

China's Urbanization, Population Flow, and Regional Disparities in Economic Development



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OUTLINE

- **Urbanization trends in China**
- **Internal Migration within China**
- **A Survey on Migration Flow Between Beijing and Chengdu**
- **China's Urbanization, Population Flow, and Regional Disparities in Economic Development**
- **Conclusion and policy implication**



Urbanization trends in China

China has experienced considerable urbanization in the last three decades. In 1949, there were only 132 cities with an urban population of 27.4 million, while in 2013 China has already got 661 cities with a total urban population of 731 million.

Year	Urbanization rate
1949	10.64
1979	19.99
1989	26.21
1999	30.89
2000	36.26
2009	48.30
2011	51.27
2014	54.77

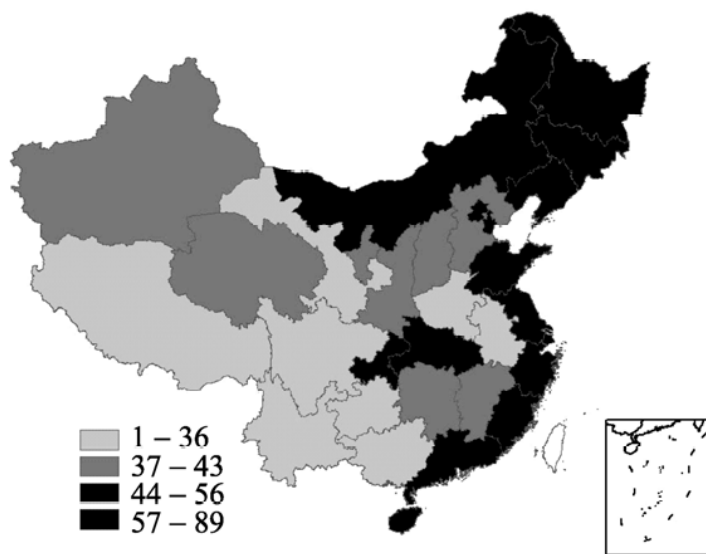
**Urbanization rate in
China**

Source: China Statistical Yearbook (various issues)

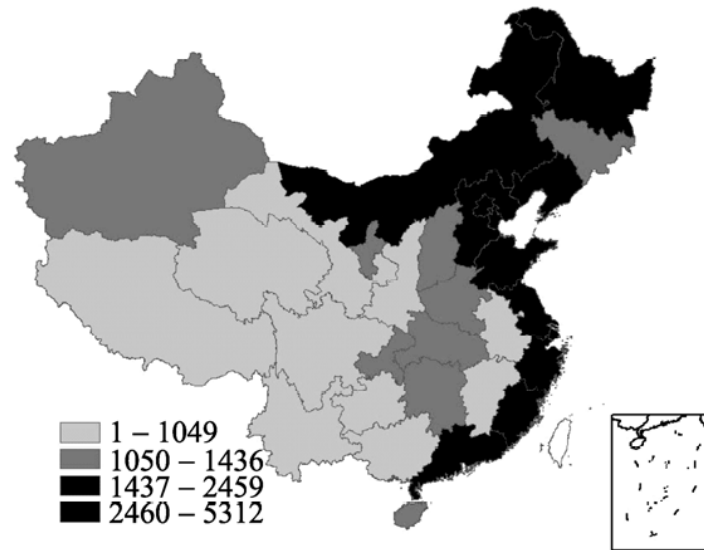


Urbanization trends in China

A study by Chen et. al (2014) shows that there is a high level of urbanization in the coastal area and northeast, and a relatively low level in central and western. The provincial pattern of China's economic development is similar to the pattern of urbanization.



(a) Urbanization level (%)



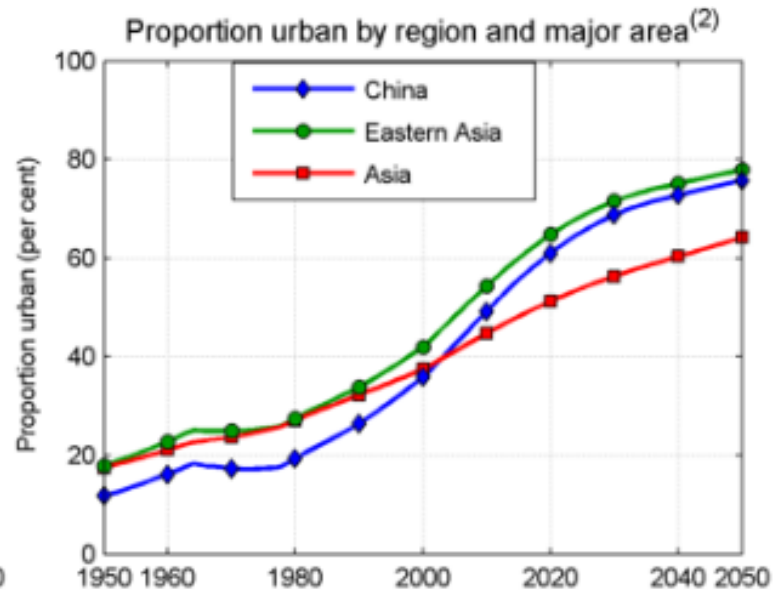
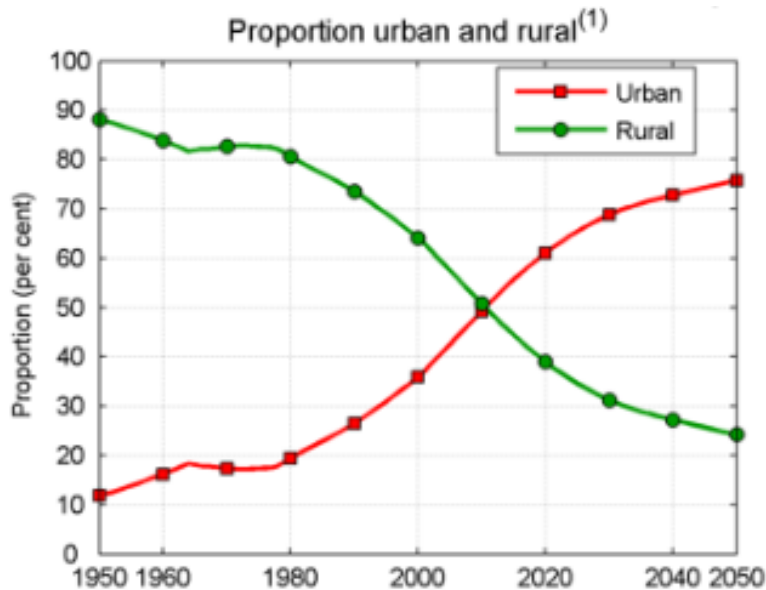
(b) Economic development level (dollars)

Note: Urbanization was calculated by considering the urban population as a proportion of the gross population, and economic development was represented by the index of per capita GDP (GDPP).



Urbanization trends in China

China's urbanization plan for the 2014-2020 period aims at raising the percentage of the urban population to 60% by 2020 and to initiate a new round of economic growth.



Source: United Nations, 2014. *World Urbanization Prospects*



Urbanization trends in China

In 2014, China has six megacities and ten cities with populations between 5 and 10 million (United Nations, 2014)

- 2030: China will add one more megacity and six more large cities by 2030.
- 2050: China's urban population increase by 300-700 million
- 2050 forecasted urbanization rate: 79%

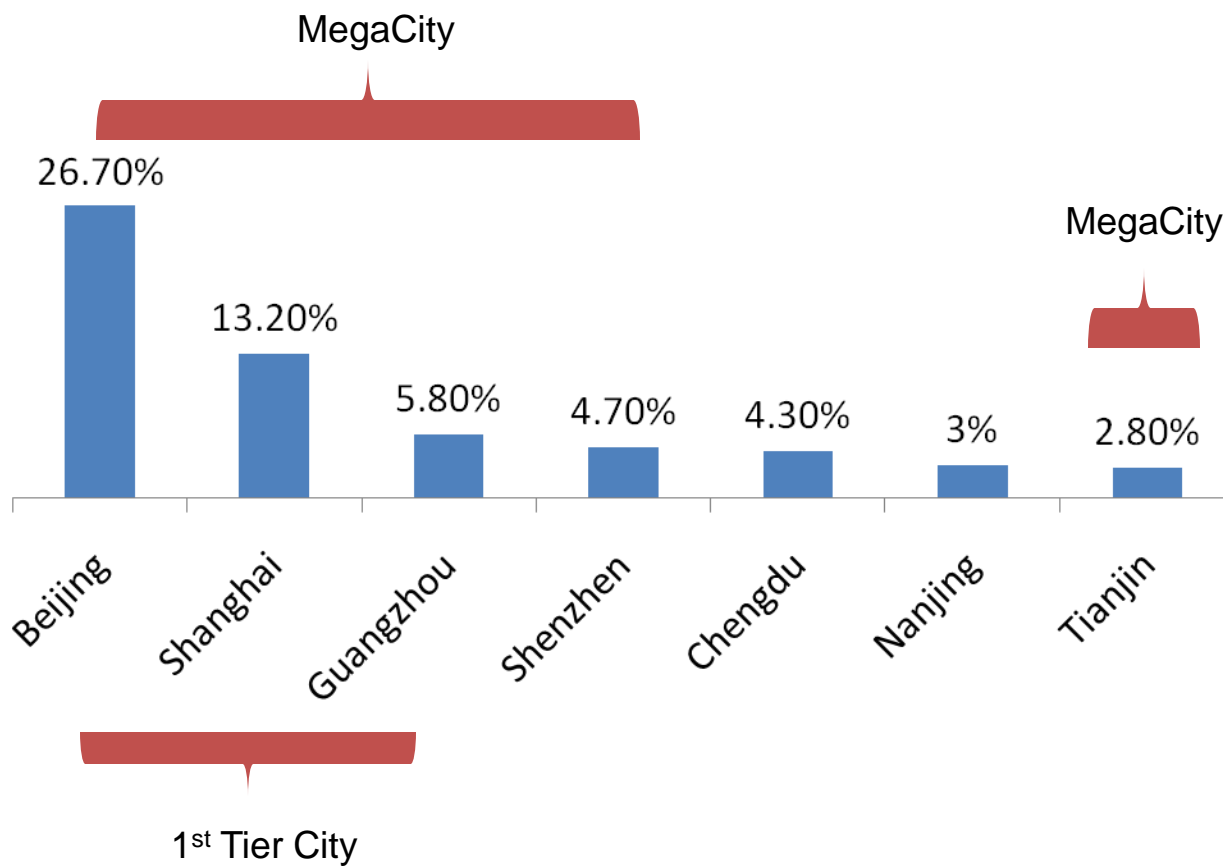
China's new urbanization trajectory in the face of new challenges

- Improve the efficiency of urbanization: for instance, eliminate the barriers of labor movement and accelerate the migration of labor (World bank and Development Research Center of the State Council, China, 2014).



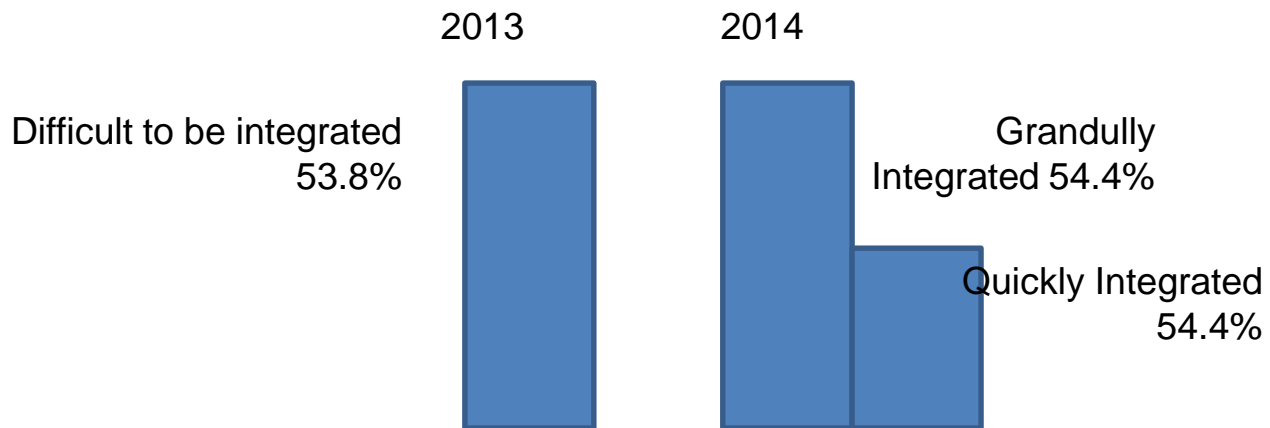
International Migration & Megacity

Returnees' City Distribution



International Migration & Megacity

How is Returnees' Integration after Settlement?

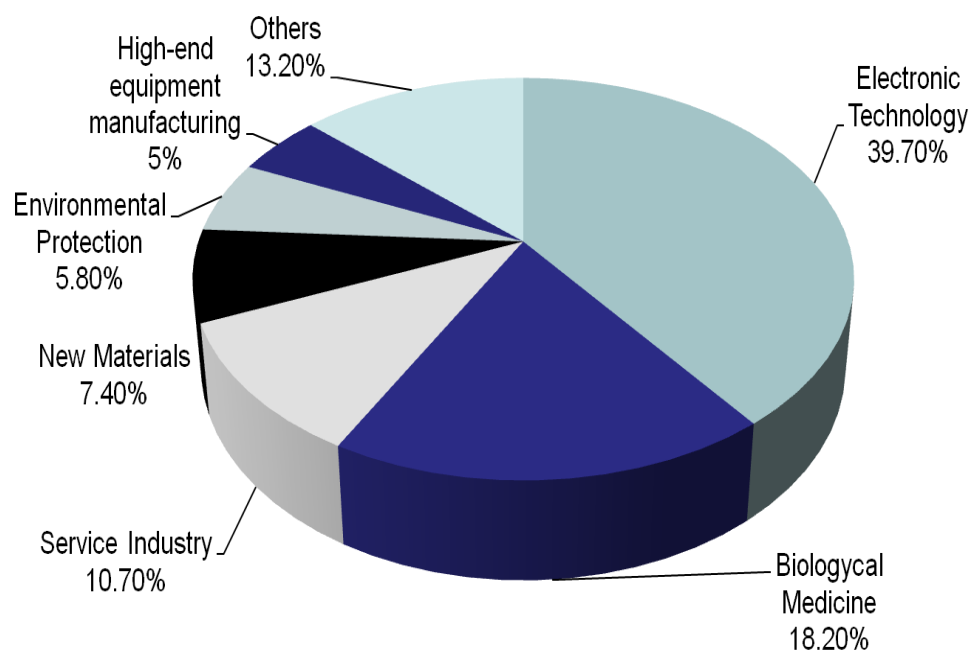


Return professionals are major contributors to China's economy and high-tech industry.

Field	Ratio of Returnee
Academicians of Chinese Academy of Science	81%
Academicians of Chinese Academy of Engineering	54%
University Presidents	78%
Doctoral Advisors	63%
Directors of state key laboratory	72%
National Science & Technology Awards Winners	37%

Source: CCG's annual reports on Chinese returnee entrepreneurs 2013

Returnee entrepreneurs play key role in Chinese High-tech industry.

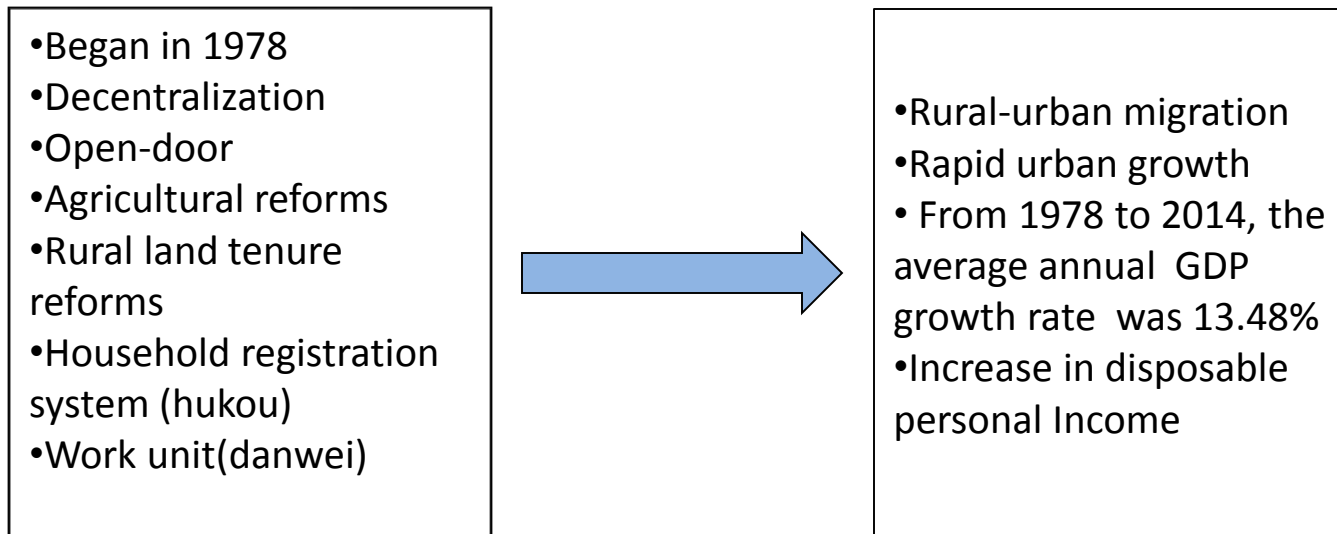


Source: CCG' Annual Report on Chinese Returnees (2013)



Internal Migration in China

Such urbanization and economic growth has been accompanied by a massive population shifting from rural to urban areas.

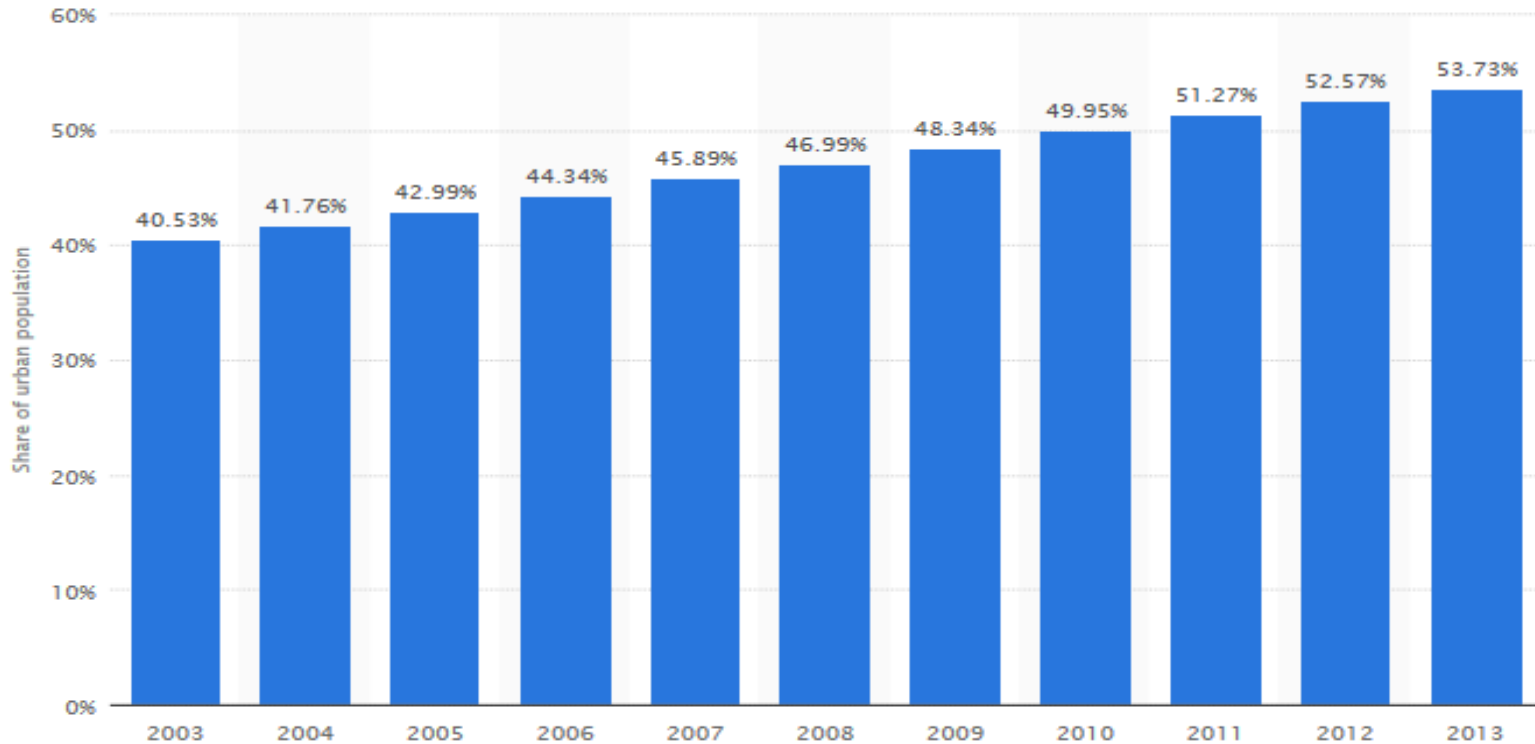


Policy reforms and urban growth in China



Internal Migration in China

The percentage of Chinese population living in urban areas by 2013.

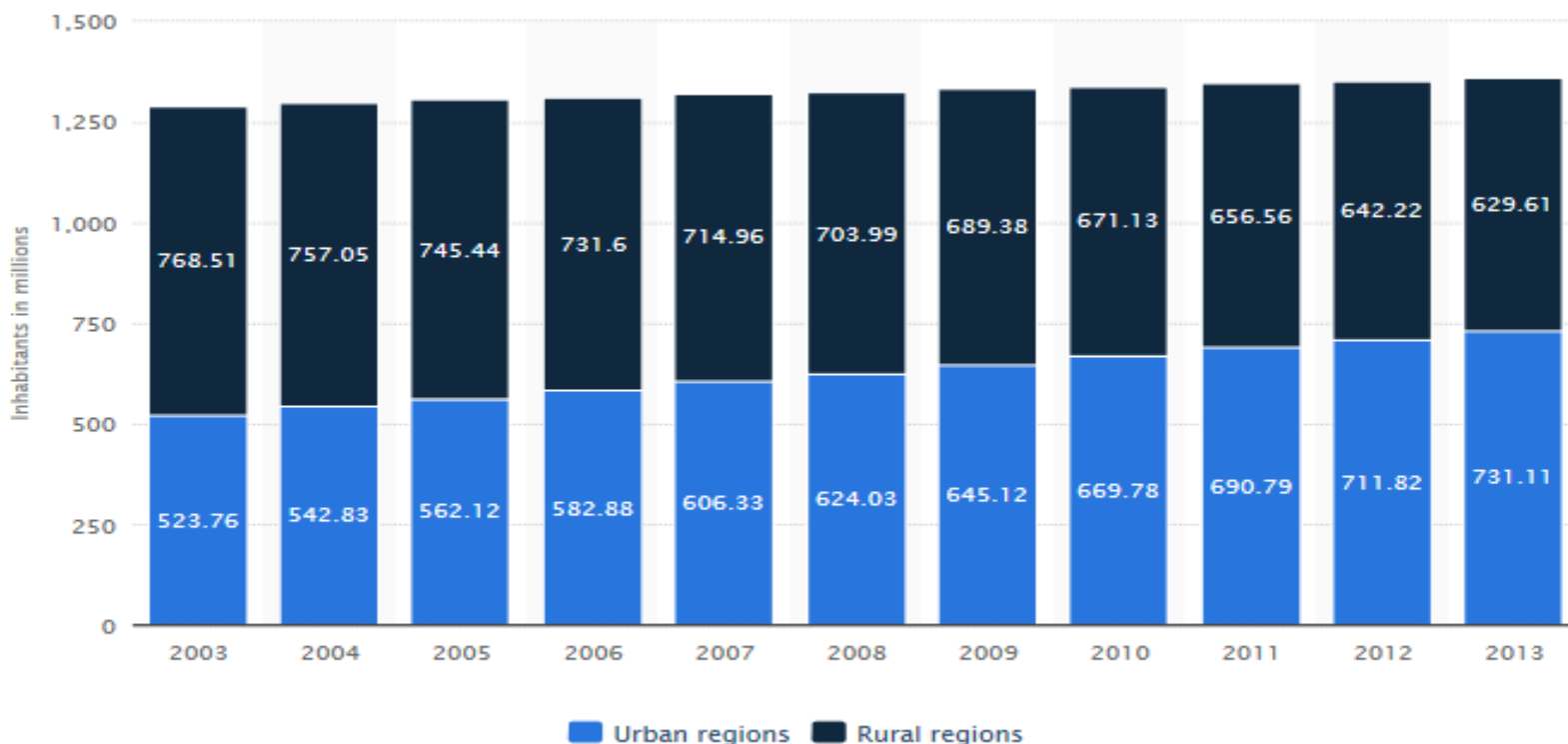


Source: China Statistical Yearbook (various issues)



Internal Migration in China

The urban and rural population of China by 2013.



Source: China Statistical Yearbook (various issues)



Internal Migration in China

Two major categories of Internal migration in China:

➤ Hukou Migrant: those who are formally granted hukou status in the destination (city, town and township);

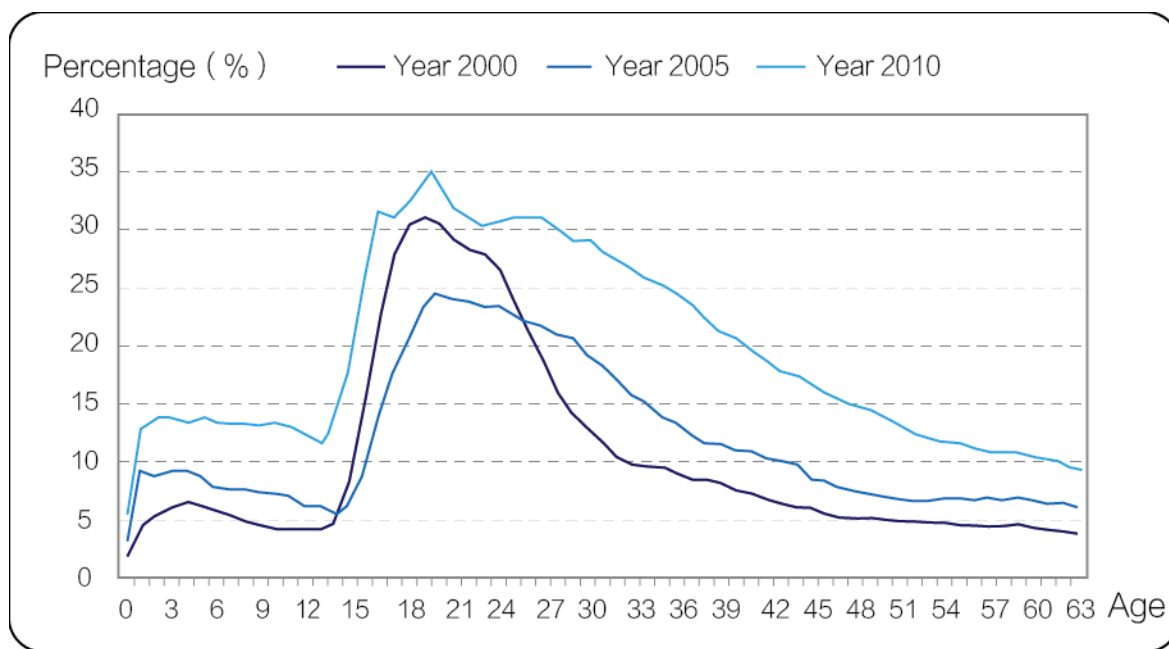
Floating population (Non-Hukou Population, or temporary population): by law, anyone staying in places other than his/her place of household registration for three days or more is required to register with the police and apply for a zanzhu zheng (“temporary resident permit”).

- changzhu population (regular residents): those who usually are highly educated, have special skills or have family already resident with legal status;
- The “floating” rural labor force: those who remain official rural residence and have restricted legal access to urban facilities.



Internal Migration in China

The increasing magnitude of internal migration has posed enormous challenges to floating population management.



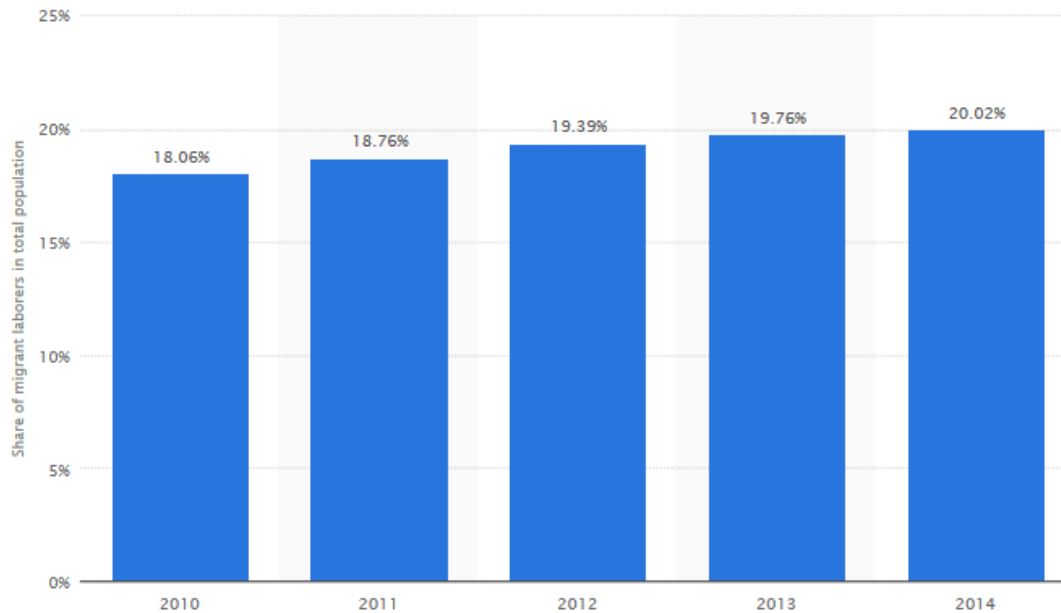
The share of internal migrants in China's total population by age

Data sources: : 2005 population sample surveys and the 2000 and 2010 national censuses



Internal Migration in China

Migrant laborers (with or without hukou change) are the main source of the internal migration in China.



The share of migrant workers in China's total population from 2010 to 2014

Data sources: Report on China's Migrant Population Development (2014).

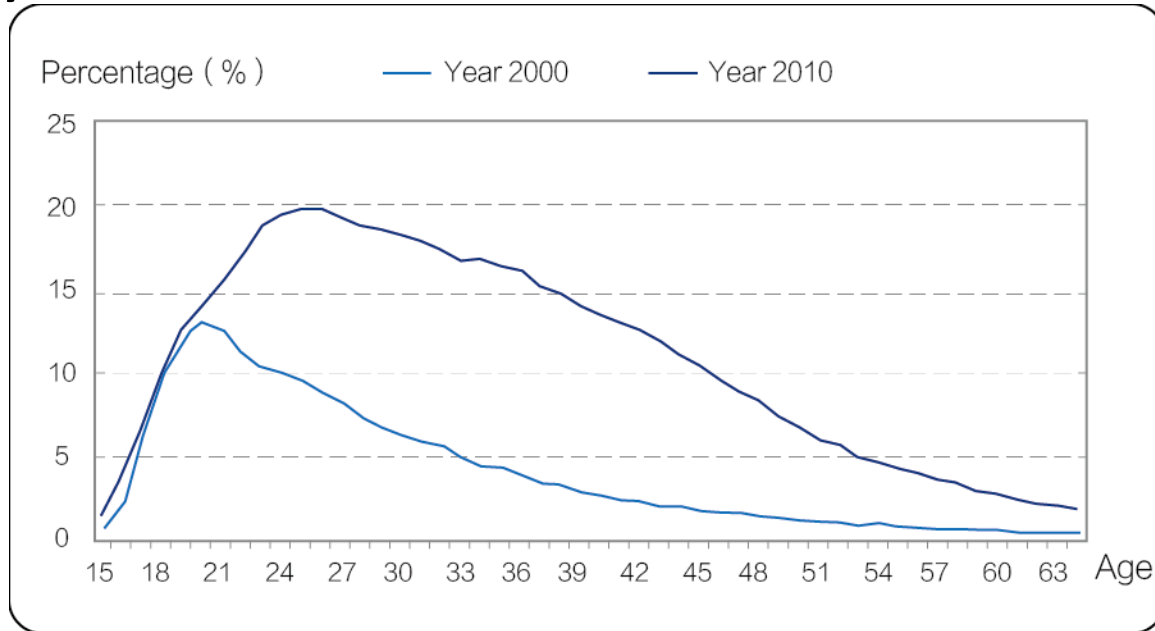


Internal Migration in China

The average age of the migrant laborers has increased.

In 2000, of all the migrant workers, those whose age ranges from 19 to 24 take up more than 10% of the national population. However, in 2010, the age range has been extended to 18—45 years old.

It is noteworthy that the percentage of the migrant workers falls sharply after 45 years old.



The share of migrant workers in China's total population by age

Data sources: : 2005 population sample surveys and the 2000 and 2010 national censuses



Spatial Patterns of Internal Migration in China

The coastal regions have been in lead in developing factor markets. While they also play important roles in eliminating institutional obstacles which prevent the labors from moving across regions.

As a result, the eastern region of China has become the prime destination for intra-provincial and inter-provincial migrants.



Spatial Patterns of Internal Migration in China

Distribution of internal migrants within and to the Eastern region (%)

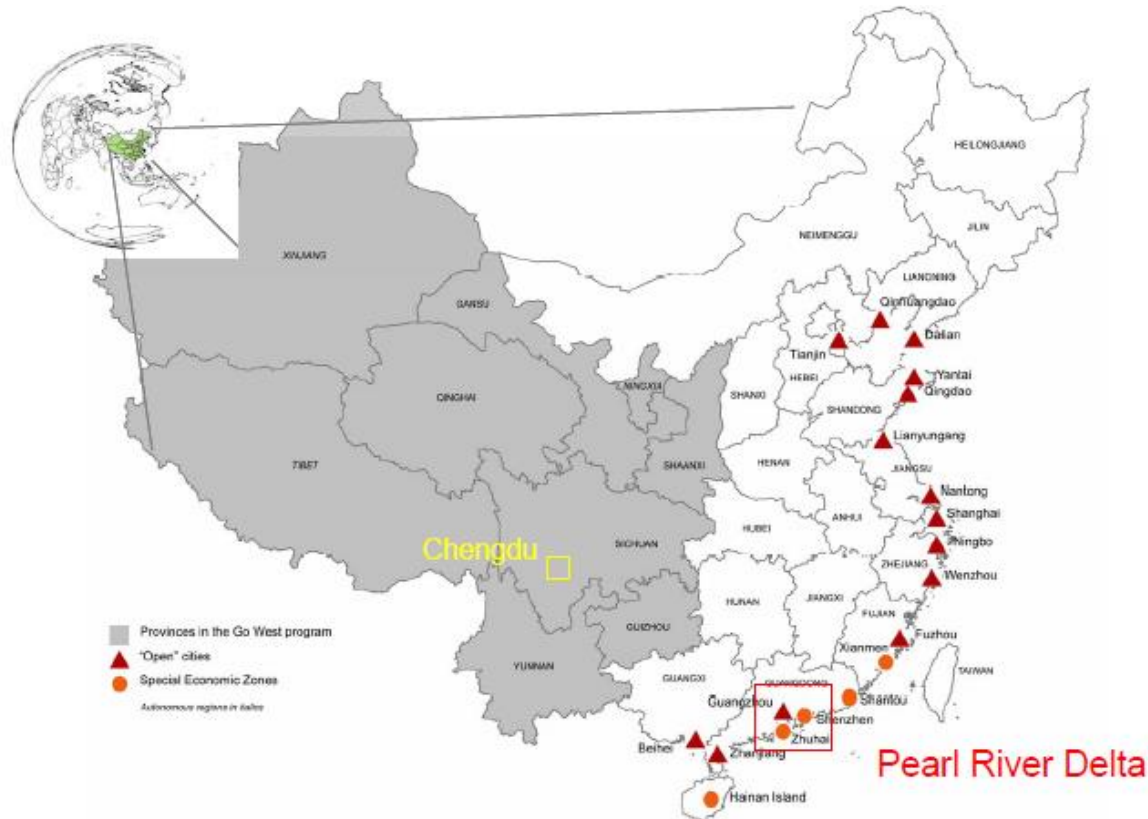
Destination	Years	Origin				
		East	Central	West	Nation	
		%	%	%	%	Percentage change
East	1987	49.7	61.7	44.2	52.0	-
	1990	56.0	59.0	49.3	54.6	+2.6
	1995	63.5	71.8	56.5	63.1	+8.5
	2000	64.4	84.3	68.3	75.0	+11.9
	2005	78.3	89.8	80.1	84.6	+9.6
	2010	79.4	90.7	83.6	86.4	+1.8

Data sources: 1987, 1995, and 2005 population sample surveys and the 1990, 2000, and 2010 national censuses



Spatial Patterns of Internal Migration in China

1980s: Focus on coastal areas “Open” cities, Special Economic Zones
 From 1999: The emphasis started to shift inland, “Go West” program



Spatial Patterns of Internal Migration in China

The acceleration in population flow to Eastern region however has been slow down.

From 2005—2010, the share of internal migration to the Central region increased by nearly 0.8 percent, while that to the Western regions dropped by nearly 2.6 percent.



Spatial Patterns of Internal Migration in China

New trend: Megacities → second/third tier cities

- A survey by Zhaopin.com (a leading human resource and recruitment company in China) shows that approximately **66.1%** graduates chose to find a job in second/third tier cities spontaneously instead of staying in first tier cities, compared with 51.6% in 2014, 49.7% in 2013 (China Social Science Network, 2015).
- Zhaopin 2012 survey shows that the top ten cities that college-graduates prefer to work are Beijing, Shanghai, Guangzhou, **Chengdu**, Shenzhen, Xiamen, Hangzhou, Nanjing, Wuhan, Xi'an.



Spatial Patterns of Internal Migration in China

New trend: economic growth, high pressure in megacities

City	2010	2011	2012	2013	2014
Shanghai	14.08%	11.83%	4.72%	7.47%	9.07%
Beijing	16.13%	13.37%	11.25%	9.55%	9.39%
Guangzhou	16.04%	16.75%	9.46%	13.79%	8.34%
Shenzhen	16.83%	20.05%	12.59%	11.97%	10.36%
Tianjin	22.64%	21.32%	15.14%	11.52%	9.41%
Chongqing	20.89%	26.82%	14.46%	10.45%	12.71%
Suzhou	19.24%	16.12%	12.08%	8.36%	5.73%
Wuhan	20.45%	21.41%	18.47%	12.45%	11.78%
Chengdu	23.30%	25.21%	17.10%	11.92%	10.40%
Hangzhou	16.69%	17.87%	11.30%	6.91%	10.28%

Year-on-year Growth
of GDP

Source: Bureau of Statistics of each province. Calculated by CCG



Spatial Patterns of Internal Migration in China

Daily Competitive Ratio during 2015 Spring Job Season					
Rank	City	Competitive Ratio	Rank	City	Competitive Ratio
1	Chengdu	42.5	11	Wuhan	30.1
2	Xi'an	41.4	12	Shanghai	29.7
3	Shenyang	41.1	13	Tianjin	28.5
4	Shenzhen	39.3	14	Guangzhou	27.5
5	Dalian	36.7	15	Changsha	26.9
6	Suzhou	34.8	16	Taiyuan	26.3
7	Changchun	33.4	17	Chongqing	23.6
8	Beijing	33.3	18	Wuxi	22.9
9	Nanjing	31.0	19	Shijiazhuang	22.1
10	Harbin	30.4	20	Qingdao	21.0

Competitive Ratio = total number of CV received / total number of job released

Competitive ratio vary from cities no matter 1st or 2nd, it depends on the aggregate job demand and number of job seekers.

Source: Zhaopin.com, 2015. <http://shcci.eastday.com/c/20150421/u1ai8678636.html>



A Survey on Migration Flow Between Beijing and Chengdu

Average Salary during 2015 Spring Job Season					
Rank	City	Average Salary (Yuan)	Rank	City	Average Salary (Yuan)
1	Shanghai	6774	11	Changsha	6285
2	Beijing	6688	12	Foshan	6132
3	Shenzhen	6682	13	Dalian	6007
4	Hangzhou	6653	14	Nanchang	5865
5	Guangzhou	6634	15	Xiamen	5682
6	Wuxi	6613	16	Nanjing	5630
7	Ningbo	6599	17	Xi'an	5596
8	Chongqing	6562	18	Hefei	5537
9	Suzhou	6487	19	Tianjin	5508
10	Chengdu	6456	20	Shijiazhuang	5507

Source: Zhaopin.com, 2015. <http://shcci.eastday.com/c/20150421/u1ai8678636.html>



A Survey on Migration Flow Between Beijing and Chengdu

In 2005, cooperating with World bank, CCG conducted a survey examining the flow of educated and skilled talent between Beijing and Chengdu.

We find that:

- For the Sichuan talent, family tie is the most important reason for them to relocating to Chengdu;
- The better living environment* is the major reason that attracted both Sichuan talent and non-Sichuan talent relocating to Chengdu;
- Unable to acquire Beijing Hukou* is an important factor that push Sichuan talent to leave Beijing;
- Housing cost, living cost and air pollution* are the major reasons pushing people to leave Beijing;
- Better environment for personal growth and job opportunity* are the two major reasons remaining Sichuan talent to stay in Beijing.



A Survey on Migration Flow Between Beijing and Chengdu

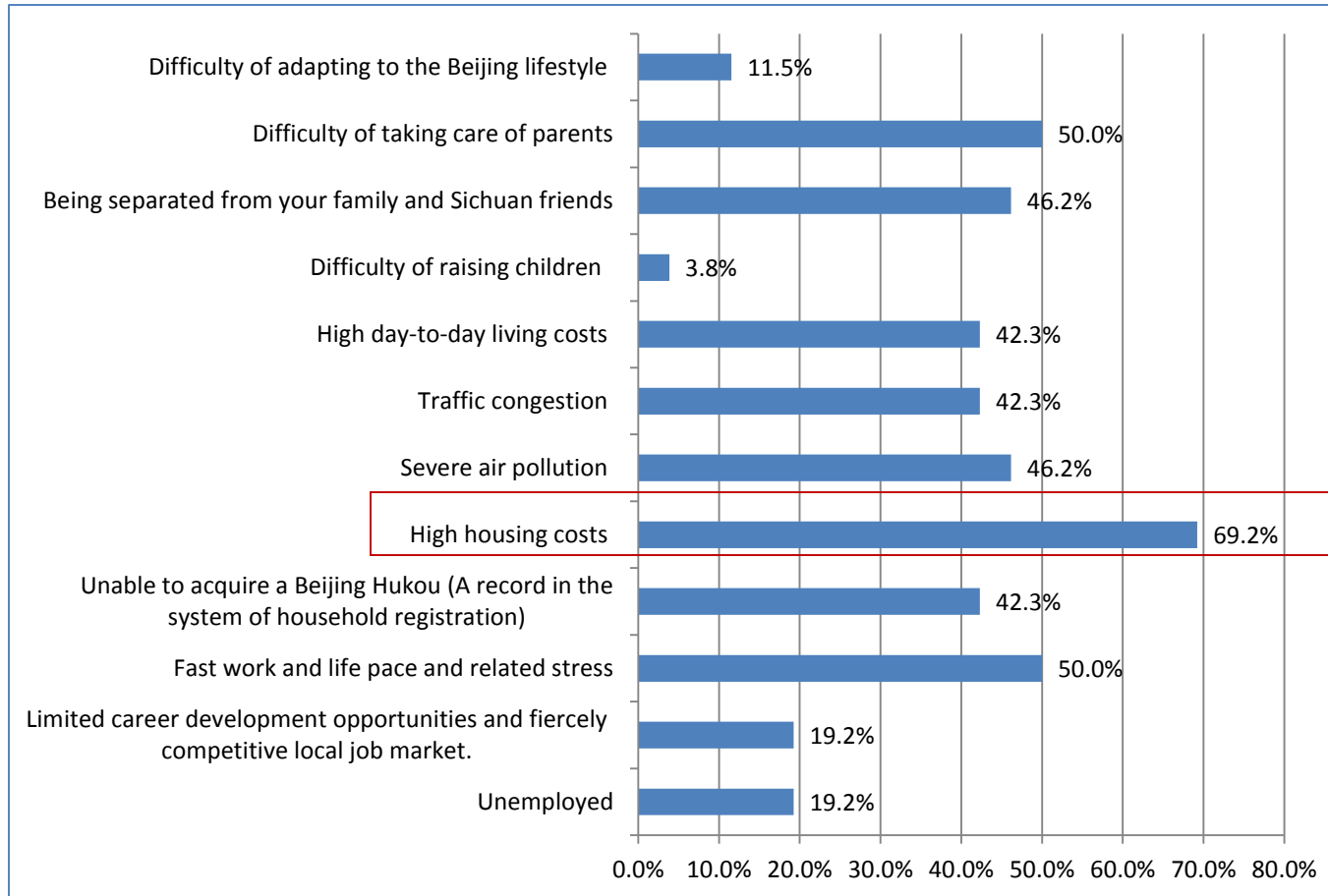
Survey question: What attracted you back to Chengdu to pursue your career (up to 8 options)

Group 1: The Sichuan talent who lived and worked in Beijing, but then subsequently returned to their home province by relocating to Chengdu



A Survey on Migration Flow Between Beijing and Chengdu

Survey question: what pushed you to leave Beijing (up to 6 options)



Group 1: The Sichuan talent who lived and worked in Beijing, but then subsequently returned to their home province by relocating to Chengdu



A Survey on Migration Flow Between Beijing and Chengdu

Survey question: What attracted you to Chengdu to pursue your career (up to 7 options)

Group 2: the talent who are not originally from Sichuan, but lived and worked in Beijing, and now relocated to Sichuan



A Survey on Migration Flow Between Beijing and Chengdu

Survey question: what pushed you to leave Beijing (up to 5 options)

Group 2: the talent who are not originally from Sichuan, but lived and worked in Beijing, and now relocated to Sichuan



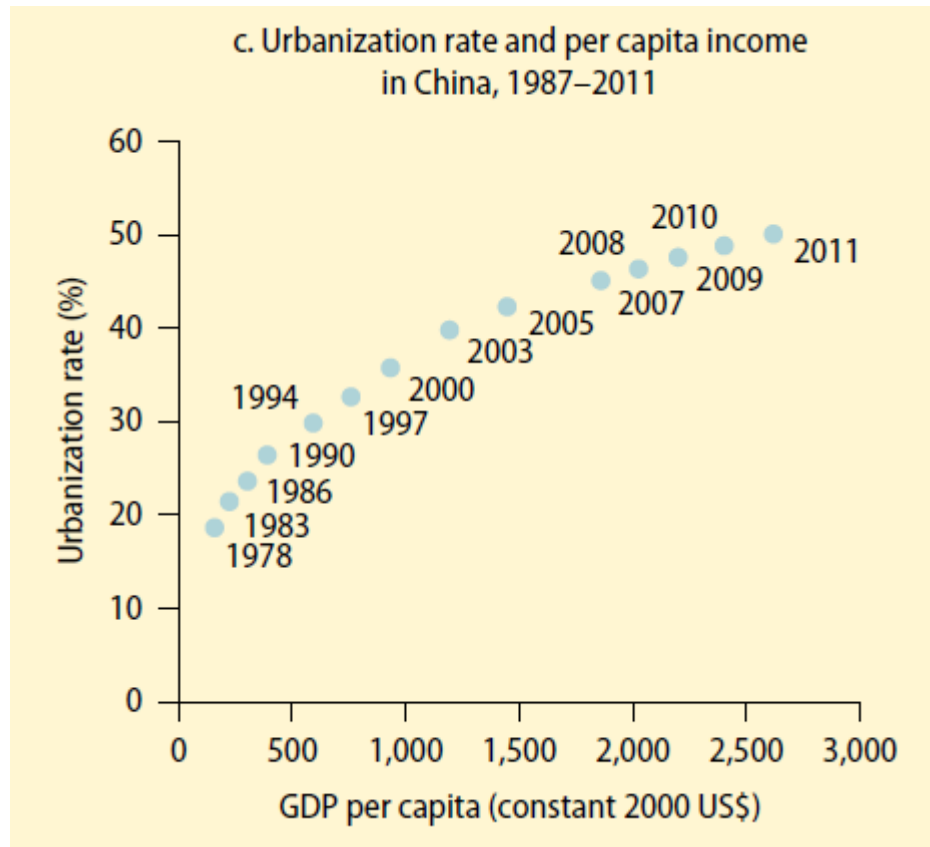
A Survey on Migration Flow Between Beijing and Chengdu

Our findings:

- For the Sichuan talent, *family tie* is the most important reason for them to relocating to Chengdu;
- *The better living environment* is the major reason that attracted both Sichuan talent and non-Sichuan talent relocating to Chengdu;
- *Unable to acquire Beijing Hukou* is an important factor that push Sichuan talent to leave Beijing;
- *Housing cost, living cost and air pollution* are the major reasons pushing people to leave Beijing;
- Better environment for personal growth and job opportunity are the two major reasons remaining Sichuan talent to stay in Beijing.



China's urbanization, population flow, and regional disparities in economic development



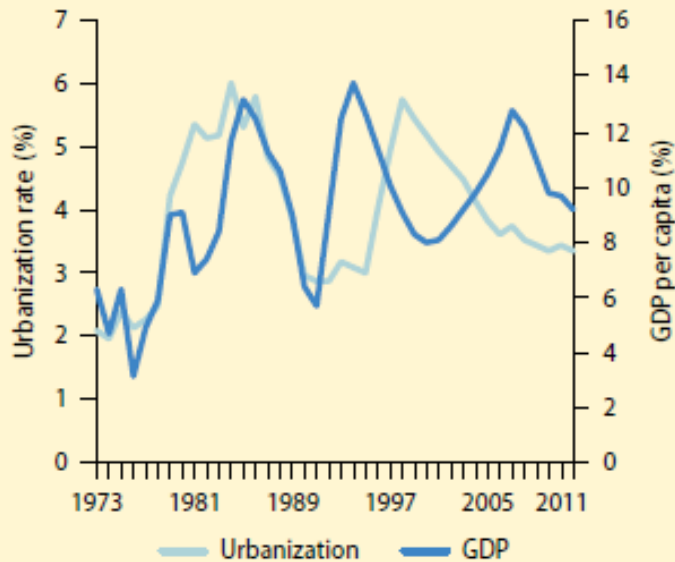
Urbanization rate and per capita income in China, 1987–2011
(World bank and Development Research Center of the State Council, China, 2014)



China's urbanization, population flow, and regional disparities in economic development

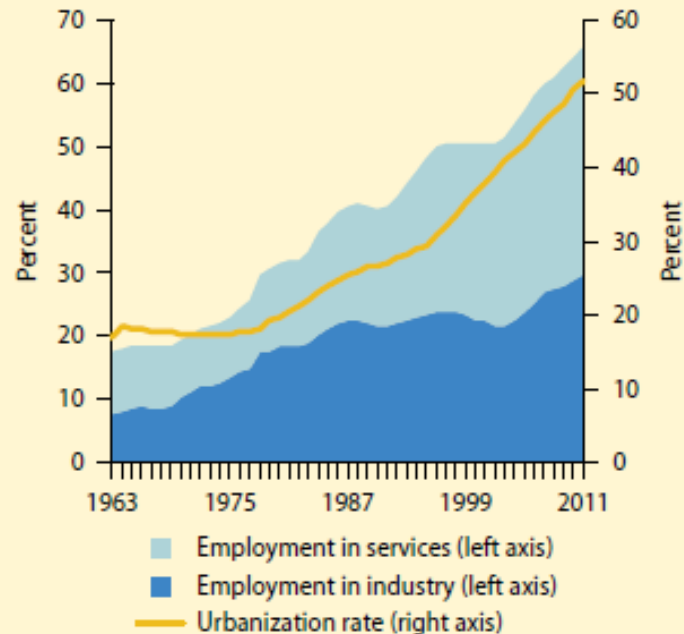
China's economic growth has been accompanied by a massive population shift into urban areas (World Bank and Development Research Center of the State Council, China, 2014).

a. GDP and urban population growth rates in China, 1973–2012



Source: World Bank staff estimates based on CEIC dataset.

b. Structure of labor market and urbanization rate, 1963–2011



Source: World Bank staff estimates based on CEIC dataset.



China's urbanization, population flow, and regional disparities in economic development

Our findings:

Based on the model developed by Chenery and Syrquin (1975) and using the data covers 31 provinces between 2000 and 2013 from China Statistical Yearbook (various issues) and Chinese Population Statistics Yearbook (various issues), we investigated the relationship between China's urbanization, population flow, and regional disparities in economic development.



China's urbanization, population flow, and regional disparities in economic development

Our findings:

- Per capita GDP, which represents the level of regional economic development, has a significant positive effect on the urbanization level, strongly suggesting that the level of urbanization depends on the regional economic development;
- Generally, population has a negative effect on urbanization.
- A spatial analysis shows that the effect of population on urbanization appears to be significantly positive only in the western provinces, but not significant in the eastern area and significantly negative in the central provinces, which suggests that overpopulation in China, especially in eastern and central provinces, eventually has the impact on the urbanization level.
- Population flow has a positive effect on urbanization.
- A spatial analysis shows that the effect of population flow appears to be significantly positive only in the eastern and central provinces, but not significant in the western area, suggesting that the population flow exacerbates the gap between the eastern, central, and western areas.



Conclusion and policy implication

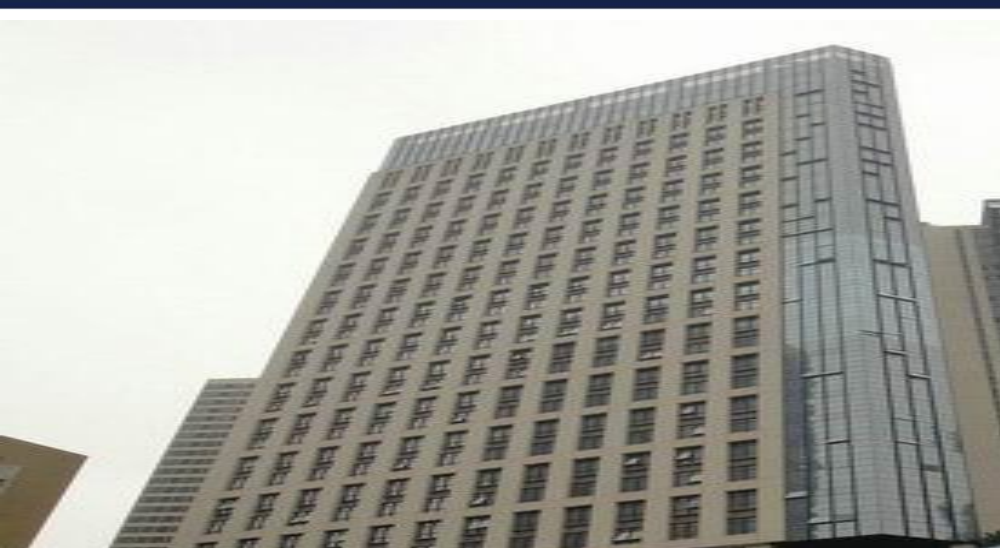
- The empirical analysis on provincial urbanization level shows that regional disparities of urbanization in China.
- The reforms in favor of the coastal provinces lead to the widening of the regional disparities; However, The speeding-up of that policy in the West of China will hopefully stimulate the development of urbanization in the future.
- As a developing country characterized by regional imbalances coupled with an imperfect market economy and a large population, the Chinese government shall develop multiple model of urbanization which fits different country's regions.



Reference

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CCG's Influence

- **CCG's research findings and policy recommendations have effectively helped the government identify the flaws in the current public policies and the innovative solutions to make improvement.** For example, the launching of the “One Thousand Talents” plan and the enactment of the “talent visa” are both accredited to CCG's study and advocacy efforts. CCG has also become a go-to place for local governments to get policy advice.
- **CCG has generated strong positive social impact.** Its academic research and political/public advocacy have improved public policies targeting groups like overseas Chinese returnees, Chinese students abroad, and Chinese global enterprises, helping them gain social acknowledgement and support. CCG also made a significant contribution to the extensive, healthy, and constructive social participation of think tanks in public policy making.
- **CCG has utilized multiple channels and media platforms to engage target and general audience.** We believe that the value and benefit of knowledge can be maximized and sustained once it is shared with and supported by the general public. Besides the widespread coverage of our research and policy advice by traditional media, we are also proactively broadening our outreach through digital communications and social media.



CCG's Influence on Policymaking

- 2008 – At the invitation of CCP's Organization Department, CCG participated in a research project to formulate China's medium- and long- term plan for talent development and was assigned to take charge of the study of international talent competition strategy. Based on extensive research and thorough analysis, CCG submitted a report that eventually led to the formulation of the Central Government's "One Thousand Talents" Plan, the most significant and innovative foreign talent recruitment program in China.
- 2009 – CCG presented a policy advisory report to the Organization Department on how to improve the "One Thousand Talents" Plan. The multiple concrete measures that the report recommends to implement this plan were well-received by policymakers
- 2010 – CCG successfully completed the research project commissioned by the Overseas Chinese Affairs of the State Council on the current situation and the future development of overseas Chinese professional organizations. It won the second-class award of the State Council research projects in 2010.
- 2011 – CCG submitted a policy advisory report to the National People's Congress and relevant government agencies to recommend the creation of a type of "talent visa" in "The Exit and Entry Administration Law of the People's Republic of China." NPC adopted CCG's advice and officially gave a green light to the legislation that authorizes the "talent visa" type.



CCG's Influence on Policymaking

- 2012 – CCG was commissioned by the Ministry of Human Resources and Social Security to research on China's Green card system. As a result of CCG's policy proposals, the Ministry and the other 24 government agencies jointly issued the Administrative Measures for Treatment of Foreigners with Permanent Residence in China in December, 2012.
- 2013 – To commemorate the 100th anniversary of the Western Returned Scholars Association (WRSA), CCG presented two policy advisory reports to WRSA and the United Front Work Department. One report is about the challenges for Chinese returnees and recommendations for future strategies, while the other one deals with strengthening WRSA's role in providing policy advice. On Oct. 21st, President Xi Jinping delivered a key speech at the celebration of WRSA's 100th anniversary about Chinese returnees and WRSA's contribution to policymaking.
- 2013 – CCG submitted a research report to the Organization Department about building a mechanism to cultivate competitive international talents. In the Communiqué of the Third Plenary Session of the 18th Central Committee, CCP reaffirmed the commitment to building such a mechanism.



CCG's Influence on Society

- *Organized a series of forums on Chinese returnees' innovation and entrepreneurship*
- *Co-hosted the international symposiums for three consecutive years to discuss the issues about high-level overseas Chinese talents*
- *Held over 10 dignitary luncheons*
- *Initiated the first conference for international head hunting firms that gathered a great number of major head hunting companies and the high-level talents in China*
- *Arranged more than 20 policy advisory roundtables, and submitted nearly a hundred of recommendation reports*
- *Published five books every year for the International Talent Blue Book series*





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Thank You

