**Urban China: the tortuous path towards sustainability**

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# Policy Brief

In recent years, the Chinese government has attempted to pursue a new season of quality urbanization, tackling some of the environmental and social costs of previous decades of tumultuous growth. A new agenda for urban sustainability has been put forward starting from the releasing of the National Urbanization Plan in March 2014, (SCPRC, 2014a), addressing the challenges posed in particular by the impact of rapid urbanization. This shift has been fostered by the policy agenda of President Xi Jingping, labeled as ‘New Normal’, primarily driven by the need to reposition the Chinese economy in a changing global scenario, and contextually dictated by the relative economic slowdown in which the country started to enter since 2010. This has opened up a discussion on the needed institutional reforms to ensure a sustainable urban transition, and their effectiveness in the current economic situation. With this in mind, the goal of this policy brief will be to assess what has been achieved in respect to urban sustainability and to discuss conflicts, prospects and potential pitfalls of the future urbanization process of China.

Urban sustainability has been a national concern for long time, and various approaches have emerged: from those who have privileged an environmental and green perspective in the 1990s, to those who have instead adopted more comprehensive concepts like ‘eco-civilization’, with stronger focus on energy efficiency, environmental protection, and societal challenges in the post-2000 period (Liu et al. 2014). Overall, there has been a proliferation of policies and practices to implement eco and low-carbon cities, given the imperative of tackling environmental deterioration and pollution. Besides some genuine results, those strategies have been quite controversial, especially when used for mere city branding purposes (Wu, 2012; de Jong et al. 2016)

Nevertheless, more integrated policies and visions for sustainable urban development have been advocated and a number of important issues have been explored, in particular those related to population growth and migration, land development, and quality and upgrading of urban environments (Tan et al., 2016). The NUP has been, in this respect, probably the most vigorous attempts of the Chinese government to tackle holistically all the abovementioned issues, in the attempt to ensure a smooth transition of the country towards a more sustainable pattern of urban development. In practice, it aimed to foster a twofold goal: on one hand, a profound restructuring of mature and congested urban areas of the coast, promoting livable and healthier cities, capping their city growth and fostering a smooth transition towards service and knowledge-based urban economies; on the other hand, the urbanization of less developed cities and regions, thus reducing the urban-rural gap and the congestion of coastal mega-city regions. Few key issues of Chinese urbanization will be now briefly analyzed.

**Population Growth and migration**

The NUP targeted the urbanization of 100 million people by 2020, to reduce the amount of the so-called ‘floating population’ (rural migrant holding rural Hukou, although residing and working in cities) and improving at the same time people’s living standard and access to welfare[[1]](#footnote-1).

The issue of rural migrants is by far one of the main concerns regarding the social injustice of the current model of development of China (Chan 2014). Currently, by looking at the latest data released by the National Bureau of Statistics of China, the trend seems to be in the right direction. While in 2014 the amount of urban population was almost 750 millions, it has increased by almost 11% in just four years and it at more than 830 millions (+81 millions) in 2018. Conversely, the amount of floating population, which was 253 millions in 2014 has decreased by more than 5% and it now at 241 millions. Overall, the target of getting more urban dwellers seems to be achievable, while the effective stabilization of migrants seems to be still a long way to go. In March 2016 the 13th Five Years Plan, indeed the most powerful instrument in the hands of the Chinese government, was published. Released exactly two years after the NUP, it endeavours to interpret the quickly mutating conditions of the country. It confirms to relax the Hukou system, shrinking welfare disparities between urban citizens and rural migrants; it also aims to stabilize rural migrants particularly in smaller cities, controlling at the same time the demographic growth of cities like Beijing, Shanghai and Chongqing (China News, 2016).

**Land Development**

The regime of entrepreneurial urban governance in China and its implications on land development has been widely debated (Wu, 2015). It can be dated back to the land rights reform of the end of 1980s when the using right was detached from the owning rights of State. More importantly, the national tax reform in 1994, when the country has adopted a decentralized tax-sharing system, has stimulated local governments to raise local taxes from land sale. This generated later a rampant housing market for the emerging Chinese middle class. Due to the increasing housing price, the entire city finance has been based on the fuelling of urban land expansion.

The dual regime of land ownership, state-owned when urban and collectively-owned when rural, has exacerbated the problem, due to the capital gain obtained by local governments in the process of compulsory purchase of rural land and profitable rural-urban conversion (World Bank & DRCSCC, 2014). The result of this has been, often, sprawl, pollution, farmland reduction and deterioration, etc., let alone the amount of peri-urban farmers which have been often unfairly dispossessed (Verdini, 2016a). The policy response has attempted to pursue two main directions: on one hand to acknowledge a fairer compensation to rural land expropriation, thus reducing the potential side effect of land consumption and low density development (Guo & Zhong, 2016); on the other hand, to introduce a system of property taxation to calm down the appetite for urban growth and reducing the risk of housing bubble. Both issues are mentioned in the NUP but, despite some pilot projects took places in many cities, a comprehensive reform has been always procrastinated.

Another important aspect to consider is the introduction of a more stringent regional coordination for urban development. In the 13th Five Year Plan (2016), a new institutional architecture of Large City Cluster was introduced (LCC, *Chengshiqun*). This strategy tackles the problem of managing large urban agglomerations, reinforcing regional planning and potentially reducing dangerous competitions among neighbouring cities. Currently many LCCs are under implementation, although achieving an effective governance of mega-city regions has proved to be difficult in a recent past (Xu, 2008).

**Urban-Rural Integration and quality of the countryside**

The drastic reduction of farmland, due to massive urbanization, and the persisting urban-rural gap has been more comprehensively addressed since 2006, with the publication of the document ‘Building a Socialist New Countryside’ in the 11th Five-Years Plan (CGPRC 2006). The Plan has promoted an arguable ‘modernization’ of the countryside, aimed at boosting investments in infrastructures and rural GDP growth, often failing to acknowledge regional differences (Long et al., 2010). It has also gradually stimulated a new season of policies for better urban-rural integration, which, although not exempted by some criticism, have resulted in a more equal distribution of resources and services between urban and rural areas (Xingqing, 2009).

However, it is not until 2018 that the Chinese countryside has become of strategic national important, after the releasing of the National Rural Revitalization Plan (CGPRC 2018). The plan sets up ambitious goals such as raising rural household income level, stimulate non-agricultural jobs particularly linked to tourism services, improving rural education, upgrading agriculture and ensuring food security. More than that, it fosters the quality and diversity of rural settlements and countryside, requiring a “tailor-made” strategy to make full advantage of local characteristics, including local productions and cultural aspects (UNESCO, 2019). While it is too early to draw a balance of this promising initiative, there might be still a risk to conceive the Chinese countryside as the last frontier of economic over exploitation particularly in consideration of the exponential growth of domestic rural tourism.

**Quality of Cities**

Cities have largely grown in the coast while, at the same time, labor cost has increased and the old manufacture sector has become less competitive internationally. The Chinese society has also changed, experiencing one of the most tremendous transformations in its history (Zhang et al, 2016). Besides the increasing social inequality, the middle class has grown impressively (Goodman 2014). Therefore, the requests from the Chinese society appears to be today very diverse and highly demanding: from those, such as rural migrants, who wish to achieve basic social and labor rights, to those, wealthy and often educated, who express a more articulated demand for quality of the built environment and civil rights.

Cities have been for long designed based on rationalistic and modernist principles. This has resulted in massive growth of single-functions superblocks and wide roads, determining lack of cities’ livability, diversity and overall quality (Wang & He, 2015). Moreover, traditional housing considered obsolete have been often demolished with great loss of the historic character of cities and cultural roots. From this point of view, the country is experiencing a real revolution. International standard of urban conversation are increasingly adopted and even innovative pilot projects to protect cities’ historic urban landscape have been recently implemented (WHITRAP, 2016). Urban regeneration of historic inner city areas is becoming the rule, even driven by incipient attempts of local inhabitants to protect their past (Verdini, 2015). More recently, the Chengshi sheji guanli banfa (Regulation of Urban Design Management, 2017) has attempted to introduce in cities principles of urban design more human-centred, no matter if in historic context or new development (MHURD, 2017).

**Final Considerations**

Over the last years, the government has addresses the need of improving urban and rural development. In particular, it has promoted gradual access to social welfare for rural migrants, urban upgrading and a different distribution of resources among urban and rural areas. It is a clear step ahead, by comparing to the previous decade, when generally institutional reforms have been procrastinated. It goes without saying that the expectation is to stimulate new trends of migrations not solely from countryside to large Easter mega cities, but possibly also towards inland urban agglomerations and smaller cities. In addition to that, a new generation of urban policies, more considerate of traditional Chinese values and more people-centred, are under experimentation. This comprehensive package should improve the overall national urbanization quality, making cities, healthier and more sustainable.

However, the upgrading of the current model of Chinese urbanization is not today an easy task to achieve. While the country has positively stimulated domestic consumptions, counting on the increasing amount of middle class and urban population, China is still a dual-track society. Urban wages have increased in the last decade, while labour-intensive industries have lost their competitiveness. Overall job opportunities in cities decreased and global manufacture factories are being increasingly relocated to other developing countries in South East Asia. New rural migrants flowing into cities are also more demanding in terms of access to welfare. Its improvement is in urgent need to prevent social instability but, on the other hand, it requires increasing resources, which might be less available now.

The new urbanisation plan, conceived by Premier Li Keqiang, set up a national strategy of urbanization as a driving force for consumption. In principles, people from countryside would contribute to raise the consumption level by settling down in cities. This target was not unrealistic in the last decade because urban job opportunities could meet the rural labour surplus. However, in the ‘new normal’ this has substantially changed, due to the disappearing demographic dividend and hard economic restructuring (Zhang et al., 2016).

Chinese New Normal and Chinese New Urbanization Plan are two sides of the same coin. One refers to economic restructuring and the other to the social-spatial improvement to achieve that. The new normal economy should pursue not only GDP increase, but also quality development and sustainability: a better environment and a people-centred urbanisation. However, while the current annual GDP growth of China, around 6%, is still relatively high the viability of these goals are questioned. In a nutshell, the NUP and the 13th five years plan have been designed based on an expectation of a moderately higher rate of economic growth, which is not anymore plausible. In addition to that, another factor that could undermine this ambitious plan is the fast changing Chinese society. *In primis*, the aspirations of those who are already enjoying the benefits of the economic boom and have gained a lot from the urbanisation might not coincide with the conservative attitude of the current presidency. Moreover, those migrants who aspire to get benefits from the current economic model might not necessarily behave as the previous generation.

The former is related to the increasing demand of an educated middle class to achieve western lifestyles, including a more liberal approach to civil rights and freedom (The Economist 2016). It is an on going process and it is likely to expect that the Chinese civil society will play an increased role in the different aspect of the institutional life of the country pushing the reforms forwards (Zhao 2015).

The latter is instead the result of a mutation of the rural migrant in China (Zhang et al., 2016). In the 1980s, at the first stage of Chinese fast urbanization, rural labour surplus was very young and eager to move to cities. After 20 years, this surplus has partially dried up (Cai, 2010) and the conditions of the remaining population might not be the same as before. It is one of the unique conditions of a country which has developed as quickly as it has aged, with policy responsibility due to the one-child policy only recently abolished. Although there is still some space for some migration, a large amount of these rural people are reluctant to move to cities. Similarly, earlier rural migrants in cities, are willing to return to their countryside where, in most cases, they have retained their rural *Hukou*. This opens up a question on whether the projected target numbers of increased urban population will be realistically met. It is probably one of the main challenges for the future urbanisation of China.

In a recent book on China’s future, Shambaugh (2016) argues that China is today at a crossroad and its future is rather uncertain. The main argument is related to the existing conflict between the urgent socio-economic reforms that the country needs, as highlighted in this policy brief, and the real effectiveness of policies employed by the Communist Party. The dilemma is on the real capability of the ruling party to embark on a strategy of development under the ‘new normal’ loosening its control over the society and embracing a soft-authoritarian model. The global economic instability and the consequent economic slowdown has instead accentuated the central control and the concentration of power in the hand of the current president (Minzner, 2018). As it has been argued, China cannot today ensure the same pace of development of before and probably the extension of welfare that people expect. It is due to the structural demographic and economic changes of the country, which generate fear and does not encourage the party to relax its control. On the other hand, the expanding middle class and the new educated generations might not tolerate anymore a system, which curbs their individual freedom in name of the public interest. This is a situation which is doomed to create increasing tensions in such a fragmented society if not well reformed. The NUP and the recent 13th Five Years Plan had the potential to pave the way to important reforms, fostering a new urbanisation model more orientated to quality, justice and sustainability. The question remains on whether the reduced resources can be fairly distributed to the (so far) discontents of the urbanisation, meeting the real demand coming from the quickly evolving Chinese society. This can be achieved by increasing the accountability of the decision-making or, conversely, it can be denied by preserving its opaqueness.

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1. Under the current circumstances the NUP put forward a new people-centered model of urbanization, identifying a number of development goals by 2020. The rate of urban population *de facto* is 52.6 % (2012) out of a total population of almost 1.35 billions of inhabitants: 35.5 %, the urban population *de jure*, hold urban *Hukou*, and the rest 17.3% hold a temporary urban permit, thus not having entirely access to the benefits of the urban welfare. The NUP aims at reaching 60% of urban population and 45% of registered household population, with a reduction of the gap between formal urban residents and rural migrants living in cities by almost 2%. According to the plan this might mean an overall addition of almost 100 millions of urban residents, and an important reduction of rural migrants over a total amount of 234 millions (2012). [↑](#footnote-ref-1)