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Marketization, Factor Mobility, Regional Disparity and the Development of Urbanization: Evidence from China

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Introduction

- China has experienced a rapid process of marketization.
- Accelerated marketization leads to region (intra-province and inter-province) factor mobility, which greatly improve the efficiency of production factors.
- Regional disparity in China's urbanization.

Objectives

- Analyzing whether there is spatial autocorrelation between inter-province marketization and urbanization level, respectively.
- Empirically investigates the role of regional marketization in urbanization level.

Empirical facts

Fig.1 Urbanization level annual growth rate (%) for China, USA and World 2005-2010

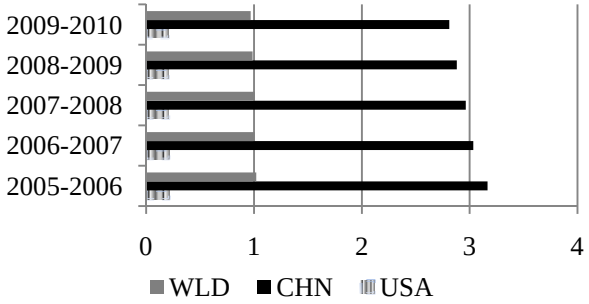


Fig.2 China's marketization index and urbanization level in the year of 2010

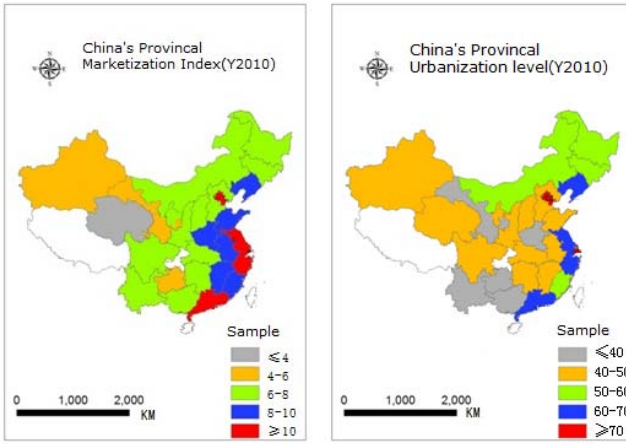
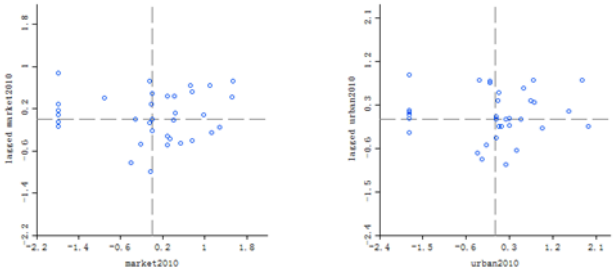


Fig.3 Moran Scatter plot of China's marketization index and urbanization level (Year 2010)



Estimation method

Spatial Durbin model

$$urb_{it} = \alpha_0 + \delta \sum_{j=1}^{N} w_{ij} urb_{jt} + \alpha_1 mrk_{it} + \alpha_2 pergdp_{it} + \alpha_3 money_{it} + \alpha_4 tr_{it} + \alpha_5 edu_{it} + \beta_1 \sum_{j=1}^{N} w_{ij}\, mrk_{it} + \beta_2 \sum_{j=1}^{N} w_{ij}\, pergdp_{it} + \beta_3 \sum_{j=1}^{N} w_{ij}\, money_{it} + \beta_4 \sum_{j=1}^{N} w_{ij}\, tr_{it} + \beta_5 \sum_{j=1}^{N} w_{ij}\, edu_{it} + \mu_i + \lambda_t + \varepsilon_{it}$$

Results and analysis

Table 1 Estimates of variables: direct effect, spillover effect and total effect

	Direct effect	Spillover effect	Total effect
mrt	5.32***	0.93***	6.25***
	(24.57)	(4.11)	(55.27)
pergdp	-0.00004	0.0002	0.0002
	(-0.24)	(0.33)	(0.24)
money	-0.003***	0.004	0.0009
	(-5.25)	(1.43)	(0.32)
tr	-2.38	0.72	-1.66
	(-0.55)	(0.05)	(-0.10)
edu	-0.91***	2.25***	1.35***
	(-4.68)	(4.18)	(2.63)

Conclusions

- There is spatial autocorrelation between inter-province marketization and urbanization level, respectively;
- Marketization has positive direct impact and spatial spillover effect on urbanization.