account of their still exiguous incomes, earned, moreover, in

facilitate analysis.

an average 9.8 month to 9.9 month work year. About 30% to 40% of migrants work in construction, and the work generally stops in winter. Grouting, concrete pouring, breaking earth and related tasks cannot be done in the cold of Northern China. And since these work sites are unheated, the other onsite work (welding, plumbing, carpentry, electrical, etc.) tends also to slow to a halt. For this reason, construction workers typically winter in their rural hometowns. Migrants at toil in other occupations may likewise return home, e.g. for the rural harvest, and traditional holidays and festivals are always observed, Chinese New Year chief among them. Since current data focus in general on monthly per capita income, there are as yet no integrated statistical data for migrants' annual per capita income. Lacking this, the best that can be done is to multiply their monthly wages by the 9.8 month to 9.9 month work year average, yielding figures that range from 20,080 yuan RMB in 2011 to 25,829 yuan RMB in 2013. These income figures must of course be spread over 12 months' expenditures. Accordingly it is no surprise that, when we consider migrants' current annual per capita wages in light of the above projected minimum wage, we discover a shortfall of between 8,414 and 9,010 yuan RMB per year, i.e. 701 to 751 yuan RMB per month (see Table 14 above, p.111). On a Marxist interpretation, the wages of migrant workers do not represent the value of their labor power, as workers are insufficiently recompensed for their reproduction of labor power.

1.2 Resources pared to the bone

When we compare the income and itemized expenditures of migrant workers with those of registered urban residents, we are better apprised as to migrants' relatively poor standard of living, and so also their difficulty as regards

expanded labor power reproduction in cities. Taking national statistics from 2013 as example, annual per capita income and consumption expenditures of urban residents were 26,955 yuan RMB and 18,023 yuan RMB, respectively, and for migrant workers 25,829 yuan RMB and 18,023 yuan RMB, respectively. The near parity in consumption expenditures for urban residents and for migrant workers is a result of there being no such data for migrant workers. Thus, in this one sense, migrant workers are not regarded as ‘outsiders’ (see Table 15, p.119). If only in other respects, too, they were considered equal.

When migrant workers choose to have their family base in cities, we see at the household level a growing disparity in living standards between them and their registered urban counterparts. National statistics reporting income and expenditures for urban residents are divided evenly among household residents, to yield a per capita figure, which therefore can simply be multiplied by the number of family members to yield an aggregate figure for annual household income and expenditures. Nevertheless, in the case of migrant workers, income is divided only among those who work. Since their take home income must perforce be distributed among family members who live with them in urban areas, whatever the employment status of those family members, migrants’ household income is usually well short of urban residents’. In order to establish a benchmark for comparison, the same support coefficient of 1.9 is used both for households of urban residents, and for migrant workers, this figure owing to the statistical assumption (from 2013) that a salary divided among 1.9 persons is enough to secure a minimal standard of living in cities.

Accordingly, we see that the annual household income for urban residents in 2013 was 51,215 yuan RMB, and for migrant workers 25,829 yuan RMB. But

in terms of annual expenditure, the two groups should have a comparable standard of living, as noted above. Both their household expenditures, then, should be counted as individual annual per capita consumption expenditure (18,023 yuan) multiplied by 1.9, amounting to 34,244 yuan RMB per household. It follows that in the case of urban residents, at both the individual and household levels, annual consumption expenditures are 67% of annual income; but for migrant workers, 70% at the individual level, and 133% at household level (see Table 15, p.119).

Before we can compare the itemized expenditures of migrant workers with those of registered urban residents, we must first categorize their living costs according to importance for reproduction of labor power:

- (1) The absolute essentials: the food, clothing and housing without which life is impossible (see Table 15, category A in blue, p.119);
 - (2) The need to enhance life quality or skills, and sometimes also to satisfy material desires, including transportation, communication, education, home appliances and related services, as well as cultural and recreational services (Table 15, category B in yellow, p.119), although there is of course room to economize on any one or more of these items;
 - (3) Healthcare (Table 15, category C in red, p.119), the need for which is typically occasional, but when that need arises it may be urgent, as in the case of acute illness;
 - (4) Miscellaneous goods and services (Table 15, category D in green, p.119).
- These latter are most often inessential, and their presence or absence has little effect on reproduction of labor power.

1.2.1 Absolute essentials crowd out secondary expenditures

In 2013, at the individual and household level, urban residents spent 37% of their annual incomes on absolute essentials (food, housing and clothing), while migrant workers spent 38.7% individually and, at the household level, roughly twice that amount, 73.4%. This means that familial migrant workers had only 26.6% left over for secondary expenditures (Table 15, category B, C and D, p.119). But as we can see from Table 15, category B, these costs (home appliances & services 9.0%, transportation & communication 20.2%, and education, cultural & recreation services 16.9%) amount to nearly half (46.1 %) their incomes. So more family members would have to work, children would often need to be sent back to their rural hometowns, particularly for their education, and other expenses too would be curtailed.

To give an example of such parsimony, in June 2011, while conducting field work in Beijing, I met a young boy who spoke of his wish to see The Great Wall, together with his parents, migrant workers both, though perhaps not with his sister, who was being raised by her grandparents in the country. But the boy's mother had told him that three tickets, together with transportation fees, would eat up considerable living costs. So the boy asked me to find him a Great Wall postcard, on which he could paste a picture of himself, a 'proof of travel' for his rural friends and kin. It may be that this landmark is better known to tourists than to migrant workers, who live so precariously. When a registered urban couple raises a child, unemployment for one or the other parent does not militate against basic needs. But for a migrant couple the results would be dire: undernourishment or homelessness.

1.2.2 Occasional needs and their toll on life quality

Illness is universal, but the ability to cope with illness varies with income and social security benefits. In case of medical problems (Table 15, category C, p.119), registered urban residents, with their adequate savings (33%¹¹⁴ left after living expenses taken in sum) and insurance coverage, were best able to cope, followed by individual migrant workers (30%¹¹⁵ remaining, most of which is sent back to their rural homesteads, leaving them little in the way of savings) and, lastly, familial migrant workers (less than nothing left, i.e. indebtedness). Again, utilizing statistics from 2013, the average cost for a hospital stay was 7,442.3 yuan RMB per person, while outpatient treatments averaged 206.4 yuan RMB per person.¹¹⁶ After deducting the cost of absolute essentials (Table 15, category A, p.119), ‘absolute’ because without them life cannot be sustained, there was for registered urban residents 1,416 yuan RMB¹¹⁷ left each month for per capita secondary expenditures (Table 15, category B, C and D, p.119), while individual migrant workers had 1,323 yuan RMB,¹¹⁸ and familial migrant workers a paltry

¹¹⁴ Cf. Table 15 (p.119): Urban residents’ annual income (100%) minus consumption expenditures (67%) leaves 33%.

¹¹⁵ Cf. Table 15 (p.119): Individual migrant workers’ annual income (100%) minus consumption expenditures (70%) leaves 30%.

¹¹⁶ Cf. (National Health and Family Planning Commission of the People's Republic of China, 2014).

¹¹⁷ For expenditures on absolute essentials see Table 15 category A (p.119): $1,416 = [(26,955 - 6,312 - 1,902 - 1,745) \div 12 \text{ months}]$, or $\{[(51,215 - 11,993 - 3,614 - 3,316) \div 12 \text{ months}] \div 1.9 \text{ persons}\}$.

¹¹⁸ Cf. Table 15 category A (p.119): $1,323 = [(25,829 - 6,312 - 1,902 - 1,745) \div 12 \text{ months}]$.

303 yuan RMB¹¹⁹. Familial migrant workers, who make their homes in cities, have even less savings than do individual migrants, and must in every way economize.

It is commonly the case that neither individual nor familial migrants have urban medical insurance. If it is only outpatient treatment that is required, individual migrants can manage the expense, but familial migrants may well be forced to make compensatory deductions in their labor power reproduction (Table 15, category A and B, p.119), to the point of going into debt. As concerns inpatient treatment, although some costs may be covered by NRCMS, what is covered comes as an eagerly awaited, post-treatment reimbursement, the full cost having to be paid for up front. In contradistinction, registered urban residents are entitled to an ‘at till’ reimbursement (for more details see section 3 below).

I have seen what happens to a migrant family when illness strikes. It was a hard way to do research. The son was diagnosed with leukemia, and the family did not return to their rural hometown, but stayed in Beijing, hoping for better treatment in the big city. He underwent chemotherapy fifteen days on and off, and the doctors advised he stay in hospital, as his reduced white blood cell count left him open to infection. But the parents could not afford the inpatient fees; neither could they accompany their son to the chemotherapy sessions, as they had to work, and harder than ever before, to pay for the treatment. The boy went to hospital himself, by bus, his vomit bag at his side. It was a long commute, for they lived in the suburbs, in a small home without central heating. In wintertime, only an electric blanket preserved them from the elements, the frigid room a

¹¹⁹ Cf. Table 15 category A (p.119): $303 = \{[(25,829 - 11,993 - 3,614 - 3,316) \div 12 \text{ months}] \div 1.9 \text{ persons}\}$.

microcosm of the cold, inhuman world they labored in. Later, I went to see his parents. His vacant room. Everything brought chills to the touch, including his music player, on which was stored his favorite song, ‘If There Is Still a Tomorrow’. His parents had liked to hear the song, thinking it a sign of hope. But I knew better. As the melody filled the room, and I heard the line, “if there is no tomorrow, how to say goodbye?” I recalled what the boy had confided to me. This, he said, was what he listened for. Seeing his parents coming home night after night, tired and overworked and falling ever deeper into debt, he prepared himself for death, to release them of their burden.¹²⁰

Migrant workers cut down to the bone, as individuals and even more so as families, secondary expenses giving way to essentials until even the absolutes are trimmed, in quantity and quality. Tuition and healthcare and all the other costs add up and overwhelm. This is why the percentage total for the rightmost column of Table 15 (p.119) so far exceeds 100%. It is an idealized hypothetical, never attained in practice. The occasional need to counterbalance expenditures, and the constant need to economize, drives migrants into the suburbs to live, and to traditional or roadside markets to shop.

¹²⁰ Field work data, November 2011.

Table 15

Comparison of Income and Expenditures (in yuan RMB) between Urban Residents and Rural-to-Urban Migrant Workers, 2013

		Urban Residents				Rural-to-Urban Migrant Workers			
		Individual	Household (Support Coefficient: 1.9)			Individual	Household (Support Coefficient: 1.9)		
Annual Income		26,955	51,215 = 26,955 × 1.9			25,829	25,829		
Annual Consumption Expenditures		18,023	34,244 = 18,023 × 1.9			18,023	34,244 = 18,023 × 1.9		
Expenditures Breakdown Expenditure Items		18,023 in Annual Consumption Exp.	67% of Ann. Income (18,023÷26,955)	34,244 in Annual Consumption Exp.	67% of Ann. Income (34,244÷51,215)	18,023 in Annual Consumption Exp.	70% of Ann. Income (18,023÷25,829)	34,244 in Annual Consumption Exp.	133% of Ann. Income (34,244÷25,829)
A	Food	6,312	23.4	11,993	23.4	6,312	24.5	11,993	46.5
	Clothing	1,902	7.1	3,614	7.1	1,902	7.4	3,614	14.0
	Housing	1,745	6.5	3,316	6.5	1,745	6.8	3,316	12.9
B	Home Appliances & Services	1,215	4.5	2,308	4.5	1,215	4.7	2,308	9.0
	Transportation & Communication	2,737	10.2	5,200	10.2	2,737	10.6	5,200	20.2
	Education, Cultural & Recreation Services	2,294	8.5	4,359	8.5	2,294	8.9	4,359	16.9
C	Healthcare	1,118	4.2	2,124	4.2	1,118	4.4	2,124	8.3
D	Miscellaneous Goods & Services	700	2.6	1,330	2.6	700	2.7	1,330	5.2

Source: (National Bureau of Statistics of China, 2014a; National Bureau of Statistics of China, 2014b) and calculated by researcher.

Note: figures are rounded.

1.2.3 Residual income merely supplemental to rural cash demands

Unlike familial migrant workers, individual migrants have usually more than enough for their reproduction of labor power, but still less than needed for a decent urban life. Statistical extrapolations from national averages (2013) indicate that 70% of individual migrant workers' annual income would have to go to consumption expenditures in order to secure an average quality of urban life, but migrants commonly restrict their urban living costs in order to send more money back to their rural hometowns. It should nonetheless be noted that while individual migrant workers may have some residual money after (drastically reduced) urban living costs, their annual income can at most support one person's reproduction of labor power to an average quality of urban life (70% of annual income expended). The hard-won surplus money sent home is supplemental to rural cash demands.

From the index of annual consumption expenditures (70% of annual income), we might assume that individual migrant workers can attain an average quality of urban life, with some 30% left over. But in fact their wages, low in comparison with registered urban residents, and with the further diminution of the rural supplement, entail a *less* than average quality of life, the statistical average itself always slightly higher than the reality of cash in hand, and of contingent need. And since this is an average, it follows that some have a little more, some a little less.

Most of the migrant workers I interviewed report unfulfilling lives in urban areas, including crowded dorms and poor nutrition. Movie theaters, upscale department stores, fancy restaurants, cheap food with high markups (but delivered fast!), and equally overpriced coffee (Starbucks made their name by

selling glorified coffee at three times market price), these are for the most part beyond their means. Trendy electronics are also prohibitively priced, with rare exception, and even their home appliances and furniture are often second hand or heavily discounted items. Seasonal vegetables preponderate over meat, and what supports an individual does not admit of extension.

Once, in 2011, I chose a Beijing Starbucks as a convenient place in which to interview a group of migrant workers. Because the beverages were so costly, none of the migrant workers, I found, had ever been there. On another occasion I was shopping for face cream together with a migrant worker who opted not to buy at the major retailer (Watsons) I had suggested, but at a low-end wholesaler she and her colleagues frequented.

One more example will serve. I was part of a group invited to the home of a migrant family I had been interviewing. The father and son missed out on the hand-made dumplings, because they had absented themselves in order to make room. Even so, the 7 or 8 of us present could not all occupy the tiny room at once. We had to take turns standing outside. Fortunately the weather was accommodating. I could cite many more such experiences, but nowhere near so many as the migrants themselves, since deprivation is their lot, be it after or during work hours.

The work circumstances of a migrant worker were no different in 2012 than they were before; indeed, they were consistently poor. I cite from the news media a representative case. In November 2010 a worker at a Honda factory in Foshan City, Guangdong Province, where earlier in May of that year there had been a series of labor strikes, was invited to Beijing to speak at an official conference on labor relations. She reported that their wages were enough only for

one person's living costs; it was not possible to support an urban family.¹²¹ Of the five salary levels at the Honda plant, migrant workers generally occupied the bottommost two, with a monthly wage spread from approximately 1,500 to 1,900 yuan RMB, depending on overtime, and to a lesser extent on seniority. After deductions and necessities, what little remained could not buy them more than subsistence living, from which are excluded transportation, entertainment, discretionary clothing, and the like (see Table 16). It follows that 55% to 70% of their income (39%–50% if we do not consider payroll deductions) was devoted to minimal simple reproduction of labor power in urban areas (amounting only to expense category A in Table 15, p.119), the remainder, if anything, clearly inadequate for expanded reproduction.

Table 16
Monthly Income and Expenditures (in yuan RMB) of Honda Bottom Level Workers in 2010

	Income	Expenses	
		Payroll Deduction	Living Costs
Basic Pay	675		
Merit-based Pay	340		
Participation Bonus	100		
Living Allowance	65		
Housing Allowance	250		
Travel Allowance	80		
① Endowment Insurance Fee		132	
② Medical Insurance Fee		41	
③ Housing Fund		126	
Trade Union fees		5	
Food			300
Rent			250
Cellphone Fee			100
Daily Necessities			100
SUBTOTAL	1,510	304	750
MONTHLY SURPLUS	456 = (1,510 – 304 – 750)		

Source: (Guan, 2010). ①, ② and ③ are compulsory social insurance deductions.

¹²¹ Cf. (Xia, 2010).

2 Intergenerational model of household labor division accommodates to reproduction of labor power

Since reform and opening up in 1979, and the introduction of a market economy, Chinese society has been inundated with a liberal ideology, which emphasizes personal interests and free will upheld against the crowds in an effort to consolidate private property rights. Individualism thus becomes a staple of everyday life, expressed in terms of consumer spending. These new perspectives are trained on the reproduction of labor power, with capitalists hiring ‘individual’ workers who sell their ‘personal’ labor power in exchange for wages. This transaction, however, masks the fact that the site and unit of labor power reproduction is the household, not the individual. Accumulated wages are spent on various goods and services, e.g. food, housing, childcare, healthcare, and other relevant costs, and so wages would be better matched to the support coefficient and at least the minimum household requirements of labor power reproduction.

On account of a burgeoning cash demand, increasing numbers of rural peasants now live in cities as migrant workers, while maintaining, to greater or lesser degree, economic ties with their rural families, since their financial means are usually adequate for simple reproduction of labor power in cities, but inadequate for expanded reproduction. When such shortfalls occur in a third world context, rural-to-urban migrants are forced to live in urban slums. But since rural land in China has not been privatized, and Chinese peasants retain the right to land use for farming and housing, rural families can act as the home front. An intergenerational labor division is thereby employed in opposition to financial shortfalls, i.e. migrants’ children might be left in the care of grandparents in rural

areas. In case of severe illness, individual migrant workers, too, may return home.

In consequence, we can treat migrants individually as workers in cities (rural based household), and as workers who live in cities together with their once rural families (urban based household), when considering their simple and expanded reproduction of labor power. Rough statistics the researcher gathered on Beijing's migrant workers in trade, construction, manufacturing, and the service sector from March 2011 to December 2012 will serve as example (see Table 17, p.128-9).

2.1 Three generation model of individual migrant workers

In broad outline, the labor division of migrant workers' families is a three generation model, contributing diachronically and synchronically to reproduction of labor power. For individual migrant workers, the first generation is of current or previous migrant workers (*di yi dai nong min gong*), who started out in agriculture and were aged about 40 to 50 when they moved to the cities to work, then gradually retreated from the labor market owing to age limitations, working short term jobs in the fallow season. Most of the second generation was born in the late 1980s and early 1990s. They have been called the 'new generation of migrant workers' (*xin sheng dai nong min gong*), since they lack the farming skills of their parents, but usually have at least an elementary education. Most are unmarried, but if otherwise, mothers stay in their rural hometowns while nursing. The latest, and third generation is of school age or younger, and are usually taken care of by their rural grandparents or by their mothers.

Although the first generation still brings money home, their wages fluctuate according to work period. Thus the major wage earner is the second generation, who work year round, even though they are less experienced and skilled relative to the first generation. Employees on monthly salary, e.g. restaurant or factory workers, average 1,800 to 2,500 yuan RMB, but employees on day wages, e.g. construction workers, pull in 100 to 180 yuan RMB. Employers usually offer room and board, but food must often be paid for, with coupons or via wage deduction. When no room is offered, workers rent small, cheap accommodations in suburbs. Most workers send money home to finance housing projects—add-ons, renovations and the like—for education fees, wedding expenses, and agricultural materials, excepting rare cases of rural self-sufficiency. Migrants thus live on a meager budget, subsisting on cheap, staple foods while inhabiting graceless dorms or shanties. The proviso is that simple reproduction of labor power be covered (see Table 17, p.128-9).

2.2 Three generation model of familial migrant workers

As regards familial migrant workers, the first generation consists mostly of peasants and previous migrant workers (some of whom were never migrants) aged 50 and up. As they still farm their own lands, they usually require little or no support from younger generations. The second generation of familial migrants tends to be older than their counterparts among individual migrants, being mostly 30 to 40, though the age is dropping. Some of them farmed before relocating to cities, but as opposed to the first generation of individual migrants, they brought their families with them. For this second generation, marriage brought with it a division of primary family property, giving them title to rural lands and houses,

however much or little use was made of them. They live in cities as families, but often with one or more children left in rural hometowns. The third generation, aged 20 and under, are mostly students, and live either with their migrant parents in urban cities, or with grandparents or relatives in rural hometowns. Older children may also be migrant workers, especially when higher education proves too highly priced, and more wage hands are needed.

The major wage earner among familial migrants is the second generation, whose average monthly incomes are usually at least 500 to 1,000 yuan RMB more than those of individual migrant workers (for modest expanded reproduction of labor power, i.e. rent and childcare), owing to better work skills and experience. Without these advantages, and the money they bring, the workers could not live as families in urban areas. This slender economic thread is all that separates individuals from families, whether the latter lives together or divided. In sum, the second generation's monthly incomes are generally greater than the 3,000 yuan RMB required for a 3 to 4 person household, and in the case of irregular work, day wages are between 150 and 180 yuan RMB. There is a bit left for contingencies, but rarely enough to count as regular savings. Money is sent back to rural hometowns if children are being raised there by grandparents or relatives, for one of two reasons. First, the urban-based families have scarce resources, and typically are headed by young couples with low work skills, in which case both members have to work. Second, being without urban household registration, they have to pay costly surcharges for their children's education (see section 3 below for details). If male workers earn enough to cover living expenses, particularly if they earn more than dual-earner couples after childcare expenses, then female partners most commonly fulfill the role of childrearing

(see Table 17, p.128-9).

Table 17

Comparison of China's Individual and Familial Migrant Workers' Reproduction of Labor Power, March 2011 to December 2012

		Individual Migrants	Familial Migrants
PRODUCTION: Reproduction of Labor Power	Intergenerational Labor Division	1st generation (peasants/current or previous migrant workers): Aged 40–50. ➤ Devote all or part of their time to agriculture (migrate only for short term jobs in the fallow season).	1st generation (peasants/ previous migrant workers): Aged 50 and up. ➤ As they still farm their own lands, they require no support from younger generations.
		2nd generation (migrant workers): Aged 20–30. ➤ Siblings mostly unmarried. Some return to rural hometowns to marry. If so, mothers remain there while nursing.	2nd generation (migrant workers): Aged 30–40. ➤ Marriage brings division of family property. Arrive in cities as families, but one or more children left in rural hometowns.
		3rd generation (stay home children): Aged less than 10. ➤ Typically raised by rural grandparents or mothers.	3rd generation (students/migrant workers): Aged less than 20. ➤ The young are typically students, and live either with their migrant parents in urban cities or with grandparents/relatives in rural hometowns. Older children may also be migrant workers.
	Wage	1. Monthly wages: 1,800–2,500 yuan RMB ➤ Mainly restaurant and factory workers. 2. Day wages: 100–180 yuan RMB ➤ Mainly construction workers. ➤ Income dependent on days worked (20–25 days per month, about three months without work in winter).	1. Monthly wages: usually more than 3,000 yuan RMB ➤ For living costs of a 3–4 person household. 2. Day wages: 150–180 yuan RMB ➤ Mainly construction workers. ➤ Income depends on days worked (20–25 days per month, about three months without work in winter).
	Minimum Acceptable Wage Threshold	Wages must at least cover <i>simple</i> reproduction of labor power, e.g. room and board. If compelled to (and often they are), workers can even subsist on simple food in unheated basement dorms.	Wages must at least be sufficient for <i>expanded</i> reproduction of labor power, such as rent and childrearing. Thus, their wages typically exceed those of individual migrant workers by 500–1,000 yuan RMB since they need to support future labor power.
	Reproduction Site & Unit	Reciprocal reproduction with rural household.	A mainly urban household, partly supplemented by rural primary household if children raised there.

DISTRIBUTION: Wage & Social Security	Primary Distribution (Wages & Other Sources)	<ol style="list-style-type: none"> 1. Whatever money is left after simple reproduction of labor power will be . . . <ul style="list-style-type: none"> ➤ Sent back to rural families to cover household expenses, e.g. building costs and wedding cash gifts, or ➤ Spent on non-essentials if rural families are more self-sufficient, e.g. consumer electronics, clothing and entertainment. 2. If nothing is left after simple reproduction, workers will . . . <ul style="list-style-type: none"> ➤ Maintain their basic standards of reproduction as best they can, or lower those standards in the event of rural contingencies (belt-tightening on already narrow waists). 	<ol style="list-style-type: none"> 1. If there is money left after expanded reproduction of labor power, it will go to . . . <ul style="list-style-type: none"> ➤ Savings for contingencies or consumer goods, but usually no regular savings. 2. If no money is left, <ul style="list-style-type: none"> ➤ The basic standard of expanded reproduction of labor power is maintained. 3. Money is sent back to rural hometowns only if children are raised there by grandparents or relatives, for one of two reasons. First, the families have little money and typically are headed by young couples with lower work skills, in which case both members must work. Second, the children are of high school age, and so must receive their education in their hometowns, where the family has household registration. 4. If male workers earn enough to cover living expenses, particularly if they earn more than dual-earner couples after childcare expenses, then female partners usually assume responsibility for childrearing.
	Redistribution/ Secondary Distribution (Social Security)	<ol style="list-style-type: none"> 1. Rural hometowns usually offer NRCMS. 2. Urban areas usually offer nothing. 	<ol style="list-style-type: none"> 1. In rural hometowns: may receive NRCMS, but the longer they stay in cities the less likely they are to retain this insurance. 2. Urban areas: often no social security.
	As per labor law, employers must offer their employees medical insurance and work-related injury insurance, but employers usually can dodge this responsibility where migrant workers are concerned.		
CONSUMPTION: Cope with Healthcare Problems		<ol style="list-style-type: none"> 1. Pay for their own medicine in case of mild illness. 2. Return to rural hometowns for treatment of serious disease, e.g. cancer. 	<ol style="list-style-type: none"> 1. Pay for their own medicine in case of mild illness. 2. Borrow money from hometown friends to cover expenses in the event of serious disease.

3 Registered urban workers and rural-to-urban migrant workers: their differential response capacities to healthcare issues

In urban areas, there has been a disparity in primary distribution (wages and other sources) between registered urban workers and migrant workers, and redistribution (e.g. social security) has widened the gap, notwithstanding its purpose of alleviating inequality of primary distribution. Labor law requires employers offer their employees medical insurance and work-related injury insurance, but employers usually dodge this responsibility where migrant workers are concerned. Left to their own resources, then, migrant workers with mild illness self-medicate with store bought drugs; only when seriously ill do they resort to a doctor, at which time intergenerational support comes into play, distributing the financial stress of a contingent event. Taken individually, migrant workers are often vulnerable; as a group they can weather the storm.

3.1 Healthcare reimbursements: Beijing's urban medical insurance compared with Gansu's NRCMS

Among registered urban workers in Beijing in 2013, the reimbursement rate for outpatients was 70% to 90% (depending on hospital level) after a 1,800 yuan RMB deductible, with a 20,000 yuan RMB cap. For inpatients, it was 85% to 97% after a 1,300 yuan RMB deductible, with a cap of 300,000 yuan RMB. If you held urban registration but were unemployed or underemployed (children, students and adults), the outpatient reimbursement rate was 50% after a 650 yuan RMB deductible. Inpatients got 70% back after a deductible of between 650 yuan RMB and 1,300 yuan RMB depending on age. The cap was 2,000 yuan RMB for outpatients; 170,000 yuan RMB for inpatients (see Table 18, p.133).

Migrant workers, however, are for the most part without urban medical insurance, being reliant on NRCMS, the reimbursement rate of which is cited as an example. In rural areas this rate differs notably from province to province in keeping with local governmental policy and budgets, though in all cases the reimbursement rate is much less than it is for registered urban workers. The example tabled is of Gansu Province. The rate is less for out of province workers (the in province reimbursement rate is usually 55% to 80% depending on hospital level). The extra-provincial rate does not apply to out-patients, who get no reimbursement, but for inpatients the rate is 55%, with an 80,000 yuan RMB cap and a 3,000 yuan RMB deductible (see Table 18, p.133).

Acute appendicitis is an indiscriminate and common medical condition requiring immediate surgical intervention, uniformly the same regardless of patient. As such, it provides a good statistical reference point for comparison, illuminating disparities of expense and reimbursement. In Beijing in 2013, appendicitis surgery with seven days' hospitalization cost in total (including diagnosis and treatment, anesthesia, surgery etc.) approximately 4,000 to 8,000 yuan RMB depending on class of hospital (first, second or third), degree of infirmity, and, perhaps also, the venality of the doctor.¹²² A median expense of 6,000 yuan RMB is used, together with the assumption that all expenses will be reimbursed, the rate varying according to regulations. A worker with Beijing urban registration, and so covered by urban medical insurance, was reimbursed from 3,995 yuan RMB $[(6,000 \text{ yuan} - 1,300 \text{ yuan deduction}) \times 0.85]$ to 4,230 yuan RMB $[(6,000 - 1,300) \times 0.90]$, while a migrant worker covered by NRCMS got 1,650 yuan RMB $[(6,000 - 3,000) \times 0.55]$. Thus the Beijinger was ultimately

¹²² Data collected from Beijing doctors, nurses and hospital cashiers, March 2014.

out of pocket anywhere between 1,770 yuan RMB (6,000 – 4,230) and 2,005 yuan RMB (6,000 – 3,995), while migrants had to pay 4,350 yuan RMB (6,000 – 1,650). Although Beijing’s urban and migrant workers contribute equally to social development, they are unequally recompensed, in terms of reimbursements and cap lines. In addition, a Beijing registered urban resident who is a child, student or unemployed adult pays less (2,255–2,710 yuan RMB) than a migrant worker, and as with Beijing workers the reimbursement cap line is higher (see Table 18, p.133).¹²³

¹²³ There may be a few rural areas, e.g. Chongqing city, where, due to relatively greater financial capacities of local governments, the reimbursement rate is higher than it is for rural residents in other localities.

Table 18

2013 Healthcare Reimbursements: Beijing's Medical Insurance Compared with Gansu's NRCMS

	Status	Hospital Category	Deductible (yuan RMB)	Reimbursement Rate (%)				Cap Line (yuan RMB)
Workers with Beijing Urban Registration (Urban Medical Insurance)	Outpatient	Community Healthcare Service	1,800	90				20,000
		Non-Community Healthcare Service		70				
	Inpatient		1,300	1,300–30,000 yuan RMB	30,000–40,000 yuan RMB	40,000–100,000 yuan RMB	100,000–300,000 yuan RMB	300,000
		First-Class Hospitals		90	95	97	85	
		Second-Class Hospitals		87	92	97		
		Third-Class Hospitals		85	90	95		

	Status	Personnel Category	Deductible (yuan RMB)	Reimbursement Rate (%)				Cap Line (yuan RMB)
Residents with Beijing Urban Registration (Urban Medical Insurance)	Outpatient	Children, Students and Unemployed Adults	650	50				2,000
	Inpatient	Unemployed Adults	1,300	70				170,000
		Children and Students	650					

	Status	Condition	Deductible (yuan RMB)	Reimbursement Rate (%)				Cap Line (yuan RMB)
Residents with Gansu Rural Registration (NRCMS)	Outpatient	Extra-Provincial Medical Treatments	N/A	N/A (Not Available)				N/A
	Inpatient		3,000	55				80,000

Source: (Beijing Municipal Human Resources and Social Security Bureau, Haidian District, 2013; Health Department of Gansu Province, 2012). According to a public servant of Gansu Province (2013), outpatients were not compensated for extra-provincial medical care. For inpatients, the reimbursement rate for extra-provincial medical care was the same as it was for provincial-level medical institutions.

3.2 Management of healthcare problems through the household: a comparison of Beijing registered urban workers with rural-to-urban migrant workers from Gansu

According to my field work, conducted from 2011 to 2012, the costs of appendicitis surgery would quite adversely affect the labor power reproduction of migrant workers, right down to their essentials (e.g. food and housing), especially when contingency savings are little or nothing or, in case of debt, less than nothing.

The rural–urban disparity comes more clearly into focus when we compare the response capacities of urban workers with individual/familial migrant workers. It should of course be noted that medical expenses were likely to be higher in 2013 than in 2012, but not so much as to undermine the statistical validity of the argument, since the 2013 wages and the reimbursement rate, too, were higher than the previous year. Excepting individual migrants, we assume a three person household composed of a working couple and child, because one child per family is the officially prescribed limit for urban residents. Although rural residents are allowed two children, they most often bring only one child with them when migrating to cities for work. In case of appendicitis surgery, we assume a one month work leave for pre- and post-operative care and recovery. The comparison details are as follows:

3.2.1 Registered Beijing urban workers

In 2012, for example, annual per capita disposable income and consumption expenditures of Beijing urban residents were 36,469 yuan RMB and 24,046 yuan RMB, respectively, so that the anticipated annual household

income was 109,407 yuan RMB ($36,469 \times 3$ persons), and the household expenditures 72,138 yuan RMB ($24,046 \times 3$ persons) (see Table 19, p.136).¹²⁴ If for income measurement we use annual per capita *wage* income instead of annual per capita *disposable* income, the household income will be higher. Since the 2012 annual per capita wage income of Beijing urban workers was 62,676 yuan RMB ($5,223$ in monthly per capita income $\times 12$ months), the anticipated annual household income was 125,352 yuan RMB ($62,676 \times 2$ wage earners) (see Table 19, p.136).¹²⁵ National statistical data for 2012 give a support coefficient of 1.9 for an urban worker. Thus a Beijing urban worker who wanted to give his or her dependents an average quality of life would have needed an annual average minimum wage of 45,687 yuan RMB ($24,046 \times 1.9$). This amount could be fully covered by the annual per capita wage income of 62,676 yuan RMB. As a result, and whatever the income measurement, Beijing urban residents had enough money to manage their simple and expanded reproduction of labor power to an average quality of life.

When a Beijing worker needed appendicitis surgery, the family still had 34,363 to 34,598 yuan RMB (when calculated in *disposable* income), or 50,308 to 50,543 yuan RMB (when calculated in *wage* income) left after deducting 1,770 to 2,005 yuan RMB of medical expenses, 901 yuan RMB of pay deduction from 1 month sick leave,¹²⁶ and 72,138 yuan RMB of usual living costs (see

¹²⁴ Cf. (National Bureau of Statistics of China, 2014a).

¹²⁵ Cf. (Beijing Municipal Human Resources and Social Security Bureau & Beijing Municipal Bureau of Statistics, 2013).

¹²⁶ National labor law entitles contracted workers to sick leave pay. For workers in Beijing, the calculation is (monthly wage income $\div 21.75 \times$ work days) + (monthly wage income $\div 21.75 \times$ sick days \times sick leave coefficient). Hence the 901 yuan RMB amount tabled is

Table 19). Thus a Beijing urban household had enough fiscal flexibility to manage its labor power reproduction after the expenses congruent with the illness of a family member.

Although registered urban workers are also subject to capitalist exploitation, they are not exploited as much as migrant workers, and so we use data from the former as a benchmark for comparison, in effect comparing registered urban workers' exploitation with migrant workers' super-exploitation.

Table 19
Effects of Appendicitis Surgery on Income and Expenditures of a Beijing Urban Worker Household, Calculated in Terms of Disposable Income and Wage Income (yuan RMB)

		Calculated as disposable income	Calculated as wage income
Income	Ann. household income	109,407	125,352
Expenditures	Out of pocket medical expense for appendicitis surgery	1,770–2,005	1,770–2,005
	Pay deduction of 1 month sick leave	901	901
	Ann. household expenditures	72,138	72,138
Total Annual Household Surplus		34,363–34,598	50,308–50,543

Note: figures are rounded.

3.2.2 Individual rural-to-urban migrant workers from Gansu Province

Drawing from interviews conducted in 2012 and from national statistics for that year, we take as illustration three individual rural-to-urban migrant workers (Case A, B and C) from Yanan Township, Wushan County, Tianshui City,

the product of $[(5,223 - (5,223 \div 21.75 \times 30 \times 60\%))]$. The 60% sick leave coefficient is used to show the largest possible wage deduction.

Gansu Province, each of whom worked in Beijing.

Case A was a construction worker who earned 3,300 yuan RMB per month ($150 \text{ per day} \times 22 \text{ work days on average}$), yielding an annual wage income of 29,700 yuan RMB over a typical 9 month work season, the winter months spent in his rural hometown.¹²⁷ According to the National Bureau of Statistics of China, the average support coefficient for an urban worker in 2012 was 1.9, and the annual per capita consumption expenditures for a Beijing urban worker/resident in particular amounted to 24,046 yuan RMB. Thus the projected annual average minimum wage income needed for a migrant worker to support a rural dependent in an urban setting at an average quality of life was 45,687 yuan RMB ($24,046 \times 1.9$).¹²⁸ Clearly, Case A's 29,700 yuan RMB of annual wage income was only enough for his simple reproduction of labor power (24,046 yuan) in Beijing, not expanded reproduction.

Individual migrant workers can and usually do reduce their expenses and so also their urban life quality to a bare minimum (e.g. by cramming themselves into dorms which employers supply at no extra cost) if they send money to their

¹²⁷ The official work day is 8 hours. In 2012 there were two kinds of overtime pay depending on employer. With the first kind, the worker gets no added hourly pay for up to 3 hours overtime. Thereafter, the worker gets an extra half-day's pay. More than 6 hours overtime gets an extra day's pay. With the second kind of overtime pay, each extra hour earned an extra 1/6 (not 1/8) of the day's pay. So a 9th work hour for Case A would get him $150 \div 6 = 25$ yuan RMB. But my calculations do not include overtime pay because whatever the kind used the pay system was irregular, being dependent on high or low work season, deadlines, supply chains and other factors, not all of which were foreseeable. Moreover, overtime pay is not always and everywhere offered.

¹²⁸ Cf. (National Bureau of Statistics of China, 2014a).

hometowns to supplement dependents' rural living costs, so that their expanded reproduction of labor power is effectively 'non-local'. Case A's monthly expenses amounted to 450 yuan RMB for food, 300 yuan RMB for cigarettes and miscellaneous expenditures (e.g. hygienic tissue and shampoo), 150 yuan RMB for cell phone credits, and 100 yuan RMB for social activities, all totaling 1,000 yuan RMB per month, 9,000 yuan RMB for a 9 month work year. Subtracted from his annual wage income of 29,700 yuan RMB this left a 20,700 yuan RMB rural supplement, more than the projected 2012 minimum income of 5,804 yuan RMB for Gansu Province (4,146 in annual per capita consumption expenditures × support coefficient of 1.4 per rural laborer)¹²⁹ (see Table 20, p.139).

¹²⁹ Cf. (National Bureau of Statistics of China, 2014a).

Table 20

One Urban Income, One Split Family: Living Costs (in yuan RMB) for Individual Migrant Workers (With and Without Dependents) in Beijing and Gansu Province Compared (Case A)

Wage income for living in Beijing		Portion of annual wage income sent to Gansu as rural supplement	
Simple reproduction of labor power		Simple reproduction of labor power	
Annual wage income	29,700	Annual net income	20,700 (29,700 – 9,000)
Annual per capita consumption expenditures of Beijing residents	24,046	Annual per capita consumption expenditures of Gansu residents	4,146
Income for individual worker with an average quality of urban life (no dependents)	Sufficient	Income for individual laborer with an average quality of rural life (no dependents)	Sufficient
Expanded reproduction of labor power		Expanded reproduction of labor power	
Average support coefficient for an urban worker	1.9	Average support coefficient for a rural laborer	1.4
Projected minimum income needed to support a dependent	45,687 (24,046 × 1.9)	Projected minimum income needed to support a dependent	5,804 (4,146 × 1.4)
Capacity for managing expanded reproduction of labor power	Insufficient	Capacity for managing expanded reproduction of labor power	Sufficient

Note: figures are rounded.

Case B, a restaurant server, earned 2,300 yuan RMB in a typical 26 day work month, yielding 23,000 yuan RMB over 10 months, the remaining 2 months spent in her rural hometown for Chinese New Year.¹³⁰ Her annual wage income could not buy her, much less a dependent, an average quality of life in Beijing. For herself alone she would have needed 24,046 yuan RMB; for another in tow, 45,687 yuan RMB as minimum support income.

Although her employer offered (meager) food and (dormitory) accommodation, Case B still needed to spend 11,500 yuan RMB during her 10 month work year in Beijing. Her monthly expenses amounted to 450 yuan RMB for social activities, 250 yuan RMB for clothes and cosmetics, 150 yuan RMB

¹³⁰ Average 11 hour work day without overtime pay.

for internet cafes, 150 yuan RMB for cell phone credits, and 150 yuan RMB for groceries, all totaling 1,150 yuan RMB per month, 11,500 yuan RMB for the (10 month) year. Subtracted from her annual wage income of 23,000 yuan RMB, this left an 11,500 yuan RMB rural supplement, more than the projected 2012 minimum income of 5,804 yuan RMB for Gansu province (see Table 21).

Table 21

One Urban Income, One Split Family: Living Costs (in yuan RMB) for Individual Migrant Workers (With and Without Dependents) in Beijing and Gansu Province Compared (Case B)

Wage income for living in Beijing		Portion of annual wage income sent to Gansu as rural supplement	
Simple reproduction of labor power		Simple reproduction of labor power	
Annual wage income	23,000	Annual net income	11,500 (23,000 – 11,500)
Annual per capita consumption expenditures of Beijing residents	24,046	Annual per capita consumption expenditures of Gansu residents	4,146
Income for individual worker with an average quality of urban life (no dependents)	Insufficient	Income for individual laborer with an average quality of rural life (no dependents)	Sufficient
Expanded reproduction of labor power		Expanded reproduction of labor power	
Average support coefficient for an urban worker	1.9	Average support coefficient for a rural laborer	1.4
Projected minimum income needed to support a dependent	45,687 (24,046 × 1.9)	Projected minimum income needed to support a dependent	5,804 (4,146 × 1.4)
Capacity for managing expanded reproduction of labor power	Insufficient	Capacity for managing expanded reproduction of labor power	Sufficient

Note: figures are rounded.

Case C was a construction worker who earned 3,960 yuan RMB per month (180 per day × 22 work days on average), yielding 35,640 yuan RMB in a 9 month work year, the winter months spent in his rural hometown.¹³¹ His

¹³¹ The same overtime conditions as applied to Case A above, apply also to Case C, with the exception that for him a 9th hour worked would receive $180 \div 6 = 30$ yuan RMB. Again,

annual income surpassed the 24,046 yuan RMB needed for an average quality of life in Beijing, and yet was nowhere near the 45,687 yuan RMB needed to support an urban dependent. He thus had to live alone, his dependents in their rural hometown.

Case C reported monthly expenses amounting to 450 yuan RMB for food, 200 yuan RMB for social activities, another 200 yuan RMB for cigarettes and miscellaneous expenditures, and 150 yuan RMB for cell phone credits, all totaling 1,000 yuan RMB per month, 9,000 yuan RMB for a 9 month work year. Subtracted from his annual Beijing wage income of 35,640 yuan RMB, this left a 26,640 yuan RMB rural supplement, more than the projected 2012 minimum income of 5,804 yuan RMB for Gansu province (see Table 22, p.142).

overtime pay, being irregular, is not included.

Table 22

One Urban Income, One Split Family: Living Costs (in yuan RMB) for Individual Migrant Workers (With and Without Dependents) in Beijing and Gansu Province Compared (Case C)

Wage income for living in Beijing		Portion of annual wage income sent to Gansu as rural supplement	
Simple reproduction of labor power		Simple reproduction of labor power	
Annual wage income	35,640	Annual net income	26,640 (35,640 – 9,000)
Annual per capita consumption expenditures of Beijing residents	24,046	Annual per capita consumption expenditures of Gansu residents	4,146
Income for individual worker with an average quality of urban life (no dependents)	Sufficient	Income for individual laborer with an average quality of rural life (no dependents)	Sufficient
Expanded reproduction of labor power		Expanded reproduction of labor power	
Average support coefficient for an urban worker	1.9	Average support coefficient for a rural laborer	1.4
Projected minimum income needed to support a dependent	45,687 (24,046 × 1.9)	Projected minimum income needed to support a dependent	5,804 (4,146 × 1.4)
Capacity for managing expanded reproduction of labor power	Insufficient	Capacity for managing expanded reproduction of labor power	Sufficient

Note: figures are rounded.

If Cases A, B, and C had their appendicitis surgery in Beijing, each would be hit with 4,350 yuan RMB in medical fees after (tardy) reimbursement, while losing a month's income due to (likely unpaid) sick leave (Case A would lose 3,300 yuan, B 2,300 yuan, and C 3,960 yuan). Subtracted from their annual wage income, this would leave Case A with a 13,050 yuan, B with a 4,850 yuan, and C with an 18,330 yuan RMB rural supplement. Case A and C's rural-based families would still be able to manage their reproduction, as we see an annual residual of 5,705 yuan RMB for Case A and 8,136 yuan RMB for Case C after annual household expenditures and appendicitis-related costs. But Case B's household would be 508 yuan RMB in debt (see Table 24 below, p.147).

The 2012 annual per capita net income of rural households in Gansu Province was 4,507 yuan RMB, 40% of which was from the industrial sector (i.e. wage income). Considering that the per capita consumption expenditure of rural households was 4,146 yuan RMB, it follows that local residents needed income from both the agricultural and the industrial sector to live.¹³² But according to the calculations for Case A and C in Table 23 (p.146) and 25 (p.148) below, each of their households could go without agricultural income (i.e. they could rely solely on the urban-to-rural supplement) and still have money left at the end of the year, despite the costs of appendicitis surgery and one month without pay.¹³³ But while the examples of Case A and C show that rural households rely increasingly on wage income supplements from the urban industrial sector, still the migrant workers who provide that income depend on those same rural households for their own reproduction of labor power, particularly expanded reproduction. The reasons are as follows.

The incomes rural hometowns receive from migrant workers are increasing relative to local agricultural incomes partly because migrants reduce their urban living costs to substandard levels in order to provide the rural supplement. But even without these reductions in individual expenditure, the

¹³² Cf. (National Bureau of Statistics of China, 2014a).

¹³³ The annual income from the agricultural sector for the households of all three Cases was low because of the dryland soil (*han di*) and terraced fields which together prevented mechanized farming. Because the households of Case A and C had less land than did B, their agricultural income was lower—4,395 yuan RMB (4,075 yuan of agri-output and 320 yuan of agri-subsidy) for A and 3,346 yuan RMB (3,100 yuan of agri-output and 246 yuan of agri-subsidy) for C, respectively. Therefore, the rural households of Case A and C had to rely more on wage income than is typical for Gansu residents.

incomes that migrant workers earn in cities cannot provide an average quality of life for urban-based (as opposed to rural-based) dependents. The annual wage incomes of Case A, B, and C (29,700 yuan, 23,000 yuan, and 35,640 yuan, respectively) all fell demonstrably short of need. And yet each of these incomes, though narrowly so for Case B, exceeded the national annual wage income of China's migrant workers for 2012, namely 22,671 yuan RMB (2,290 yuan monthly average \times 9.9 month average work year).¹³⁴ It follows that, to great degree, an exiguous income and the attendant deprivation and want are the general predicament of China's rural-to-urban migrant workers, who toil so much for so little. They face severe, and structurally perpetuated urban life quality challenges. These fragmented families and their 'left-behind children' (*liu shou er tong*) present a serious and growing problem.

The appendicitis surgery used as illustration, though urgent when on a sudden it arises, is a comparatively minor procedure, and yet would plunge the Case B household into debt. A more serious health condition, for instance cancer or a debilitating occupational disease or injury—such as the lung disease of miners (pneumoconiosis), or a fall at a construction site—would incur proportionately greater debt for all. It should also be noted that ancillary to the costs of appendicitis surgery or any other rapid response condition are the travel, food and accommodation expenses incurred by rural family members who come to the city to take care of the ailing migrant, who clearly had not time to travel to his hometown for NRCMS. If moreover the migrant worker has no NRCMS, the rural household has to bear the totality of the medical expense. This was so for Case A's father, who died of stomach cancer in 2006, leaving the son mired in 5

¹³⁴ Cf. (National Bureau of Statistics of China, 2014b).

years of debt.

Rural households bear a lot as it is. Although migrant workers rely increasingly on urban wage incomes, rural semi-proletarian households still support the essential needs (e.g. food and housing) for labor power reproduction with their lands (growing food on cultivated lands and building households on homestead lands). For example, in 2012, Case A, B, and C's respective rural households had 4,075 yuan RMB, 6,400 yuan RMB, and 3,100 yuan RMB of agricultural output, enough to maintain the barest essentials if workers are laid off and families deep in debt. Unlike most other third world countries, right to land use in China prevents migrant workers from being made homeless in urban areas when there are contingent issues like economic crisis or the serious illness of a family member. As defined by Hart, semi-proletarianism, inasmuch as it represents accumulation without dispossession, may counter the growth of urban slums, and yet it helps perpetuate the super-exploitation to which migrant workers and their rural families are subject.

Table 23

Three Generation Financial Response Capacity to Contingent Stress (Case A) (Figures are in yuan RMB)

A		1st Generation	2nd Generation		3rd Generation	Total Annual Household Surplus
	Relation/ Age	Mother(46)	Daughter-in-Law (22)	Son (26)	Granddaughter (3)	
	Occupation	Farming + Caretaking		Migrant Worker	Child	
	Ann. Income	4,075 (Agri-output) 320 (Agri-subsidy)		29,700 (9 month work year)	N/A	
	Ann. Expenditure	*8,140		9,000	3,600	
	Ann. Surplus	– 3,745		20,700	– 3,600	13,355

Income	Ann. net income	20,700
Expenditure	Out of pocket medical expense for appendicitis surgery	4,350
	1 month sick leave without pay	3,300
Surplus		13,050

A		1st Generation	2nd Generation		3rd Generation	Total Annual Household Surplus
	Relation/ Age	Mother(46)	Daughter-in-Law (22)	Son (26)	Granddaughter (3)	
	Occupation	Farming + Caretaking		Migrant Worker	Child	
	Ann. Income	4,075 (Agri-output) 320 (Agri-subsidy)		13,050	N/A	
	Ann. Expenditure	*8,140			3,600	
	Ann. Surplus	9,305			– 3,600	5,705

Note:

(1) Figures are rounded.

(2) Exempt from the financial calculus of responsibility are offspring who depart from the home on marriage.

(3) On the pragmatic advice of the peasants interviewed, agri-output is calculated under the harmonizing assumption of 1 yuan RMB/ 500 g per each and every produce—soy, wheat, oats, potatoes (low yield and only for self-consumption), etc.

(4) * Household expenses include soap, coal, clothing, detergent, condiments, pesticides, fertilizer, electricity, hygienic tissue, and sanitary napkins, but exclude education fees, animal feed and related costs, home renovation, furniture, and major household appliances.

(5) The land yield of this village is low due to its dryland soil (*han di*) and terraced fields (thus inimical to mechanized farming).

Table 24

Three Generation Financial Response Capacity to Contingent Stress (Case B) (Figures are in yuan RMB)

B		1st Generation		2nd Generation		3rd Generation	Total Annual Household Surplus
	Relation/ Age	Father (44)	Mother (42)	Daughter (19)	Son (17)	**Granddaughter (3)	
	Occupation	Migrant Worker	Farming+ Caretaking	Migrant Worker	Student	Child	
	Ann. Income	10,800 (4 month work year)	6,400 (Agri-output) 462 (Agri-subsidy)	23,000 (10 month work year)	N/A	3,000 (from child's parents)	
	Ann. Expenditure	2,800	*8,220	11,500	12,000	3,000	
	Ann. Surplus	8,000	– 1,358	11,500	– 12,000	0	6,142

Income	Ann. net income	11,500
Expenditure	Out of pocket medical expense for appendicitis surgery	4,350
	1 month sick leave without pay	2,300
Surplus		4,850

B		1st Generation		2nd Generation		3rd Generation	Total Annual Household Surplus
	Relation/ Age	Father (44)	Mother (42)	Daughter (19)	Son (17)	**Granddaughter (3)	
	Occupation	Migrant Worker	Farming+ Caretaking	Migrant Worker	Student	Child	
	Ann. Income	10,800 (4 month work year)	6,400 (Agri-output) 462 (Agri-subsidy)	4,850	N/A	3,000 (from child's parents)	
	Ann. Expenditure	2,800	*8,220	12,000	3,000		
	Ann. Surplus	8,000	3,492	– 12,000	0		– 508

Note:

(1) Figures are rounded.

(2) Exempt from the financial calculus of responsibility are offspring who depart from the home once married.

(3) On the pragmatic advice of the peasants interviewed, agri-output is calculated under the harmonizing assumption of 1 yuan RMB/ 500g per each and every produce—soy, wheat, oats, potatoes (low yield and only for self-consumption), etc.

(4) * Household expenses include soap, coal, clothing, detergent, condiments, pesticides, fertilizer, electricity, hygienic tissue, and sanitary napkins, but exclude education fees, animal feed and related costs, home renovation, furniture, and major household appliances.

(5) The land yield of this village is low due to its dryland soil (*han di*) and terraced fields (thus inimical to mechanized farming).

(6) ** The granddaughter is from their second daughter who is married and lives together with her husband in an urban area as familial migrant workers.

Table 25

Three Generation Financial Response Capacity to Contingent Stress (Case C) (Figures are in yuan RMB)

C		1st Generation		2nd Generation		3rd Generation		Total Annual Household Surplus
	Relation/ Age	Father (55)	Mother (53)	Daughter-in-Law (29)	Son (32)	Granddaughter (9)	Granddaughter (7)	
	Occupation	Migrant Worker	Farming + Caretaking		Migrant Worker	Student	Student	
	Ann. Income	4,400 (2 month work year)	3,100 (Agri-output) 246 (Agri-subsidy)		35,640 (9 month work year)	N/A	N/A	
	Ann. Expenditure	1,400	*10,540		9,000	3,000	3,000	
	Ann. Surplus	3,000	– 7,194		26,640	– 3,000	– 3,000	16,446

Income	Ann. net income		26,640
Expenditure	Out of pocket medical expense for appendicitis surgery		4,350
	1 month sick leave without pay		3,960
Surplus			18,330

C		1st Generation		2nd Generation		3rd Generation		Total Annual Household Surplus
	Relation/ Age	Father (55)	Mother (53)	Daughter-in-Law (29)	Son (32)	Granddaughter (9)	Granddaughter (7)	
	Occupation	Migrant Worker	Farming + Caretaking		Migrant Worker	Student	Student	
	Ann. Income	4,400 (2 month work year)	3,100 (Agri-output) 246 (Agri-subsidy)		18,330	N/A	N/A	
	Ann. Expenditure	1,400	*10,540			3,000	3,000	
	Ann. Surplus	3,000	11,136			– 3,000	– 3,000	8,136

Note:

(1) Figures are rounded.

(2) Exempt from the financial calculus of responsibility are offspring who depart from the home on marriage.

(3) On the pragmatic advice of the peasants interviewed, agri-output is calculated under the harmonizing assumption of 1 yuan RMB/ 500g per each and every produce—soy, wheat, oats, potatoes, (low yield and only for self-consumption), etc.

(4) * Household expenses include soap, coal, clothing, detergent, condiments, pesticides, fertilizer, electricity, hygienic tissue, and sanitary napkins, but exclude education fees, animal feed and related costs, home renovation, furniture, and major household appliances.

(5) The land yield of this village is low due to its dryland soil (*han di*) and terraced fields (thus inimical to mechanized farming).

3.2.3 Familial rural-to-urban migrant workers from Gansu Province

Case D was also from Gansu Province and worked in Beijing in 2012.¹³⁵

But unlike the previous cases, Case D's household was based in Beijing. Thus Case D is offered as an example of how familial rural-to-urban migrant workers manage their reproduction of labor power together with their rural primary households.

This is a family of four: husband (aged 38), wife (36), son (14), and daughter (12). When the couple married in 1996, they split off from their primary homesteads and cultivated lands, receiving 4 mu (0.27 hectares) of cultivated land and a 70 m² to 80 m² house. Before he moved to Beijing, the husband was already a carpenter and a part-time peasant, while the wife was a homemaker taking care of agricultural production, housework and children. Though they had some cash income and enough grains for basic living in their rural hometown, this could not keep pace with increasing cash demand. Since some of their friends, also carpenters, made more money after moving to Beijing, Case D decided in 2004 to follow suit. They left their land and home to the husband's parents, and brought their two children with them, but sent their son back to Gansu two months after arriving in Beijing owing to the high urban living costs. Thereafter, their son was raised by his grandparents.

In 2012, the husband earned 4,500 yuan RMB per month (180 yuan per day × 25 work days on average), yielding an annual wage income of 40,500 yuan RMB in the 9 months or thereabouts he typically worked (work opportunities are

¹³⁵ Case D is from Gansu Province, but not from Wushan County as are Cases A, B and C. Still, I use Case D as an example since the NRCMS reimbursement rate is fairly uniform throughout Gansu.

scarce in the winter months).¹³⁶ The wife worked in a garment factory. In 22 work days per month she earned 1,700 yuan RMB, totaling 18,700 yuan RMB for the 11 months in 2012 during which she inspected products, cut stray threads and ironed.¹³⁷ Together the two made 59,200 yuan RMB. Because the 2012 national annual per capita consumption expenditures for a Beijing urban resident amounted to 24,046 yuan RMB, Case D needed at least 72,138 yuan RMB ($24,046 \times 3$) for couple and dependent to maintain an average quality of urban life.¹³⁸ It follows that the family of three was living well below average, even though husband and wife both had full-time jobs (see Table 26, p.153).

Every year the couple spent about 20 days unpaid holiday in Gansu. Case D's annual expenses amounted to:

- (1) 21,600 yuan RMB ($1,800 \text{ per month} \times 12 \text{ months}$) for food and miscellaneous expenses (shampoo, hygienic tissue, sanitary napkins, 7 yuan shower fee per use, transportation fees, etc.).
- (2) 7,800 yuan RMB ($650 \text{ per month} \times 12 \text{ months}$) for rent, utilities included. A 20 m², suburban living space with no kitchen or washroom. Only one water faucet and sink, shared by a few families.

¹³⁶ The same overtime conditions as applied to Case A and C above, apply also to Case D, with the exception that for him a 9th hour worked would receive $180 \div 6 = 30$ yuan RMB. Again, overtime pay, being irregular in occurrence and quantity, is not included.

¹³⁷ Average 8–9 hour work day without overtime pay. It should be noted that manufacturing work hours are typically longer, 10 or more hours, with dormitory residence, both factors unsuitable for a woman with a child to look after. Thus, the reported income for the Case D wife is lower than would otherwise be the case. Her coworkers in general earned more, while saving on accommodation.

¹³⁸ Cf. (National Bureau of Statistics of China, 2014a).

- (3) 3,600 yuan RMB ($300 \text{ per month} \times 12 \text{ months}$) for social activities, e.g. dinner gatherings with friends.
- (4) 2,400 yuan RMB ($100 \text{ per month} \times 12 \text{ months} \times 2 \text{ persons}$) for cell phone credits; 2.5 yuan RMB per minute for long distance calls to Gansu.
- (5) 2,000 yuan RMB for childcare, paid to the boy's grandparents in Gansu in the form of an annual red envelope (*hong bao*).
- (6) 2,000 yuan RMB for yearly high school fees and pocket money for the son.
- (7) 1,929 yuan RMB for the daughter's yearly elementary school fees. This included 1,485 yuan RMB for school lunches, 160 yuan RMB for student insurance, 150 yuan RMB in school uniform costs, and 134 yuan RMB for field trips.

Case D's total annual expenditures were 41,329 yuan RMB. Subtracted from their annual wage income of 59,200 yuan RMB, this left 17,871 yuan RMB for savings. It might at first glance seem that this 17,871 yuan RMB was enough for the couple to bring their son to Beijing. But the accounting is not so simple. A unified urban family would raise costs (1) to (3) listed above, and so too contingent spending, a general spillover effect leading to a further decline in already below average living standards. The couple had in fact considered bringing the boy to live with them once he started high school. They inquired into the high school fees in Beijing and found them too high. Because public school (mainly elementary and high school) budgets are subsidized by local governments, rural-to-urban migrants must pay extra, often unofficial and at times arbitrary fees and surcharges. The costs range from a few thousand, to tens of thousands per year, depending on school location and ranking. Because the fees exploit legal loopholes, they are typically levied in the form of (mandatory)

donations (*zan zhu fei*), school selection fees (*ze xiao fei*), and transient student fees (*jie du fei*). Clearly, unlike the households of their registered urban counterparts, familial migrant workers have a greater financial burden in urban areas, so it is harder for them to maintain their reproduction of labor power.

Case D's 2012 household wage income of 59,200 yuan RMB was enough to maintain husband and wife's simple reproduction of labor power at an average quality of life in Beijing (each needed 24,046 yuan, i.e. 48,092 yuan for 2 people), but it was still not enough for their expanded reproduction of labor power. They had to live in a suburban shantytown and do most of their shopping in informal sectors, e.g. at wholesale and roadside markets. This despite the fact that Case D's average individual income of 29,600 yuan RMB ($59,200 \text{ yuan} \div 2$ persons) for 2012 was already more than migrant workers' average 2012 income of 22,671 yuan RMB ($2,290 \text{ yuan} \times 9.9 \text{ month work year}$). Case D's expanded reproduction of labor power was bought on a tight urban waist, but the waists are even tighter for most familial migrant workers. Hence rural primary families must lessen the strain, for instance by raising a grandchild (or sometimes more than one), as with Case D (see Table 26, p.153).

Table 26
Wage Income Chart (in yuan RMB) for Familial Migrant Workers with Dependents in Beijing (Case D)

Wage income for living in Beijing without dependents	
Simple reproduction of labor power	
Annual household wage income (husband + wife)	59,200
Annual average individual wage income derived from couple	29,600 (59,200 ÷ 2)
Annual per capita consumption expenditures of Beijing residents	24,046
Capacity for managing simple reproduction of labor power	Sufficient

Note: figures are rounded.



Wage income for living in Beijing with dependent	
Expanded reproduction of labor power	
Annual household wage income (husband + wife)	59,200
Annual per capita consumption expenditures of Beijing residents	24,046
Projected minimum income needed to support 3 people (husband + wife + child)	72,138 (24,046 × 3)
Capacity for managing expanded reproduction of labor power	Insufficient

Note: figures are rounded.



Thus, familial migrant workers were forced

- to live in Beijing's suburban shantytowns,
- to shop, most usually, in informal sectors (e.g. at wholesale and roadside markets), and
- to leave children in their rural hometowns.

When familial migrant workers have healthcare problems, their rural families may also suffer. If for example Case D, let us say the husband, were to contract appendicitis and require surgery, the daughter would likely need to be placed in the care of an urban friend while the mother tended to the recuperating father. If the recovery period proved long, leaving the daughter in the care of her rural grandparents might be the more considerate option. The purely financial costs to Case D would be 4,350 yuan RMB in medical fees after NRCMS

reimbursement, and an additional 4,500 yuan RMB for a month of likely unpaid sick leave, leaving Case D with 9,021 yuan RMB ($17,871 - 4,350 - 4,500$) for annual living costs.

But in view of the lack of urban medical insurance and the low reimbursement rate of NRCMS, it should be noted that a more serious health condition might plunge migrant workers deeply into debt, after wiping out savings. And it would seem that on average the health conditions in 2012 Beijing were in fact more serious: The per capita medical fee for inpatients in public general hospitals was 17,494.7 yuan RMB.¹³⁹ Case D would indeed have been debt ridden, had the (hypothetical) appendicitis been something worse.

Moreover, migrant workers, with their low income and high risk of illness (due to poor working conditions, high labor intensity and long work hours), may need more funds in reserve to handle contingencies. To illustrate, 71.6% of migrant worker households were cast in debt by pneumoconiosis.¹⁴⁰ The degenerative and incurable lung condition was not covered by public medical insurance (either urban or NRCMS), since the responsibility for occupational diseases lay with employers. But employers typically shirk this responsibility. Faced with long-term medical expenses, migrant workers and their families are often thrust into the lowest tier of urban subsistence living, if that is they can still afford to live in cities.

In recent years migrant workers insured by NRCMS have been able to apply for reimbursement following medical treatments received outside their registered province, but still their healthcare problems remain. Since NRCMS

¹³⁹ Cf. (Beijing Public Health Information Center, 2013).

¹⁴⁰ Cf. (China Social Assistance Foundation, 2014).

reimbursement policies differ widely from province to province, the information here gathered is only a rough summary.¹⁴¹

(1) If migrants need to see an out of province doctor, they must first obtain approval from their hometown NRCMS administrative unit. In case of emergency (e.g. acute appendicitis), a request can be sent by phone within a few days after hospitalization. Without approval, either no medical expenses are reimbursed (as is the case in Neimenggu Autonomous Region and Anhui Province),¹⁴² or the rate drops (by 5% in Chongqing city).¹⁴³

(2) NRCMS does not cover occupational diseases (e.g. pneumoconiosis for mining workers) or on-site injury (e.g. a construction worker suffers a fall), even though migrants, being migrants, tend to work hazardous jobs. In either case the employer is responsible for healthcare coverage. Enter the art of the dodge.

(3) Migrants, unlike registered urban residents, do not receive instant reimbursement, i.e. fee deductions processed at the cash till, but have to pay the full expense up front (an often unmanageable expense), and wait for later reimbursement.

(4) Migrant workers may be unaware of the details of extra-provincial coverage, and so pay for what in fact is covered.

(5) Migrant workers may have NRCMS in rural hometowns, but the longer they stay in cities the less likely they are to retain this insurance, particularly for familial migrants.

¹⁴¹ Data from local government websites and migrant workers, 2011–2013.

¹⁴² Cf. (Nanling County Urban and Rural Residents' Medical Cooperation Center, 2012; The Health Department of Neimenggu Neimenggu Autonomous Region, 2012).

¹⁴³ Cf. (Fu, 2013).

The progressive marketization of healthcare (see Chapter Two) affects migrants and urban workers/residents alike, but migrant workers face more restrictions. As for hospital fees, even when migrants pay the same as do registered urban workers, the cost is proportionally greater for migrants, given their comparatively low wages.

Since individual migrant workers have close economic ties with their rural families, they often return home for treatment if they can no longer bear their medical expenses. Familial migrants usually get by on loans from urban friends who share the same rural hometown (*lao xiang*), as their households are already based in urban areas (see Table 17, p.128-9). But if help is unavailable, or insufficient to maintain basic living standards, the migrants may move back to their rural hometowns, where they at least have NRCMS and better access to absolute essentials (farming and housing), to sustain their reproduction of labor power.

The case studies cited in this section, while not fully representing migrant workers' lot, nonetheless have high reference value. Their predicaments are clear enough for us to infer the still more precarious existence of the averages which they at times exceeded. The trajectories are thus equally clear, as is the need for challenge mitigation, vis-à-vis migrants' reproduction of labor power, in particular expanded reproduction.

4 Resource shortages for migrant workers' labor power reproduction are sustained by super-exploitation, and by regional/provincial barriers of finance and taxation

Medical expenses are not the only cost of labor power reproduction, nor do they represent the only redistributive gap (secondary distribution) between registered urban residents/workers and migrant workers. In urban areas, the costs of labor power reproduction for migrant workers exceed those of registered urban workers in terms of such things as housing, education, and transportation. In Beijing, for instance, we can distinguish among:

(1) Housing: citing the 2007 Beijing indemnificatory housing policy, updated for 2013, a three member household can apply for affordable housing (*jing ji shi yong fang*) (about 50% market price) if their average per capita living space is less than 10 m² and their average annual household income falls below the range of 36,200 to 45,300 yuan RMB, depending on district.¹⁴⁴ Only Beijing registered urban residents can apply, though most migrant workers qualify if household registration is not a requirement.

(2) Education: other than the regular school fees, rural-to-urban migrants likely need to pay extra in the form of (mandatory) donations, school selection fees and transient student fees.

(3) Transportation: public transportation discounts of about 50% apply to students with Beijing urban registration.

(4) Other expenses: In 2011, propane tank refill/exchange fees for Beijing registered urban workers who work in SOEs were subsidized (resulting in a 40

¹⁴⁴ Cf. (eBeijing, the Official Website of the Beijing Government, 2013). Figures vary with size of household.

yuan fee), while migrant workers paid the full fee of 100 yuan RMB. In addition, unemployment insurance payments for Beijing registered urban workers were, in 2012, at least 842 yuan RMB per person per month,¹⁴⁵ but migrants receive no such subsidies if they are laid off.

These disparities are caused by the fiscal and taxation barriers erected between rich (typically coastal) provinces and poor (typically inland) provinces.

In the past few years, the central government has encouraged rural peasants to move to cities in order to lessen the rural-urban disparity while increasing urbanization. The prospect of eventual urban registration and its attendant social-economic benefits is one incentive. At first, some local governments offered rural peasants the chance to exchange their land rights for urban household registration (*tu di huan hu ji*), but the peasants were reluctant to do so, for fear of having nothing to go back to if urban life becomes unbearable. As a result, some local governments have enabled peasants to acquire urban registration without giving up their lands (*dai zhe tu di jin cheng*). Still, there are few takers.

Although migrant workers can keep their lands when they exchange rural for urban household registration, there are usually conditions, particularly as involves governments of first-tier inflow cities like Beijing, Shanghai and Guangzhou. The criteria relate mainly to reproduction of labor power, and are not easily met by the general mass of migrant workers, the difficulties most apparent when we consider expanded reproduction, e.g. the purchase of a living space (in which to raise children). What follows is a rough summary, since each local government has its own policy:

¹⁴⁵ Cf. (Beijing Municipal Bureau of Statistics, 2013).

(1) Migrants must have worked for the same employer and paid social security fees while living in the same city for a period of time (e.g. for Shanghai a seven year period);¹⁴⁶

(2) Migrants must have a work contract with their employer;

(3) Migrants must have no criminal record, including for tax evasion and disregard of birth control measures;

(4) Migrants must also have either:

- purchased a minimal living space in town (e.g. an at least 60 m² space in Nanjing, and an at least 75 m² space in Soochow);¹⁴⁷ or
- invested a specific amount in an urban enterprise (in Zhengzhou, a business established no less than three years and which pays more than 30,000 yuan in annual taxes);¹⁴⁸ or
- special skills/training, advanced education, an at least intermediate technician's license,¹⁴⁹ or receipt of the 'Excellent Rural-to-Urban Migrant Worker' award by local authorities.

(5) Some local governments have initiated trial policies by which migrant workers acquire urban registration without having to surrender their rural lands for a grace period of e.g. three years for Chongqing and for Guangdong

¹⁴⁶ Cf. (Shanghai Municipality Government, 2012).

¹⁴⁷ Cf. (X. Sun, Zhou, & Huang, 2008).

¹⁴⁸ Cf. (Y. Liu, 2001).

¹⁴⁹ To be licensed as intermediate, a technician must have completed a minimum two year course of study at a technical secondary school or higher, resulting in a graduation certificate; and, in addition, must have either (1) four years' steady work experience, or (2) have been a primary technician for at least three years.

Province.¹⁵⁰ If at any time within this period urban life becomes intolerable, the migrants have the option of surrendering their urban registration and returning to their rural lands.

However, migrant workers typically cannot meet the above requirements, because of their high mobility,¹⁵¹ lack of work contract, poor financial state, low skills and limited educational background.¹⁵² And so they are shut out of urban household registration. In addition, the psychological barrier against surrendering one's land is strengthened by fears of incapacity and insolvency, if there is economic downturn and no rural safety net. In July 2014 the central government loosened the eligibility criteria for attaining urban household registration, especially for small cities and organic towns, in which cases eligibility is unconditional.¹⁵³ This unconditionality can benefit rural-to-urban migrant workers in those regions, if the economic benefits of urban household registration are enough to meet migrants' needs of labor power reproduction, particularly expanded reproduction. But these needs increase with the size of the city to which migrants relocate: The proportion of migrants among the working population rises, and the application criteria become more stringent.

¹⁵⁰ Cf. (Y. Zhang, 2011).

¹⁵¹ According to a report from the sociology department of Tsinghua University in mainland China, there is a two year employment average for migrant workers, with about half a year between jobs (Bai, 2012).

¹⁵² In 2013, only 14.6% of migrant workers had a higher than college level education (National Bureau of Statistics of China, 2014b).

¹⁵³ Cf. (The State Council of the People's Republic of China, 2014). A small city is defined as such if its nonagricultural population is less than 200,000. An organic town is such if its permanent resident population is more than 2,500, at least 70% of which is nonagricultural.

In general, individual migrant workers have fewer requirements than do their familial counterparts as regards what they need to get by in urban areas, even though more and more migrants, individual and familial, are willing to settle in cities. The difference between migrant workers and registered urban residents mainly centers on housing, social security (mostly medical and endowment insurance), children's education, and rural land rights (see Table 27, p.162).

Individual migrant workers, being on the whole young and relatively healthy, usually are less concerned with medical and endowment insurance, which, if needed, they can get in their rural hometowns. Their response to serious illness is therefore to seek care in their rural hometowns and with their rural families. In terms of housing and education, most individual migrants have either no children, or children who, being in infancy or early childhood, are raised by their grandparents (or other relatives, e.g. aunts and uncles) in rural areas, while their urban based parents live in crude dormitories. Thus housing and education, while sub-optimal, are not quite, for individual migrants, urgent matters.

As for familial migrant workers, social security may not be an immediate problem if they are in reasonably good health, but a basic living space and education for children in cities is paramount (see Table 27, p.162). Since the application criteria for household registration in major urban centers are prohibitively strict, familial migrants are usually not entitled to public subsidies. And so they are forced to bear extra costs (e.g. medical expenses and school selection fees).

Table 27

Comparison of Migrants With, and Without Urban Household Registration

	Migrant Status Maintained	Urban Household Registration Attained
Medical Insurance	<ul style="list-style-type: none"> ➤ May be provided by employers, but usually is not. Migrants may have NRCMS ➤ If unemployed and thus without entitlements, migrants may still have NRCMS 	Full entitlement to urban basic medical insurance
Endowment Insurance	<ul style="list-style-type: none"> ➤ May be provided by employers, but usually is not. Migrants may have rural endowment insurance ➤ If unemployed and thus without entitlements, migrants may have rural endowment insurance 	Full entitlement to urban endowment insurance
Unemployment Insurance	May be provided by employers, but usually is not	Fees mostly paid by employer
Work-Related Injury Insurance		
Maternity Pay		
Education	<ul style="list-style-type: none"> ➤ If they want their children to study in urban public schools, migrants likely must pay extra fees and surcharges ➤ Migrant children have to go back to their rural hometowns for senior high school and university entrance examinations (<i>zhong kao & gao kao</i>) 	Children study and matriculate in their own school districts without paying extra fees
Housing	Cannot afford to buy, but must rent, lodgings, typically suburban	Entitled to apply for affordable housing
Land	Rural lands and home retained	Rural lands given up are reserved for a few years' grace period in case city life proves intolerable

Source: adapted from (China Central Television, 2013).

Due to migrant workers' obstructed capacities for maintaining their expanded reproduction of labor power, the handful of migrants who manage to qualify for urban household registration usually opt to give the chance up. According to China Central Television channel seven (CCTV 7), 200 migrant workers were awarded the title of Excellent Rural-to-Urban Migrant Worker by the Wuhan authority in Hubei Province in 2011, thus permitted to apply for Wuhan household registration; by 2013, only 47 of them had done so. Migrant worker Yuan Yunzhou states that while his son was attending public school—six years of elementary, three of junior high and another three years of senior

high—he (the father) had to make mandatory donations. Over a three year period he paid 16,800 yuan RMB to his son’s school, while his monthly wage was only 700 yuan RMB. By the time the father was awarded the title of Excellent Rural-to-Urban Migrant Worker, the son had been admitted to university, where, we might add, he would be at least partly self-supporting. After 23 years (1988–2011) of pining for household registration in Wuhan city, Yuan Yunzhou was happy for the award, regretting only that it could not have come sooner. True, he was by then no longer obliged to pay extra school fees, and had moreover attained a higher salary due to national government policy initiatives. But as he lacked the financial savings to make urban retirement a viable option, Yuan Yunzhou turned down the chance for household registration. He will retire to his rural lands and home.¹⁵⁴

Although urban household registration brings migrant workers definite economic benefits (e.g. social security and children’s educational supplements), their essential needs (e.g. housing) are not entirely met, particularly when we consider their long term reproduction of labor power in cities, as illustrated above in the case of Yuan Yunzhou. In 2009, the Research Team of the Development Research Center of the State Council compared migrant workers’ household incomes with those of registered urban residents, and found that migrants fell between the lowest 10% (first decile group) and next to lowest 10% (second decile group) of registered urban residents’ household income,¹⁵⁵ concluding that most migrant workers were shut out of the housing market.

¹⁵⁴ Cf. (China Central Television, 2013).

¹⁵⁵ Cf. (Research Team of the Development Research Center of the State Council, 2011:9).

The following year (2010), employing the then current income statistics for registered urban residents and without taking into account absolute essentials, Shen Youjia calculated how long residents of successive income brackets would have to work before they could afford to buy a home at the 2010 market price. The lowest 10%, or decile, would need 197 years, the next lowest decile, 66 years. In light of the just cited 2009 research findings, we can conclude that migrant workers would need up to 66 years to buy a house at commercial rates. Even with household registration, and thus the right to apply for affordable housing, migrants still would have to work 52 years to afford a house, assuming market prices stood still.¹⁵⁶

Although registered urban residents may have their own housing problems, they also have better means to deal with them. For example, the older (urban) generation usually own apartments distributed to them by SOEs, and so can accommodate their descendents should the latter be unable to afford their own housing. Migrant workers lack such benefits. In 2013, the average monthly per capita housing expense for registered urban residents was 145.425 yuan RMB (9.7% of total consumption expenditures),¹⁵⁷ while migrants paid 453 yuan RMB per person (50.8% of total consumption expenditures).¹⁵⁸ The upshot is that migrants who are willing and able to give up their rural lands and homes in exchange for urban household registration are usually able to afford urban housing (a minimal requirement for expanded reproduction of labor power); they

¹⁵⁶ Cf. (Shen, 2012).

¹⁵⁷ Cf. (National Bureau of Statistics of China, 2014a). In 2013, the average annual per capita housing expense for registered urban residents was 1,745.1 yuan RMB, which equates to a monthly figure of 145.425 yuan RMB.

¹⁵⁸ Cf. (National Bureau of Statistics of China, 2014b).

may for instance be labor contractors and shop owners.¹⁵⁹

The strict eligibility criteria for migrant workers who wish to become registered urban residents show that local governments of inflow cities are not much committed to the costly reform/rescinding of household registration, nor to social redistribution (e.g. wage increases and expanded healthcare subsidies). The 2013 per capita cost of citizenization of migrant workers (housing subsidies, public education, healthcare, etc.) is 130,000 yuan RMB.¹⁶⁰ Multiplied by the 268.94 million migrant workers reported nationally in 2013, this would yield an aggregate 34.96 trillion yuan RMB cost to local governments,¹⁶¹ who, like many such, may already be in debt. For a more local calculus, we turn to Shenzhen, where by the end of 2011 there were 6.13 million migrant workers.¹⁶² If in 2013 all were granted urban citizenship, the cost would hit 796.9 billion yuan RMB. But that year the Shenzhen government faced a 13 billion yuan RMB debt,¹⁶³ and so this extra cost would have been out of the question.

According to the National Audit Office of the People's Republic of China, by the end of June 2013 local governments altogether carried a 10.8 trillion yuan RMB debt.¹⁶⁴ To pay this debt down, local governments usually try to attract investors, thereby spurring economic growth. But once migrant workers become

¹⁵⁹ Cf. (X. Sun et al., 2008).

¹⁶⁰ Cf. (Report on the Urbanization Process of Rural-to-Urban Migrants in China, as cited in F. Li, 2014).

¹⁶¹ Data are from (National Bureau of Statistics of China, 2014b) and calculated by researcher.

¹⁶² Cf. (Xie & Zhong, 2013).

¹⁶³ Cf. (Qu, 2013).

¹⁶⁴ Cf. (National Audit Office of the People's Republic of China, 2013).

registered urban workers, they tend to require social security and higher wages, since there may be no recourse to rural-based resources. On average, employers pay 42.8% of social security (see Table 28). If for example an employee earns 1,000 yuan RMB per month, the employer must contribute 428 yuan RMB to the employee's social security fund. The more employees, the higher the cost. Such expenses, in combination with higher wages, may make local governments less attractive to investors.

Table 28

2013 Employee Benefits—Deductions and Employer Contributions

	Medical Insurance	Endowment Insurance	Unemployment Insurance	Work-Related Injury Insurance	Maternity Pay	Housing Fund
Employee Payroll Deductions (%)	2	8	0.2	N/A	N/A	10
Employer Contributions (%)	10	20	1	1	0.8	10

Note: the above are rough figures culled from various, but closely related locales.

As can be seen, neither rural-to-urban migrant workers nor their local governments can accommodate the high costs of citizenization. Thus, even though national statistics show that approximately 53% of the Chinese population lives and works in cities, only about 35% of the population consists of registered urban residents.¹⁶⁵ This serves to qualify the urbanization rate, as the 18% (53% – 35%) who are rural-to-urban migrant workers are incompletely urbanized.

Migrant workers in China butt up against an income wall. Even when in somewhat stable health, and unremittingly productive, their rural households must shoulder the responsibility of their uncompensated (or undercompensated) expanded reproduction of labor power (expressed as unpaid domestic labor);

¹⁶⁵ Data are from (C. Zhang, 2013).

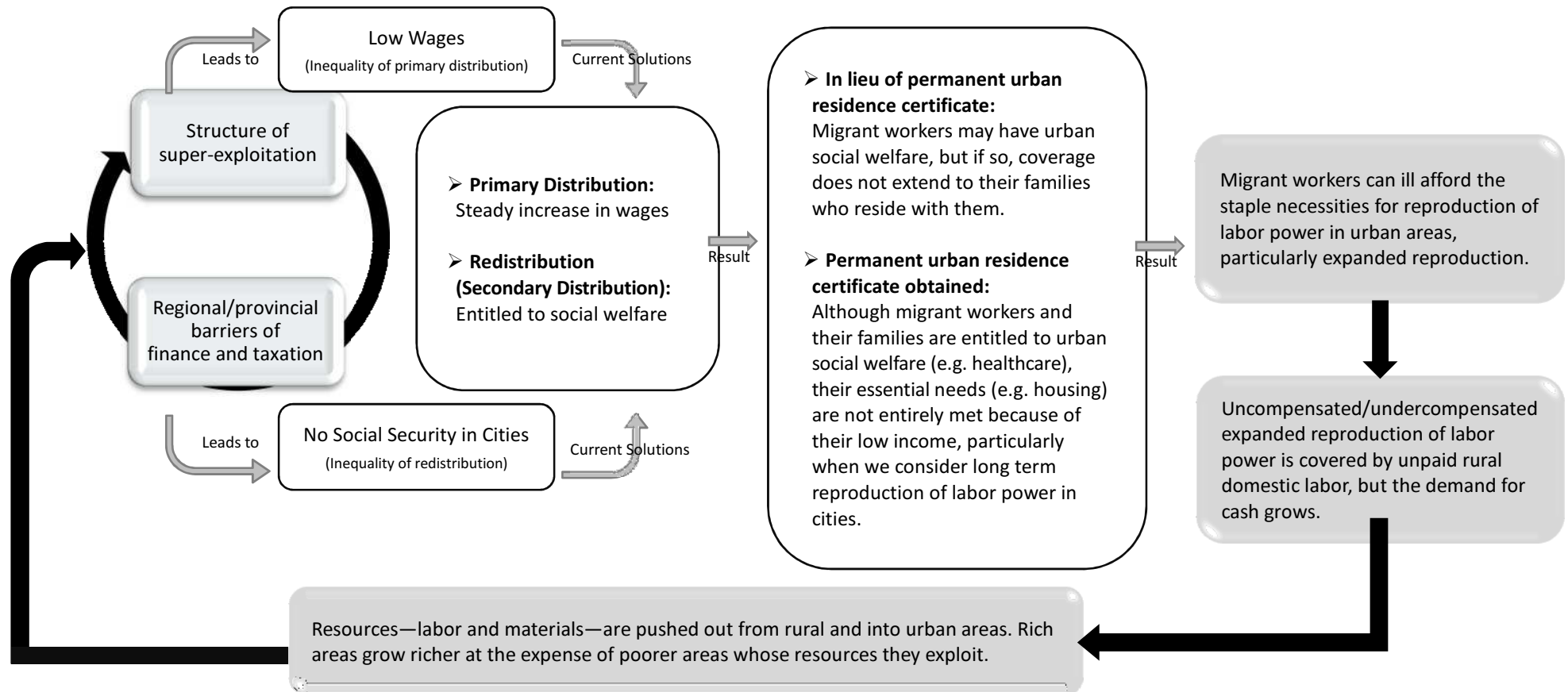
children are sent to the hometown or left there from the start, as an invisible buffer for lower migrant wages,¹⁶⁶ and a family already forced to live apart is split still further. Ideally these reproductive costs would be borne by the (migrants') employers, reimbursed in the form of wage income, and not blithely appropriated as surplus value.

But the situation is still worse when a migrant is in ill health. Then the weight on the rural homestead's shoulders, an aging first generation with already a third generation child to mind, becomes yet more burdensome as the second generation, too, is taken on, for the capitalists do not consider healthcare as essential for labor power reproduction: Workers must shift for themselves. Capitalists are emboldened in their neglect owing to the ample surplus labor in rural areas, ready to replace the debilitated migrant should the latter be no longer able to sustain, even with familial help, the requisite volume of labor, and reproduction. Migrants in need are thus safely ignored. And rural areas, as a source of surplus labor, are depleted as growing demand for cash pushes labor into cities, thus increasing the rural-urban wealth gap. Rich areas grow richer at the expense of poorer areas whose resources they exploit.

To the extent that this situation persists, with workers in failing health shuttled off to the side and left to the resources of unrecognized and unpaid rural labor, the prevailing structure of super-exploitation, together and in mutual reinforcement with regional/provincial barriers of finance and taxation, will be bolstered, as migrants cinch their belts ever tighter, until the capitalists complain of poor sales, and low consumption (see Figure 17, p.168).

¹⁶⁶ It is largely because of this rural buffer that poverty in China is less apparent than in most other third world countries.

Figure 17. Super-exploitation, and regional/provincial barriers of finance and taxation: A perpetual cycle



Chapter Five: Current Solutions Assessed, with Alternatives

Proffered

*A job with the chance of saving money, family get-togethers
with the recognition in a child's eye that says 'father', and
not eyes askance at a stranger: this, together with good
health, is all I ask.*¹⁶⁷

Words of a migrant worker (2012)¹⁶⁸

Accessible, effective healthcare is necessary for labor power reproduction. How to acquire this necessity relates to the system of social distribution, which, according to capitalist history, proceeds most commonly from individual appropriation (through the household) to socialized appropriation, or to collective consumption through state-run social security, e.g. public medical insurance.

When China was in its first stages of economic reform, a transformation impelled by the forces of marketization, healthcare became a self-supported expense and burden for rural peasants, as well as for the (unemployed and underemployed) family members of urban workers, while benefits to urban workers themselves were reduced. In response to public anger and the need for stabilized social reproduction, the Chinese government has worked to rebuild social security (e.g. medical and endowment insurance) while promoting wage

¹⁶⁷ Divided families are the most visible sign of super-exploitation; change this structure, and families can be as one, living and working together.

¹⁶⁸ Italicized quote is field work data culled from an interview, Yanan Township (Gansu Province), February 2012.

advancement, with the aim of benefiting those who lack sufficient resources for their labor power reproduction.

But under the structure of super-exploitation, migrant workers still are left with insufficient resources for their labor power reproduction, and so migrants are forced to achieve their reproductive needs in a divided manner: simple reproduction in cities, and expanded reproduction in rural hometowns. If we wish therefore to remedy the healthcare woes of migrant workers, and stitch closed the rural-urban gap, we need first to address the problem of super-exploitation.

1 Externalization of the costs of labor power reproduction

Marx states that the necessary expenses of labor power reproduction (healthcare, housing, education etc.) must be adequately remunerated if the exchange between wage laborers and their capitalist employers is to be of equal value. But capitalists tend usually to avoid equivalent exchange in order to extract more surplus value from their employees, since ever increasing profit is the hallmark and basic tenet of capitalism. As a corollary of private ownership, capitalists are concerned only with constant capital (e.g. machinery and the fixed structures which house it), not variable capital (i.e. labor power). The latter is consigned to an externality, and there is no lack of surplus labor to replace ‘damaged’, worn out, or otherwise underperforming workers. Thus capitalists are often reluctant to pay for employees’ social security, but are willing to spend money on property insurance, to safeguard against fire, flood and other perils.

But due to increasing socialization of production, as well as scientific and technological progress, there are proportionately greater requirements for skilled labor power. Workers need regularly to upgrade their skills and knowledge in

order to operate and maintain advanced machinery, and so must invest in their own education. Given the high labor intensity of mechanized production, workplaces become hazardous, leading to occupational injury and premature worker obsolescence, with a legacy of medical care. Yet these specters of modernity little dissuade rural residents from migrating to urban areas, where living expenses, not least housing, are higher. These and other costs are ideally to be recompensed by capitalists from the surplus value which they appropriate from workers, since the “reproduction of labor power forms, in fact, an essential of the reproduction of capital itself” (Marx, 1887:429). So says theory, but in practice, capitalists refrain from factoring all the expenditures of labor power reproduction into workers’ wages, and it falls to individuals (through their households) to fill the gap.

These costs are likely to exceed the means of individual workers (and their households), with the result that the costs of labor power reproduction are socialized. In industrializing countries of the 19th century, workers were at first aided by private charities (e.g. churches), which supplied food, skills training, and other essentials. Although the resources offered by individual charities could alleviate some urgent needs, the demand was always greater, and there were urban poor on every corner. In England, in the wake of the Industrial Revolution, large numbers of newly landless peasants were forced to migrate from rural to urban areas, thus contributing in great degree to housing shortages. What housing they got mirrored their destitution:

in most cases, of a single room, ill-ventilated and yet cold, owing to broken, ill-fitting windows, sometimes damp and partially underground, and always scantily furnished and altogether

comfortless, heaps of straw often serving for beds, in which a whole family—male and female, young and old, are huddled together in revolting confusion. The supplies of water are obtained only from the public pumps (Engels, 1969:67).

In the name of progress, men, women and children were made to live as beasts, while their masters flourished. Liberalism holds that life is a Darwinian struggle, but leaves out capitalists' obligation towards the needs of labor power reproduction. Institutional bias, not natural selection, becomes the determiner of success.

The problems of labor power reproduction in industrializing countries not only led to the progressive immiseration of the working class, but also left their mark on social reproduction. Were it not for a ready pool of surplus labor, large-scale socialized production would have slowed down as reproduction of labor power faltered. Nonetheless, it soon became evident, to increasingly strident wage earners and (belatedly) wage payers, that labor power reproduction could no longer be permitted to lag so far behind social reproduction:

This rebellion of the productive forces, as they grow more and more powerful, against their quality as capital, this stronger and stronger command that their social character shall be recognized, forces the capital class itself to treat them more and more as social productive forces, so far as this is possible under capitalist conditions (Engels, 1970).

Thus was reproduction of labor power prioritized, and further socialized, as an essential component of reproduction of capital, as governments were forced to assume greater responsibility. In late 19th century France, elementary

education was made free of charge, and in Germany came a series of public welfare policies and legislation, such as medical insurance and work-related injury insurance.

After World War II, in order to contend with communist countries while struggling to liberate themselves from economic depression, capitalist countries instigated Keynesian economics, with its emphasis on government intervention. The state was to regulate markets while increasing public welfare expenditures, as for instance on social-material infrastructure, enabling development to proceed in a stable manner while jobs were created and the economy stimulated. Social equality thus became an objective of big government and public spending. The umbrella of social welfare coverage expanded over the citizen body, sheltering all aspects of productive life, from cradle to grave: There was subsidized healthcare, particularly maternal and child (future labor power), public schooling (primary and secondary), a minimum wage policy, unemployment insurance, endowment insurance (past labor power), and so on. Under state management, socialization of labor power reproduction became relatively stable.

Such state-supported social welfare operated within a capitalist market system. There are, according to Gøsta Esping-Andersen, three major types of welfare state:

(1) the social democratic welfare states, which show the greatest decommodification and emphasis on citizenship rights; (2) the liberal welfare state, which is the most market dependent and emphasizes means and income testing; and (3) an intermediate group, the conservative, corporatist, or familist welfare states, which are characterized by class and status-based insurance

schemes and a heavy reliance on the family to provide support

(Coburn, 2010:71).

There exist further variations in welfare state regimes, and Table 29 draws from

Toba Bryant's analysis:¹⁶⁹

Table 29

Variations among Welfare State Regimes

Welfare State Regimes	Example Countries	Principles
Social Democratic	Finland	<ol style="list-style-type: none">1. The state provides universal welfare rather than targeted social welfare.2. The goal is equal social resource distribution and full employment. Citizens, if impoverished, are to be lifted out of poverty, not merely maintained in it (perpetually minimal sustenance).3. Access to programs and benefits is comprehensive even in the absence of employee contribution legacies.
*Liberal	USA	<ol style="list-style-type: none">1. The state provides basic social welfare only to the least well-off, e.g. for the disabled and indigent.2. Benefits are minimal, sufficient only to maintain recipients in their poverty.3. Belief that overly generous social welfare will incur dependency while impairing the incentive to work.
Conservative	Germany	<ol style="list-style-type: none">1. State-mandated social insurance programs cover various economic sectors, and ensure support for the elderly, sick, and unemployed.2. Though support covers the life cycle, existing wealth disparities are maintained.3. Benefits are keyed to salary and employment history.

Note: * "Liberal does not refer to the North American usage as being somewhat more progressive than those who call themselves conservative" (Bryant, 2009:239).

But with the oil crisis and stagflation of the 1970s, social problems

worsened. Mainstream economists and politicians, namely neoliberalists like

¹⁶⁹ Cf. (Bryant, 2009).

Margaret Thatcher, Alan Greenspan and Ronald Reagan, blamed these problems on government intervention into the economy, which intervention, it was said, could not but be misguided and to ill-effect. They proposed a market driven approach that would decrease public spending and thereby lighten the deficit. But the neoliberal cure made the disease still worse, and the patient moribund. Even in the relative calm between financial storms, an almost exclusively market-driven approach, as per the Washington Consensus, is at best highly inefficient: “the percentage of GNP the US pays [for healthcare] is much more than that for any other nation, and this is for a system in which about 40 million people are not insured and most of the others are underinsured” (Locating Health Care, 2001:3). David Coburn concludes that “the United States, one of the richest nations in the world, has one of the poorest health records of any of the developed nations” (2010:65).

The interventionists evince a Keynesian ideology, insofar as they believe government imposed market controls are needed to promote access to healthcare, while liberalists believe the invisible hand of market competition will push healthcare into efficiency. It is worth mentioning that, although these two ideologies contradict each other, both favor capitalism, root and branch: Because the superstructure (e.g. social policies, systems of taxation and education) derives from the economic base (mode of production), the healthcare regulations of these welfare states are, in essence, devised according to the needs of capitalist development rather than of public demand.

Though state-run social welfare may be perceived as a government handout, in fact the budgets are ultimately, if not exclusively drawn from workers themselves. Social security budgets have mainly three sources:

- (1) Employee wage deductions;
- (2) Employer contributions, in line with state regulation, although employers generally strive to recoup these expenses by wage reductions, work hour extension, or increased commodity prices; and
- (3) State financial allocations: government revenue has as its primary source taxation, at the cost of the working class.

In consequence, the welfare state is misperceived as conferring high benefits to workers for their reproduction of labor power; the reality is that workers bankroll social welfare, with government as intermediary. This is to say that the consumption funds of individual workers, which should, ideally, accrue to workers in the form of wages, is in effect deducted and transferred into social welfare funds, so that the influence of the working class on the expenses of labor power reproduction is undercut. It follows that social welfare is, to significant degree, an arrogation of personal income in accordance with the dictates of institutional demand.

2 History of redistribution in China in the post-reform era

Since economic reform, China's public welfare policies have similarly been affected by neoliberal ideology. Ideally, the demands of labor power reproduction should be met by wage income (see Figure 18, left index column, p.181), but in China these demands have, as with most every other capitalist country throughout history, been externalized. The responsibility has been passed on either to the state or populace (see Figure 18, middle index column, p.181). In the 1970s, about 70% of urban residents had public healthcare coverage, as per compulsory medical insurance paid for by SOEs, while in rural areas 84.6% of

production brigades had joined RCMS, which was supported by collectives. But in 1998, only 38.9% of urban residents, and 6.57% of rural peasants, still had public healthcare.¹⁷⁰ Accordingly, in 1998 only 17.35% of the Chinese population was entitled to public medical insurance,¹⁷¹ and more and more people were impoverished by illness.

In the 1990s, although the government implemented policies that address the healthcare problems of mostly urban workers, the policies were determined by the needs of economic development. The initial purpose of e.g. the Labor Health Insurance Scheme of 1994 was not to alleviate *workers'* healthcare burden, a burden that grew when post reform SOEs were allowed to cut back on healthcare benefits so as better to compete in the market system, but to alleviate the burden on SOEs. Mitigation of workers' healthcare woes was ancillary to the scheme, a matter of secondary concern.¹⁷²

Roughly speaking, from the early 1980s to 2005, individuals who did not work in the public sector (e.g. workers in SOEs, public servants, soldiers, etc.) had usually to take care of their own healthcare problems. Finally, in 2005, the Chinese government admitted that healthcare should not be marketized, since it would then become unaffordable for the poor. (We might also presume a negative impact on social reproduction.) Thus the government has resumed a major role in healthcare, prioritizing redistribution (secondary distribution) in its Eleventh

¹⁷⁰ Cf. (Ge & Gong, 2007).

¹⁷¹ Cf. (National Bureau of Statistics of China, 2014a). In 1998, China's population totaled 1,247.61 million, which number includes 416.08 million in urban areas and 831.53 million in rural areas. $17.35\% = [(38.9\% \times 416.08 \text{ million}) + (6.57\% \times 831.53 \text{ million})] \div 1,247.61 \text{ million}$.

¹⁷² Cf. (Ge & Gong, 2007:28).

Five-Year Plan (2006–2010) for National Economic and Social Development (see Figure 18, right index column, p.181). NRCMS for registered rural residents, formulated in 2003, was more widely promoted, and given more resources, in 2005. As for registered urban residents, a basic medical insurance system has been in place since 2007. The latter was incorporated into the urban social security system together with the Labor Health Insurance Scheme in around 2010 (time of incorporation varied from province to province).

China's social security budgets are similar to those of most other welfare states, and are likewise drawn from three sources: employee wage deductions, employer contributions, and state financial allocations. It follows that labor power reproduction for the working class is largely self-subsidized. Medical insurance deductions amount to 2% of employees' monthly salaries; employer contributions about 10% (yielding a monthly total of some 12%), but, as noted above, work hour extension or commodity price increases can recoup the loss. Although state allocations fund public medical insurance, the money derives mostly from working class pockets, since approximately 70% of national tax revenue in China consists of indirect, i.e. hidden tax: mainly consumption tax, added-value tax, and business tax.¹⁷³ Rural-to-urban migrant workers constitute an active part of the tax base (e.g. by buying groceries and daily products in cities), but are largely excluded from the urban social security benefits funded by these taxes.

There is another blind spot associated with redistributive reform (e.g. healthcare reform): Medical insurance may in the short term reduce the healthcare problems of the poor, since its budgets are drawn from a social pool (a

¹⁷³ Cf. (Y. Lu & Sun, 2014; H. Luo, 2011).

model of mutual aid). In the long term, however, the problems of social inequality—the income gap, and insufficient labor power reproduction for the working class, particularly migrant workers and, more generally, low-skilled workers—continue unabated (indeed, they may worsen), because

every reduction in the cost of production of labor power, that is to say, every permanent price reduction in the worker's necessities of life is equivalent 'on the basis of the iron laws of political economy' to a reduction in the value of labor power and will therefore finally result in a corresponding fall in wages (Engels, 1995).

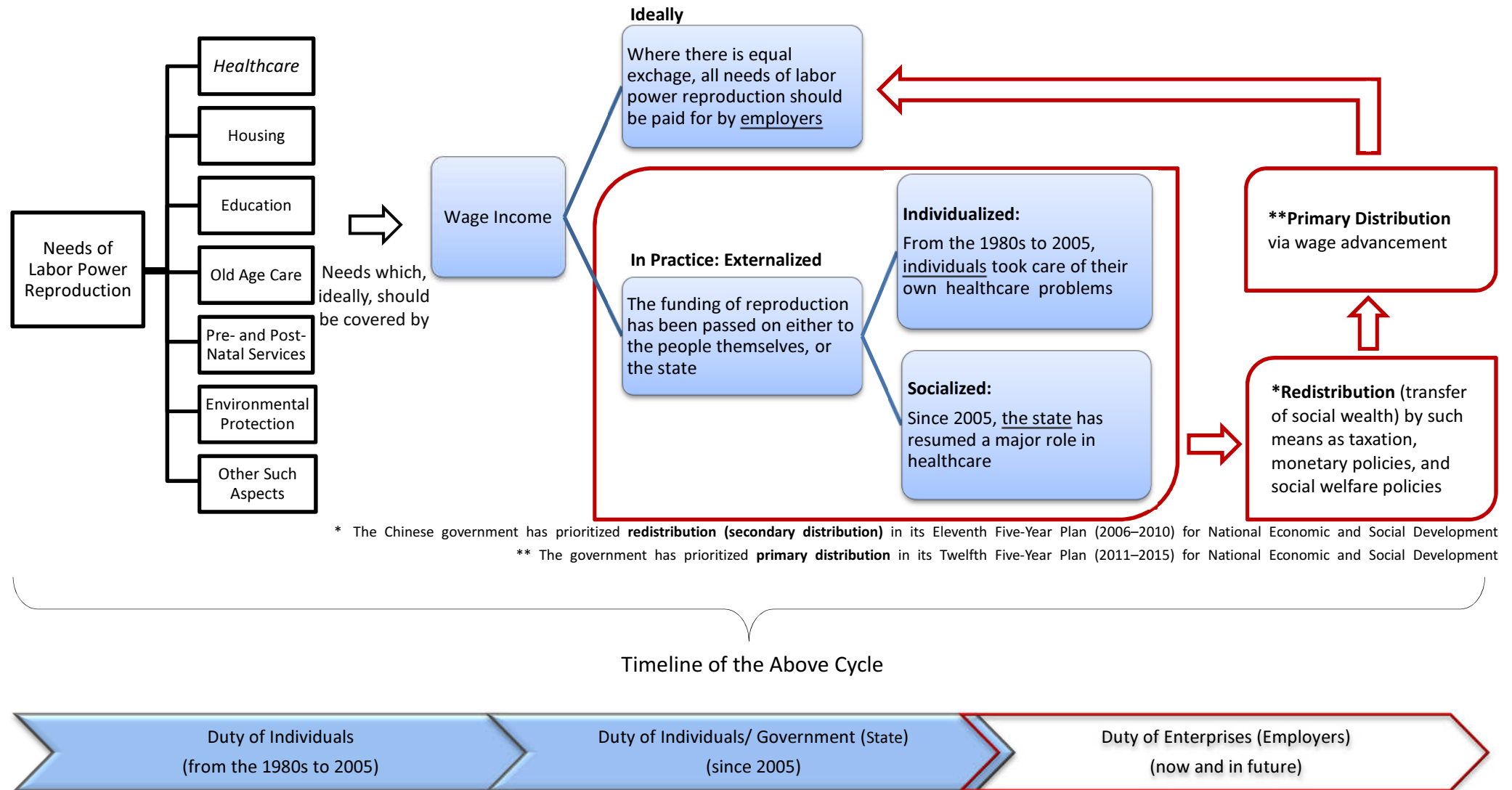
The price of labor power rises and falls with the market, since labor power itself is a commodity. As for reforms,

all so-called social reforms which aim at saving or cheapening the means of subsistence of the worker. ...become general and then they are followed by a corresponding reduction of wages.... Let us assume that in a certain area a general introduction of consumers' co-operatives succeeds in reducing the cost of foodstuffs for the workers by 20 percent; in the long run wages would fall in that area by approximately 20 percent, that is to say, in the same proportion as the foodstuffs in question enter into the means of subsistence of the workers. ... In short, as soon as any such savings reform has become general, the worker receives in the same proportion less wages, as his savings permit him to live cheaper. ... Therefore: the more he saves the less he will receive in wages. He saves therefore not in his own interests, but in the

interests of the capitalist (ibid).

It is on account of these redistributive shortfalls that, in general, welfare states have largely failed to alleviate the problems of labor power reproduction of the working class, and so the Chinese government attaches great importance to primary (income) distribution, as outlined in its Twelfth Five-Year Plan (2011–2015) for National Economic and Social Development (see Figure 18, right index column, p.181).

Figure 18. Policy changes in response to social welfare inequality in China



3 Emphasizing primary distribution: currency appreciation or wage advancement?

China's ongoing Twelfth Five-Year Plan (2011–2015) aims to stop up the loopholes of redistribution (secondary distribution). One strategy emphasizes primary distribution in the form of increased wage income. With this modified emphasis on income distribution, the government has set a goal of doubling the 2010 per capita wage income by 2020, and increasing the average minimum wage by a rate of not less than 13% each year over the course of the Plan. Capital enterprises are thereby made to fulfill what ideally is their responsibility to workers, vis-à-vis the expense of labor power reproduction (for a summary of the policy changes undertaken in response to social welfare inequality in the time of healthcare reform, see Figure 18 above, p.181).

The greater the purchasing power, the more completely satisfied are the necessities of labor power reproduction. Two ways generally obtain by which to increase wage income, and thereby purchasing power: currency appreciation and wage advancement. The Chinese government has since 2005 conducted a floating exchange rate, to facilitate integration with global markets. In the process, the Chinese currency value has appreciated by some 30% while the average wage has seen a parallel advancement of on average 12.58% per annum.¹⁷⁴ Given that the purpose of primary distribution in the form of wage income is to enhance the labor power reproduction of the working class, the question then arises, as to which of the two, RMB appreciation or wage advancement, helps realize this purpose.

¹⁷⁴ Cf. (H. Yang, 2012).

As noted above, in the wake of World War II, as part of efforts to stop the spread of communism, the developed western countries, preeminently and as orchestrated by the United States and England, adopted a system of Keynesian economics, leading to high wages, robust employment, rampant consumption, and lifetime social security, this in order to establish a development scheme of internal-oriented accumulation among what amounted to an international monopoly combine. There were wage gaps between countries (the costs of labor varied), and inflation rates, too, differed, but the developed nations found their commodity prices to be uncompetitive, and rather than submit to a cut in profits, capitalists decided to lower the cost of goods by further reducing already stagnated wages.

Locally, this could not be done, and so labor was ‘outsourced’ to third world countries, where wages were more accommodating. While transferring their labor-intensive industry into developing countries, these developed countries continued to upgrade their respective industries by means of technology- and capital-intensive development. This move, in comparison with the international division of labor during the colonial period (e.g. resources from the colonies were shipped to the colonizers and made into cheap goods subsequently sold dear there, and in the colonies), is called the *new* international division of labor, a vertical and horizontal division.

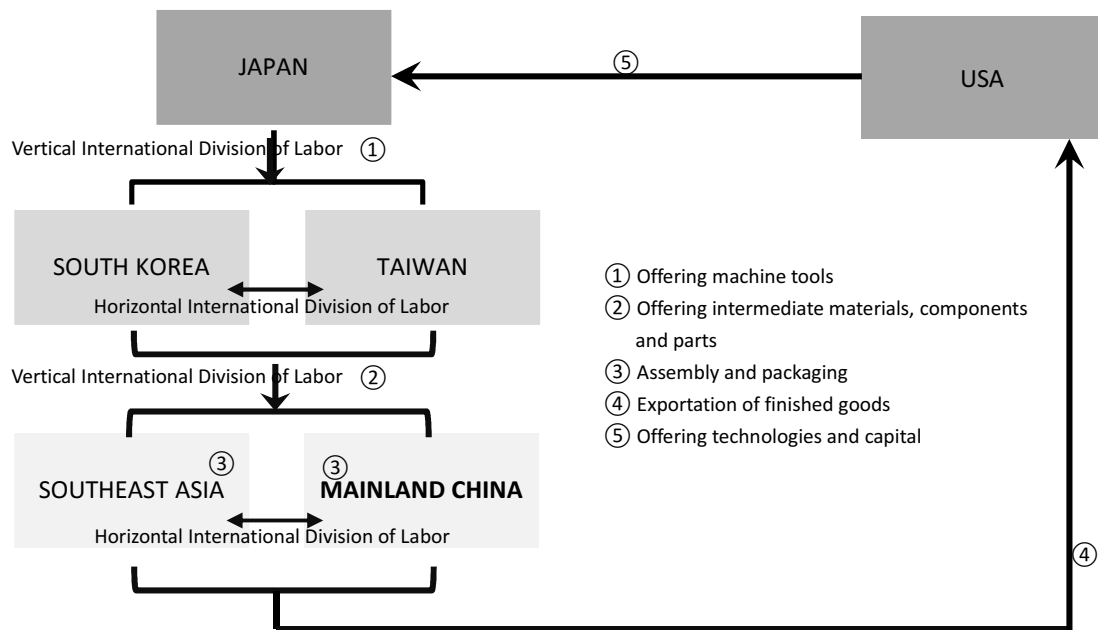
With respect to the vertical division, the developed countries, mainly Anglo-America, Western Europe and Japan, in seeking to maintain economic dominance, together construct a multi-tiered production architecture which sets the most technologically advanced stage at the top, a hermetic division which holds inviolate proprietary design strategies in their countries of origin. The

mid-level tier is occupied by regions/nations (e.g. Taiwan and South Korea) with less highly skilled industries and work forces. The lowest tier consists of regions such as Southeast Asia, sub-Saharan Africa, and parts of Latin America, sites of low cost and largely unskilled surplus labor, e.g. of the sort occupied with assembly and packaging. With the horizontal division are associated regions/nations which boast comparable skills, labor and technology. An example is provided by Taiwan and South Korea (mid-tier), both of which manufacture integrated circuit (IC) chips for later assembly into computers and cellphones, at such factories as China's Foxconn plant, China inhabiting as yet and largely the lowest tier.

Although the new international division of labor has undergone structural change and distribution over time (e.g. during the Cold War, Taiwan, as an OEM¹⁷⁵ manufacturing region, represented the bottom tier of this international division), the developed countries, chiefly the United States, remained the political-economic hegemons. Since its economic reform, China has gradually integrated into this division of labor, but due to its technological, skills and resource limitations remains an OEM class nation. Factories in China and Southeast Asia tend currently to be sites of assembly and packaging, with subsequent shipping to, in particular, first world markets. For instance, while iPhones are designed in the United States, the constituent parts thereof, together with machine tools and intermediate materials, originate in Japan, Taiwan and South Korea, before being sent to China (see Figure 19, p.185).

¹⁷⁵ OEM: Original Equipment Manufacturer.

Figure 19. New international division of labor: Its salient features charted in brief



With the goal of maintaining its superpower status while reducing its international debt load, the United States has by means of a wide range of pretexts (e.g. anti-dumping) established a history of forcing its creditor nations to revalue their currencies, under the guise of an ostensibly neoliberal system. For example, Japan was in 1985 compelled to sign the Plaza Accord, the purpose of which was to raise the value of the yen and in so doing reduce the United States' trade deficit and indebtedness to Japan. Japan had no say in the matter, since its economy relied on foreign trade, the bulk of which was, and is, conducted with its hard dealing partner. The United States has brought similar strategies to bear on Taiwan, and now too on mainland China, whose dependence on foreign trade (predominantly manufacturing) runs at about 50% (see Table 30, p.186), although the Chinese government has in recent years tried to decrease this rate, principally by stimulating domestic consumption, with the long-term goal of

transitioning from an export based to a domestic economy.

Table 30

China's Dependence on Foreign Trade

	Total Export–Import Volume (in hundred million yuan RMB)	Gross Domestic Product (in hundred million yuan RMB)	Dependence on Foreign Trade (%)
2006	140,974.00	216,314.43	65
2007	166,863.70	265,810.31	63
2008	179,921.47	314,045.43	57
2009	150,648.06	340,902.81	44
2010	201,722.15	401,512.80	50
2011	236,401.99	473,104.05	50
2012	244,160.21	519,470.10	47
2013	258,168.89	568,845.21	45

Source: (National Bureau of Statistics of China, 2014a) with percentage calculation by researcher.

Note: Dependence on Foreign Trade = (Total Export-Import Volume ÷ Gross Domestic Product) × %

Currency appreciation and wage advancement each contribute to higher purchasing power, but their respective impacts on reproduction of labor power differ greatly, since currency appreciation favors primarily the rich, while wage advancement is of overall benefit to the working class. For instance, and for sake of simplicity, let us assume that only the exchange rate and wage advancements, and no other factors (such as war, economic crisis or natural disaster), influence commodity prices, and then assume further that in China in 2010

- (1) The monthly per capita income for cellphone workers was 3,000 yuan RMB;
- (2) Each cellphone sold for 3,000 yuan RMB; and, finally,
- (3) Each worker produced 10 cellphones per month.

Thus the wage proportion per cellphone would have stood at 0.1, yielding a labor cost per cellphone of 300 yuan RMB. Let us assume that this is the case, at a time when the exchange rate between the Chinese RMB and the US dollar is

7.5:1. If however the exchange rate becomes 6:1, or 5:1, the labor cost per cellphone must rise either to 375, or to 450 yuan RMB, if the profit margins of export manufacturers are to be maintained, since the weakening US dollar in relation to the RMB makes commodities, in this case and most saliently the cellphone and the labor power embodied in its production, more expensive for the foreign buyer, even if the domestic wages of the Chinese laborer persist unchanged (see calculation below, Table 31, p.188). It follows that RMB appreciation brings higher labor costs for manufacturers, with a commensurate impact on China's foreign trade (e.g. industrial transfers to low labor cost nations), since China currently occupies the lowest tier of international division of labor, with OEM factories composing its main force of economic development.

Although imported products (e.g. cars and luxury bags) or foreign spending (e.g. study and travel abroad) are made cheaper as a result of currency appreciation (i.e. purchasing power increases when buying foreign products), the gains accrue in greatest measure to those rich enough to buy foreign imports. But here it bears mention that there are some key raw materials and resources (e.g. iron ore and petroleum) over the prices of which China has little or no control, and which usually rise in cost together with RMB appreciation, thereby slowing development. Currency appreciation tends not to benefit workers' reproduction of labor power, since their wages are unaltered (as in the example given above, where the workers still get the same 3,000 RMB per month regardless of currency exchange rate), and most of their income is spent not on foreign goods, but on regular, domestic living costs, for instance staple goods, e.g. groceries.

Table 31

Simplified Model of Labor Costs in Relation to Currency Appreciation

➤	Wage: 3,000 yuan RMB/ month/ worker
➤	Price per cellphone: 3,000 yuan RMB
➤	Rate of production: 10 cellphones/ worker/ month
➤	Wage proportion per cellphone = 0.1 i.e. $0.1 = [3,000 \text{ yuan Wage} \div (3,000 \text{ yuan per cellphone} \times \text{each worker producing 10 cellphones per month})]$
Assuming a RMB:USD currency exchange rate of 7.5:1	
Labor cost per cellphone: 300 yuan RMB ($3,000 \text{ yuan per cellphone} \times 0.1$)	
Assuming a RMB:USD currency exchange rate of 6:1	
$7.5 \div 6 = 1.25$ (an increase of 25%)	
Labor cost per cellphone: 375 yuan RMB ($3,000 \text{ yuan RMB per cellphone} \times 0.1 \times 1.25$)	
Assuming a RMB:USD currency exchange rate of 5:1	
$6 \div 5 = 1.2$ (an increase of 20%)	
Labor cost per cellphone: 450 yuan RMB ($3,000 \text{ yuan per cellphone} \times 0.1 \times 1.25 \times 1.2$)	

If, however, we directly raise wage income, the benefits go as directly to the working class. To project forward from the 2010 model presented above, with what since that year has been the persistent inflation rate of roughly 3% per annum, we expect a cumulative inflation growth rate of 30%, i.e. $(1+3\%)^9$, by 2020, by which time the Chinese government hopes to have doubled annual per capita wage income to 6,000 yuan RMB, as noted above. This amount will be equivalent to a 2010 wage of (not 3,000 yuan but) 4,200 yuan RMB, i.e. $6,000 - (6,000 \times 30\%)$, signaling a 1,200 yuan RMB, or 40% rise in purchasing power ($4,200 \div 3,000$).

Currency appreciation and wage advancement both lead to higher labor costs (for calculations as to the latter see Table 32 below, p.189), thus prompting foreign capital investment in the form of manufacturing to migrate to regions with cheaper workforces, most immediately Southeast Asia. But since wage advancement means greater purchasing power for the working class while enhancing its labor power reproduction, capital flight is offset by the stimulus provided to domestic consumption and concomitant reduction in China's

dependence on foreign trade. The end result is a transition from a foreign (export based) to a domestic economy. Lastly, and unlike the case of currency appreciation (recall Japan's reluctant penning of the Plaza Accord), wage advancement will not inflict a diminution in repayments to China from debtor nations, above all the United States. Therefore, the strategy of primary distribution should be conducted by way of wage advancement instead of currency appreciation.

Table 32
Simplified Model of Labor Costs in Relation to Wage Advancement

YEAR: 2010	
➤	Wage: 3,000 yuan RMB / month/ worker
➤	Price per cellphone: 3,000 yuan RMB
➤	Rate of production: 10 cellphones/ worker/ month
➤	Wage proportion per cellphone = 0.1 i.e. $0.1 = [3,000 \text{ yuan Wage} \div (3,000 \text{ yuan per cellphone} \times \text{each worker producing 10 cellphones per month})]$
	Labor cost per cellphone thus amounts to 300 yuan RMB (3,000 yuan per cellphone \times 0.1)
YEAR: 2020	
➤	Wage: 6,000 yuan RMB/ month/ worker
➤	Price per cellphone: 3,000 yuan RMB
➤	Rate of production: 10 cellphones/ worker/ month
➤	Wage proportion per cellphone = 0.2 i.e. $0.2 = [6,000 \text{ yuan Wage} \div (3,000 \text{ yuan per cellphone} \times \text{each worker producing 10 cellphones per month})]$
	Labor cost per cellphone thus amounts to 600 yuan RMB (3,000 yuan per cellphone \times 0.2)

4 Rural-urban integration essential to alleviating the healthcare problems of migrant workers

Yet even though the embryonic initiatives of primary distribution (wage advancement) may in the short term alleviate redistributive deficiencies (e.g. in public medical insurance), by themselves these initiatives are unlikely to bring about the much sought after, but thus far unrealized goal in China of rural–urban integration, without which there can be no universal healthcare. For the obstacles are regional/provincial barriers of finance and taxation, together with

super-exploitation.

In rural China, the over-proportion of people to land (7% of the world's cultivated land must support 22% of the world's population) is an ongoing problem for rural development:

the cultivated land per capita is 1.2 mu, but due to uneven population distribution, in one third of provinces peasants have on average less than 1 mu, in 666 counties less than 0.6 mu, and in 463 counties less than 0.5 mu. According to the United Nations, the warning line per person is 0.8 mu (Wen, 2002:12).

In 2011, there were about 536 million laborers farming 1,800 million mu of land.¹⁷⁶ With the help of modern agricultural machinery, one rural peasant can cultivate 15 mu (1 hectare) of land, so that only 120 million (1,800 million÷15) laborers are required for farming.¹⁷⁷ When we deduct the roughly 252 million migrant workers then laboring in cities,¹⁷⁸ we are still left with 164 million surplus laborers in rural areas (85.2 million as calculated by Zhang Xinghua.¹⁷⁹ Modulo the wide statistical variation, which attests to the different assumptions, definitions and operating modes employed, it is nonetheless the case that considerable surplus labor remains). Surplus rural labor must continue to be transferred to the industrial/service sector, and additional, complementary forms of wage labor must be created, else agricultural productivity will remain low and

¹⁷⁶ Data from (National Bureau of Statistics of China, 2014a).

¹⁷⁷ Cf. (X. He, 2011).

¹⁷⁸ Data from (National Bureau of Statistics of China, 2012). The 2013 figure is more like 268 million.

¹⁷⁹ Data from (X. Zhang, 2013).

existing migrant labor may be forced to consider reverse migration, i.e. a return to its rural origins, on pain of being left in the lurch should foreign manufacturers move to cheaper sources of labor (capital flight) in response to the Chinese government's strategy of wage advancement (primary distribution). Ideally there should be ample job opportunities at or close to home, obviating the need to migrate. This will be discussed below.

In 2008, during the first plenary session of the Eleventh National People's Congress, the head of the Ministry of Labor and Social Security, Tian Chengping, stated that in urban areas, and for the previous five years inclusive (2003–2008), a pattern had formed: Every year saw about 10 million new jobs, and more than 20 million (which number includes 8 million migrant workers) would-be laborers eager to snatch them up. These circumstances, in which half are employed and half are not, would, he predicted, persist.¹⁸⁰ Tian's statement was affirmed in 2013 by Wu Jiang, of the Chinese Academy of Personnel Science.¹⁸¹ In the past, many have thought that economic development in urban areas, particularly in coastal regions, can be relied upon for job creation. In general, 1% of national GDP growth brings 1 to 1.5 million new jobs, says Li Keqiang, Premier of the People's Republic of China and party secretary of the State Council.¹⁸² But as GDP growth slows, it becomes less advisable to rely solely on urban central jobs, and so surplus labor should be directed into alternate sectors.

Since economic reform, and due to the need for expanded reproduction of national capital, strategies and policy initiatives addressing the problem of rural

¹⁸⁰ Cf. (Tian, 2008).

¹⁸¹ Cf. (Hu, 2013).

¹⁸² Cf. (Hu, 2013).

surplus labor have tended to focus on how best to transfer this surplus into the urban industrial sector, in the belief that urbanization is the panacea for social development. But developmentalism leads to unchecked urbanization, contributing to such problems as overpopulation in major urban hubs (e.g. Beijing and Shanghai), a lack of public facilities and advanced infrastructure (e.g. sanitation), harmful levels of pollution, growing ranks of the urban poor, and chronic rural–urban disparity. Granted, if there is to be sustainable employment, economic growth must proceed together with job stimulation and variegation in industrial and service sectors, but urban conduits for surplus labor must also be supplemented by rural conduits if we are to bridge the rural–urban gap. Rural cooperative economy may constitute a legitimate prospect.

A cooperative economy transpires when agents of similar agricultural production form themselves into autonomous and mutual assistance economic organizations in order to maximize their common interests, such as raising funds for developing product diversity and purchasing advanced equipment for expanded reproduction. On account of unpredictable factors, such as inclement weather (e.g. hailstorms and typhoons) and uneven rate of return, investors generally favor the industrial over the agricultural sector, so agricultural/rural development lags behind. Trapped in a vicious cycle of sub-optimal development, rural resources (including capital, labor power and raw materials) have steadily diminished. Over the period of 1978 to 2000 there was 2,840 billion yuan RMB worth of capital flight from rural to urban areas.¹⁸³ With their small-scale agricultural production, peasants lacked the economic clout to resist, much less reverse the flow. For example, rural peasants have no control over grain prices,

¹⁸³ Cf. (Xu, 2009a).

of the sort that might be established when, say, soybeans are marketed to factories producing soybean oil. But if the peasants organized themselves into cooperative economies, they could safeguard their legal and economic rights, while determining the ensuing production and marketing chain.

Like urban industrial development, agricultural development, too, requires government support and management through effective policy initiatives. First of all, although a cooperative economy would be a multi-operator organization, its financial and administrative capacities may not be enough to establish certain forms of public infrastructure, such as inter-provincial highways for transportation of goods, sewage treatment systems for industrial effluent, and water diversion for agricultural irrigation. But above all, food security is a matter of public interest, as grains are often exploited as tools of strategic rivalry among nations in times of war, military or economic. Agricultural production is therefore to be safeguarded as a foundation of national security, not merely a tradable commodity.

Once safeguarded, agricultural production, like other forms of production, must keep pace with circulation. Many rural villages lack a comprehensive circulation system, so local peasants have difficulty in the matter of ‘buying’ and ‘selling’. To illustrate, in 2012, when I was conducting field work in some villages in Gansu Province, I found that residents had to walk for hours on mountain paths to buy vinegar, since there were no grocery stores in their villages. They usually bought more than 10 kg at a time, transported home by mule. As for what they themselves produced, this was difficult to sell, assuming a surplus, since everyone in close proximity produced the same things. Absent well-developed storage and transportation systems linked by cooperative

economic organization, regional commodity exchange was for individual households a very difficult proposition.

Small towns (or second-tier cities) can act as commodity hubs or distribution centers for neighboring villages, where rural cooperatives produce agricultural goods (e.g. grains, vegetables, cotton and tobacco) as well as sideline products (e.g. pickles, rapeseed oil, meat and fruit preserves, and woven baskets). Such distribution centers allow goods, especially daily necessities, to pass more directly from producer to buyer, bypassing intermediate layers of business and locale while devoting the financial, material, and labor power resources saved towards rural development; that is to say, towards stimulation of the rural industrial sector (e.g. packing plants and textile factories) and service sector (e.g. restaurants, shops and civil services). Diversified economic growth will thus provide a local conduit for surplus labor, forestalling resource (in terms of skill and knowledge) depletion. Simply prioritizing GDP growth without integrating a cooperative economy into small town development initiatives will not achieve a sustainable economic policy.

For the agricultural sector in China, then, caught between population growth and limited arable land, development must rely not only on grain crops, but also on cash crops and agricultural sideline products, in which case agriculture and industry supplement each other. Developing the rural economy stimulates domestic consumption and job creation while lessening dependence on foreign trade. Furthermore, the corresponding rise in agricultural and ancillary production will limit outward (rural-to-urban) migration while facilitating return migration among those workers receptive to rural job prospects, which would include unobstructed access to healthcare when needed, regional/provincial

barriers of finance and taxation having been bypassed. The establishment and economic consolidation of rural cooperative economies will additionally serve to narrow the current rural–urban income gap, ideally to the point where economic benefits will translate into greater bargaining power and political self-determination. Only then will a universal healthcare system and rural–urban integration be possible.

5 Conclusion

The healthcare problems of migrant workers are commonly attributed to inequities of primary and secondary distribution facilitated in part by the household registration system. In actuality, however, these problems result from the structure of super-exploitation together with regional/provincial barriers of finance and taxation.

Under these pressing causal circumstances, migrant workers are faced with low income, high living costs, and limited access to urban public healthcare. Typically they cannot cover their expanded reproduction of labor power in cities. Their coping mechanisms entail geographic and generational division of the family as simple reproduction is secured in cities while expanded reproduction is supplemented by rural hometown kin. The greater rural household of the migrant worker, in the particular form of unpaid domestic labor, is held exempt from the employer's calculus of responsibility, leaving migrants' requirements of expanded reproduction undercompensated and thus largely unfulfilled. The human gear in the industrial machine wears out and is replaced, the part having been maintained at the expense of the unseen whole.

Current solutions, mainly reform/rescinding of household registration and reform of social distribution (primary and secondary), fail to the extent that they do not target migrant workers' healthcare problems at their source. When (1) urban-based migrant workers do not have household registration, they may still have access to public healthcare if they live in a comparatively rich city like Beijing or Shanghai and if unscrupulous, payroll-contribution-shy employers do not deny them this benefit. But even then, healthcare access does not extend to the worker's family. Only when (2) worker and family together have urban household registration will they all be automatically entitled to public healthcare.

Reform/rescinding of household registration would, it is true, supplement migrant workers' needs of labor power reproduction. These supplements, however, benefit mainly familial migrant workers whose households are based in urban areas, since the household is the site and calculating unit of labor power reproduction. As for individual migrants, who make up 87% of all rural-to-urban migrant workers, and who generally lack familial migrants' motivation to acquire urban household registration (since they can save on housing costs by residing in crowded dorms, an environment inimical to children), it follows that the predicament of individual migrants closely parallels that of case (1) above: Even if individual migrants' employers give them healthcare, access does not extend to their rural based families. Thus, when individual migrants fall seriously ill, they must rely on their rural-based households for support, emotional and financial.

The social security benefits which familial migrant workers with urban household registration receive do help in the short term, but only if migrants pare their living expenses down to the bare minimum, typically by taking up residence in suburban shanty towns, crowded and unhygienic. They have not the cash for

better living standards because their educational backgrounds and skill sets land them most often in the ranks of low paid manual laborers and service staff. By reason of these economic limitations, an average quality of life in cities is priced out of reach. Contingency savings ('rainy day' funds) are in most cases little or none, and if burdened by serious illness (e.g. cancer) the family is thrust still lower in the lists, even with the financial help of urban friends who share the same hometown (a common first resort for aid), since medical expenses are high even after reimbursement, particularly when we consider migrants' limited purchasing power.

The value of social welfare, moreover, is easily overstated. Since redistribution funds derive mostly from workers themselves in the form of taxes, the institutions give with one hand what they take with the other. This is the vicious circle of the welfare state. Falling prices for necessities of labor power reproduction do initially benefit workers. But the gains are quickly appropriated by employers when in response they lower the value of labor power as it is expressed in wages, citing these very drops in commodities costs (goods, and labor power itself) as justification for the wage reductions, a compensatory (for capitalists) strategy noted by Engels.¹⁸⁴

To address shortfalls in redistribution, the Chinese government has focused its efforts on equality of primary distribution. If, contra the prevailing global practice, China's economic policies consistently stress wage advancement over currency appreciation, then Marx's vision of equivalent exchange may eventually be realized, as the responsibility for expanded reproduction of labor power falls not to employees but to employers, as ideally it should. If the

¹⁸⁴ Cf. (Engels, 1995).

regulated wage advancements pledged by the Chinese government are fully implemented as a new 'iron law' of political economy, the problems which beset marketized healthcare may be mitigated, as rising costs of medical commodities are followed by a proportionate rise in the value of the labor power commodity as expressed in wage increases, so that wages keep pace with costs, and health as an essential of labor power reproduction is sustained.

But to repeat, wage advancement alone cannot solve the problem of non-universal access to healthcare if regional/provincial barriers of finance and taxation remain in force. Current healthcare reform is decentralized, with the central government directing reform while local governments are tasked with implementation, (most) funding and evaluation. It is however the practice of central government policies to overlook the unequal fiscal capacities among local governments, for whom GDP growth is the chief measure of performance. And so it is that local, particularly less developed governments are wont to refrain from enforcing wage, social security and labor standards, while turning a blind eye to contracts, however legally binding, in order to attract investment and thereby generate increased revenues.

Local governments are accountable to higher authorities and capitalists, not to workers, especially migrant workers, who, being often unregistered and uncontracted, have the least bargaining power, and so are most exploited for their labor power. Migrant workers are also most amenable to exploitation, because their largely semi-proletarian wage status gives them a lower minimum wage threshold in comparison to their proletarian counterparts, chiefly registered urban workers. Thus they are for capitalists the most profitable source of wage labor. In consequence, China's marketizing economy relies increasingly on the unpaid

domestic labor of rural households to supplement the undercompensated labor power reproduction of migrants at toil in cities.

Hence development of poor (mainly rural and inland) regions and provinces is crucial if we wish to remove regional/provincial barriers of finance and taxation and so make universal healthcare possible. It is these regional/provincial barriers, together with the tripartite structure of super-exploitation (low-margin grain prices, semi-proletarianism, and income dependent, stratified consumption patterns), which are the root and operative cause of migrant workers' healthcare problems. Underdeveloped sites must be sufficiently empowered to develop their way out of these problems. Bargaining power and right of political self-determination must be placed in the hands of the local residents, most especially rural peasants, who reside in these resource-depleted zones. Accordingly, a more egalitarian development process is better implemented through cooperative economy measures for small towns, making them into commodity hubs, or distribution centers for commodity circulation. If then national policies of wage advancement are carried out alongside cooperative economy in these resource-depleted zones, local resources (labor power, raw materials and capital) will stay local. The barriers of finance and taxation will thin out, potentially minimizing regional/provincial economic disparities as local development gathers pace, unencumbered by super-exploitation. Only under such circumstances can a sustainable and sustaining healthcare system be made universal, within reach of all regardless of point of origin, and destination.

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