

# SEMINAR

## "Migration Costs, Sorting, and the Agricultural Productivity Gap"

**By Prof. Naijia GUO**

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Department of Economics (CUHK)

**Date: 30 September 2022 (Friday)**

**Time: 11:00AM-12:30PM**

**Venue: WYL314, 3/F, Dorothy Y. L. Wong Building,  
Lingnan University**



### ABSTRACT:

We use a unique panel dataset and a policy experiment as an instrument to estimate the impact of policy-induced migration cost reductions on rural-urban migration and the associated increase in labor earnings for migrant workers in China. Our estimation shows that the observed labor earnings gap between agriculture and non-agriculture is mainly due to large migration costs and a large underlying productivity difference between the two sectors. Sorting plays only a minor role in accounting for the observed sectoral earnings gap. We also structurally estimate a general equilibrium Roy model to quantify the effects of reducing migration costs. A policy reform that sets the hukou liberalization index in all regions of China to the level of the most liberal region would reduce the observed agricultural productivity gap by 30%, increase the migrant share by 9%, and increase the aggregate productivity by 1.1%.

### BIOGRAPHY:

Prof. Guo is an Assistant Professor in the Department of Economics at the Chinese University of Hong Kong. She got her PhD degree at the University of Pennsylvania in 2014. Her research interests are Labor Economics, Family Economics, Development Economics, and Health Economics.

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