

CHINA'S URBAN DEVELOPMENT. ITS SPECTACULAR ASCENT, DOWNSIDE AND STRATEGICAL RETHINKING

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Abstract

Since 2007, when for the first time in history the world urban population exceeded the number of rural inhabitants, humankind has become predominantly urban. Today, over 54% of Terra's inhabitants are city dwellers and the world's urbanization trend advances resolutely, with China among its main and most powerful drivers. As China's urbanization is considered one of the two great, long-term processes that will crucially influence the development of mankind in the 21st century, along with the technological revolution led by the US, this paper aims at scrutinizing the peculiarities of this all-important process, focusing on its current weaknesses, imperfections and trends. It also looks at the planned urban development reform projects, identifying the challenges that are to be faced and the most probable prospects for China's urbanization process.

Key words: China, urbanization, urban model, urban planning, urban reform, rural migrants

JEL Classification: O18, O53, P25, R58, J21

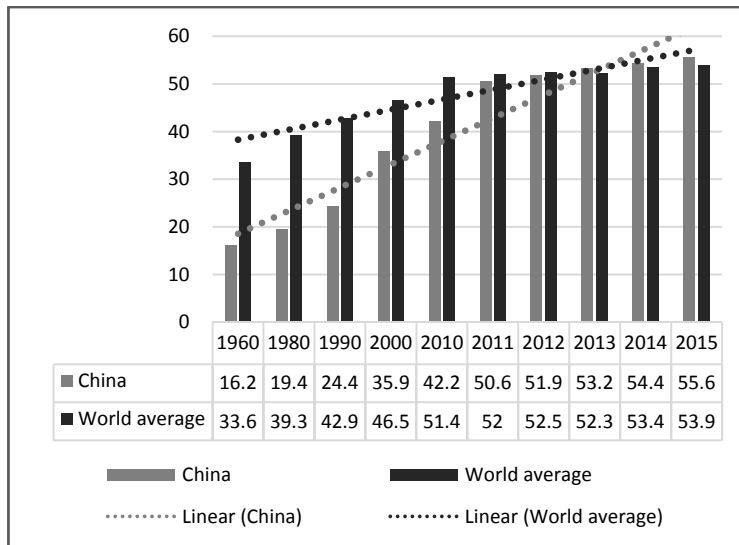
1. Introduction

Mankind has become predominantly urban only since 2007. In the early '60s only one third of the world population lived in towns, while at present city dwellers account for 54% (World Bank, 2016). As the global trend of urbanization advances steadily, it is forecasted that by 2050 two thirds of the world population will live in cities, while only one third will remain rural (United Nations, 2014) and therefore, by that time, the urban/rural balance of the '60s will be completely reversed.

An extraordinary urbanization process has also taken place in China over the recent more than three decades of reform, paving the way for an outstanding socio-economic development (Chart1). This has already contributed greatly to the global urbanization trend and is surely going to continue to do so in the future.

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Chart 1: Urbanization rates (1960-2015) – World average and China (%)

Note: Urban population as percentage of total. Urban population refers to people living in urban areas as defined by national statistical offices.

Source: The authors, using World Bank (2016) data. The data are collected and smoothed by United Nations Population Division.

If, in the early '60s, only little over 16% of China's population was urban – twice less than the world average, which was quite low itself (33.6%) at the time – the country's urbanization rate has continually and substantially improved during the following years and, as a result, in 2011 it exceeded for the first time in history the 50% threshold, in 2013 it bettered the world average (53.2% vs. 52.5%) and, at present, it has already got beyond 56%¹. According to the Economist Intelligence Unit (EIU), the urbanization rate in China is going to reach 61% in 2020, 67% in 2030 and 80% in 2080, matching by then the average level of today's OECD countries (EIU, 2014). China's own leading planning think-tank, the NDRC², aims at turning the urbanization process into a future powerful economic growth engine and, to that end, it establishes ambitious tasks and targets for the next decades. As such, China will undoubtedly remain one of the underlying propellers of global urbanization and against the background of its impressive demographic and economic magnitude, as well as of its advanced integration into the world economy, it will also increasingly influence all the other actors on the world stage, their mutual relations, the global markets and the entire international business environment.

Considering all the above, this paper aims at scrutinizing the peculiarities of this all-important process, laying stress on its current weaknesses, imperfections and trends. It also looks at the planned urban development reform projects, aiming at identifying the

¹ While the World Bank levels 53.9% (2015), the official data of China's National Bureau of Statistics is 56.1% (<http://data.stats.gov.cn/english/easyquery.htm?cn=C01>, retrieved on 20.01.2016);

² National Development and Reform Commission.

challenges that are going to be faced, the most probable prospects for China's urbanization process and their implications.

2. Chinese urbanization: telltale facts and figures

Without doubt, China's urbanization progress is impressive in terms of both speed and of scale and quantitative accomplishments. For instance, the fact that China only needed 30 years to achieve the leap from 20% to over 50% urbanization rate, while the same progress had required over 60 years in the US and about 100 years in Europe (EIU, 2014), is spectacular and indicative of the country's huge catching up effort and remarkable transformation. On the other hand, it also speaks about very different economic and historical settings: Europe and the US seem to have inched on their urbanization path as compared to China because they were, at the time, development path-finders, having to innovate all along the way, while in the recent decades, China has been able to tap into the advantages of globalization, with its development having been accelerated through knowledge and capital transfer, in various ways, including massive industry relocations from the Western world. Yet, from now on, in a changing global and domestic environment, China's ambitious plan of taking the next leap, from a rate of urbanization of 51%, to 70%, in only 19 years (2011-2030) –as compared to the similar accomplishment of the US, which took 50 years (1920-1970)(Stratfor, 2014) –will have to rely substantially more on nurturing its local innovation and creativity as drivers of the economic development needed to foster and speed up both its growth and its urbanization.

According to recent accounts by the World Bank and NDRC (2014), following Deng Xiaoping's reforms, the number of city dwellers with permanent residence has grown over four times in China –from roughly 170 million in 1978, to about 750 million in 2014–and, consequently, ***the country came to concentrate the largest urban population in the world***. This ranking will be undoubtedly preserved and reinforced once the plan for the relocation of another 100 million people from villages into towns by 2020 is completed, all the more so if some 230 million people are added to the country's urban population by 2030, as forecasted by Stratfor (2014). Such an increase would equate with the addition to China's current urban dwellers of the whole population of ten of the most populous cities in the world³ and would entail building new towns, enlarging some of the existing ones and, more importantly, devising proper policies and systems to better manage both the rural-to-city migration and the very functioning of these growing human agglomerations. As it has already determined the rural-to-city relocation of about half a billion people and it will continue to move some other hundreds of million inhabitants from villages to towns, ***China's urbanization process has generated the largest human migration in history***. Managing this is, obviously, no easy task.

With the advancement of the urbanization process, both the number and the scale of Chinese towns have kept growing. Between 1978 and 2014, their number grew more than three times, from 193 to 653 (Hairong, 2016) and, consequently, ***China has become the country with the largest number of towns, globally*** (Meissner, 2014). In terms of scale, it is relevant that out of the total of 653 towns, 140 accommodate over 1 million inhabitants each, and that among these 140 towns, there are, currently, ten big cities of 5

³Tokyo (37.2 million inhabitants), Jakarta (26.7), Seoul (22.8), Delhi (22.8), Shanghai (21.8), Manila (21.2), Karachi (20.9), New York (20.7), Sao Paulo (20.5) and Mexico City (20.0).

to 10 million citizens, and six megacities of over 10 million people, as compared to the 1978 situation, when there were only five big cities in China and no megacity. Further on, by 2030 China will add one more megacity and six more big cities of 5 to 10 million inhabitants to its respective totals.

Chinese towns are some of the most rapidly growing in the world. It is notable that in the global hierarchy of the first ten most rapidly growing megacities (Table 1), only China is represented by four cities and that the population of these cities grew by 40% to 56% in just a decade. Nevertheless, in the future, Chinese megacities are expected to refrain from growing as they did, and the most rapid urban population growth will take place in the small and average-sized towns which accommodate over half a million inhabitants (UN, 2014).

Table 1: Top 10 most rapidly growing megacities in the world

Rank	Megacity	Country	Total population (million inhabitants 2010, est.)	Population growth 2000-2010 (%)
1.	Karachi	Pakistan	20.88	80.5
2.	Shenzhen	China	12.51	56.1
3.	Lagos	Nigeria	12.09	48.2
4.	Beijing	China	18.24	47.6
5.	Bangkok	Thailand	14.54	45.2
6.	Dhaka	Bangladesh	14.34	45.2
7.	Guangzhou- Foshan	China	17.69	43.0
8.	Shanghai	China	21.77	40.1
9.	Delhi	India	22.83	39.2
10.	Jakarta	Indonesia	26.75	34.6

Source: The authors based on Demographia (2016); Kotkin&Cox (2013).

Many other parameters may also illustrate the amplitude and impact of the Chinese recent urban development. For instance, we find it very significant that Chinese towns have come to cover now about 49000 square km –seven times more than in 1978, at the onset of the urbanization process (Xinhua, 2016)–and that their unimpeded expansion has led to the requisitioning of large surfaces of agricultural land, a very scarce resource in this country, and to the forced relocation of about 64 million families. At the same time, urban development has implied the building of over 129 million new apartments and an ample process of infrastructure development (Meissner, 2014).

Sky-scrapers have become symbols of Chinese modern towns. Although it started erecting them much later than other countries, *China has soon managed to rank first as regards the total number, the height and, sometimes, even the speed of sky-scraper raising*. In the global top ten cities with the largest number of sky-scrapers, China currently has five representatives⁴, accounting together for 50% of the total. Also, out of the 20

⁴Hong Kong (the 1st, with 303 sky-scrapers), Shanghai (4th, 126), Chongqing (7th, 94), Guangzhou (8th, 93) and Shenzhen (9th, 81), cumulate together 697 sky-scrapers, accounting for 49.9% of the

highest buildings completed worldwide in 2015, 12 were built in China, which managed for the eighth year in a row to erect the largest number of buildings exceeding a height of 200 m (62, accounting for 58% of the world total number) (WSJ, 2016). On the other hand, in terms of infrastructure development, China has built ***the longest high-speed train network in the world*** (13000 km), which has outstripped the cumulative length of all the other similar networks elsewhere. It has also built over 60000 km of highways and more than 100 airports (Meissner, 2014). Haplessly, all this outstanding building activity has also involved a huge and sometimes irrational consumption of resources⁵, high corruption, high pollution and the inflation of debt and real estate bubbles⁶.

3. Salient features and weaknesses of the current Chinese model of urban development

Its fast and extensive urban development, the associated huge, unprecedented scale of rural-to-urban human relocations, as well as the complexity of managing such an ample change, singles out China's urbanization process in the world history. Humankind has never undergone a shift so ample in such a short time span. That is why, besides the undisputable positive impact of the urbanization process on people's living standards, and besides China managing comparatively better the risks of such a broad shift as opposed to other developing countries undergoing similar mutations, it would have been very unrealistic to imagine that the urban policies, measures or decisions made could have been completely devoid of weaknesses or mistakes, that they could have never failed, or could have not generated any unexpected negative consequences. When high urban sprawl, pollution, traffic jams, water or electricity failures, poor public services, other various inefficiencies become endemic, multiply and worsen, they normally signal both a problematic urban development model and significant management weaknesses asking for adjustment.

China's current urban development model bears the marks of the country's geography and history, as well as those of its economic development model and of the ambitions of its political class. **Geography** has significantly influenced the *spatial sequencing* of China's economic development effort. It is because of the geographic features and natural endowment of the eastern regions – which enjoyed better land, water supplies and weather conditions, as well as easier access to the rest of the world through their ports - that the towns and villages on the eastern coast were the first to develop and grow, in time, into flourishing megacities. The landlocked, more central regions, with their large surfaces of land, natural resources of the subsoil and large pools of available labour, ready to develop various industrial activities in and around growing cities, followed somewhat later. Nowadays, belatedly because of their harsh landforms and weather conditions, poor water supplies and scarce population, the western regions' turn to develop has finally come. As such, it is geography, local natural endowment and the economic

total top 10. Available at: <http://themysteriousworld.com/10-cities-with-most-skyscrapers/>, retrieved on 20.09.2016

⁵For instance, China's cement consumption between 2011-2013, outstripped the whole US cement consumption during the entire 20th century (Swanson, 2015).

⁶A racing growth in sky-scraper numbers is often a symptom of a developing real estate bubble.

policy decisions made against their backdrop that are responsible, to a great extent, for the present development gaps among the eastern and western parts of China, as well as for human settlements clustering and developing predominantly in the eastern and central regions, where urbanization has benefited from an earlier start and a faster advancement.

History has certainly left its mark on China's urbanization process, too. Alongside valuable *historical districts and traditional architecture monuments* which have only partially endured beyond the modernization upsurge of the recent decades, modern Chinese cities still mirror the features and style of the *soviet urbanism*: they are usually crisscrossed by large, four-to-eight-lane avenues, bordered by rows of huge, aligned, monolithic super-blocks with extremely long facades. These buildings make it impossible to have sufficient lateral streets for traffic dispersal and therefore contribute to the chronic traffic jams and high air pollution that severely affect Chinese big cities nowadays. At the same time, they are very expensive to build and operate, they dehumanize architecture and create an unfriendly environment for citizens.

The ambitions of the political class and the rules it has devised have also visibly influenced urban development in China. Eager to signal that their country is in step with modern times and the equal of Western developed nations, Chinese leaders have encouraged the "import" of Western architecture, urbanization principles and style, but unfortunately, according to experts, in practice, the most anachronistic architecture and design principles, long abandoned in the rest of the world, have been internalized (Shepard, 2016). Lots of sky-scrappers, huge office buildings, large malls and especially some veritable collections of "architectural trophies" authored by the world's most famous architects, were meant to convey this message around the globe. This was one of China's ways of announcing its entrance as a powerful player on the global scene (Bosker, 2016). The construction frenzy, which was often preceded by the demolition of old, traditional neighbourhoods and by forced relocations of households, led to an extensive depersonalization of cities, which came to look almost identical. In extreme cases, it has even materialized into the exact replication of famous, symbolic Western buildings.

Moreover, the huge buildings that populate Chinese towns, either dating back to the soviet influence era, or to the more recent times when the influence of the Occident has been stronger, bear the imprint of **China's economic development model**, in which the state still owns an important part of the economy and actively interferes in economic activities. Many of the suppliers, builders and beneficiaries of these buildings are often state companies or agencies which, on the one hand benefit from generous public subsidies and, on the other hand, are not kept liable for the way in which they make their investments, or for how necessary, adequate or effective the existence of these buildings and their operation are. As such, both the construction and the operation of these buildings (their decay due to idleness included) often involve huge costs, excessive building material consumptions and waste. At the same time, Chinese cities are short of hospitals, schools, parks, landfills, underground pipe networks and many other utilities, so that, with all their modern (but common) aspect, they are rather "unfriendly" toward their citizens.

Additionally, many of China's towns still mirror **the central-planning mindset**. Being built to serve a development model in which industrial production and export are the main engines of growth, rather than being focused on domestic trade and consumption, or on services for the welfare and comfort of communities, Chinese towns

are primarily industry-oriented. Due to this approach, the largest number of jobs in Chinese cities is concentrated downtown, which is another underlying cause of the traffic jams and high air pollution in these areas.

The investment - and export - led development model has successfully generated steep economic growth for over three decades and, in its turn, economic growth has nurtured the rise of China's middle class. Currently, many of the rich and middle-class representatives live in *gated communities*, which are residential green areas protected by fences and watchmen, in which a small number of affluent families have their houses. These small "forbidden cities" cannot be crossed by other people, both common pedestrians and public transport vehicles having to take long detour routes. As such, these enclosed communities – which are another important salient feature of Chinese towns - also contribute to the increased traffic jams and air pollution of big cities, as well as to their low density, high urban sprawl, excessive overall fuel consumption and high overall transport costs. Similar outcomes are also generated by the development of satellite towns linked through concentric highway rings to the downtown of the larger central city, where they bring a great number of vehicles in a very short time, aggravating the very traffic congestions they had been supposed to solve.

Rule-making is another source of weaknesses for China's urban development. For instance, *the system of incentivizing and promoting* local leaders relies on rules which connect the professional future of these people to the economic results obtained by the communities they manage. Chasing after larger and faster-growing local GDPs, these leaders would force investments in infrastructure development and city expansion, using funds from the two main financing sources they have at their disposition: (i) *bank loans*, driving indebtedness to alarming levels and raising the legitimate question of whether urbanization is truly supporting economic growth or, rather, it generates dangerous time bombs of overinvestment and high debt, and (ii) *agricultural land requisition* for the purpose of leasing land to real-estate developers, a method that has also triggered multiple negative outcomes: (a) an uncontrollable urban expansion, coupled with a drastic reduction in agricultural land area, already insufficient in China; (b) the development of low density towns with high urban sprawl, which have boosted the need for additional transport infrastructure building, have prolonged the daily commuting time for millions of inhabitants and have raised the number of personal cars, traffic congestions, air pollution and the overall fuel consumption in cities; (c) the advent of *ghost districts and cities*; (d) the surge of corruption and illegal enrichment among local government officials; (e) the abuse against farmers, who had been deprived of land on the strength of inconsistent land ownership laws.

Under these circumstances, ***high rural-to-urban land conversion has kept contributing to the inequitable redistribution of wealth among the members of the Chinese society and to the deepening of the income and wealth gaps between the urban and rural populations.*** According to The Economist (2015), urban land has doubled in China since the year 2000 and 40% of the new urbanites originate in villages having been engulfed by the near-by cities. As to the income and living standard gaps, it is well documented that the disposable income of the rural population is, on the average, about three times smaller than that of urban inhabitants, while their other benefits, in terms of local access to quality public services, pension schemes, various goods through local

distribution networks etc., as well as their opportunities to improve locally their incomes, or standard of living, are substantially reduced, or absent.

All the above illustrate the existence of a *major fault line of economic nature* in the very structure of the present Chinese urban development model, doubled by a *major social polarization*. Currently, the Chinese urban population is made up of two social categories, separated by a widening gap: the *middle class*- people who own properties, enjoy growing incomes, consume increasingly more and better quality goods and services, travel and invest abroad – and the *migrant workers* coming from the rural areas – who toil in factories and accept the most humiliating jobs without having access to public services (especially healthcare and education) because they continue to be registered as residents of their villages and are denied the urban residence permit (*hukou*) which would give them access to these services, as well as to social housing and other benefits. This floating population is not at all negligible, counting between 250 and 300 million people and, as such, its inclusion with full rights among city dwellers would obviously exert a huge, probably unbearable pressure upon the existing public services systems.

The *hukou system of household registration* was, and it still is, the main mechanism of control over the rural-to-urban migration and, at the same time, the main cause of the low urbanization rate in China. Although this rate outruns 56% now, the real weight of the people who have an urban *hukou* is still under 40%. On the other hand, if, beyond the undisputed discrimination of migrants, one would try to recognize a positive facet of the *hukou* system, that would be embodied into the fact that it has permitted a better management of larger towns, as compared to the situation in other emerging economies with huge urban concentrations. Still, irrespective of this positive facet, the *hukou* registration system remains deeply unfair to a very large population, people who have contributed heavily, for decades - with their toil, savings, frugal consumption and modest demands – to China's successful catching up effort. This is why this system must be entirely reformed, placing all urban residents on an equal footing and, at the same time, at the heart of the entire urbanization endeavour.

However, assimilating migrants and increasing urban population in a short time-frame is extremely challenging, considering that, on the one hand, megacities and big towns are already overcrowded and unable to grow further and, on the other hand, small towns don't have industries strong enough to provide stable jobs for a substantially enlarged and growing population. It is only the average-sized cities, of 1.5 to 6.5 million inhabitants, that could be able to better integrate the migrants' inflows (The Economist, 2015), but problems persist here too, especially as regards the availability of affordable housing for workers and young graduates with low financial means who might try to settle in these cities (Box 1). Therefore, adequate new public policies must be devised to encourage a larger supply of affordable, decent housing for these categories of new city dwellers. Until now, the trend has been unfavorable from this point of view, as total housing starts⁷ have skyrocketed from over 200 million square meters in 2000, to about 1 300 million square meters in 2010, while the weight of affordable housing starts in this total has plunged during the same time-span, from 21.8%, to 2.8% (Riva&Henaut, 2016).

⁷By "housing starts we understand the number of new residential construction projects that have begun during a particular year".

Box 1: Ants and mice – the forgotten populations of China's megacities

For about five decades, Chinese city dwellers have lived in houses which had been cheaply rented either directly from the state, or from the state owned companies (SOEs) where they had been working. About two decades ago, in the aftermath of the urban housing privatization program and due to the massive rural population migration into cities following the investment boom, the situation has changed radically.

In spite of a huge number of apartments having been built, housing prices have skyrocketed due to the upsurge in demand and to the proliferation of speculative real estate operations. For instance, only between 2000-2010, the average prices of Chinese urban houses have grown by 250%, becoming "severely unaffordable" to a large part of the population. Moreover, as developers had primarily targeted high and luxury market segments, a structural mismatch between the housing demand and supply has arisen, so that people in the lower income categories could neither buy, nor rent a home in the larger towns or in megacities. As such, the main concern of the low-to-average-income urbanites has been and has remained related to housing.

This issue is even more dramatic for the migrants without an urban registration certificate (hukou) as, due to lacking this permit, they have no access to public services, social houses or to any kind of social benefits. These people usually agglomerate in the cheapest, most shabby, insanitary places, either in the cities' outskirts, in their suburban villages, or in the cities' underground, in basements, cellars, warehouses, parking lots, or even in bomb shelters.

In these migrants' enclaves jostle both unskilled workers, coming from poor villages, and young graduates from universities, who cannot afford other accommodation and are, therefore, forced to live in small, crowded rooms in the outskirts and to spend long commuting hours to and fro their working places. These educated young people from the so-called "ant tribe" (yizu), while the migrant workers who live in the cities' undergrounds are called the "mice tribe" (shuzu). It is estimated that only in the capital city there are about 2 million "shuzu" people, almost giving rise, together, to another, underground, Beijing.

Therefore, the shortage of decent, affordable housing is one of the most critical problems of Chinese urban agglomerations and a pressing issue on the central and local governments' agenda, all the more so now that urban population is expected to continue to grow very swiftly in this country.

Source: Adapted after Huang (2013).

4. A new urban development model for China

Although concise, the above facts and figures converge to one clear conclusion: China's urbanization model of the last decades is unsustainable, far-flung from the local urban traditions and from the daily needs of the citizens. Its negative side-effects have become increasingly visible and difficult to accept further on, and, as such, a thorough redesign of the country's urbanization strategy was obviously needed.

Considering this strong need of reform, as well as the significant potential of the urbanization process to assert itself as a development driver, in March 2014, after three years of research and planning, the State Council launched the *New-type Urbanization Plan (2014-2020)*. Drawing considerably upon the joint report of the World Bank and NDRC titled *Urban China: Toward Efficient, Inclusive and Sustainable Urbanization* (2014) and from other valuable inputs from various national think tanks and research bodies, the new plan provides for five reform directions:

(1) Reforming *population management*, primarily the hukou house hold registration system;

(2) Deepening *land management* and *institutional reform*;

(3) Securing *sustainable financing for urbanization* (the creation of public-private partnership mechanisms coupled with tax reform), as well as improving *local governance*, primarily by strengthening the discipline and responsibility of local administrations;

(4) Reforming *urban planning and design*, including the optimization of housing supply for different income categories;

(5) Improving *environmental management* and strengthening *environmental protection* – so that the new model of urban development may (i) better allocate land, capital and labour resources, (ii) become more inclusive, enabling more people benefit from urbanization, and, at the same time, (iii) protect the country's environment and food security.

A *better allocation of resources* is expected to materialize in faster industrial relocations to smaller towns, increased job opportunities in these places and the abatement of the migration pressure on larger cities. Once urbanization progresses sufficiently, labour excess is expected to abate, wages are expected to grow and urban-to-rural gaps to gradually fade away. Such developments normally entail a substantial expansion of the middle-class, which will be able to generate significant consumption growth of both goods and, increasingly more, of services. Therefore, in this view, if well managed, ***urbanization could become not only an economic growth engine, but also a mechanism for economic rebalancing and for the speeding up of the transition to the new services-and-consumption led development model in China.***

An *inclusive urban development* and a more equitable income distribution could also foster a more definite shift to services within the country's economic structure, as well as to consumption, as a topmost driver of economic growth. Additionally, *improved local governance*, as a reflection of the changed role played by local administrations –that of complements and catalysts, and not substitutes of market forces –could allow Chinese towns to grow in a more efficient and organic manner, responding to market triggers in the framework of the strategic plan devised by the government (World Bank&NDRC, 2014).

On the whole, the *New-type Urbanization Plan (2014-2020)* focuses on achieving a people - centered urbanization. It targets an urbanization rate of 60% by 2020, with the government commitment to grant 100 million more residence permits to migrants, to rebuild shanty districts for some other 100 million people and to build 100 million new, affordable homes.

To accomplish such ambitious plans by 2020, the fiscal, land and urban planning policies must be redesigned. As far as the *fiscal reform is concerned*, the most important improvement will be to grant to the local governments the right to introduce taxes,

primarily the tax on property, which, besides generating funds to finance the extension of public services, could also lead to an improved use of urban land and to higher urban density. On the other hand, *land reform* will mainly have to look at the system of land ownership/land use rights and to find ways to stop the abusive rural-to-urban land conversion, to smooth the change of rural hukous into urban ones and to stimulate the building of affordable houses. Finally, as regards *urban planning reform*, the new strategy aims at improving the management and the control of urban design and development, as well as at expelling industries from cities, controlling pollution in all its forms, developing “green cities”, giving up superb lock building and having more lateral streets to reduce traffic congestion, surrounding cities with green belts which help purify the air, redirect drafts and stop excessive urban expansion.

As China's towns had become “...*too large, too fast and without quality planning...*” (Shepard, 2016) and the urgency of finding viable solutions was high and growing, in December 2015, 37 years from its previous session, the Central Urban Working Conference assembled to look at all these issues. Following its recommendations, the government issued a new urbanization road map, structured into a set of 30 guidelines (Box 2), which match both the more general economic policy objective of accomplishing the shift from quantity to quality, and some of the latest Western, mainly European, principles of urbanism: to create open cities, to upgrade the existing urban areas while preserving their specific local features, to attach special attention and increase focus on the quality of life issues and on what citizens wish for etc. This seems as if Chinese decision-makers “...*left their former blueprinted inspirations, from Russia's communist planning, to America's neoliberalism, at the scrap yard of history*” (Joost van de Hoek, in Shepard, 2016), trying to capitalize on the successful urban design solutions devised in Stockholm, London, Copenhagen, but also in Portland, or New York.

Box 2: The new urban guidelines in a nutshell

As epitomized by the British professor of architecture Austin Williams, the 30 guidelines delivered by the State Council aim at:

Restricting what level of government and what departments can engage in urbanization initiatives;

Creating denser street networks, breaking up “superblocks,” and phasing out gated communities;

Enforcing urban growth boundaries, to restrict cities from expanding endlessly;

Increasing the prevalence of mixed-use neighbourhoods;

Preserving historical buildings and enhancing the “city character”;

Expanding public transportation networks;

Increasing green areas for public use;

*Improving architectural quality and construction methods;
Creating cities which are less resource-intensive, accommodate more energy-efficient buildings, process waste water better, even turn into „sponge cities”⁸ and re-use more the solid waste.*

Source: Adapted after Shepard (2016).

While most of the technical matters raised by the 30 guidelines did not cause polemics, some sensitive issues have nevertheless emerged, and, among them, the provision regarding the gradual elimination of *gated communities* is one that has created considerable excitement. Besides the daily embarrassment the seen closed residential compounds create in terms of urban traffic fluency, they also make very visible the living standard gaps between different social categories and this is a matter of concern for Chinese leaders, who pay great attention to everything that might spark social unrest. The opening of the enclosed communities, would solve many of the troubles these protected areas have created and, at the same time, the measure would match the official campaign of recent years against luxury, inefficiency and waste. On the other hand, the people living in the gated communities – who are, at least some of them, not only affluent, but also influential - will not easily give up their comfort and safety, and, by way of proof, the measure has already been amended to some extent by further announcements that a case-by-case approach will be adopted in its gradual implementation.

Another issue tackled by the governmental guidelines which has received special attention both internationally and at home, was the *rejection of eccentrically, bizarre architecture*– which is neither functional, nor rational, visually pleasant or in harmony with the local values– and the return to the valorisation of national history, culture and traditions. If, until very recently, China used to be the place where the most daring or extravagant architecture projects could be implemented no matter how costly they were because their purpose was to attract the world’s attention to China, at present, the government’s new, more rational approach of to urban development mirrors, on the one hand, the fact that Chinese leaders have learnt from their previous mistakes and, on the other hand, that China has now a different image about itself which it wants to convey to the international community: the image of a powerful, modern and ambitious nation, with rich history, unique culture and great aspirations for the future and, most of all, ***a country committed to be a leader, not a follower***. From now on, architecture projects of interest to China will be only the ones that offer technical and esthetical solutions which are simultaneously in harmony with the local culture and landscape, energy-efficient, environmentally - friendly, rational in terms of resource consumption and capable of making the most of the urban land. At the same time, this directive on urban development shows, if not an outright rejection, at least a substantially more cautious attitude towards Western ideas and a more visible nationalistic stance. Besides its rational and practical motivations, the new guideline on “weird architecture” coming from the West is not just a simple change of accent in China’s approach, but it seems to express a kind of newly

⁸“Sponge cities” collect and turn to good account every drop of water. Rather than disposing of the rain water from urban areas through drainage systems, a sponge city will absorb this vital resource like a sponge and reuse it locally either for drinking, or for agriculture or other purposes.

regained economic nationalism and a shift in the way in which this country envisions its relations with other nations and its positioning among global powers.

5. Final remarks

Although China's urban development during the recent few decades was impressive, its urbanization rate is still low for its stage of industrialization and as compared to that of other economies. For this reason and because it is a process able to provide fresh impetus to both China's economic growth and its economic rebalancing, urbanization is going to be firmly fostered through public policies and therefore will keep progressing for at least two or three decades from now on. However, its setting for the next time-frame will be entirely changed, as a consequence of both the government's more general endeavour of switching focus from quantitative to qualitative achievements, and in response to the specific requirements formulated into its recent directives on sustainable architecture and urban development.

Chinese urban development has progressed gradually from the eastern coast to the west and, as such, many cities in the east, having enjoyed an earlier and more alert development in a more favourable environment, have turned into flourishing megacities or conurbations, which meet different challenges at present and expect a different kind of progress in the future, as compared to the towns located in the central or Western regions of the country. Although they will not continue to grow as much as they did, megacities will still become larger and will primarily have to solve problems specific to large human agglomerations (high air pollution, traffic congestions, various supply shortages, water management, green development, garbage management and recycling etc.). The priority here will be urban densification and intensive development (as opposed to the former extensive pattern). As such, eastern cities are expected to foster the tertiary sector more intensively, relying more on an increasingly diverse range of higher value-added services, on innovation and new technologies to boost local economic growth. Additionally, they will continue to play an increasingly significant role as China's "doors to the wide world".

The second-tier, inland big cities and metropolitan areas, which have already specialized in certain industrial activities and have developed good market contacts, will further attract and develop manufacturing industries, especially land and natural resources-intensive activities, but some of them could also engage in high value-added services, innovation and high-tech industries, becoming powerful competitors of the eastern coast megacities, in this respect. For these cities, urban densification is also a very important issue, as it is their intensive future development.

In the country's central and western regions, which are just now urbanizing, small and middle-sized, 3-to-6-tier towns will develop both intensively and extensively, mainly by capitalizing on the industrial relocation of the activities that have lost their competitiveness in the east and on the labour inflows coming from the countryside. These towns are also planned to benefit from the development projects launched under the One Belt, One Road (OBOR) strategy and from the implementation of other governmental measures, such as, for instance, that of establishing new university centers in order to attract young people to study and then settle in these newly-built towns. Urban density, efficiency and respect for the natural environment –including the preservation of agricultural land and the protection

of the country's food security – will prevail from the very beginning of the urbanization process in these areas, avoiding the recurrence of past mistakes.

Stimulating urbanization may benefit China in many respects: it may induce new impetus to the industries suffering from severe overcapacity (steel, cement, glass, aluminium, coal etc.) and help them recover and reform; it may encourage east-to-west industrial relocations; it may generate multiplying effects in the economy, stimulating economic growth as a consequence; it may foster economic rebalancing (from manufacturing to services, from foreign to domestic demand, from low to high tech, from quantity to quality etc.) and the transition to a new, consumption-led development model, more adequate to China's present stage of industrialization and to the current global market conditions; also, the new city-dwellers may benefit from better education and professional opportunities, higher incomes, better living standards, growing consumption of higher quality goods and services. Hence, urbanization will help nurture Chinese middle class, which is the backbone of a healthy, advanced economy and a *sine qua non* precondition of a successful transition to a consumption-driven development model. Additionally, urban development may, on the one hand, capitalize on the complex, intertwined reforms initiated at present in China and, on the other hand, it may encourage and potentiate reforms and become an economic growth engine for both China and the world economy, provided that, in the process, labour is transferred from lower, to higher productivity jobs, and that further *over-investment* (which has already led to the advent of ghost cities, idle infrastructure and a host of negative spill over effects) and *over-indebtedness* (which is already dangerously high) are avoided.

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