International and internal migration and the ensuing chain developmental effects on source areas: Evidence from China

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Introduction

In recent years, ‘forge the link between migration and development’ (GCIM, 2005: 30) has reemerged as a major issue attracting increasing attention. This is particularly the case for migrant source areas. Contrary to the conventional pessimistic views on the effects of migration on source areas, studies have increasingly demonstrated that migration can play much bigger and more positive roles in the development of source areas; However, there is also increasing evidence suggesting that the realization of such roles depends on whether there are right conditions; if conditions are not right, migration can also have serious negative effects such as ‘brain drain’ and the development of a ‘culture of migration’ (GCIM, 2005: 29) causing over-dependence on migrant remittances. Thus, exploring ways to maximize the positive developmental effects of migration while minimizing its negative effects for the source areas, and identifying conditions under which such results of migration can be achieved, are important tasks for both academics and policy makers in the field.

The experiences of China since the 1980s are of great significance in this regard, and deserve close examination. Observers have now noted that Chinese overseas and Chinese in Taiwan, Hong Kong and Macao, who are or whose ancestors were migrants, have played important roles in the tremendous development of Mainland China’s coastal areas in the last three decades; and that the migration of China’s 140 million members of the floating population have great developmental potential for their source areas (eg. Ma, 1999; Hugo, 2003; Zhu, 2003, 2007; Newland and Patrick, 2004). The significances of these developmental effects and potential of migration in China are particularly reflected in the following three characteristics of the migration-related development process since the late 1970s, which are not well covered by existing studies and need further investigation.

First, examining the international literature on the effects of migration on source areas, one can find that the role of remittances in the development of source areas occupies a central position (Newland and Patrick, 2004), and much less has been done on diaspora’s roles in linking places of origin to the global networks in terms of investment, production and trade. China’s experience since the 1980s suggests that the latter is of great importance. Since the 1980s investments in Mainland China made by migrants from it has been enormous, suggesting the need of going beyond the approach focusing on migrant remittances, and the importance of examining migrant transnational networks and their links with migrant places of origin. The role of remittances in China’s coastal areas should be also examined in such a context. As will be demonstrated by case studies later, remittance investment, although in small amount, played crucial roles in the early stage of development of China’s coastal areas, and offers new perspectives for a better understanding of remittance roles in migrant sending areas.

Second, the migration-related development in China has been achieved under some conditions not well explored in other migrant sending areas and inadequately examined in academic research and policy-making. One of such conditions has been the adoption of local development strategies similar to those of ‘development from below’ advocated in the 1970s
and 1980s (Zhu, 1999). These strategies have been important not only in bringing the developmental potential of migrants into full play, but also in avoiding the negative effects of migration such as the development of the ‘culture of migration’ mentioned earlier. This offers a new perspective complementing existing studies focusing on macro-economic, administrative, and legal environments in the source areas.

The third important characteristic of the migration-related development process in China since the 1980s is that it involves both internal and international migration processes, and the developmental effects of the two processes have been linked and spread through the migration process to a geographical scope far beyond the coastal areas originally affected by international or cross-border migration. Such links and the chain developmental effects suggest the importance of internal migration in the study of migration-development nexus relatively neglected in the international literature since the 1980s, and the necessity of going beyond the so far dominant approach in migration and development research treating internal and international migration as two isolated processes (Skeldon, 2006). Besides, as pointed out by Pryor and agreed and cited by Skeldon (2006), theories developed from international migration can be applied to internal migration and vice versa. By the same token, the experiences of Chinese overseas and non-mainland Chinese in the development of their hometowns has some important reference values for policy making regarding internal migration and the development of migrant hometowns in inland China. Much can be done for China’s policy makers to learn the experiences and lessons from the roles international and cross-border migrants from China’s coastal areas have played in the development of their hometowns to boost the development of China’s inland areas and achieving more balanced regional development, a key issue in China’s current socioeconomic development.

Based on recent empirical evidence from China, especially its Fujian Province, this paper attempts to explore the developmental implications of both internal and international migration for migrant source areas. Fujian Province is one of the major source areas for international migration from China as well as one of the major destination areas for internal migration from inland China. It is estimated that the number of international migrants from Fujian Province from the late 1970s to the late 1990s amounted to around half a million, accounting for one third to half of all international migrants from Mainland China during the same period (Zhu, 2001). The province is also the sixth largest migrant destination province in China, absorbing a floating population of 2.15 million from outside the province according to the 2000 census. The paper will mainly draw on the experiences of this province to shed light on the above mentioned migration and developments issues, focusing on the above three characteristics of the migration-related development process.

**From remittances to investment: Diaspora’ roles in the development of their hometowns**

One of the major successes of China since the reform era has been attracting enormous mount of foreign investment. During the period 1985-2003, actualized foreign investment\(^2\) in China

\(^2\) Here the term ‘foreign investment’ rather than ‘foreign direct investment’ (FDI) is used because detailed statistics by source and destination areas are available only for foreign investment rather than foreign direct investment for some years. The former includes foreign direct investment, and other foreign investment in the forms of shares sale, international lease,
amounted to US$ 506 billion (China State Statistical Bureau, 1986-2004). By the end of 2006 China has ranked as the top developing country in attracting foreign investment for 15 years consecutively. Various sources suggest that Chinese overseas and non-mainland Chinese have been the major source of foreign investment in Mainland China, and have made major contribution to the above success. The OECD estimate shows that the investments from overseas Chinese in Mainland China accounted for 45 per cent of its total FDI in 2004 (GCIM, 2005: 30). Chinese statistical data suggest that in the period 1985–2004, investments from Hong Kong, Macao and Taiwan accounted for 51 per cent of the total foreign investment in Mainland China (China, State Statistical Bureau, 1986-2005). The correlation between the top 10 countries in terms of the number of Chinese overseas from Fujian and the top 10 countries in terms of the source of foreign investment for Fujian Province in Table 1 reflects this important role of Chinese overseas and non-mainland Chinese to some extent, although cautions should be taken in interpreting the table that such correlation is affected by other socioeconomic factors, and that foreign investments from Hong Kong, Macao and Taiwan are not included in this table.

<table>
<thead>
<tr>
<th>Country</th>
<th>Malaysia</th>
<th>Indonesia</th>
<th>Philippines</th>
<th>Singapore</th>
<th>USA</th>
<th>Burma</th>
<th>Thailand</th>
<th>Japan</th>
<th>Vietnam</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Chinese overseas from Fujian (000s)</td>
<td>2,873</td>
<td>2,472</td>
<td>1,607</td>
<td>1,410</td>
<td>413</td>
<td>3,302</td>
<td>236</td>
<td>182</td>
<td>119</td>
<td>62</td>
</tr>
<tr>
<td>Country</td>
<td>USA</td>
<td>Singapore</td>
<td>Japan</td>
<td>Philippines</td>
<td>United Kingdom</td>
<td>Malaysia</td>
<td>Indonesia</td>
<td>Germany</td>
<td>Canada</td>
<td>Thailand</td>
</tr>
<tr>
<td>Actualized investment from the country, 1979-2004 (000s, US$)</td>
<td>3,594,670</td>
<td>1,650,450</td>
<td>1,099,430</td>
<td>1,057,110</td>
<td>746,170</td>
<td>514,110</td>
<td>263,630</td>
<td>229,910</td>
<td>188,090</td>
<td>170,700</td>
</tr>
</tbody>
</table>


Studies at the regional level, such as that done by the author in Jinjiang and Fuqing Municipalities of Fujian Province for the period 1979-1996 (Zhu, 1999: 166-170), shows clearer that the sources of foreign investment in China are closely related to the distribution of Chinese overseas and non-Mainland Chinese originating from it. In both places, Hong Kong ranked the first as the source of foreign investment. This is not only because many foreign investments from Chinese overseas and non-mainland Chinese were made through Hong Kong, but also because Hong Kong itself is a major destination of emigration from the two places, especially Jinjiang. Apart from Hong Kong, Taiwan and Philippines ranked as the second and third most important sources of foreign investments for Jinjiang. This is closely related to the facts that there were one million Taiwanese with Jinjiang origin, and that 69 per cent of the nearly 1 million Chinese overseas from Jinjiang or of Jinjiang origin were living in Philippines. Similarly, Indonesia ranked as the second most important source of foreign investment for Fuqing, and this is closely related to the fact that among the 268,365 Chinese overseas who were from Fuqing or of Fuqing origin in early 1990s, 73 per cent of them were compensation trade, and processing and assembly, with FDI accounting for 94 per cent of total foreign investment in China during the period 1979-2004.
living in Indonesia. Case studies on various overseas and non-mainland Chinese investors, including both business Tycoons in Fuzhou and small business owners coming back from Hong Kong to invest in their hometown Jinjiang, suggest that their maintained links to their ancestral areas played an important role in their decision to invest in Mainland China. Studies in Fuzhou Municipality show further that through their business networks around the world, Chinese overseas and non-mainland Chinese have helped to attract more foreign investors, including large consortia such as Samsung, Siemens, Toyota, Shell, and BHP, which had no previous links to Fuzhou (Zhu, 2000).

Fujian is not the only province with Chinese overseas and non-Mainland Chinese as the major source of foreign investments. Studies in other southeastern provinces of China also demonstrate that these provinces are the major sources of out-migration to other parts of the world, and that this has been an important reason for the influx of foreign capital into these provinces (Lin and Liu, 1998: 1). Thus it is not a coincidence that during the period 1985-2003, the amount of actualized foreign investment in the coastal region accounted for 83 per cent of the above actualized foreign investment of US$ 506 billion in Mainland China. Although such concentration of foreign investment in this region may be attributed to many factors, including its favorable location, the fact that this region is the places of origin of most Chinese overseas and Chinese in Hong Kong, Macao and Taiwan is an important reason. These investments have not only contributed directly to the economic growth, but also provided both technology transfer from and marketing channels to the outside world, linking the coastal region closely to the rest of the world (Lin and Liu, 1998: 48–50).

China’s international standing as a remittance recipient is far less impressive than its performance in attracting foreign investment. This is particularly evident when China and India are compared in terms of the relative roles of investment and remittances in the two countries. As noted by Newland and Patrick (2006), direct investment from Chinese diaspora was ‘twenty times the volume of India’s’ whereas ‘Indian remittances were seven times the Chinese in the 1990s’. Although there may be problems in the accuracy of such a strong contrast due to data reliability, there is no doubt that ‘diaspora relations with the mainland [China] follow a business model with investment as the main vehicle’ (Newland and Patrick, 2006). However, this does not mean that remittances have not been important in China’s development since the 1980s. On the contrary, overseas Chinese remittances have served as important initial capital in the early stage of development in the coastal areas, as will be detailed in the next section. In this sense, remittances have paved the way for the influx of foreign investment from Chinese overseas and non-mainland Chinese into China’s coastal areas, and the latter can be regarded as the continuation of remittance-based development. This remittance-investment connection, together with its developmental effects, is also an important characteristic of the developmental roles of Chinese overseas and non-mainland Chinese in their hometowns.

In summary, the development of China’s coastal region since the 1980s has been closely related to the international and cross-border migration from China, including that of Chinese overseas and Chinese in Hong Kong, Macao and Taiwan in the past. These migrants have
contributed to the development of their hometowns through their remittances, investments and other business activities in their hometowns, with direct investment as the main vehicle. Thus, international migrants have served as active agents in linking their hometowns to the increasingly important global networks of investment, production and trade. These important roles of international migrants should be greatly promoted, and their experiences should be shared by other migrants and their places of origin, including internal migrants in China and their hometowns.

Facilitating the positive and avoiding the negative effects of migration for development: the roles of migrant business networks and local development strategies

The active role of Chinese overseas and non-mainland Chinese in the development of their hometowns have been facilitated by some favourable conditions. As pointed out by some observers, government policies that create an economic environment conducive to local investment are critical for the productive use of remittance and active role of migrants in the development of source areas (Massey et al., 1998: 272-4). Furthermore, like other foreign capital, investment of Chinese overseas and non-mainland Chinese in their hometowns is not without any negative effects, and need to be dealt with effectively so that such negative effects can be avoided. It is beyond the scope of this paper to give a comprehensive review of Chinese government policies towards foreign investment, especially those from Chinese overseas and non-mainland Chinese. However, a review of some case studies in this respect in Fujian Province, especially its Jinjiang and Fuqing Municipalities (Zhu, 1999; 2000; 2002; 2003) – two major source areas of international migration from China – will contribute to the understanding of this issue.

Evidence from case studies in Fujian Province at the macro-level suggests that in addition to the generally healthy macro-economic environment (of low inflation and reduced economic uncertainty), which encourage productive rather than speculative investment (Massey, et al., 1998: 273), a friendly environment has been created for foreign investment since the late 1970s, especially the late 1980s. Foreign investment has been increasingly used as a means of overcoming the shortage of domestic funds and of improving management, productivity and competitiveness, and of increasing employment. It has been greatly encouraged by the government and by local authorities.

Various measures have been taken to attract foreign investment, including the setting up of Special Economic Zones and Technological and Economic Development Zones. These offer many economic incentives such as tax holidays and low tax rates for investors. Other measures include delegating the approval authority for foreign investment projects to local governments and simplifying the relevant approval procedures. Governments at various levels have also made great efforts to develop and improve infrastructure to boost the confidence of investors for positive returns (Zhu, 1999: 101-48). These measures have certainly played important roles in attracting investment from Chinese overseas and non-mainland Chinese.

These government policies and measures at the macro-level are however still not complete
explanations of successful remittance uses and investment from Chinese overseas and non-mainland Chinese. Case studies from Fujian Province suggest that more attention should also be paid to the following two aspects at the regional and community levels.

**The roles of migrant business networks**

The first aspect is related to the role of Chinese migrant business networks in the development of their hometowns. As pointed out elsewhere, the enthusiasm of Chinese overseas and non-mainland Chinese in investing in their hometowns is closely related to one of their culturally-underpinned business practices, i.e. the construction of business networks facilitated by their ethnic, historical and cultural links to each other and to their hometowns (Zhu, 1999: 166-70). In fact, it has been found that the business expansion of Chinese overseas and non-mainland Chinese into Mainland China frequently uses old family and dialect ties, and even newly forged political connections (East Asia Analytical Unit, 1995: 176). Business networks are seen as an essential part of their success in China as well as in other parts of the world (Tracy, 1996: 8).

Evidence from both Fuqing Municipality, where the investment has been dominated by large overseas Chinese consortia, and Jinjiang Municipality, where investment has been dominated by smaller investors, *inter alia* from Hong Kong, are consistent with the above findings. As mentioned earlier, Fuqing is a famous hometown for Chinese overseas in Indonesia, and some of them are very successful in business. These Chinese overseas maintain close links with their hometown, and had already made donations to help develop public undertakings and industry in Fuqing before the 1980s. Such links readily transformed into business ties when China adopted reform and open-door policies, especially when China’s State Council promulgated “the regulations encouraging foreign investment” in October 1986. In April 1987, invited by the leaders of Fuqing County and initiated by Liem Sioe Liong, an Indonesian Business Tycoon from Fuqing, a “Fuqing overseas Chinese inspection delegation” visited Fuqing, and decided to establish the “Rongqiao Industrial Development Zone”\(^3\). This paved the way for the subsequent large-scale foreign investment in Fuqing, and the establishment of more development, investment and industrial zones (Zhu, 1999: 136-141; 166-70). In Jinjiang, many enterprises started in the form of family workshops through compensation trade and intermediate processing of goods, and the family ties between local residents and their overseas relatives played an important role in such business activities (Zhu, 1999: 124-131). Thus, making full use of the international migrants’ ethnic, historical and cultural links to their hometowns and connecting them to the migrant business networks are important aspects in achieving full benefits of migration for development.

**The role of local development strategies**

The second aspect is related to the fact that the productive use of remittances and efficient investment from Chinese overseas and non-mainland Chinese have been facilitated by certain development strategies of migrant source areas. They have incorporated some key elements of

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\(^3\) In Chinese “Rongqiao” means Fuqing’s overseas Chinese.
a “development from below” approach (Stöhr and Taylor, 1981: 1-2) to effectively mobilize local natural, human, and institutional resources of migrant source areas. One objective of this approach has been to enable remittances and foreign investments to benefit the majority of community members. In the meantime, these development strategies have avoided some important limitations of the conventional “development from below” approach, especially its one-sided targeting of agricultural development and its isolated approach towards the global and domestic economic systems. Therefore, they have been more effective in achieving development goals (Zhu, 1999: 192-3). Township and village enterprises (TVEs) have played important roles in implementing such strategies, and served as important agents for the effective uses of remittances and investments from Chinese overseas and non-mainland Chinese.

Again the case of Jinjiang Municipality can explain this point. As mentioned earlier, Jinjiang is one of the major hometowns of Chinese overseas and Chinese in Hong Kong, Macao and Taiwan, many of whose dependants have received overseas remittances on a regular basis. Many of them have been able to save some money, and to build a house. At the level of the individual family, these funds have not been significant, and not enough for the establishment of enterprises. But putting them together creates a different story.

In the late 1970s, a form of family workshops jointly established by several households, most of which had connections with Chinese overseas and non-mainland Chinese, emerged in Jinjiang and became the forerunners of TVEs. The remittances from these Chinese overseas and non-mainland Chinese, although small, constituted an important part of the initial capital for the TVEs, and their unused houses became the first workshops for these enterprises. Apart from their collaborative and household-based nature, these enterprises were mostly engaged in labour-intensive industries such as sewing, construction materials, and food industries. They only required limited initial funds, infrastructure, and labour skills. Therefore, they were able to overcome the constraints of lacking investments, infrastructure, and skilled labour in rural development, as commonly encountered in developing countries.

In the following years these enterprises flourished in Jinjiang, and benefited a large number of community members due to the many employment opportunities created by the labour-intensive industries, and created a solid basis for further development of more advanced TVEs, which have become major receivers of investment from Chinese overseas and non-mainland Chinese since the late 1980s, accounting for 64 per cent of foreign funded enterprises in Jinjiang in 1988. The establishment and development of foreign-funded TVEs have in turn greatly improved their production techniques and equipment, and enhanced their competitiveness, especially their export capability. Such stories are not restricted to Jinjiang; they can also be found in many places in China’s southeastern provinces, especially Fujian and Guangdong Provinces (Zhu, 2000; 2003).

The case study from Fuqing may further compliment the case of Jinjiang to illustrate the importance of suitable development strategies in migrant source areas in achieving positive and avoiding negative effects of migration for development. As mentioned earlier, investment
in Fuqing has been dominated by large overseas Chinese and other consortia with large investment projects. This kind of investment was more capital-intensive, technically more advanced, and spatially more concentrated, and had the advantage of bringing more and faster physical changes in the areas concerned, compared with the case of Jinjiang.

However, as such investments and the accompanying development model were not based on local resources and labour force, and as they were more capital intensive than labour intensive, they were not as effective in providing employment opportunities as TVEs in Jinjiang. This is reflected in the fact that during the period of 1990-1994, although there was massive influx of foreign investment in Fuqing, the percentage of the rural labor force engaged in the agricultural sector only decreased by 3.2 points, and nearly 50 percent of the economically active population in Fuqing was still engaged in agricultural activities in 1994. In contrast, in Jinjiang only 16 per cent of the labour force were still engaged in the agricultural sector in the middle of 1995, according to the 1995 one per cent sample survey. The development model in Fuqing even had the negative effects of creating landless and unemployed farmers whose land was taken for use by foreign-funded enterprises. Such farmers were not able to find new employment opportunities as the foreign-funded enterprises were not employment-oriented and had much higher skills requirements for their own labourers (Zhu, 2000).

The contrast between the development models of Jinjiang and Fuqing has had important impacts on the trends of international migration from the two places. Despite the enormous foreign investment and physical changes in Fuqing, it has continued to be a major source of international migration, as not everyone can find opportunities there. However, much fewer people have emigrated overseas from Jinjiang since the 1980s, as most people feel they have plenty of opportunities to explore locally and domestically. This difference in emigration is reflected in the fact that in the 2000 census, 33,821 people were recorded as “used to live here but working or studying abroad and therefore temporarily not having local household registration” in Fuqing, compared to only 1,070 such individuals in Jinjiang.

Some major source villages of emigration in Fuqing have developed a “culture of migration” mentioned earlier, as a result of which villagers place excessive hopes on moving abroad to earn their living, while neglecting in situ development of their hometowns. As observed by Thuno and Pieke (2005) in their field study village in Fuqing, 680 persons – which is equal to one third of the village population and most of which are young – migrated overseas by early 2004, leaving only old people and women with young children at home. The authors’ field observation suggests further that although remittances from the emigrants have improved villagers’ lives, they have been mostly used in the construction of family houses and daily consumption, and even the expansion and renovation of ancestral halls and temples in the migrant source villages, and have not been as effective in promoting productive investment as in Jinjiang, thus producing less developmental effects in migrant hometowns.

The comparison of the cases of Jinjiang and Fuqing suggests the importance of suitable development strategies for the source areas, and the effectiveness of such strategies in Jinjiang. Having said this, it has to be emphasized that much remains to be done for a complete
understanding of the experiences of the two places, and for proper application of these experiences in the circumstances of other migrant source areas. Besides, the strategies adopted in Jinjiang also have their own disadvantages in that its development is dispersed and unfavorable to achieving economies of scale and agglomeration, and have serious negative environmental consequences. In this sense, the strategies of Jinjiang could be complemented by some of the positive elements of the case of Fuqing. More general and solid development strategies for migrant source areas could be formulated on such a basis.

From the coastal areas to the inland regions: linkages between international and internal migration and their chain developmental effects

Compared with the international and cross-border migration producing the above developmental effects in China’s coastal areas, the massive internal migration from China’s inland to coastal areas since the 1980s has been a more recent phenomenon, and its developmental effects have not been fully displayed. Such a temporal and spatial configuration of internal and international migration gives rise to two important questions: First, will the above developmental effects of international and cross-border migration be limited to China’s coastal areas? Second, can China’s policy makers draw any references from the experiences of Chinese overseas and non-mainland Chinese in the development of their hometowns for formulating policies regarding internal migration and its developmental effects on source areas, and if so, what and how?

Internal migration and the chain developmental effects of international and cross-border migration in China

Existing studies have already given some answers to these questions. On the first question, as I have demonstrated elsewhere, people in China’s inland areas have responded to the prosperity of the coastal areas – which international and cross-border migrants have greatly contributed to – by migrating to the coastal areas. This process has had, and will continue to have important developmental impacts on not only the internal migrants, but also the inland areas these migrants are from (Zhu, 2003).

Like their employers who themselves or whose ancestors were once migrants, migrants from the inland areas have not only increased their own income, but many have also sent remittances and somewhat fewer have also made investments in their hometowns. Table 2 shows the large number of migrant labourers and the enormous amount of income they have earned from their migration destinations for some major migrant-sending provinces. In many migrant-sending areas, such as Sichuan Province, such income far exceeds local financial revenue. As the statistical criteria of such income include the wage income of household members having left their places of origin for less than 6 months or more than six months but remaining part of the household financially, and remittances sent or brought back by those household members who have left the places of origin for more than six months and no longer belong to the household financially, one can safely infer that most of the above income of migrant labourers will be transferred to migrant places of origin, contributing to the economy
of migrant hometowns. At the same time, a large number of migrants have returned to their home regions, bringing back new skills and ideas, capital and managerial experience, market connections and risk-taking mentalities, which are much needed in their hometowns (Ma, 1999; Zhu, 2003). Migrant workers and returned migrants also provide important links between the inland and the coastal regions, just like Chinese overseas and non-mainland Chinese provide links between their hometowns and the outside world. Some of them have established enterprises in their hometowns, creating employment opportunities for local labourers, and are treated as “foreign investors” by the local governments (Zhu, 2003; Editorial Board of Population Research, 2006). Thus it seems that the developmental effects of international and cross-border migration in China’s coastal areas have already caused chain developmental effects to wider regions, and the developmental effects of internal migration on China’s inland areas should be given an important position in relevant policy making.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Number of migrant labourers and their income of some major migrant sending provinces</th>
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<tbody>
<tr>
<td></td>
<td>Number of migrant labourers (000s)</td>
</tr>
<tr>
<td>Sichuan</td>
<td>13,000</td>
</tr>
<tr>
<td>Hunan</td>
<td>8,291</td>
</tr>
<tr>
<td>Anhui</td>
<td>10,000</td>
</tr>
<tr>
<td>Henan</td>
<td>15,570</td>
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</tbody>
</table>

Sources: compiled from various websites

The importance of this policy implication is further supported by a well-known fact about internal migration in China, i.e. most of China’s internal migrants are members of the ‘floating population’, or ‘temporary residents’ of their destination areas, and have double residential status and community identities of both the places of origin and destination. This characteristic has often been regarded as undesirable to the migrants, and attributed to China’s household registration (Hukou) system, and recent policy making regarding internal migration has been focused on facilitating the permanent settlement of temporary migrants in their destination areas through the reform in the household registration system. However, a careful examination of the international literature, both empirical and theoretical, has indicated that this characteristic of the floating population is also the combined effects of the intrinsic demand of the industrial society for temporary migrants, the household strategy of migrants to diversify and maximize economic opportunities and spread economic risk, and certain conditions associated with the current stage of development. Recent studies have also provided further evidence suggesting that such a migration pattern is in the interests of many migrants, and conducive to the development their source areas (Wang, 2005; Zhu, 2007). A survey conducted by the author in 2006 in 6 main destination cities of the floating population in Fujian Province, 5 of which are located in the coastal area, is also a case in point. In this survey, only 35 percent of the responding migrants expressed the interest of transferring the household registration of the whole family to the destination areas; if such transfer was conditional on giving up the land in their hometowns, this proportion would drop to 23 per cent. Consistent with this, only 25 per cent of the respondents regarded moving the whole family to the destination cities as the best option, and 47 per cent of the respondents still chose the option of some family members circulating between the places of origin and
destination while some remaining at home as their preferred household migration strategy. Noticeably, these results are very close to the results of a similar survey conducted in 2002 in five of the above six cities, suggesting the endurance of such a migration pattern (Zhu, 2007). Recent study by Ren (2006) in Shanghai also suggests that although an increasing proportion of migrants have stayed longer in Shanghai and shown the tendency of permanent settlements, still more than half of them have left Shanghai. Thus contrary to the common perception of migration as a one-way process, internal migration should be more realistically conceived as a two way process involving both settlement and return, and the latter should also be taken into full consideration in policy making.

Thus rather than setting permanent settlement of the floating population as the only policy target, policy makers in China should make equal efforts to cater for migrants’ needs arising from the temporary form of migration, and their potential roles in the development of their hometowns, and respect their wishes as to whether to settle down, remain circulating, or return home. This further enhances the importance of bringing into full play the developmental effects of internal migrants on their source areas, and drawing on the successful experiences of Chinese overseas and non-mainland Chinese in this regards.

Turning to the second question, the above empirical evidence suggests that migrants from China’s inland areas have already followed the footpaths of Chinese overseas and non-mainland Chinese in playing important roles in their hometowns, and the experiences of the latter provide valuable guidelines for further promoting such roles. However, it is important to note that there are some differences between internal and international migration and their respective developmental processes, and careful analysis on such differences need to be done when applying the experiences of Chinese overseas and non-mainland Chinese in the settings of internal migrants and the development of their hometowns. On the basis of such consideration, the major experiences of Chinese overseas and non-mainland Chinese in the development of their hometowns reviewed earlier are re-examined in the following for their implications for formulating policies regarding internal migration and its developmental effects on source areas in China.

**Remittances, investment, and their relative roles in the development of migrant hometowns**

In the case of international and cross-border migrants from China’s coastal areas, their investment and remittances, especially the former, and the related links they help to establish between migrant hometowns and the global networks in terms of investment, production and trade, have played important roles in the development of their hometowns, and there is no doubt that China’s inland areas should try to tap the same resources from internal migrants to achieve a similar goal. As has been shown, internal migrants in China have started to play such developmental roles.

To achieve the above goal, internal migrants and their hometowns can draw on the experience of international and cross-border migrants in the development of China’s coastal areas, especially that of starting from the remittances-based development and then transforming it...
into the investment-based development. At the early stage, internal migrants are enormous in number but most of them are on low wages, and currently their remittances are more important than their investment. Therefore unlike those Chinese overseas and non-mainland Chinese who come to their hometowns as investors and employers, internal migrants from the inland areas would need to organize joint co-operative investment and establish small, joint-household businesses, or simply join an enterprise as a worker while contributing to it as a small share-holder, at the early stage of development of their hometowns. Their enterprises would be informal in organization and management, labour-intensive, low in techniques, and mostly domestic-market-oriented. Many return migrants may use their limited savings as the capital to engage themselves and their household members in various income-generating activities, such as cash-crop growing, processing of agricultural products, sub-contracting of industrial production, transport, services and trade (Zhu, 2003). At this stage, the experience of Jinjiang presented earlier, especially its family workshops and TVEs, provides a good reference case for the returned internal migrants and their hometowns to organize the initial development, so that uses of remittances can be effective and productive, and lay down a solid basis for further development.

On the basis of this remittances-based development, more efforts can be made to attract the inflow of larger amount of investment from both migrant-turned entrepreneurs originated from inland areas, entrepreneurs from the coastal regions, and Chinese overseas and non-mainland Chinese, as the experiences of China’s coastal areas suggests. As evidenced by their experiences, migrant roles in the development of their hometowns are far beyond the use of remittances, and their effective uses can paved the ways for the investment-based development. In fact, some investors in China’s coastal areas have started to transfer their capitals to the inland areas due to rising costs of running business in the coastal areas, and this further enhances the necessity of seeking a developmental approach going beyond the uses of remittances.

**The cultural ties of internal migrant to their hometowns and the role of migrant business networks**

As examined earlier, the investment of Chinese overseas and non-mainland Chinese in their hometowns is closely related to their business networks facilitated by their ethnic, historical and cultural links to each other and to their hometowns. Similar ties also exist between internal migrants and their hometowns, and efforts need to be made to facilitate the establishment and operation of migrant business networks in sending areas of internal migrants based on such ties. There have already been some sporadic reports on such efforts; however more systematic efforts are needed to promote the development of such business networks for internal migrants, which have been mainly receiving-areas-based so far. As an increasing number of migrants-turned successful entrepreneurs have been emerging in China, this has become increasingly important.

A further effort can be made to promote the links of internal migrants to their hometowns through the cooperation between sending and receiving areas from the perspective of source
areas. So far much has been done to formulate collaborative relationship between migrant sending and receiving areas to provide labourers for the receiving areas and promote so called ‘labour export economy’ of the sending areas; however, little thought has been given to the cooperation between sending and receiving areas regarding the roles of migrants in their hometowns. Such cooperation involves a wide range of issues, including facilitating the establishment and operation of place-of-origin-based migrant business networks mentioned earlier in both source and destination areas, and the training of migrants to prepare their skills for future return, etc. Such a collaborative relationship between sending and receiving areas should play a bigger roles in migrant hometowns than that in the case of international and cross-border migration, which is more difficult to implement due to the hindrance of political borders.

Avoiding negative effects of migration and the importance of local development strategies

One of the major lessons that can be learned from international and cross-border migration examined in this paper is the importance of avoiding its negative effects, including the development of the ‘culture of migration’ in the sending areas. Recent research suggests that this issue has also emerged in some sending areas of internal migrants, and policies need to be developed to address this issue (Editorial Board of Population Research, 2006).

As the experiences of Jinjiang suggests, attracting remittances and investment of migrants to promote the development of their hometowns alone is not enough to avoid such a problem. Such development should be accompanied by suitable local development strategies, which are focused on promoting labour-intensive industries requiring workers with relatively low skills, so that as many as possible employment opportunities can be created and the majority of community members can benefit from the development. The experiences in the coastal areas also provide an effective way of organizing development based on such strategies, i.e. a process starting from joint household enterprises at the early stage, and then transforming to township and village enterprises, and to foreign funded enterprises. These experiences provide a good basis for the source areas of internal migrants to formulate development strategies that will maximize the positive effects of migration while minimize the negative effects.

Conclusions

The experiences of China, particularly those of its Fujian Province presented in this paper, support the view that international and internal migration are closely linked in the developmental processes and can have important positive developmental effects on migrant source areas, as evidenced by the fact that both international and internal migrants contribute with remittances and investments, new skills and ideas, managerial experience, and technological transfer and market connections, which they gain from the places of destination and bring back to their hometowns. However, migrants’ roles in their source areas are not always positive. Evidence from this paper also suggest that if not handled properly, migration could drain away the most needed human resources of migrant hometowns, and create a
culture of excessive dependence on migration and remittances, with in situ development being neglected in migrant source areas. Further examination of China experiences provide some important knowledge basis for policy making to maximize the positive effects while minimizing the negative ones. One valuable piece of experience is the roles of diasporas from Mainland China as the main source of foreign investment for their hometowns, and the way the productive uses of remittances from international and cross-border migrants at the earlier stage paved the way for investment-based development at the later stage, both of which has greatly strengthened the roles of migration for development of migrant source areas in the coastal areas of Mainland China. Also important is the creation of favorable environment for the productive uses of remittances and productive investment; the establishment and successful operation of the links between migrants’ business networks and their source areas, and the adoption of certain development strategies mobilizing local resources, especially local labour force. These experiences can be shared not only by other source areas of international and cross-border migration, but more importantly by those of internal migration in China. With careful examination of the differences between internal migration and international and cross-border migration, the experiences of Chinese overseas and no-mainland Chinese can be applied to the settings of internal migrants with certain modification, and may produce even more benefits to the source areas. Given the bilocal nature of many internal migrants in China analyzed earlier, the experiences of international and cross-border migrants in the development of their hometowns are even more valuable for source areas of internal migration in China, and need to be carefully examined and taken for reference.

References


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