

Relative Income Positions and Labor Migration: A Panel Study Based on a Rural Household Survey in China¹

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Abstract

Migration may be used as a strategy to improve a household's comparative income position in residential areas. Previous studies have found empirical evidence that relative incomes affect emigration decisions. However, no effect is detected for internal migration. In this paper, we reexamine the effect of relative income positions on internal migration behavior. Based on data from a rural household panel survey of the Sichuan and Anhui provinces in China, we find that motives based on relative income play an important role in households' migration decisions. When all else is equal, a household that is poor relative to its home village reference group is more likely to increase migration than is a household in the upper end of the village income distribution. This effect is particularly apparent in households with pioneer migrants. The empirical results also indicate that pioneer migrants may confer a positive externality on potential future migrants. Workers belonging to households with pioneers might be less impeded by migration risks and costs and may be more likely to view migration (an increase in the number of migrants) as an effective strategy for improving their relative economic positions.

JEL classifications: J24; O15; R23

Keywords: Migration, Relative income position, Pioneer migrants

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