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China's Post-Reform Urbanization: Trends and Policies

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Since the adoption of economic reform policy in 1978, several trends are changing the Chinese society. Chief among these is the rapid transition to an urbanized country. Not only is more than 1/3 the country's population now living in cities and towns but the remaining is becoming increasingly dependent on cities and towns for its economic survival and livelihood. At the National People's Congress in March 2001, the central state clearly affirmed the coming reality of China as an urban nation. This is further taken on by making urbanization an important national strategy in the Tenth Five Year Plan. In the 16th National Congress of the Communist Party of China held in November 2002, the Party reiterated its resolution to build an all-around "*xiaokong*" – literally a moderately well-off society, of which a higher level of urbanization is a major component.

Against this said background, China has entered a period of fast growth in urbanization. Chinese experts predict that by 2050, urban population is likely to reach 1.0-1.1 billion with urbanization level soaring up to over 75 percent and urban sector contributing to over 95 percent of the national economy. Accordingly, more than 600 million Chinese people will shift from rural areas to urban districts by 2050. Furthermore, projections shows that by 2050, there are likely to be 50 ultra-large cities with population of more than two million, some 150 big cities, 500 medium-sized cities and 1,500 small cities. While these figures are predictable, other forces such as globalization and regional integration will reinforced the role of cities as centers of production, consumption and social and political change. This chapter aims to unravel such changes and to examine issues related to these developments.

1 Definition of Urban Population

Before we discuss about urbanization in China, the definition of urbanization in China has been problematic. The percentage of urban population in total population, or urbanization level, is a critical indicator to measure the degree of urbanization. It is simple before coming to practice. The critical question involved is how to define urban population. It can be further divided into two questions on how urban settlements are defined (definition) and how urban population is counted based on these definitions (calculation). The complexity of these two questions is that both the criteria of definition and calculation are subject to change. This section will disentangle such complexity in China. We start with the definition of urban settlements; and then turn to calculate the urban population. After clarifying these two issues, an annual series urbanization level will be generated for the discussion of urban growth in the next section.

1.1 Definition of Urban Settlements

In June 1995, the State Council made the decision on establishing organizational structure of city and town (State Council, June 1955). Cities and towns are considered as central areas for industry, commerce and manufacturing. A city (*shi*) is an administrative unit affiliated to and under the leadership of a province (*sheng*), autonomous region (*zizhi qu*) or autonomous state (*zizhi zhou*); a town¹ (*zhen*) is an administrative unit affiliated to and under the leadership of a county (*xian*) or autonomous county (*zizhi xian*). Five months later, the State Council issued the criteria of dividing urban and rural settlements (State Council, November 1955). It was for the first time that the State Council made a formal differentiation between urban and rural settlements. According to the criteria, China's urban settlements contains designated cities and designated towns. Their administrative status should be designated by upper layer organizations. Settlements which meet the establishment standard of a city will be designated the status of city either by State Council or the People's government of province, or autonomous region. Settlements which meet the criteria of establishing a town will be designated as towns by the People's government of province, autonomous region, or centrally administered cities. Up till now, one may have these questions in mind: 1) designated cities in China may have different hierarchies because their

¹ Although the document used the term "town (*zhen*)", judging from the context, it actually refers to designated town (*jianzhi zhen*). For example, it specified that such town should be the government seat of county or above county level or with a minimum population of 2,000.

statuses are designated by various layers of government, and what are the centrally administered cities? 2) Since there are designated cities and towns, are there non-designated cities and towns. These questions should be clarified before we discuss the definition of urban settlements further.

Ma (2005) emphasized that contemporary cities in China do not fall under one particular administrative echelon. Actually, they are found at the administrative levels of the province (including autonomous regions and centrally administered cities), prefecture, and county. Thus, cities are differentiated into centrally administered cities, prefecture-level cities and county level cities respectively. Our effort in making such differentiation here has two purposes. One is that it relates to the criteria of defining urban population and the other is to give background information for analyzing the rapid growth of number of cities in later section. All the cities in these three levels should be designated by corresponding level of government organizations, in other words, there is no non-designated city. That's why we only use the term city instead of designated city for non-ambiguity. However, non-designated towns do exist. They are the market towns (*jizhen*). Market towns fall into the category of rural settlement. Therefore, when referring to urban settlements, we are referring to cities and designated towns.

After clarifying the definitions of urban settlements, the issue followed is what are the criteria in defining cities and designate towns. The main concerns for a city or town were the settlement's administrative status, economic functions, size of population and the share of non-agricultural population (Zhang and Zhao, 1998). This is the first criteria by the State Council to lay the foundation for urban and rural division. Future refinement in modifying this is based on the ideology of urban and rural development at that time. Before the new criteria on city and town designation issued in 1984 and 1986 respectively, the State Council adopt a strict criteria² to restrict the growth of cities and towns because of the concern over the explosion of urban population and the agricultural production capacity (State Council, 1963).

The fast growth of rural commodity economy and industry as well as the changing structure of urban industry and demographical structure after the economic reform and

² According to the regulation, a minimum requirement of setting up a town is either a cluster population of 3,000 with non-agricultural population more than 70% or a cluster population of 2,500 with non-agricultural population more than 85%. Compared with the previous requirement (a clustered population of 2,000 with non-agricultural population more than 50%), the new regulation conveyed a signal of anti-urbanism.

opening-up in 1978 rendered the previous criteria for setting up designated towns and cities outdated. Table 1 shows the new criteria of establishing towns and cities. The 1984 criteria for designated towns are still valid nowadays, while the 1986 criteria were amended in 1993. The major criticisms on the 1986 city designation criteria are, firstly, population or economic figure that counties used to apply for city status were not accurate (mostly inflated). Secondly, there was no criteria for the establishment of prefecture level cities. These resulted in the rapid increase in the number of cities which further influenced the statistics of urban population. Then the amendment in 1993 was introduced which is still used today for defining a city (Table 2). The current criteria are more detailed with the examination of population density, industrial structure beside the total population and output. Moreover, for the first time, urban infrastructural status is taken into consideration.

Table 1 - Criteria for Town (1984) and City (1986) Designation

Designated Town (still valid)	Designated City (amend in 1993)
Seats for state organs	Economic center town with non-agricultural population above 60,000, annual GNP exceeds 0.2 billion RMB; for some important towns, such as locating in minority regions, remote areas, borders, tourist districts, though do not meet the above criteria, can still be designated as cities if necessary.
Counties with a total population below 20,000 but county-level government seat have non-agricultural population above 2,000; or counties with a total population above 20000 and county-level government seat have non-agricultural population exceeding 10% of the total population;	For a county with a total population below 500,000, and its government seat town have more than 100,000 non-agricultural population, less than 40% agricultural population and annual GNP more than 0.3 billion RMB; for a county with a total population below 500,000, and its government seat town have more than 120,000 non-agricultural population and annual GNP more than 0.4 billion RMB;
Counties in minority regions, remote areas, borders, tourist district or are center of small mining industry, though with non-agricultural population less than 2,000, can be designated towns if necessary.	For autonomous region county, though its government seat town have less than 100,000 non-agricultural population and annual GNP less than 0.3 billion RMB, it can be designated as city if necessary;

Source: (State Council 1984, State Council 1986)

Table 2 - Current Criteria for Designated City

Criteria			County-level City			Prefecture-level City	
Population	Whole County	Population density	>400	100-400	<100	No requirement	
		Non-agricultural population	>=30%	>=25%	>=20%	>250,000	
			>=150,000	>=120,000	>=100,000		
	Government Seat Town	Non-agricultural population	>=120,000	>=100,000	>=80,000	>200,000	
Non-agricultural population with Non-agricultural <i>Hukou</i>		>=80,000	>=70,000	>=60,000	No requirement		
Economic	Above township level (or urban district for prefecture-level city)	Proportion of 2 nd sector in the sum of 1 st and 2 nd sector output	>=80%	>=70%	>=60%	>80%	
		Output of 2 nd sector (Billion RMB)	>=1.5	>=1.2	>=0.8	The Sum of 1 st and 2 nd sector Output>30%	
		GDP	Total (Billion RMB)	>=1	>=0.8	>=0.6	>2.5
			Tertiary	>20%	>20%	>20%	>35% and exceed 1 st industry output
		Local Financial Revenue	Total (Million RMB)	>=60	>=50	>=40	>200
			Per Capita (RMB)	>=100	>=80	>=60	
Infrastructure	Urban District	Tap water coverage	>=65%	>=60%	>=55%		
		Surfaced road coverage	>=60%	>=55%	>=50%		
		Drainage system	Relatively Good	Relatively Good	Relatively Good		

Source: (State Council , 1993)

1.2 Urban Population Enumeration

China's urban population has been a "demographic mystery" since the early 1980s (Ma, 1983). The constantly changing definitions of urban places is one factor as we have discussed above. Another major problem involved is inconsistent criteria of urban population statistics. Such inconsistency can be divided into two aspects. One is the coverage of urban settlements. Although we have come to a clear definition for urban settlement, it is on the administrative aspect and there are occasions that designated towns or county-level cities may have a relative small urban built up area, then it is inappropriate to take the entire coverage into consideration. The statistics of urban population should consider what coverage of urban settlements could be taken into consideration. The other is the population within the above coverage. The presumption for urban population is that those people are involving in non-agricultural sector of employment. In China, the situation is complicated for the involvement of Household Registration (*Hukou*) System which divides the population into agricultural and nonagricultural *Hukou* population³. Another issue about population is that for how long a person stays within the area can he/she be counted as urban population. This section will give a comprehensive picture on these questions.

Since 1949, China has five national Censuses. They had been conducted in 1953, 1964, 1982, 1990 and 2000 respectively. For the first three, the entire urban settlements were taken into consideration for urban population statistics. It is for the reason that the State Council adopted strict criteria to restrict the growth of cities and towns before 1986⁴. Such strict criteria may render the cancellation of small designated towns or degradation of small cities to designated towns, but for the purpose of analyzing the macro-picture of China's urban population growth, this did not seem to pose any great problem, particularly regarding the cities and larger towns at that time hold 95 per cent of the urban population (Chan and Xu, 1985).

As for the consideration of population, Census 1953 calculated the total residence population (*changzhu renkou*)⁵ of cities and towns (TPCT) which generated the urbanization

³ For the purpose of grain distribution and resident control, the Household Registration System made the division of "agricultural" and "non-agricultural" population. The "non-agricultural" population had the entitlement to receive commodity grain (*shang pin liang*) from the state while the "agricultural" population had not. Such distinction may not reflect the actual nature of an individual's occupation or residential location. For example, rural commune members working in non-agricultural jobs, in the forms of contract workers (*hetong gong*), temporary workers (*linshi gong*), or in the categories of "both workers and peasants (*yinong yigong*) in urban areas, are classified under the household registration of "agricultural" population because they are still tied directly to the communes and as such are not eligible for commodity grain or other urban rations (Chan and Xu, 1985).

⁴ It was since the adoption of tight criteria for cities and towns designation in 1963 as we have mentioned before.

⁵ In the Census system, population is collected for their place of residence. For the first four Census, a person is counted in the resident of a place where s/he is residing on census day if s/he had left the place of their household registration for a year or

level of 13.26 per cent (National Bureau of Statistics 1954) while Census 1964 calculated only the non-agricultural population in cities and towns (NPCT). It is clear that 1964 Census under-represented the real level of urbanization with the urbanization level of 14.10 per cent⁶ (Zhou and Ma, 2003). The reason for using the NPCT was that the country was in the wake of the failure of the Great Leap Forward (1958-1960) (Zhou and Ma, 2003) and the Three Year Natural Disaster almost overlapped the period (1959-1961) causing a pervasive shortage of commodity goods in cities. The statistical priority at that time should provide relative accurate number for distribution of commodity goods rather than fulfill the estimation of an accurate calculation of urban population for the professionals that virtually non-existed at that time (Chan and Xu, 1985). In the 1982 Census, it turned back to count the total population of cities⁷ and towns and found that urban population accounted for 20.6 per cent of the total population (National Bureau of Statistics 1982), such ratio was widely seen as a fair representation of the level of urbanization at that time because the size of the agricultural population within the administrative boundaries was small (Chan and Xu, 1985; Zhou and Ma, 2003, and Shen, 1999).

But at the beginning of the household registration (*hukou*) system⁸ and the relaxed criteria of designating cities and towns inflated the actual urban settlement statistics of urban population further. According to the first criteria of the 1990 Census which is consistent with the 1982's, the urbanization level in 1990 is 53.21 per cent. This figure is clearly too high to be acceptable as a reasonable level of China's urbanization level (Zhou and Ma, 2003). Therefore, from then on, the effort in generating a reasonable urbanization figure is to make a decision on what the coverage of urban settlements should be taken into consideration for statistical purpose. The second criteria of the 1990 Census made the first attempt and laid the foundation for the later criteria by introducing the division of "cities with districts" (*shequ de shi*) and "cities without districts" (*bu shequ de shi*)⁹. There are three sets of criteria to approach to actual urban population issued in 1990, 1999, and 2006 respectively. Table 3 summarizes these criteria.

more; while in the most recent Census, the timeframe has shorten to six month.

⁶ This figure is rarely seen in official publications as all subsequent Statistical Yearbook by State Statistical Bureau give a figure of 18.4, the adjust TPCT.

⁷ Excluded the counties within the boundary of a city.

⁸ It was since 1984 when State Council issued the "Circular of the State Council Concerning Peasant Settle down in Market Towns" that started the reform of *Hukou* system.

⁹ These two concepts are from China's Constitution. According to the Article 53 in Constitution, Centrally administered cities and "relatively large cities" (*jiaoda de shi*) have districts. The "relatively large cities" is a legal status approved by the State Council. It consists three types: 1) provincial capital cities; 2) special economic zone cities; and 3) other cities approved by the State Council.

Table 3 - Coverage of Urban Settlements for Urban Population Statistics

	Cities		Designated towns	
	With districts	Without districts	Under the administration of cities without districts	Under the administration of counties
1990 (II)	Entire districts		Street Offices	Residence Committees ¹⁰
1999	D \geq 1500 Entire districts	D<1500 District government seats and other Street Offices ¹¹	City government seats and other Street Office	Town government seats and other Street Offices;
2006	Resident Committees under Street Offices; Other Resident Committees or Villager Committees reached by city infrastructure or residence facility		Resident Offices under the administration of towns; Villager Committees reached by city infrastructure or residence facility	

Notes:

1. For special places beyond cities and towns, such as industrial and mining zones, development zones, tourist zones, science and research zones as well as colleges and universities, if their population exceeds 3,000, they are considered as towns, calculation of urban population in these places accords to the criteria of designated town;
2. In 1999's criteria, if the built up area of seats of Peoples Government (including both cities and towns) have extended to adjacent towns or townships, then the whole area of towns or townships should be counted.
3. D is the abbreviation of Density; the unit is persons per square kilometer.

Source: National Bureau of Statistics 2006, National Bureau of Statistics 1999, National Bureau of Statistics 1992

Based on the criteria of 1990 (II), urbanization level is 26.23 percent in 1990 (National Bureau of Statistics, 1990), which is more consistent with the result of previous Census result (Zhou and Ma, 2003). The major problem of the 1990 (II) criteria is that it over-counted the urban population in the category of “cities with districts” by counting the population of the entire districts while under-counted the urban population in the category of “cities without districts” and “designated towns” by only counting population within the Street Office and Residence Committee respectively. Therefore, some scholars argued that the figure is too small if rapid economic development and rural urban migration were taken into consideration (Chan 1994; Shen 1999).

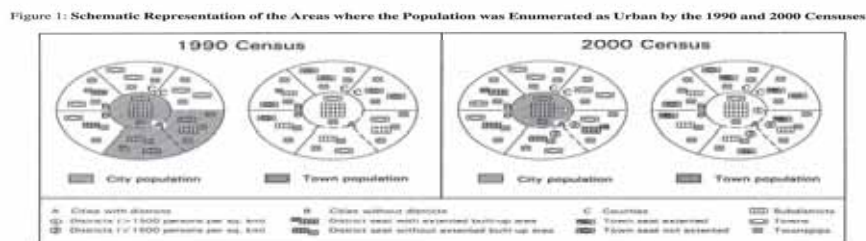
The criteria in 1999 introduced the density indicator to further classified “cities with

¹⁰ Residents' committee is a form of neighborhood organization that acts as a linking mechanism between the government branch and ordinary citizens.

¹¹ City districts and cities without district could set up Street Offices (*jiedao banshichu*) as their agencies. It is the terminal of government branch. There are several resident committees within the administrative region of a Street Office.

district” into two types. For districts whose population density exceed 1,500 persons per square kilometer, the residence population within the entire districts is counted; for districts whose population density less than 1,500 per square kilometer, only the residence population with district government seats and other street offices (typically urbanized places) is counted; and if the built up area of seats of Peoples Government (including both cities and towns) have extended to adjacent towns or townships, then the whole area of towns or townships should be counted. These two measures reduce both the errors of over-counting and under-counting of urban populations in different urban settlements. Zhou and Ma (2003) sketched up a map which facilitates our understanding of the differences between the 1990 and 1999 Criteria (Figure 1).

Figure 1 - Schematic Representation of the Areas where the Population was Enumerated as Urban by the 1990 and 2000 Censuses



Note: 2000 Census adopted the 1999 Criteria

Source: Zhou and Ma 2003, p.186

In the 1999 criteria, China’s urbanization level reached 36.09 percent in year 2000, with 9.86 percent increases from the previous census result (NBS, 2001). This figure is acceptable to many researchers (Zhou and Ma, 2005; Chan and Hu, 2003). In 2006, the 1999 criteria had been revised. The new criteria are believed to be a step forward to get ready for the next Census (National Bureau of Statistics 2006). The effort of the new criteria is to unify the statistical criteria. It demolishes the density criteria which used to classify the “cities with districts” and use the same criteria (Residence Committee) for calculating urban population for cities (regardless whether they are “with” or “without” districts) and designated towns.

Since each set of criteria is different, it is hard to generate a consistent annual urbanization

data. An alternative is made by adjusting the annual sampling survey data according to the Census criteria (please see the notes in table 6 for the details of the adjustment system) (Table 4).

Table 4 - Urbanization Level (1978-2007)

Year	Urban Population (in millions)	Urbanization Level
1978	172.45	17.92
1979	184.95	18.96
1980	191.40	19.39
1981	201.71	20.16
1982	214.80	21.13
1983	222.74	21.62
1984	240.17	23.01
1985	250.94	23.71
1986	263.66	24.52
1987	276.74	25.32
1988	286.61	25.81
1989	295.40	26.21
1990	301.91	26.41
1991	305.43	26.37
1992	323.72	27.63
1993	333.51	28.14
1994	343.01	28.62
1995	351.74	29.04
1996	373.04	30.48
1997	394.49	31.91
1998	416.08	33.35
1999	437.48	34.78
2000	459.06	36.22
2001	486.04	37.66
2002	502.12	39.09
2003	523.76	40.53
2004	542.83	41.76
2005	562.12	42.99
2006	577.06	43.90
2007	593.79	44.90

Notes: 1) data before 1982 refer to the non-agricultural population; data from 1982 to 1989 are adjusted on the base of 1990's Census; data from 1990 to 2000 are adjusted on the base of 2000's Census; data from 2001 to 2004, 2006 and 2007 are adjusted based on annual population survey¹²; data of 2005 is adjusted

¹² The annual population survey, which has been practiced for 20 years since 1983, is one of the major channels both at the national and provincial level to obtain annual population data.

based on one percent sampling in 2005¹³; 2) Census data captures the time spot of Nov.1st while data in this table document the data of Dec.31th; for example, according to Census 2000, the urbanization level is 36.09 (Nov.1st,2000) while in this table the urbanization level is 36.22 (Dec.31th, 2000).

To this end, we have clarified issues of defining urban settlements and statistics of urban population. In the following section, the pattern of China's urban growth will be examined.

2 Urban Growth Pattern

The issue of urban growth has three dimensions, namely numeric growth of urban settlements, morphological growth of urban area, and urban population growth. In this section, these questions will be discussed respectively.

2.1 Growth of Urban Settlements

As we have discussed in above section, the criteria for setting up towns and cities has been relaxed in the post-reform period, considering the fast growth of rural commodity economy and industry and the role of cities in the contribution to national economy. Thus, policies favoring the establishment of urban settlements were issued which has been boosting the growth of urban settlements (Chung and Lam, 2004). The State has focused on the cities as the major driving force for carrying out economic reforms (Fitzgerald, 2002) and as engines of regional economic growth (Ma, 2005). This has brought about spatial policies favoring city development. Ma (2005) summarized three of them. They are city administering counties (*shi guan xian or shi dai xian*), county upgraded to city (*xian gai shi*), and annexation of suburban counties by city (*che xian gai qu*). The policies for setting up designated towns are less complicated. It involves the upgrading of townships to designated towns (*che xiang gai zhen*). In this section, we will focus on the setting up of cities only and then the growth pattern of urban settlements will be examined.

City administering counties, county upgraded to city, and annexation of suburban counties by city have different implications to the growth of cities in different administrative hierarchies. Before discussing these implications, let's take Guangzhou municipality as a case to illustrate these policies. Guangzhou municipality now comprises two county-level cities (*Conghua and Zengcheng*) and ten city districts. These two county-level cities are formerly counties, but upgraded into cities in 1993 (*Conghua*) and 1994 (*Zengcheng*) respectively under the policy of "county upgraded to city". They are affiliated to the provincial government and

¹³ The Census we have discussed above is carried out every ten years, since the rapid change of population data, the National Bureau of Statistics hold a "one percent" sampling survey between two Censuses, normally, it is at the middle year between two Census years.

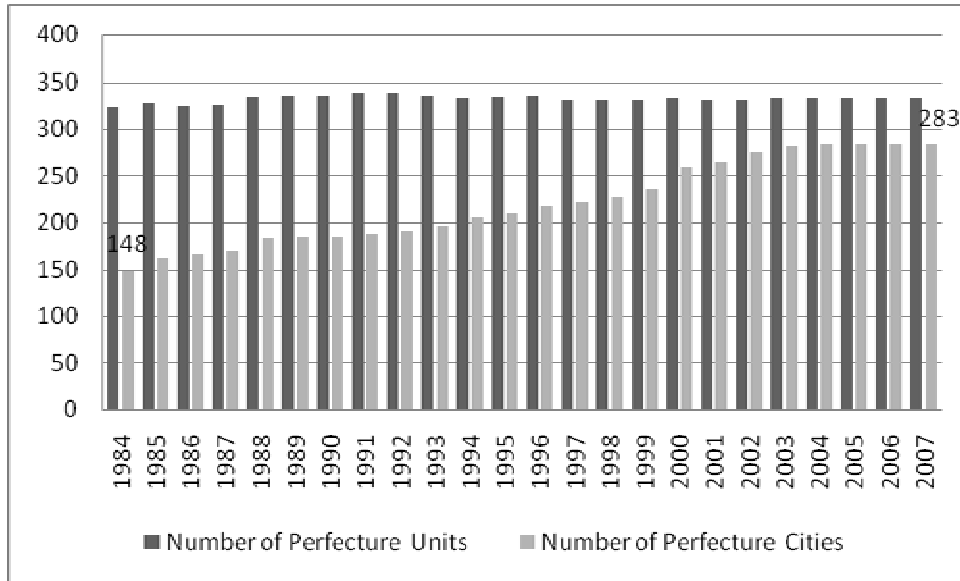
Guangzhou is mandated to govern this two country level cities. Before this change, the former counties were also governed by Guangzhou under the policy of “city administering counties”. Two of the city districts (*Panyu* and *Huadu*) were former counties but converted into city districts in 2000 under the policy of annexation (GZ.GOV 2009).

The policy of “city administering counties” was passed in 1959’s National People’s Congress and made into law for the first time. However, the decade of Great Cultural Revolution (1966-1976) held back the policy. It was not until 1982 that the policy revived and spurred the growth of prefecture-level cities (State Council, 1982). The policy can be realized in four ways as summarized by Liu et al. (1999) : (1) demolishing the former prefectures (*diqu*) and form a new prefecture-level city, the counties under the previous prefectures are now administered by prefecture level cities¹⁴ ; (2) upgrading existing county-level city to prefecture-level city; (3) upgrading newly established county-level city to prefecture-level city; (4) directly upgrading the county to prefecture-level city. It is only at or above¹⁵ the administrative level of prefecture city that can “administer counties”. The formation of prefecture cities were dominated by the first method. The number of prefectures was around 330 from 1984 to 2007 which means that the process of upgrading seldom happened. However, the number of prefecture- level cities increased 91 per cent (from 148 to 283) during the same period. Nearly all the changes are by turning the prefectures into prefecture cities. Due to the policy of “city administering counties”, atn the end of 1999, there was 97 percent of the cities at or above the prefecture-level had subordinate countries under their jurisdiction (Liu et al., 2002, cited by Ma, 2005). Overall, the number of prefecture-level cities goes up steadily in the post-reform period, with a sudden increase in 1983 that coincided with the issue of “city administering county” policy in 1982.

¹⁴ This process is known as *che di she shi* (demolishing prefectures and setting up cities); or *dishi he bing* (merge prefectures with city).

¹⁵ Administratively above the level of prefecture city refers to the centrally administered city.

Figure 2 - Numbers of Prefectures and Prefecture Cities



Source: China Statistical Yearbook (various years)

It was through the policy of “upgrading county to city” that the majority of county-level cities were set up. The practice in the pre-reform period was “carving out a block of area with urban characteristics (such as a county seat or town with a significant concentration of population and economic activities) that met the state’s criteria for establishing a city” or upgrading part of the county to city (*qiekuai sheshi*) (Ma, 2005, p. 490). However, because the “upgrading county to city” (*xian gai shi*) policy has a lot of benefits¹⁶, it dominates the post-reform period. From 1984 to 2007, the number of county-level cities surged nearly 1.5 times. As Table 5 shows, the number of cities established in this way was 401, accounting 95 percent of the total number of new county-level cities established between 1983 and 1996.

¹⁶ Liu et al. summarized four: firstly, it reduces the barriers between town and country by making the whole country into a city; secondly, it guarantees the newly established city have sufficient hinterland for further development; thirdly, streamline government organs; fourthly, simplicity of operation since it only change administrative level rather than touching upon the physical administration. (Liu et al., 1999)

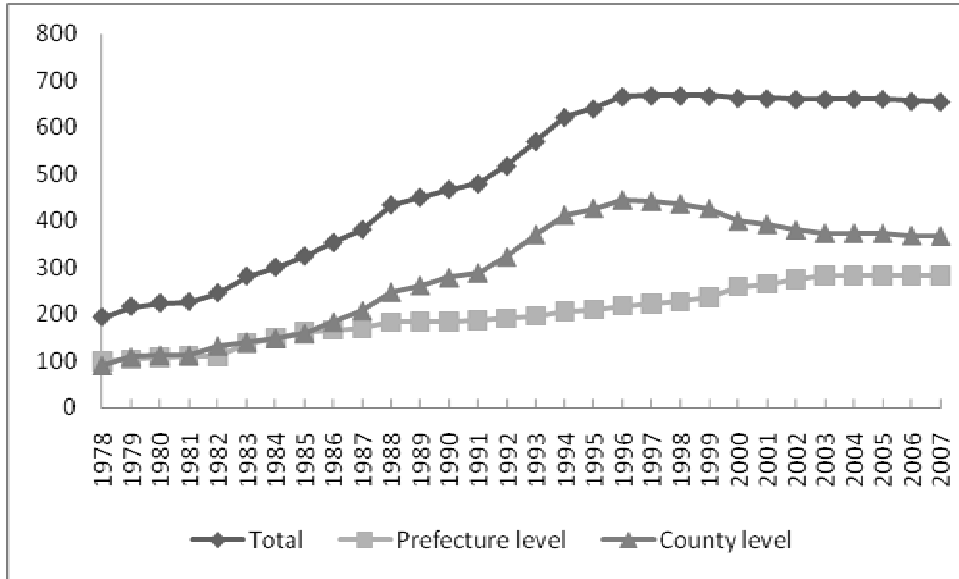
Table 5 Comparison of Two Major Ways of Establishment of Cities

Year	<i>Upgrading of Part of the County to City (qiekuai sheshi)</i>		<i>Upgrading of County to City (xian gai shi)</i>	
	Number	Percentage	Number	Percentage
1983	5	11.4	39	88.6
1984	1	8.3	11	91.7
1985	5	20.8	19	79.2
1986	3	10.3	26	89.7
1987	1	3.3	29	96.7
1988	4	7.5	49	92.5
1989	0	0.0	16	100.0
1990	2	11.8	15	88.2
1991	1	8.3	11	91.7
1992	0	0.0	38	100.0
1993	0	0.0	53	100.0
1994	0	0.0	53	100.0
1995	0	0.0	19	100.0
1996	3	11.5	23	88.5

Source: Pu (2006), p. 101-102

The dominant role of the second way of setting up cities would enhance the likelihood of “inflated urbanization” by regarding the entire county as county-level city which included large percentage of rural population (Ma and Cui, 1987; Chung and Lam, 2004). Wang (2005) went further to point out that the policy leads to pseudo-urbanization similar to that in some other Third World country cities. “In the case of Guangdong, of its 33 county-level cities, only one (Sanshui) had a 50 percent ratio of non-agricultural population while 11 had less than 20 percent” (Chen and Li, cited in Chung and Lam 2004, p. 953). For this concern, the State Council ended the practice of county upgrading to city in 1997. The number of county-level city dropped steadily since then (Figure 3).

Figure 3 - Number of Cities in Post-reform Era



Source: China Statistical Yearbook (various years)

The policy of annexation enables the prefecture-level cities annexed counties or county level cities and transformed the latter into the urban districts of the former (Zhang and Wu, 2006). It contributes to the expansion of land to the prefecture-level cities. The annexation process between 2000 and 2002 in the Yangtze River Delta increased the urban scale phenomenally, with an overall increase rate of four times. The pace of annexation accelerates throughout the 1990s and remains unabated these days. This is largely because the increased demand for land by these cities both for accommodating the rising number of urban dwellers and industries and lucrative real estate development. The problem of annexation, despite the resistance of the counties for losing independent decision making power (Chung, 2008), is also concerning the issue of inflated urbanization by taking counties anything but urban into urban districts (Chung and Lam, 2004).

Table 6 - Annexation into City Districts in the Yangtze River Delta (2000.12-2002.4)

City	Prefecture Level City		Ratio
	Before annexation (km2)	After annexation (km2)	
Nanjing city	1,026	4,728	4.61
Yangzhou city	148	973	6.57
Zhenjiang city	273	1,083	3.97
Suzhou city	392	1,650	4.21
Wuxi city	517	1,631	3.15
Changzhou city	280	1,864	6.66
Hangzhou	683	3,068	4.49
Ningbo city	1,033	2,560	2.48
Total	4,352	17,557	4.03

Source: modified from Zhang and Wu (2006), p. 12

Compared with city establishment, town designation went through a similar process of “upgrading of township to town” (State Council 1984). The rapid development of Township and Village Enterprises (TVEs)¹⁷ contributed to the growth of designated towns from the early 1980s to late 1990s. The number of designated towns surges nearly nine times in the post-reform period (Figure 4).

Figure 4 - Growth Trends of Designated Towns

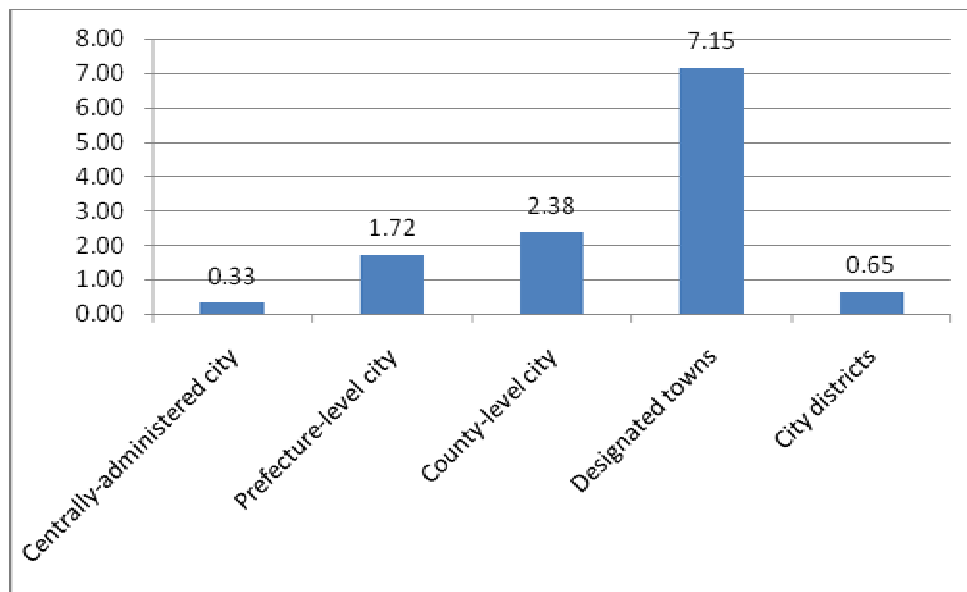


Source: China Civil Affairs Statistical Yearbook

¹⁷ We will discuss TVEs development in the section of urbanization stages, here we present the growth number of designated town only.

Figure 5 shows the various increase rates of the growth of urban settlement in different administrative levels. Throughout the whole period, the number of designated towns increases fastest, followed by that of county-level cities and then prefecture cities; in 1997, Chongqing was added to the group of centrally administered city and it was the only occasion that change happened in this group. It can be concluded that cities with higher administrative levels subjected to fewer changes, the most vibrant changes occurred in designated towns.

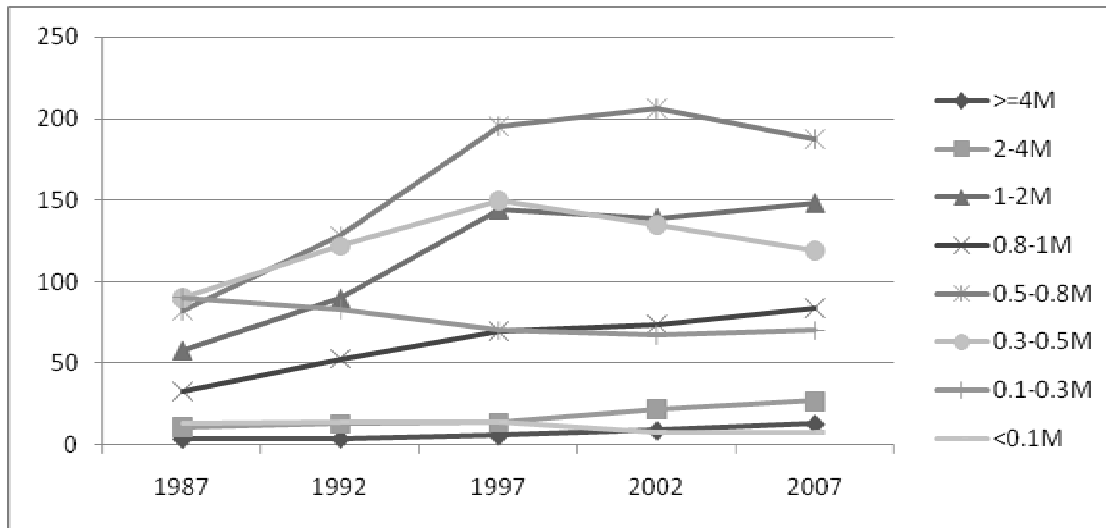
Figure 5 - Increase Rate of the Number of Cities in Different Administrative Levels



Source: China Statistical Yearbook (various years)

Then, how is the growth rate of cities in different sizes? Two groups of cities with largest population size (≥ 4 million and between 2 million to 4 million) growth steadily in the past two decades, from 4 to 13 and 11 to 27 percent respectively. The third and fourth largest population size cities (between 1 million to 2 million and 0.8 million to 1 million) grew rapidly from 1987 to 1997, both enjoyed a 100 percent growth in number; then both trends level off in the recent decade. The number of the fifth largest population size cities dominates in the past two decades, it shot up to 195 in 1997 and went slightly down in the recent decade. But it still has largest number of cities. The sixth largest population size cities experience ups and downs in the past two decades. It went up from 90 to 150 in the first decade, then drops to 119 in 2007. The numbers of cities in last two groups are relatively stable. The numbers of these cities steadily go down from 90 to 70 and 13 to 7 respectively. The overall trends of number of cities in different groups in the most recent decade are that the number of cities in the first four largest population size groups increases (0.8 million or above), the number of cities in fifth largest population size groups remains stable, while number of three smallest city sizes groups drops (Figure 6).

Figure 6 - Numbers of Cities in Different Population Sizes



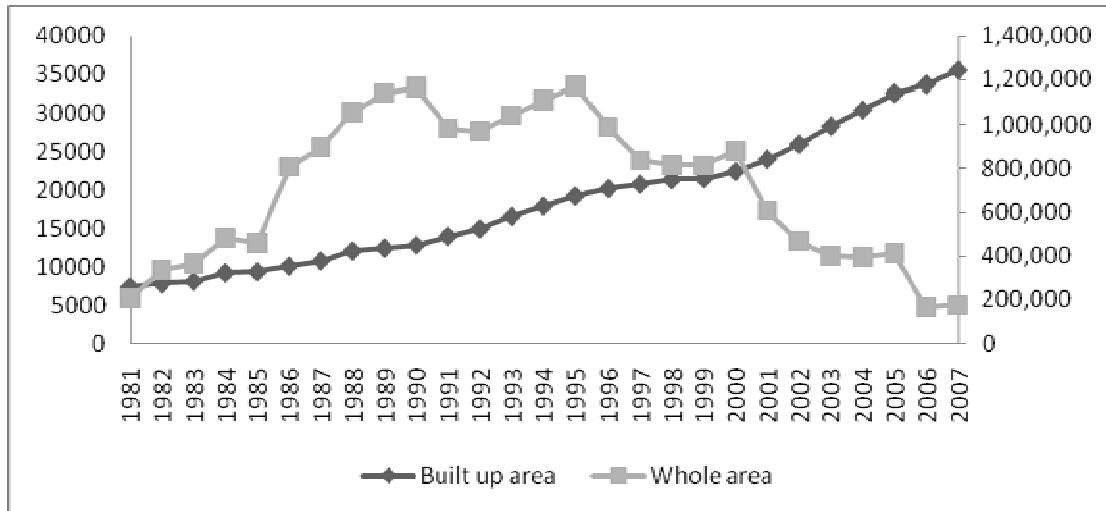
Note: M is the abbreviation of million

Source: Nationwide Counties and Cities Population Statistics (various years)

2.2 Growth of Urban Areas

There are two aspects of understanding urban area, one is from the administrative aspect, referring to the whole area within the boundary of a city, and the other is from the actual development aspect, the built-up areas. The previous one is highly subject to the administrative change of urban settlements that we have discuss above. As the light grey line in figure 7 shows, the growth of the whole area is irregular. However, when looking to the indicator of built-up area which shows the actual growth a city, the post reform era witnesses a constant growth. Such growth can be further divided into two stages with various growth rates. From 1981 to 1999, the annual expansion of urban built area is around 800 square kilometers; while that since 1999 has been around 1,700 square kilometers.

Figure 7 - Whole Urban Areas and Built-up Areas (km²)



Note: Figure of whole area on and before 2005 refers to the whole area of the city, while figure after that refers to whole area of city proper only.

Source: China’s Urban Construction Statistical Yearbook (2007)

Such rapid urban development in last decade transforms China’s spatial patterns, giving birth to the mega-city region - a cluster of contiguous cities or metropolitan areas, administratively separate but intensively networked in various ways. It is regarded as a specific urban form resulting from high level of urbanization (Gottmann 1961, Scott 2001, Zhou 1991, Hall and Pain 2006). Globally, there are now 20 mega-city regions with over ten million residents. Not only almost 20 per cent of the world’s population is now living in (mega) city regions but the remaining is becoming increasingly dependent on these regions for its economic survival and livelihood. Mega-city regions expand even faster into urbanized locations of over 50 million inhabitants in developing countries such as China.

China’s most developed mega-city regions are the Yangtze River Delta, Pearl River Delta and the Bohai Sea Rim, these regions have been regarded as the hub areas of Chinese economic growth (Zhang and Wu, 2006). These three regions, with less than three percent of the national territory, account for 14 percent of the country’s population, generate 42 percent of the country’s GDP and attract 79 percent of foreign investment fluxed into the country in 2007 (MOHURD, 2008)¹⁸.

Besides these renowned regions, there are many other emerging regions such as the Shandong Peninsula Region, Shenyang-Dalian regions and Chengdu-Chongqing regions. The

¹⁸ MOHURD is the abbreviation of Ministry of Housing and Urban-rural Development of the People’s Republic of China

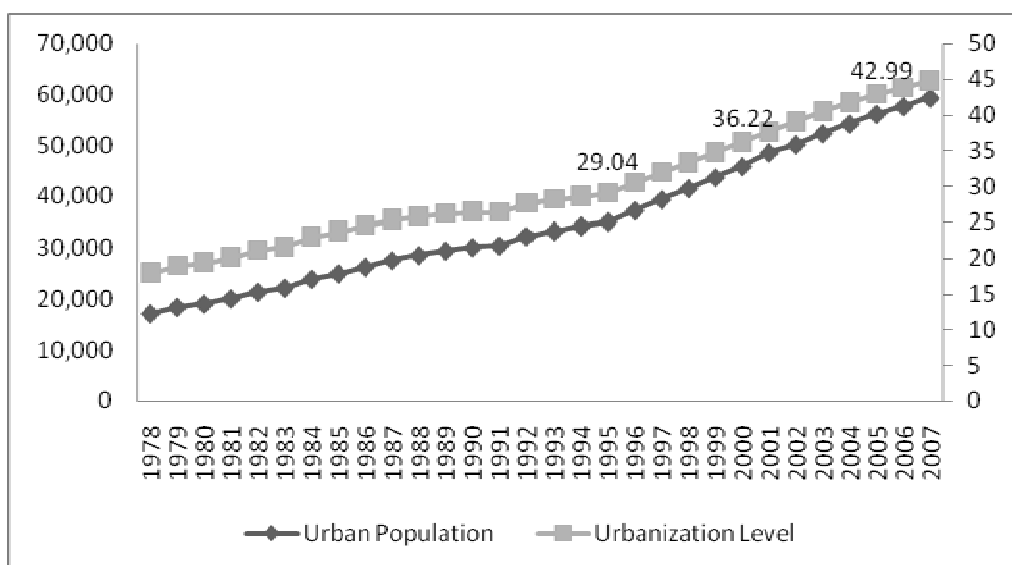
role of these mega-city regions in China's development will be significant. Recent research and the national policy focus on the effort of building more integrated megacity regions to coordinate the development of cities (Yeh and Xu, 2008)

Across the nation, the growth of urban areas is also uneven. The Eastern region where the above three most developed mega-city regions located continues to dominate. In 2007, it accounts for 56 per cent of the built-up areas of the nation, while the Central and Western region account for 29 percent and 15 percent respectively (China Urban Construction Statistical Yearbook, 2007, online). The index of built-up area shows the actual development of urban settlement which indicates the Eastern region is growing faster. When examining the city district areas, the Eastern region goes further by accounting for 61 percent of the nationwide figure, while the Central and Western region only share 27 percent and 12 percent respectively. The figure indicates another aspect of development - the vibrant administrative changes occur in the Eastern region (ibid.).

2.3 Growth of Urban Population

It took three decades (1949-1978) for China's urban population to double from 10.6 percent to about 17.92 percent of the total population, whereas it doubles the figure to over 45 percent in another three decades (1978-2007). Figure 8 shows the urban population growth and urbanization level in the past 30 years. China has entered the accelerate stage of urbanization since mid-1990s (Pannell 2002).

Figure 8 - Urban Growth and urban Population in Post-reform Period



Source: Nationwide Counties and Cities Population Statistics (various years)

The growth of urban population has three sources, i.e. the natural increase of urban population, rural-urban migration, and the reclassification of urban and rural administration status (Pacione, 2001). We have analyzed the third factor in previous section, thus the other two factors will be examined in this section.

The number of migrants accelerated in the early 1980s because of loosened restrictions. The 1987 National Survey estimated that there were 30.5 million migrants at that time, representing 2.9 percent of the total population. The development of TVEs in towns during this period served as a major outlet for the rural migrants. Farmers were attracted to village and township industries (Oi, 1999). Migration keeps growing rapidly. The number of migrants surge up to 147.35 million according to the latest National Survey in 2005. One third of the migrants makes inter-provincial movement. China is called “a country on the move” (Fan, 2007). Then, how does the migration contribute to urban population growth? Many studies suggest that rural-urban migration has made major contribution to the rise of urban population in the post reform era. Calculating the net migration among cities, towns and rural from 1982 to 1987, Goldstein (1990) found that more migration is urban-oriented, Table 7.

Table 7 - Net Migration among Various Settlements

1987 Residence	Place of Origin			Total
	City	Town	Rural	
	Net Migration (Thousands)			
City	--	+386	-6147	-5761
Town	-386	--	-6793	-7179
Rural	+6147	+6793	--	+12940
Total	+5761	+7179	-12940	--

Source: Goldstein (1990), p. 685

Wu (1994) estimated that among the urban population increase from 1978 to 1990, 78 percent was from migration; Zhang and Song (2003)’s research showed the ratio between natural urban population growth and migration is 74.88 to 25.12. Chan and Hu (2003)’s estimation showed that migration dominated urban population growth in post reform era. It accounted for 78 percent (1978-1982), 74 percent (1983-1990), and 80 percent (1991-2000) respectively. Though some minor inconsistency among these figures, it is still clear that migrant population made up a large proportion of the increase in urban population.

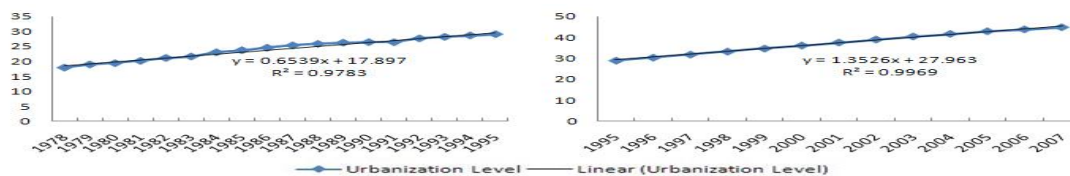
Huge number of migrants is a common phenomenon of urbanization among the

developing countries. The uniqueness of China’s case is that there is a huge number of “floating population” with temporary residence status engaging in temporary jobs while in other developing countries many are permanent and family migration (Yang and Zhou, 1999). As many researchers have pointed out, the partially relaxing household registration (*hukou*) system is one of the crucial factors that restrict the rural urban migrants to gain permanent resident status in cities (Shen, 1995; Solinger, 1999; Chan, 1994; Chan and Zhang, 1999, and Goldstein, 1990). Chan (1994a) calls the household registration system the “invisible walls”. The number of temporary migrants increased from 11.12 million in 1982 to 29.51 million in 1990, and then to 67.1 million in 2000 (Zuo, Zhang and Yang, 2002). This group of urban population is highly related to the job opportunities in cities and towns and thus they are suffered most in the current economic crisis.

3 Urbanization Stages

Post-reform urbanization goes through a rapid process (Lin 2002). Further looking into the trend of post-reform urbanization, it can be divided into two stages with various growth rates. Figures 9 show China’s urbanization process and curve fitting.

Figure 9 - Curve Fitting of Urbanization Process (1978-1995, 1995-2007)



Urbanization went through a perfect liner growth in both stages, with the R square of 0.9783 and 0.9969 respectively. The annual growth rate of the first stage was 0.65 percent while the second saw a higher growth rate of 1.35 percent. The figure indicates two stages of development in post-reform urbanization. There are two distinct stages of urban development in post-reform era. The first stage is *in situ* urbanization in rural China, while the second stage is the process of city-centered urbanization (McGee et al., 2007, Wu; Xu and Yeh, 2007).

3.1 Rural Urbanization

Post-reform urbanization was spurred by rural surplus labor. In 1978, 18 farmers in

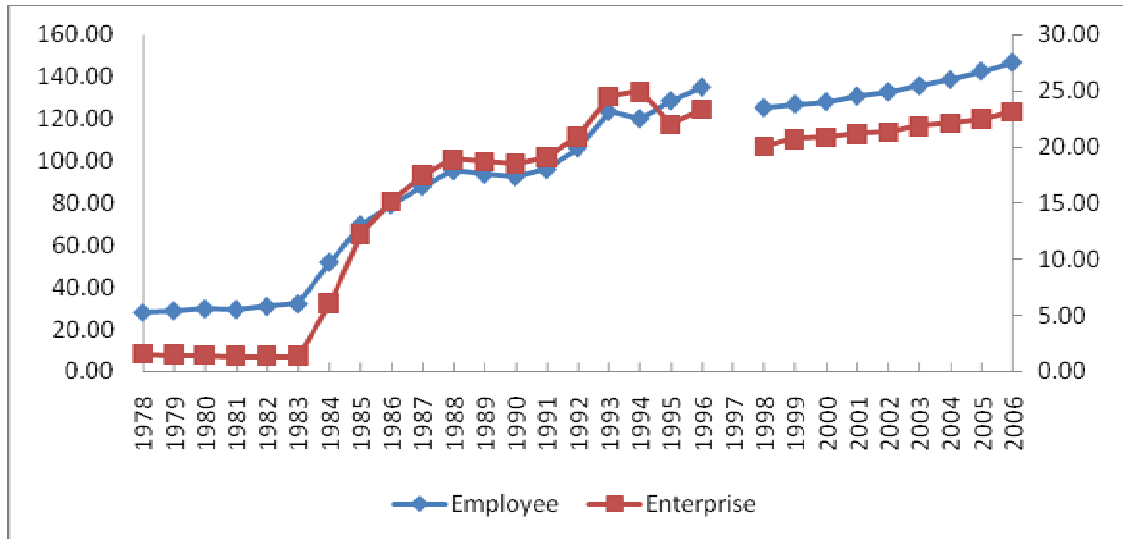
Xiaogang village (east Anhui province), signed a secret agreement to divide communally owned farmland into individual pieces called household contracts, thus inadvertently lighting the torch for China's rural revolution (China.org.cn, 2008). Their action triggered the collapse of the People's Commune system in rural China and the establishment of the Household Responsibility System (HRS) which allowed farmers to retain surplus over individual plots of land rather than farming for the collectives (Yang, 1996). The decomposition of the Commune System and the establishment of HRS did not only increase the rural productivity which was essential to sustain more urban population. More importantly, it generated a huge number of surplus farm labors. According to Taylor and Banister's estimation, each year between 1982 and 1987, the number of surplus rural workers exceeded 100 million and the surplus rural labor rates, ranging between 33.5 and 42.5 percent, more than one third of the rural labor force (Ma and Lin, 1993). The labor surplus needs proper outlets.

The outlets were provided by TVEs. In the meantime, the relaxation of the household registration system facilitated the population flow by allowing "self-supplied grain" rural population to make a living in small towns¹⁹. This policy rendered the short-range migration flow, which was known as *in situ* urbanization (Zhu, 1999). TVEs helped to absorb numerous surplus labors in rural areas and thus facilitated the process of urbanization from below. Scholars have identified different models to understand the dynamics of the flourishing growth of TVEs. The "South Jiangsu Model" features the role of prosperous collective industry in rural development (Ma and Fan, 1994). The 'Wenzhou Model' stresses the importance of private sector in the overall dynamics of urbanization (Liu, 1992). The 'externally driven exo-urbanization' highlights the significance of overseas capital in facilitating rural industrialization in the Pearl River Delta (Eng, 1997, Fan, 1996, Sit and Yang, 1997). In all these models, the development of TVEs had played a vital role in developing small cities and towns. Just as the famous Chinese sociologist Mr. Fei Xiaotong once pointed out - 'Small cities, big issue'.

The 1980s witnessed a majority of surplus agricultural labors turning to the non-agricultural employment in TVEs. The number of TVES as well as jobs they created grew rapidly especially from 1984 to 1995 (Figure 10).

Figure 10 - Number of TVEs and Employments (in Millions)

¹⁹ A Notice Allowing Rural Workers to Work in Market Town issued in 1984



Note: the data of 1997 is excluded, for its inconsistent statistical report
 Source: China Labor Statistics Yearbook (2007)

Since the late 1990s, TVEs have come to a stagnant growth because of keen competition from enterprises in the cities with sufficient funds and advanced technologies. Bai (2008) argues that the TVEs decline because of a number of reasons, such as the lack of agglomeration and economies of scale, inadequate infrastructure, and inaccessibility to domestic and international markets. There is also a widespread concern on the environmental externalities caused by TVEs. Worse still, the 1997 Asian Financial Crisis brought many TVEs into bankruptcy. The rural surplus labors need a new outlet. In response, the central government further relaxed the household registration (*hukou*) system²⁰ to encourage migrant workers to seek jobs in large cities. It heralds a new era of urbanization.

3.2 City-centered Urbanization

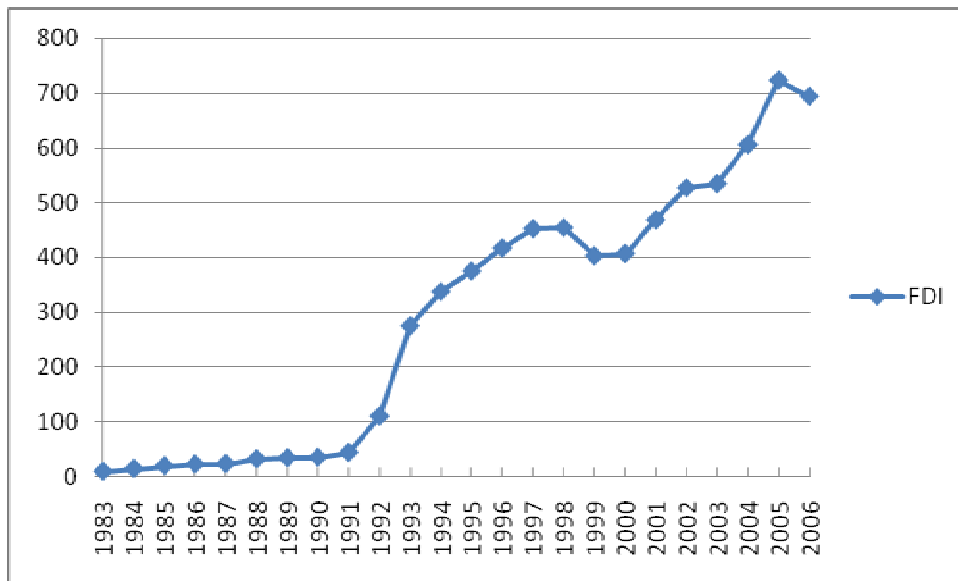
This new era of urbanization came with a rapidly restructuring urban space because of a series of reforms like the land reform in late 1980s, tax division system in 1994 and housing reform in late 1990s. In particular, land reform since the late 1980s had heralded an era of rapid urban growth and spatial transformation. It introduced land market to replace the traditional administrative land allocation in which users were given pieces of land free of charge and without time limit. A paid transfer of land use right has been established and government can lease land to users through negotiation, tender and auction. Revenue obtained from land lease is used to improve urban infrastructure which in turn can improve accessibility and thus open

²⁰ Blue Mark *Hokou* policy in early 1990s granted the rural workers who invested certain amount money in the designate city or practiced a decent job there a recognized status to live in cities. Then, in 1997, the State Council endorsed the document from Ministry of Public Security named Pilot Plan for Household Register System in Small Towns further shake the System; in the latest reform in early 21st century, many provinces and cities start to demolish the demarcation of *Agricultural Hukou* and *Non-agricultural Hukou* by integrating them as residential *Hukou*.

up new land for development (Wu, Xu and Yeh, 2007). The Tax Division System in 1994 triggered the local authorities' initiative to development at an unprecedented stage which led to the city-centered urban development in the new stage. The central government realizes that the increase of productivity can only be achieved in the way of stimulating the local or individual's initiatives. The tax division system boosts the initiatives of the local authorities and then the cities development. Local governments need to wrack their mind for the solution of increasing revenue for a balanced budget, establishing development zones, infrastructure construction, extension of urban build up area, as well as other means of city marketing are adopted to enhance cities' competitiveness and attract capitals, labors to cities (McGee et al., 2007). Thus, this period is characterized with the fast expansion of urban built-up area, as we have mentioned above, the annual expansion rate of urban built-up area between 1981 and 1999 was around 800 square kilometers; while that since 1999 has been around 1,700 square kilometers.

Urbanization at such a scale and speed is very profound in its impacts. The second stage of urbanization witnesses the rapid transition of urban spaces (Logan, 2007; Wu, 2007; McGee et al., 2007). Inner city redevelopment, new areas construction, high-tech parks, industrial zones, and CBDs are emerging to transform original spatial fabric. Under the influence of city expansion and inner city restructuring, suburbanization had become an apparent trend since the late 1980s. At the same time, new urban communities appeared because traditional work units' compounds were being dismantled and rebuilt. Work units' employees detached with work units (*danwei*) and became "urban residents" who are no longer under the constraints imposed by the work units (*danwei*) (McGee et al., 2007, p.6). This kind of city-centered urbanization has been driven by bureaucratic entrepreneurial elites based in the administrative cores of the sub-regions of the coastal zone. This response was driven by policies of administrative decentralization, economic reform, the accelerated integration of China into the global economy and the surge of foreign investment. Figure 10 shows the rapid growth of FDI since 1983. The integration into the global economy and the force of globalization is an important driver of a repositioning of urban space in large cities and the political centers of provinces and counties.

Figure 11 – Growth of FDI in China (in million RMB)



The city-center stage is also recognized by the authorities. Realizing the coming reality of China as an urban nation and the role of urbanization in building a “well-off” society, the central government makes a shift of urbanization strategy in such “city-centered stage”. Previously, small towns were emphasized as the main focal points to absorb excessive rural labors. New strategy stresses the coordinated development of metropolises, medium- and small-sized cities, and small towns. Small urban areas are allowed to grow as long as they can meet the required conditions. At the same time, there is a focus of developing large clustered city regions to replace the rampant urban sprawl. To take this further, many cities have aggressively promoted economic restructuring and developed tertiary sector by encouraging the participation of private and foreign investors as well as enlarging public spending. Such radical transition brings new challenges for urban planning and governance. The following section will introduce China’s urban planning regulations and systems in responding to such challenges.

4 Urban Planning Systems

Under the centrally planned economy during the pre-1978 period, urban planning was perceived as a tool to realize the socialist ideology of planned development and to translate the goal of economic planning into urban space. This approach was abandoned after the economic reform in 1978. The re-emergence of property rights from the housing and land reforms in the late 1980s further led to a burst of vested interests in developing urban space, and thus required urban planning to adopt development control that is suitable to a market economy (Yeh and

Wu, 1996b, 1999). The adoption of a growth-oriented development, decentralization, injection of foreign capital also means that urban planning has to coexist uneasily with greater pressure for fewer restrictions on land use demands of commercial and industrial projects. The shock waves generated throughout these processes, and the subsequent restructuring of interests, and their demands for land and urban space smashed the confidence of planners (Wu, Xu and Yeh, 2007). The urban planning system did not seem to be ready for these shocks during the early reform period and signaled an urgent need to improve the legal foundation of urban planning. This led to the enactment of a series of city planning laws and regulations since the 1980s, such as the 1984 Urban Planning Regulation, the 1989 Urban Planning Act, and the 2008 Urban and Rural Planning Act.

4.1 Urban Planning Regulation and Act in 1980s

The 1984 Urban Planning Regulation formed the seminal guidelines for urban planning practice during the late 1980s. Five years later, the 1989 Urban Planning Act was formulated to provide a comprehensive function of urban planning which includes defining the size, economic orientation and structure of a city, realizing the goals of economic and social development of the city, preparing ‘rational’ city plans and carrying out constructions to meet the needs of development (Wu, Xu, and Yeh 2007). The word ‘rational’ reflects a long held viewpoint of the sporadic nature of market-oriented developments and a need to pursue ‘ordered’ and coordinated growth. Such perception is under the assumption that the development of a city in terms of its functional specialization and size should and could be controlled in order to shape a ‘rational’ urban system nationwide.

The 1989 Act also delegates territorial power to municipalities in important functions of urban planning, ranging from plan making to development control. Unlike the past practice, prior permission is now required for all development projects. Municipal planning department exercises the controlling power through the ‘one report and two permits’ system (Site Selection Recommendation Report, Land Use Planning Permit, and Building Construction Permit) and makes discretionary judgements on development proposals on the basis of considerations formulated in development plans and other specific requirements of government (Xu, 2001).

The 1989 Act offers a blueprint approach in a two-tiered planning hierarchy system, i.e. the master plan (*zongti guihua*) and the detailed plans (*xiangxi guihua*). The master plan is a long-term strategic layout of a city. It is statutory in nature. Apart from defining the broad land

use zones, the master plan spells out a wide range of urban development strategies and land use policies such as transportation and open space. It usually has the planning horizon of 20 years and should consider the long-term development strategies. Master plan should be made from general perspective and leaving details to other plans.

Detailed land use policies are set out in detailed plans that define the boundaries of each construction project within the planned plot, control indexes such as Floor Area Ratio, building density and building height, general layout plan, utility engineering plan and three dimensional site plans. Detailed plans are further divided into two types – detailed development control plan (DDCP) (*kongzhixing xiangxi guihua*) and detailed construction plan (DCP) (*xiujianxing xiangxi guihua*). The DDCP is prepared in urban planning district where future development projects are uncertain, while the DCP is prepared in area that is facing immediate construction. It seems that detailed plans fill in details left unspecified by the strategic policies of master plan, and generally should conform to it. Because all developments now require planning permission, detailed plans provide the main basis for development control. However, these plans are not statutory in nature. Development control is very difficult, if not totally impossible (Xu 2001, Xu and Ng 1998). Planning regulations are often subverted by local officials, flawed enforcement, and interference from higher levels of administration. To take this further, as land leasing becomes an essential source of government income, planners are pressured to apply less control in land development to encourage economic growth and urban expansion.

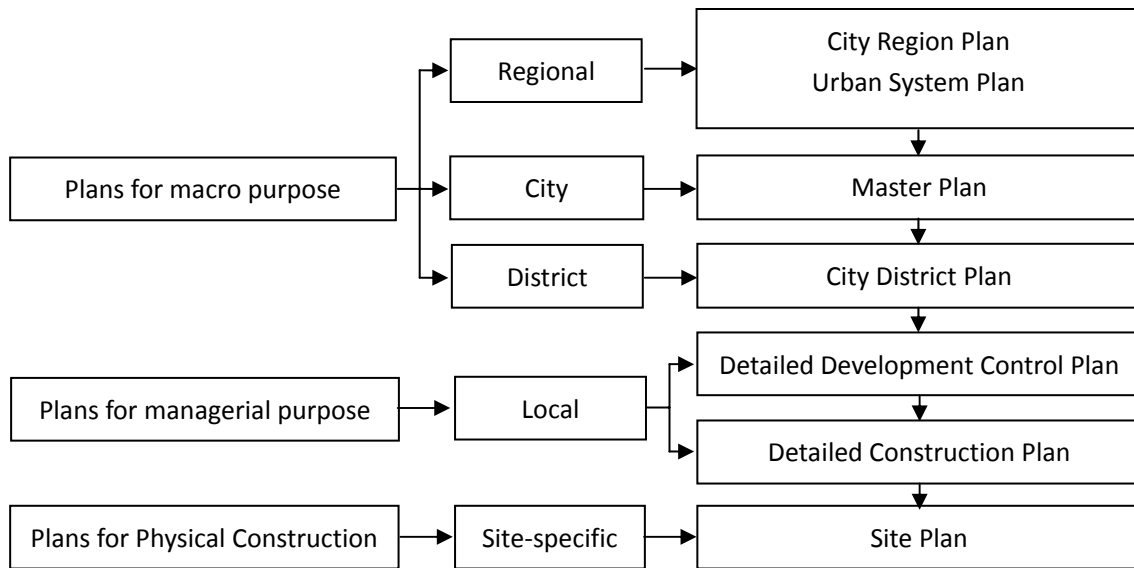
To achieve better planning control, new efforts are introduced primarily in two directions - to expand the planning area into regional scale and to specify land development intensity at the micro (land parcel) level. This requires new plans to fulfil these tasks. The city region plan (*shiyu guihua*) is a new type of regional plan prepared for the city region under the jurisdiction of a municipality. The master plan of the Act only covers the central city and sometimes even only the city proper of the central city. This makes a large part of the city region not covered by the master plan. There is a need to coordinate development in these outlying counties and towns of the central city. City region plan is thus intended to bring up a central city, nearby small towns and counties into one unified plan for better coordination in important regional issues like the environmental protection policies, infrastructure, and hierarchy of urban settlements.

Complementing the city region plan, urban system plan (*chengzhen tixi guihua*) is another regional plan to rationalize ‘functional, hierarchical and spatial’ structures of infrastructure

and urban settlement. It superficially attempts to manipulate regional spatial development, such as city size, that is difficult to be controlled even under a centrally planned system. Also, there are not concrete measures to link the planned 'spatiality' with resource allocation of national economic planning, the enforcement of development control or whatever tangible socioeconomic policies. Urban district plan (*chengshi fenqu guihua*) is an optional plan that is made to further control and define land uses, the boundary and development intensity, and to coordinate various infrastructure, public amenities and facilities at the district level. It belongs to the master planning stage.

At the micro level, some local authorities begin to experiment with zoning-like measure as a way of putting urban growth under effective planning control because detailed plans do not have statutory force. One example is the statutory plan in Shenzhen. Such plans offer a basis for planning officials to determine whether planning permission should be granted unconditionally or subject to certain conditions. Various types of plan and their spatial scopes are shown in Figure 12.

Figure 12 - Various Types of Plans and Their Coverages



The multiple tiers of planning system confront many challenges nowadays. In recent years, the hunger for capital intensifies inter-city competition and encourages place-based entrepreneurial endeavor of local governments (Xu and Yeh, 2003; Xu and Yeh, 2005). Under such circumstance, planning is more than just refusing or constraining externalities. It has also increasingly been used to enhance place promotion and competitiveness. In many cities, development plans focus on face-lifting projects (e.g. airports, deep water ports, underground rails, convention and exhibition centers) as a means of addressing economic and social problems, and projecting new and dynamic city images to face globalization. Literally hundreds of cities in China, large and small, are competing to build ‘mega’ projects in size which are branded by the world’s top architects and planners. There is a city-led comprehensive residential development, which has eventually evolved into a full-fledged campaign to transform the urban structure through setting up various economic and technological development zones, special zones, and industrial parks. In this way, cities look more ‘modernized’ with Manhattan-like skyline that looks down on multilane highways leading to enlarging new urban areas.

The outcome is two folds. On the one hand, place promotion presents the opportunity for Chinese cities to stimulate business and lure investment. On the other hand, building entrepreneurial city brings to the fore the question of validity of the local government’s planning approach to city building. Such an approach not only diverts scarce public sector resources away from basic services that the city’s disadvantaged groups are particularly dependent upon, but also creates places which cease to be socially meaningful and functional.

The distinctive qualities of Chinese cities have gradually disappeared. The understanding of cities as a collection of cultural and physical layers is missing in today's Chinese planning (Soule, 2005).

These questions are further exacerbated by rapid urbanization. Urban population is expected to reach 1.0-1.1 billion in 2050. Urbanization at such a scale and speed has overwhelmed Chinese governments at various levels in managing urban areas. The flood of rural-urban migration has worsened infrastructure burden of cities, and led to tremendous growth of un-serviced urban areas where millions of migrant workers lack adequate access to basic urban services. There is also a pressing need to address the problems of widespread misuse of land, urban sprawl, traffic congestion, and poor sanitation and living environment in all cities, especially those that are threatened by rapid and often uncontrolled growth, inadequate and poorly maintained infrastructure, industrialization, and increasing vehicle ownerships. It is believed that these problems can be partially addressed by improving urban planning system.

4.2 Rural and Urban Planning Act 2008

On 28 October 2007, the National People's Congress promulgated the new Urban and Rural Planning Act, which came into force as of 1 January 2008. The 2008 Act stresses the 'rural' element to ensure a better spatial coordination of urban and rural land uses and to avoid massive agricultural land loss and unauthorized land development in cities, towns and villages (Jiangsu Urban Planning, 2008). It offers detailed stipulations to curb discretion of local governments and key officials in decision-making process, while encourages public participation. In particular, the 2008 Act empowers DDCP to act as statutory plans for better development control. It is expected that the new Act can help to create a qualitative and sustainable transformation of both the urban and rural landscapes.

Besides the effort of the 2008 Act, there are new plans emerging recently. One example is concept plan, which is widely practiced. Concept plan is not a particularly tier in plan hierarchy. It can operate at all levels to set out general urban policies in respect of development and land use. It may also include policies and design proposal for a specific site. Like a sketch before a painting, concept plan explores the broad-brush goals of a new framework for urban growth. Unlike master plan, concept plan does not have fixed contents and a planning horizon. Neither does it need to be modified at a fixed time span. Planners can make alteration or replacement at any time, and do not require up-level approval. This means more local

flexibility in organizing urban space.

Another example of new type of plan is regional strategic plan. The regional system in many China's mega city regions has undergone significant transformation because of market reform, globalization and rapid urbanization. Many cities and towns that were formerly peripheral or rural areas have developed into active economic centers linked to world capital investors and consumer markets. The resultant polycentric spatial form has combined with the rise of urban entrepreneurialism that has increasingly become a key municipal strategy to enhance space specific socio-economic assets. This reformed-imposed transition leads to an intensified intercity competition for mobile capital. In response, regional strategic planning constitutes a new policy option for mega city regions to overcome the negative effects of political fragmentation. Scholars argue that such strategic plans should be incorporated into the 2008 Act given their great importance (Zhang and Luo, 2008).

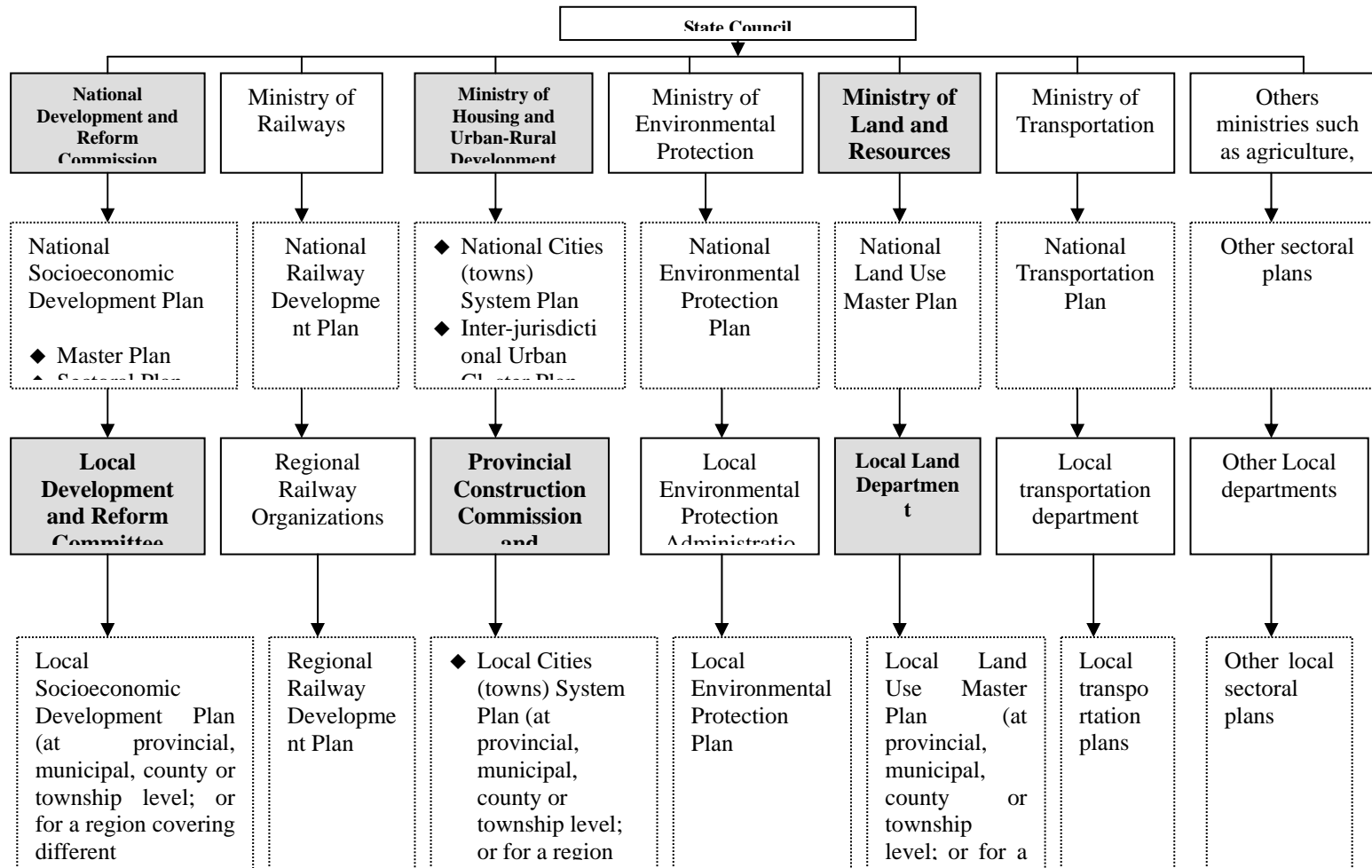
But the major problem is that the functions of strategic planning are highly fragmented among different ministries (Figure 13). The National Development and Reform Commission (NDRC) is the agent to make socioeconomic plans. These plans have been in operation since the pre-reform period, and recently they come to contain a strong spatial element. Socioeconomic planning is said to have the capacity to guide and constrain spatial plans made by other ministries, because it is to clarify the overall positioning of regions and major cities, provide blueprints for priority development areas, and give solutions to problems that are difficult for one city or one province to solve. More important, socioeconomic planning directly connects state resource allocation to spatial formation.

Ministry of Housing and Urban-Rural Development (MOHURD) and its local subordinates such as construction commissions and municipal urban planning departments are organizations responsible for physical planning. They prepare regional studies and plans to provide necessary elements of spatial coordination, such as functional relationship of cities, distribution of regional infrastructure facilities, and other spatial elements like industrial space, transportation hubs, wilderness, and conservation areas. These plans pay particular attention to population and region-wide environmental, social and economic issues, and develop an extremely strong element of strategic consideration.

The Ministry of Land and Resources (MLR) and local land departments are entitled to prepare land use plans at all levels but primarily address issues of farmland protection. In more recent years, new contents have been added to these plans to provide land use projection for

development projects and demarcate different zones for regulation – an element contained within physical or spatial planning. Last but not least, other ministries such as the Ministry of Railways, the Ministry of Transportation, and the Ministry of Agriculture have their own regional plans to guide sectoral development. The fragmented functions of regional planning attribute to inter-ministerial conflicts, making it difficult to implement regional strategic plans.

Figure 13 - Fragmented Regional Planning and Governance in China



Source: (Xu 2008, p. 168)

5 Why Urban Problems in Cities in Developing Countries Are not Prevalent in Chinese Cities

China has been on the fast track of urbanization. In 2007, 44.9 percent of the population lives in urban areas with nearly one percent annual growth rate since 1978 (CHINA POPIN, 2007). Moreover, the pace will accelerate with the central government affirming that urbanization is an important national strategy for modernizing the country and improving the quality of life of the people. There will be over 350 million people adding to the urban population and more than 240 million people will be rural-urban migrants (McKinsey Global Institute, 2009). Can China absorb such a large increase in urban population, especially the large number of rural-urban migrants ?

This is the thorny question commonly facing other third world countries where most of them have been experiencing serious urban problems when rural population flood into cities in the postwar period. Pseudo-urbanization where urbanization is the result of population increase in the urban areas without concomitant increase in economic development and employment was the major cause of the housing and poverty problems in cities in the developing countries in the post-War period (McGee, 1971). It seems that China, as a socialist economy with strong central control, is immuned from such “growing pains” which is very common in the early stage of urbanization in developing countries. Since China’s economic reform, there has been significant growth in urban population because of the devolution of central power to cities and deregulation on migrant control. Despite these, urban problems that resulted from increase in urbanization do not seem to be a problem in China. The section will examine why urban problems that often plagued cities in developing countries does not seem to be happening in China ? It will further examine if the population keeps pouring into cities, can Chinese cities continue to stop these urban problems from happening in China.

5.1 Anti-urbanism Development Ideology in Pre-reform Period

In order to understand how Chinese cities prevent urban problems in developing countries from happening in China in the post-reform period, we need to understand the anti-urbanism development ideology and related policies in pre-reform period which to great extent still affects urban development in the post-reform era.

Like most socialist economy, China's road to urbanization in the pre-reform period fell into the category of under-urbanization with the achievement of industrial growth without the paralleled increase of urban population (Zhang, 2008). Whether it is because of Mao's ideological preference to countryside (the rural-bias school by Murphey) (Murphey, 1976) or due to the socialist industrial strategy featured with sacrificing rural economy to subsidize urban-based industrialization (the urban-bias school by Kirkby) (Kirkby, 1985), the pace of China's urbanization is fairly low with the growth of urbanization level to be only seven percent for the three decades since the foundation of People's Republic of China in 1949. While the growth of urban employment, on the other side, outpaced the growth rate of urbanization level. Zhang and Zhao (2003) examines the urban population and employment growth rate respectively, and finds that while the urban population growth was 2.59 per cent between 1965 and 1980, the employment in urban growth was 1.47 per cent and 6.33 percent in urban agricultural and non-agricultural sectors respectively. Urban non-agricultural growth was faster than urban population growth. Rural-urban migration was effectively controlled by the household registration (*hukou*) system and its links to people's accessibility to state-provided benefits. People's lives were bound to the work unit (*danwei*) and watched by the police and the grass-root unit organizations (Residential Committees in the city and Village Committees in the countryside). Un-authorized rural-urban migration could be easily discovered and sent back to the rural areas (Chan and Zhang, 1999). The dominant economic organization mode in urban China in this period is the state-own enterprises in work-unit. It production is centrally planned and distributed which resulted in the centrally manipulated employment mode. Urban population increase could only happen through the channels of recruitment by a state-owned enterprise (*zhao gong*), enrolment in an institution of higher education (*zhaosheng*), promotion to a senior administrative job (*zhaogan*) and migration for personal reasons, mostly referring to sick or disabled spouses or parents, or dependent children relocating to urban areas to be looked after by their family members. Besides, the quota for migration is exceedingly small. Therefore, because of strict control by the household registration (*huhou*) system, urban China in the pre-reform period is free from the urban problems of other developing countries with "invisible walls" impeding rural-urban migration (Chan, 1994)

5.2 Post-reform Urbanization and Urban Employment

Three decades of post-reform period witness the urbanization level growth from 17.92 percent to 44.9 percent, an increase of 27 percent. Rural-urban migration is crucial in contributing to urban population growth. The post-reform urbanization process in China can be divided into two stages - rural urbanization and city-centered urbanization, with the former characterized by in-situ urbanization and the later city-centered featured with huge-migration to cities, especially large cities in the coastal regions (McGee et al., 2007). The capability of providing employment by Township and Village Enterprises (TVEs) in the rural urbanization stage and the transforming of economic structure in the city-centered stage to meet the influx urban population are mechanisms for China to prevent urban problems from happening in their cities.

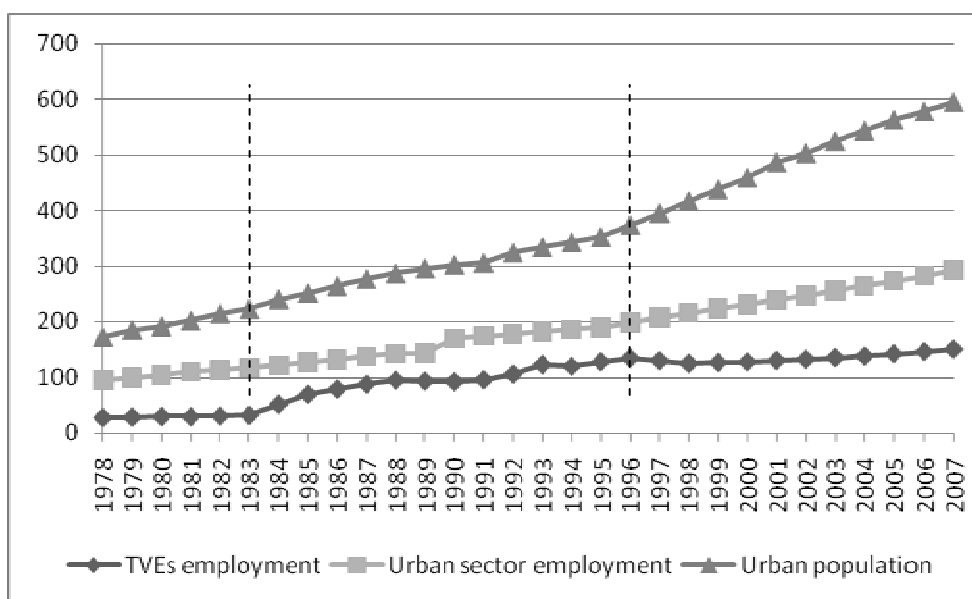
Rural urbanization is also known as urbanization from below (Cui and Ma, 1999; Guldin, 1997; Ma and Fan, 1994). The demolition of the Commune System and the establishment of the Household Responsibility System have increased rural productivity and more importantly, it generated a huge number of surplus farm labors. According to Taylor and Banister's estimation, each year between 1982 and 1987, the number of surplus rural workers exceeded 100 million and the surplus rural labor rates, ranging between 33.5 and 42.5 percent, was more than one third of the rural labor force (Ma and Lin, 1993). Instead of pouring into cities, this huge amount of surplus labor mostly ends up in Township and Village Enterprises (TVEs) as their outlet. The TVEs have acted as buffer for massive rural-urban migration from happening in the early stage of the post-reform era, saving the cities to have to deal with such massive rural-urban migration like the cities in other developing countries.

TVEs are economic units established by local government in the countryside. They are normal enterprises practice in the market economy. Economically, there should not be any distinction between the TVEs and the Urban Enterprises. The only difference is that TVEs are located in rural area, organized and practiced mostly, if not totally, by agricultural population. Normally, TVEs can be set up by collectively by the village committee or production brigade, or cooperatively by villagers or individuals. The growth of the TVEs mainly took off by the State Council's reports in 1984 which encouraged the development TVEs.

Employment provided by TVEs started to take off in 1984 with a sharp increase of

nearly 20 million compared to the previous year and since then the development is in the fast lane. As shown Figure 14, the heyday of TVEs employment capability occurred in 1984-1996 when the most rapid increase rate occurred. Compared to the figure in 1983 when it only provided 32 million jobs, 13 years later in 1996, the job opportunities were 135 million, with an increase of more than 100 million. While during the same period of time, urban sector employment opportunities are 80 million. The net growth of urban population during this same period is 150 million. Suppose one employment can sustain two unemployed persons (normally family members), then the 80 millions could hold up 240 million urban population, far beyond the actual figure of urban population growth. Moreover, the employments generated by TVEs were not even counted. Zhang and Zhao (2003) indicated that many people have engaged in non-agricultural employment, but not an urban way of life, thus creating the phenomenon of under-urbanization. Another interpretation may be that although one employment could sustain two persons, but they are not necessarily urbanites rather than families in their hometowns. This situation exposes one of the common migration features in China – the rural-urban migrants come to cities to make fortune solely without bringing along their family members with them. Such migration feature contributes to the prevention of psuedo-urbanization in China even in the subsequent period when migration is the salient feature of urbanization.

Figure 14 - Urban Population and Employment in TVEs and Urban Sectors (1978-2007)



Note: employment unit in million.

The inherent defect of TVEs hinders its role as the mainstream of China's industrialization and urbanization. Yao (2002) summarizes the drawbacks as limited technological and human resources; uneven development across regions; and lack of policy support, especially the financial or capital policy for aiding the production process. As a result, TVEs' contribution to employment started to decline in 1996. The period of 1996 to 2007 witnesses only 15.8 million employment vacancies adding to the labor market. As a result, rural surplus labours can only find their way out with longer journey migration to cities. Urban employment, on the other hand, plays the key role of labor absorption with 94.3 million increases from the same period. The growth of urban population is 220.75 million. Adopting the same sustainable index as the previous analysis, the 94.3 million job vacancies will sustain 282.9 million urban population. The result again shows that urban employment opportunities are adequate to accommodate the growth of urban population. Examining the figure, it can be observed that the capability of generating employment opportunities increases with an annual growth of 6.3 million in the first period (1983-1996) and 8.6 million in the subsequent period (1996-2007). The improvement of performance should be attributed to the transformation of urban economy which will be discussed in the next section.

5.3 Gradual Reform of Household Registration (*hukou*) System and Urban Employment

Rural-urban migration is becoming to be the main source of urban growth and is rapidly reshaping the economic, demographic, and social landscapes of the Chinese cities and countrysides (Fan, 2007). The household registration (*hukou*) system, though notorious for its negative consequence on urban-rural dualism and social inequality within urban area, acts as an efficient tap for preventing over growth of urban population to some extent. Like China's overall reform, household registration (*hukou*) reform takes the strategy of gradual reform rather than abrupt reform. In 1985, temporary residence permit was granted to rural migrants who moved to small towns. This starts the opening up of the rigid border between city and countryside. Late in 1980s, some small towns and cities issued "blue stamp" household (*hukou*)²¹ to sell to

²¹ Their urban status is only recognized by the issuing cities but not other cities, this is the differentiation between

migrants by providing them right of adobe and certain benefits in urban areas. In 1997, the State Council made a pilot scheme to grant urban household (*hukou*) to rural migrants to who have a stable job and have resided in selected cities and towns for more than two years. There were 450 designated towns and small cities that obtained such preferential treatment. Furthermore, the State Council issued a directive affirming the rights of peasant migrants to work in cities. The household registration policy reform varies in large cities. Although some large and medium-size cities have relaxed their criteria for granting household registration, in most large cities, household registration reform is minimal because they would like to avoid large influx of rural-urban migrants that they cannot handle. In addition, city governments can tighten the policy at their discretion (Fan, 2007). It should also be pointed out that that household registration system is always integrated with other social and economic control mechanisms, such as urban social security and health care, that together enhance the controlling effect. With the gradual reforming of the household registration system and these mechanisms, urban problems related to rural-urban migrations were contained.

Unlike most migrants in other countries whose rural-urban migration is permanent, most of the current rural-urban migration in China is temporary. They still have their home and farm in their hometown. This is also due to the dualism between urban and rural based on the household registration differentiation. Rural or agricultural households have allocated land for farming and building residence. This, to certain extent, reduces the risk of urban problems from happening in the cities. Recent global downturn renders 20 million workers jobless (Elegant and Ramzy, 2009). Rather than homeless in the cities, these migrants can “Go Home” to await for new job opportunities to occur in the cities. Such flow back is possible for migrants who have home and farmland in countryside. Their homeland is their last resort. Based on intensive fieldwork, Fan (2007) argues that migrants take the advantages of a permanent rural segment and a temporary urban segment to allow them to straddle and benefit from two worlds.

Although urban migration is in a controlled manner by the household registration system, China’s huge population especially huge agricultural surplus will make the volume of migration very huge. According to the latest census, China’s floating population is mounting to 147 million, accounting to more than 10 per cent of the total

blue stamp *hukou* and normal urban *hukou*.

population (National Bureau of Statistics, 2006). Only control will not work. The only way out can be the growth of urban economy. Planned economy in the pre-reform era could not take on such heavy responsibility.

5.4 Urban Economic Restructuring

Economic reform aims to transform the planned economy into socialist-market economy. Historically, it happened to coincide with the world's shift to neoliberalism with Margaret Thatcher and Ronald Reagan turned to neoliberal solutions for their national economy scheme (Harvey, 2005). For China, the salient change is from socialist to post-socialist or after socialist (McGee et al., 2007). Such change spurs the urban economy growth rapidly and gets ready for the influx of rural-urban migration. The salient features of this transformation is the devolution and commercialization, facilitating by globalization.

The devolution of state power results in the diversified modes of ownership besides the public ownership which contribute substantially to the generation of employment. Prior to economic reform, state-own enterprises and collective-own enterprises dominate the urban economy and employment. This trend remains in the early stage of economic reform. The state was the dominant employer in cities in the 1980s and early 1990s. The number of people employed in the state sector increased steadily between 1978 and 1995 from 74.51 million to 112.61 million. Then the number plunge down to 64.24 millions in 2007. The similar picture was shown in the other public-ownership mode. The collective-own enterprises grew from 20.48 million in 1978 to the peak in 1992 with the figure of 36.21 million, then dropped to 7.16 million in 2007.

Major changes occurred after the mid-1990s when the public sectors had ceased to be the dominant employer and other forms of ownership modes took up the role. These non-public ownership modes include joint stock cooperative enterprises, joint-run enterprises, limited liability enterprises, share holding corporations, enterprises invested by Hong Kong, Macao, Taiwan merchants and foreign investment corporations etc. Their role in providing urban employment is significant (Table 8).

Table 8 - Urban Employment Distribution in Various Ownerships (in millions)

	Urban Total	State-own	Collective-own	Other ownerships	Foreign (Hong Macao Taiwan included)	Invest Kong, and	Private-own enterprise	individual enterprise
1998	216.16	90.58	19.63	10.78	5.87	9.73	22.59	
1999	224.12	85.72	17.12	12.13	6.12	10.53	24.14	
2000	231.51	81.02	14.99	13.41	6.42	12.68	21.36	
2001	239.4	76.4	12.91	15.22	6.71	15.27	21.31	
2002	247.8	71.63	11.22	18.27	7.58	19.99	22.69	
2003	256.39	68.76	10	20.7	8.63	25.45	23.77	
2004	264.76	67.1	8.98	22.97	10.33	29.94	25.21	
2005	273.31	64.88	8.1	26.82	12.45	34.58	27.78	
2006	283.1	64.3	7.64	28.84	14.07	39.54	30.12	
2007	293.5	64.24	7.18	30.76	15.83	45.81	33.1	

Notes: 1. Other ownerships include joint stock cooperative enterprises, joint-run enterprises, limited liability enterprises, share holding corporations;

Source: China Statistical Year Book (2008)

In the past decades, despite the dragging of state-own and collective-own enterprises in urban employment, other modes of ownerships contributed to urban employment significantly. Other ownerships contributed 20 million; foreign investment enterprises added 10 million; private-owned enterprises and individual enterprises added 35 million and more than 10 million respectively. Such sheer increase in employment opportunities reflects one part of the story, the other is that the restructuring of economic sector towards service industries which have higher multiplier effect on employment creation.

Economic reform brings changes in the urban economic structure with decline of the secondary sector and growth of the tertiary sector. The service industry can give cities a competitive edge and new growth impetuses. It can diversify the employment structure, open up new opportunities for low-threshold entrepreneurship, and ease the employment pressure. It is also an important way to improve living standards. Under such conditions, the Chinese government proposed a strategy to facilitate the development of the tertiary industry in 1992. During the 10th Five-Year Plan

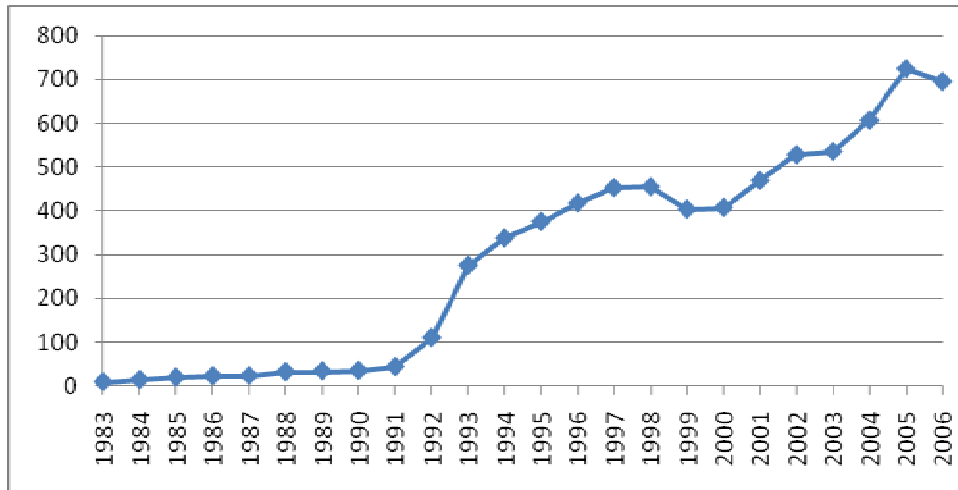
(2001–2005), the tertiary industry, especially the modern service industry, played a big part in ensuring the healthy development of the national economy, enhancing China's international competitiveness, easing employment pressure and improving people's living standards. Three decades ago, the ratio among agricultural sector, industrial sector and service sector in the overall GDP contribution is 28.2: 47.9: 23.9 with the service sector in the least developed stage. While in 2007, the structure shifts to 11.3: 48.6: 40.1 with substantial increase in the service sector. Such transformation of economic structure results in a new structure of employment. In 1978, agriculture sector had a dominance of 70.5 percent employment of the job market. The industry and services sector absorbed 17.3 percent and 12.2 percent respectively. Three decades later, agricultural employments dropped to 40.8 percent while industry and services sectors growth to 26.8 and 32.4 percent respectively. The service sector has more vibrant development trend in large cities. The figure shows that tertiary industry makes up 51.1 percent of total employment in all prefecture level and above cities in 2007.

Another feature of economic reform is commercialization. The commercialization mechanism may be enlightened by Soto's suggestion to most of the developing countries: capitalize the goods and make the money flow (Soto, 2000). Urban China, in the post-reform era, commercializes from labor (migrants being attracted into the city to provide cheap labour forces in the city) to privatization of productive resources (e.g. converting the ownership of state-owned enterprises to share-holding corporations), and finally to commodification of the built environment itself (e.g. establishing a leasehold land system and commodity housing markets) (Wu, 2007). With the commercialization process, the previous free and stagnant elements revive. Land and housing reform is one of the most conspicuous processes in commercialization. Land allocated before economic reform is charged a nominal land-use fee annually. The new land use system after economic reform which introduced paid transfer of land use rights can provide large sum of revenue to the local government for investment in production or city construction (Yeh and Wu, 1996a). In a similar manner, housing reform led to commercialization of housing. Housing reform and land reform contribute to the take-off of the real estate industry which boosts the urban economy and generate employment opportunities as well.

The introduction of globalization force opens another opportunity of urban economic development since 1990s (Lin, 2004a; Lin, 2004b; Sit and Yang, 1997; Yeh

and Xu, 1995; Zhao et al., 2003; Zhou, 2002). Figure 15 shows the FDI growth in the post-reform era. The first influx of FDI occurred in early 1990s when the central government dedicated to further economic reform while the second tide came with China's accession to the World Trade Organization in 2001. Such mechanisms boost the urban economies and provide healthy background for urbanization.

Figure 15 Growth of FDI in China (in millions)



Source: China Social and Economic Development Statistical Yearbook 2007

6 Future Problems in Urban China: The Embryonic Stage of Urban Problems ?

The gap between rural and urban is enlarging with the urban-rural income ratio keep increasing. Together with the diversified urban lifestyle, cities remain on the attraction list for fortune hunting rural-urban migrants. Central government views urbanization as an important national strategy to realize the country's modernization and to make people better-off. Thus, it adopts encouraging migration and urban development policies. The trend of urbanization will continue, if not at a higher rate. On the other side, TVEs suffers decline after 1997 when facing the challenges of their urban counterparts. The transformation of State-owned Enterprises resulted in millions of lay-offs in the late 1990s. The ability of cities to continue to absorb labors has been subject to challenge. Street vendors and other informal worker are gradually emerging and become more visible in some cities. Moreover, rapid urban expansion in late 1990s gave birth to "urban villages" in urban China which present some common features of the enclaves or slums in other developing countries. Concerns of the embryonic stage of urban problems are raised. This section will evaluate the informal

sector and urban village problem in urban China that challenge urban development in Chinese cities.

6.1 *The Growth of Informal Sector*

Since the commencement of diversified ownerships of enterprises, researchers are attracted by their effectiveness in absorbing labors. Informal sector is difficult to define in China. After examining informal economies in other countries, Hu and Zhao (2006) found that amongst these diversified ownership enterprises, privately-owned and individual enterprises are probably most similar to the informal sectors in other countries. Informal employment²² account for 58.69 percent of the total urban employment in 2004. It has become the dominant mode of employment for both the urban labor and rural-urban migrants as well. Ghose (2005) differentiates China's categories of employment and focus on the what he called the "irregular employment" which includes most of the migrant workers and urban laid-off workers. They can be casual wage-employment (for example, construction or domestic services) and self-employment (for example, street vending or repair services). Ghose's evaluation shows that irregular employment with annual growth rate of 18.5 percent between 1992 and 2002. Although the concept of informal employment is still far from established, unregulated employment which is the salient feature of informal sector can be found in most Chinese cities, such as the pervasiveness of street vendors. Street vending is not allowed in most Chinese cities, if not all. The establishment of urban management brigade by the city's government is responsible to clear out the street vendors for more than a decade. Since the State Council endorsed Beijing to implement urban management brigade system in Xuanwu district in 1997, such organization has been springing up like mushrooms in 1,076 cities and towns (Guo, 2008). Like their counterparts in other developing countries, they patrol around the city to force the street vendors out of the street in order to guarantee a clean and regulated city street. These street watchers are granted the power to fine street vendors and confiscate their goods. As one could imagine, there is frequent violence between the urban management brigade and street vendors. Although China is devoluting and decentralizing its power, it does not mean that it has given up the power of control. When events such as appraisal contest for National Sanitary City come, city government will enforce the brigade manpower to secure a well-appearance and clean city. Such system curbs the

²² The scope of informal economy comprises private economy and individual economy.

unorderly development of street vendors.

6.2 The Spread of Urban Villages

Urban village in China is another case of China's urban problems. It is a product of China's rapid urbanization. The Chinese term *chengzhongcun* (literally village-in-city) provides straightforward description of this urban community (or more properly, semi-urban community) which is quite pervasive in Chinese cities. It is a rural community in urban built-up areas because of rapid urban sprawl, suburbanization and industrial dispersion. Urban village has created residential cluster for the floating population of the city who can only afford very low cost housing. The dual land-use system, lack of governance and huge migration needs are the forming mechanisms behind the village-in-city (Wei and Yan, 2005; Zhang, 1998). When rapid urban development and expansion encroaching the urban fringe, the development strategy will be the requisition of rural land. Urban governments normally convert agricultural land in suburban areas for development project while leaving the village's residential land intact because of the high costs of resident relocation and housing compensation. The village' residential land is being encroached by urban development with better accessibility to the city. Former villagers can build their own house for self-use because their land is collectively owned and allocate to them for residential use. They often rent out their houses at a low cost to rural-urban migrants who come to the city to hunt for employment and in the meantime needs an affordably cheap place for residence. Urban village is the right place both for their accessibility and cheap price. As urban village does not fall into the urban governance and results into a "ungoverned kingdom"(Wu, Xu and Yeh, 2007, p. 130), higher apartments are quickly constructed in the village's residential land to meet this high demand for cheap housing. The consequence is the formation of an extra high density community. According to Zhang's (2005, p. 246) description, "... many urban villages are plagued by aged facilities with poor maintenance, very narrow pathways between rows of terraced buildings, intensive use of space without appropriate planning, and high residential density that are beyond the capacity of infrastructure services. There are also such social problems as violence, pornographic activities, burglary and robbery in addition to building dilapidation...".

Although, to some extent, urban village in China share some features of slums in the cities of other developing countries, it is different from them. Firstly, unlike many other countries, no land in China is privately owned. Therefore, regulation on land use

will be issued and enforced. Most cities have issued standard on construction, such as the number of storeys. The existence of urban village is partly due to the government's slow reaction and toleration. The construction in urban village has been mostly stopped because the unordered development and social issues of urban villages have already received the attention of the urban government. Redevelopment are taking place pervasively among Chinese cities, especially for villages that have better financial resources.

The growth of informal sector and development of urban villages represent the conflict between huge rural-urban migration and the capacity of cities to absorb rural population. As the discussed above, China government is actively involved in these issues. Although China is moving towards to a freer economy, there are still a lot of central control if the government finds that there is a need to do so. Because of such control, serious urban problems that are commonly found in the cities of developing countries may not happen massively in Chinese cities. However, it will create discontent to the population in countryside who would like to enter the city to enjoy some of the social and economic benefits of economic growth.

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