Introduction

The concept of Middle Income Trap was put forth in 2006 Report on Economic Development of East Asia by World Bank. When the newly booming countries have broken away from the Low Income Trap, namely, 1000 US dollars of GDP per capita, they will rush toward the ‘flight stage’ of 1000-3000 US dollars. But many of these countries will be apt to be trapped in a standstill of economic development when they come up to 3000 US dollars of GDP per capita. It seems hard to break through per capita GDP of 3000-5000 US dollars. One of the major reason why the countries got trapped lies in the fact that they failed to realize the transformation of economic development and upgrade of industrial structure in a smooth way. In 2007, China’s per capita GDP came up to 3000 US dollars for the first time. After that an obvious slowdown was seen in China’s economic development. The government pay high attention to the question and offer the policy of further urbanization to drive the economic growth and also the industrial structure upgrading.

Method

• By means of comparative and empirical studies, and with a lot of statistic data, a comparative analysis on American urbanization and alteration of industrial structure since 20th century and those of China since 1980.
• The analysis lies on three major indexes: the standard of GDP, the standard of urbanization and the alteration of industrial structure.
• Data mainly comes from the United States and China’s panel data.

From 1900 to 1970, America’s economy finished 3 transformation: the per capita GDP was from $206 (1900) to $10383 (1970); the urbanizing level was from 40% (1900) to 75% (1970); This period also saw that USA finished the shift of industrial structure in that its service industry began to dominate in stead of manufactory industry. China’s situation is: the per capita GDP just reached $5432 (2011); the urbanizing level was 47% (2010) and the second industry is still dominant.

Results

• American urbanization kept developing along with remarkable Suburbanization and further realized the balanced development among various regions. (Figure 3 to 4)
• Chinese urbanization tend more and more to the urban agglomeration and city’s population density is ten time that of USA, which has brought about series of urban diseases and a serious unbalance manner in different regions. (Figure 5 to 6)
• America’s industrial structure completed mainly from manufacturing to finance trade and service industry shift. For China, manufacture keep outshining others.

Conclusions

American urbanization, for certain, has a positive relationship with its economic development. The American suburbanization results from the pursuit for the life quality by the rich and the suitable support by the governmental policy, which gives rise to a sound recycle of the move of mid-class—promotion of investment and consumers—more people on the shift. At the same time, its technology and industrial innovation drives the continuous optimization of industrial structure. This is a important policy enlightenment for China.