

Comment to Prof. Rozelle's Papers

Hisatoshi HOKEN

IDE-JETRO

(Institute of Developing Economies)

1. Summary of the Papers (1)

- During the 1980s and 1990s, rapid growth of off-farm labor market had been observed, and the farm labor has been gradually shifted to off-farm employments. Among four types of off-farm jobs, migration has become the dominant form of off-farm activity.
- Rural workers are gradually specializing in off-farm jobs. This trend more applies to the younger worker, more educated group, and relatively developed area (Zhejiang province).

1. Summary of the Papers (2)

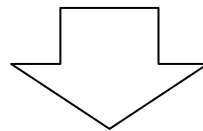
- Although the size of self-employed enterprises is small relative to that of TVE, they have grown rapidly and kept healthy financial conditions (high return to asset, and low debt to asset ratio).
 - Not only in poor area, but also in rich rural region, the development of self-employed enterprises is observed, therefore they have worked as a key factor of dynamic development in rural China.
- ← Utilizing unique household survey data (named **CNRS (2000)**, which includes “retrospective” survey on twenty-year employment history)

2. Comment to the Papers (1)

■ Reliability of “long period” retrospective survey

A twenty-year employment history survey was conducted to 610 households, and this survey also tracks the history of members who were no longer considered household member.

← In conducting questionnaire survey, it would be very difficult to make interviewees replay accurate answer on household history, even for basic questions such as birth and death of household members. However, the results of comparisons with other larger national sample survey is satisfactory



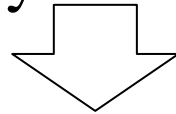
What is **secret** to keep the representativeness of survey?

2. Comment (2)

■ Suitableness of Sampling Frame for Self-employed Sector

In discussing self-employment, the author utilizes CNRS, those sampling frame is “household”. However, 34.1% of households are conducting self-employed enterprise.

I suspect that this dataset would not reflect the real situations of self-employed sector in rural China so much, despite very interesting results of this study.



- 1) If the author would like to discuss the topic of “**Self-Employed with Chinese Characteristics**”, would it be desirable to use data whose sampling frame(population) is self-employed enterprises?
- 2) What is the merit of comparison with TVE and SOE, whose sizes and activities are completely different from those of self-employed enterprise? Is it better to compare with urban small enterprises?

2. Comments (3)

■ Decisions of labor allocation within household

Rural workers are gradually specializing in off-farm jobs. In this situation, it might be reasonable to think that labor allocations within household have also changed.

(ex. household head: migration, wife: farming)

- 1) How about the influences of off-farm jobs on the labor allocation within household?
- 2) Is the specialization related to the development of labor-saving technologies in agriculture (diffusions of farm machinery, chemical fertilizer etc.) and that of land rental market?

2. Comments (4)

■ The impacts of “Entry and Exit” and “Life-stage”

The employment of migrant labor and wage worker are not so much stable, some workers take part in those jobs at the time of bad harvest or necessity of money for tuition and medical expense for household members.

At the time of younger age, rural workers migrate to urban area or take part in wage jobs. After years, some people go back to country to conduct farming.

⇒ What is the effect of temporary migration and life-stage on the household behaviors and welfares?

3. Minor Comments

- In the fixed-effect logit estimation of the participation of off-farm jobs, the signs of coefficient on “Age” are **significantly positive** in every model. Does this result contradict with the argument that the younger workers tend to participate in off-farm jobs?
- The return of asset of self-employed enterprises is **extremely higher** than that of TVEs and SOEs. This huge gap can be explained just by the higher risk of self-employed enterprises? Self-employed enterprises tend not to keep accounts, therefore this gap would be partially caused by the inaccuracy of surveyed data?