

BOOK REVIEW

CHINA'S GREAT MIGRATION

BRADLEY M. GARDNER

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This book has forty pages of endnotes and bibliography. Since I spent about a dozen years as a faculty member and researcher in China, I read this book carefully. There is a lot of detail here, and a style of writing we would expect in periodicals, instead of being the style of an economist. Indeed, the author's education is

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not in economics. The major theme explored is how a very large migration of people came from the Middle and Western China to more industrial and urban areas, especially in East China, where their labor was used more productively. Without the capital and entrepreneurship factors of production, none of this would have happened, but the author seldom uses economic terminology. China's economic transformation included the state's share of employment dropping from 60.5 percent in 1998 to 19.4 percent (Gardner, 2017, p. 2). China does not have the perfect public policy, as no nation does. Yet there were some matters that China had right, which allowed hundreds of millions of people to substantially improve their lives, in a relatively brief time span (p. 3).

This book has been written for the Chinese who have migrated to places of greater opportunity, compared to the migrants' former lives as farmers. Some of the foreign-owned major factories have taken "nearly every employee willing to work for the sum they're willing to pay" (p. 5). Between 1978 and 2012, "more than 260 million economic migrants" moved to urban centers (p. 5). China's national government has loosened up legal requirements about where Chinese citizens can move. The provision of schools, health care and other basic amenities for migrant families has been slow in coming sometimes, but it has come. Yet, "migration is by no means the only reason for the Chinese economic miracle," though it does give an insight into how policies are implemented in China (p. 7). The increased share of private sector jobs, compared to public sector jobs, dovetails nicely with the increased migration freedom within China (pp. 7–16). Rural land reform allowed labor to be used more efficiently, since less labor is needed to till the soil. The labor freed up could then migrate to more efficient uses of this important human resource. Indeed, the redistribution of land resulted in an increase of agricultural output. Loosening of *Hukou* requirements allowed more freedom for citizens to work in other areas of the country, aside from where they were born (pp. 8–9 and 13–33).

Rail transportation is essential and widespread in China. For example, in the Spring Festival travel season of 2016, snow caused about 100,000 passengers to become stranded at the Guangzhou train station. This predicament necessitated the presence of some 5,000 police officers to keep order (p. 4). With one of the factors being labor migration, three examples of cities that experienced

great growth between 1980 and 2010 in population are: Beijing, which expanded from 9 million to 21 million; Shanghai, which grew from 11 million to 20 million; and Shenzhen, which increased from 300,000 to 10 million (p. 37). The author did not include Guangzhou, which now has 40 million people, and some other large cities.

The author discusses the phenomena of special economic zones as it relates to the commercially thriving city of Wenzhou. Though, Wenzhou is certainly not the only special economic zone. A special economic zone is within Mainland China but it allows for tax incentives and other inducements to attract foreign capital. Entrepreneurs can borrow through the formal banking system and through the informal finance system, such as pawn shops, which deal sometimes in the equivalent of millions of US dollars. Mortgagees may be handled by these firms, in supplying capital to businesses. This type of firm is prevalent in Wenzhou (pp. 58–62). The author states that he believes the capital investment in Wenzhou has been an attraction for many migrant laborers (p. 66). Elements of capitalism are all over China. Any economist can see that readily. Furthermore, Gardner makes the preposterous statement that Wenzhou is the most libertarian place in China. The truth is that there are no libertarian places in China. In Wenzhou, as with other places, there is one party rule, strong gun control, and strong drug control that punishes dealers but treats drug abusers as having a health problem (the government helps drug abusers get off the drugs, through mandatory treatment). Again reminiscent of the style of popular news magazines, Gardner is loose with the facts. In China only a small percentage of people are allowed into the Communist party, or allowed to have any say at all in picking top leaders, and I do not think libertarians would go for that. Gardner does not have a precise writing style at all.

Nobel Prize-winning economist Arthur Lewis points out that in the presence of less expensive labor, capital invested in a project has a high return on investment (R.O.I.). Yet at some point the seemingly unlimited pool of available labor may start to somewhat diminish. Then the R.O.I. for capital would decrease as the complementary labor available decreases (p. 78).

Improvements in infrastructure in rural areas of China have resulted in a lifting of the quality of life. Part of this is the ability

for rural producers of agricultural and other goods to reach coastal markets (pp. 81–82). The manufacture of electronics and solar energy products is especially strong in China in comparison to other countries, and complementary labor and capital have made this possible (pp. 82–92 and pp. 95–96).

Continuing migration begets increased urbanization, which has resulted in a significant, new urbanization plan for China in 2014 (p. 102). Increased attention to health care in both rural and urban areas came about due to the SARS epidemic in 2003. SARS is the acronym for severe acute respiratory syndrome, (p. 111.) (I acquired SARS in 2003 but because I was middle aged, as opposed to being elderly or an infant, I recovered after being hospitalized.) A stronger economy, compared to before, allowed China to provide better education in rural and urban areas (pp. 115–116). Both unskilled and highly educated labor contribute to the economy. China has both types of labor, as does the US. Yet, relative to the US, China has more labor that is less formally educated (pp. 162–165). The ability to ship goods over the oceans has allowed both countries to benefit from these different types of labor.

Kong zi, commonly known as Confucius in the United States, is the central person who has influenced Chinese culture, even today. Yet neither *Kong zi* nor Confucius is ever mentioned in the book. When Mao passed on, his “little red book” also went away. Today the Chinese government has encouraged the use of *Kong zi* as a philosophy for the lives and institutions of the Chinese. In fact, books by Confucius are recited in public in mass groups. It is truly amazing that an author would not bring out the fact that Confucian thought is the most important value in Chinese culture, including ones in and outside of so-called Communist China. Gardner is thinking superficially about Chinese culture. Economists commonly view strong cultural influences as important factors in determining how economics or any other phenomena are approached in a country. Confucian philosophy includes the obligations that different members of society have with one another, obligations beyond profit maximization. The concept of what is good for the group is part of this. Some Western entrepreneurs have noted that this matter is important in determining the final agreements with Chinese partners. For example, decisions involving the construction of a plant must take into account how that affects other plants

managed by other companies. The emphasis on competition is less in China than in many other countries. Also, Confucian philosophy far outweighs the philosophy of foreigners, such as that of Marx (a German, after all).

Despite the exclusion of discussion of the philosophy of *Kong zi*, and many other basic details about China and economics, this book is entertaining and insightful. This is because the huge migration of Chinese from farms to urban manufacturing centers is a key to understanding recent years and is a continuing phenomenon inside China today. Also, there is the sad reality of prison labor, used in some manufacturing, which Gardner failed to mention.