

Chapter One

01

On October 1, 1949, Chairman Mao Zedong solemnly announced to the world in Beijing that the People's Republic of China was founded. This was a starting point for the great rejuvenation of the Chinese nation. From then on the Chinese people who had stood up began to control of their own destiny and strive to create a new era of China. In the past sixty years, the industrious and talented people of all ethnic groups in China have become united and self-reliant, worked hard to overcome considerable difficulties and hardships, and made great achievements that attracted worldwide attention. Today, a socialist China stands rock-firm in the east of the world, marching towards modernization for a better future and better the world.

Urbanization Process in China





1 Urban Development in the Last Sixty Years

Urban and architectural cultures are immortal chapters in the splendid civilization of ancient China. The history of cities as a form of human settlements goes back to the distant primitive ages when civilizations just sprouted, yet the large-scale urban development worldwide did not take place until after the modern industrial revolution. Throughout the history of urban development, the pace of urbanization has been accelerating and cities have evolved into political, economic, cultural and social entities that are highly complex.

- Wu Liangyong

Selected Essays on Urban Planning and Design, 1988

1.1 Historic Review of Urban Development

When the new China was founded in 1949, it had 132 cities in total, representing an urbanization ratio of 10.65%, with 57.67 million population living cities and towns. With the implementation of the guidelines on the rehabilitation of the national economy which was developed by the central government in the early 1950s, urbanization and urban construction was steadily pushed forward. For instance, in the first Five-Year Plan period (1953-1957) when 156 key projects of the State were initiated, a group of industrial and mining cities emerged, such as Yuci that was focused on textile machinery and industry, Jixi, Shuangyashan, Jiaozuo, Pingdingshan and Hebi that were focused on coal industry, Ma'anshan that was focused on iron and steel industry, and Yumenn that was focused on petroleum industry. At the same time, coastal cities like Tianjin, Shanghai and Guangzhou were upgraded. Industry-dominated cities like Wuhan, Chengdu, TaiYuan, Xi'an, Luoyang and Lanzhou were expanded. Medium-sized cities like Anshan, Benxi, and Qiqihar and big cities like Harbin, Changchun and Shenyang were developed. And in Beijing, the capital of new China, the first high wave of planning and construction was set off.

As a result of the economic fluctuations in late the 1950s and the subsequent natural disasters and the Cultural Revolution beginning in 1966, the national economy lingered over a long period of time and consequently the progress towards urbanization was greatly hindered. From 1966 to 1978, only 26 new cities were established. The country had an urban population of 172.45 million in 1978, representing an urbanization ratio of 17.92%.

Following 1978, the government started to shift the focus of its work onto economic development. As a series of policies and measures were introduced to conduct economic reform and open up China to the world, the national economy grew at high speed, the urbanization progress was significantly accelerated, the urban layout and space structure became more rational. Cities played an

increasingly important role in the national economy. The urban landscape changed with each passing day, and urban living environment was greatly improved. From the 1980s reform in economic structure took place successively in cities. Especially from the 1990s, urbanization development was at high speed thanks to the adoption of the strategy on developing small and medium-sized towns and cities, establishment of economic development zones across the country and the boom of township enterprises. Urban economies had stronger radiation effects and cities played a better role as regional growth centers. The long-standing separation of urban and rural areas was eliminated.

In 1992 the Fourteenth Congress of the Communist Party established the overall objectives and basic frameworks for the system of socialist market economy. The status and role of cities as regional centers in economic and social development were recognized and valued to an extent that was unparalleled in the history of new China. In 2002, the Sixteenth Party Congress explicitly proposed that "we should gradually increase the level of urbanization, persist in balanced development of big, medium-sized and small cities and small towns and follow our own path towards urbanization". Since then China's urban construction and development entered into a new phase.

At the end of 2009, among all provinces, autonomous regions and municipalities of China (excluding Hong Kong SAR, Macao SAR and Taiwan Province), there was a total of 654 cities, representing an urbanization ratio of 46.59%. The total urban population was 621.86 million. In the past three decades when economic reform and opening up policy was carried out, the number of cities in China as increased in three phases: First, the phase of modest growth between 1978 and 1982, during which the number of cities rose from 193 in 1978 to 245 in 1982, with an average annual increase of 13; secondly, the phase of rapid growth between 1983 and 1996, with a total of 666 cities in 1996 across the country, representing an average annual increase of 30 during the period; Thirdly, the phase of slight adjustment between 1997 and 2009, with a total of 668 cities in 1997 and 654 in 2009.

The decrease in the number of cities in this period was mainly attributed to the fact that cities on the county level were replaced by districts, which was a result of adjustments of administrative divisions for the economic development in scale.

According to the administrative divisions, at the end of 2009 there were 287 cities at the prefecture level or above (including 4 municipalities under the direct administration of the central government and 15 sub-provincial cities), and 368 cities on the county level. There was a total of 34,170 township-level administrative jurisdictions, including 14,848 townships, 19,322 towns and 6,686 urban neighborhoods. According to statistics of non-agricultural population in urban districts, there were 23 cities in China with a population of 2 million or more, 33 cities with a population of 1-2 million and 86 cities with a population of 0.5-1 million, 239 cities with a population of 0.2-0.5 million, and 273 cities with a non-agricultural population of 0.2 million or less.

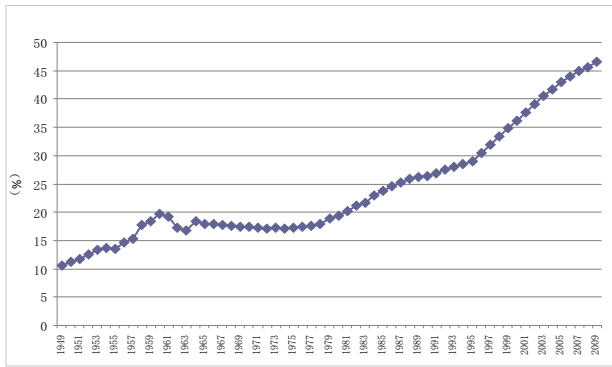


Figure 1.1 1949-2009 Level of Urbanization of China

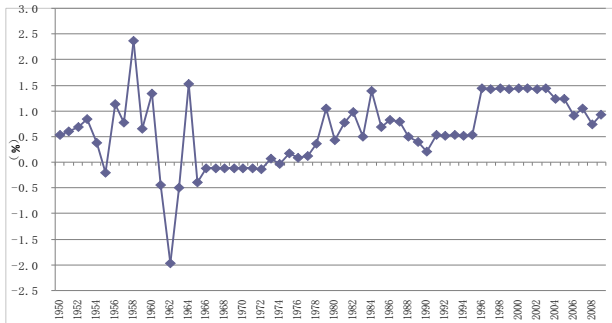


Figure 1.2 Average Annual Growth Rate of Urbanization(%), 1950-2009

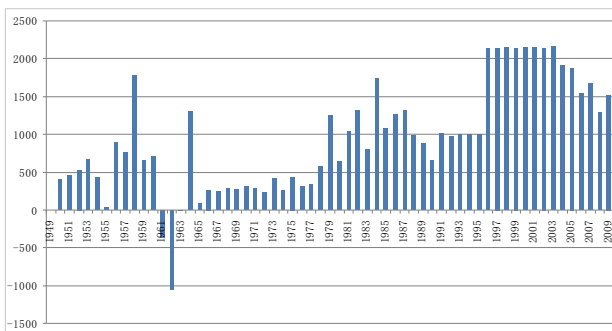
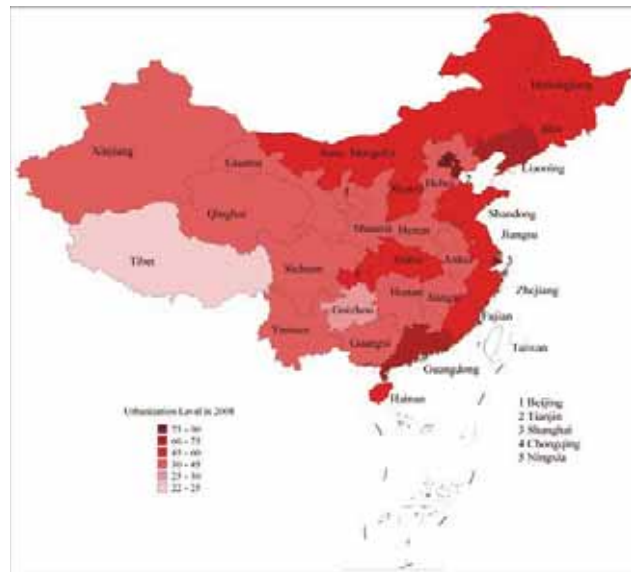


Figure 1.3 Annual increase in urban population



Map 1.1 Distribution of Cities and Towns, 2005
Source: China's Urban System Planning (2005-2020)



Map 1.2 Regional Distribution of China's Urbanization Level, 2008



Map 1.3 Variations in Urbanization Level of All Provinces, Municipalities and Autonomous Regions, 2005-2008

1.2 Important Role of Cities in National Economic Development

As China has gradually raised its urbanization level, urban economies have played an increasingly important role in the national economy since 1950s. According to statistics, in 2008 all cities at the prefecture level and above had a total population of 376.19 million, accounting for 28.3% of the total population of the country. The gross product of these cities accounted for 62% of the country's GDP. There were 43 cities with gross product of 100 billion RMB Yuan¹ or more, including 20 cities with gross product of 200 billion Yuan or more. These cities had a total of 1,689.27 billion Yuan of revenue attributable to the financial budget of local governments, accounting for 59% of the total local fiscal revenues across the country. Their spending within local fiscal budget totaled 2,129.67 billion Yuan, accounting for 43.4% of the total local fiscal expenditures of the country. While cities maintained a high speed in economic development, their tertiary industry, such as service sector, was also developed rapidly, and their industrial structures were optimized and upgraded.

Export-oriented economic activities of cities have developed at high speed. In 2008 the cities at the prefecture level and above had a total of 47,568 industrial enterprises with foreign investment or investment from Hong Kong, Macao or Taiwan, a 12 times increase from 1990. Their industrial output value totaled 11,086.87 billion Yuan, a 173 times increase from 1990. In 2008 the total value of imports and exports of these cities was 2,536.44 billion U.S. dollars, representing a 22 times increase over 1990 and accounting for 99% of the total value of imports and exports of the country. In 2008, 20,902 (4 times the figure of 1990) new contracts were signed for foreign-funded projects in these cities, which involved 108.7 billion U.S. dollars (16 times the figure of 1990) of foreign investment that were actually utilized.

With the acceleration of economic globalization and reform in the urban commodity circulation system, a large number of foreign business groups and multinational corporations successively set up their branches and agencies in mainland cities. Many chain stores and large supermarkets opened in cities, which greatly boosted the prosperity of the

domestic and international trade market. In 2009, the total retail sales of social consumer goods were 12,534.3 billion Yuan, including 8,513.3 billion or 67.9% from cities. At the end of 2009, the balance of RMB and foreign-currency deposits of all financial institutions totaled 61.2 trillion Yuan (including 26,476.1 billion Yuan of savings of urban and rural residents), 13.2 trillion more than that at the beginning of the year.

According to the preliminary statistics of the National Bureau of Statistics of China, In 2009 the GDP of China was 34,050.7 billion Yuan, representing a growth rate of 9.1% calculated at constant prices, to which the primary industry contributed 3,522.6 billion Yuan, representing a growth rate of 4.2%; the secondary industry contributed 15,763.9 billion Yuan, representing a growth rate of 9.9%; and the tertiary industry contributed 14,764.2 billion Yuan, representing a growth rate of 9.3%. The ratio between the primary, secondary and tertiary industries was: 10.3: 46.3: 43.4 (ratios in 2008: 10.7:47.5:41.8). In 2009 per capita GDP of China was 25,511 Yuan (US Dollar 3,735).

At the end of 2009, there was a total of 779.95 million employed people across the country, 5.15 million more than



the previous year. Among all the employed people, 311.2 million people were in urban areas, 9.1 million more than the previous year. At the end of 2009, 9.21 million unemployed people were registered in urban areas, representing an unemployment rate of 4.3%, 0.1% higher than the previous year.

¹ Reference exchange rate of Renminbi of period average in 2008 was 100 US Dollars = 694.51 RMB Yuan; and in 2009 was 100 US Dollars = 683.10 RMB Yuan.

1.3 Expansion of Employment Opportunities in Cities

In the past sixty years since the founding of new China, the governments at various levels, while making efforts in developing economy, have always given priority to the issue of employment. They revised employment policies timely in view of primary demands and problems in each period and therefore boosted the continuous expansion of the country's labor force. The number of employed people across the country rose from 180.82 million in 1949 to 774.8 million in 2008, representing an increase of 328%. The number of employed people grew faster in urban areas, with 302.1 million employed people at end of 2008, 18.71 times the figure of 1949.

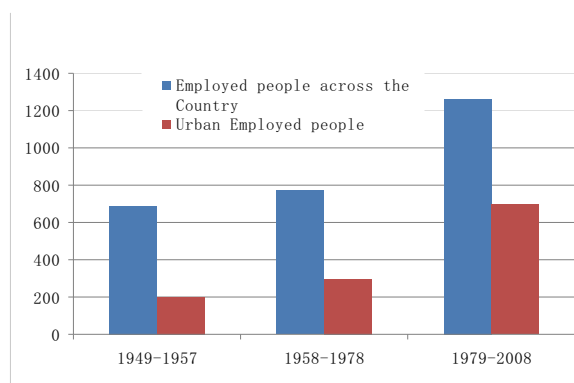


Figure 1.4 Annual Increase in Number of Employed People in Each Time Period

Since the founding of new China, the country has been pushing forward industrialization and urbanization simultaneously. The improving industrial system and large-scale urban construction has facilitated in sharp rise in the number of employees working in the second and tertiary industries. Especially after the introduction of economic reform and open-up policy, the country, in an effort to change the heavy industry biased structure, shifted the focus of development onto the light industry, commerce, catering sector, service sector and repairing and maintenance sector that are closely related to the people's life and the undeveloped transportation, post and telecommunications and financial and insurance sectors that had constrained the development of the national economy. Through persistent efforts of 30 years, the shortage of commodities that bedeviled the country for quite a long time was overcome, the quality of the people's life rapidly improved, and the "bottleneck" restraining effect of undeveloped infrastructures like energy, transportation and post and telecommunications mitigated. The industrial structure became more rational and dramatic changes occurred in the employment structure. As of 2008, among all employed people across the country, there were 306.54 million people working in the primary industry, accounting for 39.6%; 211.09 million working in the secondary industry, accounting for 27.2%; and 257.17

million working in the tertiary industry, accounting for 33.2%. Compared with 1952, the number of people in the primary industry decreased by 43.9% and that in the secondary and tertiary industries increased by 19.8% and 24.1% respectively.

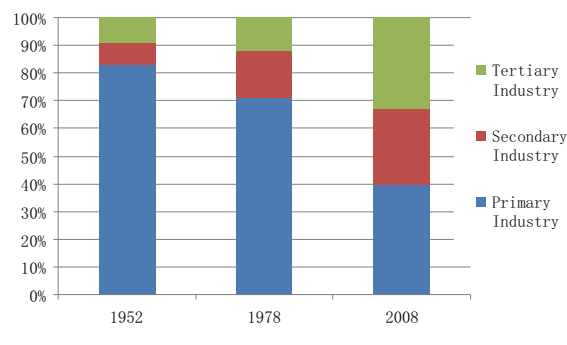


Figure 1.5 Distribution of Employees in Three Industries in each Time Period

It was clearly proposed at the Third Plenary Session of the 14th Central Committee of CPC held in November 1993 that China should develop labor force market as part of its efforts in building the system of socialist market economy. This proposal marked end of the old system and a beginning for building the new employment administrative system. In the years following 1994, the country successively enacted Labor Law, Employment Promotion Law, Employment Contract Law, Law on Mediation and Arbitration of Labor Disputes, Law on Vocational Education as well as related implementing rules. The Labor Law enacted in 1994 provides legal basis for the development of the market of labor forces. The legal status of parties to an employment relationship is recognized and the right of employers to hire employees and that of employees to choose employer in their own discretion are protected. Employment Promotion Law promulgated in 2007 provides guarantees at law for long-term implementation of effective employment promotion measures by highlighting the government's role of promoting employment and establishing the working system for employment promotion. Through enactment and operation of the Labor Law and related laws and regulations, the legal status of a market-oriented employment administrative system in which "laborers choose employers on their own and employment is regulated by the market and promoted by the government" was recognized and the enforcement of the system was guaranteed.



However, as a large country with a population of 1.3 billion today, China will continue to face considerable pressure in employment in the process towards urbanization and it has to properly deal with this issue in a long period of time. In the coming ten years which will be crucial for building an all-around well-off society, it will be of vital importance to properly address the employment issue which is of great concern to the people. The 17th Congress of CPC guided the employment-related work for years ahead by targeting higher employment rate and adopting the strategy to expand work forces. In pushing forward the progress towards urbanization, the principle of “giving priority to employment” shall be followed to give a better play to the role of the market in allocating labor resources and the role of government in promoting employment, develop and revise various employment policies, provide good employment services and make efforts to do well the employment promotion that is of vital interest to the

people, so as to ensure the long-term social stability and the peace and order of the country.

1.4 Improvement of the Functions of Cities and Life of Urban Residents

On the basis of the flourishing urban economy, improvements have been made on issues of great concern to the people: a great number of jobs have been created, salary levels substantially raised and the consumer market has been booming. Rural and urban residents share the advantages brought by the economic reform and opening-up policy and their quality of life has improved significantly. As a result, the society has become more stable and harmonious. The per capita disposable income of urban residents in 2009 was 17,175 Yuan (US Dollar 2,515), representing a 19-fold increase over in 1949 after adjusting for price changes.



From the 1980s, city dwellers started to take a variety of forms of transport. At the end of 2009, the number of automobiles owned and used by civilians across the country totaled 76.19 million, an increase of 17.8% from the previous year, of which 26.05 million were privately owned automobiles, representing an increase of 33.8% from the previous year. The number of all civilian automobiles in Beijing rose from one million in the beginning of 1997 to 3.72 million at end of 2009 (including 2.18 million privately owned automobiles). At the same time, urban transport infrastructure was further improved. The construction of road networks and development of public transport was accelerated. Modern urban transportation systems consisting of primary and secondary roads, non-motor vehicle roads, sidewalks, high-speed ring roads and bridge overpasses were built in all major cities.

Reforms in the housing system have made housing construction a new economic growth point and a new consumption field. The per capita floor space of urban

residents rose from 4.3 square meters in 1949 to 23 square meters in 2008. The quality of houses and living environment were also greatly improved. The supporting infrastructures and public facilities were upgraded. The number of flats equipped with separated kitchens and bath rooms accounted for more than 80% of the residential housing stock.

Great efforts have been made to develop compulsory education and medical and health undertakings. A large number of sports, cultural and educational facilities have been built and opened to the public that satisfy the demands of urban residents on culture, study, entertainment and sports. The tourism and leisure industry has developed rapidly. There were 1.9 billion inbound tourists and 1,018.4 billion Yuan of revenue from inbound tourism, and a total of 47.66 million outbound visitors (including 42.21 million for private purposes) in 2009. Inbound and outbound tourism is switching from the mode of sightseeing to the mode of leisure and relaxing and traveling abroad is becoming affordable for the ordinary Chinese people.

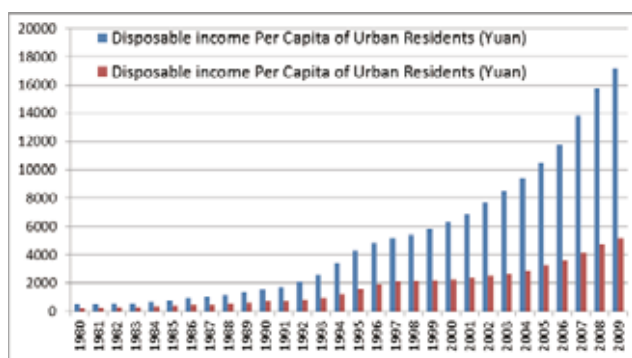


Figure 1.6 Per Capita Incomes of Urban and Rural Residents, 1980-2009

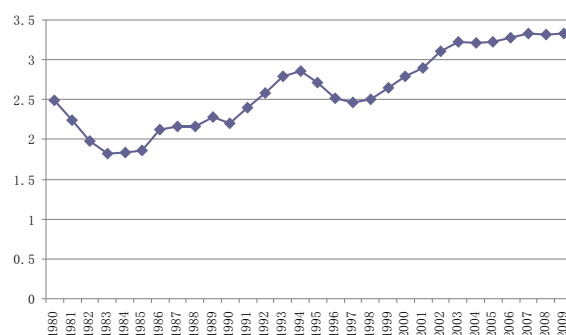


Figure 1.7 Comparison of Income between Urban Residents and Rural Residents

| Major Indicators of National Economy and Social Development Since 1949 | | | | | | | |
|--|------------------|--------------------------|-------|-------|----------|---|----------------------------|
| Data Source: National Bureau of Statistics of China | | | | | | | |
| Indicators | Measurement Unit | Early Years of New China | | | 2008 | Increase of 2008 over early years (times) | average annual increase(%) |
| | | 1949 | 1950 | 1952 | | | |
| Population | | | | | | | |
| Total Population (at end of year) | 10000 | 54167 | | | 132802 | 1.5 | 1.5 |
| Urban Population | 10000 | 5765 | | | 60667 | 9.5 | 4.1 |
| Rural Population | 10000 | 48402 | | | 72135 | 0.5 | 0.7 |
| Employment and Unemployment | | | | | | | |
| No. of employed persons | 10000 | | | 20729 | 77480 | 2.7 | 2.4 |
| # No. of staff and workers | 10000 | | | 1603 | 11515 | 6.2 | 3.6 |
| National Economic Accounting | | | | | | | |
| GDP | 100 million Yuan | | | 679.0 | 300670.0 | 76.8 | 8.1 |
| Primary Industry | 100 million Yuan | | | 346.0 | 34000.0 | 5.6 | 3.4 |
| Secondary Industry | 100 million Yuan | | | 141.8 | 146183.4 | 387.8 | 11.2 |
| Tertiary Industry | 100 million Yuan | | | 191.2 | 120486.6 | 84.0 | 8.3 |
| Per Capita GDP | Yuan per capita | | | 119.4 | 22698.0 | 32.4 | 6.5 |
| Finance | | | | | | | |
| National Fiscal Revenue | 100 million Yuan | | 62.17 | | 61316.9 | 985.3 | 12.6 |
| National Fiscal Expenditure | 100 million Yuan | | 68.05 | | 62427.0 | 916.4 | 12.5 |
| Gold Reserve | 100,000 ounce | | | 500 | 1929.0 | 2.9 | 2.4 |
| Foreign Exchange Reserve | US\$ 100 million | | | 1.39 | 19460.3 | 13999.2 | 18.6 |
| Balance at End of Year of Rural and Urban Residents' Savings | 100 million Yuan | | | 8.6 | 217885.4 | 25334.5 | 19.8 |
| Output of Major Agricultural and Industrial Products | | | | | | | |
| Food stuff | 10000 ton | 11318 | | | 52870.9 | 3.7 | 2.6 |
| Cotton | 10000 ton | 44.4 | | | 749.2 | 15.9 | 4.9 |

| | | | | | | | |
|--|----------------------------|--------|------|------|---------|---------|------|
| Vegetable Oils | 10000 ton | 256.4 | | | 2952.8 | 10.5 | 4.2 |
| Raw Coal | 100 million ton | 0.32 | | | 27.93 | 86.3 | 7.9 |
| Crude Oil | 10000 ton | 12 | | | 18973 | 1580.1 | 13.3 |
| Power Generated | 100 million kh | 43 | | | 34669 | 805.3 | 12.0 |
| Crude Steel | 10000 ton | 16 | | | 50092 | 3129.7 | 14.6 |
| Cement | 10000 ton | 66 | | | 140000 | 2120.2 | 13.9 |
| Total Output of Energies | 10000 ton of standard coal | 2374 | | | 260000 | 108.5 | 8.3 |
| Total Consumption of Energies | 10000 ton of standard coal | 5411 | | | 285000 | 51.7 | 6.9 |
| Transportation and Post %Telecom | | | | | | | |
| Length of Railroad lines in service | 10000 km | 2.18 | | | 7.97 | 2.7 | 2.2 |
| Highway Mileage | 10000 km | 8.07 | | | 373.02 | 45.2 | 6.7 |
| Passenger Volume | 10000 | 13695 | | | 2867892 | 208.4 | 9.5 |
| Freight Volume | 10000 tons | 16097 | | | 2587413 | 159.7 | 9.0 |
| Number of Civilian Autos Owned | 10000 | 5.09 | | | 5099.6 | 1000.9 | 12.4 |
| Total value of Post & Telecom Businesses | 100 million yuan | 2.12 | | | 23841.3 | 11251.9 | 17.1 |
| Commerce and Foreign Trade | | | | | | | |
| Total Retail Sales of Consumer Goods | 100 million yuan | 276.8 | | | 108488 | 390.9 | 10.7 |
| Total Value of Imports and Exports | US\$ 100 million | | 11.3 | | 25616.3 | 2265.9 | 14.2 |
| Value of Exports | US\$ 100 million | | 5.5 | | 14285.5 | 2596.4 | 14.5 |
| Value of Imports | US\$ 100 million | | 5.8 | | 11330.9 | 1952.6 | 14.0 |
| Education, Science & Technology, Culture and Health | | | | | | | |
| Number of Students enrolled | | | | | | | |
| #Colleges and Universities | 10000 | 11.7 | | | 2021.0 | 171.7 | 9.1 |
| High schools | 10000 | 103.9 | | | 8050.4 | 76.5 | 7.7 |
| Elementary Schools | 10000 | 2439.1 | | | 10331.5 | 3.2 | 2.5 |
| Total copies of books published | 100 million | | 2.7 | | 68.7 | 24.4 | 5.7 |
| Total copies of journals in distribution | 100 million | | 0.4 | | 30.2 | 74.5 | 7.7 |
| Total copies of newspapers in distribution | 100 million | | 8.0 | | 445.3 | 54.7 | 7.2 |
| Number of hospitals and health centers | / | 2600.0 | | | 59572 | 21.9 | 5.5 |
| Number of health workers | 10000 | 50.5 | | | 503.0 | 9.0 | 4.0 |
| Number of beds in hospitals and health centers | 10000 | 8.0 | | | 374.8 | 45.9 | 6.7 |
| Deposit Balance of Financial Institutions | 100 million yuan | | | 93.3 | 466203 | 4995.8 | 16.4 |
| Loan Balance of Financial Institutions | 100 million yuan | | | 108 | 303395 | 2808.2 | 15.2 |

Source: <http://finance.people.com.cn/>

2 Innovative Urban Institutions and Policies



2.1 Institutional Innovations to Promote Urban Development

Urbanization, a process in which the dispersed rural population converges in dense urban areas, is one of the two major driving forces of social development, and the other is industrialization. Now the problems facing China in urbanization include low productivity in rural areas, weak comprehensive carrying capacity in urban areas and increasingly widened regional differences in the quality of urbanization. At present, the number of employed people working in the primary industry accounts for approximately 40% of all employed across China, while the per capita GDP of the primary industry is only some 10,000 Yuan, far less than the respective level of 70,000 Yuan and 50,000 Yuan of the secondary and tertiary industries. The jobs available in cities and towns are insufficient for the large quantity of surplus laborers from rural areas. The urban housing supply, municipal infrastructures and public facilities fall short of the demands arising out of the rapid progress towards urbanization and the demands of large number of migrant workers from rural areas. Besides, as most talents and capitals flow to coastal developed cities and cities functioning as major administrative centers during the process of urbanization, the vast central-west areas and relatively undeveloped medium-small sized cities and towns are in urgent need of support by national policies. To change these unfavorable situations, the institutional innovations in the urbanization process should be put in first place and then steadily and vigorously push forward the progress of

urbanization, so that urbanization will provide a solid base for transformation of mode of economic development. At the same time, continuous efforts will be made to improve the quality of urban planning and development.

Relevant documents of the central government state that at present the focus of institutional innovations in boosting urbanization should be focused on the development of medium-sized and small cities and small towns, so that they will become good bases to promote the prosperity of rural economy, transfer of rural laborers and supply of public services. Efforts and research should be made to deepen the reforms in the of household registration system and to further provide favorable conditions for registering residents in medium-sized and small cities and small towns (especially county-level cities and central towns), so that qualified farmers will be transferred to and settle down in cities and towns with rights equal to those of local residents. A variety of approaches should be taken to improve the living conditions of rural migrant workers in cities and towns, encouraging well-positioned cities to include peasants who have resided in the city for a certain period of time and who have regular jobs into their social security systems. Effective actions should be taken to solve problems associated with the new generation of rural migrant workers and new issues and problems that have arisen in urban and rural areas after peasants are transferred into and settle down in cities and towns. Great efforts should be made to develop intra-county economic activities, seize opportunities arising out

of the industrial relocation, boost convergence of specialty industries and advantaged projects in county-level cities and key towns, enhance the comprehensive carrying capability of cities and towns and attract people in rural areas to move into small towns. And efforts should be made to develop policies on taxes, investment and financing in favorable of small towns. The development of medium-sized and small cities and small towns should be taken into account in making annual plans on utilization of land.

2.2 Regional Spatial Distribution of Cities and Towns

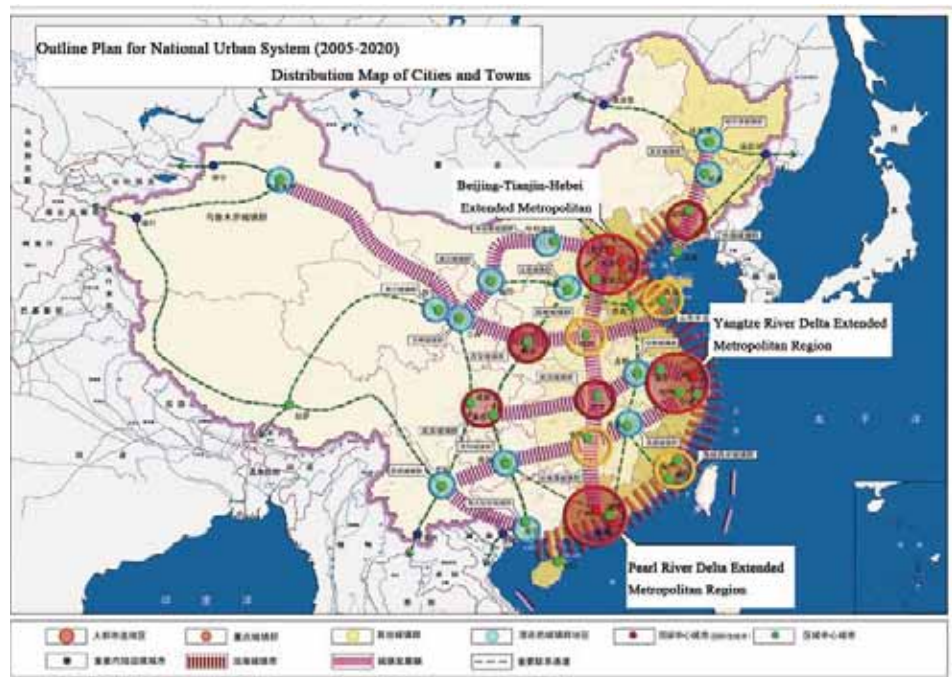
Through development and implementation of rational urban development strategies and urban and rural planning, an urban system in which large and medium-sized cities and small towns jointly develop has taken initial shape and its spatial structure has been gradually rationalized.

Up to now, the Yangtze River Delta, the Pearl River Delta, and the Beijing-Tianjin-Hebei have become three major regions of China with densely distributed cities and towns. In addition, urban agglomerations have formed in the central and southern Liaoning Province, Central Plains of Henan Province, Wuhan of Hubei Province, Changsha-Zhuzhou-Xiangtan of Hunan Province, Chengdu-Chongqing, the Southeast of Fujian Province, the Shandong Peninsular, Guanzhong-Tianshui, and the Beibu Gulf. These urban clusters with one or multiple cities being the nucleus, have already become important economic growth poles, and have played important roles in leading the regional and urban and rural development.

In the eastern coastal areas, dense urban agglomerations have become core zones of economic development of the country. In 2008, the gross product of cities at and above the prefecture level in the three regions of Yangtze River Delta, the Pearl River Delta, and the Beijing-Tianjin-Hebei, totaled 10,624.26 billion Yuan, accounting for 33% of total gross product of all cities on or above the prefecture level across the country; to which the Yangtze River Delta contributed 5,395.6 billion Yuan, the Pearl River Delta contributed 2,974.56 billion Yuan and Beijing-Tianjin-Hebei contributed 2,254.1 billion Yuan, accounting for 16.7%, 9.2% and 7% respectively. The per capita gross product of

these regions was 56,566 Yuan, 56,000 Yuan and 37,494 Yuan respectively. The integration of social and economic activities and breaking of the administrative boundaries have reduced the distance of space and promoted the human movement and economic activities at the regional and national levels. The trans-regional industrial groups, financial networks and trading groups have developed at an rate and scale unparalleled in the history, making it possible for capitals, technologies and information to flow and spread more smoothly around the country, and for the regions to become pivots to promote the regional economic development of China.

In an effort to establish more regional growth poles, enhance the comprehensive power and international competitiveness of China, boost regional cooperation and step up opening up to the world, solve particular difficulties arising from certain areas, enhance capability of self-development of each region, break down administrative borders and barriers, reduce unfair competitions between regions, explore new models for coordinated development and comprehensive administration of regions, and facilitate the interactive regional development and industrial distribution between the eastern and western areas, the State Council successively approved and published in 2009 a range of policy papers relating to regional planning and development, in such large quantity, within such short time intervals and with such wide sphere of influence that were never seen in the history. The areas involved include the Pearl River Delta, Economic Zone on the Western of the Straits, Guanzhong-Tianshui Economic Zone, Liaoning Coastal Economic Zone, Jiangsu Coastal Area, the Tumen River Area, Central Region, High-efficiency Eco-Economic Zone of the Yellow River Delta, Poyang Lake Eco-Economic Zone and the International Tourist Island of Hainan.



Map 1.4 Spatial Planning and Urban Structures / Source: China's Urban System Planning (2005-2020)

Box 1.1 Yangtze River Delta



The Yangtze River Delta (YRD), a region with strongest comprehensive strength, an economic zone with fastest growth rate, largest economic aggregate and greatest development potentials and one of the most populous regions in China, holds a strategic position and function as a driving force in the socialist modernization.

Geographically, YRD refers to the alluvial delta formed in the place where Yangtze River and the Qiantang River merge into the sea. As part of the Middle-Lower Yangtze

River Plain, YRD is located to the east of Zhenjiang, Jiangsu Province, north of Hangzhou Bay and south of Tongyang Canal, covering an area of about 50,000 square kilometers.

Economically, YRD refers to the economic zone of Jiangsu and Zhejiang in which Shanghai plays a leading role. According to the guidance provided by the State Council in 2008, the delta has an area of 210,700 square km (accounting for 2.2% of the total land area of China), covering the whole territories of Shanghai and provinces of Jiangsu and Zhejiang. The delta's core zone, which formed around lower reaches of Yangtze River, Taihu Lake, the Qiantang River and Shanghai-Ningbo and Shanghai-Hangzhou-Ningbo inter-city railways, covers a total of 16 cities, including Shanghai, and Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Yangzhou, Taizhou and Nantong in Jiangsu Province, and Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou in Zhejiang Province. In the core zone, Shanghai, which is aiming for an international metropolis, has a central position in YRD; Nanjing, Hangzhou and other cities functioning as regional centers play an important role in China. Cities and towns are densely distributed and a number of distinctive cities are full of vitality. Now the core zone qualifies as a world-class urban agglomeration with more than 60% of level of urbanization.

In 2009, YRD has a permanent population of 148 million, accounting for 11.1% of the total population of China; gross product of the region was 7,179 billion Yuan, accounting for 21.4% of GDP of China; the region's gross product per capita was 48,425 Yuan (US Dollar 7,086).

General requirements imposed by the State: YRD is to be developed into an important gateway of the Asia-Pacific region, a major manufacturing base for the world and a world-class urban agglomeration that have strong competitive force in the international arena, so that it will make greater contributions to the building of an all-around well-off society and modernization of China.

It is expected that by 2020 a industrial structure featuring service sector will be formed in YRD, under which the primary, secondary and tertiary industries will develop side by side. Technical innovations in major fields will be lifted up to or approach the advanced standards of the world. The delta will play a better leading and fundamental role in the economic development. The internal development within the region will take place in a more harmonious manner and a spatial pattern featuring rational allocation of functions and distinctive qualities will take shape. The discharge amount

of major pollutants will be maintained within reasonable limits. The energy consumption per unit of gross product will achieve or stay below the lowest level of the world, so that a better environment in which human beings and nature are in harmony will be created. The social security will be further improved and fundamental public services will be available for every one equally. Furthermore, the region is expected to become the first region in the country that will have fulfilled modernization in all material aspects in a longer period of time.

Box 1.2 Pearl River Delta

Pearl River Delta (PRD) is an important economic pilot region where the economic reform and opening-up policy was introduced earlier than other regions of China. In the past thirty years when China has carried out structural reforms, PRD has led China in establishing an open economic system based market economy by taking location advantage as a neighbor to Hong Kong and Macao and by grasping opportunities arising from the industrial relocations around the world. PRD has become a region with most developed outward-looking economy and a window of China in opening up to the world. In the delta, human and economic resources are highly concentrated. Its level of urbanization is rising rapidly. A group of modern cities boasting the spirit of the times and the uniqueness of the South China have emerged, with fairly complete infrastructures. PRD has become one of the three regions in China where cities and towns are most densely distributed.

Geographically, PRD refers to the alluvial delta formed in the central part of Guangdong where the Pearl River merges into the sea. Composed of three small deltas formed under the impact of the West River, North River and the East River of the Pearl River system, PRD has an area of 11,300 square kilometers.

On October 8, 1994, the idea of building the Pearl River Delta economic zone was first proposed on the third plenary session of the seventh Guangdong Provincial Party Committee. The scope of the "Pearl River Delta" has been expanding with the economic development. In the Plan on Coordinated Development of Urban Agglomerations in the Pearl River Delta (2004-2020), the area of the Pearl River Delta (or the Pearl River Delta Economic Zone) has been defined to include nine cities namely Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Dongguan, Zhongshan, Huizhou, covering a land area of 41,698 square kilometers.

Later the concepts of "Greater Pearl River Delta" and "Agglomeration of Greater Pearl River Delta" were introduced.

"Agglomeration of Greater Pearl River Delta", or the core area of the "Greater Pearl River Delta", covers the entire territories of Hong Kong, Macao, Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan and Jiangmen and Huicheng District and Huiyang District of Huizhou City, Boluo County of Huidong, Duanzhou District and Dinghu District of Zhaoqing City, Gaoyao City and Sihui City, with a total land area of 42,831.5 square kilometers.

"Greater Pearl River Delta" tends to refer to the administrative area consisting of Guangdong, Hong Kong and Macao. "Greater Pearl River Delta" has a total of 181,000 square kilometers of land, accounting for 1.9% of the total land of China.

As of 2009, Greater Pearl River Delta had a permanent population of 104 million, accounting for 7.8% of the total population of China. The gross product of the region was 5,492 billion Yuan, accounting for 16.4% of China's GDP. The gross product per capita was 52,833 Yuan (US Dollars 7,731). The level of urbanization in the core area surpassed 80%, topping the three regions of China where cities and towns are most densely distributed.

The national strategy for the development of the Delta is: in close cooperation with Hong Kong and Macao, to develop

PRD into a globally advanced base for modern manufacturing and service industries and an economic center of China to drive the development of the whole country.

By 2020, the region is expected to take the lead to have the modernization realized, a perfect system of socialist market economy established, industrial structure with modern service and manufacturing sectors developed, capability of technical innovation at the global level created, and coexistence of the people in the region harmonized. The region, in which Guangdong, Hong Kong and Macao will cooperate and complement with each other, will become one of the metropolitan regions in the world with strongest core competitive force.



Map 1.6 Spatial Distribution of Urban Agglomerations in Greater Pearl River Delta

Box 1.3 Beijing-Tianjin-Hebei

The region of Beijing-Tianjin-Hebei (BTH) covers Beijing, Tianjin and Hebei Province. BTH has a total area of 216,000 square kilometers, accounting for 2.25% of the total land area of China. At the end of 2009, BTH had a population of 100 million, accounting for 7.51% of the total population of China. Its level of urbanization was 53.3%. The gross product of the region was 3,639 billion Yuan, accounting for 10.85% of China's GDP. The gross product per capita in the region was 36,330 Yuan (US Dollar 5,316).

BTH, as the central area of the circum-Bohai agglomeration, is one of the regions of China where the economy, sciences and technologies and cultural undertakings are most developed. Influencing Northeast Asia and functioning as a land bridge between Europe and Asia, BTH is in a strategic position in the international economic structure. It is also an important hub and gateway of China in its economic exchange and cooperation with other countries.

BTH is in the temperate zone and has a semi-humid continental monsoon climate. It is located in the south of Yanshan Mountain, north of the Yellow River, east of Taihang Mountain and west of North China Plain. It encompasses the cities of Beijing and Tianjin, surrounds the Bohai Sea and has a coastline of 640 km. Geographically, It is higher in the northwest and lower in the southeast. It is a fairly complete geographical unit with waters of Haihe River system flowing through the area.

BTH is a region that has a wide range of historical and cultural relics: it has state-level historic cities like Beijing, Tianjin, Chengde, Baoding, Handan, Zhengding, Shanhaiguan; it has world's cultural heritages like the Great Wall, Forbidden City, Summer Palace, Temple of Heaven and imperial mausoleums of the Ming and Qing dynasties, Peking Man Site at Zhoukoudian and Chengde Mountain Resort and

the surrounding temples. Beidaihe, known as the "Summer Capital", is the first seaside resort developed in China.

The so-called "Beijing-Tianjin Corridor" (covering the cities of Beijing, Tianjin and Langfang) is the core area of BTH where cities and towns are densely distributed. These three cities have a total land area of 34,759 square kilometers, accounting for 16.9% of that of BTH. In 2009 they had a total population of 34 million, accounting for one third of BTH's population. Their total urban population was 25 million, accounting for three-quarter of BTH's urban population. In 2009 the gross product of the three cities totaled 2,052.7 billion Yuan, accounting for 56% of that of BTH; and their gross product per capita was 60,436 Yuan (US Dollar 8,843).

The planning and development of BTH has received much attention both home and abroad. According to the requirements imposed by the central government:

Beijing is the capital of the People's Republic of China, the political and cultural center of the country and a world famous ancient capital and a modern city as well. Beijing is to develop in such a way that it will provide services for the leading organizations of the government, the international exchange with other countries, the development of sciences and technologies and education, and improvement of the quality of life of the people. Continuous efforts should be made to strengthen the city's radiation and stimulating effects on other regions of China and to build Beijing into an international metropolis boasting prosperous economy, developed culture, harmonious communities and eco-friendly environment.

Tianjin is one of the municipalities of China and the economic center of circum-Bohai region. Centering on the Binhai New District, Tianjin is to make persistent efforts to improve the city's functions, give full play to the role of the city as an economic center and develop the city into an international port, an economic center in northern China and an eco-friendly city with prosperous economy, civilized communities, advanced sciences and educations and good facilities and environment.

Hebei Province is to take full advantage of its proximity to Beijing and Tianjin and the Bohai Sea and cooperate with surrounding areas so that they can complement with each other and develop side by side. Cities of Shijiazhuang and Tangshan are to play a better role of provincial center so that they will stimulate the cities and towns at various levels within the province to participate in regional cooperation and division of urban functions within the region of BTH and circum-Bohai area. Persistent efforts should be made to develop large, medium-sized and small cities and towns simultaneously, guide rational concentration of industries and population in cities and towns, strengthen the comprehensive carrying capacities of cities and towns, and push forward the progress towards urbanization vigorously and steadily.



Map 1.7 Proposed Spatial Development of Beijing-Tianjin-Hebei Region with One Axis and Three Corridors

2.3 Floating Population and Rural Migrant Workers

2.3.1 Floating Population

Normally floating population refers to those people who leave the place where their residence is registered or who leave the place of their domiciles in the legal sense and seek jobs or make a living elsewhere.

The population of China is flowing and moving on an unprecedented scale in its progress towards urbanization. From 1979 to 2009, the floating population grew from 6 million to 211 million. In the coming two or three decades starting from 2010, the floating population will remain above the level of 200 million. The complex changes that will take place in the distribution, structure and quality of the floating population will pose tough challenges on the national strategic planning, government's social administration and public services. Therefore, it is of vital importance for the all-around, coordinated and sustainable development of the economic and social sectors in of China to facilitate the orderly flow and reasonable distribution of the population and the healthy development of urbanization.

According to 2010 Report on China's Migrant Population Development prepared by the State Population and Family Planning Commission (SPFPC), the floating population of China will show four fundamental trends as stated below in the coming two or three decades:

First, the floating population will continue to grow but at slower speed. According to the report, by 2050 China will have a floating population of around 350 million while its annual increase will drop from the current level of nearly 6 million to about 3 million on the condition that no dramatic change will be made to China's policies on migration of the population.

Secondly, this period of global financial crisis has become the right time for adjusting industrial structure and for redistribution of the population. Due to the influence of the crisis, demands for laborers have declined, and long-distance migration of population and convergence of population in coastal areas abated. The population starts to flow towards provincial capitals. Yet the trend of convergence in areas around seas, rivers and main traffic lines will remain unchanged for a long time to come.

Thirdly, in the future the distribution of floating population of China will feature the extended urban regions in the eastern coastal areas as core zones, inland cities as middle axle and central cities in the west as convergence points.

Fourthly, the subsistence-driven floating population will transform into development-driven floating population. The education level of the floating population is slightly longer than the average level of the country. In the floating

population, adults account for increasingly large portion. The gender of males and females tends to be in a rough balance. The migration of whole families will increase but most of them are inclined to settle down in the places they have moved in. Consequently, there will be great pressures associated with the livelihood of the floating population and the reform of the service administrative systems.



People moving from rural areas in the beginning of the 21st century (photo taken at Fuzhou Railway Station)



Map 1.8 2010 Report on China's Migrant Population Development

2.3.2 Rural Migrant Workers and their New Generation

Rural migrant workers, short for “contract-based rural migrant workers”, are regarded as a new labor force emerging in China’s economic reform and opening up to the world and the process of urbanization. Rural migrant workers are still registered as residents in the countryside. They are mainly engaged in non-agricultural activities and some of them go out for work in slack farming seasons so they are both farmers and workers and move frequently. Others work in cities regularly and become important part of industrial working force of the country.

In the process of urbanization and industrialization and under the urban-rural dualistic social and economic structure of China, rural migrant workers are the products of influences by a range of factors like policies, and economic and social systems. In 2009, rural migrant workers in China totaled 230 million, including 150 million working in urban areas and 61.6% of them at the age of 16-30.

The new generation of rural migrant workers means those who were born in the 1980s, now at the age of 16 and above, are engaged in non-agricultural activities outside their hometowns, but are still registered as residents in the countryside. Accordingly, it is estimated that as of 2009 the new generation of rural migrant workers working in urban areas totaled 89 million (or 100 million if the new generation of the 84.45 million rural migrants working in neighboring urban areas is taken into account). This indicates that the new generation of rural migrant workers, accounting for nearly half of the 230 million workers (225 million in 2008) across the country, is playing an increasingly important role in the economic and social development of China.

On one hand, the new generation of rural migrant workers naturally has similar qualities with other rural migrant workers as they are all under the same rural-urban dualistic structures economically and socially with equal social status. On the other hand, the new generation is quite distinct from the traditional rural migrant workers as they have grown up in an era when China has been undertaking economic reform and opening up to the world and when the social transformation of the country is speeding up. In addition, they have some common qualities with other young people of the same age. Generally speaking, the new generation of rural migrant workers has four characteristics as a group: spirit of the times, variability, dualism and marginality.

As illustrated by experiences of other countries, the migration of peasants from rural areas to cities and their transfer from agriculture to non-agriculture can not be fulfilled successfully unless the peasants are covered by the

social security system and no longer rely on the land as the only means of security. As far as the new generation of rural migrant workers are concerned, three types of social security are necessary for their regular work and life in cities: first, the pension and health insurances to cover expenses when they are old age and when they are ill; secondly, the unemployment benefits they will be entitled to in case they lose their jobs; thirdly, the minimum subsistence allowance as a last resort. However, a survey shows that at present only 21.3%, 34.8% and 8.5% of the new generation of rural migrant workers is entitled to pension, health insurance or unemployment benefits respectively. The employers who pay these insurances tend to make minimum contributions as allowed by the local regulations. Since the minimum subsistence allowance targets only registered urban residents, generally rural migrant workers are not entitled to it. Apparently, there is a wide gap between the social security that the new generation of rural migrant workers expects for living and working stably in cities and the social security that they now actually entitled to.

In recent years, the central government has introduced a range of policies and measures aimed at addressing the problems faced by rural migrant workers. As China has entered a new phase of coordinated development of rural and urban areas and speedy transformation of economic patterns, the new generation which is different from the traditional rural migrant workers has become the major part of the rural migrant workers, and will become a dominant part of the industrial workers in the future. Their claims and problems have accumulated to such an extent that they start to have negative impact on China’s political and social stability and the sustainable development of its economy, and on happiness of rural migrant workers’ families and their individual development. Thus it has become a pressing and vital issue in the development of China to solve the problems associated with the new generation of rural migrant workers with specific actions.

