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Urban and Regional Development in China

Recent Transformation and Future Prospect

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Author's Note

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Abstract

The momentous changes following the adoption of the open policy in China since 1978 are examined for their impact on regional development, in particular the balance between fast growing and lagging regions. Urban change at the macro and micro levels is scrutinized and compared in a variety of ways, with an accent on recent transformation but projected to the future. Region-specific growth patterns reveal contrasting results of economic reforms. The urban experience of Taiwan and Hong Kong is sobering for planners and decision-makers in China for both positive and negative lessons they yield.

Introduction

China being a vast country with a huge population, its cities and regions have always had a major impact on its social, economic and cultural development. The close connection between these dimensions of development on the one hand and cities and regions, on the other, may be traced to the earliest times of the country's history, as evidenced by ancient tomes and more recently, by local chorographies. For decades since 1949, when the present government came to power in China, urban and regional development had not followed an economically rational or reasonable course of evolution, largely because of internal political factors and the unpropitious geopolitical situation. China had trodden a circuitous path, without fully exploiting its development potential or harnessing its economic efficiency.[1] For a long time, China had stagnated at low rates of economic growth, with its gulf in respect to the level of economic development in advanced economies or even in certain developing economies in-

creasingly enlarged. While within the Asia-Pacific region,[2] the past few decades had witnessed dramatic economic growth and remarkable improvement in the standard of living, China had not broken free from its own stranglehold. However, since 1978, when China began to implement a series of open (door) policies and reform measures, a radically different situation has emerged in the country which has been at pains to capture its 'lost' economic opportunities of the past, and has shown every determination to catch up with countries in Pacific Asia and beyond.

Since the implementation of the open policy in 1978, the Chinese economy, society, culture and way of life have to a large extent been transformed, depending on localities and the extent of exposure to economic reforms. In this process of transformation, urban and regional development has been pursued in accordance with a strategy of taking into account geographical advantages, of favouring localities likely to develop more rapidly, and of adopting a sequencing of development.

In the beginning, in the wake of economic reforms in the rural areas, rural and township enterprises (*xiangzhen qiye*) blossomed, giving a fillip to the economy of small towns. Along the coastal region, in particular the Yangzi River (i.e., Changjiang) and Pearl River (i.e., Zhujiang) deltas, small towns rediscovered their roles or simply mushroomed, leading to a spate of studies on small towns.[3] Among scholars there were heated discussions on the characteristics of Chinese urbanization, drawing comparisons with other countries. Ultimately, these debates and questioning of basic issues yielded a breakthrough, in that policy-makers were convinced of the positive roles of urbanization. They changed from their earlier held notion of industrialization in China not needing urbanization. Consequently, Chinese urbanization and its future prospect continued to be a focal point of research.[4] Because of their crucial importance to economic development, coastal cities and population mobility among them have attracted considerable scholarly attention.[5] In addition, researchers have studied urban infrastructural provisions,[6] urban economics,[7] land economics,[8] Special Economic Zones (SEZs),[9] region-specific urban development as in the Pearl River delta[10] and so on, with treatises produced on them. In short, there has recently been a flurry of journals and books focusing on urban and regional development in China emanating from that country, reflecting growing academic and practical interests on these subjects.

Trends in Regional Development

In the three decades prior to the adoption of the open policy in 1978, China had deliberately followed an economic development strategy favouring the inland provinces.[11] As a direct consequence, the coastal region had been constrained in development. From 1964 to the early 1970s, there was even a 'third line' region, directly leading to the promotion of economic development in the inland provinces at the expense of nationwide economic growth (see Fig. 1).[12] Since 1978, resulting from the rapid economic growth in the coastal region, the contradictions inherent in inter-regional relationships have sharpened.

As catalysts in China's open policy, its coastal cities (especially the fourteen coastal open cities) are windows and doors for mutual contacts and trade with the outside world.[13] Not surprisingly, approximately 90 per cent of China's foreign trade in value passes through the coastal port cities. In view of the special provisions allowed for the SEZs and coastal open cities, they have recently accounted for about half of the total foreign investment in China. Just Shenzhen and Zhuhai alone had managed to attract US$4 billion in foreign investment by 1990. Within the coastal region and among the coastal cities, rates of growth have varied widely. Thus a multi-layered and mutually competitive structure has emerged. Nonetheless, rapid development of the coastal economies has concomitantly accelerated urbanization. Between 1980 and 1989, the number of cities in the coastal region increased from 78 to 172, of which within the coastal open region the number

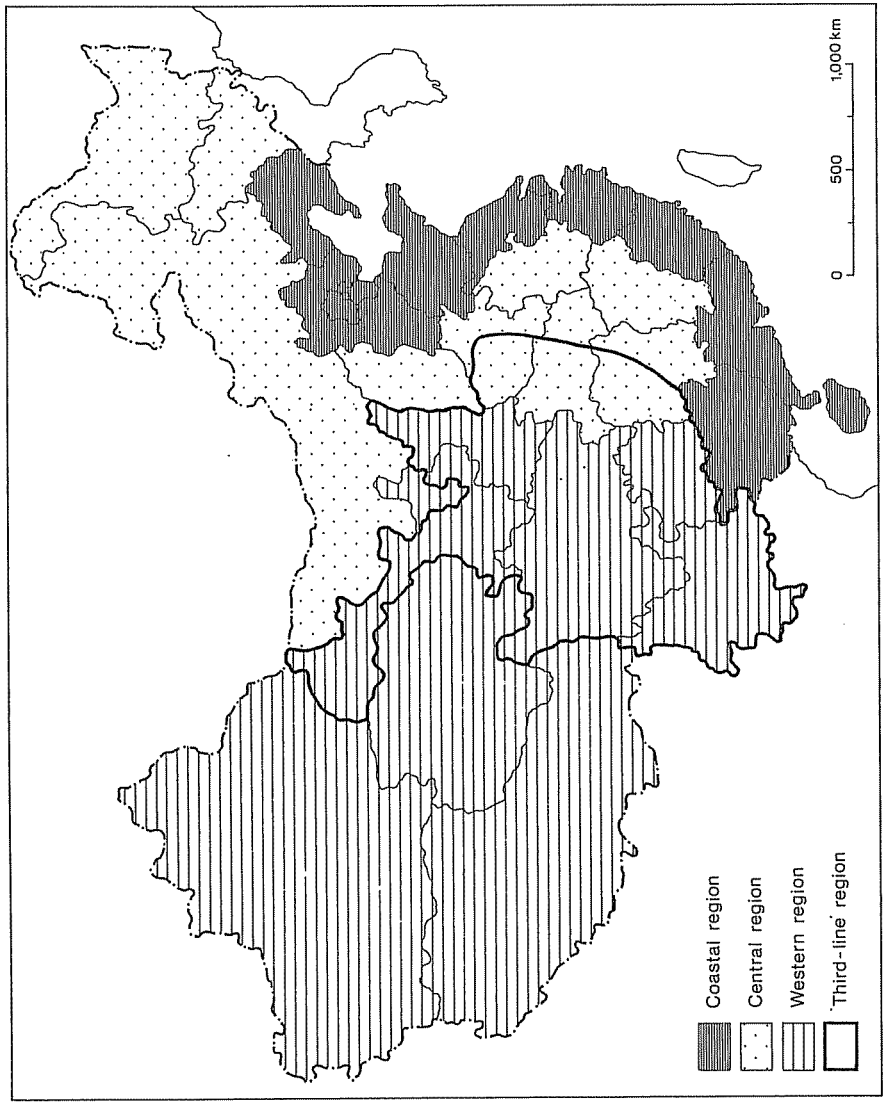

Figure 1 Broad Regional Divisions in China

increased from 47 to 90.[14] At the same time, a 'dumbbell' pattern of urban development in the coastal open region appears to have emerged, with large and small cities experiencing exceptionally rapid growth. At one end, large cities have increased and expanded. Between 1980 and 1989, 'million' cities (based on non-agricultural population) increasing from 6 to 11, with their share of non-agricultural population in the coastal open region increasing from 58 to 68 per cent. At the other end, cities with a population of less than 200,000 literally exploded, increasing from 14 to 43 during the same period, with their share of non-agricultural population increasing from 4.7 to 11.2 per cent. It is anticipated that 'million' cities will not increase significantly in future, especially since their recent rates of growth have lagged behind intermediate and smaller cities in their vicinity. For example, in the period 1981-89, Guangzhou grew annually at 2.6 per cent as opposed to Foshan (4.1 per cent), Jiangmen (5.7 per cent) and Shenzhen (18.8 per cent) in the Pearl River delta, and Shanghai at 2.4 per cent compared with Changzhou (3.5 per cent), Nantong (5.0 per cent) and Ningbo (6.3 per cent). Notwithstanding their astounding economic success to date, China's coastal cities are faced with a range of problems, including the lack of macro development plans, indiscriminate importation, duplicate construction and similar production structures among them.

Much of the impetus of growth along the coastal open region has been driven by light industries, despite the distance from the technology transfer goal originally conceived of them by the central planners. In any event, the open policy has directly led to China's very rapid growth rates at 8 per cent in the period 1978-83 and at 11 per cent in the period 1984-88. Initially, economic growth was spurred by increased agricultural productivity, but since 1983 the primary driving force has been coming from industry. In the coastal open region, China has capitalized on its comparative advantage in cheap and plentiful labour which, together with other incentives, has attracted ever-increasing foreign investment from countries in the Asia-Pacific region and beyond. It has,

therefore, been submitted that China, at least in the SEZs and the coastal region, has been adopted by the international division of labour and has in fact become part of the global economy. Indeed, China has already taken an active role in many regional organizations, such as the Asian Development Bank, the Asia-Pacific Economic Cooperation (APEC), the Pacific Economic Cooperation Council (PECC), etc. Equally, it is in serious discussion for possible participation in several sub-regional economic groupings, such as the East Asia Economic Group, Japan Sea Economic Sphere, Bohai Development Plan and Greater China Economic Cooperation Market.[15]

The open policy has exposed many contradictions, two of which may be mentioned here. One is the increasingly prominent conflict between politics and economics. China is faced with the thorny problem of how to maintain a socialist political order in the face of the onslaught of capitalist modes of production and ideas, an outcome not entirely unanticipated by the original architects and critics of the policy. As regional economic power has grown, the central government has been confronted with the dilemma of either sacrificing economic interests for the sake of safeguarding political control or employing a looser style of political control in preference for more rapid and widespread economic development. Some scholars have ventured to suggest that a dual system, with varied political control and economic autonomy between North and South China is inevitable in the future.[16] In the wake of widening economic reforms, overall economic targets have taken precedence over urban and regional development, with unbalanced development overshadowing balanced development as the conceptual edifice guiding national development.

The second contradiction between balanced and unbalanced regional development is one between equity and efficiency. Underlying much of the earlier emphasis on inland provinces in investment and development had been the intent of balanced development, which had stressed the quantity of production without sufficient regard for quality and placed undue weight on

speed at the cost of efficiency. Under the open policy, unbalanced regional development by concentrating on the coastal region was designed as a necessary first step in accelerating national development and, in any case, not unusual in the light of experience in the early phase of development in other developing countries.[17] If China is roughly divided in three major economic zones, an accepted practice for strategic planning, the coastal region is designed to develop rapidly first, with progressive development spreading to the central and western provinces.[18] Consequently, notions of 'stepwise progression' or a 'gradation' of development and 'East-West questions' have become current, with development starting in the coastal region but eventually spreading to the inland regions. Given this design, it is not surprising that indicators revealed a widening gap between the coastal and inland regions by the mid-1980s. However, the way forward in the 1990s and in the next century with the general increase in per capita income among regions, regional development objectives must perforce be towards the direction of greater efficiency while maintaining equity.

One way of expressing the mechanisms to maintain a degree of balance in regional development in China is through the use of two indicators — transfer of values and transfer of revenues. Chu and Tang have attempted to capture the unequal exchange between coastal and inland regions by focusing on two mechanisms which have kept them in a semblance of balance.[19] Transfer of values has revealed inland provinces as 'losers,' for they sell primary products cheaply and buy higher priced products from the coast; the coastal provinces are 'beneficiaries.' Conversely, stability among the provinces is maintained through a redistribution of funds by the State. Subsidies are distributed via the fiscal system. Transfer-in revenues generally increase in provinces as one moves inland from the coast. Beijing, Tianjin, Jiangsu, Shanghai and Zhejiang form the major contributors of revenues to the State budget. The inland provinces are the 'gainers,' yet the effect is delaying structural change where inefficient production types are

subsidized. The open policy has not changed the mechanisms, but the north-south and east-west disparity has deepened.

Macro Urban Development

China's level of urbanization, as measured by non-agricultural urban population, reached 26.2 per cent in 1990, which was below most countries in Pacific Asia and elsewhere. Chinese definition of urban population is extremely complex and has changed over different time periods and calls for extreme care in interpretation.[20] If one takes urban population statistics as published by the authorities at their face value, without any breakdown of agricultural and non-agriculture population, China would have reached a level of urbanization of 53.0 per cent in 1990.[21] What is, however, indisputable is that, under the open policy, the number of cities has multiplied. In the period 1982-90, there was an increase of 228 cities, a figure that exceeded the total number of cities in 1980. This fully reflected the 'craze' of city creation in the 1980s consequent upon administrative change in connection with economic reforms. In fact, city creation could result from either a top-down process (creation of new cities) or a bottom-up process (upgrading of *xian* or counties to cities, largely an outcome of administrative change). For example, during the period in question, more than 200 city-administered *xian* came into being, an outcome deviating from the 'natural' process of urbanization involving a shift of agricultural to non-agricultural production. Thus, it became evident that part of the rapid urbanization in the 1980s was attributable to administrative decisions to bring *xian* under the control of cities. With the open policy, not only the rate of urbanization and differences between coastal cities and inland cities widened, but also the divergence between wealthier and poorer cities magnified.

Accompanying urbanization were several phenomena or issues that critically influenced societal change. One phenomenon

that affected large cities particularly was population mobility that presented new challenges as well as opportunities for their administration. In 1988, daily mobile population reached a total of 13 million in the 28 'million' cities in China, accounting for 18 per cent of the temporary population in these cities, with 28.7 per cent staying for more than a year and 59.3 per cent originating from the rural areas.[22] Hand in hand with population mobility was the spectacular rise in the level and intensity of non-agricultural activities in the rural areas. The importance of this kind of activity was amply manifested in the value of non-agricultural production in the rural economy, which soared from 31.1 per cent in 1980 to 54.6 per cent in 1990. In the period 1986-90, rural and township enterprises absorbed a rural labour force surplus of 22 million.[23] The emerging and expanding roles of non-agricultural production in rural areas, it has been argued, were inextricably linked to the new phenomenon of interlocking metropolitan regions that were identified in different parts of coastal China and that were transforming the spatial relations and production patterns within those areas.[24]

Another set of issues relates to urban infrastructural provisions and the control of large cities in China. The problem of urban infrastructural provisions stems from the manner in which urban finance is derived. In China large cities depend for their revenues largely upon the tax and profits of industries, which literally sustain the cities. In their single-minded pursuit of industrial development, many cities have neglected or relegated to lower importance, non-productive sectors that directly affect the quality of life. For decades, the concept of 'productive cities' overrode that of 'consumptive cities.' The unavoidable consequence of this maligned policy was a serious inadequacy of urban infrastructural provisions. Between 1952 and 1988, investment in urban infrastructures amounted to 59.8 billion *yuan*,[25] representing only 0.38 per cent of the GNP, far below the usual 3 per cent investment in foreign countries. Since 1978, progress has been made on a broad front in improving the infrastructural investment and construc-

tion in many large Chinese cities. However, half of the 460 cities in China still lacked water, with almost 100 in serious water shortage; one-third of all cities lacked provision for gas supply, with only 42 per cent of the urban population having access to such supply; and public works services primarily stagnated at prices in the 1950s, with losses due to operating public transport totalling annually at 0.7 billion *yuan*. A Chinese brand of 'urban pathology' has emerged.

As infrastructural provisions become insufficient, large cities are anxious to control their size, giving rise to a vicious circle of relationships.[26] In this respect, the slogan for controlling city size in 1990 differed from the previous decade which read, 'strictly control the size of large cities and reasonably develop medium-sized and small cities.' It has also been increasingly recognized that in controlling the size of large cities, the main yardstick must be comprehensive efficiency, rather than size for its own sake, and variation must be allowed for different localities and time. Some Chinese scholars view that cities exhibiting maximum economic efficiency are those with a population of over 2 million, but in future large city development will depend crucially upon policy reform and economic liberalization.[27]

By the beginning of the twenty-first century, what kinds of urban prospect can we anticipate? A brief urban profile as gleaned from the literature may be sketched as follows.

First, by the year 2000 it has been forecasted that Chinese rural labour force will total around 540 million, of which 300 million will have to seek employment elsewhere for lack of employment opportunities in the rural sector.[28] A high estimate even put the figure at 400 million.[29] The predicted labour force exodus from the rural sector is thus colossal and a majority of it will enter cities and join non-agricultural employment. It is obvious that cities will be in no position to absorb this massive outflow of rural populations. Scholars have, therefore, advocated for the active development of small towns and their economies, relying on a variety of production modes combining urban and rural, agricultural and non-agricultural characteristics.[30] In the same vein, Liu and others have pinned their hopes on small cities in the urban future of China.[31] According to their forecast, China will have by year 2000 15,000 small towns, an increase of 3,897 from 11,103 in 1987, with an annual increase of approximately 300. The importance of small towns to China's overall development in the next century is clear from these projections.

Secondly, by century-end China's level of urbanization will range from 30 to 35 per cent. Urban population will have doubled itself over that in 1985, with an increase of over 100 million (Table 1). With the exception of Guangxi, urbanization rates will continue to be in the nation's forefront in the coastal provinces. China will have 42 very large cities, with a total population of 90 million and 69 large cities, with a population of 40 million (Table 2). Between now and the end of this century, there will be an annual increase of 10 million in the rural labour force, with hence a most modest projection of 11 million rural dwellers joining the ranks of the mobile population by 2000.[32]

Table 1 Projection of China's Urban Population* by 2000 (100 million)

		Projection		
	1985	Low	Medium	High
Designated city population	1.18	2.2	2.3	2.4
Designated town population	0.57	1.0	1.3	1.6
Total	1.73*	3.2	3.6	4.0

Source: Ye et al., *A Preliminary Study in China's Urbanization Course*, Beijing: The Scientific Press, 1988, p. 7.

* Total non-agricultural population in cities and towns.

Table 2 China's Large Cities by Region in 2000

Region	Cities of 1 million and more inhabitants		Cities of 0.5 - 1 million inhabitants	
	No.	%	No.	%
Coastal	21	50.0	30	43.5
Inland	14	33.3	31	44.9
Western	7	16.7	8	11.6
Total	42	100	69	100

Source: State Statistical Bureau (ed.), *Chinese Urban Statistical Yearbook 1990.*

Thirdly, by year 2000, because of varied rates of economic growth in different regions in China, inter-regional differences in the standard of living will be enlarged. In rapidly developing provinces and cities, such as Beijing, Tianjin, Shanghai and Guangdong or in those parts of the coastal region that have benefitted from economic reforms, the standard of living will have reached the equivalent of Japan in the mid-1970s. They will be about 10 to 20 years ahead of the more slowly developing provinces in the inland regions.[33]

Economic Reforms and Urban Development

Under the open policy, urban development in China has been confronted with challenges and opportunities. Urban land use reform and its realization have been viewed as one of the major facets that can well determine the success or failure of economic and system reforms. Reform in the urban land use will be the needed foundation of real estate markets in China. Since 1954, China has followed the practice of allowing use of land without compensation, directly resulting in a serious loss of control of land

use and rampant wastage, especially in urban areas. Through a series of reform measures, land 'use' is being separated from 'ownership;' land in China's different sizes of cities has progressively come under a new system of usage with payment. In 1978, Shenzhen SEZ pioneered in introducing land use rights into the marketplace and sold three plots of land through negotiation, tender and auction for a 50-year leasehold. It reaped a revenue of 230 million *yuan* and achieved a breakthrough. Between 1987 and 1990, ten cities of different types sold on a similar basis 732 plots of land totalling 1,978 ha., yielding a return of 1.95 billion *yuan*.[34] However, the policy of selling assignable land use rights on a leasehold basis is in its infancy and, for lack of clear guidelines and central control, there is considerable variation in its implementation in different cities, coupled with many difficulties awaiting to be overcome. For example, wide variation exists in the cost of land being leased out where, in low-price areas, foreign investors and development companies stand to reap sizable profits at the expense of the city or the country (Table 3). Clearly, there is much that policy-makers should learn from their limited experience to minimize inter-city difference in land sale price and strengthen the application of common guidelines for such sale. A system of coordinated urban land use is still in the making.

Table 3 Average Sale Price of Land under Leasehold Arrangement in China

Year	Plots of Land	Total Area (ha.)	Total Value (mill. *yuan*)	Average Price (*yuan* per sq.m.)
1987	5	15.73	35.15	223.5
1988	118	398.08	416.24	104.6
1989	127	625.22	447.19	71.5
1990	482	948.20	1052.00	110.9

Source: *Chinese Property News*, Vol. 1, 1990, p. 2 and *Chinese Land*, Vol. 4, 1991, p. 4.

Following the establishment of SEZs in 1980, fourteen 'open cities' were declared in 1984, allowing them to have more flexibility in deciding their development policy. Twelve of these open cities chose to speed up development by setting up within their urban area Economic and Technological Development Zones (ETDZs), providing easy access to the port to attract foreign investment and technology. Over the past several years, the total investment in these ETDZs has exceeded 1 billion *yuan* in basic infrastructure and development. Guangzhou's Huangpu ETDZ was set up in December 1984 with the primary objective of attracting and developing new technology and production. By 1990, substantial progress had been achieved, with 351 imported projects involving foreign investment to the tune of US$230 million. Hong Kong (60 per cent), the US (25 per cent) and Singapore (4 per cent) were the leading foreign investors.[35] Notwithstanding solid progress to date, the Huangpu ETDZ has lacked land for development and trained manpower, with the management system in particular need of improvement. One indication of the flaw in management is the independent administrative status of the port and the ETDZ which, as a first step towards better management and coordination, should be brought under one single administrative control.

Among the regions that have come under the positive influence of the open policy, the Pearl River delta has grown most rapidly. Many factors have favoured this region's rapid growth, not the least of which is its proximity to Hong Kong. The Pearl River delta already attained ahead of time the national target set in 1982 of doubling, on the basis of the 1980 figures, the gross value of industrial and agricultural output by 1990 (and redoubling again by year 2000). In view of the relative slow progress in other parts of China, the central government decided in April 1990, to endorse a plan — that had been brewing for years — to develop a stretch of land totalling 350 sq km to the east of Huangpu River in Shanghai, simply called Pudong. This is at once a bold and pragmatic undertaking, designed economically to rejuvenate Shanghai

and beyond — the Yangzi River delta and Central and North China — to rival the galloping South China. It is therefore beyond doubt that Pudong will be a centre of economic growth in the 1990s in China. The difficulties that lie ahead of Pudong, however, are daunting, including the massive need for financing development and various counter-strategies that have been designed by other open cities in the anticipation of intensified competition posed by Pudong.[36] In any event, the Pudong project will most certainly further accelerate economic reforms and will lead to a multi-nodal and multi-layered open economy for realizing greater economic returns.

Central to the open policy are notions of incrementalism and progressive implementation. The economic spread effects will radiate from point to surface, from east to west, from south to north, from outside to inside, and from rich to poor. For these reasons, many cities that are not located in the coastal region are beginning to experience the ripple effect. For illustrative purposes, Beijing and Nanjing are highlighted.

Since China has begun opening in 1978, there has been a tendency for the economic centre of gravity to shift southwards. Capital, skills, technology and labour all have been moving towards the south. The rapid growth of the Pearl River and Yangzi River deltas, as previously alluded to, has widened the disparity between north and south. Against this trend, Beijing as the national capital has been growing rapidly to a giant metropolis of 11.04 million by 1990, with problems of management, infrastructure and service provisions already becoming serious; the shortage of water supply is acute. The continual growth of Beijing has been the result of a centralized system of decision making in the capital and the traditionally revered way in which such city is viewed. One way of alleviating Beijing's present predicament is to decentralize some of its functions to other regions, as scholars would argue.[37] The necessary first step in this direction is a change in people's long-held perception that the capital must come first.

One of China's four ancient capitals, Nanjing, was developed

early and had a population of 5.16 million in 1990. Prior to the 1980s, Nanjing was not a major centre of national investment, and development was slow. During the 1980s, however, under the impact of the open policy, economic development soared. The decade of investment in the eighties was the equivalent of 3.7 times the investment in the previous three decades.[38] In 1956, the value of industrial output surpassed for the first time that of agricultural output. By 1988, the ratio of the value of industrial to agricultural output was 86:14. Nanjing has already reached the middle stage of industrialization, but its spatial structure has not progressed beyond the early stage, with the Yangzi posing a geographical barrier to expansion. Since 1984, Nanjing has been allowed a range of rights to decide for more flexible economic development. The 1990s will be a crucial decade for Nanjing as it concentrates its efforts on several projects south of the Yangzi, such as airport and railway expansion, construction of a subway system and improvement of the road network. In addition, the overall orientation of development for the city is towards modernization and its greater centrality within the region.

Region-Specific Urban Development

Implicit in the open policy is its varied impact on different parts of the country, reflecting its lagged and differential penetration. It is thus instructive to examine its influence on several fast growing regions and a couple of more slowly developing regions.

One of the fast growing regions is the southern part of Jiangsu, simply called Sunan, one of five well developed economic and urbanized regions in China.[39] During the 1980s, small towns in China thrived on various types of rural and township enterprises, which totalled 18 million across the country, with a heavy concentration in the coastal region.[40] Economic prosperity soon began to be experienced once the labour force turned to non-agricultural pursuits. In the Sunan region, rural enterprises

depended heavily on the support of the neighbouring large cities such as Shanghai, Suzhou, Wuxi and Changzhou. This, together with other characteristics, viz., collective economy as the mainstream, rural industry given the main emphasis, market regulation as the chief vehicle of control and village cadres as key decision-makers, has constituted the 'Sunan model.'[41] Between 1949 and 1978, there had been only insignificant population mobility within the region. However, since 1984, upon the central government's decision to allow farmers to enter towns on condition of their looking after their own food supply, the age-old gate of keeping farmers in the rural areas has suddenly been flung open. In a 1987 survey which included Sunan, it was revealed that population mobility among small cities in the coastal region had reached 23.3 per cent, much of which short-distanced and 60 per cent of the factory workers coming from the rural areas.[42] By and large, labour force shifts had been confined to rather low levels, largely in combination of rural and urban locations involving mixed agricultural and non-agricultural production modes. The region clearly lacked macro guidelines or policy for population mobility.

Another rapidly growing region that has seemingly benefitted the most from economic reforms is the Pearl River delta, which has been depicted as a cradle for promoting Chinese socialist market economy. As early as 1978, the region pioneered successfully the collective contracting system. The planned market economy that has since been developed has become a powerful driving force for its industrialization and urbanization. Since farmers had been allowed to move to towns in 1984 as an avenue to relieve rural labour surplus, the temporary population in the cities in the delta had leaped to 3 million in 1988.[43] There have also been occasional surges of 'blind migration' of population, which not only bring with them new infusions of labour supply but also pressures on urban infrastructure and services. For the entire delta region, exceptionally rapid industrialization may be seen as an indicator of the relative decline of agriculture. The ratio of the

value of industrial to agricultural output of 58:42 in 1978 was vastly transformed to 93:7 in 1990, an astounding feat in only twelve years! During the period 1985-90, the value of industrial output in the delta region soared with an increase of 190.8 per cent, versus a commendable increase of 40.4 per cent in the value of agricultural output in the same period. The rapid growth of intermediate and small towns in the delta region has, as well, led to the relative diminished importance of Guangzhou. Its relative economic weight in the delta region has declined to one quarter, in contrast to one half in the pre-reform period. The above remarkable progress aside, rapid urbanization in the region under the open policy has brought into relief many new problems, including a decline in farm land for growing crops, a too rapid shift from agriculture to commerce, massive rural-urban migration, changing life styles and value systems, and urban sprawl. Whatever gains and pitfalls, the overall result of economic reforms in the Pearl River delta has been most impressive. Indeed, it is a model for other regions to emulate and a vindication of a successful policy.

The third region that has been under the direct influence of the open policy is the Hainan SEZ which, as an island, is often compared with Taiwan because of their comparable size. Nevertheless, their level of development is far apart. For decades, Hainan served as a source region for supplying raw materials and energy and sorely lacked large-scale enterprises and government investment. Consequently, its economic base was weak and lower than most places in the coastal region, ranking perhaps lower middle in the country. Although the central government declared that Hainan was to come under the open policy in 1983, its systematic development did not really begin until it became a province in 1988, making the whole island a SEZ. The slogan was, Hainan would be more special than a Special Economic Zone. This led to an influx of mainlanders to the island, particularly to Haikou and Sanya, the largest cities in the province. Master plans for these two cities have been drawn up to 2005, but their realization as well as that of the entire SEZ would depend on many factors. For the moment, much attention has been centred on a new mode of attracting foreign investment to Yangpu with what is called a 'basket' contract system, meaning that foreign investors would be responsible, in developing a piece of land, for the construction of all basic infrastructural facilities. Simply called the 'Yangpu model,' it is too early to judge if it is applicable to other parts of Hainan, as the initial reception of the experiment was quite contentious.[44]

The converse of the above fast growing and changing regions is, firstly, the western region[45] consisting of nine provinces and autonomous regions, accounting for China's 56.9 per cent of land, 23.1 per cent of population and 13.6 per cent of industrial output value. This is a geographically expansive but economically backward region. Historically, the Silk Road did bring prosperity to the towns in the region, but those glorious days have long been gone. As a region rich in mineral resources and primary products, it has been a source region supplying many parts of the country and receiving heavy government subsidies. The open policy has amplified the difference of this region with the coastal region, as previously mentioned. At present, given that China does not have the ability to invest massively in the western region, a sensible development strategy appears to be one of concentrated urbanization and energy- and primary products-based development in order to spearhead industrialization and urban development. This strategy is consistent with the gradual westerly shift of spread effects from the coastal region as intended in a gradation structure of the open policy.

Guangxi, despite its coastal location, is economically backward for peculiar reasons. For a long time, Guangxi as a frontier region suffered from a severe lack of government investment, ranking as the last in China in terms of per capita government investment. An ethnic autonomous region, it is still heavily subsidized by the central government. The contribution of the five largest cities — Nanning, Liuzhou, Guilin, Wuzhou, and Beihai —

to Guangxi's economy is very large. In 1990, they were responsible for Guangxi's 1.8 per cent of area but 6.6 per cent of population and 35.7 per cent of non-agricultural population, 25.3 per cent of the gross value of production, 45.9 per cent of the value of exports and 98.9 per cent of tourism income.[46] Since 1978, the nature, structure and efficiency of these cities have improved, as they have strived towards greater cooperation and coordination. Of the five cities, Beihai is economically the weakest as well as being the least developed among the fourteen open cities. The open policy has allowed Guangxi and the western region to import technology from abroad and attract foreign investment, both of which can speed up development. It has been submitted that if Guangxi's natural resources can be fully harnessed, it has every likelihood, given its promixity to the Pearl River delta and Hong Kong, of leapfrogging the prescribed order of development as postulated in the 'theory of gradation.[47] In this way, the disparity between Guangxi and Guangdong can be more quickly narrowed.

Taiwan and Hong Kong

The rapid economic growth of Taiwan and Hong Kong since 1945 is now well known, but their experience in urban development is quite different and warrants scrutiny for possible lessons for cities in China which, by embarking upon a more open style of development, will soon be faced with similar problems.

In Taiwan, the societal costs of achieving an economic miracle appear to have been paid in part by the negative consequences on its cities. The litany of urban ills includes overcrowding, traffic jams, unsightliness, environmental deterioration and industrial pollution. A bright spot of optimism is the recent awareness among the populace of the need for environmental protection. However, future economic development cannot be divorced from polluted industries and growing urban populations. Improving the urban environment must be predicated on the principles of

land for everybody and the structural change of the economy towards high technology and reduced pollution. What is more, it has been suggested that urban planning in Taiwan has been a well-nigh total disaster, with land use planning and management both exhibiting tendencies towards disarray. The root cause of the failure of urban planning is attributable to a 'culture gap,' in which the legalistic provisions of urban planning have not been accepted by the people and the western tradition of urban planning premised upon a system of rules, regulations and laws has not found fertile ground in Taiwan in which to germinate. This conflict between the two traditions of thought and practice has led to the painful development experience of Taiwanese cities which must be studiously avoided by cities in mainland China.

If one views the Taiwanese model as one of disequilibrium between economic and urban development, Hong Kong as a city-state under British rule seems to have attained a more judicious balance between the two. Indeed, Hong Kong is widely regarded as one of the better managed cities in Asia and beyond.[48] Since the end of World War II, Hong Kong has won recognition not only for its economic transformation but for many worthy facets of urban development, such as public housing, new town-led population decentralization since the 1970s and massive infrastructure investments. Hong Kong's success in its urban development, economic laissez-faire, free port, financial centre, transport hub and communication link are all logical objects for Chinese coastal cities to emulate. The attractiveness of the Hong Kong model is so compelling that, during Deng Xiaoping's 1992 spring tour of South China, the idea of 'making Hong Kong' was again mooted as a development goal. Several cities in China are considered candidates to improve themselves so as to aspire to Hong Kong efficiency.[49] Undoubtedly, China's open policy has greatly enhanced Hong Kong's pivotal economic position in South China and, under a mutually beneficial situation, the new policy has brought new opportunities for development for both Hong Kong and China. Hong Kong is preparing for its return to China in 1997,

under the 'one country, two systems' formula. In preparing itself for the twenty-first century, Hong Kong has already developed visions of its future through a number of coordinated plans, namely the Territorial Development Strategy of 1984, the Port and Airport Development Strategy of 1989, the White Paper on Transport Policy of 1990, and the Metroplan of 1990. The most important boost to Hong Kong's future, however, has been the decision to build an ambitious new airport at Chek Lap Kok, with the signing of a Memorandum of Understanding between China and Great Britain in 1991.

Conclusion

The reopening of China to the world since 1978 has wrought momentous and fundamental changes to a country that had been separated from the mainstream of world development for three decades before. The foregoing account of urban and regional change in China over a little more than a decade has revealed in engaging intensity the speed, scope and scale of a socioeconomic transformation that has radically altered the face and essence of an ancient land and its people. The analysis fully exposed the widely varied outcomes of the open policy in different geographic, spatial and developmental themes. Whereas certain commonalities are encouraging, other disparities are disconcerting. The survey also uncovered new challenges and problems, along with age-old contradictions. The accentuated conflict between ideology and economics inherent in the economic reforms came to a head in the events of June 1989. However, the open economy has appeared to be well set on its own course that one might extrapolate urban and regional change to the end of this century.

With the further development of the open policy, the territories of Taiwan and Hong Kong will inevitably be more closely integrated economically with China. Thus, this article has taken the rather uncommon stance of attempting to view, albeit briefly,

the three territories of China under a common theme. This is a critical dimension of China's economic reforms, in addition to their design of progressively bringing change and development to an ever-increasing part of the country. Urban and regional change will remain as much a catalyst as a consequence of economic reforms.

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13 For the sequence of major developments in the open policy, including the open cities, and definitions of coastal cities, see Yeung and Hu, ibid.

14 Data for this observation as well as for the rest of the paragraph are drawn from State Statistical Bureau (SSB) (ed.), *Chinese Urban Statistical Yearbook 1990*, Beijing: Chinese Statistical Press, 1991. The coastal open region refers to all open areas along the coast under the open policy.

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16 See Chu, Kim-yee and Tang, Wing-shing, 'Economic Reform and Regional Development in China: Retrospect and Prospect.' Paper presented at the Seminar on Urban and Regional Development in China: Towards the 21st Century, held in Hong Kong in December, 1991 (in Chinese). Papers presented at this seminar will henceforth be referred to as presented at the Hong Kong Seminar. See also Tang, Wing-shing, 'Regional Uneven Development in China, with Special Reference to the Period between 1978 and 1988.' Occasional Paper No. 110, Department of Geography, The Chinese University of Hong Kong, 1991.

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22 Li and Hu, op. cit.

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25 In 1990, to which most of the data in this article refer, the exchange rate was US$1 to 5.17 *yuan* or renminbi. Data in this paragraph were quoted in Hua, Huiyuan, 'Construction and Development of Chinese Urban Infrastructure: Problems and Prospect.' Paper presented at the Hong Kong Seminar, 1991 (in Chinese).

26 In China there is a convention in use in reference to different sizes of cities. Extra-large cities refer to those with a population of 1 million and more; large cities, 500,000 to 1 million; medium-sized cities, 300,000-500,000; and small cities, less than 300,000. Later paragraphs will follow this convention when the size of cities is refer to.

27 See Ye et al., op. cit.

28 Shen and Zhang, op. cit., p. 75.

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30 Shen and Zhang, op. cit.

31 Liu et al., op. cit., p. 226.

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中國的城市及區域發展：轉化與前瞻

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（中文摘要）

自一九七八年實施開放政策以來，中國經歷了巨大而深刻的變遷。本論文旨在研究這些變遷對區域發展的影響，特別是高增長區域與落後區域之間的平衡。論文除了從多方面檢視及比較城市在宏觀及微觀層面上的轉變及前景外，並探討經濟改革在不同區域的成果。台灣及香港的城市發展經驗，不論正面或負面，皆值得中國的規劃者和決策者參考。