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The Impact of Urbanization and Population Policy on China's Economy

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Abstract. Urbanization and Population policies are critical influential factors of economic growth, the quantitative and qualitative methods are applied to analyze the relationship between urbanization, population policy from 1950 to the present. The analysis of the correlations and patterns of urbanization processes and economic growth, allows to make prediction of future trends. China's economy and urbanization are mutually beneficial. In the process of urbanization, a large quantity of labor has been transferred the secondary and tertiary industries, which significantly improved production efficiency. The population transfers from rural areas to small and medium-sized cities, and from small and medium-sized cities to large cities. The cities in the certain areas form a huge urban agglomeration. This brings a certain imbalanced regional development. People move from the western region to the eastern region because the economy in the eastern coastal area is more developed, with more employment opportunities, infrastructure, and medical care, which leads to imbalanced regional development. Based on the model prediction, the process of urbanization will reach its peak in 2040, and the urbanization rate will be more than 80 percent.

Keywords: urbanization, population policy, China, population mobility, migration, development, economic growth

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Влияние урбанизации и демографической политики на экономику Китая

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Аннотация. Урбанизация и демографическая политика являются важнейшими факторами экономического роста, и количественные и качественные методы применяются для анализа взаимосвязи между урбанизацией, демографической политикой с 1950 г. по настоящее время. Анализ корреляций и закономерностей между процессами урбанизации и экономическим ростом позволяет делать прогноз относительно будущих тенденций. Экономика Китая и урбанизация являются связанными. В процессе урбанизации большое число рабочей силы переходит в отрасли промышленной сферы, что значительно повышает эффективность производства. Население перемещается из сельской местности в малые и средние города, а из малых и средних городов — в крупные города. Города в определенных районах образуют огромную городскую агломерацию. Население перемещается из западного региона в восточный, поскольку экономика в восточной прибрежной зоне более развита, здесь больше возможностей для трудоустройства, есть инфраструктура и медицинское обслуживание, что приводит к несбалансированному региональному развитию. На основе модели автор прогнозирует, что процесс урбанизации достигнет своего пика в 2040 г., а уровень урбанизации составит более 80 процентов.

Ключевые слова: урбанизация, демографическая политика, перемещение населения, Китай, миграция, развитие, экономический рост

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Introduction

The concept of urbanization originates from the Ildefons Cerda [Soria Y Puig 1995] and it is the general trend that the degree of urbanization will be higher as the economy develops [Zhang 2008]. In 2021, China's urbanization rate has reached 62,512 %, and the urban population has reached 880 million, this is already more with the total population of many countries.¹ How to well distribute the population appropriately is a serious challenge for Chinese government.

The transition of population in the urbanization has contributed considerably to China's development. The scale of Chinese urbanized population is the largest

¹ National Bureau of Statistics of China. Retrieved March 21, 2023, from <http://www.stats.gov.cn/english/>

in the world, China's urbanization process is one of the fastest processes in the world². After the economic reform, sufficient labor force transferred from the countryside to the city [Li & Li 2004]. And these labor forces quickly joined various industries in the city and contributed to economic development.

At different periods of development, various domestic and international situations, this process of population growth and transition is relatively complex. Although this process has contributed to China's economic development a lot, there are still many challenges [Zhou 2002]. The over urbanized population is the burden on the city. In the urbanization development, expansion of the cities is not appropriately planned, for instance, some cities over occupied rural arable land. The working age population has flowed from rural areas to cities, which brings a shortage of rural labor. Furthermore, there are still unsolved issues with the integration of new immigrants into the city [Guo 2006].

The quantitative and qualitative methods are applied to analyze the interaction between population, urbanization policy and economy from the perspective of Chinese policies.

The Development of Urbanization and Population Policies

There are many indicators to measure urbanization, common indicators are the rate of urbanized population, the output value of the tertiary industry and the employed population. These indicators are highly related to population and transition of population. While exploring the impact of urbanization on the economy, other important variables have to be considered like the structure of the population and the policies themselves as they are influential factors to both urbanization and economic growth.

The mechanism and pattern of the impact of population movement could directly affect China's sustainable development. If the speed of urbanization is lower than the speed of economic development, problems such as insufficient labor will restrict urbanization and economic development. However, if the speed of urbanization development is higher than the speed of economic development, it is difficult for cities to support such a large population.

In different periods, the process of population and urbanization development was different, which can be mainly divided into 4 stages. The first phase, from 1950 to 1958, was a period of recovery after the war. The second phase was from 1959 to 1978, a period of gradual economic development. The third stage occurred after the economic reform, from 1979 to 2001, China is constantly reforming and adjusting development strategies in different industries. The fourth stage is from 2001 to the present, as in 2001 China joined the WTO, and the economic structure is relatively stable.

² China. World Bank data. Retrieved March 21, 2023, from <https://data.worldbank.org/country/CN>

Phase 1 (1950–1958)

In the early 1950s, China's population was only 550 million at that time, the urbanization level of the population was very low, and the population structure was not very normal. As a result of years of war, China suffered a lot of losses, and at the same time, to avoid the war, a large number of people moved from the cities to the countryside. The war in China had just ended, and China was gradually restoring order, with economic growth reaching 17 percent in 1952.

The degree of urbanization was also rising after war, it was 10 percent, and the urban population of the city was only about 60 million, because China was still an agricultural country, the economy was underdeveloped, the degree of industrialization was low, and the GDP at that time was only 6%. 7.91 billion CNY, the output value of the primary industry was 34.29 billion CNY, the output value of the secondary industry was 14.11 billion CNY, and the output value of the tertiary industry was only 19.51 billion CNY. A large number of people returned to the cities, with the urban population growing by 8.47 percent in 1953 and the urbanization rate reaching 12 in 1952 (46%). China's population was about 550 million, and in the years following the end of the war, this was largely due to better medical conditions and stable living conditions, a decline in mortality, and rapid population growth. During the war people could not have children, they had children after the end of war. China's population growth rate was as high as 2% during this period.

In his speech, Chairman Mao supported the population growth.³ At the same time, China's borders were not very stable, and the Korean War lasted until 1953, a year when the population growth rate was as high as 2.4%. Because the economic loss caused by the ongoing war was very serious, the loss of young and middle-aged labor in the war was huge.

At that time, sufficient population meant sufficient productive labor and sufficient military resources, so in early 1950, the Ministry of Health suspended abortion, and the policy was called the Ministry of Health Interim Measures. The Interim Regulation on the Administration of Urban housing management was implemented in 1951. However, the regulation did not impose any restrictions on the entry and emigration of urban populations.

In 1953, when the first census was conducted, China's population reached 580 million, the population has increased⁴ by 30 million in a short period of time, and the population structure was more like the expansive population pyramid. The growth rate of the urban population was about 7%, while the growth of the rural population was only 1.5%, and the urbanization rate was much greater than the growth of the rural population. At that time China was quite stable internally and externally, recovering from the losses of the war.

The previous policies provided abundant labor force, China began its first five-year plan (1953–1958), and its economy began to grow rapidly with the first five-year plan

³ The Review of Chairman Mao's theory. Retrieved March 21, 2023, from <https://www.dswxyjy.org.cn/n1/2019/0228/c423718-30943675.html>

⁴ State Statistical Bureau (China) (1953). China Population and Housing Census.

mainly focused on the development of industry. GDP in 1958 was 131.23 billion CNY, it increased 61 % compared to 1953, before the start of the First Five-Year Plan. This growth was mainly due to the output value of the secondary industry, which was 48.36 billion CNY, a year-average increase of 4 %, surpassing the other two industries, and the tertiary industry was also twice as good as before. The industrialization movement absorbed a lot of labor from the cities.

But this also brought some problems, rapid population growth put pressures on society, such as urban housing problems, support labor and food supply shortage. In 1955, the government began a program to transfer surplus labor to the countryside, a large number of urban educated youth began to move to the countryside, and in 1955 the urban population barely grew, roughly by 6.4 % from 1953 to 1958. The contribution of migration to rural areas to the primary sector increased, and in 1956 there was a small peak in the GDP value of the secondary industry.

In 1955, the Ministry of Health began preliminary birth control.⁵ In 1957, both officials from the government and scholars in the academic field believed that population should be planned and embedded as part of a planned economy.

Phase 2 (1958–1978)

In 1958, the total population had reached 659 million, the urban population was about 100 million, and the urbanization process accelerated, because the labor force in the secondary industry grew rapidly, and a large amount of population entered the city, about 20 million. The urban population grew by 13 % in 1958, the urbanization rate reached 18.3 %. The large number of urban population caused a lot of pressure on the city's education, food and transportation education, etc.

In 1958, the people's movement began, and the government decided to accelerate industrial development, despite rapid economic growth. In 1958 the economic growth was close to 25 %, 131.23 billion CNY, the GDP value of the secondary industry was 61.6 billion CNY, but this abnormal pattern disrupted normal economic order, and the continuous natural disasters in the later period reduced the supply of food. There was a short-term negative growth in the population.

Labor shortages in rural areas began to emerge, and along with ongoing natural disasters, food supplies began to run low. By 1960, the urban population decreased by 15.2 percent, a large number of urban population has declined, and the urbanization rate dropped significantly.

From 1958 to 1963, the growth rate of the urban population was only about 5 percent, the growth rate of the rural population was almost zero, the rate of urbanization was very high, and the urban expansion was constantly expanding. However, natural disasters reduced the total population and GDP, increasing the pressure on the cities. During this period, the economy experienced negative growth. The output value of the

⁵ Critical point of family plan. Retrieved March 21, 2023, from <http://theory.people.com.cn/n/2013/0807/c40531-2247578.html>

secondary industry continued to decline, and in 1963 the output value was only 41.2 billion CNY.

In 1964, the economy began to gradually return to the level of 1960, and it reached 164 billion CNY, and the population reached 690 million. The population increased by 110 million in 10 years, the Family Planning Commission of the State Council was established, and family planning was formally incorporated into the system of the planned economy. The government began to try to solve China's growing population problem, and began to systematically transfer the population from the city to the countryside again, and the educated youth to the rural resource construction.

Between 1964 and 1968, China's population continued to grow, reached 785 million, the urban population reached 120 million, and the urban population grew by 1–2 percent. The growth rate of the urban population slowed down significantly, and the growth rate of the rural population remained above 2.5 %, reaching 646 million. After 1966, the output value of the secondary industry began to decline.

At the beginning of the People's Revolutionary Movement, China's political and economic order suffered a huge shock, in the following years, the economic growth rate declined year by year, and in 1975 there was a negative growth rate of –1.7 % roughly.

In 1968, when some of the educated youth who had been transferred to the countryside returned to the cities, the growth of the urban population reached about 2.05 percent, and in 1969 the secondary and tertiary industries grew rapidly, by 21 % and 10 %, i.e. 54.26 billion CNY and 47.53 billion accordingly.

In 1969, the labor force of some cities was transferred again, which greatly reduced the employment pressure in the city. However, the output value of the primary industry did not increase much, and the output value of the secondary industry increased significantly. Because the diplomatic honeymoon period between China and the Soviet Union ended, in order to prevent potential conflicts, a large number of intellectual youths went to the countryside to begin a paramilitary life, not only to participate in rural agricultural production, but also to build defense projects and participate in military training.

Family planning for the population was not implemented smoothly. The family planning commission was abolished, but in 1970 the family planning commission was restored, the family planning policy was not strictly enforced, and the population continued to grow in certain periods, and the population reached 821 million, roughly 20 million increase per year. In the 1971 "Report on Family Planning Work of the State Council" and "The Impact of Family Planning and Population Growth on the Development of the National Economy in 1972", the government reopened the study of family planning, and the government hoped that the people could marry later, have children later, and have fewer children. These policies had a positive effect, with the birth rate of the population at 2.3 % in the years before the implementation of the policy. After the implementation of this policy, the birth rate of the population fell from 2.23 % in 1971 to 1.33 % in 1978.

Between 1968 and 1975, the urban population growth rate was about 2.04 %, the rural population growth rate was about 2.2 %. The population transfer policy continued after 1973, the rural population growth rate continued to decline, from 2.9 % in 1973

down to 0.9% in 1978. The growth rate of the urban population peaked in 1975, when many of the educated youth who had been transferred to the countryside began to return to the cities, and the growth rate of the urban population was about 2.3%, and the population reached 700 million. The output value of the secondary industry was growing faster than the primary and tertiary industries. In 1978, the secondary industry had reached 175.51 billion CNY, and the primary and tertiary industries were only 101.8 billion CNY and 90.51 billion CNY.

Phase 3 (1978–2001)

The goal of population policy is that the government establishes a reasonable population structure, controls the number of people, targets full employment, and rationally allocates labor.

During this period, China began a new round of political and economic reforms, introducing the market economy as a tool to further develop the economy, and the transferred labor forces back to the cities became the human capital for economic development. China's economy grew rapidly during this period, averaging 18 percent annually from 1979 to 1995, with more than 20 percent in three years.

Based on the new Constitution of the People's Republic of China in 1978, China gradually restored and administrative capacity was strengthened. Family planning measures were included into the constitution to control the growing population. The 1979 government work report pointed out that practical measures must be formulated to promote family planning. An article in the People's Daily in 1980 stated that there should be planned population growth. In early 1978, the return of educated youth from rural areas to cities increased the employment pressure in cities and indirectly promoted the further implementation of family planning.⁶

In 1982, the government proposed to improve the quality of the population and control the number of people, so that urban couples could have only one child, and rural and ethnic minority families could have two children. State officials could have only one child. The family planning policy began to be implemented, and in the next 10 years, the natural population growth rate was about 1.5%, effectively controlling the population growth, while the population circulated from the countryside to the cities, providing sufficient labor force and ensuring economic growth.

From 1978 to 1983, urbanization rate reached 20%, and the urban population reached 220 million. The average annual growth rate of the urban population was about 4.7%, the natural growth rate of the rural population was only 0.5%, economic reforms were beginning to influence the movement of people, the labor force in the city promoted the development of industry, and China's urbanization process promoted the growth of China's economy.

In 1986, Deng Xiaoping said in the People's Daily that controlling population growth was based on our vital interests, which was China's strategic decision, and

⁶ Critical point of family plan. Retrieved March 21, 2023, from <http://theory.people.com.cn/n/2013/0807/c40531-2247578.html>

that the natural population growth rate began to gradually decline from 1986 onwards, roughly 1.64 %. It fell down to 0.76 % in 1999.

Since 1992, the rural population began to flow out continuously, and the rural population showed continuous negative growth. Until 2000, when the negative growth of the rural population reached 0.8 % per year. In 2000 China's urbanized population rate reached 35.8 per cent, with 450 million urban residents and 811 million rural residents. The output value of the secondary industry and the tertiary industry were much higher than that of the primary industry reaching 4566.7 billion CNY and 3989.91 billion CNY accordingly. The growth rate of the secondary and tertiary industries exceeded 20 % in the early 90s, and the production efficiency and income of urban residents, who accounted for 35 % of the total population, were much greater than those of rural people.

In 1998, the People's Congress began to discuss the issue of national family planning legislation, and family planning also became the core strategy of the country, and these policies had a far-reaching impact on China's urbanization and economy in the next century [Song 1997].

Phase 4 (After 2001)

In the new century, family planning became the focus of legislators and the family planning commission began to be fully operational. At the same time, local governments paid attention to family planning and steadily implemented policies, such as “family planning management measures” and “floating population management measures”.

Since 2001, China's population reached 1.2 billion, and the natural population growth rate reached 0.6 per cent, while the population growth rate was declining until 2008. The natural growth rate of the population was about 0.5 %. The population was still constantly flowing from the countryside to the city, the growth rate of the urban population begun to decline year by year, with an average of about 3.6 % per year, the rate of loss of rural population was rising, about 1.7 % per year, and the rate of population outflow was constantly rising. The GDP of the economy in 2008 was 31924 billion.

In 2008, the primary sector was still growing, and the growth rate was relatively low, and the share of GDP in the primary industry was decreasing, about 10 percent. The growth rate of the secondary industry continued to grow the fastest, averaging 15 % per year, and the growth rate of the tertiary industry was also very fast, accounting for 47 and 43 % of the total economy, respectively.

The imbalance of regional development was more serious, the population was flowing to the east. After the 2008 economic crisis, the global recession hit international trade, and the rate of population growth and urbanization began to decline for a short period of time [Yu et al. 2014].

Economic growth was about 15 % in 2009 and 2010, China's economy continued to recover after the global recession. In 2011, China's urbanization exceeded 50 %, and more people moved into cities, more urbanized population drove further economic growth [Liao et al 2020]. In 2013, the government began

to issue a two-child policy to cope with the increasingly aging problem, and the population growth rate was getting slower and lower. At this time, China's population structure was more like contraction type, and China's population development plan stated that China would reach a period of demographic transition in the 2030s.

The Current status of urbanization in China, its characteristics and impact on the economy

By 2022, the population has almost stopped growing, the scale of population is about 1.41 billion, there is negative growth in 2022. So, from 2009 to 2021, the gradual growth of the urban population has reached 880 million, but the annual growth rate of the urban population has begun to decline to 1.77 %, the rural population has fallen from 700 million in 2008 to 530 million, and the rate of decline is increasing minus 1.2 % in 2000 to minus 2 % in 2008 to minus 2.9 % in 2021, China's urbanization rate has reached 62.5 %.

Since 2020, the global COVID-19 pandemic has impacted the global economy, and China's economy has maintained growth, reaching 121020.72 billion in 2022. In the past decade, the tertiary industry surpassed the secondary industry, accounting for 52.8 % of the total economy, and the secondary industry accounted for 39.9 % of the total economy. China's urbanization has reached a relatively high level.

Due to the concentration of population, the economic situation in large cities was better. Higher economic levels often lead to better living conditions because economic advantage leads to abundant infrastructure, health care and education resources, better job opportunities. These indicators are very attractive, and a large number of people with higher education will enter the city. In the early stage of urbanization, the development speed of large cities will be higher than that of small and medium-sized cities. These large cities may have geographical advantages, such as coastal cities or natural resources, they also may have special national policy, such as Free zone, special economic zone, etc.

The development of big cities will drive the development of small cities around them, soon they form industrial clusters in a certain area, such as manufacturing, mining and Internet industries. They will form upstream and downstream industrial chains in a certain area. There are a lot of advantages such as low logistics cost, higher efficiency, which will bring faster the economic development.

As industrial clusters continue to expand, they became super-large urban agglomerations, such as China's Yangtze River Delta, Pearl River Delta, Beijing-Tianjin and Sichuan-Chongqing [Zhu, Zhu, Xiao 2019; Zhang 2008].

The trend of population transition in China is from the west to the east, from the north to the south. The rural population moves to small and medium-sized cities, and the small and medium-sized cities move to large cities.

The population flowing into cities is roughly divided into two categories, one long-term urbanized population and one temporarily urbanized population.

Cities attract highly productive and scarce human resources, such as people with higher education, skilled workers, who contribute more to the economy than other workers and China’s big cities have also begun to introduce various policies to attract population with higher education and sophisticated skill, the policies contain subsidies and other beneficients. The scarcity leads to higher incomes [Bai, Chen, Shi 2012; Qiu, Zhao 2019]. So that their incomes will be higher, and they will have bigger chance to stay in the city for a long time. The other is the temporary population in the city, their income is relatively low, they will move between different cities, and as the skills and work experience improve, some people will transit to permanent population in the city. Urbanization and the economy mutually benefit (Figure 1).

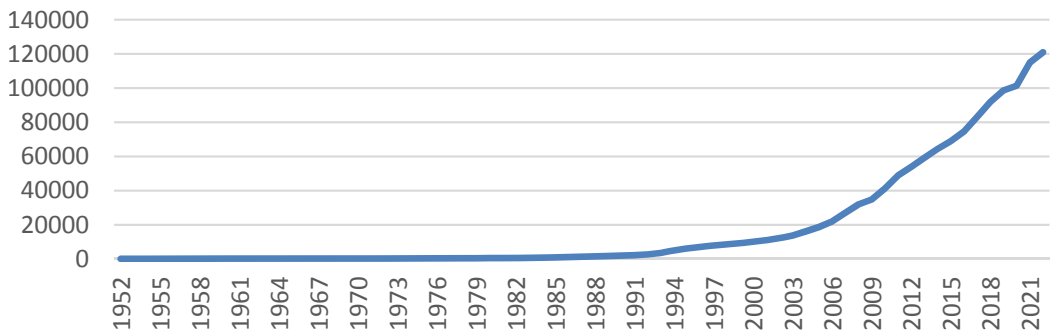


Figure 1. GDP, 1952–2021, billion CNY

Source: National Bureau of Statistics of China. Retrieved March 21, 2023, from <http://www.stats.gov.cn/english/>

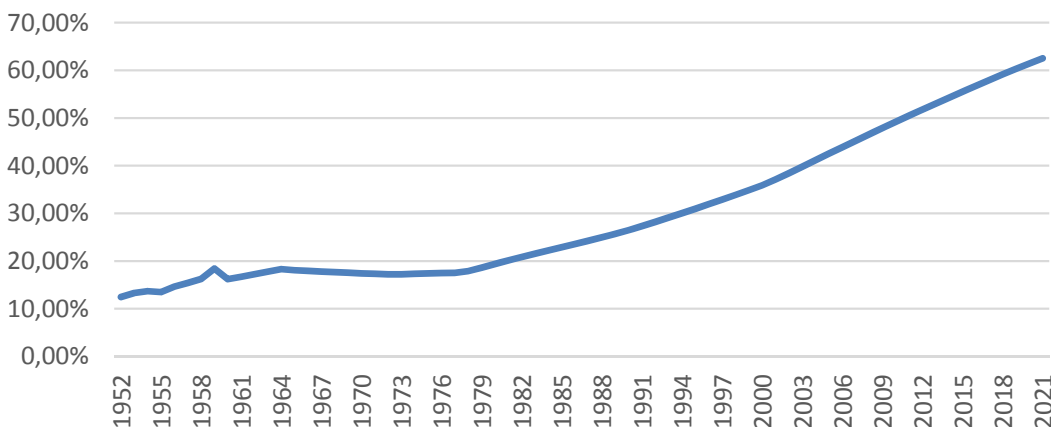


Figure 2. Urbanization, 1952–2021, %

Source: National Bureau of Statistics of China. Retrieved March 21, 2023, from <http://www.stats.gov.cn/english/>

These can also be seen from the historical process of urbanization that China’s urbanization rate has a slow growth rate in the early stage and a fast growth rate in the later stage. The same is true about the level of economic growth. Since the economic reforms of 1979, we have seen an increase in urbanization.

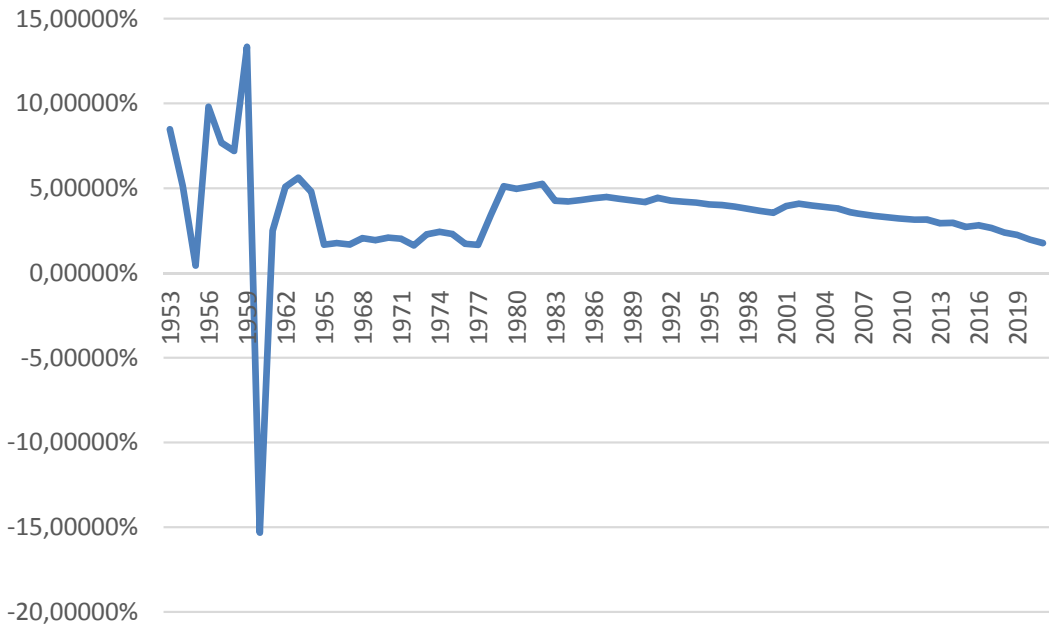


Figure 3. Growth Rate of Population, 1953–2019, %

Source: National Bureau of Statistics of China. Retrieved March 21, 2023 <http://www.stats.gov.cn/english/>

But according to data, the rate of urbanization of China’s population is declining, and the rate of urbanization in China is declining.

Based on the Production Function [Cobb, Douglas 1928] the relationship between the parameters of economic growth and population urbanization is estimated by quantitative methods. The models are built like this (Tables 1, 2, 3):

$$Y = \beta_1 X_1 + \beta_2 X_2 + \varepsilon, \tag{1}$$

where Y stands for GDP of the tertiary industry, X_1 is Urban population, and X_2 is rural population.

Table 1

Result of Model 1

Indicators	Coefficients	Stand Deviation	P value
Urban Population	135.366***	6.428	2e-16
Rural Population	-60.011***	5.03	1.71e-12

Source: Author’s Estimation.

Urban population and economic growth are positively correlated, rural population and economic growth are negatively correlated, and rural population is declining. Thus, the process of urbanization is benefiting economic growth.

$$Y = \beta_1 X_1 + \beta_2 X_2 + \varepsilon, \quad (2)$$

where Y stands for GDP of the secondary industry, X_1 is Urban population, and X_2 is rural population.

Table 2

Result of Model 2

Indicators	Coefficients	Stand Deviation	P value
Urban Population	55.515***	2.088	2e-16
Rural Population	-23.797***	1.634	1.36e-14

Source: Author's Estimation.

$$Y = \beta_1 X_1 + \beta_2 X_2 + \varepsilon, \quad (3)$$

where Y stands for GDP of the tertiary industry, X_1 is Urban population, and X_2 is rural population

Table 3

Result of Model 3

Indicators	Coefficients	Stand Deviation	P value
Urban Population	69.882***	4.198	4.71e-16
Rural Population	-32.662***	3.285	1.09e-10

Source: Author's Estimation.

The urban population is positively related with the GDP of the secondary and tertiary industries, while the rural population is negatively related, and the rural population is declining. Therefore, continuing to promote urbanization and increase of the urban population can benefit the economic growth more. The intuition behind this may be that the secondary and tertiary industries are the current pillars of the economy, and most of these industries are located in cities and suburban areas, while most of the primary industry's agriculture, forestry, animal husbandry and fisheries are in rural areas, and the overall economic output value is relatively small.

The Trend Analysis

According to the results of the forecast model, China’s urbanization rate will reach 68.2% in the next few years, and China’s economy will continue to grow, reaching 162020.6 billion in 2027. Both urbanization rates and economies will grow in the future (Figure 4).

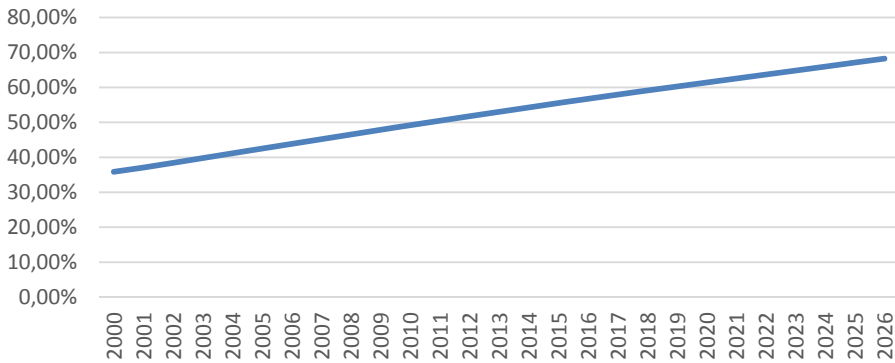


Figure 4. Predication of Urbanization, 2000–2026, %

Source: Author’s Estimation.

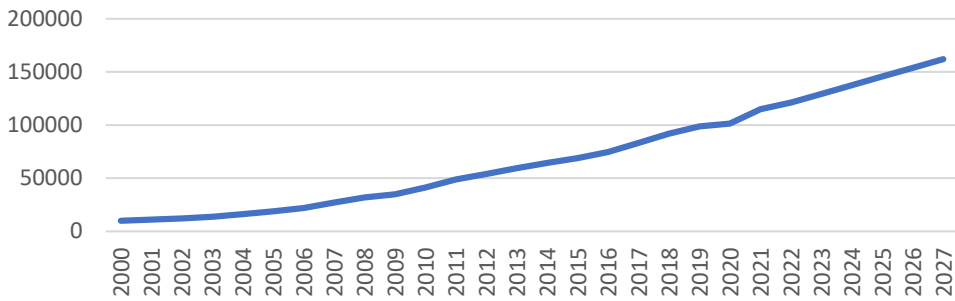


Figure 5. Predication of GDP, 2000–2027, Billion CNY

Source: Author’s Estimation.

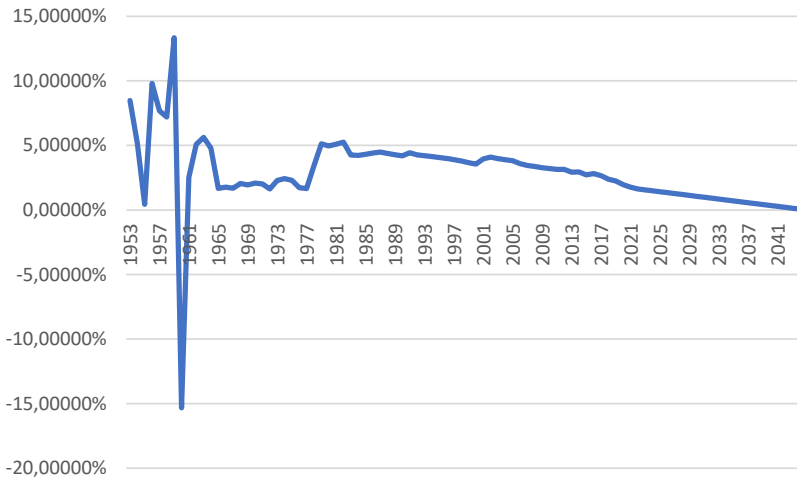


Figure 6. Predication of Growth Rate of Population, 1953–2041, %

Source: Author’s Estimation.

According to the Northam's curve of urbanization⁷, the situation in China corresponds to the third stage, the growth rate on the way shows (Figures 7, 8) that the growth rate of China's urbanized population has begun to decrease, at this time, the forecast model is used to calculate the time when the urbanization of the Chinese reaches the peak, according to the forecast model, to the time of 2044 China's urbanization rate growth rate will change to 0, and if the proportion of population in cities and towns is used as an indicator, China's urbanization will peak in the 2040s and then remain stable.

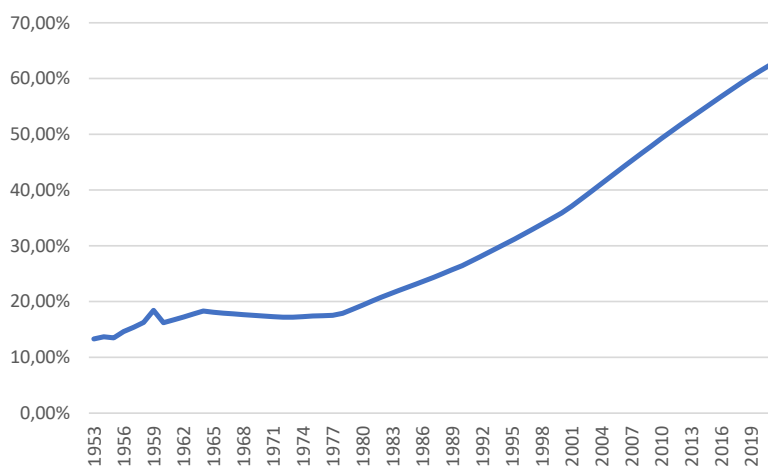


Figure 7. Predication of Predication of Urbanization Rate, 1953–2019

Source: Author's Estimation.

According to this model, China's urbanization rate will reach 82.9% in 2044, which is similar to the rate of most developed countries today.

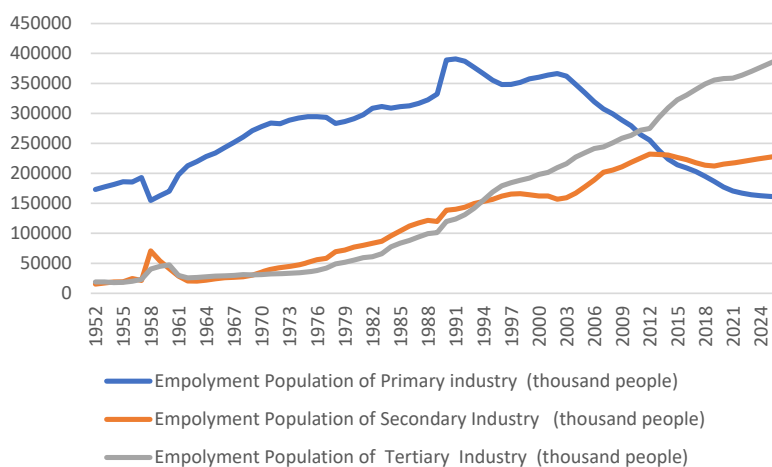


Figure 8. Predication of Labor in Primary, Secondary, and Tertiary (thousand people), 1952–2024

Source: Author's Estimation.

⁷ Northam's curve of urbanization. Retrieved March 21, 2023, from https://www.researchgate.net/figure/Northams-curve-of-urbanization_fig1_350395814

With the development of the economy, the number of workers in China's secondary and tertiary industries will continue to increase, while the number of workers in the primary industry will decrease relatively. The decline rate of labor in the primary industry has declined, and in the near future, China's primary industry population will be relatively stable.

China is now facing an increase in labor costs brought about by industrialization and increasing cost of living in a better economic situation [Lu, Zhang, Luo 2014].

Many enterprises have transferred industries, or use high-tech measures for production, and the demand for people is shrinking, how to ensure employment without the decline of the population?

China has a large population, and the development of cities needs rural support, if the rural labor force is insufficient, the Agriculture mechanization will be a solution, which increases rural productivity and accumulates capital, improves the living conditions and education of rural areas. The industrial structure in the east has become labor-intensive and accelerated the change to capital and technology-intensive, attracting a large number of talents and capital from the central and western parts of the country, further widening the gap between the economic and development levels in the east and the west [Zeng 2011; Zhou et al. 2021].

The state's macro-control strategies also strictly control the development of large cities, small and medium-sized cities and allocate population resources appropriately. From the perspective of the regional balance, the central and local governments should put forward reasonable policies to attract talent and capital into the central and western regions to attract labor-intensive industries in the central and western regions to retain qualified personnel and accumulate capital [Knight, Li, Song 2006]. To achieve diversified industrial structure and balanced regional development in different large regions, some industrial clusters have been established in the central and western regions to make the population evenly distributed and balance the gap between small and medium-sized cities and large cities [Nijman, Wei 2020].

The urbanization rate of the population is gradually increasing, cities with excessive population inflow should limit the inflow, and outflow areas should attract population with higher education and sophisticated skills to return. Administrative and market instruments can be used to adjust the distribution of the population.

Cities need rational allocation of resources and infrastructure, strengthen social security systems, and raise living standards, so that they can fully attract talents and develop the economy. In the case of urban expansion, rational planning of the city, expansion of new urban areas and development of surrounding satellite cities, the area between the city and the satellite city to form an urban agglomeration.

Conclusion

China's economy and urbanization are mutually beneficial, and China's urbanization process is relatively rapid compared to other countries, especially after economic reforms. Although this will bring some problems, such as imbalanced regional development, China's urbanization structure is growing steadily, mainly due

to the government's rational policies and administrative capacity. China's population transition trend is from rural to small and medium-sized cities, small and medium-sized cities to large cities, and central and western regions to economically developed coastal areas. Urban agglomerations are becoming larger, most of the inflow of people goes into the secondary and tertiary sectors, which are more productive and have greatly contributed to China's economic development, and China's urbanization process will continue in the coming years, but the rate will gradually decline, the peak of urbanization process will be around the 2040s, then the rate of urbanization will stop growing, the urbanization rate will be more than 80 percent.

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