

## China Economy: with the Perspective of Urbanization

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**Abstract:** Urbanization is a wide concept and it has myriad definitions according to the different field of study. As we can see demographically, urbanization defines as a steady process of shift of people in to the urban areas. By geographical perspective, urbanization promotes the change of non-urban regions into urban territories and that will helps for better welfare of population and country's economic condition.

Urbanization plays a vital role in boost of the economy but it will also create chaos in economy if urbanization is not managed by the state in proper way. As this paper deals with problems that China faced in its economy due to urbanization but how gradually China transform or upgrade it with the help of policy and become one of the power centered of the world. In last forty years, China transforms it from Agriculture based economy to the Service as well as Territory based economy. At present, China is the hub of the electronic as well as manufacturing goods.

This paper deals with the various question related to the policies of the government, its cultural aspect, historical aspects as well as other social and economic factors that leads to the fastest growing urbanization of China in the world. The paper also analyzing the China's government policies that help its people to shift from one place to another in search of better places and to live a better standard of life. By implementation the major economic reform in 1978 by the Chinese government changes its country's economic growth drastically. Moreover, it is also plays a significant role or one of the core reasons for the urbanization in its economy.

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### I. Introduction

Before digging or go into China's Urbanization let's touch upon what is urbanization? By economic view, urbanization is redefining and redesigning modern framework by upgrading of industrial and infrastructure, and gradually transferring the primary sector into territory or service sector. Urbanization hasn't any perfect definition; it is just a economic process that is the combination of social and cultural transformation to multi dynamic urban development that leads to change in geographical, ecological and urban development.<sup>1,2</sup> In simple words, to create an environment or area that looks like more urban. Every country works hard for the growth of its economy and urbanization plays a vital and significant role for that development. Urbanization is become a current trend in every nation to satisfy its people from the current government and it is also the basic criteria for the world's report which publishes the data and analysis the health of the country. China is seemed to be one of oldest civilization and is known for the ancient development in the world's history. China's urbanization plays an key role in its economy and now China is witnessing the fastest growth of urbanization in the world. Notably, China witnesses the 58.52% of urbanization in 2017 as compared to 17.92% from 1978 and at present it is more than the world average i.e., 54.74% as shown from the above data. China faces consistently rapid urbanization in the long-term: it is assumed that another 20% of the Chinese population is going to be urbanized, and China's urbanization rate will reach 70% between 2035 and 2045.<sup>3</sup> Despite the fact that China's urbanization rate has only recently reached the worldwide average of 50%.<sup>4</sup>

**The researcher aims to answer first** is that urbanization in China is a gradual and steady process or it is a rapid or drastic dynamic. **The research also attempts to observe that** to what extend the individual contribution was with the Chinese state government policies for urbanization. Was it even there or not? **This research paper also tries to elaborate** that what are the positive impact of urbanization to the Chinese economy and subsequent to the whole world. **This research also tries to describe that** is the Chinese urbanization is detrimental to its own economy? Is it affecting its future generation by deprecation its natural resources? **And concluding** what is the percentage of territory is urbanized? What is the status of left out

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marginalized people? Why is it so? How and what steps are taken by the government to improve the situation for 100% urbanization?

## **II. Issues Discussed**

### **Pre-reform (1949-1978)**

The Pre-reform phase consists of the “Rehabilitation period of the national economy” (1949-1952) and Chinese leadership under Mao Zedong who with the help of First Five-Year Plan (1953-1957), design economic reform policy for its country that main focus is on the model of heavy industries which is based on soviet countries. It was remarkably successful in terms of urban development, and the urbanization rate grew steadily from 10.64% in 1949 to 15.39% in 1957.<sup>5</sup> But, by developing only heavy industry urbanization can't raise much. The rate of urbanization did not keep pace with industrialization. During China's three-year “Great Leap Forward” campaign (1958-1960), which followed the First Five-Year Plan, large-scale migration from the countryside to urban areas took place. Consequently, it is noticed that formation of urban cities has increased to 209 in the year 1961 from the year 1957 which has only 176 cities. The urbanization rate reached 19% in 1979.<sup>6</sup>

### **Revival phase (1979-1996)**

The successor of Mao came to the power and has taken major economic steps. He shifted the agrarian economy to non agrarian economy. The first thing that he has done was the introduction of Household Responsibility System (HRS). China's HRS was one of masterstroke for their urbanization development; its main work is to give the agricultural farmers a surplus amount of money for their surplus production on their land, and its leads to arise two good situations for China. First, there is an increase in productivity and secondly, there is also increase in the rural labourers and then China follows the western idea of “industrialization leads to urbanization”, their main focus is on to develop export oriented industries and SEZ. Simultaneously Chinese government gives relaxation in its migration policy to the rural labourers and due to that there is a good percentage of change in the urbanization of China as it encourages the rural labourers to shift from the small town to big cities for a better life and it leads to grow Chinese economy. From 1978 to 1996, the number of cities in China more than tripled and it reaches to 666. China allocates four economic zones in Xiamen, Zhuhai, Shenzhen, and Shantou in 1979 with Hainan added after some time which is considered to be special. Moreover, China has achieved its target of economy with a greater pace because of the rapid success of the zones. Additionally, China works to open 14 coastal areas and subsequently, 13 open border cities are design by Chinese Government to increase their economy and economic growth rate.<sup>7</sup>

### **Transition phase (1996-present)**

Rural population of China is reduced mainly by migration of rural to urban and to some extent transformation of small town to big cities also helps them. China invites foreign direct investment and provide all the necessary and luxurious goods to its larger cities, its creates manufacturing units that provide surplus amount of jobs to its people. Moreover, by giving better facilities people left the countryside for urban areas. Consequently, the number of people residing in metropolitan areas swelled from 29% in 1995 to 45.7% in 2008 and it comes to 58.52 in 2018. (**China Statistical Year Book 2018**) Another policy that aids China in urbanization to some extend is the ‘One Child Policy’; it is mainly a preventive policy that helps China by not growing its population rapidly. At present, China is the world's largest manufacturing country and even the largest exporter of its manufacturing product. So, it should be noted that China's urbanization hasn't happen in one or two decades but it is happening from the day he got independence but we can say that it speed up when it follow the western idea of “industrialization leads to urbanization”.

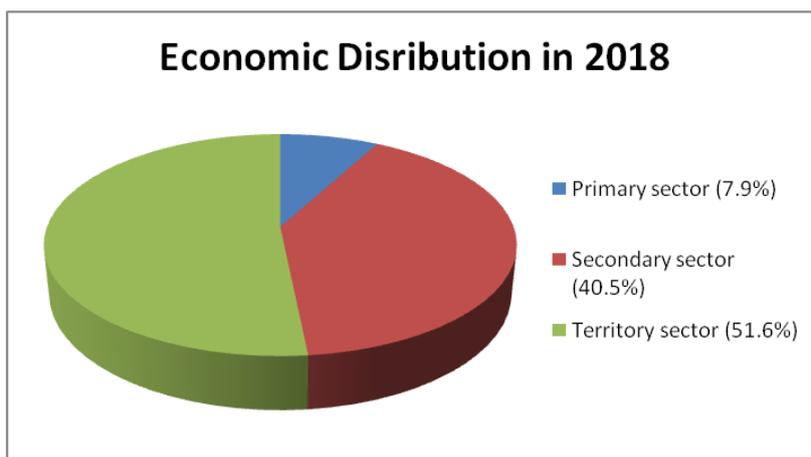
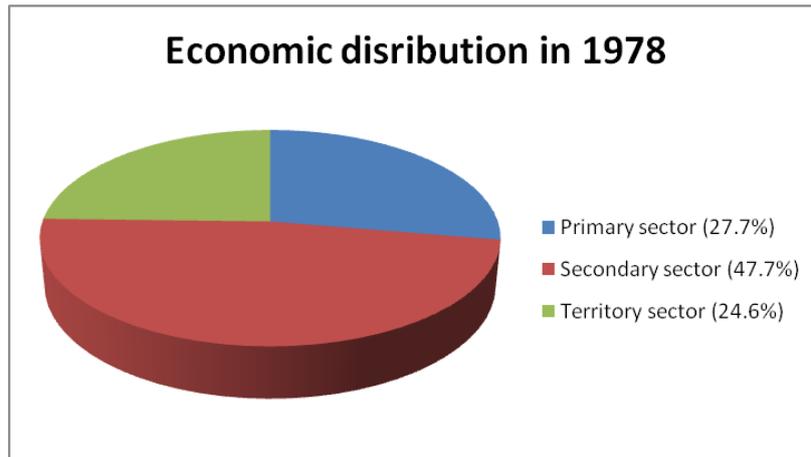
2-7 Proportion of Urban Population at Year-end by Region

Region	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>National Total</b>	<b>48.34</b>	<b>49.95</b>	<b>51.27</b>	<b>52.57</b>	<b>53.73</b>	<b>54.77</b>	<b>56.10</b>	<b>57.35</b>	<b>58.52</b>
Beijing	85.00	85.96	86.20	86.20	86.30	86.35	86.50	86.50	86.50
Tianjin	78.01	79.55	80.50	81.55	82.01	82.27	82.64	82.93	82.93
Hebei	43.74	44.50	45.60	46.80	48.12	49.33	51.33	53.32	55.01
Shanxi	45.99	48.05	49.68	51.26	52.56	53.79	55.03	56.21	57.34
Inner Mongolia	53.40	55.50	56.62	57.74	58.71	59.51	60.30	61.19	62.02
Liaoning	60.35	62.10	64.05	65.65	66.45	67.05	67.35	67.37	67.49
Jilin	53.32	53.35	53.40	53.70	54.20	54.81	55.31	55.97	56.65
Heilongjiang	55.50	55.66	56.50	56.90	57.40	58.01	58.80	59.20	59.40
Shanghai	88.60	89.30	89.30	89.30	89.60	89.60	87.60	87.90	87.70
Jiangsu	55.60	60.58	61.90	63.00	64.11	65.21	66.52	67.72	68.76
Zhejiang	57.90	61.62	62.30	63.20	64.00	64.87	65.80	67.00	68.00
Anhui	42.10	43.01	44.80	46.50	47.86	49.15	50.50	51.99	53.49
Fujian	55.10	57.10	58.10	59.60	60.77	61.80	62.60	63.60	64.80
Jiangxi	43.18	44.06	45.70	47.51	48.87	50.22	51.62	53.10	54.60
Shandong	48.32	49.70	50.95	52.43	53.75	55.01	57.01	59.02	60.58
Henan	37.70	38.50	40.57	42.43	43.80	45.20	46.85	48.50	50.16
Hubei	46.00	49.70	51.83	53.50	54.51	55.67	56.85	58.10	59.30
Hunan	43.20	43.30	45.10	46.65	47.96	49.28	50.89	52.75	54.62
Guangdong	63.40	66.18	66.50	67.40	67.76	68.00	68.71	69.20	69.85
Guangxi	39.20	40.00	41.80	43.53	44.81	46.01	47.06	48.08	49.21
Hainan	49.13	49.80	50.50	51.60	52.74	53.76	55.12	56.78	58.04
Chongqing	51.59	53.02	55.02	56.98	58.34	59.60	60.94	62.60	64.08
Sichuan	38.70	40.18	41.83	43.53	44.90	46.30	47.69	49.21	50.79
Guizhou	29.89	33.81	34.96	36.41	37.83	40.01	42.01	44.15	46.02
Yunnan	34.00	34.70	36.80	39.31	40.48	41.73	43.33	45.03	46.69
Tibet	22.30	22.67	22.71	22.75	23.71	25.75	27.74	29.56	30.89
Shaanxi	43.50	45.76	47.30	50.02	51.31	52.57	53.92	55.34	56.79
Gansu	34.89	36.12	37.15	38.75	40.13	41.68	43.19	44.69	46.39
Qinghai	41.90	44.72	46.22	47.44	48.51	49.78	50.30	51.63	53.07
Ningxia	46.10	47.90	49.82	50.67	52.01	53.61	55.23	56.29	57.98
Xinjiang	39.85	43.01	43.54	43.98	44.47	46.07	47.23	48.35	49.38

a) Data of 2010 are the census year estimates; the rest are the estimates from the annual national sample survey of population. Data of some provinces from 2008 to 2009 have been revised according to the Sixth National Population Census in 2010.

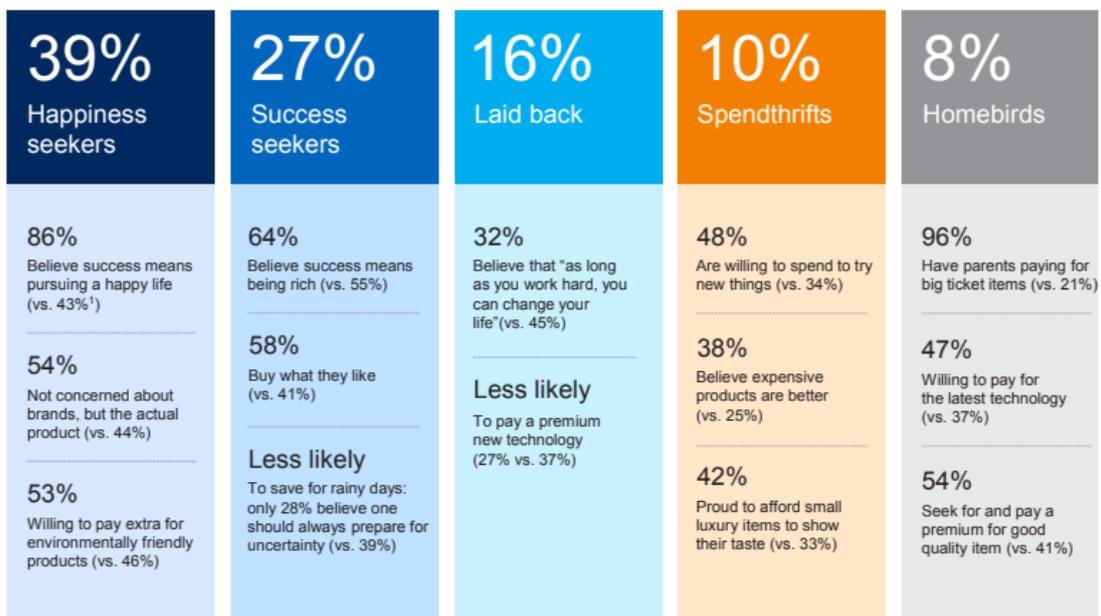
Source: China Statistical Year Book 2018

It is true that without Chinese government policies which shift the economy to industrial and manufacturing sector they couldn't achieve what they have achieved today. But this is not only the case, now the question arises that what is the contribution of the individual to the Chinese economy which leads to drastic change in their urbanization.



Source: China Statistical Year Book 2018

#### Post-90s consumers have different priorities



Source: Mckinsey China Consumer Report 2018

As from both the pie chart, it can be analysis that how China has change its economy and by changing its sector of generating source of income to the Chinese economy. At present, China's territory (service) sector is contribution highest to its economy and the growth in service sector is reflected in their income. As a result, it leads the Chinese people to spend more on their lifestyle services and changes their preferences with the growth in their wealth. As a report and data presented by the McKinsey China consumer report, shows people preferences and their behavior with their income. It also shows their attitude towards their wealth which show that they choose happiness over wealth, this lead to spending of more money than saving and which ultimately did not stop the flow of money in their economy. Comparatively, in Indian economy we witness saving of more money than spending. So, it is not only the Chinese policy which helps the China to become the global recognition but also due to its people which contributed as much as they can for their economy.

Additionally, it should be noted that urbanization impacted the Chinese economy and to the whole world. As from the above studies we came to know that China has a great impact to the world economy by his economy. At present, China is the world's largest manufacturing country and even the largest exporter of its manufacturing product. Manufacturing jobs in China increased dramatically from 70 million in 1978 to 225 million in 2011, averaging a yearly growth rate of 3.6%; and that of the service sector from 49 to 273 million, averaging a yearly growth rate of 5.3%.<sup>8</sup> China is the second largest economy in the world and produces 9.3% of its economy to the world. Until 2016, China was witnessing with the world's fastest growing economy. China is also the world largest receiver of FDI and it is the second largest giver of FDI to other countries. Consequently, China became the world's manufacturing center, producing 85% of all TVs, 70% of all air-cons, 50% of all refrigerators, and 40% of all washing machines in the world. Such rapid industrial transformation has sustained high growth rates of the Chinese economy in the past three decades, and lifted 500 million people out of poverty. Per capita income e in China in 1978 was a mere US\$155, but has since increased to US\$8280 in 2015.<sup>9</sup>

China grows its urbanization with the concept of industrialization and it got the great attention of the world communities with its extra ordinary economic growth but with China's fast urbanization over the few decades that is developed beyond its economic development, serious problems emerged related to overcrowding, air and water pollution.<sup>10</sup> Because China's urbanization is happening in a very unbalanced manner and its affect can be seen on the natural resources. In 2006, China became the world's largest greenhouse gas (GHG) emitter<sup>11</sup> and still it is. China's rapid urbanization has done great things for its people and to the world economy. Only 975 million people living in cities in 1978 but in the past 38 years (1978-2016) Chinese migrated from rural to urban has shown a drastic incline and 558 million has shifted to urban area till 2016 (**World Bank report 2017**). But China's rapid urbanization affects the rural communities' as there is problem of shortage of labour. In search of jobs, better standard of life and for their better future they left their children, wife and their old parents at the native homes, and we can see from the data that the number of rural children left behind has increased drastically to 58 million in 2010 from 22 million in 2004 to and the same can be identified in women and old age parents and that has nearly more than 47 million and 40 million, respectively. The whole demography of these three sections is almost about 20-22% of total rural population of China. This all creates psychological and social unrest problem in rural China. China who is known for its labor force also has a different side of inadequate of labor in the rural area for doing agricultural work. China is using its chemicals without any calculation and this lead to cause widespread increase in population level in water, air, soil.<sup>12</sup> Of the 16,928 species that are threatened with extinction worldwide, almost 800 species are in China; 25% of Chinese species are endangered and 233 vertebrate animal species are facing extinction.<sup>13</sup> Another great concern for China is Biodiversity degrading that shown by their study on plant, animals and other organism. From the heavy industrialization China is suffering from the Cancer disease in a vital pace and recent data shows 200 "cancer villages" in different area of China and that reflect the causes done by urbanization to its people. China's has to pay huge price for the development he has done to its people and there is no doubt that China has achieved maximum from its urbanization process but notably China has to deal with the affect that this urbanization process has done to its rural area and also to the urban area issues of reducing pollution, preserving its natural resources and most importantly providing good living standard to its people.

China is working on maximizing its urbanization and it is working on it since 2014 with the National new urbanization policy that main focus is on centered urbanization, it transform the rural resident to the urban one by giving all the infrastructural necessity that it needed to live in the city. Today also China thinks that

industrialization and urbanization is the key reform or the base for their economy. By the above policy, China wants to create endless cities. China's urbanization is even today growing with the unpredictable pace and it was assume that it will reach will one billion populations of urban cities by the 2030, but subsequently China is also working on its environmental condition and China is a leader to the world for its innovation in green project. China is the first country to make green towers to absorb the carbon dioxide from the city area. It also working on great green wall of China to protect it from sand dune and most importantly and latest innovation that China is doing is building green cities and this project will take care of all the necessity requirement of the greenery in the way of its development process.

### **Dimension in law and economics connection with economic development and growth**

Urbanization is one of the most important concepts that directly and indirectly relate both from the economics point of view as well as to the law. China adopted the west idea of "industrialization leads to urbanization" to such extent that it also plays a significant role in urbanization of other developed or developing countries. Any country in the world has to do trade with the China for the betterment of their country and will indirectly strengthen the economy of the China. China using its economic, socio, and political policies for the upliftment of its growth and people's standard of living. Law has its own essence in every democracy and plays a vital role in it economic policies. As per China perspective, law either play progressive or regressive role for urbanization but it will play a significant role in the process of urbanization. Law will create many obstruct in the process of urbanization related to environment issue, health issue, against land acquisition, to protect heritage sites from industrial process and most importantly the protection of people from the state authority who affirm their power for the unusual benefits. On the other side it will also created such law that will promote the urbanization by giving relaxation in different government policies and schemes. So, China using it law both in positive and negative sense for its development of urbanization.

### **III. Conclusion**

Looking back to China's past records of many decades, it is known alike India and known for its agriculture and its whole China is based on its agriculture economy and approx. more than 70 – 80% people in the rural area and work on the farm land for their livelihood. So, it is not easy for the China to turn around its whole agrarian economy to non agrarian economy and which the whole world witnessing. China is working from its first five year plan which initiates and directly focuses on military and industrialization but till 1978 when there is 360 degree shift in their economy; China is not doing well with its economy because of political power conflict. But when there is rise of new political power China started its planning to rise the living standard of its people and for this they have to change the structure of its economy and they started promoting secondary and territory sector by implementation new policies and which eventually work for them with the help of the urbanization and now China is one of the most powerful nation in the world and it is the most powerful nation in the Asia both from the military as well as economic perspective. China has enjoyed its massive growth in past three to four decades and achieves its forecast goal in a very short span of time. And all this achievement is done with the policy of urbanization and industrialization, Chinese leadership spends massive amount of money on these two which brings result to them. At present, China is using this policy for their future generation also by using it's migrate population for the advances technology development, for better living standard and to facilitate better infrastructure to its people.

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