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# Analysis of Public Goods Supply of New Generation Migrant Workers' Urban and Rural Double Marginalization

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**Abstract** Status quo of urban and rural public goods supply in China is analyzed. Firstly, public goods supply in rural areas is inadequate, for example, inadequate supply of agricultural infrastructure, lack of expenditure in agricultural science and technology, problems of rural drinking water safety, problems of rural roads and transportation, low levels of health care, weak rural public culture, short supply of farmers' education. Secondly, the system and level of urban public goods provision can't meet migrant workers' demand, for example, less migrant workers are employed by the governments' direction; migrant workers are isolated by urban housing project and these workers have difficulty in receiving city social security. One reason of new generation migrant workers facing the double marginalization of rural and urban crisis is that urban and rural public goods supply are different in particular the inadequate supply of public goods in rural areas. Three countermeasures are put forward in order to relieve new generation migrant workers' double marginalization of urban and rural, which include increasing financial input in rural areas in order to achieve equalization of urban and rural public goods, perfecting the preferential agricultural policy to increase rural public goods supply, making urban public goods supply as a guide to promote the new generation migrant workers into the city.

**Key words** New generation migrant workers, Urban and rural double marginalization, Public goods supply, China

The new generation migrant workers are young workers who were born in the 1980s or 1990s and they go to the city to undertake non-agricultural enterprises. They account for 60% of the total number of migrant workers. The social environment and family environment of new generation workers' growth have changed greatly, so they have relatively higher expectation for employment and higher demands of material and spiritual enjoyment and lower tolerant capability. On the one hand, they are unfamiliar with agricultural production and have the obvious tendency of hating things concerning agriculture, besides, they are eager to enter big cities. On the other hand, as the result of the limitation of census register and the shortage of high professional abilities, they are hard to integrate into the city, so the new generation migrant workers are in an embarrassed position by being marginalized by countryside and city. The main reason of the double marginalization of new migrant workers is the shortage of rural and urban public goods supply. It can be seen that the research on rural and urban public goods supply is of great significance in solving the plights faced by new generation migrant workers. Therefore, based on the analysis of the status quo of public goods supply, relevant countermeasures are put forward to provide theory support for policy-making.

## 1 The analysis of status quo of urban and rural public goods supply

Although the rural public goods supply plays a significant role in rural production, farmers' life and even the national economic development, our government has not paid much attention to it for a long time. The discrepancy of financial allocation in rural and urban areas directly causes the shortage of rural public goods supply, then the development of countryside and the improvement of farmers' living standard are limited to a great extent. The new generation migrant workers are forced to flow to cities and settle there, which is the direct reason of rural and urban marginalization of new generation migrant workers.

### 1.1 The serious shortage of rural public goods supply

**1.1.1** The shortage of public goods supply concerning agricultural production. Over the years, guided by the idea of highlighting the industry and despising agriculture and the idea of highlighting the city and despising countryside, the national financial expenditures are mainly inclined to heavy industries and cities rather than to agriculture and rural public goods supply. As for the expenditure on agriculture, our government added more to it ten years after the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party. But after the 1990s the financial support to agriculture decreased gradually, especially in the year from 2000 to 2005, the relative number has dropped to the lowest point in the history, which accounted for 7.5% of the total financial expenditure<sup>[1]</sup>. In recent years, the central government has increased the financial expenditure on the three rural problems concerning agriculture, countryside and farmers. The government has taken more responsibility in the rural public goods supply, while in the past,

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the rural goods supply was mainly provided by the local government. To some extent, the situation has alleviated the unbalanced situation of rural and urban public goods supply, but the relative amount of governmental finance of agricultural expenditure has shown the trend of decrease, which directly caused the shortage of public goods supply concerning agricultural production.

**1.1.1.1** The serious shortage of agricultural basic infrastructure. During the process of agricultural production, the large scale agricultural fixed assets are inadequate and the degree of rural mechanization is low. Besides, most farmers still apply the traditional manual farming way of cultivating. Moreover, the irrigation facilities are outdated and most have lost their basic functions of resisting disaster and drought. By the end of 2007, China has established about 87 thousand reservoirs, among which the dangerously weak reservoirs are about 37 thousand, account for 42.5% of the total amount of reservoirs. According to the statistics from Ministry of Water Resources, there are 0.064 billion farmlands have no irrigation conditions among the current 0.122 billion  $\text{hm}^2$  farmlands. The utilization rate of irrigation water of the launched 0.058 billion  $\text{hm}^2$  irrigation farmland is only 46%<sup>[2]</sup>. Most peasants can not get rid of the fate of make their living by weather conditions. In China, the abilities of disaster emergency response and rapid disposal are weak and farmers lack of the ability to resist risks.

**1.1.1.2** The shortage of governmental input to agricultural science and technology. Before 2000, the national expenditure on agricultural science and technology was less than 1 billion yuan. After 2001, the expenditure was slightly more than 1 billion yuan. The expenditure on the three aspects of agricultural science and technologies ( new product testing fees, intermediate testing fees and subsidies for major scientific research projects ) accounts for 1% –2% of the total proportion of financial expenditure. The percentage is fairly low<sup>[3]</sup>. Inadequate funding extremely limits the agricultural research of researchers and developers. The agricultural activity and motivation are not enough, which result in a large number of rural youth to go to cities to seek for jobs directly after finishing junior or senior high school.

**1.1.2** The shortage of public goods supply concerning farmers' life. From the perspective of the national expenditures on rural culture, education and sanitation, social security and the construction of rural infrastructure, the allocation between the city and the countryside is extremely unreasonable. The expenditures are mainly concentrated on cities rather than equally allocated, which causes the seriously inadequate supply of public goods.

**1.1.2.1** Safety problems exist in rural drinking water. According to the relevant statistics, only 14% of the total villages in China have tap water or water supply facilities. Measured by the safety indicators of drinking water, which include water quality, water quantity, water accessibility and water supply to ensure drinking water safety, there are 41% of the total villages have the difficulties in drinking water. More than 0.3 billion rural residents are drinking water which does not meet the safety

standards in China. 80% of the 0.3 billion rural residents are distributed in western region of China. Among them, 130 million people drink the water with excessive microorganism caused by drinking water pollution and natural reasons; 40 million people drink the brackish water; more than 90 million people have difficulties in drinking water regularly affected by seasonal drought<sup>[4]</sup>.

**1.1.2.2** The transportation conditions are poor in rural areas. According to the data, the rural areas account for 88.5% of the total 104.3 km of gravel road, soil road and dirt road across the country. Among the 37 thousand rural institutions and 650 thousand administrative villages, about 100 towns and 40 thousand administrative villages are inaccessible to road; about 10 thousand towns or villages and more than 300 thousand incorporated villages are inaccessible to asphalt road and concrete road. Among rural roads, 70% of them are metalled and paved roads. The lack of bridges and culverts is common<sup>[5]</sup>.

**1.1.2.3** The level of health care in rural areas is low. There are many problems exist in rural medical health system, for instance, inadequate expenditure on rural medical health, degenerative public health conditions and nearly vacant emergency response system. The third level medical institutions are on the edge of bankruptcy, one third of rural hospitals are basically broken down, one third of them can just make a living and only one third can develop well. The coverage of rural new cooperative medical is only about 10%<sup>[6]</sup>. Under such medical security, the problems of hard to get medical treatment can be alleviated, but the time is short and the problems of inadequate supply of rural medical equipments, low quality of doctors and shortage of doctors are still very serious.

**1.1.2.4** The rural public culture is weak. The second national agricultural census conducted a survey on rural cultural sports facilities in 34 756 towns and 637 011 villages at the end of 2006. The results show that there are scant of cultural sports facilities in rural areas on the whole, only 13.4% of villages owned libraries, 13% of towns had sports centers, 10.7 of villages owned fitness centers, 15.1% villages had amateur cultural organizations, 71.3% of towns had access to radio and TV stations and 11.7% of towns had parks<sup>[7]</sup>.

**1.1.3** The supply of rural education is scant. Quite a long period of time since the reform and opening up, the educational expenditure provided by the central and provincial governments is rare, which result in the poor educational environment, massive loss of faculty, dilapidated school buildings, simple and crude teaching facilities, lagged wages of rural teachers and decreased enrollment rate of children. All of these factors lead to the scant supply of rural compulsory education and the low level of rural education. The government has made a large investment in rural areas, especially in western areas in the field of basic education. The " two exemptions and one allowance" policy of compulsory education carried out in 2007 is a good example, which makes the children from rural areas enjoy free and compulsory education. However, the current poor conditions of rural education can not be changed in a short period of time. Compared with the urban compulsory education, the low

enrollment, low enrollment rate, high drop-out rate have become the distinctive features of rural compulsory education. According to the fifth national population census conducted in 2000, people in rural areas, who has accepted junior high school education or further than it accounted for 39.1%, primary education accounted for 42.8%, the illiterate rate among people older than 15 years old was 8.3%<sup>[8]</sup>. Suppose that the total amounts of migrant workers are 20million, of which workers who have accepted junior high school education account for 66%. A large number of new generation migrant workers do not have much knowledge. In addition, more than 90% of them have only accepted the fundamental education, so they are rejected frequently when hunting for jobs.

**1.2 The system and standard of urban public goods supply can not meet the demands of new generation migrant workers** In recent years, the rapidly developed and largely expanded urban economy in China has high demand of labors including migrant workers. According to the statistics, the number of migrant workers has been far beyond the workers who have the urban household registration in the state-owned secondary and tertiary industries, reaching two thirds of the total amount of workers in China. As the main part of production, migrant workers play an important role in supporting the industrialization of China. However, the system and standard of Chinese urban public goods supply could not meet the needs of new generation migrant workers' demand of citizenship for a long time. From the viewpoint of the three essential elements of transforming migrant workers into citizens, which cover employment, housing and social security, we can see the current predicament of urban public goods for the new generation migrant workers supply.

**1.2.1** Less new generation migrant workers are employed by the help of government. The government seldom pays attention to the employment of new generation migrant workers and most migrant workers are employed from non-formal channels. The research report issued by the China Youth Research Center in June, 2007, showed that the most frequently applied ways of finding jobs by most migrant workers are "by themselves" and "by the help from their relatives, friends or countrymen". Migrant workers who applied the combination of the above mentioned two ways accounted for 70%, while only 30% of them got their job from governmental labor department<sup>[9]</sup>. In order to find jobs, the new generation migrant workers have to pay higher cost than urban citizens. Most of them can only enter the low-level labor market to find the "surplus" jobs abandoned by urban residents, undertaking the dirty, hard, tired and high risk jobs.

**1.2.2** The urban housing projects are isolated from new generation migrant workers. Since 1980s, cities in China have carried out the housing reform. The government released many preferential policies, such as providing rent subsidies, giving discounts on purchasing houses, constructing economically affordable houses and indemnificatory housing projects, monetary subsidies for housing and affordable house successively. But through strict household registration system, all the rural resi-

dents including migrant workers were excluded. The housing conditions of migrant workers in cities are extremely poor. The housing area per capita is less than 4 square kilometers and some even below the level of living standards. Most of the migrant workers live together with other partners in order to share the rent or many of them rent the shabby, wretched, narrow and cheap temporary houses. They live collectively in the juncture of cities and countryside and the proportion of collective living has reached 58.3% in 2009<sup>[10]</sup>.

**1.2.3** The new generation migrant workers are hard to get urban social security. Since the reform and opening up, the city has taken the initial shape of the general framework of social security, which focused on endowment insurance, medical insurance, unemployment insurance and the subsistence allowances. The coverage of social security has reached more than 90%, but the social security only covers urban residents. The second regulation of Regulations on Guaranteeing Urban Residents' Minimum Standard of Living implemented in 1997 stipulated that: "The urban residents with non-agricultural registered residence have the right to get basic subsistence assistance from the local government when the average income of the family members living together is below the minimum living standard of local residents". According to the regulation, migrant workers in cities do not have the right to apply for the subsistence allowances.

## 2 Countermeasures for improving rural and urban public goods supply

*The Suggestions of the State Council on Reinforcing the Development of Coordinating Rural and Urban Development and on Tamping the Foundation of Rural Development* released by the State Council in January 31, 2010, pointed out that, "taking relative measures to solve the problems of new generation migrant workers". In this respect, the governments need to further improve the rural and urban public goods supply and alleviate the double marginalization problem of new generation migrant workers effectively.

### 2.1 Increasing financial investment on rural areas and achieving balance of rural and urban public goods supply

At present, many factors account for the reluctance of new generation migrant workers to return home, of which the central factor is the unbalanced supply of rural and urban public goods and rural residents can not enjoy the same treatment like urban residents. The migrant workers may be attracted to return home and stay home, only by following the requirements of urban-rural integration, positively promoting the balance of basic public goods supply and realizing the balance of public goods closely related to people' daily life, for instance, compulsory education, medical care and social security, gradually narrowing the gap between rural and urban public goods supply.

**2.1.1** Ensuring the continuous and significant growth of governmental investment on rural finance. Based on the present serious shortage of rural public goods supply, the government should focus on the allocation of public goods in rural areas, establish new mechanism of industry nurturing agriculture and

urban areas support rural areas, reduce the public expenses and invest more financial resources in constructing public service projects in rural areas. The government should positively push the integration of financial funds for supporting agriculture and increase the money used in supporting the three agricultural issues concerning agriculture, countryside and peasants. In addition, central and provincial governments should increase the financial investment in counties and towns and expand the public expenditures to counties and towns.

**2.1.2** Increasing the financial support on rural public infrastructure. In order to realize the balance of rural and urban public goods, the government should increase the financial support on rural public infrastructure, especially the support on the economic development in counties. The infrastructure in rural areas, which covers the small and medium-sized hydraulic engineering projects, rural roads and water and electricity supply facilities, is not only the basic requirements of increasing the income of rural residents, but also directly related to the improvement of rural residents' welfare. The state should adjust the investment structures in rural and urban areas and increase the investment in the construction of rural small and medium-sized infrastructure so as to provide the county with certain financial support for constructing infrastructure and enhance its ability to attract more migrant workers.

**2.2 Perfecting the policy of enriching and benefiting peasants and increasing the public goods supply in rural areas** The new generation migrant workers get more education than their parents, so they are more open-minded. Now it is time for them to display their talents, but the traditional agriculture is not their initial career choice. Many new generation migrant workers admit that they work out just for getting away from working in the land. It can be seen that in order to attract the migrant workers, new job opportunities must be provided. At present, the priority is to increase the financial investment in urban and rural public goods supply, liberate and develop rural productive force, help the new generation migrant workers, develop economy of counties, help the new generation workers to enter into the industry chain of modern agriculture and promote the employment of peasants.

**2.2.1** Establishing the support and protection system for agriculture. The government should increase the investment in rural infrastructure; strengthen the construction of farmland water conservancy, ecological environment and rural public infrastructure; increase the investment in the service of agricultural socialization; perfect the system of science promotion, information service, plant protection and animal epidemic prevention; speed up the progress of agricultural technology; help farmers to resist natural risks and market risks; establish and refine the service system of agricultural socialization; improve rural financial services.

**2.2.2** Increasing the investment in rural education and training. The low quality of rural residents is one of the factors that limit the coordination of rural and urban development, so improving the quality of rural residents is a major task confronted by our government. The government should increase the invest-

ment in rural education and provide free schooling for children from poor family and free technology training for peasants.

**2.3 Taking urban public goods as guide to push the new migrant workers to enter into cities** The new generation migrant workers want to enter into cities, which presents social progress and the trend of rural and urban integration. City managers should attach great importance to the demands of migrant workers. By taking the urban public goods as guide, migrant workers who have lived and worked in cities for a long time and have certain conditions can enjoy all the rights and freedom like local residents in accordance with the local social economic development.

**2.3.1** Innovating the management model of public goods supply and replying to the demand of citizenization positively. The factors affected the citizenization of migrant workers include registered residence system, labor system, employment system, education system, housing system, medical care system and old-age insurance system. When China has not relaxed the registered residence system, the innovation of system is needed to help to get rid of the system barrier of citizenization. In this respect, the point system applied by Zhongshan, Guangzhou for managing the floating population can be used as an example. In Zhongshan, the migrant workers are managed under the point system. When the migrant workers get enough points, they can enjoy the same treatment like local people. This policy lets the public goods supply such as education, employment, social security and medical care, get rid of the shackles of registered residence system. The new reform is beneficial to pushing the integration of migrant workers and cities.

**2.3.2** Enlarging the supply scope of urban public goods and promoting comfortable living and working of migrant workers. City governments should optimize the allocation of government investment and invest slightly more financial investment in new migrant workers. The government should highlight the central role played by the labor sectors in promoting the employment of migrant workers; improve the living conditions of migrant workers; bring migrant workers who have stable jobs and have lived in the city for a certain period of time into the house-for-all program. The government should ensure houses for migrant workers by providing cash subsidies of renting commercial houses, expanding the coverage of low-cost houses, constructing new communities in the heavily populated areas. At the same time, the government should construct the social security system for migrant workers and let them enjoy the same social security rights like urban residents.

### 3 Conclusion

The shortage of urban and rural public goods supply is the central reason, which causes the double marginalization of migrant workers. In order to alleviate the problems of double marginalization of new migrant workers, the government must further improve the supply of rural and urban goods, increase the supply of rural public goods, and balance the supply of rural and urban goods. In addition, the government should perfect the policy of strengthening and benefiting the peasants, promote

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provide adequate and timely information.

**4.1.3 Strengthening the marketing strategy of target market.** Agricultural products processing enterprises in Yinchuan City should firstly carry out effective market segmentation according to the income, lifestyle, attitude, and other segmentation variables. Secondly, enterprises should select residents with relatively high green consumption awareness and achieve the effective market diffusion. Finally, enterprises can adopt the positioning mode, such as interests positioning and user positioning, according to the types of processing products<sup>[3]</sup>.

## 4.2 Green marketing policy

**4.2.1 Green products policy.** Enterprises develop green technology, use surrounding advantages, actively cooperate with research institutes and agricultural colleges, improve the information gathering capability and technology development capability, strengthen the green technology cultivation of farmers in green agricultural base in order to improve production quality, use green packaging with low consumption, develop green materials with characteristics of reuse, recycling and biodegradability. At present, green packaging in Yinchuan City is still at the initial stage. The main material for packaging is plastic, which is quite adverse to the environmental protection ideas of green products. Enterprises should strengthen and use the green packaging materials<sup>[4]</sup>.

**4.2.2 Green price policy.** Enterprises should implement green agricultural products price according to the strategy of satisfactory pricing, carry out prices fluctuating in response to market conditions, adopt the demand-oriented pricing method by combining with the market demand for green agricultural products based on the expected profits of enterprises. At the same time, enterprises should adopt some pricing techniques, such as psychological pricing and differential pricing.

**4.2.3 Green channel policy.** A smooth green channel is the key to implementing green marketing. When selecting green channel, enterprises should select the intermediaries with high green reputation in order to maintain the image of green agricultural products, establish shoppe or exclusive institution for green agricultural products marked by the back-to-nature decoration in order to help consumers to identify and purchase green products, set reasonable supply and distribution center and

simplify the supply distribution system and link, establish sales network with comprehensive coverage, and enhance the market share of green agricultural products.

**4.2.4 Green promotion policy.** Enterprises should establish a good green image, maintain close relations with environmental protection departments, actively participate in the various affairs related to environmental protection in order to expand the company's green impact, use various media to propagandize their own behaviors in the green fields, take concrete actions to strengthen the impression of green product in the public, and establish special management organization to supervise the implementation and development of green marketing of enterprises.

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employment of rural youth. At the same time, the government should take the urban public supply as guide and push forward the integration of migrant workers and cities.

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