

CHALLENGES AND PROBLEMS: CHINA'S URBAN GOVERNANCE

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ABSTRACT: China's urban reforms have brought social progress and development, but a comprehensive national system of social welfare (for example, unemployment insurance, pensions, medical care and public housing) for new migrants from rural areas is lacking. One of the most remarkable changes in Chinese cities in the last decade was a change in social "equality", with the rise of new poverty both in individual communities and some social groups in urban society. However, there is little social assistance and public infrastructure for the migrants. Governments or communities or individual should pay attention to the control of new urban poverty and new slums. This paper consider that it is necessary to launch a successful policy, which include mainly: 1) accommodating urban growth through low-cost investment projects; 2) urban economy depends heavily on successful macroeconomic policy; 3) to broaden the three channels linking adjustment to the incidence of urban poverty; 4) to restructure urban economic based on the high or new technology; 5) to coordinate relationship between urban economic growth and environment management for sustainable development of Beijing's metropolitan fringe.

KEY WORDS: urban challenges and problems; urban governance; urban policies

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1 INTRODUCTION

Cities are playing increasingly dominant roles in the global economy today, and international economic competition has mainly been indicated by the competition among cities. Meanwhile, the apparently growing environmental and social problems are also concentrated in large cities with high population density in the world. Thus, urban governance has naturally become a current focus of the international urban studies, and has drawn wide government attention worldwide.

China has been experiencing the great transition from a planning economy to a market economy, and the transition has been accompanied by the increasing mobility of the factors of production: capital, labor, technology and information. There is a trend well exemplified by the great number of migrants floating into large cities.

Currently urban development is becoming one of the major policy concerns in the Tenth Five-year Plan

and 2001-2015 Plan. One objective of the plans is to promote further and faster urbanization without serious development problems such as urban unemployment and environmental degradation. Urban governance became a challenging task for local government to reform the mechanism of urban construction and management.

Urban governance of metropolitan region has been the focus of many researchers (BOURNE, 1999; MAYER, 1995; MCCARNEY *et al.*, 1995; PIERRE, 1999). FRIEDMANN (1997) identified six major policy issues facing planners: spatial organization, inter-city networks, urban/regional governance, sustainability, citizenship of migrants and the rise of civil society. There are emerging issues of effective governance that are essential in the attainment of orderly development in the metropolitan region, both socially and economically. This paper will address urban governance of the Beijing metropolitan region, especially, on the floating population.

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2 MAJOR CHALLENGES AND PROBLEMS

International experience of the 20th century shows that the economic modernization of developing countries is usually accompanied by rapid urbanization. Since the late 1970's, China's economy has brought great change. However, in recent years, global urban system has been re-organized, China's cities are facing many challenges and problems in its development.

2.1 Restructuring and Shift of Global Industries

Firstly, world industrial restructuring and shift have exhibited new characters. A transition from the wave-like direction downward the industrial grade hierarchy to the sustained multidirectional dispersion of technology has been noticed. Secondly, a spatial shift from individual corporations of different sizes to a production network linked by transnational corporations (TNCs) can be viewed. With TNCs as leading roles, worldwide shifts will continue to provide great opportunities for Beijing's adjustment in industrial structure. On the one hand, the restructuring and shift of global industries provide a good channel for the exportation of the traditional labor-intensive products, and push Beijing to join the mainstream. On the other hand, if it cannot keep pace with globalization, Beijing will lag behind in the process of world industrial restructuring and shifts. Nowadays, Beijing is facing the overall urban industry restructuring.

2.2 Globalization: Internationalization and Gigantism

Technological changes particularly in the space-shrinking technologies of transport and communications, help to make possible the internationalization of economic activities and development and geographical spread of transnational corporations. Firms are no longer competing largely with national rivals but with firms across the world. The pursuit of them is for global profits (DICKEN, 1992). Internationalization of circuit of capital, and new international division of labor (NIDL) are to explain the shift of production from the industrialized economies of the "core" to the economies of the "global periphery" (HYMER, 1976). Globalization of economic activity is primarily the manifestation of the internationalization of capital as organized

through business enterprises, of which the most significant is the transnational corporation (TNC). The TNC is arguably the most important single force creating global shifts in economic activity. The dispersal of the productive capacity of transnational corporations over increasingly global distance regular a parallel territorial concentration of high-level headquarters functions at the apex of global urban hierarchy, notably London, New York, and Tokyo (SASSEN 1991; 1994). World economy is manipulated by a small number of massive urban regions called world cities or global city. Tightly interconnected with each other through decision-making and finance, they constitute a worldwide system of control over production and market expansion (FRIEDMANN and WOLFF, 1982). Thus, economic globalization and urban internationalization, two parallel tendencies, co-exist in the world. A new growth pole of world economy is being formed, for this situation, Beijing needs a new urban development strategies i. e., internationalization and gigantism. Beijing, as a powerhouse projected into spatial areas, dominates economic development, connects national and overseas markets, and represent the states for participating world production division and competition, has to be responsible for economic globalization.

2.3 Fast Growth of Floating Population

Chinese Metropolitans are undergoing the biggest challenge of massive migration from rural areas to the metropolitan areas. Due to the introduction of market mechanisms and flow of FDI, rural-urban migration has grown tremendously. Although the household registration system has not yet been abolished, farmers have broken through these restrictions, entered the cities and stayed there for a long time as registered temporary residences. The opening of the grain market in 1982 has helped them circumvent the rationing of grain. The re-establishment of private ownership of housing (though the land is still state-or collective-owned), the commercialization of urban public housing and the consequent emergence of housing markets made it possible for rural migrants to rent and purchase housing to circumvent the state-allocation of housing. While many state-owned factories are over-staffed and producing under capacity, most of the floating population has been successful at finding jobs ^① in the city.

① Some informal jobs, such as construction worker, baby-sitter, family servant, restaurant and repair services, and so on have become available and have increased in number. The growth in these jobs is related directly and indirectly to the development of real estate and the increasing demands for private, family and public services.

2.4 Urban Social Polarization

It is a popular belief that socio-spatial disparities had diminished through compared to their historical past and compared to cities in market economies within socialist countries (FRENCH and HAMILTON, 1979). However, one of the most remarkable changes in Beijing during the last decade was appearance of the social polarization. With successfully internal urban economic reforms and the international capital and technological flows, Beijing is experiencing a similar process: a new high-skilled and well-paid group is emerging. Its rural migrants and well-paid employee who work in foreign or join-ventured corporations are generating two new social groups, one is the low-income group, another is the high-income group. These two groups are the two new poles of the social ladder. The one end is composed by the floating population^①: an unskilled and low-income social group. The other end consists of businessmen and employees who work in foreign or join-ventured corporations: a high skilled and high-income social group. A new rich class has been formed.

2.5 New Urban Poverty

Another remarkable change in Chinese metropolitan areas during the last decade is new urban poverty in terms of individual communities and new social groups. Though there is no yet social "breeding ground" for "underclass" social group under social welfare benefits system, the new urban poverty has been resulted from the fast growth of the floating population. Tens of thousands of floating population are engaged in unskilled, insecure and low pay jobs. Including the recent displaced workers in traditional manufacturing sectors, they lack social security and other social welfare benefits.

2.6 Urban Community Environmental Degradation

On the one hand, some cores of metropolitan areas developed slower than their suburbs, major state enterprises have very low economic benefits. Beijing suffered water-shortage. Fresh water has become a bottleneck of economic development, and surface-water pollution and groundwater contamination have become main environmental problems. On the other hand, the urban sprawl is becoming a main growth pattern of large cities, urban

fringes have become active areas; some open spaces are disappearing. Beijing is facing the issue of rebuilding its management functions, such as land system, housing system, employment system, financial system, planning system and urban social security system.

As a consequence of the reforms, Chinese metropolitan areas are experiencing many challenges and problems in their development. As explained above, rural and urban economic reforms have boosted the floating population in the city, while the open door policy and the international capital and technological flows have created the new high-skilled and well-paid group. For this reason, we can consider that it is the most important thing for urban governance in cities to control and manage these migrants.

3 URBAN GOVERNANCE RESPONSES TO URBAN ISSUES

China's urban reforms have brought social progress and development in urban society, but there is inadequate social assistance in a broad national social system. This includes, for example, unemployment insurance, pensions, medical care and public housing for new migrants from rural areas. The migrant from rural areas is one of the main resources of urban socio-spatial polarization and new urban poverty. Recently, urbanization is becoming an essential issue in China's Tenth Five-year Plan and 2001–2015 Plan. Rapid transformation of the urban socio-spatial structure is also leading to the uncoordinated development of human communities. On the one hand, restructuring of its function and urban renewal in the core of the city become a major feature. On the other hand, the urban ecosystems in urban fringe are destroyed and environmental conditions have steadily deteriorated. For this reason, urban management and urban governance has become more and more important. It means that governments, communities or individuals should pay attention to urban social issues, especially, the control of new urban poverty and new slums, the provision of housing and public service for the migrants in Chinese metropolitan areas.

For governance responses to urban socio-spatial structure in transition and the particular problems of floating population, it is necessary to design a successful policy on urban governance. These policies include mainly:

① Beijing migrants from rural areas have increased sharply since 1985. By 1994, the number of urban floating population has reached 3.295 million, about 31% of the total population.

(1) Addressing urban growth through low-cost investment projects.

Since the 1970s, most developing countries have addressed urban growth and urban poverty through low-cost investment projects in shelter, water supply, sanitation, and urban transport. Sites-and-services and slum-upgrading projects were intended to demonstrate replicable approaches that could provide benefits to the poor. The central and local governments should address a sustainable development of the urban growth and ease up urban poverty issue through low-cost investment projects in shelter, water supply, sanitation, and urban transport. Sites-and-services and slum-upgrading projects may intend to show replaceable approaches that could provide benefits to the poor.

(2) The productivity of the urban economy depends heavily on successful macroeconomic policy.

The broad economic environment and macroeconomic management systems for urban economic activities must be established. Structural adjustment policies at the macro level are intended over the longer term to create an enabling environment policy for more productive urban economies. The policy affects interest rate, direct and indirect taxes, incentives for manufacturing and trade, and the pricing of key inputs such as energy and water. The financing of national fiscal deficits absorbs credits needed for productive investment, while also increasing interest rates and contributing to inflation. Trade incentives have direct impact on urban production, concentrating industrial investment and adding to the growth of port cities. National strategies for education and health have direct consequences for the quality of the urban labor force.

(3) To broaden the three channels linking adjustment to the incidence of urban poverty.

1) Wages. Since the urban poor are especially dependent on their labor, rather than asset ownership, they bear the greatest risk when they lose their jobs. 2) Price. The living price adjusts much more slowly than the prices of goods and services as adjustment reduces absorption, and as currency developments impose upward pressure on import prices. 3) Public services. Cuts in public expenditure are usually a necessary component of adjustment programs, including reductions in public health or education which tend to have disproportional impacts on the poor.

(4) To restructure urban economic based on the high or new technology.

The rapid economic growth of Chinese cities in the 1980's can be attributed to a large extent to the expansion of resourceintensive industries. In next 20 years,

Chinese cities will change this tradition and re structure urban economic based on the high or new technology and the development of advanced pollution control skills, will improve urban infrastructure, and control the spread of pollution, and maintain the quality of air and water in human communities are to be improved, and strengthen efforts to reduce pollution from key industries, establish a good urban environment management system.

(5) To better coordinate relationship between urban economic growth and environment management for sustainable development of Beijing's metropolitan fringe.

Chinese metropolitan fringes environmental crisis results in not only the concentration of wastes and emissions but also the lack of infrastructure and new slum areas. The deterioration of the urban environment is one of the major consequences of constrained urban productivity, increasing urban poverty and wastes emissions. For this reason, firstly, it is very important to coordinate relationship between urban economic growth and environment management for sustainable development of metropolitan fringe. The second one is to coordinate relationship between urban economic restructuring and environment protection. Urban environment management institutions and legal system must be reformed based on new fiscal, finance, price and investment systems. In order to control, protect and improve urban environment, some legal, economic, administrative and technological means are also very useful.

(6) To make training for urban management and technical staffs.

The major areas of training include theories for urban and environmental management, methodology (assessments and surveys), computer aid design, and geographical information systems. The training workshop on the theoretical, methodological and technical skills will be conducted for research staff. The study tour to the western countries will examine the experiences in urban sustainable development. The stress on training for officials of the pilot study area puts on urban sociologist, urban planning and environmental management.

(7) To do pilot studies for urban fringe sustainable development.

The purpose of pilot studies will practice the urban growth and environment management integration systems. This system will include:

1) To reduce the constraints to urban productivity: (a) to strengthen the management and increase investment of urban infrastructure at the city level; (b) to

enhance the role of the private sector in shelter and infrastructure provision; (c) to improve the financial and technical capacity of municipal institutions; (d) to strengthen financial services for urban development.

2) To alleviate urban poverty: (a) economic aspects: to encourage labor-intensive productive activities; to improve urban services, infrastructure, credit and markets; (b) social aspects: to develop human-resource means, such as providing basic service in education, health, nutrition, family planning, and vocational training; to meet the basic need of housing policy; etc. Government issues regulations and measures to enhance the governance of urban poor, for example, to limit the time and location of business and the sectors of employment for migrants, and so on.

3) To develop sustainable approaches to the urban environment management: (a) to improve the information base and understanding of the dynamics of environmental deterioration in urban areas; (b) to develop city-specific urban environmental strategies that respond to the circumstances; (c) to redress the most serious environmental consequences of public policies and private behavior; (d) to formulate effective national and urban policies and incentives to prevent further environmental deterioration.

4 CONCLUSIONS

In recent years, global urban system has been re-organized, Chinese cities are facing many challenges and problems for its development, such as the restructuring and shift of global Industries, globalization, internationalization and gigantism, excessively rapid growth of the floating population, urban social polarization, new urban poverty, urban community environmental degradation, and so on. For this reason, we can consider that it is the most important thing for urban governance in Chinese cities to control and manage the floating population. For governance responses to urban particular problems of floating population, it is necessary to launch a successful policy, which includes mainly: 1) addressing urban growth through low-cost investment projects; 2) urban economy depends heavily

on successful macroeconomic policy; 3) to broaden the three channels linking adjustment to the incidence of urban poverty; 4) to restructure urban economic based on the high or new technology; 5) to coordinate relationship between urban economic growth and environment management for sustainable development of Beijing's metropolitan fringe, etc. .

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