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Migrant Citizenship Regimes in Globalized China: A Historical-Institutional Comparison

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全球化生產下民工公民身分差序體制：比較中國沿海三個區域

吳介民

Abstract

China's migrant workers are not treated as equal citizens in their sojourning cities. They are systemically discriminated against by virtue of China's system of differential citizenship, but their situation varies according to different local conditions. Scholars have argued that globalization has brought about hierarchies of citizenship among the world's nation-states. However, they have paid little attention to the effects of globalization on the hierarchical allocation of citizen rights within the nation-state. The article argues that globalization in the form of foreign investment does not have a uniform impact on the allocation of citizen rights across regions in a huge country rich in diversity. Rather, divergent local citizenship regimes have emerged due to varying configurations of local conditions and their interaction with state policy and global capital. The article defines three types of local migrant citizenship regimes and compares different institutional arrangements, official and corporate behavior, and migrants' situation across regions.

Keywords

migrants, citizenship, citizenship regimes, globalization, foreign direct investment, China

摘要

中國農民工在旅居地缺乏完整公民權，不被當成平等的市民（公民）對待，遭受公民身分差序體制的歧視與排除，但歧視待遇因地而異。有研究者論證，全球化使得民族國家之間產生公民身分階層化的關係。但是，該類研究甚少

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注意到全球化帶給民族國家內部之公民權利階層化的現象。本文論證：全球化生產下，外資對中國公民權利配置的影響並非單一模式，而是表現出區域差異。不同地區條件的組合，以及這些條件與國家政策和全球資本的互動，催生了不同的地方公民身分體制。本文界定了三種地方公民身分體制的類型，並比較上海、蘇南、珠三角等區域之間在制度安排、地方政府與企業行為、以及民工處境上的差異。本文研究材料來自田野調查深度訪談、匯總統計資料分析、以及官方文件分析。

关键词
農民工、公民權、公民身分差序、全球化、外資、中國

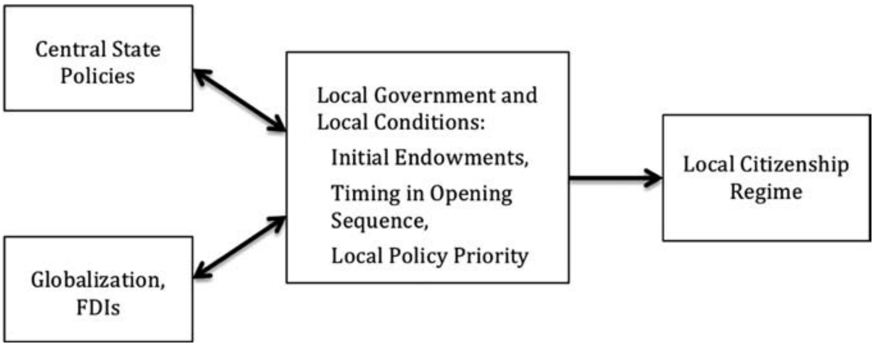
Migrant workers have long been a major "industrial army" in China's globalized development, but they are not treated as equal citizens in their sojourning cities. They face problems in household registration (*hukou* 戶口), medical care, the education of their children, retirement, cultural adaptation, and so on. Despite the state's new policies and proposed reform programs in recent years (Chan, 2014), the migrant working class, shackled by the hukou system and bereft of complete citizenship, continues to be denied many urban welfare benefits. Scholars have termed the institutional situation overwhelming the migrants as *second-class citizenship* (Solinger, 1999) and *differential citizenship* 公民身分差序 (Wu, 2010). But one puzzle remaining to be explored is the differences in interregional institutional arrangements, given the rural–urban divide at the national level (see Smart and Lin, 2007; Wang, 2005; Smart and Smart, 2001; Lee, 2007). Migrant workers as an official category are not merely treated discriminatorily vis-à-vis the local hukou residents at the national level, but varyingly across regions among themselves. This article aims to explain the emergence of interregional variation: how a variety of local urban regimes has been created in the eastern coastal areas, where the open-door strategy has attracted enormous numbers of interprovincial migrants (Fan, 2005) and global capital (Naughton, 2007). Below I present an overview of three types of local regimes and an explanatory framework, followed by an in-depth analysis of three representative cases in the Pearl River Delta region (Guangdong), southern Jiangsu, and Shanghai, respectively. In the conclusion, I briefly discuss the most recent situation facing the reform of migrant rights and conditions. The data were collected from official publications and statistical reports as well as fieldwork in the above-mentioned regions plus northern Zhejiang and Beijing. A number of migrant workers, factory managers, local officials, NGO activists, and scholars were interviewed during the author's field trips in 2003–2015.

Three Local Citizenship Regimes

Three sets of factors have interacted to produce the local migrant citizenship regime. First is the central state. The central state brings a significant institutional legacy (such as rural–urban dualism and strict population control) to local governments. And it makes policy and exerts pressure on local officials. Above all, it strives to achieve the national policy goals, which are often contradictory, of sustaining growth and capital accumulation on the one hand, while trying to restrain intensified inequalities and curb labor resistance on the other. A second factor is globalization, which has differentiated and divergent impacts on different regions in the country that bear the impact of globalization. Since its inception in the late 1970s, the open-door policy has ushered in large amounts of foreign direct investment and helped China to achieve rapid growth. Stephen Castles has argued that globalization has brought about hierarchies of citizenship for members *among* nation-states (Castles, 2005), but scholars have paid little attention to the effects of globalization on the hierarchical allocation of citizen rights *within* the nation-state. In effect, the impact of foreign capital and the central state is not uniform, but contingent on their interrelationship with localities. Thirdly, Chinese local governments, the focus of this study, respond to the national and global forces within their respective local jurisdictions. Within a local government, three local conditions—the initial endowments for development, the timing in the opening sequence, and local policy priorities—interact with national policies and global forces. The complicated interaction among these sets of factors is causally linked to the emergence of the local citizenship regime in each locality. Figure 1 illustrates the analytical framework that explains the causal mechanism of the research.

Using the framework outlined in Figure 1, three prototypes of local regimes can be identified: *segregative-exclusionary regimes*, *porous-incorporative regimes*, and *hierarchical-segmentary regimes*. First, poor initial endowments, early timing in the open-door sequence, and weak local state capacity have interacted to create the segregative-exclusionary regime in the Pearl River Delta region of Guangdong. Guangdong was put on the list for foreign direct investment in the open-door reform in the late 1970s (Vogel, 1989), one step ahead of the Yangzi River Delta, which was opened to FDI in the early 1990s. In contrast, relatively plentiful initial endowments, late timing in the opening sequence featuring high-tech industries, and a high level of local state capacity combined to produce the porous-incorporative regime in southern Jiangsu, including Suzhou and Wuxi. Finally,

Figure 1. The Emergence of Local Citizenship Regimes: An Analytical Framework.



abundant initial endowments, lateness in the opening sequence, strong local state capacity, together with a policy that prioritized urban protectionism in the metropolitan cities, such as Shanghai, gave birth to the hierarchical-segmentary regime. Table 1 summarizes the comparison. Below I will first describe the ideal-typical characteristics of the regimes in order, and then apply the cases in detail to each regime in the following sections.

First, in a segregative-exclusionary regime, the hukou system is rather closed as in all large cities in the coastal areas. It is difficult for migrants to acquire a local hukou; institutionalized discrimination against the migrant population in this regime is significant; and social welfare provision tends to exclude outsiders. Moreover, the participation rate of migrants in social insurance schemes has been very low, particularly until the mid-2000s. As a result, a huge "shadow worker" 幽灵工人 population has been created. By shadow workers, I mean workers who are either unregistered in the local population governance system and/or uncovered by the social insurance system.[1] This regime is also notorious for officials' rent-seeking activities. The industrialized areas in the Pearl River Delta are representative of this type of regime, and Dongguan and Shenzhen are typical cases.

Secondly, the porous-incorporative regime is characterized by a relatively low degree of institutionalized citizenship differentiation, a higher rate of migrant insurance coverage, and milder restrictions on acquiring an urban hukou. This regime is dubbed "porous" because there are tiny openings on the urban boundaries whereby a select group of skilled and higher-educated workers can gain access

Table 1. A Comparison of Differential Treatment in Three Local Regime Prototypes.

	Segregative-Exclusionary regime	Porous-Incorporative regime	Hierarchical-Segmentary regime
Migrant admission to local hukou	Difficult	Relatively accessible	Extremely difficult
Institutionalized differential treatment	Medium	Relatively low	High
Migrant participation in social insurance	Low	High	Relatively high
Representative cities and regions	Dongguan and Shenzhen in the Pearl River Delta (Guangdong) industrial clusters	Suzhou in the Yangzi River Delta (southern Jiangsu and northern Zhejiang) industrial clusters	Metropolitan cities: Shanghai, Beijing, Guangzhou, etc.

1 On the use of shadow workers, see also Bovi, 2007; and Schneider, 2012.

to the urban regime, either becoming full-membership citizens or privileged denizens.[2] In comparative terms, this regime is noteworthy for its somewhat equitable treatment of migrants and curbed rent-seeking activities. The export-oriented industrial centers in the Yangzi River Delta—southern Jiangsu and northern Zhejiang—belong to this regime. I use Suzhou (and its lower-level government Kunshan) as an example.

Thirdly, what characterizes the hierarchical-segmentary regime is a rigid hukou status hierarchy and systemic discriminatory treatment of migrants. The urban hukou is so highly valued that it is extremely difficult for ordinary migrants to acquire it. Usually, a high proportion of migrant factory workers are covered by a social insurance program. They are, however, consigned to inferior schemes, such as a multilayered insurance system, and thus offered thin benefits, including medical care and pensions. Shanghai is a prototype of this regime that has implemented a rigorous migrant governance and heightened urban-centered protectionist policies. Beijing and Guangzhou also belong to this regime, with differing degrees of institutionalized status hierarchy.

Below I describe the regional variation in the social insurance programs in the three regions under comparison. Remarkably, a significant institutional variation across the local regimes can be found in the social insurance schemes designed for migrant workers. Table 2 indicates the differences among the four cities under comparison in 2006. Both in Dongguan and Shenzhen (Guangdong), the enterprise's contribution rate for health care insurance was very low, with 2 percent and 1 percent of the insured's wage rate respectively, so that migrants received far less health service than needed. Shanghai designed a special insurance program for migrants, according to which the enterprise was to contribute the equivalent of 5.5 percent of the insured wage for a migrant worker's medical care and work-related injuries, whereas the enterprise would pay a much higher 12 percent for a local hukou worker's medical care alone. In comparison, the insured migrant received slightly better health care coverage in Shanghai than in Dongguan and Shenzhen. Shanghai's hukou population, in contrast to its migrants, was much better treated under a separate urban insurance program. Similarly, in Shenzhen, the employer was required to pay 6 percent of the insured's wage rate for health care insurance for local hukou residents; and in Dongguan, it was 6.5 percent for local hukou residents. In the category of pensions, Shanghai had an extremely hierarchical and complicated system with a multilayered insurance scheme. Like the differential treatment in health care, its pension program was also highly differentiated. The employer paid different rates for urban hukou residents 城镇戶口居民 (22 percent of the insured's monthly wage rate), small town or suburban hukou residents 小城镇戶口居民) (17 percent), and migrant workers 外來工 (7 percent) respectively (see the section below on Shanghai for more details).

[2] Originally in the international migration literature, denizens referred to people with non-citizen permanent resident status granted by the host country (Hammar, 1999). In this study, I use the term to refer to holders of long-term residence permits with urban privileges not provided to ordinary migrants.

Table 2. Regional Variation in Social Insurance Schemes for Migrant Workers in Four Cities, 2006.

	Shanghai (Migrant scheme)		Suzhou (Uniform scheme)		Dongguan (Migrant scheme)		Shenzhen (Migrant scheme)	
Contribution rate	Employer	Worker	Employer	Worker	Employer	Worker	Employer	Worker
Pension	7%	Non-compulsory	20%	8%	10%	8%	10%	8%
Health care	5.5%	Non-compulsory	10%	2%	2.0%	0%	1%	0%
Other insurance*			4%	1%	3.0–4.0%	0%	0.5–1.5%	0%
Range of insured wage rate	Fixed: 1,341 yuan		1,045–5,747 yuan		690–2,460 yuan		700–8,118 yuan	
Minimum wage	750 yuan		750 yuan		690 yuan		700 yuan; 810 yuan**	

*For analytical simplicity, three items of insurance are grouped into this category: injury, unemployment, and birth insurance.
**700 yuan is for enterprises located outside the Shenzhen Special Economic Zone; for those within the Special Zone, the minimum insured wage is 810 yuan as of March 2007.
Sources: Readapted from various local official documents and publications.

Shanghai was unique in its institutional design for different population groups. It created a category of "small town hukou residents" for those who dwelled in suburban towns and farmers whose lands were expropriated so that their hukou status was transformed from rural to urban. In this way, small town hukou residents actually received a kind of second-class urban hukou in this city.

In Dongguan and Shenzhen, basically there was no such differential pension program distinguishing the locals from migrants, but there was a salient difference in the wide gap in the pension coverage of the two groups. By contrast, Suzhou (and Wuxi also), in southern Jiangsu, stood out for their fairly equitable program, which did not discriminate against migrant labor. Both locals and migrants were to be covered by a uniform scheme. However, there was a trick behind the ostensibly equitable treatment, that is, a substantial number of migrants were hired as "dispatch workers" 劳务派遣工, and the social insurance for such workers was covered by an inferior "agricultural insurance program." More details will be discussed in the section on Suzhou.

Based on Table 2, we can compute the minimum social insurance costs paid by the employer in these four cities in 2006. The amount was merely 81 *yuan* per month for every insured worker in Shenzhen, 104 yuan in Dongguan, 168 yuan in Shanghai, and 355 yuan in Suzhou. Hence, the cost of labor in southern Jiangsu and Shanghai was substantially higher than in Guangdong, a haven of cheap labor for the export-processing type of industrial development. The government-regulated minimum wage rates were set at 750 yuan in Shanghai and Suzhou in 2006; 690 yuan in Dongguan; and 700 and 810 yuan in Shenzhen. Thus, the social insurance costs for the employer equaled about 11 percent of the minimum wage in Shenzhen, 15 percent in Dongguan, 22 percent in Shanghai, and 47.4 percent in Suzhou. As for the worker's contribution, Shanghai did not make migrant personal contributions compulsory. Migrants in both Shenzhen and Dongguan were required to pay about 55 yuan; and in Suzhou, migrants paid 100-plus yuan per month. The varied social insurance programs in different regions offer a roadmap of how differential citizenship has operated both within a local regime and across regimes.

Labor costs in China since the late 2000s have increased substantially in terms of wage rates and social insurance expenses. Table 3 shows the social insurance rates for the migrant workers in the four cities in 2015. There were still different schemes for migrants and hukou holders in Shanghai and Shenzhen, but the gaps were reduced. The different schemes were unified in Dongguan in the early 2010s. The social insurance fee paid by the employer was 575.7 yuan in Shanghai, 876.5 yuan in Suzhou, 516.8 to 580.6 yuan in Dongguan, and 325.8 to 442.54 yuan in Shenzhen. The minimum wage rates were set at 2,020 yuan in Shanghai in 2015, 1,820 yuan in Suzhou, 1,510 yuan in Dongguan, and 2,030 in Shenzhen. Accordingly, the employer's cost of social insurance equaled about 16 percent to 21.7 percent of the minimum wage in Shenzhen, 34.2 percent to 38.4 percent in Dongguan, 28.5

Table 3. Regional Variation in Social Insurance Scheme for Migrant Workers in Four Cities, 2015.

	Shanghai (Migrant scheme)		Suzhou (Uniform scheme)		Dongguan (Uniform scheme)		Shenzhen (Migrant scheme)	
Contribution rate	Employer	Worker	Employer	Worker	Employer	Worker	Employer	Worker
Pension	22%	8%	20%	8%	13%	8%	13%	8%
Health care	6.5%	1%	9%	2%	6.8%	2%	0.45%, 0.6%, 6.2%	0.1%, 0.2%, 2.0%
Other insurance*			3.5%	0.5%	1.66–4.31%	0.5%	2.6%	1%
Range of insured wage rate	Fixed: 3,266 yuan		2,697–16,738 yuan		2,408–14,958 yuan		2,030–15,645 yuan	
Minimum wage	2,020 yuan		1,820 yuan		1,510 yuan		2,030 yuan	

*For analytical simplicity, three items of insurance are grouped into this category: injury, unemployment, and birth insurance.
Sources: Readapted from various local official documents and publications.

percent in Shanghai, and 48.2 percent in Suzhou. By 2015 the employer's social insurance expenses had increased considerably. In addition, the coverage in both Dongguan and Shenzhen had also expanded, following a stricter social insurance law implemented in 2011. Nonetheless, regional variation is still significant across the four cities (see Table 3).

The Segregative Regime in the Pearl River Delta, Guangdong

Guangdong's migrant regime was influenced by the fact that Guangdong was the first site of foreign investment in the PRC. The central government granted a special policy to Guangdong in the late 1970s that allowed the province to court foreign direct investment. Hence, the Pearl River Delta area began to attract a large number of foreign manufacturers soon following the Plaza Accord in 1985, which caused the appreciation of the currencies in the East Asian industrialized countries and damaged those countries' export competitiveness in labor-intensive goods. Numerous sunset industries from neighboring tiger countries, predominantly Taiwan, Hong Kong, Singapore, and South Korea, rushed into the Pearl River Delta (PRD) to take advantage of cheap labor. Since then, Guangdong has employed the largest number of long-distance migrants from the inland and has taken the lead in the export-processing pattern of industrialization.

One Step Ahead in the Opening Sequence

The region was characterized by an agricultural tradition, thin accumulation of industrial capital during the Mao era, and relatively weak infrastructural power of the local government. With such relatively poor endowments, the local government made a variety of concessions to foreign capital and played the role of labor broker and real estate developer. A large migrant labor market and scores of new industrial towns mushroomed in just a few years. The FDI enterprises employed an enormous number of low-skilled, poorly paid, and long-working-hour migrant workers; many of them were young women working on assembly lines and subject to a high turnover rate (Lee, 1998; Lee, 2007; Chan, 2001; Pun, 2005). By the mid-1990s, Guangdong had been transformed into a workshop for the world. Foreign-invested processing factories generated a large proportion of the province's GDP. Due to lack of technology and foreign exchange, Guangdong officials had weak bargaining power vis-à-vis foreign capital. It is well known that the central government was responsible for the flexible policy that encouraged foreign investment, but in any case local officials were adept at "making good use of the center's policy." In fact, local officials often implemented more flexible measures than allowed by the center. For instance, they offered generous concessions to foreign-invested companies, such as cheap land-use fees, a long period of corporate tax exemption, tax rebates for exports, and cheap, limited social insurance coverage for migrant workers. Local officials even allowed enterprises to avoid state taxes, and a variety of local fees were negotiable, dependent on guanxi (personal connections) and back-door transactions with

Table 4. Financial Revenues in Five Cities and National Average, Selected Years (units: yuan per capita).

Year	Shanghai	Suzhou	Wuxi	Dongguan	Shenzhen	National average
1978	1,541	164	257	59	55*	118
1985	1,514	297	422	92	1,313	189
1992	1,439	418	535	413	5,355	297
2000	3,768	2,738	2,578	1,997	17,765	1,057
2005	10,537	11,824	9,315	6,276	22,667	2,421
2010	20,347	14,171	10,972	15,285	44,091	6,197
2014	31,873	21,961	16,096	21,664**	62,693	10,262

*Data from 1979.
**Data from 2013.
Sources: *Shanghai Statistical Yearbook*, *Suzhou Statistical Yearbook*, *Wuxi Statistical Yearbook*, *Dongguan Statistical Yearbook*, *Shenzhen Statistical Yearbook*, and *China Statistical Yearbook*, various years.

officials. Government revenues, therefore, relied heavily on export-processing fees (Wu, 1997).

Dongguan and Shenzhen are typical cases of this regime. Dongguan, a prefecture-level city located between Shenzhen and Guangzhou, hosted 5.9 million documented migrants (including the employed and the unemployed such as the spouses and children of migrant workers), while the entire local hukou population amounted to 1.7 million in 2005, so that the migrant-to-local population ratio was 3.5: 1.[3] In neighboring Shenzhen, a semi-provincial-level special district adjacent to Hong Kong, the ratio was similar, at 3.3: 1, with 6.5 million migrants and 2 million hukou residents in 2006.[4] The large proportion of the migrant population made social control of migrants a local policy priority. Initially, both cities had an extremely weak financial capacity. Table 4 compares the relative financial capacity of five cities with the national average. It indicates that on the eve of opening up to foreign capital, per capita government revenues in Dongguan and Shenzhen were as little as 59 yuan and 55 yuan, respectively—both figures represented less than half of the national average, lagging behind Suzhou and Wuxi, in Jiangsu, let alone affluent Shanghai. By 1985, Shenzhen's financial revenues per capita had soared to nearly seven times the national average, even surpassing Shanghai in 1992. Dongguan was just a few years later than Shenzhen in initiating export-processing growth. By 1992 its financial performance barely approached that of Suzhou and Wuxi, but after that it began catching up. But after adjusting for

[3] Adapted from 2005年东莞市国民经济和社会发展统计公报 (Dongguan municipal statistical bulletin on the national economy and social development, 2005).

[4] Adapted from 2006年深圳市国民经济和社会发展统计公报 (Shenzhen municipal statistical bulletin on the national economy and social development, 2006).

Table 5. Financial Revenues in Four Cities, Adjusted by Migrant Population, Selected Years (units: yuan per capita).

Year	Shanghai	Suzhou	Dongguan	Shenzhen
2000	3,096	N/A	473	3,165
2005	7,586	7,288	1,516	4,982
2010	12,479	8,605	3,378	10,671
2014	18,904	13,616	4,921*	19,322

*Data from 2013.
Sources: *Shanghai Statistical Yearbook*, *Kunshan Statistical Yearbook*, *Dongguan Statistical Yearbook*, *Shenzhen Statistical Yearbook*, and *China Statistical Yearbook*, various years.

the migrant population, financial revenues per capita in both cities were dramatically smaller (see Table 5). In effect, Shanghai and southern Jiangsu significantly outperformed Guangdong until 2005. These findings corroborate the argument that Guangdong's low-tech export-led growth pattern entailed comparably low added value, while its export trade lacked linkage with the local economy (see Lardy, 1996). The open secret behind China's "economic miracle" is nothing but the exploitative utilization and brutal treatment of migrant labor (Chan, 2001; Chan, 2003), even though this brutal system may have made it possible for migrant families in many cases to substantially expand their income and in some cases take advantage of opportunities for other economic activities.[5] The mechanism of exploitation is embedded not merely in class relations, but also in migrants' non-citizenship status. Shenzhen has been catching up with Shanghai in terms of real financial capacity since the early 2010s, but Dongguan is still lagging behind. High exploitation plus intensive social control has helped created this segregative-exclusionary regime.

Low Coverage of Social Insurance for Migrants

In Guangdong, besides cheap land fees and tax breaks, favorable labor conditions were a major factor that attracted investments. Labor costs constituted a major part of the total costs of labor-intensive industries. Compared with other coastal regions, Dongguan, and Shenzhen as well, implemented a social insurance policy favorable to foreign capital. Moreover, the government-regulated minimum wages in Guangdong, except for Shenzhen, were also kept lower than those in southern Jiangsu and Shanghai. These conditions taken together made Dongguan and Shenzhen a haven for labor-intensive industries.

Most migrant workers were not covered by social insurance or, if covered, received meager benefits. The overall pension coverage was estimated to be as low

[5] The author thanks Mark Selden for suggesting this argument (personal communication, June 22, 2010).

as 28.3 percent of the total labor force in Dongguan in 2005, and 50.3 percent in Shenzhen in 2006. As is widely known, pension insurance for migrants in Shenzhen was actually something that local government milked as a source of revenue. The government did not have to pay pensions to insured migrants for a fairly long period, and thus the pension fees paid by employers became a kind of extra revenue. Health insurance was especially critical for migrants. Overall coverage was estimated to be 29.1 percent of the total labor force in Dongguan in 2005, and 38.9 percent in Shenzhen in 2006. Furthermore, the benefits offered were pitifully meager for those covered by Shenzhen's cheap program, compared with Suzhou's program (see Table 2). Health care was a constant problem for migrant families as medical costs rose to an unbearable level due to the deregulation of the health sector since the 1990s. "Self-help" became a mantra among migrants. A couple with two children working in a Dongguan foreign-owned company shared their experience:

> The health insurance card is only good for work injuries, and it sets a lot of barriers, so we never use it. . . . Health care and children's education are two sore spots in this place. . . . Sometimes the hospital treats a minor problem as a serious illness, in order to charge more money. One time our child was coughing, but the doctor said he's having bronchitis. . . . Some doctors in the hospital would ask you, even before treatment, how much money you had brought and how much you earned a month. They simply tried to squeeze out all of your money. (Author's field interview)

In the category of pensions, the insurance tax rate on the part paid by the employer was reduced to 10 percent in this region, merely half of that in the Yangzi River Delta manufacturing centers such as Suzhou and Wuxi. It should be noted, however, that the 10 percent pension rate also was applied to employees with a local hukou. It was raised to 13 percent in the early 2010s. As a tradition in the Pearl River Delta, welfare benefits have been primarily allocated by the village collectives and provided exclusively to native hukou residents (who are registered with an agricultural household status, i.e., rural hukou) (Wu, 2000), whereas the government does not, and has insufficient resources to, spend much on public welfare (see Table 5 above and Table 7 below). Therefore, though it is difficult for migrants to obtain a local urban hukou, a local hukou is not valued highly on account of the slim welfare benefits attached to it. In other words, protection of the local residents is not a top policy priority for local officials, as in the case of the metropolitan hierarchical regime.

Sociospatial Segregation: The Factory as a Paternalistic Mini-State

The segregative regime in the PRD region is characterized by a factory-dormitory system (Smith and Pun, 2006). As I also observed in the field, in a typical situation, workers live in the factory compound or nearby apartments rented by the factory used as dormitories. The dormitories are organized into small units, which pack in up to eight to twelve people in each unit; toilets and showers, installed on each floor of the building, are communal. Workers often have to line up to take a shower in the evening, usually during the short rest period between shifts. Aside from dining halls, there are small grocery stores and first-aid type clinics; and some large factories provide postal service, access to the Internet, and recreational and sports facilities. Curfew is regularly imposed, and those who leave the factory compound after the evening shift must return by midnight or face the risk of being barred from the dormitory all night. As a rule, factories charge fees for lodging and meals by subtracting directly from the workers' monthly wages. In some cases, factories even generate profits from their dormitories. Some companies provide high-ranking and married couples with studio-type rooms with cooking facilities and television sets, so these elite workers can enjoy some privacy, which is denied to ordinary workers. It is no exaggeration to say that migrant workers are essentially confined in the factory-dormitory except on Sundays and long holidays.

This residential pattern is extremely segregative. The factory-dormitory facilitates collective-style management, and managers believed it reduces the risk of "criminals and chaos" penetrating the factory and allegedly enhances production efficiency (Peng, 2007: 83–87). Migrant workers confined in the closed factory world seldom socialize with locals, let alone cultivate friendships with them. Normally, these workers learn little about the outside world. This residential pattern is related to Chinese-style "despotic regimes" as described by Ching Kwan Lee (1998). In Guangdong, migrant workers are not only dependent on wages for their livelihood, but rely on the housing provided by the factory. Social control is generally very strict, and manager tyranny and physical abuse are not uncommon (Chan, 2001). Each factory-dormitory exists as if it were an independent kingdom, policed by a security squad. This factory regime we call a *paternalistic mini-state*.

Under such a factory regime, social control is tight, but not airtight. "Weapons of the weak" (Scott, 1985) can be observed and worker complaints and sporadic resistance expected. Indeed, in my fieldwork I encountered frequent grumbling and numerous protests. One morning I watched workers on their way from the canteen to the shop floor dump buns into a ditch by the sidewalk one after another. This seemingly uncoordinated collective action gestured a silent protest against the quality of the food. I also observed other weapons of the weak during my fieldwork, including spreading rumors about managers' life style sabotage, brawling, clogging the toilet, and "stealing from the shop floor."

To my surprise, in field interviews quite a few workers expressed their subjective identification with the factory and approval of the strict dormitory management. "The factory is just like our home." "Everything is convenient here; nothing is difficult." For them, curfew was necessary protection against the uncertain, even dangerous, outside world. Thomas Peng (2007) recounts an intriguing field story from Dongguan about how workers defined the inside-outside dichotomy:

> Actually, the notion of "outside people" has a negative meaning. Even more amazingly, I have never heard of the term "outside" being attached to a positive meaning. . . . For the Hengfa workers, "inside" and "outside" of the factory are two distinct social spaces; and

> "co-workers" and "outside people" are two separate social groups. . . . "The factory is their home, their 'shelter'" [said a manager]. (Peng, 2007: 87–88)[6]

How do we make sense of this seemingly irrational xenophobia? The answer lies in the segregative regime itself. Because Dongguan hosted a hyper-dense migrant population, local officials, as in other cities in the PRD region, governed the migrants with an iron fist. Mugging, bullying, and robbery were widely reported in local news media and imprinted in the minds of migrants. Migrants were not unfamiliar with the government's and locals' hostile attitude toward them. As illustrated by the notorious case of Sun Zhigang, a college graduate who was tortured to death in 2003 while being kept in a "migrant detention center," which occurred in this region, official abuse and extortion were not rare (Wu, 2010). Issuing temporary residence cards to migrants used to be a lucrative business for the local government. As such, migrants became a target for rampant revenue-seeking activities. Although charging an extra fee for a temporary residence card was substantially curbed and street inspection of identity documents has become less common in recent years, my interviewees still vividly recalled unpleasant encounters; consequently, they made sure to carry their ID cards whenever they went out of the factory. Thus, the image of a dangerous outside world was constructed out of migrants' collective anxiety about official power and social discrimination. The factory paradoxically became a sanctuary for them in this "foreign" country. In fact, female workers could hide in the factory to avoid inspection when they were pregnant without "official approval" (Chang, 2007).

In this type of regime, it was unusual for migrants, even elite migrants, to "assimilate" with the local society. A white-collar manager, whose case I followed for several years, held a college degree and worked in a Shenzhen foreign-invested factory for more than ten years, and rented a decent apartment near the company where he lived with his wife and two children. After years of waiting and enduring complicated procedures for an official interprovincial hukou transfer, he finally obtained local citizenship. Now he was eligible to participate in the neighborhood committee election, but he still found himself in an embarrassing situation: "It's just not meaningful. I don't know whom to vote for, except myself, because I have little contact with the outside world" (field interview).

The perpetual feeling of being a stranger among migrants and discrimination by the government and locals were intrinsic to migrants' lived experiences in the Pearl River Delta industrial towns. Their sense of insecurity inadvertently bolstered the legitimacy of the factory-dormitory system. The dangerous outside world was simultaneously a reality and an ideology, further consolidating this segregative regime.

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[6] Hengfa (coded name) is the factory where Peng conducted his fieldwork.

The Porous-Incorporative Regime in Southern Jiangsu

The Yangzi River Delta region has been deeply penetrated by the global production chains since the 1990s. But unlike the Pearl River Delta area, it was late in the sequence of opening to foreign capital. Furthermore, a high level of indigenous rural industrialization (due to better local endowments) and a strong local state capacity for fiscal extraction and efficient governance characterized this region. The local regime in southern Jiangsu contrasts with Guangdong in several key indicators. Migrants in Jiangsu perceived it as being comparatively amicable to newcomers. A female migrant who used to work in Shenzhen and southern Jiangsu remarked that "the discriminatory treatment between outsiders and locals is huge in Guangdong, whereas here in Kunshan, I don't feel many differences; moreover, the quality of people is better" (field interview). Foreign managers expressed similar perceptions.

Indigenous Development and the Blessing of One Step Behind

Historically, rural southern Jiangsu was renowned for its thriving handicrafts and family workshops (Huang, 1990). During the Cultural Revolution (1966–1976), commune and brigade industries 社队企业 grew substantially. In 1965, agriculture in Suzhou accounted for 45.9 percent of GDP and industry 34.7 percent (see Table 6). By 1978, on the eve of the reform, agriculture had been reduced to 28.1 percent, and industry had soared to 55.7 percent. When the Yangzi River Delta region was opened to foreign capital in 1992, the industrial sector already accounted for 64.2 percent of GDP, while agriculture had dwindled to 11.3 percent. Per capita GDP was 6,345 yuan in that year. This economic structure makes for a stark contrast to the PRD area. In 1978, agriculture comprised 44.5 percent of Dongguan's GDP. When Dongguan began to usher in foreign investment in 1985, agriculture still accounted for 31.9 percent of GDP and industry 48.5 percent, with per capita GDP of 1,686 yuan. In sum, unlike Dongguan, southern Jiangsu had grounded itself solidly in indigenous industries before the influx of global capital.

Before global capital flowed into the Yangzi River Delta (YRD) region, the so-called Su'nan (southern Jiangsu) model was hailed as a Chinese model of rural industrialization, characterized by equitable welfare distribution (Oi, 1992). A leading figure in Kunshan's development, Xuan Binglong, recollected how, during the Cultural Revolution, sent-down intellectuals from Shanghai helped establish rural industries by bringing in production techniques, management skills, and connections with the adjacent Shanghai market (field interview). This historical opportunity paved the way for a domestic entrepreneurial network.

The Su'nan model carried several important legacies into the current local regime. Above all, local officials enjoyed better managing techniques and financial capacity and better-trained labor than their counterparts in Guangdong at the time of opening. These in turn strengthened their bargaining power vis-à-vis foreign investors. They could be more autonomous in choosing the type of

Table 6. Historical Comparison of GDP in Suzhou and Dongguan, Selected Years.

	Per capita GDP (yuan)		GDP composition					
	Suzhou	Dongguan	Suzhou			Dongguan		
Year			Agriculture	Industry	Services	Agriculture	Industry	Services
1965	251	N/A	45.9%	34.7%	19.5%	N/A	N/A	N/A
1970	321	N/A	41.6%	41.0%	17.4%	N/A	N/A	N/A
1978	631	549	28.1%	55.7%	16.2%	44.5%	43.9%	11.6%
1985	1,718	1,686	19.7%	61.7%	18.7%	31.9%	48.5%	19.5%
1992	6,345	6,213	11.3%	64.2%	24.6%	19.1%	50.5%	30.4%
1994	12,616	10,929	9.5%	61.4%	29.1%	12.9%	53.1%	33.9%

Sources: Calculated from *Suzhou Statistical Yearbook* and *Dongguan Statistical Yearbook*, various issues.

capital they would accept. Moreover, the local government had a "backward advantage" due to the lateness in the opening sequence, in that it could learn from Guangdong's experience. At the same time, as labor-intensive sunset industries—such as footwear, garments, handbags, and the like—had entered Guangdong and exhausted their potential there, the type of industry flowing into the YRD region tended to be capital-intensive. This was essentially a process of reciprocal selection. In retrospect, high-tech industries preferred eastern China to the south. Obviously, one step behind Guangdong was an unforeseen blessing for the region.

Due to the type of foreign capital invested, the region did not need a migrant population as dense as that in Guangdong. In the typically FDI-dominated city of Kunshan, the ratio of migrants to the local population was about 1.1: 1 in 2006, whereas the ratio was 3.3: 1 and 3.5: 1, respectively, in Shenzhen and Dongguan. Therefore, migrants in the region would not impose as much pressure on infrastructure and public goods provision as in Guangdong. This helps explain the relative openness of this local regime to prospective citizens. Typically, migrant workers in southern Jiangsu enjoyed higher wages and better non-wage treatment than such workers in other areas with a similar structure of globalized production. Local governments in this region appeared to be more protective of labor rights than Guangdong's officials. Wage arrears and nonpayment of overtime wages were also less rampant than in Guangdong. Institutionalized discrimination in this region was the least severe of the three regimes under comparison. Remarkably, there was no multilayered social insurance scheme discriminating against migrants. And insurance coverage overall was among the highest in the nation.

The average labor cost (wages plus social insurance expenses) in Suzhou was approximately 20–30 percent higher than in Dongguan and Shenzhen. As the local government had a stronger capability when it came to fiscal extraction from foreign-invested enterprises, it could better steer economic development toward its preferred policy goals. To illustrate, in recent years, when the local government engaged in urban rezoning, it demonstrated a determination to buy out undesirable high-pollution, labor-intensive factories.

Public Goods Provision for Migrants

Kunshan, a county-level city in Suzhou prefecture, is a typical case of this urban regime. Residents with a local hukou enjoyed good welfare benefits, thanks to Kunshan's relatively ample revenues and higher rates of social insurance contributed by employers. Thus, in the mind of migrants, a Kunshan hukou was more valuable than that of Dongguan. Like their counterparts in Guangdong, Kunshan's officials played a crucial role in brokering globalized production by providing land, cheap labor, and infrastructural facilities. At the same time, they devoted more resources and efforts to supplying public goods to the residents, including some of the migrant workers. In general, Kunshan's officials, like others in the region, restrained themselves from all-out rent-seeking and tended to favor regulatory and redistributive policies. Above all, they tended to be responsive to the needs of migrants. In Kunshan a uniform social insurance program was available to all industrial workers without discrimination. The city's overall insurance coverage outperformed the insurance schemes of other newly industrialized cities, with 60.8 percent of the entire workforce in pension programs and 53.2 percent in the health care program in 2005. The employer's contribution rate was set at 34 percent of the insured's wage, significantly higher than that in Dongguan, Shenzhen, and Shanghai (see Table 3). The city has also adopted a more open hukou policy, for the upper tier of migrants, due to stiff competition from adjacent industrial centers for high-skilled and better-educated labor. In the early 2000s, Kunshan introduced a measure to transform "guest workers from outside" into "new Kunshan people," which won the support of the provincial and central governments. Xuan Binglong, the above-mentioned leader of the Kunshan Economic Development District, stated:

> Hukou is no longer a problem in our place; neither is the education of migrant children. There was just one primary school in the district, but now we have twenty-four primary and five high schools. The government is working hard to build new schools. . . . Nowadays, there are more thieves than ever. They're all from outside. As yet, they don't really mean to steal things. I'd say, they do it just out of envy, psychological imbalance, and so on. Therefore, I often say that their anger must be vented. The urban area should be expanded. We should create public spaces for the poor to hang out. Don't worry that the rich get richer, but never let the poor become penniless. We don't care that rich people are eating shark fin soup, but we ought to offer the poor instant noodles, to say the least. (field interview)

Table 7. Financial Expenditures and Expenditures on Education, Science, and Culture in Kunshan and Dongguan, 2000–2015 (units: yuan per capita).

	Kunshan				Dongguan			
	Financial expenditures		Education, etc.		Financial expenditures		Education, etc.	
Year	Hukou pop.	*Adjusted by migrant pop.*	Hukou pop.	*Adjusted by migrant pop.*	Hukou pop.	*Adjusted by migrant pop.*	Hukou pop.	*Adjusted by migrant pop.*
2000	1,533	1,255	250	204	2,202	825	512	192
2005	6,758	3,292	776	378	7,066	1,559	1,223	270
2010	19,508	7,212	3,742	1,384	15,945	4,886	4,032	1,235
2011	24,125	8,697	5,068	1,827	19,046	5,881	5,486	1,694
2012	26,458	9,981	6,073	2,291	20,617	6,386	5,953	1,844
2013	29,445	11,040	6,913	2,592	23,536	7,130	6,914	2,095
2014	28,968	10,933	6,344	2,394	N/A	N/A	N/A	N/A

Sources: *Suzhou Statistical Yearbook*, *Dongguan Statistical Yearbook*, and *Shenzhen Statistical Yearbook*, various years.

To say that “hukou is no longer a problem” was an exaggeration, but the important point that Xuan made was that hukou was no longer a big problem for the local government’s development strategy. In fact, his remarks pointed to the fact that the distinction in status between locals and migrants still existed. Yet, the Kunshan government took the initiative in providing education and other public goods for migrants. Local officials carried out ameliorative policies with the clearly defined goal of competing for skilled labor. Obviously, these policies would not be possible without the city’s relatively strong financial sinews. Table 7 compares financial and educational expenditures in Kunshan and Dongguan. Both cities appeared to be on the same level in terms of the nominal, per capita hukou population. However, Kunshan’s financial capacity far surpassed Dongguan’s after adjusting for the migrant population. In the year 2005, Kunshan spent 3,292 yuan per capita in real terms, whereas Dongguan spent only 1,559. In the category of education and related items, Kunshan also outperformed Dongguan. In 2013, Kunshan was still significantly leading Dongguan. Thus, local policy goals and local state capacity are two key factors in explaining interregional variance in the provision of welfare and education for migrants. Kunshan’s policy goal of attracting high-quality migrant labor was shored up by the local state’s financial capacity. In the case of Dongguan, the hyper-density of the migrant population thwarted any hope by the local state to provide education to migrant children as was implemented in Kunshan.

The residential pattern of migrant factory workers in Kunshan was also different from that in Guangdong. Due to rigorous urban planning, enterprises were not allowed to build dormitories in the factory compound. The city constructed apartments for migrants in the 2000s. Some foreign-invested companies rented buildings from the government or private companies to be used as dormitories. And many migrant families rented apartments from local villagers. This residential pattern was more diversified and less segregative than in Dongguan and Shenzhen. In short, the factory-dormitory system did not prevail in Kunshan.

Soaring medical expenses in recent years have been a big problem for migrants throughout most of the coastal areas, but the Kunshan government offered health care benefits to insured workers regardless of their hukou status. In the insurance program, each worker contributed 2 percent of his or her base wage for health care, while the employer paid 8 percent. Insured workers were eligible for an outpatient benefit of up to 1,920 yuan every year. And they were compensated for 88–95 percent of hospitalization expenses below 20,000 yuan. This system was among the most generous in the nation—much better than the benefits provided by the Shanghai and Guangdong governments in the 2000s. The compensation for birth expenses in Kunshan was also relatively generous for migrants, unheard of in other regions (field interviews).

Touted by the central government as a model, Kunshan boasted of social insurance with "comprehensive coverage," that is, regardless of the laborer's hukou status, everyone was insured. However, probing deeper reveals a flaw in this regime. Local officials and factories colluded to use the trick of "labor dispatch" 劳务派遣 to forge the appearance of comprehensive coverage. According to my fieldwork, a substantial portion of migrant workers were put under the category of "dispatch labor," and thus they were entitled to no more than an inferior "agricultural insurance" program. In fact, in the official statistics those employed as dispatch labor were excluded from the category of formal "urban employment." In a sample of twelve factories, the admitted labor dispatch rates in nine ranged from 10 percent to 80 percent. This finding shows the prevalence of dispatch as a way of reducing labor costs. Interestingly, labor dispatch was not found in the Pearl River Delta region, not because the employers there were particularly law-abiding, but because local officials allowed factories merely to insure a very low percentage of employed migrants. No doubt labor dispatch diminished the otherwise outstanding performance of this local regime. Nonetheless, it is undeniable that Kunshan, as a leading city in offering public goods to migrants, has had a positive, contagious effect on the foreign-invested sector in the Yangzi River Delta (Gallagher, 2005).

The Hierarchical-Segmentary Regime in Metropolises

China's metropolitan cities and a number of provincial capitals have created a unique urban regime. This regime is characterized by highly institutionalized protectionism against outsiders. The regime makes it extremely difficult for migrants to obtain a local hukou. Moreover, it consigns migrant workers to one niche or another in a hierarchy of treatment, as evident in the regime's multilayered social insurance programs. A primary common concern for these cities is dealing with the population pressure. Several other factors also account for the protectionism of the regime. First of all, since the Mao era, cities in this category have employed a large number of workers in state-owned enterprises and have supported a massive number of civil servants, teachers, and party cadres. As a result, the local government in recent years has to take care of a veritable army of retired and laid-off employees 离退休人员, which is always a local policy priority. Usually, retirees enjoy privileged welfare treatment guaranteed by the state. Moreover, these cities have been offering the highest level of welfare benefits to urban citizens since the old days. Thus, the local government has to spend a great deal on pensions, health care, and education, in addition to funding burgeoning infrastructural construction. Table 8 shows the varying weight of urban retirees in the cities of the three major regime types under comparison. Shanghai had to support a population of 2.9 million "aging" or "nonproductive" former workers, which was 25.3 percent of its entire urban hukou population in 2005; Beijing had almost 2 million retirees, composing 21.8 percent of the urban hukou population; and Tianjin had 1.3 million, or 23.3 percent. By comparison, the burden was significantly lighter in terms of absolute numbers and proportions in the other two regimes. The large welfare expenditures on the hukou population provide a key to explaining both the priority assigned to protectionist policies and the institutionalized discriminative treatment of migrants.

Table 8. Retirees-to-Urban Population Ratio in the Three Regions, 2005 (units: 1,000 persons).

	Number of retirees and laid-off employees (A)	Urban hukou population (B)	Ratio (A/B)
Metropolitan cities			
Shanghai	2,907	11,489	25.3%
Beijing	1,922	8,802	21.8%
Tianjin	1,312	5,624	23.3%
PRD manufacturing centers			
Shenzhen*	125	1,648	7.6%
Dongguan	43	658	6.5%
YRD manufacturing centers			
Suzhou	441	3,097	14.2%
Kunshan	40	365	10.9%
Wuxi*	382	2,794	13.7%

*Data of 2004.
Sources: *Statistical Yearbook* of Shanghai, Beijing, Tianjin, Shenzhen, Dongguan, Suzhou, Kunshan, and Wuxi, 2005 and 2006.

Urban Protectionism and the "Incorporate-to-Segment" Strategy

Migrant labor constitutes a major part of the workforce in China's metropolitan cities. Migrants in Shanghai composed 40 percent of the entire local population in 2005. Similarly, Beijing's migrants accounted for 37 percent of its entire population in the same year. If we add undocumented "shadow workers," the weight of the migrant population would be much greater. In addition to the formal sector, there have emerged large informal sectors in these cities, employing numerous migrants as domestic helpers or providing opportunities for self-employment such as unlicensed taxi drivers, small shopkeepers, street peddlers, and garbage recyclers. Thus, a highly fragmented and segmented labor market is a fundamental characteristic of this regime (Solinger, 1998). For one, civil servants and workers in state enterprises constitute a privileged labor segment. For another, the migrant labor employed in the globalized production segment (particularly in the labor-intensive industries) makes up an underprivileged labor market. Still another labor segment attracts shadow workers into the informal sector. In response to this highly fragmented labor market, the metropolitan regime instituted a multilayered social insurance program. In Shanghai, for example, the official motivation was to incorporate as many migrant workers into a "cheap" insurance scheme by requiring enterprises to pay low costs so that they would be less likely to resist or evade the payments. Therefore, we can observe a Janus-faced strategy in China's metropolitan cities. On the one hand, urban government has had a strong proclivity to incorporate migrants under its official umbrella, in order to prevent them from becoming unruly shadow and guerilla workers (Guang, 2005). On the other hand, however, the incorporated migrants have been institutionally placed in a lower social status and offered only a modicum of welfare benefits. Hence, the strategy of "incorporate-to-segment" in migrant governance has found its fullest embodiment in this regime. The incorporating measures have been primarily intended to maintain social order, rather than assimilate at least a portion of migrant labor into a system of equitable treatment.

The coastal metropolises were also integrated into global production, cultural, and consumer networks. Shanghai and Tianjin were deeply penetrated by global capital-led international trade, with a trade-to-GDP ratio of around 90 percent and 60 percent, respectively, in 2006. By contrast, Beijing's economy was less dependent on foreign trade. The varied degree of globalized production in these cities points to the fact that foreign capital had different influences on these respective urban regimes. The highly hierarchical characteristics of this type of regime were molded by global links, not only in economic terms but also in political and cultural terms. Beijing as the national capital had a motivation as strong as Shanghai's and Tianjin's to maintain a super-modern façade and a stable social order. These cities thus resorted to regularly cracking down on migrant enclaves while heavily relying on migrants to supply the cheap labor needed for globalized production and urban construction and services. The story of the demolition and rebuilding of Beijing's Zhejiangcun (migrant enclave) illustrates the unhappy symbiosis between migrants and local officials in that city (Xiang, 2000; Zhang, 2001).

Beijing and Shanghai enjoyed abundant financial capacity and spent lavishly on education. The cities had per capita financial expenditures of 11,787 and 13,258 yuan respectively in 2006, compared with the national average of 3,075 yuan.[7] The average spending on schoolchildren in both cities was the highest in the nation. For example, for every primary school student in Beijing, an annual sum of 5,147 yuan was budgeted, more than four times that provided by neighboring Hebei province and seven times that provided by impoverished Henan province (Lee, 2008: 3–4). However, for decades, both cities continued to treat migrant children discriminatively, based on the principle of hukou-centered governance. According to an investigation, public primary schools in Beijing on average charged an annual 3,000 yuan "sponsorship" fee for migrant students, totaling one billion yuan, or equivalent to half of the entire government spending on primary education (Zhongguo xinwen zhoukan, May 8, 2008), whereas government-regulated tuition fees were normally 600–800 yuan a year.

In 2006, Beijing officials began to adopt a "divide and rule" strategy for migrant schools. On the one hand, the government launched a blitzkrieg against unregistered schools, just as it had done before. On the other, it allowed some schools that met certain criteria to be "legalized" and granted them some small subsidies, so that by the end of 2006, 58 schools were legalized (Lee, 2008: 39–45), while hundreds were left as "shadow schools," constantly in danger of a government crackdown. This measure of partial incorporation was adopted to respond to the central government's demand that migrant-receiving localities provide compulsory education for migrants. However, without being provided appropriate resources, these legalized migrant schools were consigned to a lower status than ordinary public schools. Essentially this is an urban-centered protectionist strategy simultaneously fulfilling the center's regulations while as the same time excluding migrants from urban privileges. Shanghai similarly resorted to the discriminatory "segmented incorporation" of migrant children's education (Lan, 2014). The inequity continues to be felt by migrants in the metropolises today. According to a recent investigative report, migrant parents are required to present 28 documents to the authorities in order to send their children to the public schools in Beijing (Zhou, 2016).

Shanghai as a Prototypical Hierarchical Regime

Shanghai, a global city on the frontier of the world capitalist system, was opened to foreign investment in 1992, more than a decade later than Guangdong. The local government enjoyed bargaining leverage in selecting high-tech and capital-intensive FDI firms due to its capability in bureaucratic coordination and its

[7] Calculated from the *Beijing Statistical Yearbook*, 2007: 35, 61; *Shanghai Statistical Yearbook*, 2007: 32, 81; and *China Statistical Yearbook*, 2007: 105, 279.

substantial financial revenues. Foreign capital has since played an important role in capital formation in Shanghai, but not as overwhelmingly as in the foreign-capital-dependent PRD and YRD regions. The state-owned sector still leads in a few strategic industries and monopolizes many lucrative businesses in the high-end service and financial sector. The city boasts a modernized infrastructure and skyscrapers, but it also thrives on a large informal and semi-informal sector. In 2006, the city had a hukou population of 13.7 million and 6.3 million documented migrants. In addition, there were an estimated 2.4 million undocumented migrants in 2004–2005 (Chen, 2005a: 126). Since the mid-1990s, under globalization and facing a heightened population pressure and an embedded welfare burden, Shanghai turned to protectionist policies (Solinger, 1999). The city increasingly relied on migrants to provide cheap labor while institutionally excluding them from the decent jobs in the formal sector (Chen, 2005b). Further, determined to forge a hypermodern city, Shanghai officials were resolute in eliminating "filthy migrant slums" and cracking down on "illicit migrant schools." Hundreds of migrant schools were thus "cleared up" or "driven away" in the early 2000s, with only a small portion lawfully registered with the local government (Kwong, 2004). It appears that Shanghai would not tolerate the Zhejiangcun type of migrant community in Beijing.

When the central government ordered local officials to incorporate migrants into their social insurance programs, Shanghai answered with a hierarchical-segmentary regime. In 2002, a scheme called the "integrative insurance program" 上海市外来从业人员综合保险暂行办法—bundling pension, health care, and injury coverage together—was designed for migrant workers. This program was characterized by low contribution rates, a low level of benefits, relatively high coverage, and "commercialized operations." Commercial companies ran the migrant insurance program, whereas the government managed and underwrote the urban worker insurance program. Scholars have criticized the migrant program for its lack of transparency and its susceptibility to corruption because, in order to do business, the commercial companies often have to cultivate a special guanxi with officials (Hu, 2006). Even worse, in effect the migrants were subsidizing the urbanites (Yang and Xiao, 2004). The migrant program covered 2.5 million people by 2005, according to an official report (Gao, 2006). However, millions employed in the domestic service and informal sector were left unprotected. Workers under the migrant health care scheme received benefits only for occupational injuries and a portion of hospitalization fees, but outpatient expenses were not covered. According to a government source, 13,000 migrants were reimbursed for hospitalization expenses from 2002 to early 2006 (Gao, 2006). In 2005, the government initiated a twenty-yuan allowance per month for purchasing medicine at assigned pharmacies. In short, migrants received a low level of medical care compared with employees with an urban hukou.

The hierarchical-segmentary regime also embodies the differential citizenship arrangements in particular enterprises. For example, a foreign-invested factory, "WN Electronics" (coded name, fieldwork), employed 1,800 workers in 2007.

Twenty-two percent of its employees (i.e., those with a Shanghai urban hukou) were covered by the urban insurance scheme; 22 percent (those with a Shanghai suburban/small town hukou) were covered by the small-town scheme; the remaining 56 percent (i.e., migrant workers without a local hukou) were insured under the migrant scheme. The insurance premiums paid by the employer were different for each category: approximately 500 yuan per month for urbanites, 330 yuan for small-town residents, and 170 yuan for migrants. The benefits offered to the insured therefore depended on one's status. The hierarchical citizenship structure was interwoven with the urban labor market, although the specific proportion of the three types of workers varied factory by factory.

Conclusion

Local government plays a critical role in the making of the local citizenship regime under globalization. This study contributes to our understanding about how global capital has coexisted with divergent local citizenship regimes in the new capitalist world of China. Globalization can entail hierarchies of citizenship for the member states in the nation-state system. Globalization in the form of foreign direct investment is causally linked to a deterioration of differential citizenship, which, in the case of China came into being when FDI firms rushed into the country. Before the open-door reform, China's rural–urban dualism had already created hierarchies of citizenship. However, the incorporation of China into the capitalist world system further crystallized the institutionalization of differential citizenship under the drive for urban-centered protectionism.

Different interactions between local conditions and global capital may result in the hierarchical allocation of citizen rights within the nation-state and divergent citizenship regimes across regions in the same nation. The case of China indicates that global capital does not have a uniform impact on the allocation of citizen rights across regions in a huge and diverse country. Rather, divergent local citizenship regimes have emerged due to varying configurations of local conditions (initial endowments, the timing in the opening sequence, and local policy priorities) and their interaction with state policy and global capital. Hence I have defined three types of local regimes in the eastern coastal areas heavily penetrated by global capital. I have further compared different institutional arrangements, official and corporate behavior, and the migrant situation across these local regimes.

The central government has launched new policies regarding labor in the last decade, such as the Labor Contract Law (2008) and the Social Insurance Law (2011). Both laws have brought about a certain improvement in the coverage of migrant insurance and in the benefits offered. Furthermore, a wave of workers' strikes since the early 2010s, demanding that employers repay social insurance and housing fund arrears, has also succeeded in some cases, particularly in Guangdong's large-scale FDI sector. Local officials seemed to have tacitly approved the workers' collective contention, but they also sent a contradictory message following the wave of strikes by detaining and interrogating labor activists and NGO organizers who facilitated the workers' protests (field interview). Even worse is that as the recent economic downturn hit many foreign-invested and domestic enterprises and talk about "overly expensive social insurance fees" became a national concern, a number of local governments reduced the employer's contribution to social insurance premiums (Pun, 2016). The central government obviously winked at such behavior (CCTV Special News Report, 2016). Moreover, the long proposed, fundamental hukou reform has not materialized in a meaningful way and urban-centered protectionism against migrants remains basically intact.

There have been a few minor improvements in migrants' conditions in each regime in recent years, though the improvements have varied according to local conditions. However, path dependence in institutional changes in each region is still evident. For instance, in Shenzhen in the Pearl River Delta area, segregative treatment remains unchanged, as evidenced by Shenzhen's persistent substandard migrant social insurance program, although the city's financial strength in real terms has caught up with other metropolises, like Shanghai, over the last decade. In Dongguan, in the same area, the government has canceled the dual-track social insurance program, but the city's welfare benefits granted to migrants continue to be less than those offered by other regimes. The thin medical care for migrants in both cities is still a source of distress. In Shanghai, the insider-outsider dichotomy remains tenacious, even though social insurance treatment for migrants has improved substantially. Most significantly, the local governments undertook the reform according to the logic of differential citizenship. By comparison, the improved medical care extended to migrants in Shanghai in recent years is still inferior to that in Suzhou, which appears to be the most incorporative and least discriminatory among the regimes in this study. Yet as troubles haunt the Chinese economy, even Suzhou's officials have decided to reduce the employer's contribution rate to medical insurance by 1 percent.

Putting all the recent developments into perspective, we find that the situation of differential citizenship at the systemic level has persisted in China and that the types of local citizenship regimes identified by this study remain analytically valid.

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