Summary

This thesis analyzes the topic of rural-to-urban migration in the People’s Republic of China, performing a legal, institutional and economic analysis of this phenomenon. Rural-to-urban migration constitutes an important issue for the Chinese authorities, since in many cities it entails relevant economic and social repercussions. The main goal of this analysis is to shed light on the flaws of the current legal frameworks regulating and affecting rural-to-urban migration, as well as evaluating the final impact exercised by rural migration on the long-term dynamics of urban economic growth.

Chapter 2 evaluates the main legal frameworks affecting rural-to-urban migration: the household responsibility system (HRS), property rights and the hukou system. The HRS and property rights are important, since they exercise a fundamental role in influencing the socio-economic condition of rural citizens in the countryside. The HRS was introduced after the economic reforms of 1978 to relieve the poor living conditions of rural workers. If from the one hand it succeeded in improving the quality of life in the country sides, on the other hand it still presents many flaws which hinder a proper increase of the economic condition of peasants. Among these flaws it is possible to find the prohibition for farmers to transact their land, an inefficient way of land allocation, the lack of an obligation to stipulate contracts inherent the sale of crops in a written form and the ban for rural workers to use their land as a collateral (with subsequent negative repercussions for the development of a rural credit market). As for property rights, after the economic reforms, notable efforts were made to provide a clearer legal framework concerning important aspects such as ownership, usufructuary and security rights. However, the issue of disparity and unequal procedures involving land expropriation between urban and rural citizens has not yet been solved properly, with the result that today the latter remain in a higher state of uncertainty. These legal flaws inherent the HRS and property rights undoubtedly constitute important causes behind rural-to-urban migration. Other relevant causes also include the urban-rural income gap and a high rural taxation. Finally, with reference to the hukou system, this represents the main legal tool regulating rural-to-urban migration. After the hukou decentralization reforms in the late '90s, most of the cities started to restrict rural-to-urban migration and today a high level of disparity of treatment between urban citizens and rural migrants relocated to the cities still persists.

Chapter 3 develops a theoretical dynamic model of rural-to-urban migration, in order to study the impact exercised by the arrival of migrants on the long-run growth level of urban areas. Depending on the initial level of technology, a city can experience different growth
scenarios: no urbanization, partial urbanization, full urbanization. If the initial level of technology is sufficiently high, the arrival of rural migrants will increase the investment rate in human capital, and this will subsequently boost urban economic growth through increases in the level of technology. The city growth will then attract more migrants, who, once relocated to the city, will make additional investments in human capital, in this way further augmenting the urbanization rate and the level of city growth until the achievement of a steady state condition. Nonetheless, to a higher number of rural migrants in the city, besides a higher urban development, also corresponds a higher degree of congestion costs due to an excessive rate of urbanization. To cope with this issue, the urban planner can restrict the number of migrants allowed to relocate to the city, especially when the net urban incomes exceed the net rural incomes. In the end, however, restrictive policies aimed at curtailting the migration rate in the urban area can entail negative repercussions in terms of long-run city growth. From this, it follows that policies of spatial relocation of people and resources, rather than policies aimed to restrict the rural-to-urban migration rate, would result more effective in achieving a more sustainable long-run urban growth.

Finally, chapter 4 completes the analysis of the previous two chapters, aiming at quantifying the impact of human (as well as physical) capital accumulation on economic growth at provincial level. To this aim, a spatial econometric perspective is adopted, which besides allowing to derive the total impact exercised by input factors on growth, also enables to obtain intra- and inter-provincial spillover effects for both human and physical capital. Eventually, from the empirical results, positive and significant growth spillovers emerge for both the two input factors, although being remarkably more pronounced for physical capital. Despite the massive investments in education authorized by the government since the beginning of the new century, the increase in the level of human capital spillovers has proceeded at a slow path and no remarkable improvements have been obtained with respect to the first phase of economic reforms. As other studies suggest, this trend might be related to the factors influencing the level of mobility of human capital; if from the one hand the mobility of physical capital has been actively stimulated by the tax reform of 1994, on the other hand, the mobility of human capital results to be notably restricted because of the hukou system. This implies that removing the current restrictions on migration imposed by the hukou would benefit the overall magnitude of human capital spillovers. Moreover, policies intended to reduce the disparity of treatment between urban citizens and migrants, besides improving the living condition of the latter, would also benefit the urban growth, thanks to a facilitation in making investments in human capital by rural migrants.