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Because of China's own patterns of urbanization and some unique given conditions of China's urbanization, the future trends of its urbanization sometimes will not completely follow the planned optimal trajectory. Grasping these trends will be crucial for facing the challenges of China's urbanization.

1. Urbanization Level: Breaking through the 75% Ceiling

Thus far, the issue of a country's peak level of urbanization has never been settled. At present, in developed countries with a population of more than 30 million, the urbanization rate is generally higher than 80%. For these countries, the continuous improvement of the urbanization level is no longer a sign of development level, but only a manifestation of the degree of the population's concentration. Because the people working in agriculture in these countries account for only 1% to 3% of the total employed population, the vast majority of people living in rural areas are not working in agriculture. The fact that they live in the countryside is only a choice of living place and lifestyle.

In China, due to the large number of farmers and small amount of land per person, many researchers who have studied relevant topics believe that even if China achieves national modernization, it will be impossible to concentrate more than 80% of the population in cities, as in developed countries. According to a forecast made around 2010 by the Development Research Center of the State Council, the peak of China's urbanization level would be from 70% to 75%, and that by 2030 it would reach about 67%. However, predictions and estimates like those for China's peak urbanization are

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always broken in actuality, because the urbanization rate of China's resident population reached 64.7% in 2021. Some scholars have expressed misgivings about China's continuing rapid urbanization, believing that there many "structural imbalances" in economic growth, urbanization, and development have existed in the past few decades that supported the "demographic dividend" and "land dividend" of past rapid development. However, both the "investment dividend" and "land dividend" have begun to show their "inflection points," so that in the future, urbanization "from imbalance to equilibrium" will require increasingly higher costs.

Urbanization is a megatrend of modernization. The experience of many countries has shown that urbanization will continue to advance even in periods of slow economic growth, due to the strong attractiveness of cities in terms of lifestyle and employment opportunities, so the 75% urbanization rate is certainly not the ceiling for China. However, for China, the key indicator for promoting urbanization in the future may not be the urbanization rate, but urbanization quality, especially whether our large number of urban permanent residents with rural household registrations can be officially recognized as full urban residents, including on their household registrations, whether the two indicators—the urbanization rate of the registered population, and the urbanization rate of the permanent population—can be combined, and whether the gap between urban and rural living standards can be greatly reduced.

2. The Rapid Rise of "Urban Agglomerations" and "Metropolitan Circles"

"Urban agglomeration" and "metropolitan circle" are terms used to describe urban functional territorial layout, and they reflect trends characteristic of urbanization development, but so far, there seems to be no uniform, strict definition for them. In Chinese academic discourse, there is a significant difference between the two. An "urban agglomeration" usually refers to a structure with one or several cities at its core, relying on developed transportation, communication, and other infrastructure networks that form a high integrated group of cities with close economic ties. A "metropolitan circle," on the other hand, usually refers to an urbanization space formed by the "one-hour commuting circle," which has a megacity, big city, or other city with strong radiation-driving functions at the center.

In the “14th Five-Year Plan” (2020-2025), formulated in 2020, the development of urban agglomerations and metropolitan circles was given elevated importance at the content level in China’s new urbanization roadway. The general requirements of the plan for China’s future urbanization are: (1) adhere to the new urbanization roadway with Chinese characteristics; (2) advance in depth the new people-centered urbanization strategy; (3) promote the coordinated linkage and characterized development between large, medium, and small cities and small town based on urban agglomerations and metropolitan circles; and (4) enabling more people to enjoy a higher quality of urban life. With the rapid development of China’s expressways, high-speed rail, intercity rail, urban subways, and aviation, people’s traditional living radius, concepts of time and space in their lives, and working methods have all undergone profound changes. China’s urban agglomerations and metropolitan circles have rapidly emerged, especially the five major urban agglomerations of Beijing-Tianjin-Hebei, the Yangtze River Delta, the Pearl River Delta, Chengdu-Chongqing, and the middle reaches of the Yangtze River. All of these are promoting urban integration, i.e., the integration of broader urban areas. Metropolitan circles centered on megacities and big cities have shown more and more powerful radiation capabilities, forming “one-hour commuting circles,” “90-minute business circles,” and “one-day logistics circles.” The rise of urban agglomerations and metropolitan circles has broken the shackles of administrative divisions on the development of cross-regional urbanization. The development of urban integration has also greatly reduced transaction costs and promoted the formation of large unified markets.

3. A Gradually Unfolding Counter-urbanization Trend

According to the laws of urbanization development, counter-urbanization is a new stage of urbanization development, which follows the concentration of population in large cities and urban expansion through suburbanization. Counter-urbanization may be said to have three regular characteristics: First, the outflow of the rural population reverses, but the number of farmers may continue to decrease. Second, the structure of the rural resident population undergoes profound change, with the vast majority of them becoming non-agricultural workers. Third, the revival of rural life changes the

phenomena of rural decay and decline caused by the outflow of the rural population, especially the rural labor force.

Urbanization development among different regions in China is very unbalanced, due to its leaping-forward characteristics. In general, a phenomenon of superposition of development stages will occur. That is, in some places, when the urbanization process has not yet completed the stage of population moving from the countryside to concentrate in cities, or the stage of suburbanization, the stage of counter-urbanization has already begun to occur, and it anticipates future development trends. These signs include:

(1) A rapid increase in the number of rural leisure tourists.

(2) More and more people moving from the big cities to rural areas in their old age, due to the high cost of city living. All over the country, in villages and small towns with a pleasant climate and comfortable, relaxed lifestyle, more and more “health care centers” have emerged.

(3) The revival of rural life due to more and more urban people taking up residence in villages and small towns for various reasons.

(4) Some rural migrant workers, graduates of middle and high schools, retired soldiers, and scientific and technological personnel have been returning to the countryside to start business and find jobs, which promotes the integrated development of rural agriculture and non-agricultural industries.

Even if we estimate that by 2035, China’s urbanization rate will reach about 75%, if we calculate based on the total population, there will still be about 350 million rural residents. But by that time, a considerable portion of the permanent residents in the villages will no longer be farmers, and these rural migrants will become an important force in promoting the revival of rural life. Whether in terms of development planning, infrastructure building, provision of public services, industrial integration and development policies, or institutional arrangements for breaking the urban-rural division, China needs to prepare well for the future counter-urbanization trend.

4. Household Registration System Reform: A Long-term Process

China's household registration system, which splits the population into urban and rural residents, was formed under the "Regulations on Household Registration of the People's Republic of China" of 1958, and it was originally intended to ensure the implementation of the heavy industry development strategy, ensure urban food supply in the event of shortages, and limit farmers from migrating to cities, in order to maintain social stability. However, due to the path dependence of the system, a complete system of urban-rural separation gradually formed in terms of employment, education, social security, public services, and social welfare. After reform and opening up, in order to promote industrialization and urbanization, China since 1984 has continuously relaxed the restrictions on farmers entering cities to work and do business, and it has actively explored the reform of the household registration system to create conditions for the extension of full urban living rights for migrant workers. On the whole, China's household registration system, with its unusual urban-rural division, hinders the flow of labor and the optimal allocation of market resources, which results especially in a huge urban-rural development gap. It is the biggest weakness in China's realization of modernization.

Most scholars' analyses of the disadvantages of the household registration system focus on the fact that it restricts and hinders the effective allocation of labor and resources, which is not conducive to the development of urbanization and aggravates social inequality. But in fact, with the development of urbanization to the present stage, another aspect of its disadvantages has gradually become apparent, i.e., it also restricts and hinders the flow of the urban population to the countryside, as well as the formation of the counter-urbanization trend. Therefore, the task of reform of the household registration system should include promoting the two-way flow of population and resources between urban and rural areas, and making institutional arrangements for the integrated development of urban and rural areas. In fact, the initiative in the reform of the household registration system lies in the city itself. The demand for talent and labor force in urban development has formed the driving force for the reform of the household registration system, while the cost of extending official extension of permanent urban residency for migrant workers forms the financial pressure for the reform. Therefore,

the progress of the reform is a comparison of this driving force and pressure. Under the current situation of declining economic growth and slowing local fiscal revenue growth, the reform of the household registration system will also become a long-term process.

5. Urbanization's New Stage: Comprehensively Improving Development Quality

China's urbanization is already in the middle to late stages of rapid development. Although downward pressure on economic growth is increasing, the driving force for urbanization is still strong, containing huge domestic demand potential and developmental momentum. Since 2012, China has put forward the "new urbanization" concept, signaling that China's urbanization has entered a new stage, in which the quality of development is being comprehensively improved.

The "new" in new urbanization is manifested mainly in new requirements in two areas. One is the new requirement of the "people-oriented" value concept. That is, urbanization is not only a change in people's physical space and lifestyle, but also a pathway for all people to move towards high-quality life and high-quality development.

The focus of urbanization in this regard is to promote the integrated development of urban and rural areas, speed up the process by which migrants from the countryside gain full rights as city residents, and promote the extension of urban infrastructure, public services, and industrial chains to rural areas. The other new requirement is for the "intensive, intelligent, green, and low-carbon" development. This actually means that China's urbanization has ended the development stage of extensive expansion: requirements on everything from land use, environmental protection, resource conservation, low-carbon energy, and digital governance to garbage classification, the "toilet revolution," renovation of back streets and alleys, sustainability, and high-quality development have now become "hard constraints" on urbanization. Of course, for China, people also have high hopes and expectations for the new type of urbanization, that it can become a new engine for economic and social development after industrialization.

Translated by Thomas E. Smith