

**China's Urbanizing Population and
Regional Integration**
Opportunities and Challenges in the Era of Globalization

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Introduction

Throughout its long history, the bulk of China's population has resided in the countryside. Even at the time of the establishment of the People's Republic of China (PRC) in 1949, only 10.9 per cent of the population lived in cities. When the country embarked on a path of openness and economic reform in 1978, the level of urbanization reached a scant 17.9 per cent. In other words, in the first three decades of nationhood since 1949, China had hardly urbanized. The fifth national census in 2000 showed that China had reached a level of urbanization of 36.1 per cent and had 458.44 million urban inhabitants. By 2005, China's urban population was approximately 43 per cent. Between 1978 and 2005, China has urbanized rapidly and the urban population has increased just shy of 1 per cent per year, or more than twice the world's average rate of increase. By now, China is at a level of urbanization somewhat below that in developing countries, and a far cry from that in developed countries.

From the figures cited above, it is clear that China was, prior to opening up again to the world in 1978, a decidedly under-urbanized country. Since then, urbanization and the growth of cities has been part and parcel of the country's economic and social transformation. The number of cities mushroomed from 191 in 1978 to 661 in 2004, and the urban population has more than doubled since 1978, reaching a total of 542.83 million in 2004. That year, there were also 19,883

administrative towns (National Bureau of Statistics of China, 2005). The enormous size of China's urban population is immediately apparent, because it is larger than the population of any country apart from India.

The urban revolution that has swept China in the past three decades or so has driven its rapid economic growth and modernization. It has enabled the country to ride with the tide of globalization that has accelerated change and development across the face of the earth during the same period. In the new century, China will increasingly look to its cities and their inhabitants to take the country to another stage of development and transformation, as it continues its rise as a global player. One of the cornerstones of the Eleventh Five-year Plan (2006-2010) that was released in early 2006 is the aim to build a *xiaokang* (moderately well-off) society, a national goal that was set in motion in the previous Plan. In this ambitious attempt at social engineering, Chinese cities will have the responsibility of maintaining moderate rates of economic growth, while ensuring a judicious ecological balance between city and countryside and across regions.

This paper attempts to provide an up-to-date review of China's urban population, with an accent on its characteristics, problems, and opportunities. Then, attention is turned to regional integration, as a policy instrument to effect orderly change and promote growth and competitiveness across regions and cities. Both issues are examined against the background of globalization, which is likely to still be with us in the years ahead.

China's Urban Population

Despite the fact that China has been involved in a catch-up game in urbanizing its population, there is a widespread belief that the country's urbanization lags behind its economic development, especially its industrialization. The lag in China's urbanization can be interpreted in two ways. First, its cities will undergo further expansion, with modernization being part of the process. Second, its rural areas will also become urbanized, in a process that may be

called sub-urbanization. The most obvious indication that Chinese urbanization is falling behind is when the cities cannot meet the present demands of their inhabitants (Fu, Chen and Dong, 2003:29). The prevailing official thinking is that China has to continue to accelerate urbanization at a rate of about 1 per cent per year for the next 50 years and to reach a level of urbanization of 70 per cent by 2050 (China Mayors Association, 2003:39). While the spirit behind this philosophy is understandable, it is questionable whether setting a quantitative target over an extended period is a prudent approach to policy making, when the issues involved are so numerous and complex.

The key to understanding the situation of under-urbanization that characterized the first three decades of the PRC is the *hukou* (household registration) system that was established in 1958. The system effectively tied people to a fixed location; and strictly limited and controlled their mobility. Many scholars have written about this subject, including this writer who has reviewed the patterns, dynamics, consequences, and implications of internal migration in China over the years (Yeung, 2002). The *hukou* system was the overriding factor in keeping population mobility to a minimum and accounted for the extraordinarily slow growth of China's urban population in the period prior to 1978.

Salient characteristics

The *hukou* system not only kept the Chinese population fixed to a given area over a long period, but also ascribed to those within the system many benefits and advantages that were denied to others outside of it. Only in 1984 did the first sign of a softening of the policy begin to appear, when rural dwellers were allowed to migrate to small towns if they brought along their own grain rations. Since then, the rural-urban divide has been allowed to blur as more and more rural dwellers have moved to cities to seek their fortune. Rural migrants without any official status have descended on cities. They are regarded as existing outside the *hukou* system. Broadly called the floating or temporary population, they have been a welcome source of manpower to drive the urban growth machine. The number of such

“floaters” has been so large that some big cities such as Shanghai and Shenzhen have had to devise measures like the “blue chop” status to regulate the flow of the population (Yeung, 2002).

During the period of the Tenth Five-year Plan (2001-2005), China's population urbanized rapidly. In 2005, 43 per cent of the population, or 562 million residents, was urban, and 745 million rural (National Bureau of Statistics of China, 2006:99). Of the rural population, 110 million left to work in cities, with 67.1 million, or 61 per cent, going to large cities. Some 70 per cent of the temporary population was attracted to the prosperous coastal areas and 73 per cent worked in cities for more than half a year. In 2005, the rural per capita income was RMB3,255, with RMB1,175 attributable to non-farm sources. The rural workforce in the cities has helped to narrow the urban-rural gap (Liu, 2006). Yet the urban-rural income divide has continued to grow, increasing from 2.71 times in 1995 to 3.22 times in 2005 (Chen Yongjie, 2006). The economic gulf between urban and rural China has continued to worsen, largely the result of very rapid urban economic growth. China's floating population increased from 70 million in 1993 to 140 million in 2003, accounting for over 10 per cent of the total population and about 30 per cent of the rural labour force. Some 65 per cent of these “floaters” migrate within province, while 35 per cent move across provinces (*People's Daily Online*, 2005). It is thus clear that the temporary population constitutes a critical part of the urban population in China. Inasmuch as the floating population is outside the *hukou* system and is not counted in official statistics, it is argued that they form a large element of “hidden” urbanization. This means that the officially reported level of urbanization represents a sizeable under-estimation.

In coastal cities, it is common for the temporary population to constitute as much as a quarter to a third of the total population. Wuxi in the Yangtze River delta, for example, is a typical case, with 1.5 million of its total population of 6 million consisting of migrants. In Kunshan, which represents an extreme case, the *hukou* population of 0.6 million is exceeded by a floating population of 0.75 million (Liu, 2006). The central and local governments have allocated RMB7 billion in 2005 as subsidy for the training and education of rural out-

migrants, to help 592 poor counties and their pupils complete their obligations with regard to compulsory education. Some provinces are fully aware of the economic benefits that rural out-migrants can bring in terms of remittances. For instance, a relatively poor province in the west — Gansu — recognized the potential contribution of rural out-migrants to its economy and implemented a training programme for rural dwellers. Consequently, in 2005 the province exported 4.1 million rural workers, 0.55 million of whom originated from the poorest region, Dingxi. For this, the region received remittances totalling RMB1.1 billion, four times its fiscal revenue (Liu, 2006). These figures certainly underline the fact that rural-urban migration, despite its not having been legalized under the *hukou* system, is a fact of life in contemporary Chinese cities. Considerable mutual benefits are derived by both the source and destination communities. It is a speedy and rational way of narrowing the urban-rural, coastal-interior gap but, as the succeeding sections show, problems and opportunities abound in coming to grips with the rapidly changing urban scene.

Consequences

The problem that contemporary Chinese cities, especially those in coastal areas, are facing of having to cope with a continuous flood of rural in-migrants is unprecedented in Chinese history. While these migrants are a boon to the economy because they provide the labour required to sustain the economic boom in these cities, especially in the so-called “3-D” (difficult, dangerous, and dirty) occupations, they are also a bane because they are placing a severe strain on urban infrastructure and services. The situation is no different from that which developing countries have experienced in recent years, but the Chinese case is special on two counts: first, in the scale of the numbers involved, which are huge; second, because the *hukou* system, by its design over the years, cannot include the new migrants. As a result, rural migrants are forced to eke out an existence outside the existing urban system without the economic benefits and social protection normally enjoyed by *hukou* residents. Everywhere, there are barriers to their integration into the city. In this sense, they are peasants in the

city, in a greater sense than that employed in T. G. McGee's (1973) work on Southeast Asia in the 1970s.

Peasants in Chinese cities find many obstacles in their path, both institutional and attitudinal on the part of *hukou* residents and the migrants themselves. For the time being, the institutional barrier presented by the *hukou* system cannot be breached. For the people involved, both long-time urban residents and the new migrants themselves, the view is probably that the migrants will stay in the city only temporarily. Indeed, in a 2002 survey of rural migrants in Beijing on their future, 56.4 per cent of the 306 interviewees indicated a desire to go home; only 5.6 per cent of the respondents stated that they had decided not to return home (Zhao, 2006:15). Given this mentality, peasants in the city face a variety of problems with regard to housing, education, employment, and social protection.

Housing is one of the problems faced by peasants in the city, either as individuals or as families. Since the bulk (81.5 per cent) of the migrants earned less than RMB5,000 a year, the most they could spend on shelter was RMB800. A recent survey of migrant female workers in Hangzhou showed that 52.6 per cent lived in private housing and in very rudimentary conditions. Similarly, in Ningbo, female workers living in "urban villages" had to tolerate unhygienic, poor, and unsatisfactory conditions. In Beijing and Zhuhai, seven out of ten migrant families had to live in temporary quarters with shared facilities. However, there is a glimmer of hope as the central government has advocated policies to address the housing needs of families in the lowest rungs of society, including migrant families, and is working to implement these policies. In fact, family-based migration is encouraged, so that migrants will have the inclination to settle down in cities, which will help to break down the dichotomous rural-urban structure. In one experiment on housing, the Hong Kong-style of public housing has been tried out in Changsha since 2004 with promising results.¹

As China's population urbanizes, education at the primary level is lagging behind more than is the case with the other levels. On top of the lag in providing school places to the growing urban population is the fact that the rural in-migrant population is growing more quickly

than the *hukou* population. The result is a grave imbalance in the demand and provision of education. Primary school classes are often crowded with up to 80 pupils to a class. A variety of charges are often levied, sometimes indiscriminately, which has prevented some children of rural immigrants from being able to attend school. This augurs ill for the future population in general, and for the integration of immigrant families in particular. However, the government is determined to provide mandatory education and to enforce a ban on all illegal charges. In addition, government spending on education at the lower levels has improved, with the ratios for the primary/secondary/tertiary levels having changed from 1:2.28:29.34 in 1990 to 1:1.73:17.93 in 1993. However, this is still far from the more equitable distribution of 1:1.7:8 in developing countries and 1:1.1:1.3 in developed countries. China has been spending proportionately far less than other countries on its primary and secondary schools. However, pursuing a tertiary education has been one of the major avenues through which rural young dwellers have been moving into cities. This explains the fierce competition in the yearly nationwide secondary examinations.²

As usual in rural-urban migration, new rural migrants in the urban job market are faced with limited choices, given their relatively low educational background and other factors. They commonly land low-paying and not the most desirable jobs. In the broadest perspective, with China now having about 745 million rural dwellers, one estimate is that the country needs a rural labour force of only 250 million, and that therefore there is a surplus population of 400-500 million eligible for rural-urban migration. Only when a huge number of rural dwellers can take up non-rural jobs will agricultural productivity increase and traditional agriculture transform itself into modern agriculture (Ren, 2004). At the urban end, the pressure to create jobs has been mounting. According to population projections for the period 2000-2010, China will see its population cohort aged 19-59 grow by 93 million, for an annual growth of 9.3 million. However, the country can only provide 8 million new jobs per year, leaving a balance of 1 million unprovided for. Thus, the pressure on China to create new employment opportunities will reach a peak in the early years of

the new century, posing a challenge to the nation's march towards a *xiaokang* society. At the same time, China's population is ageing rapidly, as the overall growth of the population has slowed. In 2005, those aged 65 and above totalled 100 million, accounting for 7.7 per cent of the total population. The aged population has been growing relatively quickly, in both percentage and absolute terms. China's population is one of the fastest-ageing populations in the world, with the elderly segment projected to grow in the foreseeable future at an annual rate of 3-4 per cent (Chen Jian, 2006). One may even say that China's population is ageing fast ahead of affluence. The out-migration of most of the labour force in some towns and villages has left the aged behind, and caused even more social problems and needs.

Challenges and opportunities

With a rapidly urbanizing population, China is presented with many challenges and opportunities for innovation and regeneration. In terms of urban transport, many cities, especially the prosperous coastal cities, are having to grapple with the problem of skyrocketing automobile ownership mixed with traffic from bicycles that, in some cities still makes up about 30 per cent of urban transport. In sum, urban transport problems are associated with the following: a general lag in the construction of urban transport infrastructure; the slow development of public transport, which tends to be uniform in structure; irrational urban road networks, mechanical transport and noise pollution leading to serious environmental pollution, and a low standard of traffic management. Efforts to improve urban transport in China include drawing up master plans to provide better urban transport and a sound management system, priority in developing public transport, developing rail-based mass transit, and strengthening the application of high technology in facilitating the development of road transport (Xu and Bi, 2005). A similar study has shown that in six large cities in China population density increased across the board (with the increase in Beijing being the greatest from 1,529 to 2,526 persons per sq km) between 1978 and 2000; however, in the same

period the per capita road area decreased generally but markedly in Shanghai, Beijing, and Guangzhou. The per vehicle road area also decreased generally but markedly in the same three cities, indicating the sharp increase in population and vehicles. The same study pointed to worsening traffic jams, owing to the rapid rise in the number of automobiles, the limited capacity of public transport because of too few vehicles, and a tendency to take a uniform approach to tackling traffic problems without sufficient regard to changing social conditions, and so on.³

The rapid expansion of urban land is a problem that afflicts many cities. In 2000, urban land in China expanded to 22,400 sq km, then further to 28,300 sq km in 2003, for an annual growth rate of 8.8 per cent, compared to a 4 per cent increase in the population. The loss of farmland has become a serious social problem. Since the 1990s, more than 10 million farmers have lost their land, but only 5 per cent of them have received full compensation. How to ensure that farmers are able to lead a sustainable life with employment and enjoy social protection rather than simply being provided with a one-off sum in compensation, is an approach that is conducive to social harmony. In Jiangsu, local governments have strongly suggested that farmers who have lost their land be provided for in three ways. First, through a minimum guaranteed income. Second, through wages earned after receiving training. Third, by providing every farmer who has lost land with three sets of flats. One would be for the affected farming family to live in, and the other two would be for them to rent out, to generate income. In this way, farmers who have lost their land would earn a higher income as a result (Chen Jian, 2006; Liu, 2006).

The other side of the coin to the loss of farmland is excessive urban construction and renewal, leading to the sheer loss of valuable land resources. Unlawful construction has continued and cannot be stopped. In 1999 alone, Guangzhou demolished unlawful structures totalling more than 2 million sq m, and Shanghai, 1 million sq m. Similarly, Beijing has demolished more than 10 million sq m of unlawful structures since 1999. Nationwide, since the 1990s, there has been unlawful construction amounting to 250 million sq m. The excessive and often unlawful construction in cities has involved high-

rise buildings with more stories built than had been approved, city squares, green space, convention and exhibition centres, university towns, and so forth, that are far larger and more extravagant than justified by demand. For example, the city square in Linyi County in Shandong measures 24 ha, fully half the size of Tiananmen Square in Beijing. One estimate also has it that there are 183 cities with aspirations to build themselves into international cities, a total that clearly exceeds realistic needs. What is more, the fashion to build on a grandiose scale has become almost pathological, and is beginning to "infect" medium and small cities. This dimension of contemporary urbanization in China has been likened to a "Great Leap Forward" (Fu et al., 2003:31; *Nanfang Daily*, 2006).

As China's population rapidly urbanizes, some of the challenges that have been highlighted above are matched by inviting opportunities for the country to find a smoother path to socio-economic transformation and modernization. Several promising approaches are worth serious consideration. First, in the present era of globalization, in which cities are destined to play key roles, the role of large, even mega and aspiring world cities, must be duly recognized and strengthened, along with the traditional emphasis on medium and small cities. Second, the current barriers to rural-urban migration arising from the *hukou* system must be critically reviewed and perhaps progressively loosened. Given the vast reservoir of rural dwellers who are waiting to move to cities, some flexibility must be contemplated to facilitate greater ease of population mobility. Recent suggestions have included changing the *hukou* system to one of mobility registration, "exchanging land for *hukou*," and putting in place a system of granting permission to enter cities in place of the *hukou* system (Wang, 2006).⁴ Third, leading cities such as Beijing and Shanghai should improve public transport between the city centre and the suburbs so that more residents can be diverted to the suburbs. Finally, apart from the focus on the two largest and most important cities as mentioned, China should concentrate on developing more urban clusters, as hubs for capital and technology, to facilitate development and to spread the effects to the surrounding areas (*People's Daily*, 2002). The next section will follow up on some of these likely lines of development.

Regional Integration

In China, as in other countries in this era of globalization, the growth of the regional economy and regional integration are heavily reliant on its large cities, even mega and world cities. As early as the early 1990s, 12 urban clusters or agglomerations were identified in China, primarily located in the coastal and inner interior parts of the country (Yao, 1992:24). This basic pattern remained essentially unchanged by 2006 when urban clusters in China were examined in relation to air traffic, arising from research for the "Shenzhen 2030" plan approved in the same year.⁵ Indeed, in the Asia-Pacific region it has been shown that urban corridors, a level of development beyond that of urban clusters, is a contemporary phenomenon of the emerging regional structure. Apart from a couple of short breaks, much of coastal China is already continuously connected by areas under an urban influence. On a larger scale, an inverted-S shaped urban corridor spans all the way from Tokyo through the Korean Peninsula to Beijing, in an awesome concentration of economic, political, and technological power.⁶ It has even been predicted that in the next two to three decades, the entire Asian Pacific coast will be connected by an uninterrupted urban corridor from Tokyo via the Korean Peninsula to Jakarta and central Java in Indonesia.

Urban clusters normally do not have an internal administrative structure to guide their development. A step beyond this stage, the gradual and unrelenting efforts of governments in a number of well-recognized and important regions in China to formalize development and cooperation plans, should be noted. Reference to their experience may be illuminating.

The Pearl River Delta, building on the establishment of two Special Economic Zones (Shenzhen and Zhuhai) in the delta in 1980 and the designation of Guangzhou as an coastal open city in 1984, established, with the approval of the State Council in 1985, the Pearl River Delta Open Area. This was later expanded in 1987, and again in 1994. In 1994, the Pearl River Delta Economic Area consisted of nine prefecture-level cities, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Dongguan, Zhongshan, and parts of Huizhou and

Zhaoqing. The grouping had a formal plan for the development of the area to 2010. In 2003, after the handovers of Hong Kong and Macau had gone smoothly, an unofficial framework known as the Greater Pearl River Delta (GPRD) was established, with the nine cities plus Hong Kong and Macau as members, or 9+2 for short. The GPRD has been an important framework within which enhanced cooperation between Guangdong and Hong Kong has been carried out (Pearl River Delta Planning Office of the Planning Commission of Guangdong Province, 1995).

Much like the Pearl River Delta, the Yangtze River Delta went through a similar process of organizing pertinent cities for their collective growth and development. In fact, the Yangtze River Delta carries a meaning in three ways — geographically, from the viewpoint of industrial development, and from the viewpoint of the urban economy. In the last-mentioned sense, 16 cities have formed a loose confederation as a city-oriented region. The Shanghai Economic Region was formed in 1982, on the initiative of the State Council. A planning office was established in 1983 but many developments ensued, including the establishment in 1997 of the Yangtze River Delta Urban Economy Association in place of the Shanghai Economic Region, with the notion of an economic sphere for the region being enunciated for the first time. Biennial meetings have since been held. But at the fifth meeting of the Association in 2004, it was decided that biennial meetings would be changed to annual meetings, reflecting an emerging common interest and a desire to intensify cooperation. Cooperation within the region has been at three levels, the sub-provincial/city level involving key decisions, the mayor level of the 16 cities for implementation, and the departmental level of the cities for coordination.⁷

Inasmuch as one-third of China's population lives in the Yangtze River basin, there was an early realization that there should be another regional focus to facilitate the strategic development of communities along the river. To this end, the State Commission for Economic Restructuring met with the leaders of Nanjing, Wuhan, and Chongqing in February 1985 to explore ways to allow central cities to play a leading role and to collectively exploit and develop

the Golden Waterway. After the then Mayor of Shanghai, Mr Jiang Zemin, expressed the opinion that Shanghai, with its more open and exploratory attitude towards vigorous collective development along the river, supporting a "Yangtze River Shore Central City Economic Coordination Association" came into existence in December 1985 in Chongqing, with the four cities in question as founding members. Membership soon expanded to 29, and the 13th biennial meeting was held in November 2006. The main focus of cooperation is on developing the efficiency of central cities, regional economic cooperation, the promotion of structural shifts in industry, nurturing new growth poles, and the full utilization of the Yangtze waterway.⁸

Similarly, in another developed region, the Bohai region, the Bohai Regional Economic Joint Mayors Council was established in 1986. This occurred after Tianjin took the lead in promoting the need for a regional grouping under the aegis of the then Tianjin Mayor, Mr Li Renwen. The concept was to include cities stretching 100 km inward from the coast of Bohai Bay. Fifteen cities met this criterion. Tianjin was elected the city to chair the setup with a coordinating office, and two other cities as vice-chairs, on a rotating basis. To date, the original 15 member cities has doubled to 30, and 11 meetings, mostly at 18-24 month-intervals, have been held. The Council has evolved in three stages of development, with the last beginning in 1997, when the then Premier Li Peng on a tour of Tianjin, reaffirmed Tianjin's leadership role on behalf of the State Council. Up to the present, the Council has continued to promote regional economic development, progressively improved on coordination, and helped enterprises to assume central importance in regional economic cooperation. The Council has spared no efforts to further complementarity among the member cities and with other economic regions in the country, along with developing an outwardly oriented approach to accelerate economic development. With Beijing hosting the Olympic Games in 2008, the Council will take steps in the Bohai region to advance development.⁹

Other regions in China have likewise embarked on comparable ventures to coordinate and enhance economic and other forms of development. The Southwest Provincial-City Economic Cooperative Council was one of the earliest regional organizations

formed to facilitate regional development. Established in 1984, the Council networked Sichuan, Yunnan, Guizhou, Tibet, Guangxi, and Chongqing. It has constructed a joint development and open platform that has achieved much in 21 years in the areas of transport, markets, ecological protection and environmental construction, tourism, and energy resources. The six provinces and municipality have successfully undertaken 10,000 large and medium-sized projects of economic cooperation, jointly invested RMB300 billion, and transacted products in organized trade affairs totalling RMB50 billion. The West-East Electricity Transmission Project, the Nan-Kun Railroad, the Nei-Kun Railroad, and the Qing-Cang Railroad all owe their realization to the work of the Council.¹⁰

In recent years, renewed attention has been devoted to the establishment of some kind of a regional setup in central China. Hunan has always proudly claimed that its Chang-Zhu-Tan (Changsha-Zhuzhou-Xiangtan) urban cluster plan in 1982 was the first such regional plan not only in the interior of China but also in the country. There have been serious discussions on forming a regional group of some kind, involving Shanxi, Hubei, Hunan, Henan, Anhui, and Jiangxi but a formal structure has yet to emerge.¹¹

In the Eleventh Five-year Plan, with respect to promoting regional cooperative development, some new propositions and assumptions have been advanced. They can be summed up as "four broad regions", "four strategies", and "four mechanisms". The four regions are the west, northeast, central, and east, with particular emphasis on the central and western regions. The basic philosophy in regional planning in the new Plan period can be summed up in four ways. First is the shift from unbalanced development to mutually assisting regional integration. Second are the varied strategies with regional differentiation: the promotion of western development, the regeneration of the Northeast, assisting the rise of central China, and allowing the east to lead in development. Third is the shift towards coordinated economic, social, and ecological development. Fourth is the move from an emphasis simply on development on land to a joint emphasis on developing land and ocean resources.¹²

The above discussion has touched on regional integration efforts

and structures that were largely conceived and implemented during the reform period since the early or mid-1980s, and that often did not involve formal structures and agreements. They were by and large loosely organized, with hardly any binding structures. However, the first formal regional cooperation framework was born in June 2004, with the establishment of the Pan-Pearl River Delta region. It is the first formal regional cooperative framework in the country. It encompasses one-fifth of China's land area, one-third of its population, 40 per cent of its GDP, and 58 per cent of its foreign direct investment. After only somewhat more than two years of existence, it has already yielded positive results. China is also setting its sights on regional integration beyond its borders. In 2002, China signed an agreement with ASEAN leaders to form an ASEAN-China Free Trade Area by 2010, with important implications for the region and beyond (see Yeung, 2005, 2006). It is thus clear, for China, urbanization and regionalization have become critical dimensions of economic development and social change as the country continues its rise to become a global power in the age of globalization.

Conclusion

At the threshold of the 21st century and a new era, China is facing a confident and bright future on the back of almost three decades of economic development and social modernization that has been rapid beyond anybody's imagination. It has been a period of prudent and bold policy changes; these, along with quickening globalization, have propelled China's transformation to newer and newer heights. In this process, the role of China's cities has been instrumental in facilitating the emergence of a new world, not only with regard to fundamental physical changes but also in terms of the mindset of the people. Nobody, including this writer and, perhaps even Deng Xiaoping and his colleagues, could have foreseen the pace and magnitude of the changes that have swept China. The country can now take pride in its glitteringly modern cities and the even more hopeful future that they seem to embody.

During the reform period since 1978, cities in China have indeed been centres of the changes that have revolutionized the economic and social landscape. This is especially the case since 1984, when 14 coastal open cities were declared, ushering in a period of rapid development (see Yeung and Hu, 1992; Yeung and Sung, 1996). Like other parts of the Asia-Pacific region, they were at the forefront of a transformation not only of themselves but of the region of which they are a part (see Yeung, 2000). In the 21st century, a recent study has forecast that future global increases in population will be primarily in the medium-sized and small cities in the developing world, including China (Montgomery et al., 2003). It is against this background the themes of this paper have been cast.

As the country confronts its future, China's population will unquestionably continue to urbanize rapidly. At its present relatively under-urbanized level, there is room for a long period of continued rapid urbanization. The pressure for rural-urban migration will accelerate, given that surplus rural labour is unlikely to contribute to rural transformation. Yet rural-urban migration will fuel the urban growth process and help bring about a narrowing of the rural-urban divide. The inhibiting factor has been the age-old *hukou* system, which has been progressively relaxed and modified; however, the risk of completely abolishing the system is enormous. Meanwhile, rural migrants will continue to flock to cities and will add to the growing complexity of contemporary Chinese urban life. What is certain is that the uncertainty that still surrounds the *hukou* system after it was first relaxed in 1984 will persist. How rapidly and in which direction Chinese cities will evolve, as the number of cities increases and their population mounts, is very much dependent on the fate and policy changes that will impinge on the system.

Regional integration has been afoot since the early 1980s in China in many of the country's natural regions that are logically bound by geographical elements. Regional integration is seen as an internal process that is tied to the rational utilization of resources with cities as lynchpins, and as an external process consonant with globalization. Almost invariably, the regional groupings have been helpful in realizing development targets and in cementing

relationships. Perhaps as a result of these loosely organized regional structures, the three most developed regions in China, namely the Pearl River Delta, the Yangtze River Delta, and the Bohai region, have soared over other areas in overall growth and development. Regional integration at a semi-official level was elevated to another plane with the establishment in June 2004 of the Pan-Pearl River Delta regional cooperation framework. To date, the all-round results have been favourable. The ASEAN-China Free Trade Area set in motion in 2002 for eventual establishment in 2010, is another testimony to how China promotes regional integration and fosters multilateralism in the increasingly globalized Asia-Pacific region.

In the years ahead, urbanization and regional integration are two processes that will loom large as China strives to build a *xiaokang* society and transform itself into a global power. With continuing globalization as the backdrop, these two processes are the keys to China's search for a path to balanced national development and social modernization.

Notes

1. Much of this paragraph has been distilled from Liu Guangyu (2004).
2. Much of this paragraph has been distilled from Liu Daiyou (2004).
3. See Yang (2003). The other three cities in the six-city study are Wuhan, Tianjin, and Shenyang.
4. See also Yeung (2002) for the arguments for and against dismantling the *hukou* system.
5. See a report and map in *Wen Wei Po* (Hong Kong), 8 August 2006, p. A1.
6. See Lo and Yeung (1996), especially the maps on pp. 42 and 508 and related depictions.
7. Details of the history and regional setup of the Yangtze River Delta are available on the web (<http://www.drcnet.com.cn>; accessed on 29 August 2006). The 16 cities in the regional setup,

- expanded from the original 15 in 2003 are: Shanghai, Nanjing, Wuxi, Changzhou, Suzhou, Nantong, Yangzhou, Zhenjiang, Taizhou, Hangzhou, Ningbo, Jiaxing, Huzhou, Shaoxing, Zhoushan, and Taizhou.
8. See www.china-changjiang.net/news/details.php?info_id=824; accessed on 29 August 2006.
 9. See http://www.huanbohai.gov.cn/shizhang/index_4.asp; accessed on 29 August 2006.
 10. See the *Economic Daily* in connection with reports on regional development in the Eleventh Five-year Plan, 22 November to 7 December 2005 (<http://www.economicdaily.com.cn>; accessed on 18 July 2006).
 11. Ibid. See also Xie, Yin and He (1996). This study advances the arguments for building a regional economy based on Jiangxi.
 12. See note 10.

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