

Impact of Changes in the Urban-Rural Income Gap on the Level of New Urbanisation

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ABSTRACT

From 2006 to 2020, China's urbanisation rate remains in the range of 0.4 to 0.6, but the reduction of the urban-rural disparity of income is not obvious. The analysis of the relevant panel data model and the fixed effects model shows that in terms of consumption, the impact of urban-rural income inequality is negative correlated with the new level of urbanisation, while the effect of economic inequality between urban and rural income on the new level of urbanisation is positive in the economic region in the East and West. In this paper, the unevenness of economic and social development across China has resulted in large differences in urban and rural income differences and new urbanization levels in different regions. Using panel data and fixed-effects models, the impact of changes in urban-rural income disparity on the national and regional levels of new urbanization is analyzed from the perspective of consumption, and the results are that rural consumption expenditure has no significant impact on new urbanization, while urban consumption expenditure has different impacts on the level of new urbanization at the national and regional levels. This is important to explore the substantial impact of urban income changes on the level of new urbanization at the national and regional levels.

Keywords: *New urbanisation, Urban-rural disparity of income, Panel data.*

1. INTRODUCTION

The 18th Party Congress stressed the need to pursue the new type of urbanization with Chinese characteristics and to foster the coordinated growth of urban and rural areas. This implies two major issues, i.e., population disengagement from agriculture and narrowing the urban-rural income gap. It can not only relieve the surplus agricultural labour and promote the development of intensive modern agriculture, but also satisfy the labour needs of urban development and advance the improvement and upgrading of the urban setup of production. Reducing the disparity of income between urban area and rural area contributes to solving the "three rural issues" and has a positive impact on promoting the new urbanization construction further. At present, the impact of incomes disparity on the new level of urbanisation has attracted the attention of some scholars, but due to different research perspectives, there is no basic consensus on the extent of the impact of urban and rural income changes on the new level of urbanisation. The unevenness of economic and

social development across China has caused large differences in the difference between urban and rural incomes and the level of new urbanisation in different regions. Therefore, it is important to explore the substantial impact of urban income changes on the level of new urbanisation in China, with a focus on the consumption perspective the coordinated development of regions and the further promotion of the construction of new urbanisation.

This paper analyses the impact of changes in urban income disparity on the level of new urbanisation, uses panel data to capture both temporal and spatial trends in the variables. The main objective of this research is to analyze the effects of differentiation of income between urban and rural residents on the level of urbanisation in China, and to propose corresponding policy recommendations with a view to promoting the construction of a new type of urbanisation.

2. LITERATURE REVIEW

Firstly, Lewis [1] published a famous paper, "Economic Development under Infinite Labour

Supply”, which portrayed the existence of a dual economy characterised by the presence of a later state: In some conditions, the marginal productivity of the classical agricultural sector is either zero or negative, workers provide labor at minimum wage levels and therefore the supply of labour tends to be unlimited. The theory of the structure of the dual economy is one of the founding theories of regional economics. Lewis (1954) was the first to show that the de-agrarianisation of surplus agricultural labour in developing countries has led to a gradual erosion of the dualist economic structure due to the coexistence of traditional productive agriculture in rural areas of developing countries and modern production in urban areas of developing countries, as well as the de-agrarianisation of surplus labour, with the marginal productivity of agriculture in developing countries being zero.

Kuznets proposed the hypothesis that economic development and income disparity changes show an inverted U-shaped curve. In our search and combing of relevant domestic literature, we found two problems. First, there are relatively many researches on urbanization of the income gap between urban and rural residents, but there are fewer studies on the impact of the disparity of it at the level of urbanization. Most of the literature takes an empirical approach to research the impact of urbanisation on the disparity of income, and the main view is that urbanisation widens the disparity of income between urban area and rural area and urbanisation reduces the disparity of income between urban and rural areas. For example, Ouyang Jinqiong and Wang Yapeng took 28 provinces in China as an example and used panel data regression to analyse the differences in the effect of increasing urbanization on the urban/rural income divide by year and by region, pointing out that the impact of urbanisation on the urban-rural disparity of income depends on the stage of development and the size of the urban-rural disparity of income [2]. Using a panel data vector autoregressive model, Yan Taihua and Liu Songtao conducted an empirical analysis of the relationship between urbanization and the urban-rural disparity of income in Chongqing as a whole and in each region from 2000 to 2012, suggesting that the increase in urbanization level reduced the urban-rural disparity of income [3]. Yang Senping, Tang Fenfen and Wu Shu pointed out that the urban-rural disparity of income and urbanization rate in China showed an inverted U relationship [4]. Wu Xianhua used a time series model and a panel data model to analyse the impact of urbanisation and citizenship

on the urban-rural disparity of income in Shandong Province, pointing out that urbanisation affects the urban-rural disparity of income by the long-term level and the short-term level; in the long-term level, the urban-rural disparity of income is narrowed through the citizenship of the transferred agricultural population, and in the short-term level, urbanisation widens the urban-rural disparity of income [5]. Cheng Kaiming and Li Jinchang pointed out that urbanization and urban bias widen the urban-rural disparity of income [6]. Lu Xiaoqi and Kuang Xiaoping take Nanchang as an example and conclude that the development of urbanisation has no effect on the urban-rural disparity of income [7]. Secondly, for the selection of urban-rural disparity of income indicators, scholars mostly use the income perspective to select urban-rural disparity of income indicators, and there is less literature on determining urban-rural disparity of income indicators from the consumption perspective. For example, Liang Wenfeng et al., Mu Huaizhong et al. and Lu Wei et al. used the proportion of per capita disposable income of urban households to per capita net income of rural households to express the urban-rural disparity of income [8-10], and Wang Xiaolu and Fan Gang used the Gini coefficient to measure the urban-rural disparity of income [11]. There are many studies on the relationship between urbanization and urban-rural disparity of income in China, but there is no consistent conclusion on the specific effect. Some researchers have shown that the development of urbanisation can reduce the urban-rural disparity of income: Liao Xinlin [12] found that urbanisation had a negative impact on the expansion of the Thayer Index based on time-series data from 1978-2009; Liu Saihong and Zhu Jian [13] analysed from the regional perspectives of the whole country, East, Central, West and Northeast regions and concluded that urbanisation reduced the disparity of income between urban and rural residents; Li Chao and Shang Yuping [14] analysed the Li Chao and Shang Yuping [14] conducted a Shapley decomposition on panel data of 31 provinces and urban areas from 2005 to 2015 and came to the same conclusion; Fu Yujia [15] suggested that the effect of new urbanization policies on narrowing the urban-rural disparity of income has a lag.

In view of these two points, we attempt to construct an indicator of urban-rural disparity of income from a consumption perspective based on panel data of relevant variables for 31 provinces in China from 2006 to 2020, analyse the specific impact of urban-rural disparity of income on

urbanisation level in China, and put forward corresponding policy recommendations in order to promote the construction of new urbanisation.

3. METHODOLOGY

3.1 Theoretical Background

From the perspective of 2006-2020, China's urbanization rate has risen from 0.44 to 0.54, and it indicates that China's urbanization level has increased relatively fast. According to Northam's "Urbanization Process Curve", the urbanization in China is currently in an accelerated stage. In fact, in 2006 and 2020, the urbanization rate in China remained within the range of 0.4-0.6, but the growth rate showed a downward trend, indicating that urbanization growth was not strong enough. At the same time, the overall trend of narrowing the disparity of income between urban area and rural area is hovering in the 1.0-1.2 range, with a moderate reduction, indicating that the narrowing of the disparity is weak. However, the per capita consumption expenditure of farmers is increasing, which shows that the consumption potential of farmers is huge. The per capita growth rate of disposable income of urban residents has been declining, indicating that the per capita growth of disposable income of urban residents is not strong enough.

On the one hand, the agglomeration effect, feedback effect and radiation effect of urbanisation may have an ameliorating effect on the urban-rural disparity of income. Firstly, the agglomeration effect of urbanisation in the dual economic structure of urban and rural areas, as long as there is an urban-rural expected disparity of income, the surplus rural labour force will take the initiative to migrate to cities, while the migration of labour force will narrow the urban-rural disparity of income through the equalisation of factor rewards. The increase in urban labour supply leads to increased competition in the urban labour market, and hence a decline in the equilibrium wage of urban labour; secondly, the movement of rural labour to the cities leads to a reduction in surplus rural labour, with a consequent rise in labour productivity and average income levels in rural areas. Secondly, the feedback effect of urbanisation. The skills and knowledge gained by rural laborers during their working days outside the city have a role in agricultural investment and rural economic construction upon their return, which can raise the average income level of rural residents.

Once again, the radiation effect of urbanisation. With the expansion of urban scale, the consumption demand of urban residents is increasing and diversifying, which also further drives the consumption of agricultural products and the development of farming and caravanning, and the income of rural residents is raised accordingly.

On the other hand, urbanisation may widen the urban-rural disparity of income through policy preferences, resource inequalities and spillover effects of human capital. First, through policy tendencies, urbanisation may widen the urban-rural disparity. Since the reform and opening up, in order to develop the economy, local governments have tended to encourage some regions and cities to develop first to drive other regions and encourage the rich to drive the rich later. Secondly, there is an inequality of resources. Compared with cities, rural areas are obviously at a disadvantage in terms of environment, transportation and educational resources, and there is a certain gap between the two. Rural areas are mostly located in remote areas, mainly in agriculture, with little elasticity of demand for agricultural products, and agricultural growth lags behind the development of secondary and tertiary industries, resulting in different rates of income growth between urban and rural areas. Secondly, rural farmers have limited education and are slightly less able to learn than urban residents, less receptive to new things, and less able to defend against and stop disasters than urban residents. Finally, through the human capital spillover effect, urbanisation may widen the urban-rural disparity. In the process of urbanisation, the population and industries are more concentrated in the cities, where information transmission and technology diffusion in the labour market is rapid, while information in the rural areas is closed, and the difference between the two leads to an inward spillover of human capital from the cities and a spillover of human capital from the rural areas. The spillover effect of human capital favors urban development to the detriment of rural development, which in part widens the urban-rural disparity of income.

3.2 Experiment

3.2.1 Model Building

Combining the relevant theoretical foundation and current research status, a panel data model is adopted for the empirical analysis. The panel data can reflect the changes of variables in time and space at the same time, and can better analyse the

impact of changes in urban income disparity at the new urbanisation level.

$$cl_{it} = \beta_0 + \beta_1 nx_{it} + \beta_2 cx_{it} + \beta_3 df_{it} + \beta_4 gp_{it} + \beta_5 xs_{it} + u_{it} \quad (i=1, \dots, N, t=1, \dots, T) \quad (1)$$

The cl is the dependent variable in model 1, which represents the level of urbanization, and the ratio of city population to total population is the source of data. The higher the value of cl , the higher the level of urbanization. cx represents the per capita consumption cash expenditure of urban residents, nx represents the consumption expenditure per capita of residents in rural area, df represents the disparity of income between urban and rural residents, and the ratio of the variables cx and nx is the source of data. gp represents the regional gross domestic product, xs represents the number of general high school students in period t , and the variables gp and xs are the control variables. cl_{it} denotes the new urbanisation rate in province i , df_{it} denotes the disparity of income in province i . The larger the value, the larger the urban-rural disparity of income. cx_{it} denotes the per capita consumption expenditure of urban residents in province i , nx_{it} denotes the per capita consumption expenditure of rural residents in province i , and nx_{it} denotes the per capita consumption expenditure of rural residents in province t . gp_{it} denotes the per capita GDP in province t , and xs_{it} denotes the number of students in general high schools in province t . β_1 denotes the regression coefficient of each independent variable, β_0 is the disturbance term, and u_{it} is the error term. The original data for each variable were obtained from the yearbooks of the National Bureau of Statistics from 2007 to 2020, and the variables were logged to reduce the effect of heteroskedasticity on the econometric model. The panel data were analyzed using stata software for the years 2006 to 2020. The 31 provinces were divided into the eastern, central and western regions according to the national statistical classification method, and the impact of urban-rural income disparity on the new urbanisation level was analysed in China.

Prior to the empirical analysis, unit root and cointegration tests were conducted on the indicators of the variables selected for the model. In order to test for stationarity of the series, unit root tests are conducted on the panel data. In general, the LLC test, IPS test, ADF test and PP test are the main unit root tests. In the case of Model 1, unit root tests are conducted for both national and regional panel data. The results show that the series data for the

The following econometric model is first constructed from a consumption perspective:

variables cl , nx , cx and df are not stationary at the 5% level of significance, while the series data for the first order difference variables are stationary. In summary, under the conditions of Model 1, the selected variables are first-order product I(1) series, i.e., first-order single-integer series. The cointegration test is used to mitigate the effects of the pseudo-regression problem of the series, and the Pedroni test and the Kao test are used to test the cointegration of the panel data of Model 1. In the case of Model 1, the results of the cointegration tests at the national and regional levels show that the p-value of the main statistic is less than 0.05 at the 5% level of significance, indicating the existence of cointegration relationships among the variables. In summary, under Model 1, the variables are cointegrated, i.e. there is a long-run equilibrium relationship, and the conditions for the panel data regression are met.

3.2.2 Dada Analysis

3.2.2.1 Panel Data Model Analysis

In summary, the panel data for the variables in Model 1 pass the unit root and cointegration tests and can be regressed on the panel data. In general, panel data regression models include fixed effects models (FE), random effects models (RE) and mixed effects models (OLS). Under the conditions of Model 1, empirical analyses were conducted on panel data (see Table 1). The fixed effects and random effects models were selected using Hausman's test for the corresponding statistics. The Hausman test statistics at the national level, western region and eastern region were 94.56, 20.22 and 67.06. At the 5% level of significance, the p-values of the statistics were less than 0.05, and the original hypothesis was rejected. In the central region, the Hausman test statistic was 4.93 and the p-value was 0.4245, which was greater than 0.05. The original hypothesis was accepted and the random effect model was chosen for the regression analysis. A fixed-effects model and a mixed-effects model were selected using the values calculated from the F-test:

$$F = \frac{(R_{ur}^2 - R_r^2)/(N-1)}{n-N-k} \quad (2)$$

Where, R_{ur}^2 denotes the goodness of fit of the fixed effects variable intercept model, R_r^2 denotes

the mixed cross-section rejecting the original hypothesis, n denotes the number of observations, N denotes the number of cross-section members, and k denotes the number of parameters to be estimated. The calculated F-test values at the national and regional levels were 435.01, 420.05, 367.43 and 21.51 respectively. At the 5% level of significance, the p-values of the calculated F-test values were less than 0.05, and the original hypothesis was rejected and the fixed-effects model was selected for regression analysis. The regression analysis was carried out using the fixed-effects model.

3.2.2.2 Fixed Effects Model Analysis

On balance, the panel data for the relevant variables are selected for the fixed effects model under the consumption perspective. Fixed-effects models are classified as individual fixed-effects models, moment fixed-effects models, and dual

moment fixed-effects models. The pairwise point-in-time model with individual fixed effects is a model with varying intercepts for various cross-sections and different time series. In order to calculate more accurately the impact of urban-rural income disparity on the level of new urbanisation in different regions in different years, the time-point individual double fixed effects model is chosen to analyse the panel data. The reasons for this are: Firstly, there are large differences in the current state of economic and social development in each province, leading to an increase in the gap between urban and rural incomes and the level of new urbanisation in the same year. Secondly, due to the differences in the stage of economic development, the urban-rural disparity of income and the new urbanisation rate differ in different years in the same province. Therefore, a fixed-effect model of urban-rural disparity of income and new urbanisation level is established: ("Table 1")

$$cl_{it} + \alpha_j + \gamma_j + nx_{it}\beta_1 + cx_{it}\beta_2 + df_{it}\beta_3 + gp_{it}\beta_4 + xs_{it}\beta_5 + \mu_{it} (i = 1, \dots, N, t = 1, \dots, T) \quad (3)$$

Table 1. Panel estimation results

	Variable	nx	cx	df	gp	xs	Constant term	Hausman	F-test	R ²	Observation
National level	FE	0.26 (1.2422)	-0.26 (1.2867)	0.61 (0.8476)	0.19*(8.6777)	-0.01 (-0.5636)	-0.87 (-0.9798)	94.56 (0.0000)	435.01 (0.0000)	0.9951	279
	RE	0.39* (1.9695)	-0.42* (2.1642)	-1.06 (1.5559)	0.23* (10.4059)	-0.02 (-1.2121)	-1.31 (-1.6132)			0.8704	279
	OLS	4.04* (4.3257)	-4.0069* (-4.6438)	13.43* (4.3301)	0.71* (13.7632)	0.01 (0.0441)	-16.07* (-4.6171)			0.7327	279
Eastern Region	FE	0.99* (2.7397)	-1.02* (3.0124)	-3.33* (2.6446)	0.31* (7.8892)	-0.01 (-0.4233)	-3.88* (-2.5745)	67.06 (0.0000)	367.43 (0.0000)	0.9957	99
	RE	0.75* (2.1474)	-0.88* (2.6480)	-2.51* (2.0716)	0.36* (9.6225)	-0.10* (-4.8176)	-2.41** (-1.7074)			0.8361	99
	OLS	0.98 (0.5140)	-1.02 (-0.5815)	4.18 (0.6348)	0.64* (7.5069)	-0.13* (-6.5154)	-5.71 (-0.7708)			0.8042	99
Central Region	FE	-1.43** (-1.7509)	-1.35** (-1.7777)	-5.28** (-1.8796)	0.09 (1.4757)	-0.06 (-0.8640)	6.07** (1.7863)	4.93 (0.4245)	21.51 (0.0000)	0.9562	72
	RE	-1.81* (-2.3670)	-1.66* (-2.3415)	-6.64* (-2.5459)	0.09 (1.5509)	-0.15* (-3.1675)	8.20* (2.7069)			0.8424	72
	OLS	-1.78 (-1.5393)	1.41 (1.3491)	-6.83 (-1.7598)	0.24 (4.5160)	-0.17 (-8.4860)	8.84 (2.0369)			0.8443	72
Western Region	FE	0.57* (2.3972)	-0.54* (-2.3219)	-1.53** (-1.9332)	0.19* (7.7727)	-0.04 (-1.3616)	-1.85** (-1.9285)	20.22 (0.0011)	420.05 (0.0000)	0.9946	108
	RE	0.76* (3.2740)	-0.71* (-3.1649)	-2.16* (-2.8173)	0.20* (8.1393)	0.01 (0.2743)	-2.78* (-3.0714)			0.9558	108
	OLS	2.84* (2.3652)	-3.00* (-2.7499)	-8.99* (-2.3374)	0.56* (9.4816)	0.09* (7.1106)	-10.74* (-2.4622)			0.7188	108

a Note: Data in parentheses are coefficient t-values, where Hausman's test and F-test in parentheses are P-values, * and ** indicate rejection of the original hypothesis at 5% and 10% of the parameter estimates

A point-in-time individual double fixed effects model was used to empirically analyse the panel data for each variable in Model 2 (see "Table 2"). In the consumption perspective, the values of R² were greater than 0.96, indicating a good fit for the point-in-time individual double fixed effects model. The regression coefficients for the variable nx were 0.01, 0.8 and 0.14 for the average of national, the eastern and the western, indicating that each percentage point increase in per capita consumption expenditure for rural residents increased the level of new urbanization by 0.01, 0.81 and 0.14 percentage respectively for the average of national, the eastern and the western. The regression coefficient of the variable nx for the central region is negative, indicating that the impact of per capita consumption expenditure of rural residents on the level of new urbanisation in the central region is not significant. The regression coefficients of the variable cx for the national level, the eastern region and the western region are negative, indicating that the impact of cash consumption expenditure per urban resident on the level of new urbanisation at the national level, the eastern area and the western area is negative at this stage. The regression coefficient of the variable cx for the central region is 3.56,

indicating that a one percentage point per capita increase in the per capita consumption expenditure of city dwellers results in a 3.56% increase in the level of new urbanisation in the central region. The regression coefficient of the variable df at the national level and in the central region is negative, indicating that the urban-rural disparity of income does not have a significant impact on the new urbanisation level at the national level and in the central region. The regression coefficient of the variable df for the eastern and western regions is positive, indicating that the urban-rural disparity of income has a positive impact on the level of new urbanisation in the eastern and western regions. The regression coefficients of the variable gp are 0.23, 0.39, 0.18 and 0.25, indicating that for every 1 percentage point increase in regional GDP, the new urbanisation level increases by 0.23% at the national level, 0.39% in the eastern region, 0.18% in the central region and 0.25% in the western region, and this indicates that the effect of GDP on the level of new urbanisation is positive and significant. The negative regression coefficient of the variable xs indicates that the number of students enrolled in general secondary schools does not have a significant effect at the level of new urbanisation.

Table 2. Results of individual double fixed effects tests at time points

Region	National level	Eastern Region	Central Region	Western Region
Variable	FE	FE	FE	FE
nx	0.01(0.0637)	0.81*(2.2316)	-4.20*(-3.9659)	0.14(0.4787)
cx	-0.05(-0.2275)	-0.91*(-2.8151)	3.56*(3.6914)	-0.11(-0.4252)
df	-0.09(-0.1164)	2.89*(2.3234)	-13.57*(3.9152)	0.24(0.2588)
gp	0.23(9.0953)	0.39*(8.5756)	0.18*(2.0519)	0.25*(8.0191)
xs	-0.04(-1.6185)	-0.05(-1.4478)	-0.06(-0.8297)	-0.07*(-2.1978)
C	-0.08(-0.0819)	-3.36*(-2.1164)	16.00*(3.9461)	-0.61(-0.5357)
R ²	0.9955	0.9966	0.9671	0.9954
P	0.0000	0.0000	0.0000	0.0000
F	1204.7840	945.4160	75.0438	743.6245
S.E	0.0107	0.0097	0.0135	0.0072
Observation	279	99	72	108

a Note: Data in brackets are coefficient t values, * and ** indicate rejection of the original hypothesis at 5% and 1 0% of the parameter estimates.

The results of the point-in-time fixed effects (see "Table 3") show a decreasing and then increasing trend at the national level. 2006 to 2011, the point-in-time fixed effects decreased from positive to negative values. 2012 to 2014, the point-in-time fixed effects increased from negative to positive values. This indicates that the impact of the relevant variables on the national level of new urbanisation has increased from weak to strong. The trend of the point-in-time fixed effects in the

eastern region is up and down, with the overall trend maintaining an increasing trend, indicating that the influence of the relevant variables on the level of new urbanisation in the eastern region tends to fluctuate up and down. In the central region, the point-in-time fixed effects show an increasing trend, from negative to positive values, indicating that the influence of the relevant variables at the level of new urbanisation in the central region is becoming more and more

significant. In the western region, the point-in-time fixed effects show a decreasing trend, from positive to negative values, indicating that the influence of

the relevant variables at the level of new urbanisation in the western region is gradually weakening.

Table 3. Results of point-in-time fixed effects

Values in years	National level	Eastern Region	Central Region	Western Region
2006	0.0107	0.0151	-0.0321	0.0245
2007	0.0049	0.0049	-0.0281	0.0163
2008	-0.0008	-0.0032	-0.0251	0.0069
2009	-0.0016	-0.0054	-0.0173	0.0026
2010	-0.0013	-0.0005	-0.0154	-0.0015
2011	-0.0066	-0.0057	-0.0022	-0.0117
2012	-0.0035	-0.0028	0.0156	-0.0115
2013	-0.0024	-0.0036	0.0323	-0.0131
2014	0.0007	0.0011	0.0723	-0.0125

The results of the individual fixed effects (see "Table 4" below) show that the intercept varies significantly across provinces at the national level, with positive intercepts for Beijing, Tianjin, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Zhejiang and Hubei, and negative intercepts for the rest of the provinces. In the eastern region, the intercepts of Beijing, Tianjin, Shanghai, Guangdong and Liaoning are positive, while the intercepts of the remaining provinces are negative, indicating that the influence of the relevant variables on the level of new urbanisation in

Beijing, Tianjin, Shanghai, Guangdong and Liaoning is more significant. In the central region, the intercepts of Shanxi, Jilin and Heilongjiang provinces are positive, while the intercepts of the remaining provinces are negative, indicating that the influence of the relevant variables on the new urbanisation level of Shanxi, Jilin and Heilongjiang provinces is more significant. In the western region, the intercepts are positive, while the intercepts for the remaining provinces are negative, indicating that the effect of the relevant variables on the level of new urbanisation is more significant.

Table 4. Individual fixed effects results

National level				Eastern Region		Central Region		Western Region	
Province	Result value	Province	Result value	Province	Result value	Province	Result value	Province	Result value
Beijing	0.2390	Hubei	0.0026	Beijing	0.1393	Shanxi	0.0009	Inner Mongolia	0.0579
Tianjin	0.1819	Hunan	-0.0381	Tianjin	0.0618	Anhui	-0.0121	Guangxi	0.0182
Hebei	-0.0523	Guangdong	0.1295	Hebei	-0.1260	Jiangxi	-0.0268	Chongqing	0.1104
Shanxi	-0.0090	Guangxi	-0.0600	Shanghai	0.1717	Henan	-0.0645	Sichuan	0.0280
Inner Mongolia	-0.0028	Hainan	-0.0061	Jiangsu	-0.0507	Hubei	0.0230	Guizhou	-0.0084
Liaoning	0.0884	Chongqing	0.0406	Zhejiang	-0.0255	Hunan	-0.0184	Yunnan	-0.0105
Jilin	0.0166	Sichuan	-0.0563	Fujian	-0.0441	Jilin	0.0342	Xizang	-0.2241
Heilongjiang	0.0541	Guizhou	-0.0914	Guangdong	0.0583	Heilongjiang	0.0637	Shaanxi	0.0481
Shanghai	0.2684	Yunnan	-0.0889	Hainan	-0.0801	Gansu	-0.0035		
Jiangsu	0.0344	Tibet	-0.2698	Shandong	-0.1058	Qinghai	-0.0223		

National level				Eastern Region		Central Region		Western Region	
Zhejiang	0.0477	Shaanxi	-0.0290	Liaoning	0.0012	Ningxia	0.0177		
Anhui	-0.0256	Gansu	-0.0835	Xinjiang	-0.0113				
Fujian	0.0299	Qinghai	-0.0731						
Jiangxi	-0.0274	Ningxia	-0.0352						
Shandong	-0.0244	Xinjiang	-0.0796						
Henan	-0.0806								

3.3 Results

Based on panel data for 31 provinces, directly centrally governed municipalities and the autonomous regions for the period 2006-2014, this paper analyses the impact of the urban-rural disparity of income on new urbanisation levels in terms of consumption with a fixed effects model. The impacts of the urban-rural disparity of income on the level of new urbanisation are positive in eastern and western regions. Second, the effect of urban residents' consumption expenditure on the level of new urbanisation is not significant at country level, in the East and West regions, while the effect of urban residents' consumption expenditure on the level of new urbanisation in the Central region is significant.

The impact of consumption expenditure per rural resident on the new urbanisation level, the eastern region and the western region is positive, while the impact of consumption expenditure per rural resident on the new urbanisation level in the central region is negative. Thirdly, the impact of regional GDP per capita on the level of new urbanisation is positive at the national level and in all regions, while the impact of the number of students in general high schools at the level of new urbanisation is negative.

4. SUGGESTIONS

4.1 Expanding Consumption of Urban and Rural Residents and Promoting New Urbanisation

The empirical results show that the impact of consumption expenditure per rural resident on new urbanisation is positive at the national level and in most regions, while the impact of cash consumption expenditure per urban resident on the level of new urbanisation is negative at the national level and in

most regions. This shows that consumption expenditure per capita of rural residents does not have a significant impact on new urbanisation, while the impact of consumption expenditure per capita of urban residents on the level of new urbanisation varies. It is therefore suggested that: firstly, there should be multiple channels to increase the per capita consumption expenditure of rural residents, so as to bring into play the driving effect of rural residents' consumption on the level of new urbanisation. The amount of income determines the amount of consumption power. We should increase farmers' material and non-material incomes by creating a modern agro-industrial chain system, by enabling farmers to engage in non-agricultural activities, by setting up a sound system for the transfer, operation and renting of rural land and housing, and by ensuring training for farmers. By increasing income, the consumption capacity of rural residents can be increased; actively guide and encourage farmers to consume, establish a scientific and reasonable modern consumption concept, and promote the optimization and upgrading of farmers' consumption structure; strengthen the construction of rural infrastructure, establish and improve the rural consumption market system, and provide a standardized and orderly consumption market for rural residents; gradually improve the social security system for rural residents, pay attention to the protection of rural residents' The second is to expand the consumption expenditure of urban residents in a reasonable and orderly manner. We should create and develop new consumption markets, and enterprises should produce new products according to market demand and new technologies to form new consumption hotspots; and we should formulate different consumption policies for different income groups. For low-income groups, we should protect basic daily consumption and encourage additional consumption expenditure, while for high-income groups, we should expand the scope of taxation on

high-grade consumer goods and establish a reasonable and healthy consumption concept; establish a sound regulatory system for the consumer market, regulate the market behaviour of sellers and buyers, focus on protecting the legitimate rights and interests of consumers, and provide consumers with a perfect and standardized consumer market environment.

4.2 Combining the Actual Situation and Formulating a New Urbanisation Strategy

The empirical evidence suggests that the disparity of income between urban and rural residents in provinces with a better economic base is relatively small and has a substantial influence on the degree of new urbanisation. Provinces with a weak economic base have a relatively large urban-rural gap and their contribution to the level of new urbanisation is not obvious. Therefore, each province should take into account its local reality and formulate a strategy for promoting new urbanisation. In the case of the more economically developed provinces, urban and rural incomes should be raised in an orderly and sensible way to reduce the gap in income between urban and rural dwellers. Cities should focus on enhancing the quality and level of new types of urbanisation rather than simply increasing the number of urban dwellers. The focus of small and medium-sized cities is on the orderly and reasonable citizenship of the transferred agricultural population. Smaller cities and counties can localise and localise the citizenship of the immigrant farming population in their vicinity and reduce the overall burden of the citizenship of the immigrant farming population. For the less economically developed provinces, we should actively adopt various ways to increase the income of urban and rural residents, so as to bring into play the role of the urban-rural disparity of income in driving the new urbanisation level. Focusing on small and medium-sized towns and cities, we should establish a new urbanisation system with a clear hierarchy; promote local and civic citizenship of the agricultural diaspora; break down institutional barriers to agricultural diaspora citizenship in order to reduce the costs of agricultural diaspora citizenship.; take the integration of industrial development and new urbanisation as an opportunity, so that major industries and new urbanisation can develop in a coordinated manner, and the agricultural transfer population can be truly "urbanised". This will

enable the migrant agricultural population to truly "stay" after citizenship.

5. CONCLUSION

Based on data from 31 Chinese provinces, this paper directly subordinates municipalities and autonomous regions between 2006 and 2014. Using panel data and a fixed-effects model, we analyse the impact of changes in urban-rural income differentials on the level of new urbanisation in terms of consumption, and the findings show that the empirical results indicate that the impact of per capita consumption expenditure of rural residents on the level of new urbanisation is positive at the national level and in the majority of the regions. The effect of urban per capita consumption expenditure at the level of new urbanisation is negative at the national level and in most regions. This shows that rural consumption expenditure has no significant impact on new urbanisation, while urban consumption expenditure has a different impact on the degree of new urbanisation at national and regional level. Therefore, it is recommended that: First, in order to increase rural consumption expenditure, several channels are needed to drive the level of new urbanisation. Second, the consumption expenditure of urban residents should be expanded in a reasonable and orderly manner. There are multiple channels to increase urban residents' income and strengthen the basis of urban residents' consumption sources. The empirical results show that the disparity of income between urban and rural residents in provinces with a better economic base is relatively small, and the driving effect on the new level of urbanisation is obvious. Provinces with a poor economic base have a relatively large urban-rural gap between urban and rural residents, and their contribution to the new level of urbanisation is not obvious. Therefore, each province should formulate a strategy to promote the new type of urbanisation, taking into account the local reality.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Yilin Sun.

ACKNOWLEDGEMENTS

Firstly, I would like to express my deepest gratitude to my teachers and professors who have given me invaluable guidance at every stage of writing this paper. In Addition, I want to thank my

parents and all my friends for their support and encouragement. I couldn't have completed this paper without all their enlightening education and impressive kindness.

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