

# What caused the wage convergence between urban natives and migrants in China?

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## **Abstract**

In the Chinese labor market, the wage gap between urban natives and rural-urban migrants has received considerable attention. In the 2000s, the wage gap between natives and migrants narrowed sharply. This research focuses on wage convergence and seeks to underpin the determining factors of the wage convergence. I hypothesize that the wage growth of low-skilled workers lead to the convergence of the native-migrant wage gap. To verify this hypothesis, I utilize the Chinese Household Income Project survey dataset conducted in 2003 and 2014. The results obtained by employing Juhn, Murphy, and Pierce (1991) decomposition method show that wage convergence is mainly caused by changes in the returns to job characteristics, which confirm the proposed hypothesis. Furthermore, the wage gap of low-skilled workers has further narrowed. This suggests that labor supply and demand factors favor low skilled workers during this period.

**Keywords:** wage convergence, JMP decomposition, rural-urban migrant

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