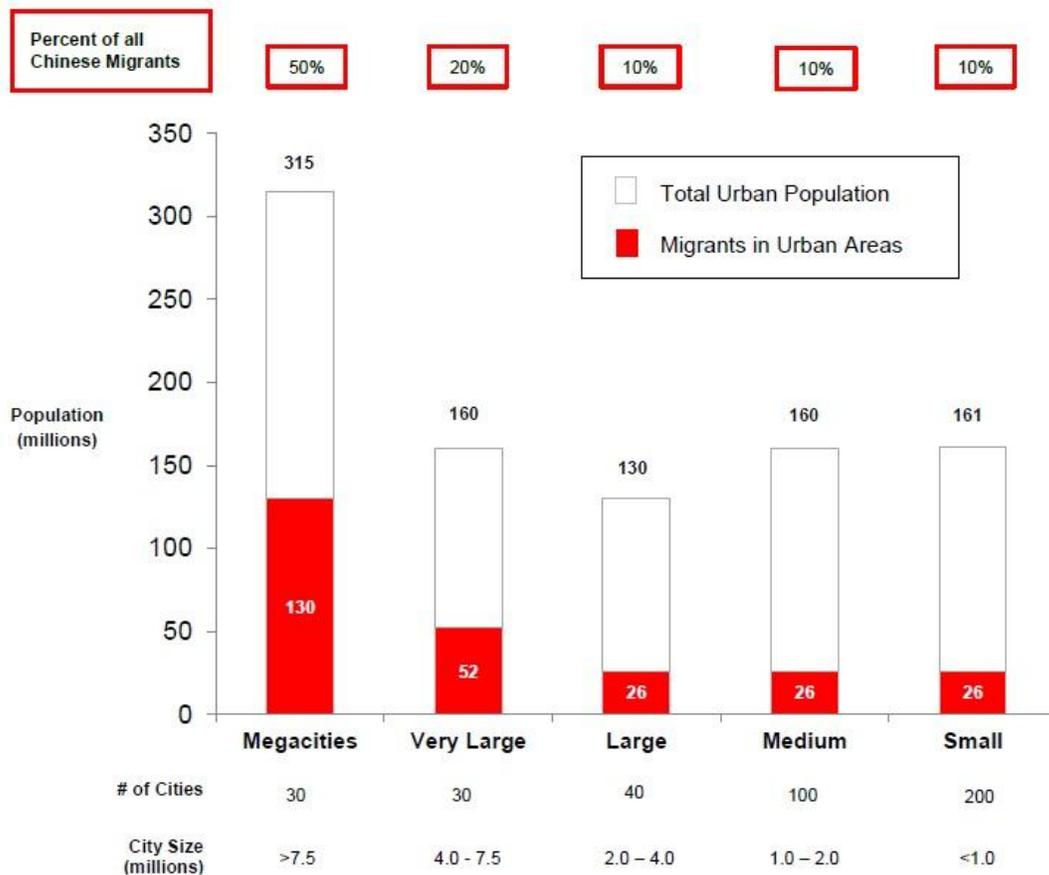# Migration to China's Large Cities Drives Economic Growth

When Chinese farmers left the countryside they headed for the big city. As a result, China's largest cities have grown more than 10% each year for the last two decades. This means that China's rapid urbanization has been concentrated in its largest cities. Figure 1, show's where China's migrant, non-*hukuo* population has settled.

Figure 1

China's Total Urban Population[1]
(Red Areas are Migrant Worker Population)

As a result of this focused internal migration, the growth of China's sixty largest cities has outpaced that of smaller ones. While China's total population has grown only 0.5% per year during the last decade, rural migration has caused China's urban population to grow 4.6% per year. The population growth rate of China's 60 largest cities has been more than 12% per year.[1]
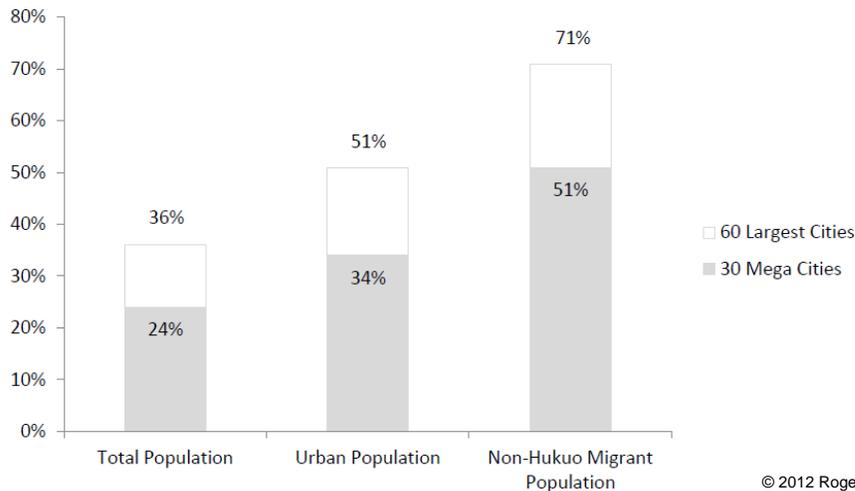
Concentration of Migrant Workers in Largest Cities

Half of China's 260 million migrant workers live in China's thirty largest cities. These mega cities have an average population greater than 10 million, including an average non-resident population of more than 4 million. Together these thirty cities account for 24% of China's total population, 34% of all urban residents and 51% of all migrants[1].

The sixty largest cities in China account for 36% of all Chinese and more than half of all Chinese urban residents. These cities have attracted 71% of all non-*hukuo* rural residents who have migrated to China's cities[1]. The pattern of concentration is shown in Figure 2.

Figure 2

Concentration of Population in China's Largest Cities[1]

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Impact of Migration on Population Growth

During the 10 year period from 2000 to 2010 the annual rate of population growth (CAGR) in China's 60 largest cities was 12.4%[1]. Since China's total population was only growing at 0.5% each year, all areas outside the 60 largest cities experienced a negative growth rate (CAGR) of minus 2.6% / year[1].

Table 1

Population of China[1]
(Millions)

	2010	2000	Difference	%
Total	1337	1267	+70	+6%
60 Largest Cities	475	147	+328	+223%
All Other Areas	862	1120	-258	-23%

Migrant Workers Drove GDP Growth

Economic inequality caused China's massive migration from rural areas to the largest cities. Migrant workers were drawn to China's largest cities because that was where jobs were plentiful, wages were higher and per capita economic output was the greatest. The resulting concentration of migrant workers in China's largest cities drove economic growth that was self-fulfilling.

Table 1, below, shows how the large, absolute number of migrant workers and their high proportion of the total population in China's sixty largest cities helped produce per capita GDP twice that of China's smaller cities.

Table 2

Effect of the Absolute and Relative Number of Non-Hukuo Migrants on per capita GDP measured at Purchasing Power Parity[2]

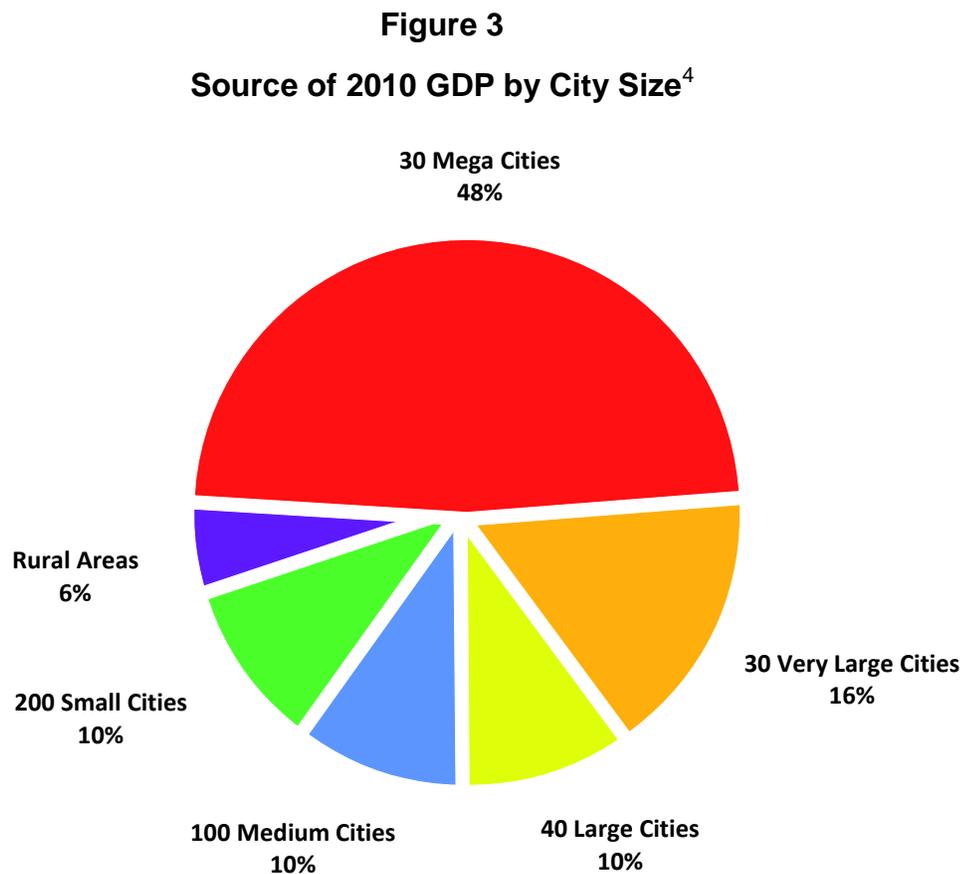| 400 Chinese Cities	# Non-Hukuo Migrants / City	Migrants as % of City Population	Per Capita GDP US $ - PPP
60 Largest	3,000,000	38%	$13,600
340 Smaller	230,000	21%	$6,700

Economic Consequences

Most of China's economic output is produced in its cities. For example, in 2010 China's thirty megacities produce nearly half of the country's total GDP. Measured at Purchasing Power Parity, the GDP of these thirty megacities is greater than the total GDP of Japan.[3]

China's largest cities account for a disproportionately large part of China's GDP. The sixty largest cities in mainland China, which account for one third of all Chinese and half of all urban Chinese, produced 66% of China's total 2010 GDP. The economic output of these sixty cities is equal to the combined GDP of Germany, France and Spain.[3]

Figure 3, shows how much of China's GDP originates from each category of city size. It reveals the dominant position of China's largest cities in the total Chinese economy.

Figure 3

Source of 2010 GDP by City Size[4]

30 Mega Cities
48%

30 Very Large Cities
16%

40 Large Cities
10%

100 Medium Cities
10%

200 Small Cities
10%

Rural Areas
6%

Conclusion

During the next decade, China's 60 largest cities will continue to grow faster than any other part of China. These cities already generate twice the per capita GDP of China's smaller cities. Because the greatest economic opportunities are in these large cities, they will continue to be the destination for most migrant workers.

As a result, China's 60 largest cities will continue to increase their share of China's GDP. These big cities are where the action is and where it will be.

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[1] MetroChina.Biz Data Collection and Analysis
[2] MetroChina.Biz Analyses of Data from the National Bureau of Statistics of China
[3] CIA World Fact Book
[4] MetroChina.Biz Analyses of Data from the National Bureau of Statistics of China