

Analysis of the Impact of Industrial Structure Transformation and Upgrading on Urban-Rural Income Disparity

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Abstract: With the speed growth of the economy in China, the gap is showing an increasing trend. The urban-rural income disparity is the primary manifestation of China's distribution inequality, and the widening gap means that the phenomenon of distribution inequality is becoming more and more severe. The serious problem of distribution inequality will hinder economic growth, so closing the urban-rural income disparity urgently needs to be solved. Among the various factors influencing the urban-rural income disparity, industrial structure is a significant factor influencing the urban-rural income disparity. The transformation of industrial structure has caused the transfer of surplus rural labor from rural areas to cities, and the difference in labor productivity has caused the formation of a gap between urban-rural resident(RES)s in China. Industrial structure adjustment means the redistribution of labor and capital factors among industries. The restructuring of industrial structure may exacerbate the income disparity between urban-rural RESs in the short run, but in the long run, it has positive significance for the advancement of rural economy and society and the breaking of the urban-rural dual division system. This article analyzes the current situation of China's industrial structure and urban-rural income disparity from the perspective of industrial structure, as well as the impact of industrial structure transformation and upgrading on the urban-rural income disparity in China.

1. Introduction

The reform and open have created a wonderful achievement of China's economic advancement, encouraged the upgrading of industrial structure, and continued to increase the per capita disposable income (PCDI) of urban-rural RESs. However, the income disparity between urban-rural RESs is also constantly expanding [1]. Behind economic advancement is the continuous upgrading of industries. The market-oriented economic system reform has caused significant changes in the industrial structure, enabling effective allocation of resources, and thus ensuring economic advancement [2]. The current dual structure between urban-rural areas in China has not been eliminated, and the income disparity between urban-rural RESs is still very severe.

China's reform and open policy has made Eye-catching achievements. On the one hand, it benefits from the market-oriented reform to make the allocation of resources more reasonable and efficient; On the other hand, the negative impact has emerged, and the overall scale of income distribution gap is gradually expanding, which is not conducive to social equity and the original intention of reform and open of Common prosperity. With the advancement of the economy, some serious social problems have also emerged. Due to the uneven advancement of regions and industries, the income disparity between urban-rural areas has expanded, which is reflected in various industrial levels [3]. In recent years, China's economy has got into the New normal. The economy has changed from high-speed advancement to medium high-speed advancement, and then to low-speed advancement. The Tertiary sector of the economy has gradually exceeded the Secondary sector of the economy in driving economic advancement [4]. After China's economy and society got into the New normal, the urban-rural income disparity must be given sufficient attention, and this problem is unavoidable. Due to the insufficient basic conditions for the advancement capacity of rural areas in China, as well as the low efficiency of production factor allocation and human capital stock in the agricultural sector, fundamentally changing the current dual structure of urban-rural population and industrial advancement is the crux to solving the problem of urban-rural

income disparity. In terms of the current industrial structure layout in China, surplus rural labor flows into areas with high urban industrial agglomeration, which accelerates urban industrial agglomeration through polarization effect, thereby generating the effect of expanding the income disparity between urban-rural RESs [5]. To resolve conflicts, it is necessary to optimize the industrial structure, and economic advancement should focus on quality rather than quantity in order to bring about healthy and sustainable economic advancement, gradually close the urban-rural income disparity, and ultimately encourage social equity.

In the macro context of the New normal of economic advancement, the restructuring of industrial structure is a significant area of China's economic reform [6]. Industrial structure restructuring and urban-rural income distribution are significant research topics in the step of China's economic advancement, and both are significant factors related to the vital interests of the entire society and the sustainable advancement of China's future economy. Industrial structure restructuring, as a significant means of government macroeconomic regulation, is one of the significant factors influencing the changes in urban-rural income disparity. Industrial structure changes indicate the free transfer and redistribution of social resources such as labor between old and emerging industries, urban-rural areas [7]. It is imperative to focus economic reform on optimizing industrial structure and promoting industrial upgrading. The restructuring of industrial structure based on social productivity and market changes is an internal impetus for promoting economic advancement, continuously injecting new vitality into the economy. Studying the influence of industrial structure restructuring on the urban-rural income disparity plays a significant role in explaining the urban-rural income distribution problem in the process of economic advancement.

2. The Current Situation and Influencing Factors of Income Disparity between Urban-Rural Areas in China

2.1. Current Situation

In the past 20 years, the income disparity between urban-rural RESs in China has been continuously increasing. In 1978, China began to carry out reform and open. Driven by the reform and open policy, the economy grew swiftly, and the living standards of urban-rural RESs became better and better, with more and more income [8]. The national income is on the rise, the economy is developing swiftly, and the reform and open have achieved remarkable results. With the advancement of urbanization, more and more rural labor force is transferring to cities, which to some extent helps to close the income disparity between urban-rural RESs. Since the reform and open, the quality of life of the Chinese people has greatly improved, and the economy has achieved unprecedented advancement. But relatively speaking, the negative effects are also relatively obvious. The speed economic advancement of cities has caused a faster increase in people's income, which has increased the income disparity between urban-rural RESs [9]. The urbanization process in China is very speed, and the achievements made by the speed advancement of urbanization are obvious to all of us. However, due to insufficient time allocated for the synchronous transformation of urban-rural areas, many problems inevitably arise.

2.2. Influencing Factors

The urbanization process in China is developing in sync with the income ratio of urban-rural RESs. In the mid-1990s, China's urbanization process began to accelerate, and the income ratio of RESs also showed an upward trend [10]. The industrial structure is the key to determining economic advancement. Industrial structure refers to the ratio of the three major industries in the national economy, which affects the income distribution of urban-rural RESs by changing the marginal productivity of production factors, thereby influencing the urban-rural income disparity. The restructuring of industrial structure changes RESs' income by changing the marginal productivity of production factors in the Production function. The restructuring of industrial structure leads to the flow of production factors in the allocation of related resources, which in turn leads to changes in marginal productivity of production factors (as shown in Figure 1).

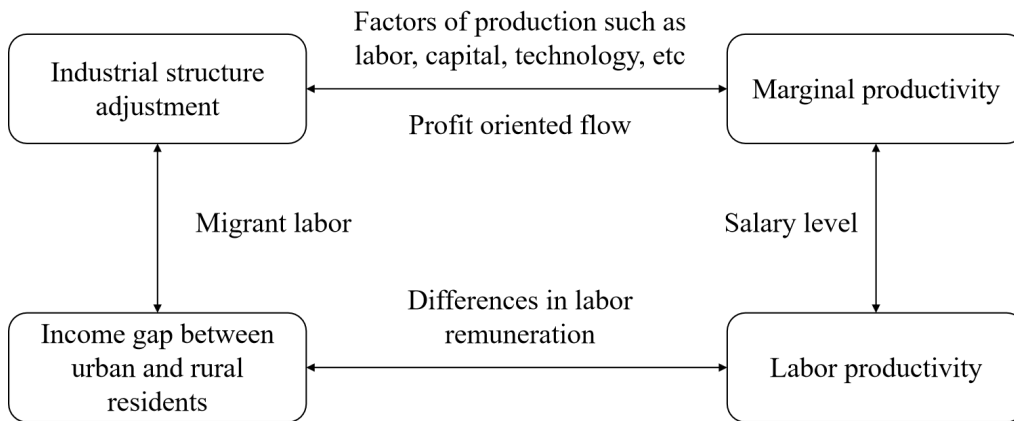


Figure 1 Mechanism of marginal factor productivity

The speed advancement of cities, with more employment opportunities and better living conditions, has attracted a large number of rural populations. At the same time, urbanization will create more employment opportunities, effectively promoting local economic advancement, providing better opportunities for rural industrial transformation, and thus closing the income disparity between urban-rural areas. Because the marginal return of labor in the secondary and tertiary industries is significantly higher than that in the Primary sector of the economy, many rural labor forces begin to shift production factors to the secondary and tertiary industries because of the low rate of return on agricultural production. The farmers engaged in the traditional agricultural sector, namely the Primary sector of the economy, have low levels of human capital accumulation due to their inherent ability, as well as the acquired educational resources, degree and quality. In addition, the slow technological progress has caused their low labor productivity. The difference between urban-rural labor productivity is very obvious in the urban-rural Dual-sector model structure. The difference in labor productivity leads to changes in labor demand and human capital costs, i.e. wages (as shown in Figure 2). At present, the education level in rural China is generally lower than that in urban areas, and there is also a significant gap in the education environment, resulting in a serious imbalance in the distribution of educational resources. Policy factors can also lead to changes in the income disparity between urban-rural areas, including taxation, public facility construction, government purchases, etc.

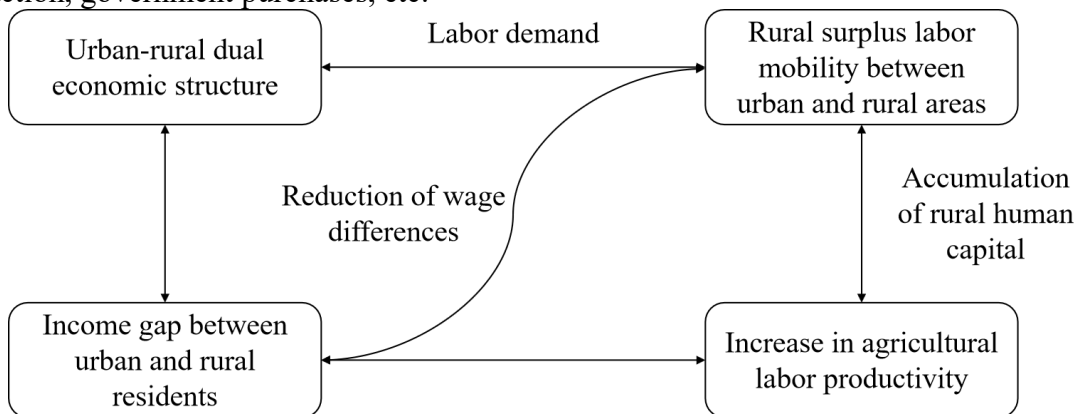


Figure 2 Mechanism of Dual-sector model structure

3. Suggestions for Reducing the Income Disparity between Urban-Rural Areas through Industrial Structure Transformation

3.1. Optimize the Industrial Structure

Further optimize the industrial structure, adjust the unreasonable aspects, and strive to gradually close the urban-rural income disparity through reasonable restructuring of the industrial structure. At present, RESs in rural areas are primarily engaged in the Primary sector of the economy or

labor-intensive industries with low added value, and their income is low. It is suggested to make full use of local natural and cultural advantages, increase the advancement of characteristic industries, and improve the employment rate and income level of rural RESs. By developing diversified rural industries, we will absorb more rural workers or surplus labor, encourage farmers' participation in employment in the Secondary sector of the economy and Tertiary sector of the economy, and increase farmers' income except for land.

While optimizing the industrial structure, it is also necessary to give significance to the coordinated advancement among the three industries, especially to accelerate technological progress and innovation, develop modern service industries, and support agriculture in the secondary and tertiary industries. Agriculture will continue to provide essential resources for the advancement of the secondary and tertiary industries. Encourage the integration and advancement of rural primary, secondary, and tertiary industries, with rural revitalization as the strategic point, reform and improve a more equitable national income redistribution system, strengthen rural education facilities, enhance rural education human capital, cultivate highly skilled talents, and encourage urban migrant workers to enter high paying industries. Promote the integrated advancement of urban-rural areas and the equalization of basic services in urban-rural areas, gradually eliminate the inequality of basic public services caused by the registered residence system, provide housing, pension, medical care, unemployment and other social security for urban migrant workers, and share the economic benefits of new urbanization construction.

3.2. Improve the Security System for Migrant Workers

The industrialization driven urbanization is an inevitable trend, therefore promoting the advancement of new urbanization is particularly significant in the context of the gradual migration of rural population to cities. A significant measure to close the income disparity between urban-rural RESs is to exert the regulatory role of the system, such as increasing the proportion of farmers in the initial distribution, establishing minimum wage standards for rural impoverished populations, raising the employment security of migrant workers and the normal advancement mechanism of wage income. The infrastructure in rural areas is not perfect, and relevant policies have threshold effect. It is suggested to revitalize the fixed assets in rural areas, improve relevant policies, play the role of Financial inclusion, and extend the channels for rural RESs to increase income. Too large rural population is not conducive to closing the income disparity between urban-rural RESs and economic advancement. Urban rural integration is conducive to the transfer of rural surplus labor. In order to encourage urban-rural integration, the registered residence management system can be appropriately relaxed.

In addition, attention should also be paid to raising the employability of rural workers, providing them with training opportunities through policy support and other means, establishing employment information sharing platforms, and providing employment information for farmers. Increase investment in rural labor education to enhance their employability while also increasing employment channels. Continue to optimize the financial transfer payment system, deepen the reform of the redistribution system, and make efforts from all sides to close the urban-rural income disparity. Increasing investment in rural areas and promoting urbanization will create more job opportunities. Increasing the income of rural RESs will not only increase investment methods, but also increase investment, thereby promoting local economic advancement.

4. Conclusions

With the promotion of reform and open policy and other factors, the income of both urban-rural RESs in China has significantly improved, but the income disparity between urban-rural RESs has continued to increase. The transmission path of industrial structure influencing urban-rural income disparity is primarily caused by the differences in Dual-sector model structure, government policies, technology and knowledge in developing countries. The existing policy of prioritizing urban advancement and the fact that economic advancement is in its early stages cannot effectively leverage market oriented mechanisms are all reasons for the widening income disparity between

urban-rural RESs. Faced with the overall advancement rate of the Chinese economy, the Chinese government should continue to deepen economic system reform, encourage the common advancement of urban-rural economies, break through the dual structure of urban-rural areas, and close the income disparity between urban-rural areas. The restructuring of industrial structure in the process of urbanization will expand the income disparity between urban-rural RESs in the short term. Therefore, we can improve the quality of urbanization, encourage the optimization and upgrading of rural industrial structure, improve income distribution systems and social security systems, and other policy measures to maximize the creation of more income for farmers.

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