CHAPTER 9

Urban Development in Contemporary China

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Known for its ancient metropolises, China has recently amazed the world with its rapid urban development as it enters the new millennium. Although China is still a predominately agrarian society with only 36 percent of its population living in cities in 2000, it has more people living in cities (456 million) than the total population of any other nation in the world except India (National Bureau of Statistics 2002). With millions of rural-to-urban migrants every year, China is also one of the most rapidly urbanizing regions in the world. This unprecedented urban development in China is transforming not only China’s economy, urban landscape, and culture, but also the global economy with massive exports of products “Made in China.”

Urban development in China has long been considered unique in balancing social equality and economic efficiency. Although socialist Chinese cities were formerly crowded and poorly serviced compared to cities in developed countries, they were virtually free of many of the urban problems that were widespread and seemed unavoidable in other developing nations, such as high crime and unemployment rates, and acute inequality (Whyte and Parish 1984). At the same time, China has achieved rapid industrialization and economic growth. Since 1978, economic reforms have injected new energy into Chinese cities, especially those in the coastal regions, which have contributed to the country’s spectacular economic growth (see chapter 10). Many scholars and commentators have asked whether Chinese cities offer an alternative model for urban development in developing countries. In this chapter, we examine the dynamics of urban development in China, focusing on the post-1949 era. We will specifically consider the role of government policies and ideology, and how they affect the social and spatial structure of Chinese cities.

A Brief History of Chinese Urban Development before 1949

China has a long and elaborate history of urban development. Urban centers in China probably first appeared on the North China Plain during the Shang dynasty (1766–1122 B.C.), and a well-structured urban system—with a national capital, a number of
regional centers and provincial capitals, and a network of county seats and commercial
towns—was put in place that lasted for more than two thousand years (Skinner 1977;
Ma 1971). There were about 3,220 cities and towns in China in the late eleventh
century, and several cities had populations of more than 1 million (Steinhardt 1999;
Ma 1971). About 6 to 10 percent of the Chinese population at the time lived in cities,
but in absolute numbers, there were more city dwellers in China than anywhere else in
the world before the mid-nineteenth century (and Parish 1984).

Traditional Chinese cities were mainly political and administrative centers with
limited commercial functions (Skinner 1977; Ma 1971). The size of a city was often
determined by its status in the administrative hierarchy, and this often corresponded
to the rank of officials living in that city (Chang 1977; Sit 1995). However, during
the Song dynasty (A.D. 960–1279), commerce grew significantly, especially in the port
cities due to the expansion of maritime trade (Ma 1971). Later, a Chinese diaspora
further contributed to the rapid growth of port cities because of their strong economic
connections with Southeast Asian countries (Cartier 2001). In A.D. 1077 there were
170 large commercial centers in China, but as Ma (1971) has argued, in spite of the
increasing importance of commerce in China, the rise and fall of its cities was still
closely tied to political factors. For example, the site change of a capital usually led
to a significant decline of the old capital city and a corresponding rise of the new
(Steinhardt 1999). In addition, traditional Chinese cities served multiple functions
associated with military, transportation, communication, religious, cultural, and intel-
lectual activities (Mote 1977). Many Chinese cities prospered during the period of the
ten to the nineteenth century, and one foreign visitor reported that Nanjing in the
late sixteenth century surpassed “all other cities in the world in beauty and grandeur”
(Ricci 1953).

Despite China’s long history of urban development and the existence of its many
great metropolises, no single city dominated Chinese civilization as Rome dominated
Roman history (Mote 1977). Chinese civilization did not see the city as superior to the
countryside, thus there was no need to build one great city to express and embody an
urban ideal. Despite their complex bureaucracy and urban sophistication, traditional
Chinese cities had a rural component in both their physical and social organization,
demonstrated by an urban architecture made up mainly of one- or two-story buildings
in courtyard style that were rarely distinguishable from those in the countryside. An
organic urban-rural continuum was achieved in China due to the freedom of social and
geographic mobility between the two (Mote 1977).

Arguing from China’s vast territory and diverse social and physical environment,
Skinner (1977) suggests that there was not a single integrated national urban system
in China but rather several self-contained regional systems defined by physiographic
features such as river valleys and mountain ranges. Other scholars divided Chinese
cities into coastal port cities and inland commercial and administrative centers. This
dichotomous urban system was further strengthened in the middle of the nineteenth
century when China was defeated by a newly industrialized Britain in the Opium
Wars (Murphy 1970). As a result of this defeat, many of China’s coastal and river
cities (known as Treaty Ports) were forced to open up to foreign trade (see map 9.1).
Hong Kong and Macau were the first foreign enclaves to be occupied by Britain and
Portugal, respectively, and were only recently returned to China’s sovereignty (in 1997 and 1999). Treaty Ports such as Shanghai, Nanjing, and Qingdao were also forced to concede special areas to different Western powers (e.g., the United States, Germany, Britain, and France), and in those areas, Western-style architecture dominated, and foreign rules and foreign ways of life prevailed (Whyte and Parish 1984). Because of their foreign trade, and as a result of regional resources shifting to the coast, these Treaty Ports began to grow disproportionately with respect to their former importance in the Chinese urban system. It should be noted here that despite a long history of urban development in China, large industrial cities did not appear in China until the early twentieth century when Russia and later Japan occupied China’s northeastern region to extract mineral resources, mainly for their domestic economies. This rise of industrial cities in the Northeast added yet another layer to the urban system in China.

Although the growth of China’s coastal cities during the nineteenth century can be attributed to foreign trade, many of the Chinese believe the Treaty Ports had a largely negative influence because of a resultant massive loss of wealth through unfair trade and the influx of opium, to which was added an increase in acute urban problems such as drug addiction, inequality, unemployment, and poverty (Hao 1986). These urban problems were further aggravated by the civil wars that followed (1927–1937, 1946–1949) and the Japanese invasion (1937–1945). As a result, when the Chinese Communist Party (CCP) came to power in 1949, it inherited an uneven urban system with widespread social problems. The CCP was determined during the following decades to build new Chinese cities that would be free of such problems.
CHAPTER 9

Urban Development in the Socialist Era (1949–1977)

Since the establishment of a socialist government in 1949, urban development in China has veered sharply away from its ancient history, and industrialization—in contrast to administration and commerce—has become its driving force. Despite the country’s rapid industrialization and economic growth, its socialist government controlled the growth of the cities, especially large cities, to avoid an “urban explosion” and related urban problems widespread in other developing countries. Having inherited an uneven urban system biased toward the coastal port cities, China’s socialist government also aimed to create a spatially more balanced urban system. Using the socialist ideology of equality, the notion of “producer cities,” and principles of socialist urban planning, socialist China achieved a unique path of urban development.

UNDER-URBANIZATION

Despite rapid urban growth in the 1950s, socialist China still had low levels of urbanization, with less than 20 percent of its population living in cities (see figure 9.1). At the same time, China had achieved rapid industrialization, with industrial output growing by twenty-one times during the period 1952–1982 (Lin 1998). This phenomenon of slow urban development accompanied by rapid industrialization has been called “under-urbanization,” and is in sharp contrast to the “over-urbanization” common in most developing countries, where urbanization is much faster than what can usually be attained given specific levels of industrialization (Castells 1977). The Chinese government’s strict control of rural-to-urban migration, its political campaigns with massive

deportation of urban residents, and a unique definition of urban population all contributed to under-urbanization in China.

In the 1950s, Chinese cities grew rapidly, with China's percentage of urban population increasing from 11.78 percent in 1951 to 19.75 percent in 1960 (see figure 9.1). In addition to a rapid, natural increase in urban population that resulted from postwar stability and an improvement in living conditions, the government was exerting very little control over rural-to-urban migration. China's economic development, by emphasizing industry, resulted in massive rural-to-urban migration in the 1950s (Kirkby 1985). Yet at the same time, one of the most important institutions in China—household registration (hukou)—was being set up, and it was fully implemented in the late 1950s to control rural-to-urban migration, among other functions (Chen and Seldon 1994). The hukou system divided the population into those with urban (nonagricultural) hukou and those with rural (agricultural) hukou. The division was mainly based on each individual's birthplace, and there were few ways for people to change their hukou status. Further, only people with urban hukou were entitled to welfare benefits such as state-supplied grains, free medical care, subsidized housing, guaranteed employment, and a pension. Thus the system defined an opportunity structure and social hierarchy within China, such that it has been called an “internal passport system” (K. W. Chan 1994). This system and a related food-rationing system imposed tight control over migration, especially rural-to-urban transfers. In addition, to get certificates of employment, potential migrants had to obtain permission from the local government at both their origin and their destination, which was often a difficult, lengthy, and bureaucratic process. At the same time, various coupons were required in the cities to obtain food, cloth, and other daily essentials, which made temporary migration very difficult, if not impossible. During the following two decades, the hukou system remained effective, and rural-to-urban migration was tightly controlled.

At the same time, the Chinese socialist government deported million of urbanites to the countryside, which resulted in stagnation and even reverses in urban development. The failure of the Great Leap Forward (1958–1960), coupled with bad weather, led to a significant decline in agricultural production and widespread famine. As it became increasingly difficult for China to support a large urban population, urban dwellers were deported to villages during 1961–1963, which resulted in a sharp decline in China's level of urbanization, from 19.75 percent in 1960 to 16.84 percent in 1963, a process called “de-urbanization” by some scholars. After a brief period of economic recovery, Mao Zedong then launched another radical campaign—the Cultural Revolution (1966–1976), in which urban youth, CCP cadres, and professionals were urged and often forced to move to the countryside to engage in manual labor. While there are no data on the actual number of urban-to-rural migrants, scholars estimate that it could have been as high as 49 million (Kirkby 1985). Despite this massive out-migration, the level of urbanization was maintained at around 17 percent because of a natural increase in urban population and a considerable in-flow of peasants to replenish the workforce.¹

In addition, unique definitions of urban places and urban population contributed to the phenomenon of under-urbanization. Because of the hukou system and the government's implementation of “city-leading-counties” (shi xia xian),² it is a challenge to define urban population in China, as is suggested by the large body of literature on
this issue (e.g., K. W. Chan 1988, 1994; Ma and Cui 1987; Zhang and Zhao 1998; Zhou and Ma 2003). The Chinese government has used four different definitions of urban population in its four censuses. There are two types of officially designated urban places in China: cities (shi) and towns (zhen). Both total population of cities and towns, and total population of cities and towns with urban hukou, were used to define urban population. Despite the fact that urban residents such as suburban farmers and rural migrants might have rural hukou, the latter definition (based on urban hukou) was more commonly used (K. W. Chan 1994). This definition was less problematic in the socialist era with its relatively small volume of temporary rural-to-urban migrants; yet in the reform era, it significantly underestimates urban population because of massive and ongoing rural-to-urban migration, and a more complex definition derived from actual occupation, residence, and hukou status has been recommended (Zhang and Zhao 1998).

SOCIALIST IDEOLOGY AND A BALANCED URBAN SYSTEM

Urban development in socialist China was heavily influenced by the socialist ideology of equality. With the exception of the rapid urban growth that was permitted during the initial postwar recovery period, the focus during most of the socialist era was on achieving controlled and balanced urban development. The official policy for urban development was to “strictly control the development of large cities, moderately develop medium-size cities, and vigorously promote the development of small cities and towns” (Kirkby 1985). To achieve such goals, various measures were used, including the allocation of state investment, the designation of new urban places, the strict control of migration into cities, and even the deportation of urbanites during various political campaigns. As a result, the number of small cities in China increased more rapidly than that of large cities, and the share in total population of small cities increased while that of large and medium-size cities declined (see table 9.1). There was also a significant containment of the growth of the very largest cities like Beijing, Shanghai, and Tianjin (Pannell 1981).

Because most of China’s large cities are located in the coastal and northeastern regions (mainly as a result of foreign influence), a majority of state investment was channeled toward inland cities to achieve a regionally more balanced urban development.

<table>
<thead>
<tr>
<th>City size</th>
<th>1953 Number % of Total Population</th>
<th>1979 Number % of Total Population</th>
<th>2000 Number % of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 million+</td>
<td>9 5.49</td>
<td>15 4.55</td>
<td>40 6.26</td>
</tr>
<tr>
<td>500,000–999,999</td>
<td>16 9.76</td>
<td>28 8.48</td>
<td>53 8.29</td>
</tr>
<tr>
<td>50,000–499,999</td>
<td>139 84.76</td>
<td>287 86.97</td>
<td>546 85.45</td>
</tr>
<tr>
<td>Total</td>
<td>164 100.00</td>
<td>330 100.00</td>
<td>639 100.00</td>
</tr>
</tbody>
</table>

Table 9.1. Number of Cities in China with a Nonagricultural Population greater than 50,000

During the first Five-Year Plan (1953–1957), two-thirds of the nearly seven hundred large and medium-scale industrial projects established by the government were set up in inland cities (Cannon 1990). The hostile international political environment of the 1960s further encouraged the Chinese government to channel more than half of its state investment into inland mountainous areas, particularly in Sichuan province, a strategy that became known as the Third Front policy. Although mainly used as a military strategy, the Third Front policy effectively promoted urban development in inland China. Thus a spatially more balanced urban system was created, despite the harsh physical environment of the interior and the country’s historical bias toward its coastal regions (see map 9.2). In 2000, 295 (44.49 percent) cities were in the eastern region of China, 247 (37.25 percent) in the central region, and 121 (18.25 percent) in the western region.

The socialist ideology of equality had a profound impact on the spatial pattern of urban development in China. Although China’s socialist government inherited an uneven urban system that was heavily biased toward the coastal port cities and industrial cities in the Northeast, it made substantial progress in developing a more balanced urban system.

SOCIALIST URBAN PLANNING AND URBAN SOCIOSPATIAL STRUCTURE

The internal structure of a city often reflects the cultural norms of its society and the ideology embedded in that society’s urban-design and planning policies. Over the course of more than two thousand years, Chinese cities developed internal structures that were significantly different from those found in Western cities (Whyte and Parish 1984; Steinhardt 1999). Traditional Chinese cities often had a rectangular, symmetrical layout with an elaborate structure of city walls and gates symbolizing authority and security, providing protection, and representing Chinese cosmology (Chang 1977; Ma 1971; Wright 1977; Sit 1995; Steinhardt 1999; see figure 9.2).

Most Chinese cities originally served as political and administrative centers, with government buildings and facilities dominating the city center, and commercial activities and ceremonial buildings relegated to the periphery (Skinner 1977). Today, remnants of traditional Chinese city planning are still visible in the inner cities of Beijing, Xi’an, and Nanjing.

Influenced by urban planning in the Soviet Union, the Chinese socialist planning system added another layer to the urban structure of Chinese cities, which as a result were characterized by three factors: (1) a focus on the symbolism of the city center, (2) an emphasis on industry, and (3) the desire for a cellular landscape based on work units (danwei). First, city centers were symbolically considered centers of cultural and political life. To glorify the socialist state, city centers were devoted to large, public squares for political gatherings, with wide boulevards and monumental public buildings (Sit 1995), in sharp contrast to the intensive development of commercial and business interests at the center of most Western cities. For example, at the center of Beijing, the largest public square in the world—Tiananmen Square—was constructed adjacent
to the Forbidden City, the historical center of power. The square was surrounded by monumental architectural structures devoted to political and cultural purposes, such as the Hall of the People, the Museum of History, and the Museum of Revolution, which were matched by the Memorial of the People’s Hero at the center of the square (see photo 9.1). While the city center in Beijing is unique due to its capital status, many cities in China mimicked its design, with their public squares and government buildings located at city centers with wide boulevards radiating outward. Thus, the city centers of Chinese cities during this period often had the lowest intensity of land use, forming a doughnut-shape pattern of land use that is very different from the high-density development in Western urban centers.

Second, an emphasis on industry and the concept of the “producer city” were central to socialist planning (Ma 1976; Sit 1995). Nonindustrial cities like Shanghai were considered by the socialist government to be parasitic and to have been significantly debased by their colonial history. China’s socialist government was determined to convert these “consumer cities” into “producer cities” by developing a large industrial sector. Even Beijing, the nation’s cultural and political center, was no exception. Most state investment in Beijing went into industry, especially heavy industries such as steel mills, petrochemical plants, and power plants, which imposed tremendous pressure on local resources (especially water and electricity) and created severe environmental problems (Dong 1985). In 1981, Beijing became the second-largest industrial city in China. At the same time, only a very small proportion of state investment (1–3 percent of total urban fixed-asset investment, compared to 10 percent recommended by the UN) was
for civic infrastructure. This emphasis on production resulted in a pattern of land use devoted mainly to industrial facilities, especially at the outer edge of cities, with much less for infrastructure, housing, services, and recreation. Not surprisingly, residential crowding and a lack of amenities and infrastructure were common complaints among residents of socialist Chinese cities (Whyte and Parish 1984).

Third, and related to this massive industrial development, self-contained work-unit compounds were constructed as the basic urban unit. In order to reduce traffic congestion and create “walking-scale” cities, work-unit compounds with public apartment buildings were built adjacent to employment centers, allowing employees from the same work unit to live together (Ma 1981). This was especially important in Chinese cities, where bicycles and buses were the main modes of transportation. In addition, basic social, subsistence, and recreational services, such as cafeterias, public bathhouses, grocery stores, small clinics, kindergartens, and small parks were provided in these compounds, all within walking distance (Ma 1981). In contrast to the specialized functional zones in traditional Chinese cities and most Western cities, a generalized, functional organization was achieved in socialist Chinese cities through these self-contained work-unit compounds, which provided employment, housing, and a range of other social services. Because of this close link between employment and housing, it was extremely difficult for a worker to move, even within a city. During the 1960s and 1970s, only 1 percent of urban households changed residence in one year, and the average length of residence in the same apartment was eighteen years—an extreme immobility compared to that of China in the past as well as that of other nations (Whyte and Parish 1984).

Corresponding to this cellular physical landscape was a relatively homogeneous society. Because housing was considered part of social welfare, it was provided by the state through work units, which usually built low-rise, standardized apartment buildings in the form of work-unit compounds. Apartments were then allocated among the work-unit employees, who paid only nominal rents. While there were some differences in housing consumption (Logan, Y. Bian, and F. Bian 1999), people working for the same work unit, including high-rank cadres and their subordinates in factories, or professors and their staff in universities, often lived in the same work-unit compound, if not the same building, and they shared similar housing conditions and amenities. Although most households suffered from poor housing conditions and severe crowding (Huang 2003), social stratification and residential segregation were minimalized in socialist Chinese cities. There were different social areas, but they were based mainly on land use, occupation, and population density, instead of on residents’ socioeconomic status, as is the case in the West (Yeh and Wu 1995; Sit 2000). A relatively homogeneous society was achieved through the massive provision of public housing in the form of work-unit compounds.

In sum, because of socialist planning that emphasized the symbolism of the central city, the concept of the “producer city,” and the combining of residential and work space, urban structure in socialist Chinese cities demonstrated unique features such as low-density land use in the central city, generalized functional organization through work-unit compounds, a dominance of industry, use of uniform, low-rise housing developments, and societal homogeneity—all of which highlighted fundamental differences in urban structure between traditional Chinese cities and Western cities.
Socialist ideology and socialist planning were clearly important, but we should recognize that urban development in socialist China was a complex process shaped by political, social, historical, and economic forces. For example, the constraints of limited resources and a hostile international environment were important to the socialist strategy of urban development. As Lin points out, "No single factor, whether ideological conviction or rational economic consideration is able to claim sole responsibility for the process of China's urbanization" (1998, 109). The socialist Chinese government, which desperately wanted to demonstrate its legitimacy and superiority, had to balance considerations of social and spatial equality against the need for economic efficiency in urban development, and this is never an easy task. The Chinese government often had to choose one or the other, or under different circumstances it sought compromises between the two (Lin 1998). Changes in the urban development strategy from the socialist era to the reform era—although they may appear to be radical—are in fact a continuation of this struggle for balance between equality and efficiency, with the focus lately shifting toward economic efficiency and urban growth.

Urban Development in the Reform Era (1978–Present)

After the more pragmatic Deng Xiaoping gained power in 1978, the Chinese government began to shift its focus from class struggle to economic development, from social and spatial equality to economic growth, and China has since experienced unprecedented urban growth and urban transformation. Cities have grown rapidly in both number and size, with 663 cities and an urban population of 456 million in 2000 (see figure 9.1). This is still low compared to other nations, but now 36 percent of China's total population is living in cities, a percentage that more than doubled during the period from 1978 to 2000. Chinese cities have also demonstrated higher degrees of urbanism with an increasingly cosmopolitan landscape, higher rates of mobility, rising consumerism, and increasing cultural and social diversity. This new pattern of urban development can only be attributed to changes in the Chinese government's philosophy of urban development and to the effects of economic reforms that have initiated institutional changes on many fronts. These changes include the integration of the urban economy with the world economy through the government's open door policy, liberalization of the nonstate economy, a relaxation in migration control, and the privatization of the housing system.

GLOBALIZATION AND UNEVEN URBAN DEVELOPMENT

In 1978, the new Chinese leadership initiated an open door policy to utilize foreign investment and engage in international trade, a policy that has since brought profound changes to urban development in China. Through a strategy of gradualism, the open door policy was initially implemented in coastal cities before it was (recently) adopted nationwide. Four Special Economic Zones (SEZs) were established in 1979: Shenzhen,
Zhuhai, and Shantou in Guangdong province, and Xiamen in Fujian province—all within geographic proximity of Hong Kong and Taiwan (see map 9.3). With massive foreign investment from overseas Chinese and an influx of migrant labor engaging in newly established foreign or private enterprises, these SEZs met with immediate success and grew rapidly. In 1984 another fourteen coastal cities were opened up, and in 1985, Open Economic Regions around the SEZs or Coastal Open Cities were designated. Hainan Island and Pudong New District in Shanghai were added as the latest SEZs, in 1988 and 1990 respectively.

Map 9.3. The Gradual Open Door Policy Biased toward Coastal Cities. Source: Adapted from Phillips and Yeh 1990, fig. 9.4.
Because of this geographically biased open door policy and the better social and physical infrastructure in China’s large cities, the majority of foreign investment has gone to large and medium-size cities in the eastern region. At the same time, the SEZs and Coastal Open Cities have benefited more from this globalization and have enjoyed higher economic growth rates than inland cities (Xie and Costa 1991; Fan 1992). For example, the urban population in Shenzhen and Zhuhai grew at 32 percent and 29 percent respectively during 1978–1984 (Xu and Li 1990). The industrial output in these two cities grew at 95 percent annually during the same period. Shenzhen, a once small village, has now been transformed into a modern, bustling city with a population of 1.4 million in 2002 (see photo 9.2). With three SEZs and two Coastal Open Cities, the Pearl River Delta region in Guangdong province has been one of the most rapidly urbanizing regions in China, with an urban population growing 7.70 percent annually during the period 1978–1986 (in contrast to 0.75 percent during 1957–1978; Xu and Li 1990). In addition to millions of workers migrating into the region from elsewhere, 60 percent of the delta’s local rural population has given up farming and moved into nonagricultural sectors, many in manufacturing industries relocated from Hong Kong and Taiwan (R. Chan 1995). As a result, gross industrial output in the delta grew 16 percent annually during the period 1978–1986, much of it coming from a rapid expansion in Chinese products being exported to the global market (Xu and Li 1990).

Photo 9.2. The urban landscape of Shenzhen. To the left of the river is Hong Kong. Photo by Youqin Huang
The phenomenal transformation of Pudong New District from farmland in the 1980s to a financial district with a forest of skyscrapers (see photo 9.3), is another example of how Chinese cities are being transformed by the force of globalization. “Exo-urbanization” (Sit and Yang 1997) and “urbanization from outside” (Fan 1995) have been used to refer to this rapid urban development that has been induced mainly by foreign investment. The open door policy and globalization have changed the course of urban development in China, with the country’s focus now shifting from spatial equality to economic efficiency, from inland to coastal cities, from small to large cities, and from self-reliance to internalization. An uneven urban development biased toward coastal large cities has been achieved.

“URBANIZATION FROM BELOW”

Towns and small cities in China served primarily as marketing and administrative centers throughout the nation’s history, and remained stagnant until the early 1980s when they became centers of industrial production (Fei et al. 1986; Skinner 1977). In 1984 the State Council issued a landmark policy that allowed peasants to move to towns and small cities as long as they could provide themselves with food and shelter. Because of the millions of surplus rural laborers that had resulted from the Household
Responsibility System, this policy generated a massive rural-to-urban migration, with more than 5 million new urban residents added during the 1984–1988 period (Zhu and Gu 1991). Still banned from jobs in the state sector, most of these migrants in the early 1980s moved into rapidly expanding nonstate sectors such as services or privately or collectively owned industries, often called township-village enterprises (TVEs), that manufactured consumer goods from sneakers to electronics. These migrants provided a large pool of cheap labor for the nonstate sectors, and they were cheap because they were denied subsidized housing, medical care, pensions, and the other benefits that were enjoyed by employees in the state sector. Together with local governments’ entrepreneurship, the nonstate sectors and especially the TVEs grew rapidly, contributing 72 percent of China’s total industrial output in 1998. This influx of migrants and the phenomenal growth of nonstate economies have led to the rapid development of towns and small cities. To further promote the growth of small cities and towns, the government’s criteria for designating towns were relaxed in 1984, which led to a surge in the number of designated towns, which went from 2,781 in 1983 to 6,211 in 1984, and to 9,121 in 1987. Between 1980 and 1994, 287 new cities were so designated (K. W. Chan 1994). This phenomena of indigenous urban development that is town- or small city-based and relies mainly on local initiatives and resources is referred to as “urbanization from below,” and is in sharp contrast to “urbanization from above,” that is, state-planned development based on large-scale industries in large cities (Ma and Fan 1994).

Towns and small cities are particularly vibrant in the Chinese coastal regions. For example, due to their proximity to large cities such as Shanghai, Changzhou, Wuxi, and Suzhou, many towns and small cities in the Chang Jiang (Yangtze River) Delta have benefited significantly from the economic, technological, and cultural spillover from these large urban centers (Tan 1993). In Zhejiang province, many towns and small cities have grown rapidly because of an influx of rural migrants who invested heavily not only in TVEs but also in housing and civic infrastructure. This has created so-called peasant cities like Longgang. Foreign investment in Guangdong province, mainly from overseas Chinese, has attracted millions of migrants from all over China and has transformed the province’s towns and even villages into large cities. Dongguan, once a small town, now is one of the largest cities in China, with 5 million migrants among its 7 million residents. With a large number of vibrant small cities, towns, and industrialized villages, extended metropolitan regions or urbanized regions are taking shape in areas surrounding large cities in the Chang Jiang Delta and Pearl River Delta (Lin 1994; Zhou 2003).

Accompanying this phenomenal growth in towns and small cities are many problems such as pollution and loss of farmland (Tan 1993). Yet, urbanization from below has to some extent alleviated problems such as congestion and an overburdened infrastructure in large cities by channeling surplus rural labor into the towns and small cities. The urban development of these towns and small cities, however, emphasizes privatization and economic efficiency, an approach that is very different from the approach of urban development in the socialist era, which focused on equality; yet ironically, a smaller spatial inequality and phenomenal economic growth have been achieved, especially in the coastal regions.
In the socialist era, migration, especially rural-to-urban transfers, was tightly controlled through the *hukou* system. Since 1978, however, there has been an increasingly large volume of migrants, mostly rural-to-urban migrants, who have sought to take advantage of the new opportunities brought about by the reforms. Crowded transit centers, such as railway and bus stations and airports, provide the best testimony of the higher mobility in Chinese cities of the reform era. According to the 2000 Census, more than 30 percent of the Chinese population lived in a place different from their birthplace, and the estimated annual mobility rate was about 6 percent in the late 1990s—much higher than during the pre-reform era (which was, for example, 2–3 percent in 1977; see K. W. Chan 2001). Scholars have estimated there are 100–120 million in the so-called floating population—temporary migrants looking for jobs in Chinese cities (K. W. Chan 2001). Many factors contributed to this massive rural-to-urban migration, including rural reforms that released millions of surplus laborers from the land, the development of private sectors in cities, the reform of the *hukou* system, the phasing out of the rationing system, and the relaxation of migration controls.4

Rural-to-urban migrants unquestionably contribute to rapid urban development by providing their labor, skills, and talents and by filling employment and service gaps in cities. Yet these migrants are discriminated against by both existing institutions and permanent urban residents. The *hukou* system is under reform, and differences in economic opportunities and social benefits based on *hukou* status are shrinking (F. Wang 1997), but the discrimination against migrants has by no means disappeared. Based on *hukou* status, there are “permanent migrants” who are able to change their registration to their destination cities, and “temporary migrants” who are registered at places other than their destinations. The latter constitute the majority of migrants in Chinese cities (K. W. Chan 2001). Although permanent migrants enjoy employment opportunities and welfare benefits similar to those of urban residents, temporary migrants, who are mostly from the countryside, are not eligible for state employment and benefits in cities. They have to work in informal sectors and in temporary jobs—the so-called 3D jobs (demanding, dangerous, and dirty; K. W. Chan 2001)—and they often cluster in a few undesirable occupational niches such as in construction work (for men), and in sales and restaurant attendant positions (for women; Huang 2001). In addition, they are not allowed access to subsidized housing, which has dominated the housing stock in Chinese cities in recent decades. With underdeveloped private rental markets, most of these migrants have no option but to live in dormitories, trading markets, construction sites, hotels, and in peasants’ houses, and they experience much worse housing conditions than local urban residents (Ma and Xiang 1998; Solinger 1995; F. Wu 2002). The emergence of dilapidated migrant enclaves in large cities is mainly a result of the limited housing options available to temporary migrants (see photo 9.4). Furthermore, the Chinese urban public generally have a negative attitude toward the migrants who have suddenly emerged in their cities, which is further perpetuated by negativity in the media. Migrants are often blamed for rising crime rates, overcrowding, overburdening of the transportation system, and even deterioration of the urban environment, such that
local municipal governments have periodically attempted to deport them and demolish their settlements (L. Zhang 2002). Persistent negative public discourse, together with a discriminatory institutional system, offers this floating population little chance to be assimilated into mainstream urban society, and a two-class urban society is emerging in China (Solinger 1995; K. W. Chan 1996).

HOUSING PRIVATIZATION AND URBAN SOCIOSPATIAL RESTRUCTURING

One of the most visible changes in Chinese cities is the appearance of new housing estates with different architectural styles and amenities, in sharp contrast to the previously uniform, utilitarian apartment buildings in work-unit compounds (see photo 9.5). As part of China’s overall market transition, housing reform has contributed to a rapid development of private housing and to a profound transformation of the urban landscape and sociospatial structure. Urban households in China for the first time in decades enjoy various housing options and significantly improved housing conditions. Paradoxically, however, the Chinese are now also experiencing the effect of significant intra-urban inequality and residential segregation.

In the socialist era, housing was considered part of the social welfare benefits that the government should provide to its urban citizens. Through massive construction of public housing and the socialist transformation of existing private housing, the
government successfully transformed a market-oriented housing system into a welfare-oriented system dominated by public rentals. As a result, less than 20 percent of all houses in China were privately owned in the 1980s.

Public housing was allocated according to a set of nonmonetary criteria such as marital status, job rank, seniority, and family size (Bian et al. 1997). Because rent was often less than 1 percent of household income, households enjoyed de facto ownership of their apartments (Tolley 1991). But while the public housing system improved housing conditions for the masses, there were also a number of problems, such as a severe housing shortage and poor housing quality, which were mainly a result of the low-rent policy (X. Q. Zhang 1998; Wang and Murie 1999).

After pilot experiments in several cities, nationwide urban housing reform was launched in 1988 to introduce market mechanisms into the housing system, and these reforms continue. First of all, while existing public housing now is being privatized through subsidized sales and rising rents, new private housing built by domestic and foreign developers is being added to the stock rapidly. Housing built by households themselves, and mainly for owner-occupancy, are also being encouraged, especially in small towns and cities (X. Q. Zhang 1998). Second, in contrast to the confiscation of private homes in the socialist era, homeownership is now being actively promoted through various methods. For example, public housing is being sold at a fraction of its market price to encourage sitting tenants to purchase their dwellings. “Affordable housing,” that is, private housing with government-controlled prices, is only for sale to low-to-medium income households (State Council 1998). To further help Chinese
households purchase homes, a mandatory long-term housing saving system—the Housing Provident Fund—has been set up, through which public employees contribute no less than 5 percent of their wages to their own accounts, which is then matched with the same amount from their work units. Recently, commercial housing loans have become another important source for financing home ownership. The Industrial and Commercial Bank of China, the largest commercial bank in China, had issued US$42.9 billion in home mortgages by the end of October 2002, and individual home loans increased by thirty-eight times during the period from 1997 to 2002 (China News Digest 2002).

Urban households, which in the relatively recent past had few housing choices other than waiting in long lines for subsidized rental housing, now can choose between public and private housing, and between rental and private home ownership. After several decades of suppression during the Maoist era and following recent promotion campaigns by the government, home ownership is clearly preferred by most Chinese. According to the 2000 Census, 72 percent of households in cities and 78 percent of households in towns owned their homes. While there are significant variations between cities, overall China’s rate of home ownership is among the highest in the world, especially considering that its rate of home ownership was less than 20 percent in the 1980s and only 47 percent in 1996 (Huang and Clark 2002). Despite alarmingly high housing prices, especially in large cities like Beijing, most households are able to purchase their homes at relatively cheap prices because of persisting housing subsidies. For example, in 2000 more than 85 percent of home owners in Beijing paid less than 50,000 yuan (US$6,046) for their home, and 83 percent of renters paid less than 100 yuan per month (US$12), while the average annual wage income was 16,536 yuan (US$2,017; National Bureau of Statistics 2001).

Housing reforms have significantly improved housing consumption in Chinese cities. Per capita living space increased from 3.9 m² in 1978 to about 10 m² in 1998 (National Bureau of Statistics 1999). Yet compared to international standards, housing consumption in urban China is still low, and Chinese households still suffer from severe residential crowding. In 2000, each urban household had 2.27 bedrooms on average, while the average household size was 3.03 persons (National Bureau of Statistics 2002). More than 25 percent of urban households lived in dwellings with one or no bedroom. And in large cities like Shanghai, it is even more crowded, with more than 44 percent of households living in units with one or no bedroom. “A room of one’s own” is still a dream for most households in Chinese cities (Huang 2003).

The ongoing housing reform has brought many benefits to urban households such as diverse housing options, better housing conditions, and higher occupational and residential mobility. Yet none of these come without trade-offs. Increasing social and spatial inequality is becoming a concern in China’s previously rather homogeneous urban society (see photos 9.4 and 9.5). Instead of representing similar class backgrounds and living in similar work-unit compounds as was common in the socialist era, urban households are now sorted into different types of housing and neighborhoods. With the emergence of high-end gated communities and dilapidated migrant enclaves, China’s relatively homogeneous urban society based on work-unit compounds is rapidly disappearing, and one with social separation and residential segregation is emerging. There is a real concern among scholars that this increasing residential segregation and housing
inequality may lead to problems such as homelessness, slums, decayed urban areas, and social conflict.

NEW CITIES IN A NEW MILLENNIUM

Despite gradualism and a relatively short period of reforms, profound changes have taken place in Chinese cities. While there are still some vestiges of socialist urban planning, such as large public squares and uniform apartment buildings, Chinese cities are now beginning to display features of modern cities, including high-rise office buildings, suburban housing estates, large shopping centers, and specialized districts for entertainment and high-tech industries.

In contrast to a previously cellular urban structure based on work-unit compounds with comprehensive functions, specialization and differentiation are now being pursued in Chinese urban planning, and the results are evident in the spatial restructuring of land use and the transformation of urban landscapes. First of all, large housing estates, separate from employment centers, have been developed—mostly on the outskirts of cities—to accommodate households from different work units. But while people can now live in neighborhoods away from the watchful eyes of their colleagues, in general they have to commute longer and farther to work. This increasing separation between residential and work space, together with a surge in the use of private automobiles, has made traffic a daily concern in most Chinese cities, despite recent aggressive expansion and upgrading of the road and highway systems (see photo 9.6). Central cities are still preferred by most urban residents, but suburbanization is also taking place outside of many large cities as a result of improvements in transport between central cities and their suburbs, and there has been a massive development of new housing in these suburbs (Zhou and Ma 2000).

With ongoing urban land reform that allows land transactions and rent capitalization, large business and commercial centers that require intensive land use are being developed, often at city centers. Consequently, high-rise buildings and skyscrapers have mushroomed, which has significantly changed the skylines of many Chinese cities. Beijing, where the city center is a huge basin defined by Tiananmen Square and one-story Forbidden City, is building a new central business district on the east side of the city center where many high-rise office buildings, large hotels, and convention facilities are already located. Urban planners and decision makers in Beijing clearly envision a Western-style central business district comparable to those in Hong Kong, Paris, and New York. Further, with more than one hundred foreign banks and financial institutions, Pudong New District in Shanghai is becoming a financial district (see photo 9.3), and Shanghai is on the road to becoming an international financial center. In addition, different specialized districts—such as Zhongguancun High-Tech Zone in Beijing, the so-called Silicon Valley of China—foreign enclaves, and restoration districts are taking shape in large cities (Gaubatz 1995).

In obedience to an ideology of “production first, consumption later,” the consideration of aesthetics was never a primary objective in Chinese socialist urban planning. Most buildings created according to this ideology were utilitarian and had similar...
designs, giving little personality to Chinese cities. Now all that has changed: municipal
governments spend millions to beautify their streets, and every city in China is trying
to build a unique urban landscape. The recently renovated pedestrian street Wang Fu
Jing (Beijing's Fifth Avenue), is decorated with flowers, fountains, and Christmas lights
(see photo 9.7). Xidan Culture Square in Beijing is characterized by postmodern statues
dotting well-manicured lawns—in sharp contrast to the bare cement of Tiananmen
Square. Whereas the skyscrapers in Shanghai's Pudong New District are lit up each
night, attracting millions of tourists. Similar makeover projects are taking place else-
where. The recent decentralization of China's fiscal system has given local municipal
governments unprecedented freedom in resource mobilization, which has enabled them
to improve their urban infrastructures and environment (W. Wu 1999).

With increasing globalization, Chinese urban residents are also getting a taste of
Western consumption and lifestyles. In addition to imported Western goods (from cars
to cosmetics) and recreational activities (from surfing the Internet to golfing), they have
also embraced the Western (particularly American) fast foods provided by major chains
in their cities, chains such as KFC, Pizza Hut, McDonald's, and Starbucks. The first
KFC outlet opened in Beijing in 1987. It is the largest KFC restaurant in the world,
with five hundred seats in a three-story building, and it was an instant hit, setting the
record for both single-day and annual sales in 1988 among the more than nine thousand
KFC outlets worldwide (Yan 2000). In similar fashion, the first McDonald's in Beijing
served more than forty thousand customers on its opening day April 23, 1992 (see
photo 9.7). Within five years, thirty-five more McDonald's had been opened in Beijing;

Photo 9.6. Different transports jam a major street in Chongqing. Photo by Youqin
Huang
and thousands of similar establishments have opened in other Chinese cities. These fast-food establishments function more as social than as eating places in China because they provide the Chinese with an environment in which to experience a Western culture and lifestyle (Yan 2000).

In addition, Chinese cities, especially the large, coastal cities, are being transformed by international architectural firms and designers. Major landmark buildings in cities like Beijing, Shanghai, and Guangzhou are often designed by foreign architects—in contrast to the emphasis in the socialist era on self-reliance. For example, the tallest building in China and the fifth tallest in the world, Jinmao Tower in Pudong New District (see photo 9.3), was designed by Skidmore, Owings and Merrill, an American firm; while the pearl-shaped National Grand Theater in Beijing and bright Pudong International Airport in Shanghai were designed by French architect Paul Andreu. Major stadiums and the Olympic village being built in Beijing for the 2008 Olympic Games, the first magnetic levitation railway in Shanghai, Citic Plaza in Guangzhou, and even the city hall in Shenzhen were all designed by Western architects, who in this way are creating an international urban landscape in China.

But as Chinese cities such as these have become larger and more cosmopolitan, a whole set of new problems has emerged, including increasing social and spatial inequality, overcrowding, traffic jams, pollution, homelessness, and high crime and unemployment rates, despite the fact that the government has constantly attempted to avoid such social problems. Two decades ago, the Chinese government decided to shift
its focus from social equality to economic efficiency, and today it is facing the dilemma of balancing these two again in its bustling cities.

**Conclusion**

As should not be surprising in a nation with the longest urban history in the world, urban development in China has followed a changing path, from a mature urban system before the middle of the nineteenth century to unbalanced urban development biased toward the Treaty Port cities during colonial times, then to strictly planned and controlled urban development in the socialist era, and now to a more market-driven urban development biased again toward the coastal cities. Despite constant shifts in ideology and changes in urban policies, especially since 1949, it is clear that the Chinese government has striven to achieve both sociospatial equality and economic efficiency in its urban development policies by emphasizing one aspect more than another as time and circumstance demand. While it is debatable whether the Chinese government has been successful in this regard, it is certain that China has avoided "urban explosion" and its associated urban problems, which have been widespread in many developing countries. Characterized by its under-urbanization, its changing path, its spatially and hierarchically balanced urban system, and a mixture of traditional, socialist, and modern urban landscapes, urban development in China is certainly unique. The classic theories of urban development based on European experience are inadequate to explain urban development in China, and country-specific perspectives, concepts, and theories need to be developed (Lin 1994; Fan 1999; Ma 2002). While the important roles of history, globalization, and local initiatives in China's urban development should be recognized, socialist institutions and urban policies embodying the government's ideology have been more important in shaping urban development in China, especially since 1949. Ma (2002) argues for a political economy perspective, one that emphasizes the role of the state as the ultimate decision maker, regulator, and participant in urban development in China. Despite a drastic shift in urban policies and different patterns of urban development, the central role of the state has not changed significantly. In the socialist era, the state developed the hukou system to control rural-to-urban migration and urban growth; used state investment to achieve a desired urban economy and a balanced urban system; applied its principle of spatial and administrative organization to reduce rural-urban inequality; and initiated political campaigns such as the Great Leap Forward, the Cultural Revolution and the Third Front that had a direct and profound impact on urban development. In the reform era, despite globalization of production, the infusion of foreign capital, significant privatization, and decentralization of fiscal and political power to local places, the state (including local governments) continues to play a central role in urban development and urban transformation (Ma 2002). As we have suggested in this chapter, it was the state that designed gradual and spatially biased open door policies, encouraged the development of nonstate sectors, allowed rural-to-urban migration in a controlled fashion, and blueprinted the privatization of the housing system. Despite recent economic reforms, China is still politically a socialist nation with one dominate party, and the state still plays an important role in its urban development.
Notes

1. Because of the different welfare benefit entitlements owed to the urban and rural populations, it was considered a calculated political decision for the government to send part of its urban population to the countryside and at the same time to attract peasants to cities (Zhao 1981).

2. To promote integration between the countryside and cities and to guarantee a supply of food and vegetables to the cities, rural counties surrounding an existing large city were often incorporated into the city proper (Lo 1987). Population in these counties, predominately rural, was therefore sometimes included in the total population of cities and towns and thus became “urban” population, leading to an inflation in apparent urban populations.

3. The First Front was regarded as China’s highly vulnerable coastal cities, and the Second Front was a vague intermediate zone between the First and Third fronts.

4. The food-rationing system was phased out in the 1990s, and temporary registration certificates were created to allow migrants to live in cities.

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