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CHINESE NATIONAL ADMINISTRATIVE POLICY AS A CAUSALITY OF INTERNAL RURAL-URBAN MIGRATION

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Urbanization, the increase in the percentage of a country's total population residing in urban areas, represents one of the innumerable social, political and economic changes that occur within a developing nation. High city population growth rates cause urbanization to a degree; however, internal migration from rural to urban areas also induces this phenomenon. Economists John R. Harris and Michael P. Todaro have developed a model that attributes rural-urban migration to wage differentials. To be sure, differences in absolute rural and urban wages provide incentive for workers to migrate to urban areas within China. Recent Chinese national administrative policies, however, also indirectly encourage rural-urban migration by increasing the probability of finding urban employment. Administrative reform in the agricultural sector has led to the release of millions of surplus workers. The significant finding of this paper is that many of these workers look to the cities for employment opportunities because additional administrative reforms applying to foreign direct investment, state-owned enterprises and the proliferation of markets have all increased the probability of finding a job in an urban area.