Ensuring Efficiency and Equality in China's Urbanization
and Regional Development Strategy

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The Importance of Being Urbanized Correctly

There is not a modern country in the world that is not highly urbanized. It is no exaggeration that a sustained increase in the level of urbanization is the prerequisite for China to achieve modernization. China must go beyond merely increasing the urbanization level to formulating an efficient urban system and an efficient urban spatial distribution. The core of an urbanization and regional development strategy that is both efficient and equitable lies in ensuring that factors of production are freely mobile across the urban-rural divide and across the different regions. This free mobility of production factors will generate a regional economic growth pattern that is driven by mega-cities and city clusters to achieve agglomerated economic development and effective division of labor in regional economies. This growth pattern will be characterised by balanced urban-rural development, and by convergence in per capita income across regions.

Current policies in China restrict the mobility of production factors in multiple ways in order to slow down the process of urbanization, and restrict the population size of big cities. In the “12th Five Year Plan (12-FYP)”, the goal is to increase the proportion of urbanized

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