Remittance, farmland, rural housing and rural migrants’ urban housing expectation in China

Context

- China has about 150 million rural-urban migrants. Without local hukou, rural migrants have not got access to the pension insurance in the place of destination. Rural migrants therefore eventually migrate back to the place of origin and rely on farmland at old age. That has slowed down the pace of urbanization. However, China intends to speed up the pace for the development of real estate industry, thereby maintaining current rate of the economy growth. In addition, the shortage of labor force due to the one-child policy in urban areas drives the national government to reform the hukou system to promote permanent rural-urban migration.
- In practice, municipal governments in the place of destination implement a new hukou access policy that: applicant who owns a urban dwelling of a certain size is able to obtain a local hukou. It encourages rural migrants to purchase urban market-sector dwellings. Meanwhile, municipal governments in the place of origin endeavor to expropriate more farmland for new industrial zones, in order to accelerate economy growth. It disrupts the function of farmland as the financial security to return migrants at old age, so that rural migrants have to take the loss of farmland into account when making a plan for migration future.
- The effectiveness of these governments’ policies largely depends on rural migrants’ response in the field of migration intention and future housing choice in the place of destination. However, with the increase of housing price, the purchase of an urban dwelling will be a heavy burden to most of rural migrants. They therefore need to adjust their spending plans in the fields of remittance, investment in housing and farmland.
- The literature contains few empirical studies to evaluate the effects of these macro-level changes on individual rural migrant, especially of studies that take rural migrants’ remittance, farmland and rural housing into account. This study intends to fill in the gap, with the emphasis on rural migrants’ expectation to home ownership at their destination.

The conceptual model of “push-pull” factors to rural migrants’ migration intention

The place of origin
- Risk in agriculture; labor plus in rural sector; low social status in rural society; low social security at old age; limited income in countryside; family ties; attachment to hometown;

Rural migrant
- Rural migrants’ remittance; farmland and rural housing as financial security at old age; expected financial security in city; expected labor market income in city;

The place of destination
- High income in urban sector; opportunities for same family housing; expected financial security in city;

Decision of rural migrant
- Decision of return migration (push factors); decision of destination migration (pull factors);

Return migration
- Return to rural areas; attractions to rural areas;

Push and pull factors
- Push factors to return migration to rural areas include: expected financial security in city; expected labor market income in city; expected family housing in city.
- Pull factors to destination migration include: high income in urban sector; opportunities for same family housing; expected financial security in city;

Case area and research design

City of Suzhou, Jiangsu province, China (see map).

- The Multinomial logistic regression model is employed to explore the determinants of rural migrants’ urban housing expectation. The dependent variable includes three categories: expectation to home ownership, expectation to other tenure and uncertain expectation.
- Independent variables include rural migrants’ demographics, migration characteristics, expropriation of farmland, the dispose of rural housing and the remittance. To avoid impacts of the dimension of continuous variables on the result, the model transforms continuous variables into standardized variables through the function “zcore”.

Preliminary findings

With regard to rural migrants who hold a certain urban housing expectation, the model shows that (see table)

1. The higher-educated and higher-income migrants are more likely to plan to purchase urban market-sector dwellings in the place of destination.
2. Long duration at Suzhou and family migration are significantly positive variables to rural migrants’ aspiration for home ownership.
3. The sale of rural housing plays a positive role: rural migrants might sell the cottage to prepare for the purchase of the urban housing.
4. Expropriation of farmland is statistically insignificant, probably because individual rural family could not obtain adequate compensation from municipal government in the expropriation, without an entire ownership of farmland.
5. Rural migrants who remit are less likely to plan to purchase urban housing.

For hesitating rural migrants, almost all independent variables are statistically insignificant.

Table Multinomial Logistic regression model for rural migrants’ housing expectation at Suzhou

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>B (std. err.)</th>
<th>Wald Chi square</th>
<th>P (std. err.)</th>
<th>Wald Chi square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (dummy)</td>
<td>0.095</td>
<td>0.013</td>
<td>0.747</td>
<td>0.385</td>
</tr>
<tr>
<td>Plan for sale (dummy)</td>
<td>0.003</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Plan for sale (dummy)</td>
<td>0.731</td>
<td>0.013</td>
<td>3.183</td>
<td>0.076</td>
</tr>
<tr>
<td>Expropriation of farmland (dummy)</td>
<td>0.185</td>
<td>0.035</td>
<td>0.000</td>
<td>0.435</td>
</tr>
<tr>
<td>Expropriation of farmland (dummy)</td>
<td>0.195</td>
<td>0.121</td>
<td>0.167</td>
<td>0.032</td>
</tr>
<tr>
<td>Expropriation of farmland (dummy)</td>
<td>0.123</td>
<td>0.885</td>
<td>0.226</td>
<td>0.254</td>
</tr>
<tr>
<td>Remit (dummy)</td>
<td>-0.322</td>
<td>0.721</td>
<td>3.353</td>
<td>0.023</td>
</tr>
<tr>
<td>Remit (dummy)</td>
<td>-0.271</td>
<td>0.167</td>
<td>0.000</td>
<td>0.100</td>
</tr>
<tr>
<td>Remit (dummy)</td>
<td>0.185</td>
<td>0.100</td>
<td>0.000</td>
<td>0.100</td>
</tr>
</tbody>
</table>

Significance levels: * <= 0.10; ** <= 0.05; *** <= 0.01.