

Evaluating Progress of China's New Urbanization Plan

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This paper examines the relationship between China's 2014-2020 New-Type Urbanization Plan (NTUP), designed to help the Chinese Government direct urban development, and economically sustainable—inclusive, consumption-driven, and ultimately self-reinforcing—urbanization and growth. It begins by surveying the history and political economy of urbanization in China to identify migratory patterns and consumption spending as key variables China must (and does) consider as it designs policies seeking to chart urbanization. The paper then identifies the Hukou internal passport system as the most important tool NTUP proposes using to manipulate migratory and consumptive patterns to achieve balanced urbanization. Having laid out the structures of China's urbanization concerns and NTUP, the study analyzes economic trends and Hukou policy reforms throughout NTUP in two mid-size cities: Dongguan, Guangdong and Yingkou, Liaoning. The key finding is that more sustainable urbanization has coincided with less liberal Hukou reform in Dongguan; conversely, less sustainable urbanization has coincided with more liberal Hukou reform in Yingkou. This finding is taken as an indication that sustainable urbanization may be more closely tied to variables exogenous to NTUP (such as pre-existing economic conditions) than it is to NTUP and related Hukou reform. Acknowledging the limitations of my own research, I propose a future investigation that could more definitively establish or rule out causal links among NTUP policy, migration, consumption, and economic growth.

Introduction

In the space of a few decades, China has become one of the world's most dynamic and productive economies. Since 1978, a large domestic labor force activated by foreign investment has created unprecedented economic growth and made China a global business and political hub.

As China has modernized, it has urbanized: cities have appeared, mostly near the coast, and attracted millions of migrants from underdeveloped areas. Migrants' concentration in major industrial centers has strained those centers' municipal resources and caused social strife.

Seeking to avoid such issues, China has attempted to manage future urbanization. Most of China's land and nearly half of its residents are still rural. The Hukou household registration system, a Mao-era relic, has long been leveraged to direct migration. The New Urbanization Plan (NUP), launched in 2014 for implementation through 2020, is the most recent state-managed urbanization policy. NUP aims to guide migrants towards under-urbanized cities with potential for growth. To that end, it proposes Hukou system reform and coordinated infrastructure development.

In this paper, I will examine NUP implementation and whether it has fostered sustainable urbanization and growth. I will begin by surveying Chinese urban history and the political economy of urbanization, to identify variables China must grapple with as it charts its path. I will then study the degree to which two cities—Dongguan, Guangdong and Yingkou, Liaoning—have, under NUP, used the Hukou system to manufacture economically sustainable urbanization. Ultimately, I will conclude that NUP Hukou reforms have been relatively ineffective in directing urbanization, which seems to follow patterns of economic development.

This research is timely: by 2020, China will need to publish the next steps in its urbanization strategy; framing next steps requires understanding NUP's practical urbanization implications. Moreover, it is important: China's urbanization policies affect hundreds

of millions of migrant workers. Formulating policies that effectively promote well-being requires understanding migrant workers' behavior and needs.

Historical Context

Past Economic Development and Urbanization

In 1978, Deng Xiaoping introduced liberal economic reforms characterized by openness to foreign investment and markets. He initially restricted policy changes to select "testing ground" eastern, coastal cities called Special Economic Zones (SEZs). Among the initial four SEZs, Shenzhen was most open to global markets, and the most productive. Between 1980 and 1984, Shenzhen's economy sextupled as the SEZs collectively contributed to a Chinese economy growing 10% annually. SEZs' "demonstration effect[s]" inspired expansion of economically liberal policies, which have led to unprecedented growth.

Sustainability of SEZs' development was enabled by "an almost inexhaustible supply of cheap labor from rural China." Prior to SEZ designation, Shenzhen had only 314,100 permanent residents; by 2016 migrants had swelled that number to 11,908,000. Beyond Shenzhen, urbanization has swept China as migrants enter cities thriving on FDI and exports. By Guan Xinglian's account, in 2015, 56.1% of the China's population was urbanized, dwarfing 1979's <20% urbanization rate. Rural-to-urban migration has paralleled economic development.

As Wang & Maino emphasize, Chinese migrants respond to the "concentration of industries." Jobs attract laborers, and jobs are available where businesses have agglomerated—in cities. While Wang and Maino state that migrants prefer destinations near their points of origin, they say that the possibility of greater marginal earnings gains strongly incentivizes longer journeys. In 2011, the five highest-wage provinces were all coastal, while none of the bottom five were. This explains why up to 82.6% of Chinese migrant laborers have moved to the coastal regions that were comprehensively

urbanized by Deng's reforms.

Looney and Rithmire argue that migrants' flooding cities has led to unbalanced growth. Nationally, it has limited the geographic distribution of urban areas. In fact, China remains "under-urbanized" relative to its level of industrialization. Large cities have continued to grow; newer cities have struggled to attract migrants. Jaros notes that as larger cities develop, "urban and industrial growth elsewhere remains stunted." Unbalanced growth is self-reinforcing: as large cities grow and become ever-more attractive to migrants, smaller cities are increasingly left behind.

China's has responded to this imbalance with population management. For example, Shanghai, one of China's largest cities, has declared intentions to "control permanent population" size. The Hukou system exists as a formal institution to exert such control.

The Hukou System and Chinese Urbanization Goals

The Hukou system is a national household registration system. Originally instituted in 1958, it was designed to reinforce the agricultural supply chain and allocate labor resources favorably for the CCP. Apparently modeled after the Soviet propiska internal passport,¹ it aimed to tie rural agricultural workers to their farms and supply urban industrial workers with food and other natural resources.

Today, the Hukou system is implemented to control migration. According to Chan, under the Hukou system, citizens are entitled to public benefits in their regions of origin; relinquishing Hukou status in a certain region entails leaving associated benefits behind. Rural benefits include farmland entitlements. Urban residents receive social services such as education, medical care, and pensions. Historically, changing one's Hukou registration, inherited from parents, has been administratively complicated. The value of public entitlements distributed according to Hukou status has thus made the Hukou system a relatively efficacious tool to direct migration.

The CCP seeks to control migration to reduce the stress migrants place on urban society. Looney and Rithmire note that overwhelming migration to cities has resulted in "urban sprawl, conflict over land rights, local government debt, and substantial inequality." Migrants can strain public finances, particularly when given expensive entitlements like medical care. They also tend to aggregate in slum-like semi-permanent urban "villages," which threaten China's modern global image. Finally, migrant communities might collectively mobilize, threatening social stability. Sudworth points out a 2012 migrant riot in Shaxi, Guangdong in which police exerted "overwhelming" force to reestablish order before calling for greater "social management" to prevent similar outbreaks.

While Hukou restrictions discourage rural-to-urban migration, they do not prevent it.² As of 2016, China officially had an estimated 245 million migrant laborers, overwhelmingly rural-to-urban, living

1 Cynthia Buckley offers a concise, compelling history of the propiska system. Like Hukou, it was implemented to give the State control over migration; it is widely held to have been ineffective. The failure of the Soviet system begs the question: is can Hukou succeed where propiska failed?

2 The Hukou system has prevented migration in the past. Between 1960 and 1976, for instance, its strict enforcement curtailed rural-urban migration. Jason Young's comprehensive history of the Hukou system explores how its effectiveness has changed according to stringency of enforcement. See page 182.

and working outside of their Hukou registration localities.²² This population, commonly referred to as the "floating population," is generally concentrated in the largest urban areas, such as SEZs and their surrounding regions.

Migrants struggle to integrate into urban societies, potentially undermining cities' economic potential. Wang & Maino note that migrants tend to work "dirty, dangerous, and demeaning" jobs and live separately from locals. These conditions contribute, per Babones, to a perception among urban locals of migrants as a "socially excluded underclass." Better urban integration of migrants—potentially facilitated by Hukou reform—may be necessary for sustainable economic development. Balanced and socioeconomically integrated cities would facilitate China's shift to a domestic demand-driven economy.

The 2008 financial crisis exposed export-oriented growth's vulnerability to international economic volatility. Responding in 2011, China's then-Vice-Premier Keqiang Li saw securing domestic demand as an "essential requirement of...economic development on a long-term basis." Policy has reflected Li's priority. The 2016 13th Five Year Plan, currently being implemented, urges "great energy" be spent generating domestic consumer spending. Similarly, the 2017 update on economic progress notes the value of "expansions in aggregate demand." While international spending has fueled growth in China, stabilizing growth calls for domestic spending.

Urbanization is connected to domestic consumption. Li noted cities as having the "greatest potential for boosting domestic demand," highlighting urban areas' high per capita consumption. Elaborating, he advised "rais[ing] the income level of low earners" and "establishing a social safety net" to stimulate consumption. These steps could erode the "intra-urban dualistic structure" separating locals from migrants to speed the "unlocking [of] the potential domestic demand brought about by urbanization."

The challenges Li highlighted as preventing sustainable urbanization are exacerbated by the Hukou system. Chan explains that deprivation of public benefits makes migrants' wages "effectively lower," reducing their spending capacity, differentiating them from urbanites, and preventing their social integration. Chen concludes that granting migrants local Hukou—or, at the very least, granting them access to the benefits Hukou holders enjoy—could be "the easiest approach to increase their consumption." There appears to be conflict between the Hukou system and China's stated economic goals.

The New Urbanization Plan and Contemporary Policy Debate

China's New Urbanization Plan (NUP), devised for implementation from 2014-2020, takes a "people-centered" approach to reducing the above conflict. Intended to stimulate balanced urbanization, NUP calls for updates to the Hukou system and improved social welfare.

Recognizing migrant workers as a "mainstay" of urban areas, NUP asks municipalities to accelerate their urban "citizenization," that is, the process by which they obtain urban Hukou registrations and access to entitlements. Expanding migrants' access to welfare would effectively raise their incomes and spur domestic demand across China.

More broadly, NUP is meant to "restore the population registration management function of household registration" to help the

CCP direct urbanization across the country. To that end, NUP specifies how to coordinate Hukou reform. It directs small towns and cities to liberalize Hukou registration drastically. Megacities are directed to strictly limit registration. Medium and large cities are advised to take a middle path, liberalizing registration systems moderately. Officials hope migrants will enter smaller cities and relieve pressure on larger cities; relaxed Hukou registration restrictions are expected to lure migrants accordingly.

NUP also advises local governments to prepare for “huge investment demands of building urban infrastructure.” To accommodate expected migrants, NUP calls for infrastructure development in under-urbanized areas targeted for growth. Within smaller cities, special industrial neighborhoods are being created to attract business and create jobs. Public service provision systems are being expanded. Rural land around planned urban expansions is being expropriated for repurposing into housing and business infrastructure.

It remains to be seen whether smaller urban areas will indeed agglomerate successfully. Businesses need to concentrate, migrants need to arrive, and urban populations need to be socially integrated for the ultimate goal—increased domestic demand—to be achieved.

NUP’s Hukou reform proposals are acknowledged as central to sustainable growth. The World Bank notes that tying welfare access to exclusive Hukou status prevents “social inclusion of migrant populations, financially and politically,” yielding “social stratification.” Integrating migrants into public welfare systems could represent a wise long-term investment: “every yuan of incremental public spending on health results in a 2 yuan increase in the consumption of urban households.” Not only is liberalizing Hukou reform in migrants’ interests, it is in municipalities’ economic interests.

That said, NUP’s plans to funnel migration into smaller cities by coordinating Hukou reform may be misled. The China Development Research Foundation notes that large cities tend to be more desirable to migrants. Despite CCP intentions, attempting to prod migrants towards smaller cities may “simply not [be] in accord with the realities” of urbanization. In any case, allowing continued growth in large cities could be economically desirable.

Edward Glaeser sees crowded cities as positive features. Poor migrant communities only expand because cities successfully offer economic improvement. While large cities are assets to migrants, migrants are assets to large cities: “urban density makes trade possible; it enables markets.” Keeping migrants away from larger cities might undermine consumer markets rather than consolidate them. In agreement with Glaeser, Klaus Desmet and Esteban Rossi-Hanberg predict that welfare would increase were China’s existing megacities allowed to expand. NUP’s emphasis on moving migrants towards underdeveloped urban areas may be counterproductive to national economic transition.

Meanwhile, relaxing Hukou registration and welfare restrictions in small cities to attract migrants may be futile. Rural migrants are apprehensive to pursue permanent residence in smaller cities. In 2011, Zhongshan, outside of Shenzhen, relaxed Hukou requirements, convincing only 100 migrants to obtain local Hukou registration out of 30,000 eligible. Chuanbo Chen and Cindy Li attribute this to the depreciating value of urban Hukou due to the instability of migrant lives in urban spaces. Migrants may be unwilling to bet on integration and stability in unestablished areas, regardless of HuXkou incentives.

NUP’s call for infrastructure development to accompany Hukou

relaxation is also contentious. Expanding public welfare distribution, transportation, and housing infrastructure is expensive, and the World Bank notes that the “overwhelmingly local” costs may be difficult for municipal governments to bear. Moreover, given unpredictable migration implications of Hukou reform, investment may be premature.

Michael Pettis agrees in his admonishment of China’s strategy of “forcefully urbanizing.” Criticizing the strategy of artificially pulling migrants and investment to underdeveloped urban markets, he explains that “urbanization itself responds to growth;” it does not generate growth. Pettis proposes that, in emphasizing urbanization’s potential to ‘unlock’ economic development, the CCP has mistaken the effect for the cause. Indeed, the Party appears to have misunderstood this relationship in the past: Looney and Rithmire highlight China’s many empty modern “ghost cities,” built up and unpopulated. Migrants can increase cities’ productivity. Paradoxically however, only a productive city will consistently entice migrants.

Chinese officials appear to disagree, confident that policy planning alone can lure migrants. As early as 1998, Mayor Niu Yuru of Baotou, Inner Mongolia insisted that “a good city image will have an important impact on improving the city’s visibility, expanding contacts, and promoting urban economic development.” From his perspective, migrants are enticed by cities that demonstrate commitment and capacity to accommodate them. Demonstrating commitment and capacity—cultivating a ‘good city image’—involves, largely, expanding access to Hukou-restricted welfare distribution infrastructure. NUP was conceived with the same set of assumptions.

The above perspectives on coordinating Hukou reform to spur urbanization-driven growth are valuable insofar as they might affect policy and planning. That said, they have not yet been contextualized and evaluated within the NUP policy context. I investigate NUP evidence in two cities to do just that. My focus is how migrants have responded Hukou reforms aimed at luring them to smaller urban areas. I evaluate whether and to what degree commenters like Pettis, skeptical of the possibility of urbanization creating growth rather than reflecting it, have successfully anticipated the recent course of Chinese urban development. Several years into NUP, I aim to present an early retrospective.

Research Design

Case Selection

I evaluate two cities’ attempts at NUP Hukou reform designed to direct urbanization and demand-driven economic transition under NUP. I examine both success—Dongguan, Guangdong—and failure—Yingkou, Liaoning—to try to differentiate effective and ineffective implementation.

To understand the interaction between urbanization and economic growth, I have chosen cities that initiated their NUP urbanization pushes in 2014 at different economic stages. Dongguan, Guangdong had a 596.59 billion yuan, heavily industrial economy growing at 8% per year. Yingkou, Liaoning, had a smaller economy of 159.11 billion yuan, growing relatively slowly at 6% per year. These cities have otherwise similar profiles. Both were targeted by their provinces for expansion, both are positioned near the coast, and both are heavily industrial. Additionally, both are prefectural-level cities, administratively only below their provincial

governments. Having chosen cities from different provinces, I aim to establish relationships applicable to urbanization across China, rather than findings specific to one province's NUP campaign.

NUP Success in Dongguan, Guangdong

As NUP began in 2014, Dongguan had 8.34 million residents; of these, 1.19 million had local Hukou while 7.15 million were not locally registered. Though a city of 8 million is large by most metrics, Guangdong has grown Dongguan under NUP. Positioned between Shenzhen and Guangzhou, Dongguan has been used to relieve population stresses on these larger cities. Dongguan officials have striven to cultivate an affluent, consumptive local population.

Anticipating increasing local affluence, the South China Mall (SCM) opened in 2007. Intended not to attract but to accommodate incoming Dongguan residents, SCM was expected to foster exchange independently of foreign investment. The world's largest shopping mall in terms of total commercial space, SCM initially flopped. In 2013, over 90% of leasable storefronts were vacant and the "ghost mall" gained international notoriety as an infrastructure development failure. Today, however, a rebranded and renovated SCM is almost fully occupied, fostering an active commercial environment.

SCM's delayed success reflects a gradual increase in local consumer demand, paralleled by migrants' arrivals and Hukou registration. Between 2014 and 2017, total annual consumer good sales in Dongguan increased from 1,615.29 billion yuan to 2687.88 billion yuan, a 66% increase. Over the same period, Dongguan simultaneously added about 90,000 residents and more than doubled the percentage of residents with local Hukou. By 2017, Dongguan had 8.43 million residents, of whom 2.11 million had local Hukou. Dongguan has successfully attracted and integrated migrants into relatively affluent urbanity, potentially modeling sustainable urbanization in the city and country.

NUP Failure in Yingkou, Liaoning

When NUP was launched, Liaoning Province's coastal Yingkou had 2.45 million residents, 2.33 million of whom had local Hukou. Non-Hukou migrants made up a small proportion of the population, particularly in comparison to Dongguan—less than 0.5%. Liaoning Province directed Yingkou to proceed with NUP by opening itself to migrants.

The city was seen as a promising site for urbanization: its underutilized port offers the potential to expand international business, which might attract workers. Simultaneous implementation of the Belt and Road Initiative (BRI), designed to boost China's international economic engagement, reinforced hopes of prosperity centered around the port.

Housing development began, pre-empting migrants' arrivals and home purchases. But as BBC reported in 2016, the developments remained vacant. Even shrewd investors were fooled: China Vanke, the world's largest home developer, built Harbour City housing community, which has stayed mostly vacant. Harbour City seems successful in comparison to developments like the 900-unit Seaside Village, hopelessly abandoned before construction was completed.

Housing developers anticipated increasing local demand throughout NUP. But consumption in Yingkou has not changed noteworthy over the course of NUP. Between 2014 and 2017, retail sales only increased by 21.53%, from 43.65 billion to 53.05 billion yuan. While substantial, Yingkou's increase pales in comparison

to Dongguan's and China's (34.71%) for the same period.

Yingkou's failure to increase consumption throughout NUP parallels its failure to attract migrants. Over the course of NUP implementation, Yingkou has lost residents, falling to 2.44 million people. The city has also failed to increase the degree to which it extends Hukou registration to migrants: in 2017, 2.32 million Yingkou residents had local Hukou, representing roughly the same proportion to the general Yingkou population as they did in 2014. Granted, the percentage of Yingkou residents lacking local Hukou is and has been exceptionally small—there was relatively little room for improvement in that regard.

Economic Indicators for Dongguan and Yingkou Before and During NUP

Metric	Dongguan			Yingkou		
	2014	2017	%Δ	2014	2017	%Δ
Resident Population (million people)	8.34	8.43	1.08	2.45	2.44	-0.41
Hukou	1.19	2.11	77.31	2.33	2.32	-0.43
non-Hukou	7.15	6.32	-11.61	0.12	0.12	0
GDP (billion yuan) ⁱⁱⁱ	596.59	758.21	27.09	159.11	128.83	-19.03
Consumption (billion yuan)	1615.29	2687.88	66.4	43.65	53.05	21.53

Information drawn from 2014 and 2017 municipal statistical bulletins.

Research Method

I compare Dongguan and Yingkou's NUP implementation at both planning and execution stages to determine the influence of NUP policies on urbanization outcomes. I limit my comparison to initiatives related to Hukou reform and integration of migrants into urban societies. Urbanization depends on the movement of people, and the Hukou system is China's best-established tool to shape such movement. Moreover, the connection between Hukou registration and access to local benefits means that locally registered migrants are more likely to consume; consumption motivates China's urbanization campaign.

First, I examine Dongguan and Yingkou's 13th 5-Year Plans, published during NUP, to determine how officials frame migration and urbanization. I evaluate whether Dongguan and Yingkou establish similar objectives for urbanization campaigns. These plans, published in 2016, are not local governments' first responses to 2014 NUP. They are nevertheless worth examining because they offer governments' mature insights on NUP following a couple years of experience with the policy.

I also study these cities' NUP implementation. I consider legislative reports and official forms relating to migrant integration into Dongguan and Yingkou. These documents reveal whether officials are enacting the strategies they outline for themselves.

Having compared Dongguan and Yingkou's NUP implementation, I offer reasons for their contrasting results. Similarities in their plans and implementation suggest that forces exogenous to NUP policies shape migration and urbanization. My focus on urbanization as shaped by Hukou reform does not account for influences

³ GDP information for Yingkou may be unreliable. Struck by the rapid GDP decrease shown in the data, I cross-checked several years of Yingkou's municipal economic publications with Liaoning Province's city-by-city statistical accounts; vastly different numbers were reported. I have chosen to report Yingkou City's official figures because I had access to more recent data, and because I had used the equivalent source to report Dongguan's statistics. That said, Dongguan's data is mostly consistent between municipal and provincial sources.

such as energy management, international relations, and climate change. Nevertheless, I hope to improve understanding of one major aspect of NUP and state-managed urbanization.

As I interpret data, I consider key differences between Dongguan and Yingkou. Dongguan's surrounding region is more populous and urban than Yingkou's. Moreover, Dongguan's recent urbanization push started with a better-consolidated local economy than did Yingkou's. I hope these differences enrich my analysis. These points of contrast allow me to consider different angles in accounting for variations in success urbanizing. NUP is a nationwide initiative; understanding implementation strategies requires studying the diverse contexts in which it is being enacted.

Findings

NUP in 13th 5-Year Plans

Dongguan, Guangdong

Dongguan's plan frames urbanization as a "new growth engine" for the local economy. Urbanization is noted for "agglomerating quality [economic] assets," both productive and consumptive. Increasing consumption motivates Dongguan's NUP implementation.

Reaffirming "people-centeredness" as crucial to urbanization, the plan calls for relaxing local Hukou registration requirements. Moreover, the plan proposes broadening public service and welfare access to non-Hukou residents. That said, it suggests limiting benefit access to longtime local residence permit holders. Residence permits are non-Hukou forms of local registration. These conditions would delay migrants' enjoyment of benefits other locals enjoy, indicating apprehension in Dongguan's integration of migrants into the local economy.

The rhetoric within Dongguan's plan indicates understanding of the importance of migrant integration to sustainable urban development, and clear but limited commitment to fully integrating migrants.

Yingkou, Liaoning

Yingkou's plan similarly reflects commitment to sustainable growth. Urbanization is cited as central to the city's "comprehensive [economic] revitalization." Revitalization is noted to rest particularly on the contributions of migrants to the local industrial sector. Like Dongguan's, Yingkou's vision for growth hinges on broadening migrants' roles locally.

Also like Dongguan's, Yingkou's plan calls for migrant integration with "people at its core," focused on improving migrants' quality of life. Because public benefits are closely tied to Hukou status, lifestyle improvements are linked to Hukou reform. The plan recommends reducing Hukou registration criteria to proof of migrants' employment and residence in Yingkou. This strategy would make full urban benefits to many new migrants, easing their integration into local life.

Dongguan's and Yingkou's plans frame urbanization similarly. Both prioritize attracting and integrating migrants into local economic systems to stimulate growth. To that end, they propose relaxing Hukou registration criteria. That said, Dongguan's reform proposals are more exclusive than Yingkou's. Dongguan's plan would allow only longtime residents to register; Yingkou appears prepared to integrate migrants into local society less discriminatorily.

Given this difference, Dongguan's greater success in attracting

migrants is puzzling. It begs the question: have both cities followed their own Hukou reform agendas, or has implementation strayed from plans?

NUP Implementation

Dongguan, Guangdong

Dongguan's Hukou registration restrictions have been relaxed per stated objectives. Changes have simplified the process by which migrants in Dongguan register locally and access to public services.

Beginning in 2011, migrants looking to transfer Hukou registration to Dongguan faced a complex, multi-step process. Upon arrival, migrants were expected to obtain residence permits granting them limited access to public welfare. Permitted migrants would be granted Dongguan Hukou pending accumulation of "points," awarded according to credentials such as university education or military service. Pre-NUP regulations set 130 points as the minimum to earn registration, an unreachable threshold for many uneducated, poorly connected migrants.

Under NUP, Dongguan's migrant integration has changed. Following recommendations that medium-sized cities lower barriers to migration, Dongguan swiftly lowered its Hukou registration point threshold to 100. While the revised system kept Hukou benefits exclusive, the lower point threshold represented an effort to make urbanity more accessible to migrants.

In 2018, Dongguan eliminated the point system entirely. Under current regulations, any migrants who have held local residence permits and contributed to social security for five years may receive Hukou. Many migrants lack residence permits, and the required five-year local residence period without full access to benefits is challenging for many families seeking to move. Nevertheless, the elimination of the point system has further broadened migrant access to Dongguan Hukou benefits thereby facilitating their local integration.

Yingkou, Liaoning

Yingkou has enacted its own plans to integrate migrants into city life by broadening access to local Hukou. After publishing the 13th 5-Year Plan, Yingkou released revised Hukou registration requirements. Today's migrants may obtain local Hukou simply by purchasing a home. To be sure, many low-skilled, uneducated migrant workers lack the resources to purchase or lease homes. That said, Yingkou does not discriminate amongst migrants based on credentials or other qualifications; though financial obstacles to Hukou registration remain, most political and bureaucratic obstacles have been removed.

Beyond Hukou, in 2018, the Liaoning Government granted residence permit holders full access to public welfare systems in Yingkou. Residence permits are intermediate forms of housing registration that precede and are more easily obtained than Hukou registration. Previously, permit holders had been eligible only for certain public benefits. This change reduces the significance of Hukou registration itself within Liaoning. It accelerates Yingkou's integration of migrants into urbanity. Economically, it allows them to benefit from state support systems as they engage with the local market.

Evaluation and Analysis

In accordance with their 13th 5-Year Plans, both Dongguan and Yingkou have broadened migrants' access to Hukou registration

and public benefits.

That said, Dongguan's initiatives have been less liberal than Yingkou's. While Dongguan requires Hukou applicants to have lived and paid social security locally for several years, Yingkou accepts Hukou applications from any financially self-sufficient migrants. Moreover, unrestricted public benefits extended to Yingkou residence permit holders exceed the limited benefits Dongguan residence permit holders receive.

As was previously explored, greater inclusion of migrants is connected to their increased spending. Indeed, the 5-Year Plans published by both cities predict that relaxation of Hukou restrictions facilitates migrants' participation in local economies, ultimately generating growth. This relationship, however, only holds if migrants arrive.

Loosened restrictions were wrongly expected to incentivize migration to Yingkou—empty housing developments stand as evidence. And despite Dongguan's relatively restrictive Hukou and benefit system, migrants have consistently arrived and consumed, giving life to SCM.

Why, if Yingkou has implemented NUP in a manner more inclusive of migrants, has it failed to attract migrants and spur growth? On the other hand, how has Dongguan attracted migrants and increased consumption with a more restrictive Hukou registration scheme?

That NUP implementation in Dongguan and Yingkou has yielded seemingly counterintuitive results suggests that forces exogenous to NUP implementation shape Chinese urbanization today. I propose that Dongguan and Yingkou's urbanization paths have been more closely associated with their contrasting economic stages in 2014 than with NUP policies.

In many senses, Dongguan and Yingkou are comparable. Both are positioned near the coast and international borders. Both have heavily industrial economies. Both have been identified as urbanization candidates. Among their most salient differences—and the one with the most comprehensive data set—is their vastly different levels of economic success.

Dongguan's economy has dwarfed Yingkou's since before NUP implementation. As mentioned above, Dongguan's output was 3.5 Yingkou's in 2014. By 2017, the difference between them had increased: Dongguan's 758.21 billion yuan output was 5.86 times Yingkou's 128.83 billion yuan output. Counterintuitively, while Dongguan's economy has far outpaced Yingkou's, its official employment statistics have not. In 2017, 2.24% of registered Dongguan residents were unemployed; in Yingkou's unemployment was close behind at 3.01%. As percentages of total local populations, 79.16% of 2016 Dongguan's residents were employed, while 78.75% of 2015 Yingkou's residents were employed. According to official estimates, only about 20% of either city's residents are not economically productive. Migrants in both cities are apparently likely to find work.

That said, employment in Dongguan appears to be more sustainable than employment in Yingkou. Of workers employed in Dongguan urban units, or registered businesses, 1.81% were involved in construction. In Yingkou—the smaller, more slowly growing city—9.69% worked in construction. These statistics show that a significant portion of Yingkou's workforce has continued to build the infrastructure experience shows may not be filled until the economy vitalizes. Investment and employment in this sector are unsustainable long-term. Even in the short term, work in Yingkou may not be as desirable as work in Dongguan. Recent data

show that Dongguan's workers earn 17.48% more than Yingkou's, on average. Jobs in Dongguan are more lucrative, and therefore potentially more attractive to migrants.

Contrary to NUP authors' expectations, migrant workers appear to be moving towards sustainable commercial activity, regardless of ease of access to welfare systems. This evidence reinforces Pettis' theory, highlighted above in the discussion of relevant literature, that urbanization merely responds to economic activity and cannot be manufactured to generate growth. Yingkou planners had this causal mechanism reversed when they relaxed Hukou restrictions and built excess housing capacity with the expectation of migrant arrivals. Dongguan's planners may have made the same mistake when investing in the world's largest shopping mall; the mall appears to have ultimately not because of city planning shifts but because the city already had a firm economic base with which to attract migrants, even if only gradually.

A comparison of pre- and mid-NUP resident populations in Dongguan and Yingkou would have helpfully illuminated evolution in migration trends over time, potentially relating to policy initiatives. Unfortunately, this data was not available for Yingkou, where only registered population was reported until 2014. In Dongguan, the average population increase year-to-year stayed consistent before and during NUP. Between 2011 (when the Hukou point system was established) and 2014, average yearly population change was 0.37%. Between 2014 and 2017, average yearly population growth was 0.35%. Migration seems to have been relatively insensitive to NUP policy shifts.

My analysis suggests that Dongguan's and Yingkou's success urbanizing over the past several years has corresponded more with economic performance than with NUP policy initiatives. These findings seem to apply to other cities implementing NUP. Since its unsuccessful Hukou relaxation in 2011, discussed earlier, Zhongshan, Guangdong, has been able to urbanize successfully drawing on its own industrial base. Meanwhile, Ordos, Inner Mongolia has struggled to populate Kangbashi, an attractive, modern urban development lacking a firm economic base.

If migrants seem to be motivated by market opportunities rather than Hukou incentives or disincentives, is NUP viable as a state-managed urbanization policy? Do the Hukou system and welfare access have future roles in controlling migration?

Further Methodology and Conclusion

Further research is necessary to understand dynamics with which NUP implementers must contend. As a first step, I would seek better understanding of the differences between Dongguan and Yingkou's economic profiles. Only after understanding differences in the economic opportunities the cities offer migrant workers could I evaluate those opportunities' significance in attracting migrants. Afterwards, I would work with migrants to determine whether the established connection between economic development and migrant arrivals is intentional or coincidental.

Dongguan and Yingkou's economies require closer comparison to differentiate opportunities they offer migrants. As Dongguan's economy dwarfs Yingkou's by most metrics, their comparable employment levels are notable—and suspicious. As a preliminary step, I would conduct surveys to verify official population, employment, and wage data. I would complement this process with a survey of informal employment in both cities. Though official statistics do

not account for informal employment, it is an important source of migrant workers' income—contributing up to 60%, in 2010—particularly in developing economies.

Having confirmed these data, I would measure the implications of employment opportunities in both cities. I would compare cost of living in Dongguan and Yingkou to determine the significance of the wage gap between the two cities. I would also gather energy consumption, nighttime light emission, and cellphone penetration data among workers as proxies for their affluence. These data, which may be used to cross-check each other, could be collected without consulting potentially dishonest government sources. The indicators are relevant because employment only represents meaningful economic opportunity if it improves employees' affluence and well-being; I will quantify affluence associated with employment.

Having quantitatively differentiated migrants' economic opportunities in Dongguan and Yingkou, I would interview migrants themselves to understand if and how these opportunities affect their decisions to move to urban areas. I would focus typical non-Hukou migrants: lower-class, less-educated workers.

First, I would first meet with randomly-selected migrants fitting my description from Dongguan and Yingkou. I would ask them why their hometowns were unsatisfactory. I would follow up by asking which cities they considered moving to, and how they ultimately chose their destinations. My questions would be targeted at (1) understanding how cities' economic opportunities were factored into calculations, and (2) understanding how Hukou restrictions were factored into calculations. To test for the importance of present levels of economic development versus potential future growth, I would ask whether BRI implementation in a potential destination city might have inclined them to move there. As an easy test for the allure of Hukou registration, I would ask migrants whether they planned on registering for local urban Hukou if they were to become eligible. I predict that economic opportunities in potential destination cities at the time of migration would prove to have been the foremost factor in migration decisions.

Next, I would meet with randomly-selected potential migrants outside of these cities, in: (1) the cities Dongguan and Yingkou are meant to relieve pressure on (Shenzhen and Dalian, for instance), (2) rural areas around Dongguan and Yingkou, and (3) Dongguan and Yingkou residents' hometowns. This diversity of interviewees would give me perspectives from an array of NUP policy targets. I would ask them about potential destination cities, and what factors might affect considerations. This set of interviews would be framed by goals similar to the previous set's: determining the relative weights of economic development and Hukou restrictions in destination cities in migrants' decision-making processes. As previously, I would expect to find that economic opportunities are destination cities' most compelling lures. Importantly, this set of interviews would illuminate perspectives from migrants currently grappling with NUP initiatives as they decide whether to move.

Over the course of these interviews, I would consider factors that might influence migrants' responses. As raised by Wang & Maino, migrants generally prefer destinations closer to their points of origin; more potential migrants are close to Dongguan in populous Guangdong than to Yingkou in less-crowded Liaoning. Even if their economies were comparable, it would seem natural, therefore, for Dongguan to attract more migrants. Moreover, differences in marketing and publicity about NUP policy changes might influence migrants' awareness of Hukou incentives and disincentives in

prospective destination cities, confounding attempts to gauge the allure of different incentives.

Conclusions from my interview process would clarify whether economic factors uncovered in my quantitative investigation drive migrant decisions or coincide with them. If migrants were consistently driven to move to cities based upon perceived economic opportunities, I would conclude that NUP Hukou reform has little chance of changing urbanization patterns. If NUP policies were factored into decision-making processes, I would conclude that extraneous variables have tempered those policies' effects on potential migrants to Dongguan and Yingkou.

Having improved understanding of NUP policies intended to grow smaller cities, I would seek insight on complementary elements of the plan that lay beyond the scope of this paper. I would initiate a study of migration in megacities attempting to restrict further urbanization. Shenzhen and Shanghai, facing population pressures, have sought to limit additional migration. That said, they are among China's most productive economies. Conceivably, they have had just as much trouble limiting migration as Yingkou has had attracting migrants.

While there is more research to be done, my preliminary analysis reveals important trends. The Chinese Government launched NUP under the assumption that access to Hukou registration could be leveraged to incentivize migrants entering urban areas. Based on this assumption, it called for coordinated Hukou reform aimed at directing migrants towards smaller cities with what they saw as untapped growth potential. Migrants have not moved consistently with policymakers' expectations, continuing to enter cities notwithstanding their relatively stringent Hukou registration requirements.

This trend suggests that migrants make migration choices based on perceived economic advantages in potential destination cities. Market-driven urbanization sees migrants generally choose large, productive cities as their destinations rather than smaller, underdeveloped cities. China's state-managed solution to urbanization seems unable to combat this pattern. In 2014, Dongguan was larger and more productive than Yingkou; under NUP, the gulf between them has increased.

The policy implications of my findings are significant. NUP depends on the potential for existing Hukou and welfare policy tools to incentivize migration. If these tools are unconvincing to migrants, an entirely different approach may be needed. If economic development drives urbanization patterns, economic programs such as the Belt and Road Initiative may be better suited to shaping urbanization in the long run than NUP ever could be. Further investigations outlined above could refine my conclusions. The best state-managed solution to urbanization may involve leveraging markets, rather than manipulating people.

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