

CONTROLLED URBANIZATION IN CHINA, 1949-1989

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ABSTRACT

Controlled urbanization is a socialist method of planning in which there is no intervention by market forces in the economic system and where the greater part of production activity is determined top-down from an administrative hierarchical body or central agency. This method of planning has been used by the Chinese government since 1949, both as an approach as well as a process in the planning of national development and in the implementation of various programs and planning policies according to the Communist Party objectives along ideological lines that were introduced by Soviet advisors.

The objectives of this study are to examine the role which controlled urbanization played in shaping Chinese urban policies and in influencing the development of Chinese cities, and to assess the impact which different policies had on the rate of Chinese urban population growth between 1949 and 1989.

The study area, about 9.6 million square kilometers, covers mainland China and Hainan Island. The data sources included communist leaders' speeches, government statements, press releases, orders and decisions of the Chinese Communist Party, laws and regulations pertaining to urban and regional administration, statistical reports and census publications, and research findings of Chinese scholars. The method employed in analyzing the data comprised simple descriptive statistics and multiple linear regression analysis.

Controlled urbanization had its ideological roots in Marxism and Chinese agrarianism. The fusion of these two ideologies led to a conflict which resulted in two interlocking consequences: rural-urban dichotomy and experimental strategies. These two consequences had direct bearing on controlled urbanization as well as in defining

the dimension and framework of change which caused several chain reactions among strategies, rural-urban interaction, level of urbanization and industrialization.

Controlled urbanization had different repercussions on the various groups of policies that were aimed at: 1) the flow of population between cities and the countryside, 2) the development of cities, 3) the development of the countryside and 4) the regional location of industries. While most of these policies over time were amended, overhauled and reformulated to comply with important strategic changes, those that controlled rural-urban migration and the growth of large cities were implemented and continued.

Prior to 1978, the main policy variables that influenced and affected Chinese urbanization were administrative forces and planned industrialization. After 1978, the growth of Chinese cities was hastened and stimulated by economic liberalization. As a consequence of these policy impacts, Chinese urbanization fluctuated. These fluctuations over time changed the regional and hierarchical distribution patterns of Chinese cities.

Controlled urbanization has been and probably will continue to be an important aspect of China's development. In order for China to keep pace with modernization, controlled urbanization needs to be modified so that market forces can play a bigger role in the decision-making process. Understanding the interaction of the social, economic and political forces in the urbanization process is thus not only essential but also vital to the effective formulation of innovative and progressive policies for China's development.

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Chapter I

INTRODUCTION

Statement of Problem

Since the beginning of the twentieth century, China has witnessed a series of exploratory studies¹ and has experimented with a number of approaches² to transform herself from a backward agrarian country to a modern, strong industrial state. Most of these efforts were influenced and guided by Marxist theory. In 1921, a group of young Chinese intellectuals introduced Marxist theory from Russia. Their ideological discussions subsequently led to the birth of the Chinese Communist Party. During the 1920s, Chinese communists applied Marxist theory to China's urban proletarians in the hope of putting China on the road to communism. Unfortunately these efforts failed in 1927. As a result of the confrontation between the communists and the nationalists, the Chinese Communist Party was expelled to the countryside. It was in the countryside that the Chinese communists began to formulate their revolutionary strategies and prepared their plans to take over the nationalist regime of Chiang Kai-Shek.³

¹ For example, see Kang Youwei, Da Tong Shu (Beijing: Gu Ji, 1956), which was written in 1901/2; Sun Wen (Sun Yat-sen), "Jian Guo Fang Lue" and "San Min Zhu Yi", both in Sun Zhong Shan Xuan Ji, pp. 115-470 and pp. 615-879 respectively (Beijing: Renmin, 1956). "Jian Guo Fang Lue" was drafted in 1917-1919 period. "San Min Zhu Yi" was put together in 1924; Mao Zedong, Mao Zedong Xuan Ji, Vol. 1-5 (Beijing: Renmin, 1962 and 1976), which contained Mao's works from the 1920s to the 1950s; and Deng Xiaoping, Deng Xiaoping Wen Xuan, Vol. 1-3 (Beijing: Renmin, 1983 and 1993).

² The two main approaches experimented in the 20th century were the nationalist approach and the communist approach. The former attempted to transform China along a capitalist road. The latter tried along a socialist road.

³ This is the commonly accepted spelling of the Chinese nationalist leader in the Wade-Giles system. In the

A rural agrarian based power struggle finally led the Chinese Communist Party to triumph in 1949. Since then, the Chinese communists have experimented with Marxist principles on a national scale. A planned economic system that included both cities and the countryside was gradually set up in the 1950s. It was thought that the promise of this system to promote rapid economic growth would be experimentally maximized in the name of the Great Leap Forward in the late 1950s. But the experimental Leap Forward failed. So the development strategies had to be readjusted during the first half of the 1960s.

In 1966, the Great Cultural Revolution began. It was probably the worst thing that happened to China after 1949. It cut off China from the long agrarian tradition and set China back for at least a generation in its anti-Western and anti-cultural errors. In 1978, the post-Mao leadership started to launch a program of reform and openness, in an attempt to experiment with strategies that presented a more realistic view of socialist development (i.e., *Jian She Zhong Guo Te Se de She Hui Zhu Yi*, or literally, to build socialism with Chinese characteristics) than that of the Mao era.

In the course of these reforms and experimental strategies, the Chinese government made various efforts to control and manipulate the economic bases, the internal structure, and the regional and city-size distribution of cities. Under socialism, cities were regarded as "producers" rather than as "consumers". Thus they were transformed to the former by cutting off the service sector and by boosting

Pin Yin system, his name is spelled as Jiang Jie Shi. Except for Chiang Kai-Shek and his nationalist party, the *Kuomintang*, all Chinese names used in this dissertation follow the Pin Yin system.

the industrial sector of the urban economy.⁴ The internal structure of the Chinese cities was modified by the Soviet style of city plans, by the construction of identical houses,⁵ and by experimenting with the agropolitan model of urban form.⁶ Through investment allocation, the urban system was reshaped. Cities in the inland provinces and in the small city-size group (i.e., less than 200,000 in inner-city non-agricultural population) were encouraged to grow while the growth of cities along the coastal provinces and of larger cities (e.g., more than 500,000 in inner-city non-agricultural population) was discouraged.⁷ The efforts to control urbanization by the Chinese government were apparent. Urban-ward migration was administered by strict labor hiring plans.⁸ Urban industries were deliberately removed from cities to remote and rural locations;⁹ the number of cities, towns and the size of urban population were artificially designed by modifying the criteria to

⁴ C.W. Pannell and L.J.C. Ma, "Urban Development." In China: The Geography of Development and Modernization, Chapter 9, p. 230 (London: V.H. Winston & Sons, 1983).

⁵ R. Murphey, "Chinese Urbanization under Mao." In Urbanization and Counter-urbanization. Edited by B.J.L. Berry, Vol. 11, p. 318 (1976); C.P. Lo, "Socialist Ideology and Urban Strategies in China," Urban Geography 8, no. 5 (1987): 454.

⁶ C.L. Salter, "Chinese Experiments in Urban Space: the quest for an agro-politan China," Habitat 1, no.1 (1976): 33.

⁷ C. Pannell, "The Role of Great Cities in China." In Urbanizing China. Edited by G.E. Guldin, p. 21 (New York: Greenwood Press, 1992); D. Buck, "Policies Favoring the Growth of Smaller Urban Places in the People's Republic of China, 1949-1979." In Urban Development in Modern China. Edited by L.J.C. Ma and W. Hanten, pp. 141-2 (Colorado: Westview Press, 1981).

⁸ M.L. Hsu, "Chinese Cities: Controlled Growth and Employment Problems," Urban Geography 7 (1986): 336.

⁹ Salter, op. cit., 20.

grant official status to cities and towns.¹⁰ These efforts to control and manipulate cities brought about a "Chinese model" of urbanization: the slow pace of growth of urban population stood in sharp contrast to the rapid rate of industrialization. The rural outlook and the lack of urban problems such as traffic congestion, environmental pollution and slum housing was another sharp contrast to other Third World cities which were burdened with these problems.¹¹

Controlled urbanization in China has long attracted the interests of urbanization students. Since the founding of the People's Republic of China in 1949, Western scholars contributed significantly to the study of Chinese urban behavior and policy in urban and regional development. Their observations and analyses, for example, included the new communist urban policies in the 1950s,¹² the movement of urban communes during the Great Leap Forward (1958-1960),¹³ the movement of 'sending down' (*Xia Fang*) in the aftermath of the Great Leap Forward, the movement of "going up to the mountains and coming down to the villages (*Shang Shan Xia Xiang*)" during the Great Cultural Revolution (1966-1976),¹⁴

¹⁰ A.G.O. Yeh and X.Q. Xu, "Changes in City Size and Regional Distribution, 1953-1986." In Chinese Urban Reform: What Model Now? Edited by R.Y.W. Kwok and others, p. 47 (London: M.E. Sharpe, Inc., 1990).

¹¹ M.K. Whyte and W.L. Parish, Urban Life in Contemporary China, (Chicago: University of Chicago, 1984), 2-3.

¹² H.A. Steiner, "Chinese Communist Urban Policy," The American Political Science Review 44 (1950): 47-63.

¹³ J. Salaff, "The Urban Communes and Anti-city Experiment in Communist China," China Quarterly 29 (March 1967): 93.

¹⁴ L.J.C. Ma, "Anti-Urbanism in China," Proceedings of Regional Science Review 8 (1976): 115-6.

the rural and urban reforms,¹⁵ and the open policy in the 1980s.¹⁶ They believe that the study of Chinese urbanization is significant not only because China accounts for one fifth of the world population and has a long urban tradition, but also because the Chinese urban experience can serve as a model of urban transition for other countries.¹⁷

By the 1980s, considerable literature has accumulated on Chinese urbanization studies. These research efforts embraced four broad themes: (1) the anti-urban thesis; (2) the new model of urbanization; (3) urban policies; and (4) the spatial pattern of Chinese urbanization.

The anti-urban thesis was a conceptual generalization developed by Western scholars in the late 1970s. It articulated the observations on China's development, namely, the decentralization of urban industries to remote regions in the name of Third Line Construction,¹⁸ the decentralization of urban population to the countryside in the names of *Xia Fang* (sending down), *Hui Xiang* (returning to the villages) and *Shang Shan Xia Xiang* (going up to the mountains and coming down to the villages),¹⁹ the ruralization of cities to mix industries with agriculture, i.e., the Daqing model,²⁰ and the bottom-up strategy of

¹⁵ R.Y.W. Kwok and others, eds., Chinese Urban Reform: What Model Now? (London: M.E. Sharpe, Inc., 1990).

¹⁶ Y.M. Yeung and X.W. Hu, eds., China's Coastal Cities, (Hawaii: University of Hawaii Press, 1992).

¹⁷ G.E. Guldin, "An Urbanizing China." In Urbanizing China. Edited by G.E. Guldin, p. 6 (New York: Greenwood Press, 1992).

¹⁸ R. Kirkby and T. Cannon, "Introduction." In China's Regional Development. Edited by D.S.G. Goodman, p. 8 (New York: Routledge, 1989).

¹⁹ Ma, op.cit., 116.

²⁰ Salter, op. cit., 33.

development priorities in the agricultural sector.²¹ Proponents of the anti-urban thesis believed that the Chinese government had applied pro-rural policies to China's national development and had deliberately hindered the concentration of population and industries in the cities. They claimed that three aspects of the explorations and experiments in China's development helped to make the Chinese government anti-urban: (1) the peasants' distaste for cities by virtue of their agrarian origin, (2) the anti-urban attitude rooted in orthodox Marxist theory, and (3) the failure of the Chinese communists in cities attempting to gain urban support for their revolution during the 1920s.²²

The anti-urban thesis attracted the attention of a number of Chinese urbanization scholars. The findings of their research, however, challenged the anti-urban thesis. First, the recent disclosure and availability of Chinese statistical materials corrected much of the misuse of census data and misinterpretation of the level of Chinese urbanization in the 1949-78 period.²³ More recent systematic data suggest that the rate of Chinese urbanization was not slow. Rather, the growth of Chinese cities was at a similar pace to that of other Third World countries.²⁴ Second, the belief of peasants' distaste of cities was misleading. Field observations indicated that peasants admired urban life and

²¹ R. Murphey, The Fading of the Maoist Vision (New York: Methuen, 1980), 55.

²² R.J.R. Kirkby, Urbanization in China (New York: Columbia University Press, 1985), 1-9.

²³ K.W. Chan and X.Q. Xu, "Urban Population Growth and Urbanization in China Since 1949: Reconstructing a Baseline," China Quarterly 104 (1985): 583-613.

²⁴ *Ibid.*, 612.

did not miss any opportunity to become urban.²⁵ Third, the influence of orthodox Marxist theory on Chinese development was vague. The Chinese learned Marxism from Lenin and Stalin. The Soviet communists encouraged the growth of Russian cities because cities played an important role in economic development.²⁶ The Soviet advisors on Chinese planning liked to see Chinese cities develop and grow like their counterparts. Given these influences of the Soviet advisors, it was not surprising that Chinese development strategies became pro-urban rather than anti-urban. Fourth, the development policies in general social welfare, such as public housing, medical care and other subsidies, tended to favor urban residents rather than peasants. The control over the number of urban dwellers was to limit the size of population in order that privileges might be granted. This made the development strategies become urban-biased rather than anti-urban.²⁷

Contributions to the new model of Chinese urbanization amassed quickly after the mid-1980s. Urban researchers on this theme were unexpectedly overjoyed by the influences of the current economic reform on the growth of Chinese cities. The Deng Xiaoping leadership relaxed the strict control on Chinese urbanization by discarding and revising many of the development policies of the Mao era.²⁸ The rural reform

²⁵ Kirkby, op. cit., 18.

²⁶ V.F.S. Sit, "Introduction: Urbanization and Urban Growth in the People's Republic of China" (in Chinese). In Chinese Metropolis. Edited by V.F.S. Sit, pp. 1-64 (Hong Kong: Shang Wu, 1986).

²⁷ K.W. Chan, Economic Growth Strategy and Urbanization Policies in China, 1949-1982, Research Paper No. 175. Toronto: Centre for Urban and Community Studies, University of Toronto, 1989.

²⁸ W.L. Parish, "Urban Policy in Centralized Economies: China." In The Economics of Urbanization and Urban Policies in Developing Countries. Edited by G.S.

dismantled rural communes, discharged rural surplus labor, and thus fostered the growth of Chinese urbanization.²⁹ The urban reform diversified the economy in cities and provided potential for urban-ward migration without the control of the planned hiring system.³⁰ A new model of Chinese urbanization emerged during the 1980s. This new model was characterized by three changes: (1) the rapid growth of cities, towns and urban population; (2) the concentration of urban growth in small cities and towns; and (3) the large size of "floating population" in large cities. In the post-Mao era, the rate of urban growth exceeded the rate that was predicted by Tolley's model. The latter was based on the difference between the rural and the urban productivities.³¹ The concentration of urban growth in small cities and towns was the result of a new experiment that tried to keep rural surplus labor in their home towns through the development of rural enterprises. Rural urbanization was claimed to be the Chinese style of urbanization by Chinese planners.³² The "floating population" consisted of these peasants who became footloose in rural reform and who were not kept in the rural enterprises. They comprised about 15-30 percent of the population of large cities.³³ They burdened the physical

Tolley and Vinod Thomas, p. 73 (Washington, D.C.: The World Bank, 1987).

²⁹ S.D. Chang and R.Y.W. Kwok, "The Urbanization of Rural China." In Chinese Urban Reform: What Model Now? Edited by R.Y.W. Kwok and others, p. 155 (London: M.E. Sharpe, Inc., 1990).

³⁰ R.Y.W. Kwok, "Recent Urban Policy and Development in China," Town Planning Review 58 (1987): 396.

³¹ M.X. Ran and B.J.L. Berry, "Under-urbanization policies Assessed: China 1949-86," Urban Geography 10 (1989): 117.

³² X.T. Fei, Xiao Cheng Zhen Si Ji (Four Essays on Small Cities and Towns) (Beijing: Xinhua, 1985), 9.

³³ Y.K. Wang, Zhong Guo Shi Ji Zhi Jiao De Cheng Shi Fa Zhan (Shenyang: Liaoning Renmin, 1992), 21.

infrastructure and threatened the social stability of cities.³⁴ Many scholars were amazed with these changes. What Model Now?, the subtitle of a recent book, is typical of the curiosities of many Chinese urban students.³⁵

The study of urban policies touched on the mechanisms that controlled Chinese urbanization. During the 1980s, there was continual debate on the policy of "controlling the size of large cities, developing medium-sized cities rationally, and encouraging the growth of small cities".³⁶ This policy was publicized in 1980 by the State Council in order to achieve the goal of equity and efficiency in national development. Small cities deserved rapid growth because they could bridge large cities with the countryside and thus could promote rural-urban integration. Large cities were contained because further increase of population would overload the fragile urban infrastructure and thus would reduce the efficiency of industries in large cities.³⁷ Opponents of the policy placed more weight on the issue of efficiency. They argued that large cities should not be contained because large cities were the major contributors to the national economy. The constraints on the size of large cities limit the flow of capital and labor to, from, and within large cities and thus slow down the pace of

³⁴ X.Q. Zhang, "Urbanization in China," Urban Studies 28, no. 1 (1991): 49-50.

³⁵ W.L. Parish, "What Model Now?" In Chinese Urban Reform: What Model Now? Edited by R.Y.W. Kwok and others, p. 5 (London: M.E. Sharp, Inc., 1990).

³⁶ S.S. Han and S.T. Wong, "Chinese Reform and Pre-Reform Policies on Urban Growth in the 1980s," Urban Geography 15, no. 6 (1994).

³⁷ L. Zong, "Da Cheng Shi De Fa Zhan Yu Kong Zhi." In Zhong Guo Cheng Shi Hua Dao Lu Chu Tan. Edited by W.J. Ye and others, p. 193 (Beijing: Zhan Wang, 1988).

modernization in China.³⁸ With the development of the *Pudong* area in Shanghai, the largest Chinese city was given the green light for rapid growth. Are there contradictions between Shanghai's development and the policy of containing the size of large cities? The concern of policy conflicts and the demand for coordinated policies were expressed by senior leader, Deng Xiaoping.³⁹ The Chinese government, as represented by the Ministry of Construction, organized several conferences (e.g., Nanjing Conference in 1983, Chengdu Conference in 1985, Beijing Conference in 1993) to discuss these policy issues. The Ministry now engages research teams to continue its efforts to look at the regional and size distribution of cities and rural urbanization policies.

In addition to the debate on the particular policy above, researchers have observed and studied a number of policies such as those that were selected from the five-year plans,⁴⁰ the housing and urban growth policies,⁴¹ the policies of reform and openness,⁴² and the industrialization policies.⁴³ It was found that pre-reform and reform policies

³⁸ Y.Q. Zhao, "Zhong Guo Cheng Shi Hua Dao Lu Li Lun Shu Ping." In Zhong Guo Cheng Shi Hua Dao Lu Chu Tan. Edited by W.J. Ye and others, p. 409 (Beijing: Zhan Wang, 1988).

³⁹ N. Ginsburg, "Review Essay on China's Coastal Cities: Catalysts for Modernization", Annals of the Association of American Geographers 83, no. 3 (1993): 559.

⁴⁰ M.B. Farina, "Urbanization, De-urbanization and Class Struggle in China, 1949-79," International Journal of Urban and Regional Research 4 (1980): 487-501.

⁴¹ Parish, op. cit.

⁴² Kwok, op. cit.

⁴³ Chan, op. cit.

coexisted during the 1980s and presented contradictory influences on the growth of Chinese urbanization.⁴⁴

Studies on the spatial patterns of Chinese urbanization were centered on four issues: (1) the level of Chinese urbanization; (2) the rank-size distribution of cities; (3) the provincial variations in urban growth; and (4) the hierarchical variations of urban growth (The spatial and temporal aspects of these four issues are depicted in greater detail in Chapter VI). Although there were no agreeable indices that could represent the temporal changes of the level of urbanization (due to the definitional problems of urban population), research findings showed drastic fluctuations. The studies recognized that the level of urbanization rose quickly during the 1980s. Studies on the rank-size distribution of Chinese cities revealed that the urban primacy index had declined since the 1950s. This suggests that the control on the growth of large cities might have had an effect.⁴⁵ Studies on the provincial variations of Chinese urbanization disclosed that the coastal provinces were more urbanized than the inland provinces.⁴⁶ Studies on the hierarchical variations of urban growth suggested that large cities grew slower than small cities. However, the rate of growth of small cities was more varied than that of the large cities.⁴⁷

⁴⁴ Han and Wong, op. cit.

⁴⁵ C.W. Pannell, "Recent Growth and Change in China's Urban System". In Urban Development in Modern China. Edited by L.J.C. Ma and W. Hanten, p. 112 (Colorado: Westview Press, 1981).

⁴⁶ X.Q. Xu and J.A. Ye, "Wo Guo Cheng Shi Hua De Sheng Yu Cha Yi" (Provincial Variation of Urbanization in China), ACTA Geographica Sinica 41, no. 2 (1986): 16.

⁴⁷ X.Q. Xu, "Trends and Changes of the Urban System in China." Third World Planning Review 6 (1): 52.

In the development of Chinese urbanization studies, research on the role of controlled urbanization has apparently been overlooked. Studies on the ideological bases of Chinese urbanization are virtually absent. The influence of Marxist theory, Chinese communist experience of revolution and the impact of peasant culture on controlled urbanization remain vague. Urban policy research has not even provided a systematic account of urban policies, without mentioning the barely touched factors which were underlying these policies that determined their formulation and change. Without an understanding of the ideological bases of controlled urbanization and the mechanisms that executed the control, studies on the pattern of Chinese urbanization could only be fragmented and incomplete. A thorough portrayal of controlled urbanization, therefore, is yet to be constructed and presented.

To put the problem of controlled urbanization in perspective, the following questions are raised: What is controlled urbanization? How did it come about? What was its ideological base? How did Marxism affect the spatial dimension of Chinese rural-urban relations and experimenting strategies? What influences did the various strategies have in transforming China toward a modern socialist state along the communist ideological line? What kind of urban policies and mechanisms were employed by the Chinese communist government to control urbanization? What impact did these control policies have on Chinese urban growth and development? These are the questions that are examined in this dissertation.

Objectives of Study

The primary objective of this study is to explore the role which controlled urbanization played in shaping the various urban policies and in influencing the growth and development of Chinese cities. A secondary objective is to

portray the influences which these policies have on controlled urbanization and to assess the various impacts which they had in regulating and restraining the urban and regional growth pattern of Chinese cities.

In this study, controlled urbanization is defined as a socialist method of planning in which there is no intervention by market forces in the economic system and where the greater part of production activity is determined top-down from an administrative hierarchical body or central agency. It is used both as an approach as well as a process. As an approach it is used to refer to the socialist method of planning employed by the Chinese communist government since the founding of the People's Republic of China. As a process, it refers to the series of measures, programs and policies that were adopted and implemented by the Chinese communist government to restrain urban and regional growth dictated by the Communist Party objectives along ideological lines that were introduced by Soviet advisors and planners.

Since 1949 Chinese urbanization was very much a product of communist control policies. The latter was made up of an array of government policies which included propaganda reports, cadre speeches, administrative laws and regulations. They were promulgated and aimed at controlling and regulating the flow of population between cities and the countryside, and in guiding urban-rural development and the regional location of industries.

Organization of Study

This dissertation is organized into seven chapters. Chapter I presents the research problem, the objectives and the organization of the study. Chapter II reviews the literature of Chinese urbanization studies. This includes the growth of Chinese urbanization studies and some of the major concepts and generalizations. Chapter III discusses

the research design. It presents the choice of study area, the temporal coverage, the terminology and measurements employed in the study, the method of approach, data collection and data analysis used to accomplish the research objectives. Chapter IV depicts the ideological roots of controlled urbanization. It provides a framework by discussing the various aspects of Chinese revolutionary theories and practice, the role of cities in the theory and practice of Chinese communist development and in the planned economy, and the spatial focus of China's development strategies. The interplay of political and economic forces in shaping controlled urbanization is also examined. Chapter V describes the control policies of Chinese urbanization and gives an account of the influences of the urban policies and programs. Chapter VI discusses the policy impacts on Chinese urbanization. The fluctuations of the level of urbanization, the number of cities and towns, the urban population on a national scale, and the regional and provincial variations of these fluctuations are analyzed in relation to the control policies. Chapter VII sums up the findings and conclusions and makes suggestions for further research.

Chapter II

CHINESE URBANIZATION STUDIES

This chapter is a literature review of Chinese urbanization studies. It consists of five sections. Section one deals with the growth of the literature. It gives a cursory review of historical research interests and efforts made by Western scholars, Chinese urban planners and Chinese government agencies in the search for strategies and approaches to the understanding of Chinese urbanization. Section two looks at Chinese urbanization before 1949, dating back as far as the Shang and Zhou dynasties. Section three covers Chinese urbanization after 1949. The discussion is focused on four themes: 1) the anti-urban thesis, 2) explanation of the anti-urban thesis, 3) challenges to the anti-urban thesis and 4) rapid urbanization in the 1980s. Section four reviews urban policies and the debates associated with them. Section five presents briefly the spatial patterns of Chinese urbanization, as portrayed by the level of urbanization, rank-size distribution of cities, provincial primacy variations of Chinese cities and hierarchical variations of Chinese cities.

These five sections constitute the heritage of Chinese urbanization studies as background to the understanding of Chinese urbanization problems. They are presented here as a complement to the introductory chapter.

Growth of the Literature

China's long history provides a rich background for the exploration of Chinese urbanization. Interest in Chinese urban history goes back as far as the early adventures of Marco Polo, whose observations in the 13th century are

probably the most widely cited classics on Chinese cities.¹ Since the start of the 20th century, modern geographers have started to contribute to the study of Chinese cities. Pioneer works include the studies of the growth, rural-urban relations and morphology of individual cities,² the role of cities in societal transformation,³ the spread of the Xian capitals (County seats) in China from before 1111 BC to 1949 AD,⁴ Chinese urban origins in the *Shang* and the *Zhou* Dynasties (1600BC -221 BC),⁵ the commercialization and urbanization in the *Song* Dynasty (8th-13th AD),⁶ and the overall demographic changes in the early twentieth century.⁷ In 1968-69, the American Social Science Research Council and the American Council of Learned Societies

¹ Sir Henry Yule, The Book of Ser Marco Polo, the Venetian, Concerning the Kingdoms and Marvels of the East, II (New York: Charles Scribner's Sons, 1929), 374-75.

² For example see: J.E. Orchard, "Shanghai," Geographical Review 26 (1936): 1-31; J.E. Spencer, "Changing Chungking: The Rebuilding of an Old Chinese City," Geographical Review 29 (1939): 46-60.

³ R. Murphey, "The City as a Center of Change: Western Europe and China," Annals of the American Association of Geographers 44, no. 4 (1954): 349-362; G.T. Trewartha, "Chinese Cities: Origins and Functions," Annals of the Association of American Geographers 42, no. 1 (1952): 69-93.

⁴ S.D. Chang, "The Historical Trends of Chinese Urbanization," Annals of the Association of American Geographers 53, no. 2 (1963): 109-143.

⁵ P. Wheatley, The Pivot of the Four Quarters (Chicago: Aldine Pub. Co., 1971).

⁶ L.J.C. Ma, Commercial Development and Urban Change in Sung China (960-1279) (Ann Arbor, Michigan: University of Michigan, Department of Geography, 1971).

⁷ L.A. Orleans, "The Recent Growth of China's Urban Population," Geographical Review 49 (1959): 43-57; T. Shabad, "The Population of China's Cities," Geographical Review 49 (1959): 32-42; G.T. Trewartha, "Chinese Cities: Numbers and Distribution," Annals of the Association of American Geographers 41 (1951): 331-347.

organized two conferences on Chinese urbanization in an attempt to fill a gap in Chinese urbanization studies for the period between the early 1800s and the late 1960s.⁸

Despite the enthusiasm of Western scholars, there has been little growth in the studies of Chinese urbanization. This slow growth in the literature was largely due to the lack of opportunities to conduct field work and the reluctance of the Chinese authorities to make information and materials available to Western scholars.⁹ Moreover, in China itself, social scientists were generally silent because of the chaotic situation of the Great Cultural Revolution (GCR).¹⁰

The lack of primary, systematic data gave scholars of Chinese urbanization little choice but to rely heavily on Chinese official propaganda materials, such as government-run newspapers and periodicals. Thus, significant events such as "the sending down of urban population from the cities to the countryside" in the names of *Hui Xiang*, *Xia Fang* and *Shang Shan Xia Xiang*, the *Daqing* Model of rural-urban integration, and the urban communes were taken collectively as the stock of the understanding of Chinese urbanization. Westerners were impressed by these short

⁸ G.W. Skinner, ed., The City in Late Imperial China (Stanford, Calif.: Stanford University Press, 1977); M. Elvin and G.W. Skinner, eds., The Chinese Cities Between Two Worlds (Calif.: Stanford University Press, 1974); J.W. Lewis, ed. The City in Communist China (Calif.: Stanford University Press, 1971).

⁹ C.W. Pannell, "China's Urban Geography," Progress in Human Geography 14 (1990): 214; R. Murphey, "The Geographic Study of China," Geographers Abroad, Research Paper No. 152, pp. 94-109 (Chicago: University of Chicago, Department of Geography, 1973); also see V.F.S. Sit, op. cit.

¹⁰ D.Q. Shen and G.H. Cui, "Recent Development of Urban Geography in China" (in Chinese), ACTA Geographica Sinica 45, no. 2 (1990): 163.

tours. As a result, a model of Chinese urbanization--an anti-urban model--was put forward. This model showed how Chinese cities functioned as important industrial producers, how they were built to have a rural outlook, and how the problems such as shanty towns, traffic congestion and environmental pollution, common in other Third World cities, were avoided in China.¹¹ These observations prompted the following questions in the literature: Were the negative consequences of urbanization a product of the capitalist system? Could the socialist countries design a better path of social transformation?¹² It was curiosity that attracted the attention of social scientists to study Chinese urbanization in the post-1949 period.¹³ Deng Xiaoping's policy of reform and openness made it possible for Westerners to visit Chinese cities. As more systematic data becomes available, and more field work is conducted, Western scholars are better able to assess the pros and cons of Chinese urbanization. The newly accumulated literature not only challenges the anti-urban thesis, but also reveals the changes that were brought about by the economic reform and openness in Chinese urbanization.¹⁴

The new role of Chinese cities as multi-functional centers and economic organizers in economic reform called the attention of Chinese social scientists to emphasize the

11 Kirkby, op. cit., xi.

12 Whyte and Parish, op. cit., 3.

13 For example, see R. Kojima, Urbanization and Urban Problems in China (Tokyo: Institute of Developing Economy, 1987), 2.

14 Examples of such studies include: R.Y.W. Kwok and others, eds., 1990; G. Veeck, ed., The Uneven Landscape: Geographical Studies in Post-Reform China (Baton Rouge, LA: Louisiana State University, Department of Geography and Anthropology, 1991); Y.M. Yeung and X.W. Hu, eds., China's Coastal Cities (Hawaii: University of Hawaii Press, 1992); G.E. Guldin, ed., 1992.

studies of Chinese urbanization in order to facilitate national development. A body of literature on Chinese urbanization in the Chinese language has emerged since the late 1970s. Two questions of initial concern are: (1) Does China need to be urbanized? (2) How should Chinese urban growth be planned in order to facilitate national development? Given the preoccupation of rural-urban integration as a goal for socialist development, many scholars oppose the urbanization of China. They argue that the wrenching effects of urbanization such as the bankruptcy of peasants, the poor urban environment, the shortage of housing and the lack of supporting facilities (i.e., water supply, sewage system, transportation) deviate from the orthodox theory of Marxism, Leninism and Maoism.¹⁵ Proponents of urbanization argue that urbanization is necessary for economic growth, because the Western experiences have proved that urbanization has accompanied the agglomeration economy.¹⁶ Closely related to the urbanization vs. rural-urban integration argument is the debate on the growth of large cities. Some scholars argue that small cities should be the foci of Chinese urbanization, and that the growth of large cities should be contained. They believed that uncontrolled growth of cities would burden the already over-loaded urban infrastructure

¹⁵ K.W. Chen and X.K. Chen, "Lun Cheng Shi Hua Bu Shi Wei Yi De Dao Lu" Qiu Sue. no. 5 (1982); C.A. Zhang, "Cheng Shi Hua Bu Shi Wo Guo Cheng Xiang Fa Zhan Dao Lu" Jian She Jing Ji 1984; X.Z. Zhang, "Lue Lun Dang Qian She Hui Fa Zhan Qu Shi Bu Shi Xiang Cun Cheng Shi Hua Er Shi Cheng Xiang Yi Ti Hua" Cheng Shi Jian She no. 1 and no. 2 (1987).

¹⁶ Y.R. Wu, "Guan Yu Wo Guo She Hui Zhu Yi Cheng Shi Hua Wen Ti" Ren Kou Yu Jing Ji no. 1 no. 2, (1980); B.R. Li, "Wo Guo Cheng Zhen Dao Lu Wen Ti Tao Lun" Cheng Shi Gui Hua no. 2 (1983); W.J. Ye, B.C. Zhang and J.N. Lin, eds., Zhong Guo Cheng Shi Hua Dao Lu Chu Tan (Beijing: Zhong Guo Zhan Wang, 1988).

and would hurt the national economy.¹⁷ Others argue that the growth of large cities should be encouraged in order to facilitate the mobility of labor and to enhance the role of large cities as innovative centers.¹⁸

In the search for urbanization strategies, the Chinese government organized several conferences and research groups to study Chinese urbanization. In 1983, the *Nanjing conference* pointed out the important role of small cities and towns in national development and made suggestions to the government to emphasize rural town-based urbanization.¹⁹ In 1984, the *Chengdu conference* developed an extensive debate on the containment vs. encouragement of the growth of large cities.²⁰ The Ministry of Construction (then called the Ministry of Rural Urban Construction and Environmental Protection) formulated its first research group to examine the role of small cities and towns in Chinese urbanization in 1983.²¹ During the period of the Seventh Five Year Plan (1986-1990), the State Commission of Science and Technology selected the study of Chinese urbanization to be one of the major state-funded research topics. This led to the formation of another research group

¹⁷ H.T. Cao, "Ji Ji Fa Zhan Xiao Cheng Zhen Shige Zhan Lue Wen Ti" Cheng Shi Gui Hua no. 2 (1983); F.L. Wang, "Xiao Cheng Zhen Jian She De Zhan Lue Yiyi" Jian She Jing Ji no. 2 (1983).

¹⁸ Y.F. Feng, "Fa Zhan Xiao Cheng Shi shi Wo Guo Cheng Shi Hua Wei Yi Zheng Que De Dao Lu Ma?" Jing Ji Di Li no. 2 (1983); Y.X. Zhou, "Lun Wo Guo Cheng Zhen De Di Yu Cha Yi" Cheng Shi Gui Hua no. 2 (1983).

¹⁹ Fei, op. cit., 9.

²⁰ Y.Q. Zhao, "Zhong Guo Cheng Shi Hua Li Lun Yan Jiu." In W.J. Ye, B.C. Zhang and J.N. Lin, eds. p. 407, (1988).

²¹ Jian She Bu, Cheng Zhen Hua Yu Xiao Cheng Zhen Ke Ti Zu, Cheng Zhen Hua Yu Xiao Cheng Zhen, unpublished manuscript (1985), 1.

which focused on the problems of Chinese urbanization with an emphasis on urban infrastructure.²² After the completion of its mandate, this research group continued its exploration in the form of joint-studies with some American scholars, and published their contributions in a work, entitled Studies on Chinese Urbanization at the Macro Level.²³ Provincial governments (e.g., Sichuan and Jiangsu) also showed their interests in the study of urbanization at both national and local levels and helped to put out several volumes of collections.²⁴ These efforts have greatly improved the understanding of Chinese urbanization. The benefits of these research efforts are contained in the summary reports of the 1991 conference on Chinese urbanization policies, that was jointly organized by the Bureau of Urban Planning of the Ministry of Construction and the Research Center of Development Policies under the State Council.²⁵

Chinese Urbanization before 1949

Studies of pre-1949 Chinese urbanization cover a period of about 4000 years. The growth of Chinese cities in many dynasties has been examined. For example, Wheatley (1971) traced the urban origins to the *Shang* and the *Zhou* dynasties; Xiao (1984) examined the growth of cities in the

²² Its reports were collected in the volume edited by W.J. Ye, B.C. Zhang and J.N. Lin, 1988.

²³ B.C. Zhang, J.Y. Chen and Y.X. Zhou, eds., Zhong Guo Cheng Shi Hua Dao Lu Hong Guan Yan Jiu (Haerbin: Heilongjiang Renmin, 1991).

²⁴ S.K. Du and Y. Ding, eds., Zhong Guo Cheng Shi Hua De Dao Lu Yu Xuan Ze (Chengdu: Sichuan Da Xue, 1988); Research Group for Appropriate Scale of Cities and Towns, Yan Jiu Cheng Zhen He Li Gui Me De Li Lun Yu Fang Fa (Nanjing: Nanjing Da Xue, 1986).

²⁵ Jian She Bu, Summary Report of The conference on Chinese Urban Policies unpublished manuscript, 1991.

Qin (221-206 B.C.) and the *Han* (206 B.C.-220 A.D.) dynasties; Ma (1971) studied the urbanization in the *Song* (960-1279 A.D) Dynasty; Skinner (1977) edited a volume of Chinese urbanization studies in the *Ming* (1368-1644) and the *Qing* (1644-1911) dynasties; also Liu (1987) investigated the development of towns in the *Ming* and the *Qing* dynasties; Elvin and Skinner (1974) collected a volume that focused on the period of the Republic of China (1911-1949); and Chang (1963) described the spreading of Chinese urbanization over three thousand years from the *Zhou* Dynasty to 1949.

These studies have revealed many characteristics of the traditional development of Chinese cities, some of which are essential to understand Chinese urbanization after 1949.

First, these studies made it evident that China has a long urban tradition. Archaeological evidence from the *Shang* and the *Zhou* dynasties indicates that Chinese cities were large in scale. These cities were the residences of slave-owners, ceremonial centers, centers of handicraft industry (e.g. porcelain) and markets.²⁶

Second, there are two sets of forces that drove traditional Chinese urbanization: (1) administration, commercialization and transportation; (2) colonialism. The first set of forces was influential for the period before the 19th century. Administrative control over new territories led to the establishment of governmental seats and the spread of Chinese urbanization over a vast geographical area.²⁷ Commercialization in the *Qin* and the *Song* dynasties brought about prosperous markets and spurred rapid urban growth.²⁸ The construction of the Great Canal

²⁶ Yu and Ning, op. cit., 120.

²⁷ S.D. Chang, op. cit., 109.

²⁸ Ma, 1971.

stimulated rapid urbanization in Southern China in the *Sui* and *Tang* Dynasty.²⁹ In the 19th century, colonialism gave rise to the growth of treaty port cities.³⁰ These treaty port cities, such as Shanghai, Ningbo, Dalian and Wuhan, were along coastlines and rivers. Their growth increased inequalities within the distribution of cities. Small cities and towns withered because the industries of these small urban places relied very much on obsolete techniques that were weak and inadequate to compete with the advanced technologies in the treaty ports.³¹

Third, the traditional Chinese cities were grouped into several discrete subsystems.³² Chinese urbanization originated in river basins. The uneven landscape of China, particularly the difficulty in providing transportation linkages among regions, resulted in eight subsystems. They were: (1) North China, (2) Lower Yangtze, (3) Lingnan, (4) Southern Coast, (5) Middle Yangtze, (6) Upper Yangtze, (7) Northwest China, (8) Yun-Kwei. According to one interpretation of the rank-size distribution patterns,³³ cities in four of these subsystems (i.e., North China, Lower Yangtze, Lingnan, and Northwest China) were well integrated. Cities in Yun-kwei subsystem were imperfectly integrated,

²⁹ Yu and Ning, op. cit., 125.

³⁰ R. Murphey, "The Treaty Ports and China's Modernization." In M. Elvin and G.W. Skinner, eds., p. 18 (1974).

³¹ Yu and Ning, op. cit., 133. However, the effects of treaty port cities on Chinese development in the period before 1949 are arguable. Murphey (1974) claimed that treaty ports had limited interactions with inland cities and thus had little effect on China's development. Chang (1963) argued that treaty ports had positive influence on China's development because they were centers to adopt and to trickle down modernization.

³² Skinner, op. cit.

³³ Ibid.

while cities in the subsystems of Southern Coast, Middle Yangtze, and Upper Yangtze were subregionalized.

From a comparative viewpoint, Chinese cities have evolved differently from European cities. Chinese cities were not agents of change, but rather makers and supporters of the status quo. The chief function of Chinese cities was to provide for the good ordering and productiveness of the countryside rather than to scorn rural people as servants of cities, as providers of food, raw materials and of cheap labor.³⁴

China witnessed warfare in the first half of the 20th century. Up to the mid-1930s, fights were observed among warlords and between the *Kuomintang* (KMT, the Nationalist Party) and the Chinese Communist Party (CCP). If they did not actually hinder the growth of cities, these fights fostered and reinforced the political fragmentation of urban systems. In 1937, China was invaded by Japan, and in the following years was divided into three parts: the territory occupied by the Japanese, the territory controlled by the KMT, and the territory occupied by the communist guerrillas. Japanese military forces controlled the coast, northern China and major resource locations. They built railways and factories to extract raw materials for the use of Japanese industries in their tiny island nation. Meanwhile North China and some other selected areas were developed and used as bases during the Japanese invasion.

Within the territory occupied by the *Kuomintang*, cities were crowded by refugees and by the fleeing capitalists and industrialists from the coast. The population of small towns and cities in the KMT territory

³⁴ Murphey, (1980), 21; Idem, "Chinese Urbanization under Mao." In Urbanization and Counter-urbanization. Edited by B.J.L. Berry, Vol. 11, p. 312, (1976).

increased greatly. But this population boom did not last long. Soon after the war, most of the refugees moved back to their home cities and regions. As a result, most of the cities and towns in the KMT territory were reduced in size and the prospect of development was curtailed.

The communist guerrillas occupied remote areas with few cities. The threat from the *Kuomintang* and the Japanese military forced the industries within the communist territory to maintain small scales and to avoid fixed locations. The concentration of population was not observable except for the military headquarters. But the latter was highly mobile. It was only in areas where the communist guerrillas were in firm control that small cities and towns grew. These cities and towns were administrative centers and were located in remote areas such as the mountains of Hunan and Hubei.³⁵ For the most part, in the communist controlled areas, agricultural production was emphasized to feed the communist army. From 1945 to 1949, the communist military gradually took over the cities in mainland China. City governments were reorganized. The economic bases of cities were reconstructed. The process of Chinese urbanization was re-configured to serve the end of the development of a socialist society.

Chinese Urbanization after 1949

Drastic changes were observed in Chinese urbanization after 1949. Western scholars used the anti-urban thesis to describe Chinese urbanization in the 1949-78 period. Nevertheless, since 1978 Chinese cities have experienced rapid growth. This section reviews the anti-urban images, explanations of the anti-urban thesis, challenges to the anti-urban thesis, and rapid urbanization in the 1980s.

³⁵ C.L. Gu, Zhong Guo Cheng Zhen Tixi (Beijing: Shang Wu, 1992).

The Anti-urban Images

The anti-urban thesis has three major components: (1) a pro-rural and anti-urban attitude; (2) the dispersion of urban population in the names of *Xia Fang* (downward transfer) and *Shang Shan Xia Xiang* (going up to mountains and coming down to villages); (3) the urban communes and the *Daqing* Model.

(1) The pro-rural and anti-urban attitude

The Chinese Communist Party gained power from rural areas, using the strategy "to encircle cities from the countryside". As a result of this rural-based revolutionary victory, the peasant masses were viewed as possessing great intrinsic revolutionary energy. The hard work and plain living of peasants were viewed as being worthy of emulation.³⁶ In the cities urban entrepreneurs and their family members, and intellectuals were viewed as the seed-bed for the growth of capitalism. These perceptions of peasants and urbanites had produced at least three influences on China's development and urbanization.³⁷ First, they helped to formulate a rural-based development strategy, or, a "bottom-up" approach of China's development, which focused on the provision of basic needs to the people, especially to the rural masses. Second, they helped to set up the goal of rural-urban integration in order to narrow the existing differences of production and living standards between cities and the countryside, and to link industry more closely with agriculture. Third, they helped to formulate a series of anti-urban policies and/or programs.

(2) The dispersion of urban population

³⁶ Ma, (1976): 115.

³⁷ Ibid.

The manner of dispersing urban population made use of such names as *Hui Xiang*, *Xia Fang* and *Shang Shan Xia Xiang*. The *Hui Xiang* movement was conducted in the aftermath of the Great Leap Forward (1958-60). The latter resulted in a rapid increase of rural migrants in cities, because the industrial leap forward allowed a large number of peasants to shift from the agricultural to the industrial sectors. As the Great Leap Forward failed, the *Hui Xiang* movement was set in motion to remove new migrants from cities to their home villages. The program of *Xia Fang* had been implemented for a longer period than *Hui Xiang*. *Xia Fang* was conceived in 1957 and was continued until the late 1970s. The targets of *Xia Fang* were party cadres and government workers. The initial goal of *Xia Fang* was to trim government personnel and to relocate them to the countryside in order to reinforce government control and to promote rural development.³⁸ By February 1958, the total number of cadres transferred downward reached 1,300,000. In 1968, *Xia Fang* program had a new form, that is, the "May 7 School". These "May 7 Schools" were established in the countryside. Cadres were trained in Marxism-Leninism and Maoism, and in physical labor for a period of two months to two years.

The movement of *Shang Shan Xia Xiang* was conceived in 1955. The government called those urban graduates who could not find employment in cities to return to their home villages.³⁹ *Shang Shan Xia Xiang* was interrupted by the Great Leap Forward and was not reintroduced until 1962. In 1964, Mao's famous instruction encouraged educated youth to go to the countryside in order to be re-educated by the peasants. Unlike *Xia Fang*, the program of *Shang Shan Xia Xiang* tried to settle urban youth permanently in the

³⁸ Ibid.

⁴¹ Ma, op. cit., 116.

countryside. It was estimated that by 1975, about ten million urban youth had been settled in rural areas.⁴⁰

(3) Urban communes and the *Daqing* model

China's urban communes were products of the Great Leap Forward (1958-60).⁴¹ During the Great Leap Forward, China's countryside was quickly communized. While the rural communes were viewed as higher and desirable forms of socialism, the large number of peasants and the unemployed urbanites in cities were viewed to be a social problem. Urban communes provided a potential resolution. It was hoped that urban communes would not only facilitate the industrial leap forward by bringing about massive participation of urbanites, but also would solve the unemployment problems in cities.

The typical spatial form of urban communes comprised several residential blocks that were centered on a main factory. The residential blocks, or neighborhoods, could organize workshop(s) to produce parts for the main factory. Raw materials for the main factory and the workshops were supplied by the agriculture- or mining-teams of the communes. Thus an urban commune could be a self-reliant economic entity that would produce a wide range of products from raw materials to highly complex industrial products. Nursing centers and mass halls were organized to liberate women from housekeeping works. The former was to look after the children. The latter were cafeterias to provide food. Further, an urban commune includes peasants, industrial workers, merchants, students and soldiers. Urban communes had commercial outlets and schools. Universities were planned. Commune members were all militarized. Urban

⁴⁰ Ibid.

⁴¹ Salaff, *op. cit.*, 93.

communes thus led to the integration of agriculture with industries, and cities with the countryside.

Salaff (1967) has argued that the urban commune was a new form of urban organization. It returned cities to small communities characteristic of the past by breaking down their size and by integrating them with agriculture. The Chinese communists attempted to use urban communes to establish a communist city. Urban communes did not involve the modernization of the countryside. Rather, they made the city more ruralized and traditional. Thus, the urban commune represented an attempt to do away with the large industrial city by substituting small non-evolving cities with little potential for growth.⁴²

The *Daqing Model* was another attempt to create a socialist landscape of Chinese cities in the light of rural-urban integration. The *Daqing* oil field was established in the early 1960s. In *Daqing*, while the oil workers worked in the oil field, their dependents cultivated the surrounding land. The *Daqing* model was a combination of an oil field, refinery factories and farms. Mao called "industries to learn from *Daqing*" because *Daqing* integrated industries with agriculture, and the city with the countryside. *Daqing* gave priorities to production rather than livelihood, the effect of which was to reduce the emphasis on housing and urban infrastructure in the construction of new industrial bases.⁴³

Explanations of the Anti-urban Thesis

It was believed that the anti-urban thesis might come from three sources: (1) an anti-urban peasant culture; (2)

⁴² Salter, op. cit., 33.

⁴³ Y.Q. Zhao, op. cit., 402.

an anti-urban revolution; (3) an anti-urban tradition in Marxist theory.

The anti-urban peasant culture originated in the long agrarian tradition that admired agriculture but disdained trade. Peasants looked down upon cities because a large proportion of urban residents was involved in trade. In the peasant culture, cities were seen as an evil and urbanites were considered selfish; immoral conduct was associated with cities. In contrast, villagers in the countryside were self-reliant and maintained close ties. The anti-urban peasant culture was influential in policy making because 90 percent of the Chinese communists were peasants by origin in 1949.⁴⁴

The anti-urban peasant culture was reinforced by an anti-urban revolution. Cities were perceived to have accommodated a strong alignment among the communist's enemies--the foreign imperialist powers, the rural landlords and the urban bourgeoisie.⁴⁵ The foreign imperialist powers in Chinese cities helped to extract China's resources and wealth. The rural landlords and urban bourgeois class dominated the *Kuomintang*. In its first seven years, the Chinese Communist Party selected cities to be revolutionary bases. This urban-based revolutionary strategy led to a heavy losses because the communists were countered by a strong *Kuomintang* force in the cities. As a result of the failure of the urban-based revolution, the Chinese communists were expelled to the countryside. Cities were thus conceived as counter-revolutionary fortresses and were

⁴⁴ Kirkby, op. cit., 4.

⁴⁵ R. Murphey, "The Treaty Port and China's Modernization." In The Chinese Cities between Two Worlds. Edited by M. Elvin and G.W. Skinner, p. 65 (Stanford: Stanford University Press, 1974).

increasingly distrusted in the course of the communist struggle for power.

The anti-urban tradition in Marxist theory was mainly from Engels' works.⁴⁶ Engels argued that the separation between cities and the countryside resulted in the bankruptcy of the peasants and poverty in the countryside; it also caused pollution and overcrowding in cities. Rural-urban separation thus destroyed the basis of intellectual development of the peasants and the basis of physical development of the individual workers. Engels claimed that equal distribution of industries and population was the only means to solve the problem. This resolution included rural-urban integration, containment of large cities and regional equality of industrial and population distribution. Rural-urban integration would help to clean the polluted air, water and soil; it would make urban wastes to benefit the countryside. The containment of large cities was the only way to solve the problems of overcrowding and shortage of housing. Regional equality in industrial and population distribution would help the countryside to get away from the isolated status and would save in transportation costs.

Regional equality was emphasized by the Chinese Communist Party in its development strategies. The inland provinces were given priorities in the location of production forces (i.e., new industrial bases). In the 1950s, several cities such as Baotou, Lanzhou and Wuhan were selected to accommodate massive construction projects so that they would grow to become inland industrial bases.⁴⁷ The relocation of industries from large coastal cities such as Shanghai and Tianjin to inland provinces was carefully

⁴⁶ Kirkby, op. cit., 2.

⁴⁷ C.W. Pannell, "Regional Shifts in China's Industrial Output," Professional Geographer 40, no. 1 (1988): 25.

observed so that regional industrial distributions would be equitable. Factories, technicians and skilled workers were moved from the coast to inland cities.⁴⁸ Since the mid-1960s, relocation of coastal industries was intensified by the Third Line Construction program. The Third Line Construction tried to establish an industrial base in remote areas for the purpose of national defense. Factories were not only relocated from large coastal cities to small inland cities, but also dispersed into mountains and caves. Thus from 1953 to 1982, the regional distribution of cities and urban population became more balanced.⁴⁹ The gross value of industrial output and population at the provincial level was gradually balanced from 1957-84.⁵⁰

Challenges to the Anti-urban Thesis

The anti-urban thesis was challenged in the 1980s as better data became available and in-depth studies were conducted.

First, publications of Chinese population and socioeconomic indicators of the cities undermined the statistical base of the anti-urban thesis. The population data showed that Chinese urbanization grew in the last 30 years. The decentralization of urban population, or the rural-ward migration, was a one-sided story of Chinese population changes.⁵¹ According to a recent official report, the government spent an average of 120 yuan more per year on a person holding non-agricultural household

⁴⁸ Murphey, (1976): 315.

⁴⁹ X.Q. Xu, and A.G.O. Yeh, "Wo Guo Cheng Shi Hua De Sheng Ji Cha Yi" (The Provincial Variations of Urbanization in China), Di Li Xue Bao 41, no.1 (1986): 11.

⁵⁰ Pannell, (1988): 25.

⁵¹ Chan and Xu, op. cit., 610.

registration status then on urban food subsidies alone.⁵² As a result of this, perhaps, the gap between rural and urban living standards was increased in the pre-1978 period.⁵³ This increasing gap between the rural and urban sectors could hardly support the pro-rural strategy.

Second, in re-thinking the pre-reform policies, Chinese scholars and decision makers defended their rationale for the population decentralization policies and argued against the "distaste of cities" expressed by foreigners. They argued that the reasons for sending urban population to the countryside were the pressure of unemployment and the shortage of grain supply in the cities.⁵⁴ The experiment of urban communes and the *Daqing* model followed the same logic. The Chinese government attempted to involve the unemployed urbanites in the production force by organizing urban communes, and to achieve rapid industrial growth with minimum capital input by adopting the agropolitan approach. Decentralization policies and the restrictions on urban-ward migration enabled the government to maintain a small urban population which was related directly to the industrial sectors.⁵⁵ Urban population could thus be subsidized by the government in exchange for their hard work to industrialize China.

Third, field observations on the attitude of Chinese peasants toward cities showed that residents of towns and smaller cities were attracted by the life styles of larger cities, and that peasants were attracted to the urban way of

52 Chan, (1992): 57.

53 Cheng, X. (1990).

54 Yu and Ning, op. cit., 139; Y.Q. Zhao, op. cit., 403.

55 Chan, op. cit.

life.⁵⁶ Rural-urban migration was insignificant because the household registration system prevented free migration. However, if given the opportunities to migrate to cities, peasants would rather move than to stay in the countryside.

Rapid Urbanization in the 1980s

The post-1978 period represented a new policy era because of Deng Xiaoping's strategy of economic reform and openness. In this new era, the pro-rural, anti-urban development strategies gave way to a city-driving strategy of national development.⁵⁷ Cities were viewed to be multi-functional centers and economic organizers. Urbanization was viewed as a precondition for economic growth. In effect, economic reform in the countryside dismantled rural communes and made peasants footloose. The surplus labor of rural areas was thus discharged, generating a push for Chinese urbanization.⁵⁸ Within cities, urban reform diversified the production sectors. The increased control over production and management at lower levels of enterprises, and the growth of private economic ownerships created more room to absorb peasant migrants, which might act as a pull factor for Chinese urbanization.

Chinese urbanization in the post-1978 period proceeded at a rapid pace. Using Tolley's model, Ran and Berry (1987) found that the post-1978 urban growth rate in China far exceeded those warranted by the productivity difference between rural and urban sectors, and thus generated a

⁵⁶ Kirkby, op. cit., 18.

⁵⁷ C.P. Lo, "The Pattern of Urban Settlements in the Zhujiang Delta, South China: A Spatial Analysis." In G. Veeck, ed., p. 171 (1991).

⁵⁸ J.Y. Chen and B.L. Hu, "Cheng Shi Hua Ren Kou Yu Lao Dong Li Wen Ti Yan Jiu." In Zhong Guo Cheng Shi Hua Dao Lu Hong Guan Yan Jiu. Edited by B.C. Zhang and others, p. 99 (Harerbin: Heilongjiang Renmin, 1991).

pattern of over-urbanization in the post-Mao China.⁵⁹ Using the number of cities and city population, Yeh and Xu (1990) found that a large number of cities and city population were added in the post-1978 period. Both the urban growth rates and the increased number of cities and city population were considerably higher and larger than those of the pre-1978 period.⁶⁰

In 1978, the central government drafted an urban distribution policy which tried "to contain the growth of large cities, to develop medium-sized cities rationally and to promote the growth of small cities". This urban distribution policy was legitimized in the Urban Planning Regulations in 1980. In addition, a rural-urbanization policy which intended to keep the rural labor surplus in its hometowns was gradually formulated in the early 1980s.⁶¹ It was practical to promote Chinese urbanization by the growth of small cities and towns, because drastic increases of population in large cities would jeopardize the economic performance of large cities.⁶² The development of most of the towns and small cities was self-financed (instead of being subsidized by the central government). This helped to lessen the overload of urban infrastructure in large cities.

⁵⁹ Tolley's model estimates the urban growth rate to be a combination of observed natural increase and freely responsive migration produced by differential urban-industrial and rural-agricultural productivity growth. See Ran and Berry, (1987): 111.

⁶⁰ See Yeh and Xu, (1990): 58. They define city population to be *Shi Qu Fei Nong Ye Ren Kou* (Inner-city Non-agricultural population).

⁶¹ Han and Wong, op. cit.

⁶² S. Goldstein and A. Goldstein, "Town and City: New Direction in Chinese Urbanization." In Chinese Urban Reform: what model now? Edited by R.Y.W. Kwok and others, p. 22 (1990).

The rapid Chinese urbanization in the 1980s had three main characteristics. First, large and medium-sized cities gained a large volume of "floating population". The "floating population" was in the form of contract workers, construction workers and maids.⁶³ They were rural surplus laborers who migrated to cities. They made up about 20 percent of the permanent residents (by registration) in large and medium-sized cities. Second, rural non-farm enterprises had absorbed a considerable amount of rural surplus labor. Rural market centers had been revived in the 1980s. The traditional function of market centers was transformed by the growth of rural industries into processing and manufacturing centers. Chinese leaders view the growth of rural industries as a potential to develop a Chinese-style urbanization.⁶⁴ Third, cities and towns in the coastal provinces received more growth than those in the inland provinces. This was not only because the Chinese government gave flexible policies to coastal provinces by designating fourteen coastal cities (viz., Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai) and four special economic zones (i.e., Shenzhen, Zhuhai, Shantou and Xiamen), but also because the rural industries of the coastal provinces were more developed than that of the inland provinces.⁶⁵

⁶³ L.Z. Tu, "Cheng Shi Liu Dong Ren Kou Wen Ti De Li Lun Tan Tao He Dui Ce Jian Yi." Zhong Shan Da Xue Xue Bao no. 3 (1990): 3.

⁶⁴ Han and Wong, op. cit.

⁶⁵ Chang and Kwok, op. cit., 151.

Urban Policies

Chinese urban policies became an important research theme in the 1980s. In the Chinese language publications, an extensive debate on urban policies developed.

The focus of the debate was on the policy "to limit the growth of the size of large cities, to develop medium-sized cities rationally, and to encourage the growth of small cities" (hereafter, it is referred to as Urban Policy 1980, since it was published in 1980). In the formulation of Urban Policy 1980, policy makers expected that an "active development of small cities" would: (1) settle surplus labor from the rural area; (2) help to contain large cities; (3) provide direct linkages between rural and urban sectors; and (4) raise the living standard of rural population by providing more services;⁶⁶ that "to limit the growth of the size of large cities" would help to lessen the problems such as shortage of housing, traffic congestion, air pollution and social unrest; and that "to develop medium sized cities rationally" would make better use of the medium-sized cities, because (1) these cities had fewer socioeconomic problems and better potential to overcome their difficulties compared with large cities; (2) they were more efficient than small cities as they have specialized functions such as steel production, automobile industries and textile industries, and (3) they were economic, administrative, educational and technological centers for the local regions.⁶⁷

⁶⁶ Yu and Gu, op. cit., 203.

⁶⁷ C.G. Yang, "Zhong Guo Zhong Deng Cheng Shi De Jian She Yu Fa Zhan" (The Construction and Development of Medium-sized Cities in China). In Zhong Guo Cheng Shi Nian Jian, p. 161 (Beijing: Zhong Guo Tong Ji, 1986).

Researchers attacked Urban Policy 1980 from two aspects: (1) they argued that large cities are more efficient in their economic performance than medium-sized and small cities, and (2) they advanced a "law of a priori development of large cities".

Arguments against the policy regarding economic efficiency are supported by statistics which indicate that large cities have a small percentage of total national urban population (40 percent) and fixed assets (37 percent), and that they produce more than half of the total urban industrial output.⁶⁸ Besides, residents in large cities have higher educational attainments, better service facilities and in the health system. Thus, the policy "to limit the growth of the size of large cities" would be a waste of these advantages of large cities and consequently would damage the economic goal of doubling the total value of social output by the end of the twentieth century.⁶⁹

The "law of a priori development of large cities" is proposed on the basis of the historical experiences of urbanization in highly urbanized countries such as the U.S., Britain and the former Soviet Union.⁷⁰ It is believed that in the early stage of national development, rapid growth of large cities is inevitable as a precondition for economic growth. It was argued that the growth of Chinese large cities actually represents the trend of rapid growth because large cities gain more population than small and medium-

⁶⁸ L. Zong, "Da Cheng Shi De Fa Zhan Yu Kong Zhi." In Zhong Guo Cheng Shi Hua Dao Lu Chu Tan. Edited by W.J. Ye and others, p. 160 (1988).

⁶⁹ This is the current economic goal of Chinese development set up in 1978. This goal is stressed continuously in the Eighth Five Year Plan in 1991.

⁷⁰ Y.X. Zhou, "Cheng Shi Fa Zhan Zhan Lue Yao You Jei Duan Lun Guan Dian" ACTA Geographica Sinica 39, No. 4 (1984).

sized cities. According to the "law of a *priori* development of large cities", therefore, this trend is normal and should be encouraged.

The Urban Planning Bureau of the Ministry of Construction, which is responsible for the formulation of Urban Policy 1980, was among its active defenders. They pointed out that the economic efficiency of a city was a function of many factors, such as its economic structure, industrial structure, price policy, resource endowment and location, the quality of labor and management. It only has a surface value to use the size of a city to determine its economic performance. Further, descriptions of economic efficiency based on city size ignore regional differences. Cities that are located in the Eastern region include a large percentage of large cities of the country. They are generally more efficient than cities located in the central and western regions. The study of two groups of cities chosen from the lower and middle valley of the Yangtze River confirm that medium-sized and small cities are more efficient than large ones. This was based on the evaluation of output value and benefits yielded from per hundred yuan⁷¹ fixed assets.

The Urban Planning Bureau (1988) also calculated the annual rate of change of the total urban population of each size group in the period of 1980-1985. The results suggest that the development of large cities was well controlled under Urban Policy 1980. Thus, it was concluded that Chinese urban development was not following the "law of a *priori* development of large cities".

⁷¹ Yuan is the currency used in the People's Republic of China. Until 1985, one U.S. dollar equals 3.2 yuan approximately. From 1986 to 1993, the yuan was devalued from 3.72 to 5.75 for a U.S. dollar. The current exchange rate for one U.S. dollar is 8.7 yuan.

In addition, some researchers argued that the standard used to divide city size groups was out-of-date.⁷² They believed that the size of a city classified as large in the 50s and the 60s was probably no longer large enough to be in the large group because of the higher overall level of urbanization. Thus, the former four size groups were re-categorized according to the standards used in the U.S., Japan and the Soviet Union. The new thresholds of inner-city non-agricultural population were 2.5 million for super-large cities, 1 million for large cities, 300,000 for medium-sized cities, and less than 300,000 for small cities. There has been little or no reaction to this re-categorization to-date.

Further, researchers criticized the absence of a regional or a stage consideration in Urban Policy 1980, based on the belief that the uneven nature of the regional economic development levels need different growth priorities for their cities.⁷³ For example, Zhou and Yang (1986) examined the rank-size distribution of Chinese cities in each province. Then they grouped the provinces into six classes based on three indicators, 1) the size of their primate city, 2) the ratio of primacy and 3) the index of unbalanced distribution.⁷⁴ Relationships were found between the six classes and their levels of economic development. Based on this analysis, Zhou and Yang (1986) proposed a six-stage theory of city size distribution.⁷⁵ Thus, it is

⁷² L. Fang and H. Liu, "Wo Guo Cheng Shi Fen Lei He Cheng Shi Fa Zhan Wen Ti De Chu Bu Yan Jiu," Cheng Shi Di Li 45, no. 1 (1988).

⁷³ Zhou and Yang, op. cit., 109.

⁷⁴ Zhou and Yang (1986) used discriminant analysis for their grouping.

⁷⁵ The six stage theory is adopted and modified from Berry (1961).

concluded that Urban Policy 1980 is only applicable in some provinces. Therefore a regional/provincial dimension of Urban Policy 1980 is needed.

Several recent studies on Chinese urban policies were carried out in the English literature. Farina (1980) provided a chronological account of Chinese urban policies in the period 1949-1978. He found that there were policies on family planning and on the settlement of educated and unemployed people in the sparsely populated areas during the period 1949-1957. There were policies on people's communes, which combined industry and agriculture, and on new town development programs in the period 1958-1960. There was the Daqing Model which was an example emphasizing production with minimum consideration of livelihood, and a combination of industry and agriculture in the period 1961-1965. There was the policy of settling educated youth in rural areas in the period 1966-1969. In the 1970s, four policies were implemented: 1) family planning, 2) the settlement of educated youth in rural areas, 3) industrial decentralization to mountains and caves, and 4) new town development policies emphasizing small and medium-sized cities.

Kirkby (1985) noted that passive measures and active measures were used to control Chinese urbanization. Passive measures were used to control rural-urban migration. They included a population and employment registration system, and rationing. In the population and employment registration system every person was required to register in a place and to have a *Hu kou* (residence permit). In the rationing system, certificates that were used to buy basic supplies for living and work were distributed according to a valid *Hu kou*. Active measures were those "sending-down" policies (i.e., *Xia Fang, Shang Shan Xia Xiang*), which covered various population groups, such as peasant migrants, urban

youth, cadres, skilled labors, enterprises and their staffs. Kirkby (1985) also observed that macro-regional policies of industrial decentralization and the policy of "containment of the size of large cities, rational development of medium-sized cities and active development of small cities" were important for the regional and size distributions of Chinese cities.

Kwok (1987) argued that three policies affecting Chinese urbanization since 1978 were rural reform policy, urban reform policy and urban distribution policy. The rural and urban reform policies created three stimuli for Chinese urbanization: (1) the diversification of production; (2) the creation of new urban enterprises; and (3) the open door policy for foreign investment. He suggested that rural and urban reform policies rather than urban distribution policies were the major forces in shaping Chinese urbanization.

Parish (1987) observed that some policies affecting Chinese urbanization were constant, while others were changing. The constant policies included controlling the growth of large cities, promoting the growth of small cities, narrowing the gap between city and village, and providing a secured floor for basic needs. Policy changes included: (1) the restriction on the growth of cities of any size between 1962 and 1976; (2) the emphasis on production output prior to 1978; and (3) the downplaying of housing prior to 1978.

Han and Wong (1994) studied the pre-reform and the reform policies in the 1980s. The pre-reform policies were the containment of the growth of large cities and the control of rural-urban migration. Reform policies included rural and urban reform and the open policy. Using some sixteen variables, they demonstrated that various policies displayed contradictory influences on Chinese urbanization.

They suggested further studies of the need for policy coordination and reformulation for hastening China's development.

Spatial Patterns of Chinese Urbanization

A number of contributions have been made to study the level of Chinese urbanization, the rank-size distribution of Chinese cities, and the regional and hierarchical variations of Chinese urbanization post-1949.

The Level of Urbanization

The level of urbanization, which is usually measured by the percentage of urban population out of the total population, is the most important indicator in urbanization studies. Although this indicator was widely applied in Chinese urbanization studies, the level of Chinese urbanization continued to be a mystery. Estimations of the level of Chinese urbanization ranged from below 20 percent to as high as 60 percent. The cause of these variations is the use of different urban population data. In China, at least five types of urban population can be accounted. These include: (1) total inner-city population; (2) inner-city non-agricultural population; (3) total population of cities and towns; (4) total non-agricultural population of cities and towns; (5) total non-agricultural population.

In Chinese Statistical Yearbooks, the total population of cities and towns was referred to as "urban population" before 1962. From 1963 to 1982, the "total non-agricultural population of cities and towns" was used as urban population. After 1982, the total population of cities and towns was the official urban population again. The inconsistencies of urban population data generated

considerable confusion in Chinese urbanization studies.⁷⁶ Further, the total population of cities and towns included a large number of peasants because it was defined according to administrative boundaries. This inclusion of peasants distorts the picture of Chinese urbanization in the 1980s, because many counties were granted city status on the one hand, while many cities on the contrary, expanded their boundaries to supervise counties.⁷⁷

In the calculations for the distribution of welfare, the total non-agriculture population served as urban population. The non-agricultural population was distinguished by household registrations. The latter could be either agriculture or non-agriculture. Grain products, rationing coupons and a variety of government subsidies (e.g., medical, housing) were distributed according to household registrations.

For urban planners, the inner-city non-agricultural population and the total inner-city population were most widely used for urban populations. Urban planners use these population data to forecast the changes of land use and transportation, and the changing demand of services.

Confusions in measuring the level of Chinese urbanization continued until the mid-1980s, when a number of valuable studies clarified the differences among various population types.⁷⁸ Now scholars of Chinese urbanization studies are in a better position to talk about the level of Chinese urbanization in a more consistent fashion than

⁷⁶ Chen and Xu, op. cit., 583.

⁷⁷ L.J.C. Ma and G.H. Cui, "Administrative Changes and Urban Population in China," Annals of the American Association of Geographers 77 (1987): 390.

⁷⁸ For example, see Chen and Xu (1985), Kirkby (1985), Ma and Cui (1987) and Kojima (1987).

before, even though none of these indices is satisfactory. The accuracy of all the five types of urban population is affected by the division of agricultural vs. non-agricultural population, and administrative boundaries.

From the viewpoint of non-agricultural employment, all the five urban population diverge from the actual division of labor to a certain extent. It remains a challenging task to develop a proper measure of the level of Chinese urbanization.

The Rank-Size Distribution of Cities

At the national level, it is found that the rank-size distribution of Chinese cities appeared to approach a regular rank-size pattern.⁷⁹ Pannell (1981) compared the rank-size distribution of cities that had a population of 500,000 and over by 1970 for two data sets, i.e., 1953 vs. 1970. He found that the rank-size distribution in 1953 showed an obvious pattern of primate distribution. The size of the largest city (i.e., Shanghai) was more than twice the size of the second largest city (i.e., Beijing). In 1970, however, Beijing's population reached five-seventh (5/7th) of Shanghai's population. By calculating the primacy index, Pannell found a constant decline of urban primacy.⁸⁰ These findings support his claim that the policy to control the growth of large cities, particularly to control the growth of Shanghai, might have been effective. Pannell's findings

⁷⁹ C.W. Pannell, "Recent Growth and Change in China's Urban System." In Urban Development in Modern China. Edited by L.J.C. Ma and E. Hanten, 91-113 (Boulder, COL: Westview Press, 1981); X.Q. Xu, "Trends and Changes of the Urban System in China," Third World Planning Review 6, no. 1 (1984): 57.

⁸⁰ Pannell (1981) used the population ratio between the largest city and the sum of the first ten largest cities to be the primacy index. From 1949 to 1977, this ratio dropped from 0.28 to 0.22.

were supported by other studies. For example, Xu (1984) calculated the regression lines of all Chinese cities for the years of 1953, 1963, 1973 and 1978, on a double log scale graph. Xu found that the regression lines had become less steep over time. The total urban population increased from 1953 to 1963, but decreased from 1963 to 1973. In 1978, the sizes of the largest Chinese cities were smaller than that in 1963.

Provincial Variations

Several scholars investigated the provincial variations of the Chinese urban system. Xu and Yeh (1986) found significant variations of the primacy indices, which were defined by the population ratio between the largest city and the second largest city, among provinces. The provinces of the Northeastern, Northern, Eastern and Central-Southern regions, except Guangdong and Hubei, had smaller primacy indices than the provinces in Northwestern, Southwestern regions except Sichuan.⁸¹ They argued that the provincial variations of urban primacy were the results of the locational potential of cities (i.e., located on major transportation routes), government policies of investment allocation (i.e., regional equalization) and the stage of economic growth (i.e., different levels of industrial output).

Zhou and Yang (1986) used three indices to evaluate provincial variations of the urban system. They are: (1) the population size of the provincial largest city; (2) the population ratio between the largest city and all cities of the province; and (3) the Lorenz curve coefficient that measures the distribution of cities for different size

⁸¹ Xu and Yeh did not define their regionalization. It is not clear which data set was used in assessing the provincial variations of primacy index.

groups. By using these three indices, they argued that provincial urbanization could be grouped into six categories. These six categories ranged from advanced urban systems which varied in sizes of cities, to less advanced urban systems that had a higher urban primacy index and a higher Lorenz curve coefficient. They claimed that the size of urban population and the level of industrial and commercial development as well as the density of the transportation network and population were highly correlated factors that portrayed the different provincial urban systems.

Hierarchical Variations

Chinese cities can be grouped into provincial capitals, prefectural capitals and Xian capitals according to the administrative hierarchy. Chang (1976) found that rapid growth occurred in provincial capitals. Chang's finding was supported by the studies of Zhou and Yang (1986) and Sun (1984). It was found that there were two reasons behind the rapid growth of provincial capitals. First, provincial capitals were designed to be centers of administration, production and cultural activities of the province. The investment of capital construction was given to provincial capitals rather than to other cities. Second, provincial capitals had locational advantages because they generally had easy access to water transportation and railways. Thus the provincial capitals were a ready choice to be developed into a central city in the province.

Some researchers examined the hierarchical variations on the basis of city-size groups. Sun (1984) calculated the changes of the number of cities in each city-size group from 1949 to 1982, and found that the proportion of cities in large and medium-sized groups increased, while the proportion of cities in the small-size group declined. Sun (1984) defined the large and medium-sized cities to be those

that had an inner-city non-agricultural population of 500,000 to 1,000,000 and 200,000 to 499,999, respectively. Small cities had an inner-city non-agricultural population of less than 200,000. He pointed out that the increase of cities in a city-size group resulted mainly from the population growth of cities in the next lower rank city-size group. Xu (1984) looked at the growth rates of individual cities for the period 1953-78. He found that large cities grew slower than smaller ones. The growth rates of large cities were similar to or below the national average of urban growth rates. Smaller cities demonstrated faster growth than larger ones but had larger deviations. Xu asserted that the selection of cities in investment allocation was the major factor that caused large deviations in the growth rates of smaller cities. Smaller cities that were selected for investment grew rapidly, while those small cities that were not selected for investment had little growth. Zhou and Yang (1986) divided Chinese cities into seventeen city-size groups and calculated the proportions of urban population in each city-size group for 1964 and 1980. They found that the city-size groups of 2,000,000-3,000,000, 500,000-1,000,000 and 200,000-300,000 increased their proportions, while all other groups declined in their proportion of urban population. They argued that the rapid growth of the groups of 2,000,000-3,000,000 and 500,000-1,000,000 was due to the addition of cities from smaller groups and to the growth of few special cities (e.g., provincial capitals) rather than the growth of those normal size cities within the groups. Cities below the 20,000 population mark grew slowly for three reasons: (1) the Cultural Revolution which disturbed the process that set up cities and towns; (2) the planned economy that dismissed the free market system (the free market was an important economic base for town development); and (3) industrial decentralization from cities to mountains and caves during the Third Line Construction.

Summary

Western scholars have long been attracted by Chinese cities because they provided urbanization experiences in a traditional and cultural setting radically different from that of Western cities.

After 1949, China was set on her way toward a communist state. She introduced central economic planning, and experimented with Marxist approaches in urban and regional development in an attempt to transfer China from an agrarian state to an industrialized nation.

Since 1950, much of the discussion on Chinese urbanization studies was dominated by the anti-urban thesis and the new models of urbanization. While the proponents of the anti-urban thesis tried to provide explanations to the decentralization of urban population and urban industries by relating them to the anti-urban peasant culture, the communist revolutionary experience and orthodox Marxist theory, the opponents of the anti-urban thesis challenged the former and expressed doubt regarding the effectiveness of Mao's decentralization policies, particularly with respect to the attitude of Chinese peasants and Chinese communists toward city life. The new model of urbanization under Deng depicted rapid growth of cities, towns and urban population, the concentration of urban growth in small cities and towns, and the concentration of the "floating population" in large and medium-sized cities.

Most urban policy studies during the Deng era focused on the debate of Urban Policy 1980. The proponent of Urban Policy 1980 believed that by containing the growth of large cities, this policy could help to save Chinese cities from being overcrowded and overburdened, and thus could help China to achieve the goal of rapid economic growth and rural-urban integration. The opponents of Urban Policy 1980

argued that the policy was against the "law of a *priori* development of large cities" and hence should be reformulated.

Studies on the spatial pattern of Chinese urbanization revealed that the level of Chinese urbanization changed drastically during the Mao and Deng eras. The rank-size distribution of large cities showed that over time, the rank-size distribution tended to be regular. Wide variations in primacy indices of cities were found among provinces. Although large cities grew slower than small cities, the rates of growth of small cities were more varied than that of large cities.

Chapter III

RESEARCH DESIGN

Against the background of the literature review of Chinese urbanization studies, we proceed now to present the research design. This chapter is organized into five sections: (1) the study area; (2) the temporal coverage; (3) terminology and measurements; (4) method of approach, data collection and methods of analysis and (5) limitations of the study.

The Study AreaChoice of the Study Area

This study covers mainland China and Hainan Island, which are under the administration of the government of the People's Republic of China. The study area is approximately 9.6 million square kilometers. It is located between 18 degrees north and 54 degrees north latitude, and stretches from 74 degrees east to 135 degrees east longitude.

The choice of China as an entire unit, rather than as a sub-unit(s) such as a region, a province, a city or a county, for study is based on the following reasons. First, Chinese urbanization is presented as a macro study on a national scale to complement the regional policies of national development. Second, the study examines the combination of Marxism with Chinese agrarianism. This combination of ideological principles had a deep influence in the socioeconomic and development policies of China for a considerable period. Third, the amalgamation of Marxism with Maoism in a socialist regime over the entire Chinese realm provided a strong communist base for the formulation and construction of development strategies and policies that have significant spatial implications for China as a whole. Fourth, all the cities, urban population of China, and

spatial units were administered directly under a centrally planned system. Consequently, the regional and size distribution of Chinese urban population and cities within China was a result of a nationally controlled urbanization process. Fifth, since China's pattern of decision-making is basically a top-down approach, whatever decisions are made centrally have spatial implications on the administrative hierarchical system throughout China. Hence, in the choice of study area the focus is on the whole of Chinese national space rather than on a sub-regional basis.

The Structure of Spatial Organization

The provinces

The People's Republic of China is currently organized into thirty provincial level administrative units. The latter are grouped under three headings: (1) autonomous regions; (2) provinces; and (3) municipalities which are administered directly by the central government. At present, there are five autonomous regions, twenty-two provinces, and three municipalities administered directly by the central government. The autonomous regions are Ningxia, Xinjiang, Guangxi, Neimenggu and Tibet. The provinces are Liaoning, Jilin, Heilongjiang, Shanxi, Hebei, Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi, Hunan, Hubei, Henan, Guangdong, Hainan, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu and Qinghai. The municipalities are Beijing, Tianjin and Shanghai (Map 3.1).

The administrative structure of Chinese spatial organization

From 1949 to the present, China employed three main forms of administrative hierarchical structures to organize its space. Up to 1953, the administrative hierarchy consisted of five strata of governments: (1) central, (2) regional, (3) provincial, (4) county, and (5) township

(Chart 3.1). The central government administered six regional governments and a dozen or more cities. The former included: North, Northeast, Northwest, East, Central South, and Southwest regions. The latter included Beijing, Tianjin, Shanghai, Shenyang, Luuda, Anshan, Fushun, Benxi, Changchun, Haerbin, Wuhan, Guangzhou, Chongqing, and Xian in 1954 ¹ (Map 3.2). Regional governments administered autonomous regions, provinces, and other equivalent units (i.e., the Tibetan Area). Provincial governments administered counties and cities. Many of the provinces used prefectures to supervise their counties and cities. Prefecture level administrations were not government organs. They were branches of provincial governments for specific areas. Cities that were administered by provincial governments had different ranks. Some of them were ranked at the county level, while others were ranked at the prefecture level. These different rankings were generally indicative of the power of those cities in economic planning. Cities at the prefecture level administered larger areas and larger size of population, and had a better chance of getting investment from higher level governments than cities at the county level. Beneath the counties were townships (*Xiang*), which formed the lowest level of government in China's administrative system.

In 1954, regional governments were discarded from the administrative hierarchical system (Chart 3.2). Provinces were supervised directly by the central government. Eleven cities were removed from the list of cities that were supervised directly by the central government. Only Beijing, Tianjin and Shanghai remained to be administered directly by the central government. The hierarchy below the provincial

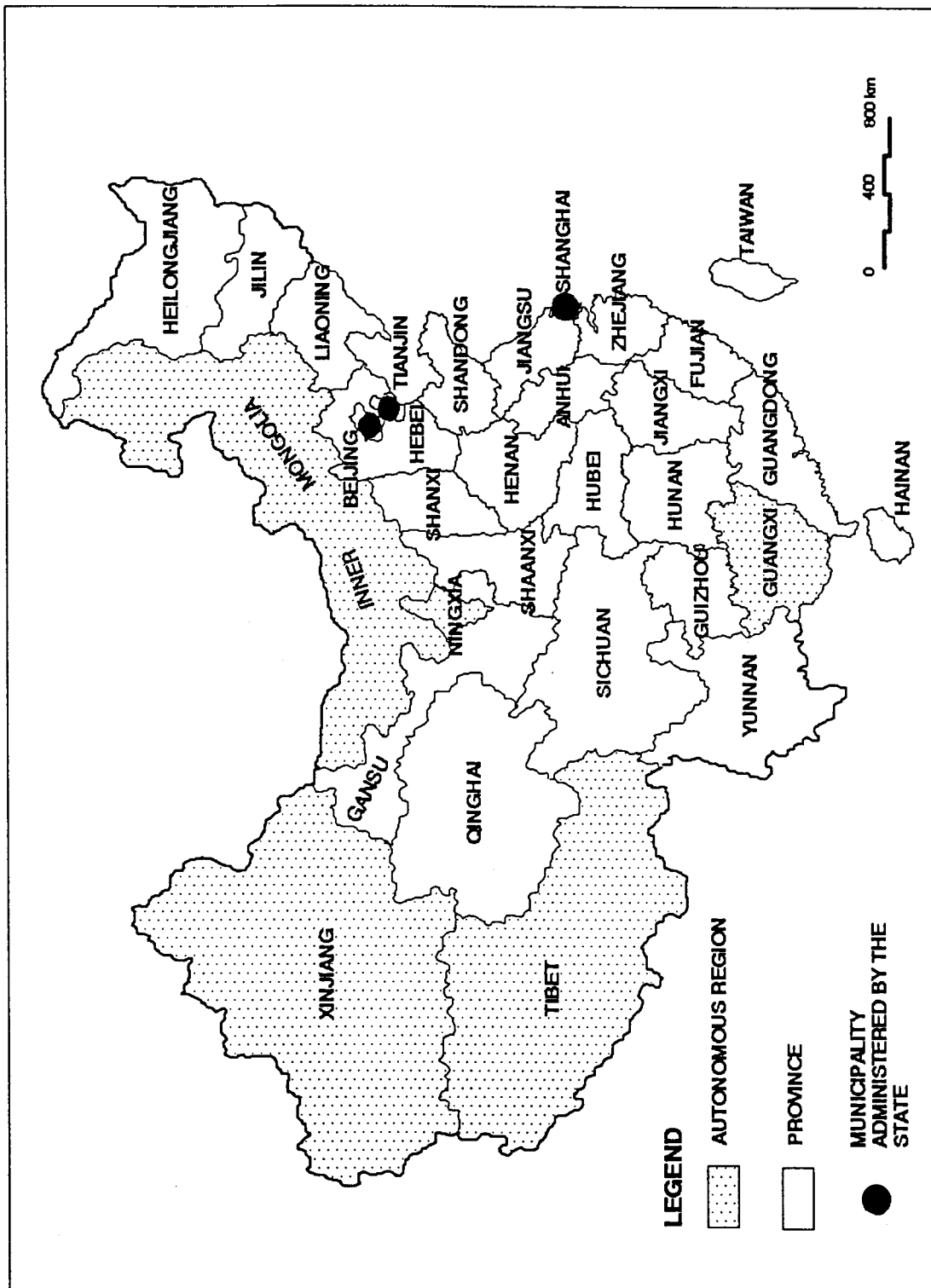
¹ The number of cities that were administered directly by the central government was 12 in 1949, 13 in 1950 and 1951, 12 in 1952 and 14 in 1953. This number was reduced to 3 in 1954. They were Beijing, Tianjin and Shanghai.

level remained the same in the following 30 years or so, except that the townships were changed into communes in the period 1957/58-78. However, townships were gradually restored in the early 1980s.

The administrative responsibilities were divided among the different levels and sectors of governments. The central government ministries were the decision makers of the production processes. There was little consulting of the provinces where the state industries were located and how they were operated. Provincial governments were responsible for local industries and agriculture. The development of the former was planned and supervised by cities, especially those cities ranked at the prefecture level. Prefecture administration looked after the agricultural sector. The markets were divided between industries and agriculture by sectoral administrations. These resulted in the formation of "stripes" which hindered the integration of sectoral productions and markets.²

In 1984, a *Shi Dai Xian* (cities to supervise counties) system was introduced. The rationale for *Shi Dai Xian* was to set up a layer of government for supervising both cities and counties, so that the development of industries and agriculture could be integrated. The *Shi Dai Xian* system tried to reshape the administrative hierarchical system into a new form by replacing prefectures by a combination of the responsibilities of prefectures and cities that are ranked at the prefecture level (Chart 3.3). Similar changes were introduced in some counties. Townships were replaced by towns, and the latter were supervised directly by the county government. Thus five layers of governments were formed in the 1980s: (1) central, (2) provincial, (3) city, (4) county and (5) towns and/or townships.

² Z. Wang, Zhong Guo Shi Jing Ji Ti Zhi Yan Jiu (Guangdong: Guangdong Renmin, 1983), 263.



Map 3.1. Provincial Administrative Units of China (1994).

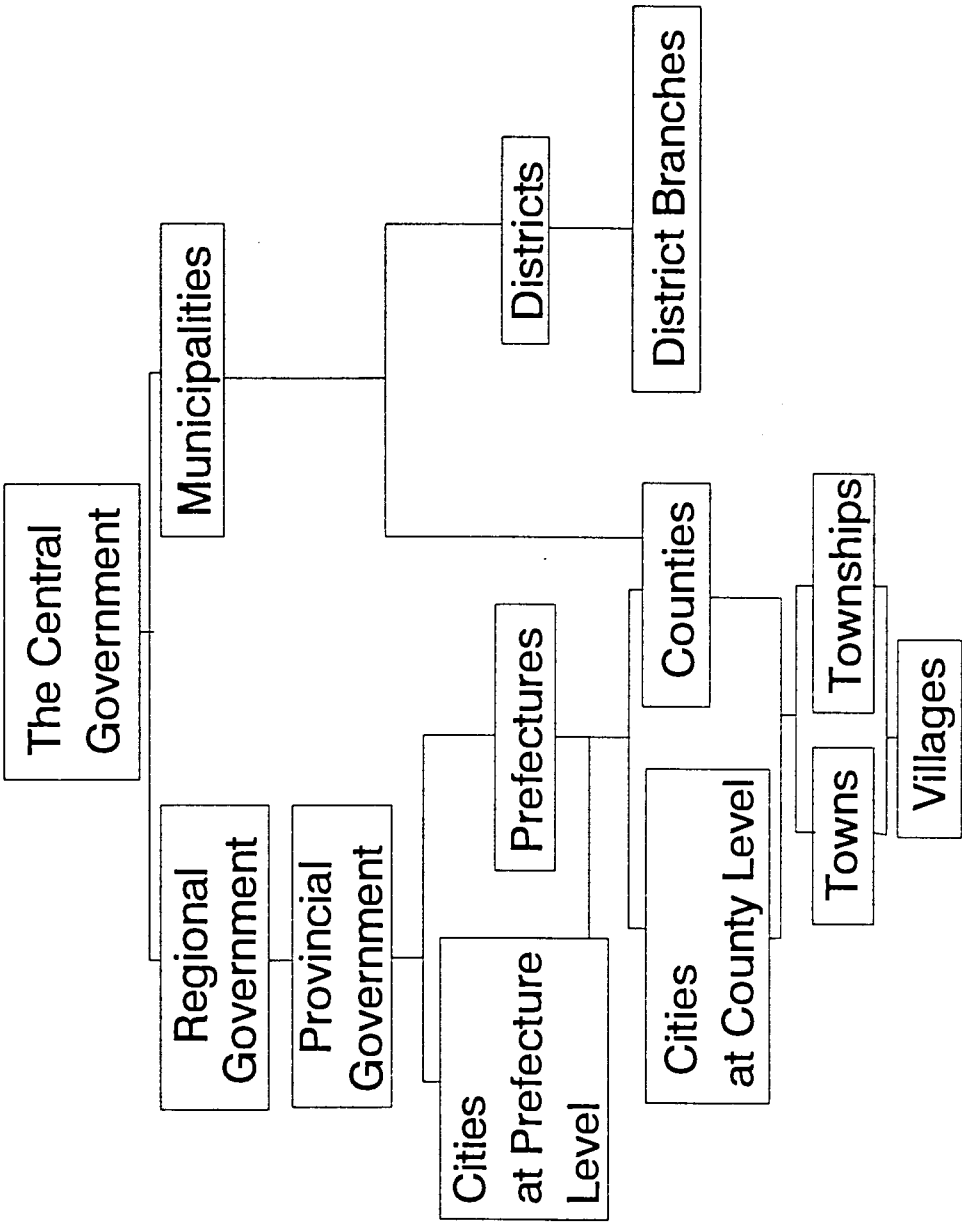
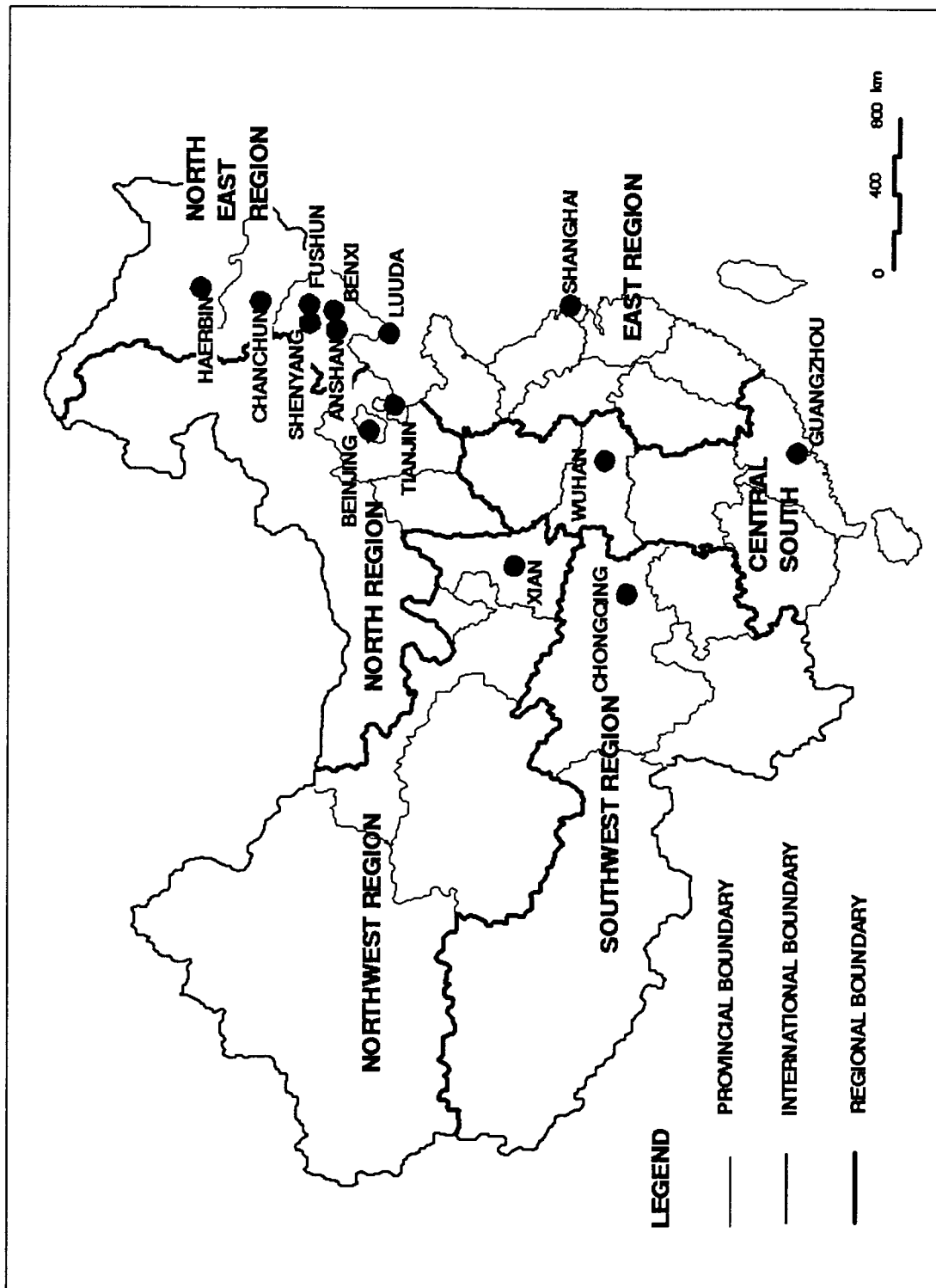


Chart 3.1. Administrative Structure of Chinese Spatial Organization, 1949-1953.



Map 3.2. Location of the Six Regions and the Fourteen Cities that were Administered Directly by the Central Government in 1953.

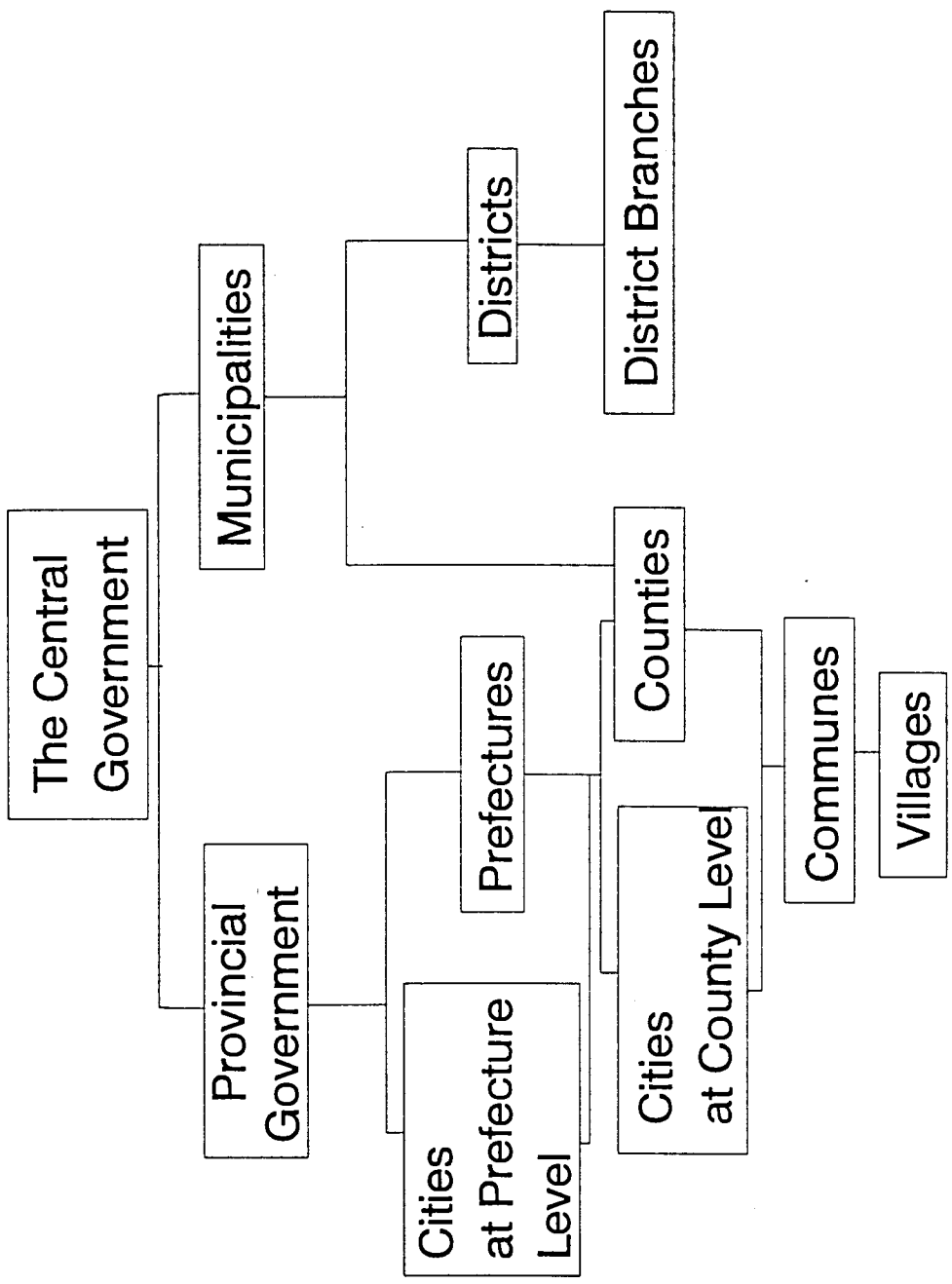


Chart 3.2. Administrative Structure of Chinese Spatial Organization, 1954-1983.

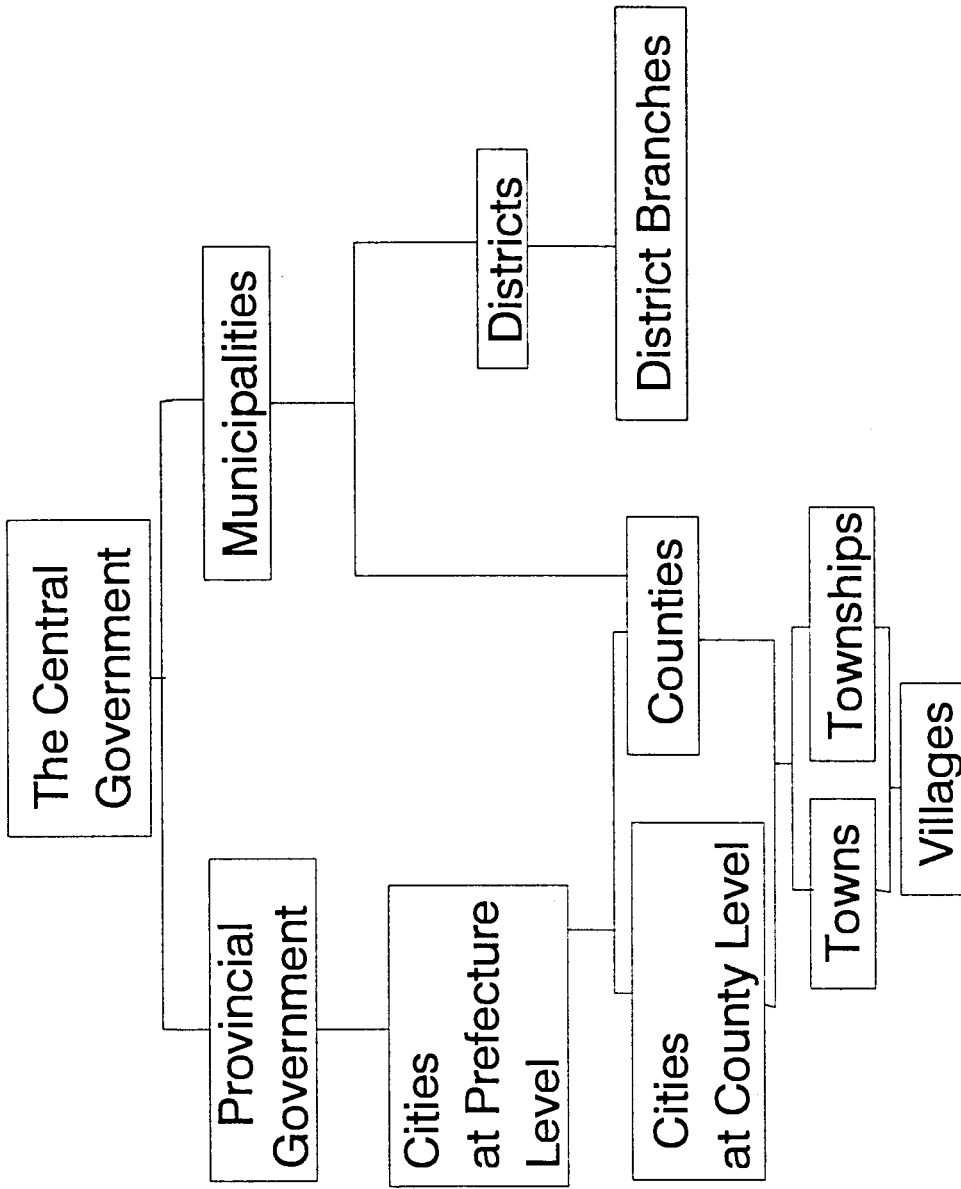


Chart 3.3. Administrative Structure of Chinese Spatial Organization, 1984-1989.

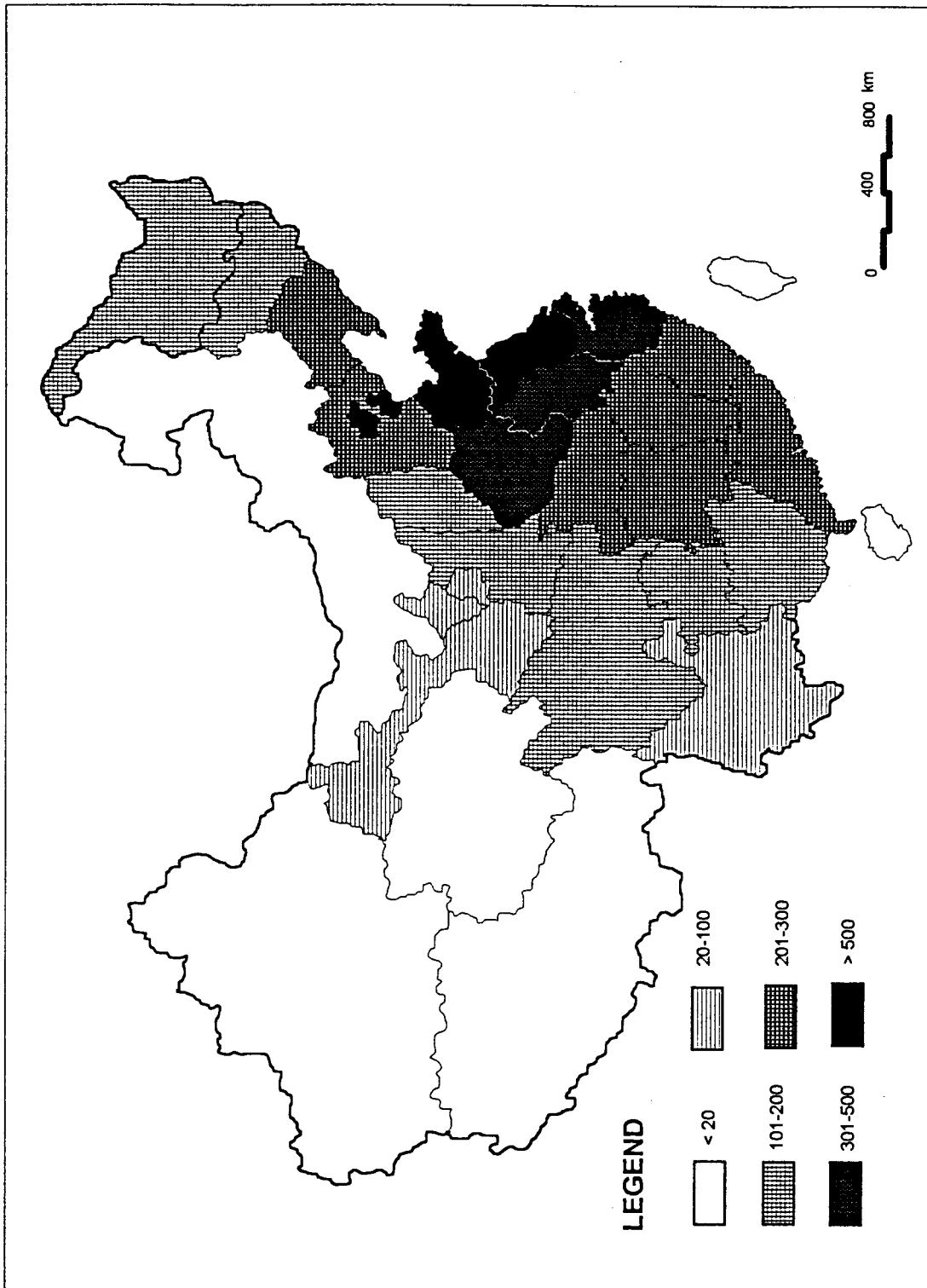
Socioeconomic Variations among the Provinces

The distribution of population

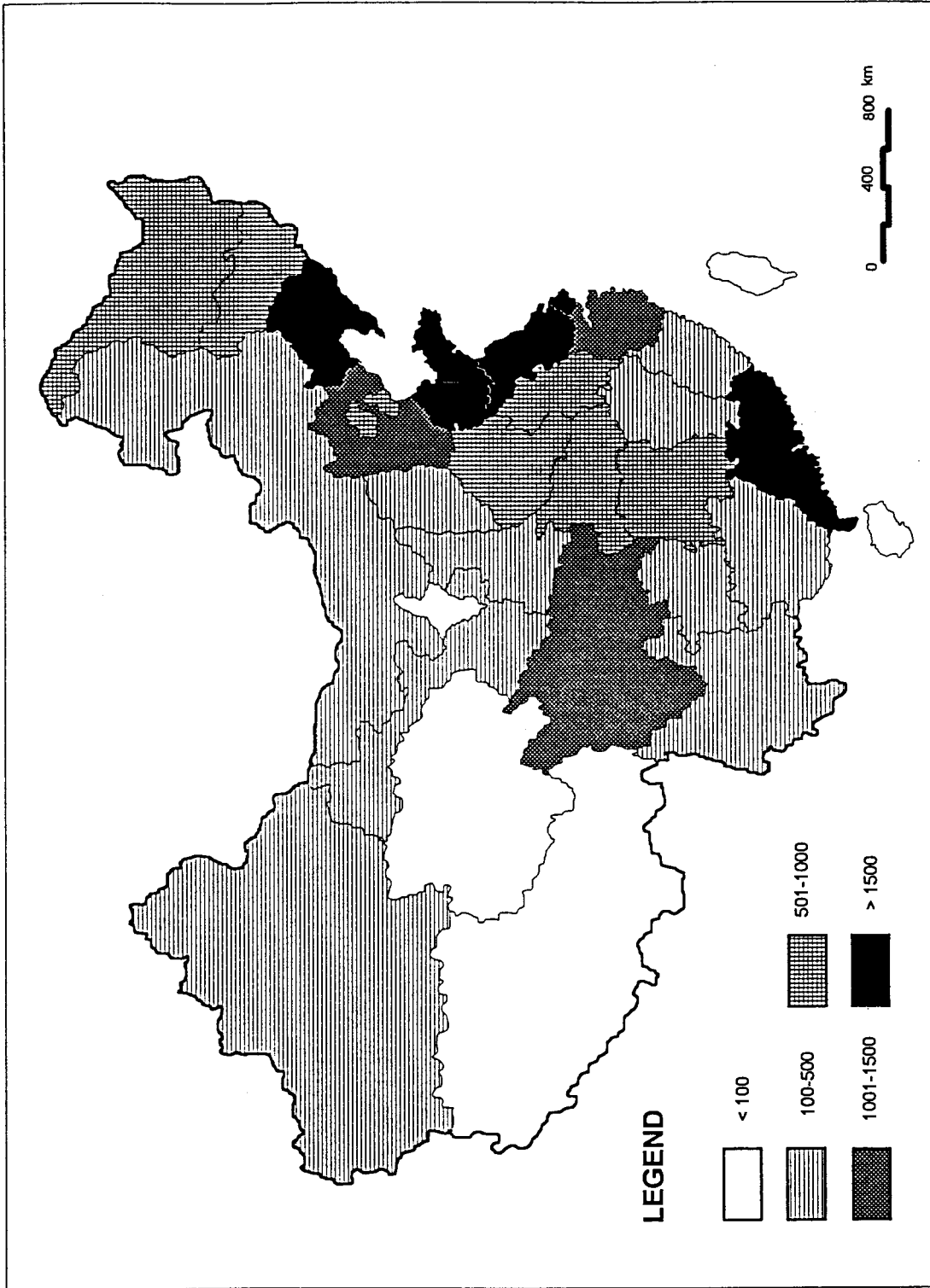
Eighty percent of the national population live in the coastal provinces which account for 17 percent of the land area. Some provinces such as Shandong and Jiangsu have population densities that are higher than 500 persons per square kilometer. Other provinces such as Neimenggu, Xinjiang, Qinghai and Tibet have population densities below 20 persons per square kilometer (Map 3.3). Beijing, Shanghai and Tianjin have the highest population densities among the provincial units. The population density of Shanghai is extremely high. It approached 1967 persons per square kilometer in 1985. Tianjin and Beijing had population densities of 715 and 571 persons per square kilometers respectively. In contrast, Tibet had only a population density of two persons per square kilometer while Qinghai and Xinjiang had population densities of six and nine persons per square kilometer respectively. In terms of absolute population size, Sichuan, Shandong, Hubei and Guangdong are the largest provinces.

Uneven economic development

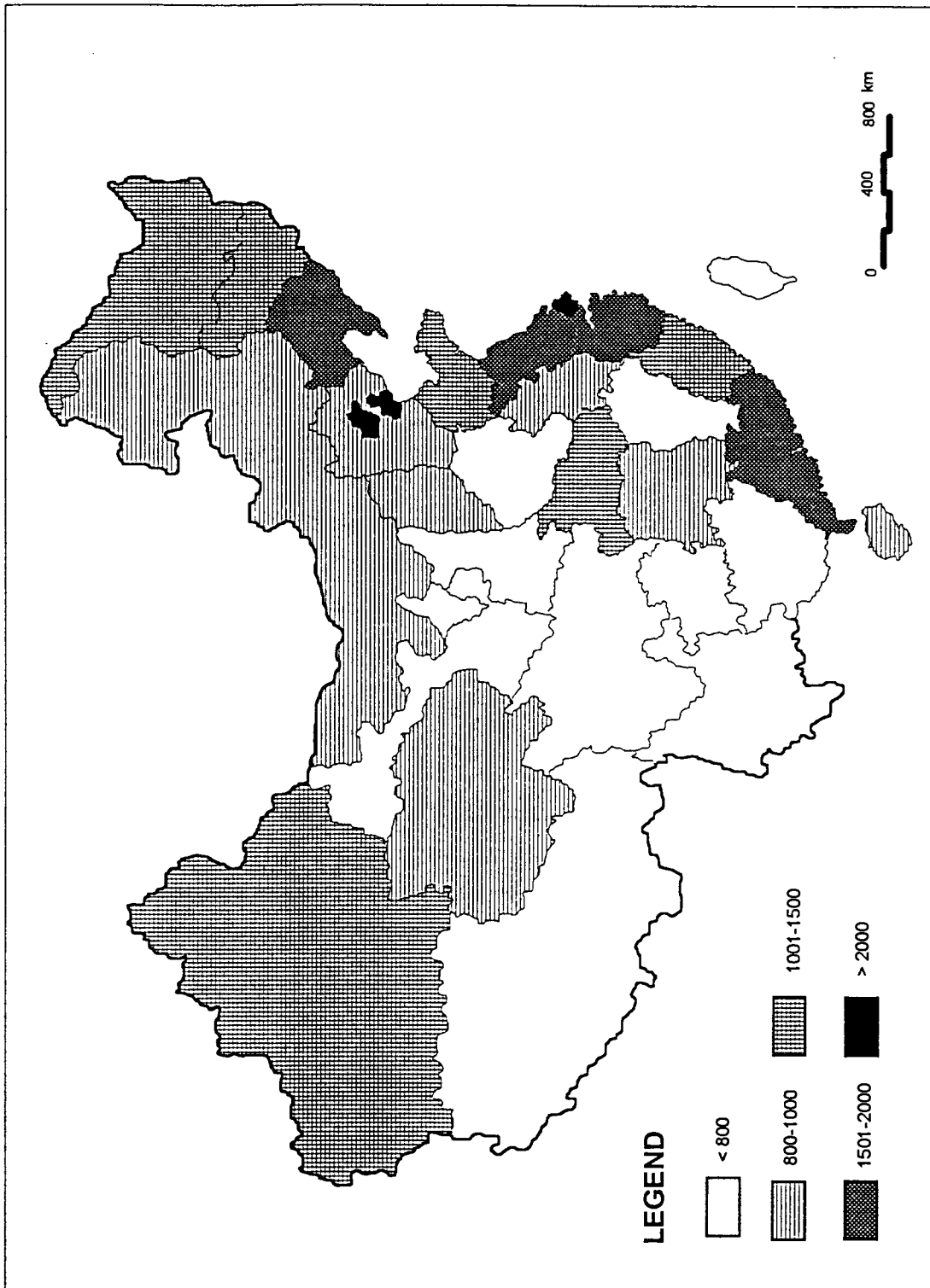
Map 3.4 illustrates the provincial variations of the economy in terms of annual industrial output. Liaoning, Shandong, Jiangsu, Shanghai and Guangdong were the five provincial units that had industrial output values higher than 1500 billion Yuan in 1990. Qinghai, Ningxia and Tibet had very low annual industrial output value of less than 100 billion Yuan. Except Fujian and Guangxi, the provinces along the coast are generally strong in industrial production. Western provinces generally had lower annual industrial output than those in the east. Among the inland provinces, Sichuan province was an exception. Its annual industrial output was approximately 1147 billion Yuan in 1990.



Map 3.3. Distribution of Population Densities (1984),
Persons Per Square Kilometer.



Map 3.4. Provincial Distribution of Total Industrial Output (1990),
100 Million Yuan.



Map 3.5. Provincial Distribution of Gross National Product (GNP) Per Capita (1990), Yuan.

The economic disparity of China can be further illustrated in the uneven Gross National Product (GNP) per capita (Map 3.5). By grouping the provinces into five categories according to their level of the GNP per capita, one can see that the provincial units that had a higher GNP per capita are those situated along the coast. The three municipalities (i.e., Beijing, Tianjin and Shanghai) that are administered directly by the central government had the highest level of GNP per capita. Four coastal provinces that had the second highest GNP per capita were: Liaoning, Jiangsu, Zhejiang and Guangdong. The southwestern provinces had the lowest GNP per capita.

Coordination among the provinces

Poor coordination among the provinces has long been a serious problem in China's development. This poor coordination stems primarily from divergent provincial interests. Every province wanted to hold on to its resources to yield more benefits for the individual province. Prior to 1949, the provinces were isolated by warlords. The latter often occupied one or more of several provinces. They had their own laws and controlled the political and economic affairs according to their own interests. During the Mao era, provincial isolation was reinforced by provincial industrial systems, which were intended to diversify spatially Chinese industrial bases and to protect China from being destroyed in warfare. In the 1980s, Deng Xiaoping's reform induced further isolation among provinces through economic specialization, designation of special policies, and the encouragement of unbalanced growth among its regions.

Two forces countered the isolation of the provinces. One was economic interplay. Prior to 1978, the central government could command the direction of flows of raw material resources, and industrial and agricultural

products. Centralized economic planning assumed stronger integration of the provinces. In the 1980s, the search for benefits and higher productivity motivated many local governments to increase their trade relationships with other provinces and other countries. At the same time, modern technologies and administrative skills penetrated provincial boundaries, and brought about equalization in provincial development.

The other force was the improvement of the transportation network. Over the last 40 years, China has been well connected by railways, highways, river routes, airlines and pipelines (Table 3.1). The total length of railways between 1949 and 1989 was extended from 21,800 km to 53,200 km. The length of highways was increased by more than 100 times. Airlines and pipelines, established from scratch, covered 471,900 and 15,100 km by 1989 respectively.

Table 3.1.--Increases in the Length of Transportation Routes
(1,000 km)

Length of operation	1949	1957	1965	1978	1989
Railway	21.8	26.7	36.4	48.6	53.2
Highway	80.7	254.6	514.5	890.2	1014.3
River	73.6	144.1	157.7	136.0	109.0
Air		26.4	39.4	148.9	471.9
Pipeline				8.3	15.1

Source: SSB 1987 and SSB 1993. Zhong Guo Tong Ji Zhai Yao.

Regionalization

Regionalization, i.e., the division of the country into geographic or administrative regions, is important for understanding the geography of China. This section discusses the traditional regionalization of China, widely used in the English literature, and the regionalization used by the communist government.

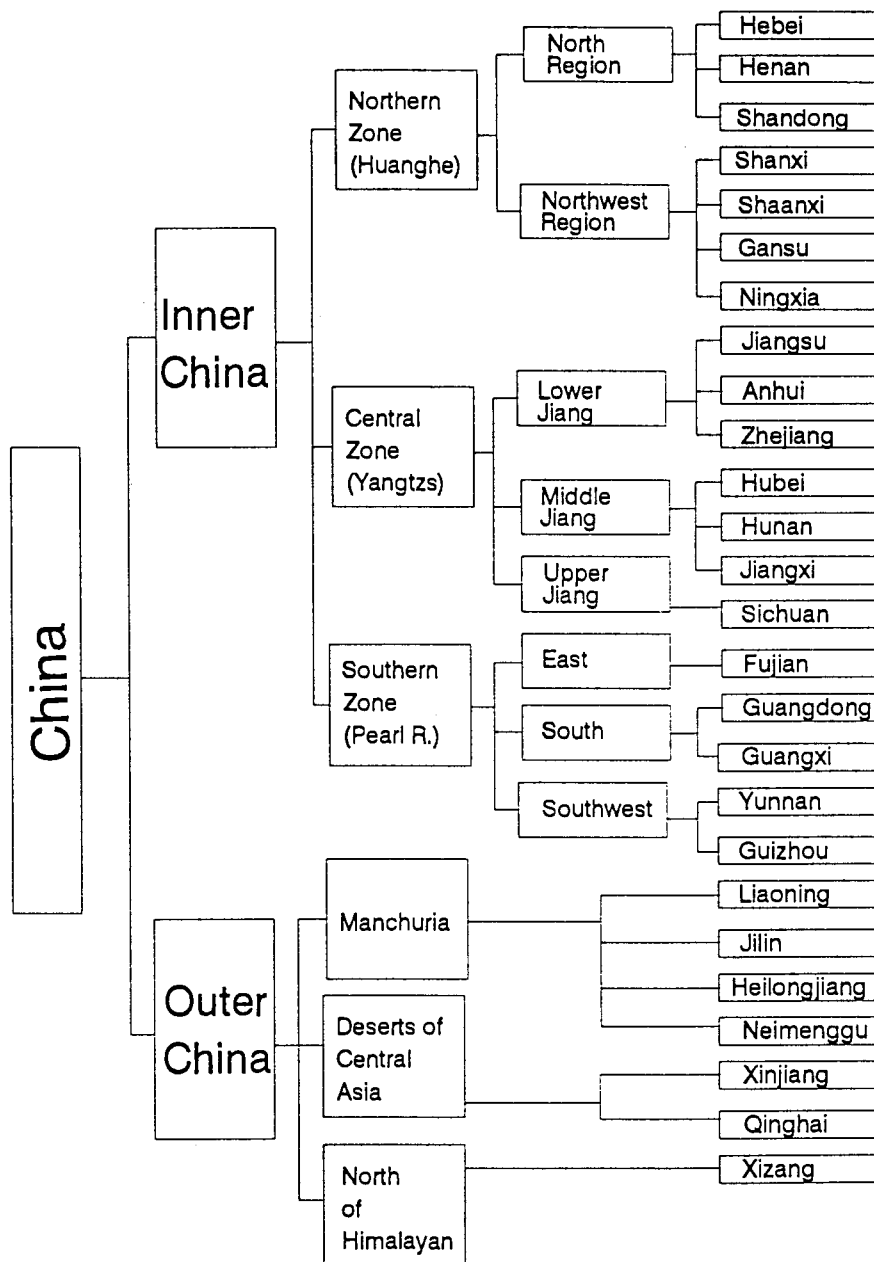


Chart 3.4. Traditional Regionalization of China.

The traditional regionalization

China was traditionally divided into Inner China and Outer China.³ Inner China consisted of traditional Chinese peasants, while Outer China was made up by those non-Chinese nomadic tribes (Chart 3.4).

Inner China was divided into the northern, central and southern zones (Chart 3.4). The northern zone was centered on the Yellow River (*Huang He*) basin, which comprised the north and northwest regions. The north region consisted of three provinces (Hebei, Henan and Shandong), while the northwest region was made up of three provinces (Shanxi, Shaanxi and Gansu) and an autonomous region (Ningxia). The central zone was centered on the Yangtze River (*Chang Jiang*) basin, which comprised three regions, Lower Jiang (LJ), Middle Jiang (MJ) and Upper Jiang (UJ). The LJ region included three provinces (Jiangsu, Anhui and Zhejiang) while the MJ also included three provinces (Hubei, Hunan and Jiangxi). The UJ was made up mainly of Sichuan province. The southern zone centered on the Pearl River (*Zhu Jiang*) basin, which comprised three regions, the east, south and southwest. The east region was made up of Fujian province. The south region consisted of two provinces (Guangxi and Guangdong). The southwest region was made up of two provinces (Yunnan and Guizhou).

Outer China was made up of three zones, the steppes and forests of the northeast called Manchuria, the deserts of Central Asia, and the high plateau north of the Himalayan mountains. The three zones of Outer China were further divided into seven administrative units, including three autonomous regions (Xizang, Xinjiang, and Neimenggu), and four provinces (Qinghai, Liaoning, Jilin and Heilongjiang).

³ A. Schinz, Cities in China (Berlin: Gebruder Borntraeger, 1989), 43-6.

Regionalization by the communist government

The Chinese government has been using regionalization as a major means to plan and coordinate the location and development of resources ever since the Chinese Communist Party came into power.⁴ In the late 1950s, China was divided into seven administrative regions (the northeast, the north, the east, the central, the south, the southwest and the northwest). In 1958, these regions were called Economic Regions (ERs). In 1961, the south region was discarded and the provinces were regrouped into six ERs. They were: (1) the Northeast ER (Liaoning, Jilin, Heilongjiang); (2) the North ER (Beijing, Tianjin, Shanxi, Hebei, Neimenggu); (3) the East ER (Shanghai, Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi, Taiwan); (4) the Central ER (Hunan, Hubei, Henan, Guangdong, Guangxi); (5) the Southwest ER (Sichuan, Guizhou, Yunnan, Tibet) and (6) the Northwest ER (Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang). Government agencies were then established to plan and coordinate economic growth of each ERs until the Cultural Revolution (1966-1976). Table 3.2 presents some of the features of these ERs.

During the Cultural Revolution, the Chinese provinces were grouped into three "lines". The "first line" consisted of those provinces along the east coast and the provinces along the international border between China and the Soviet Union. The "third line" was made up of those remote and mountainous provinces such as Sichuan, Guizhou and Yunnan. The "second line" comprised those provinces located between the first and the third "lines." It was said that the "third

⁴ Shan Ye Bu, Jiao Cai Bian Shen Wei, Zhong Guo Jing Ji Di Li Xue (Beijing: Shang Ye Bu, 1983), 392; X.Z. Chen and M.W. Su, Zhong Guo Jing Ji Di Li Ji Chu (Chengdu: Sichuan Keji, 1987), 141.

line" was the safest zone for Chinese industries in times of war (refer to Chapter IV pp. 152-154).

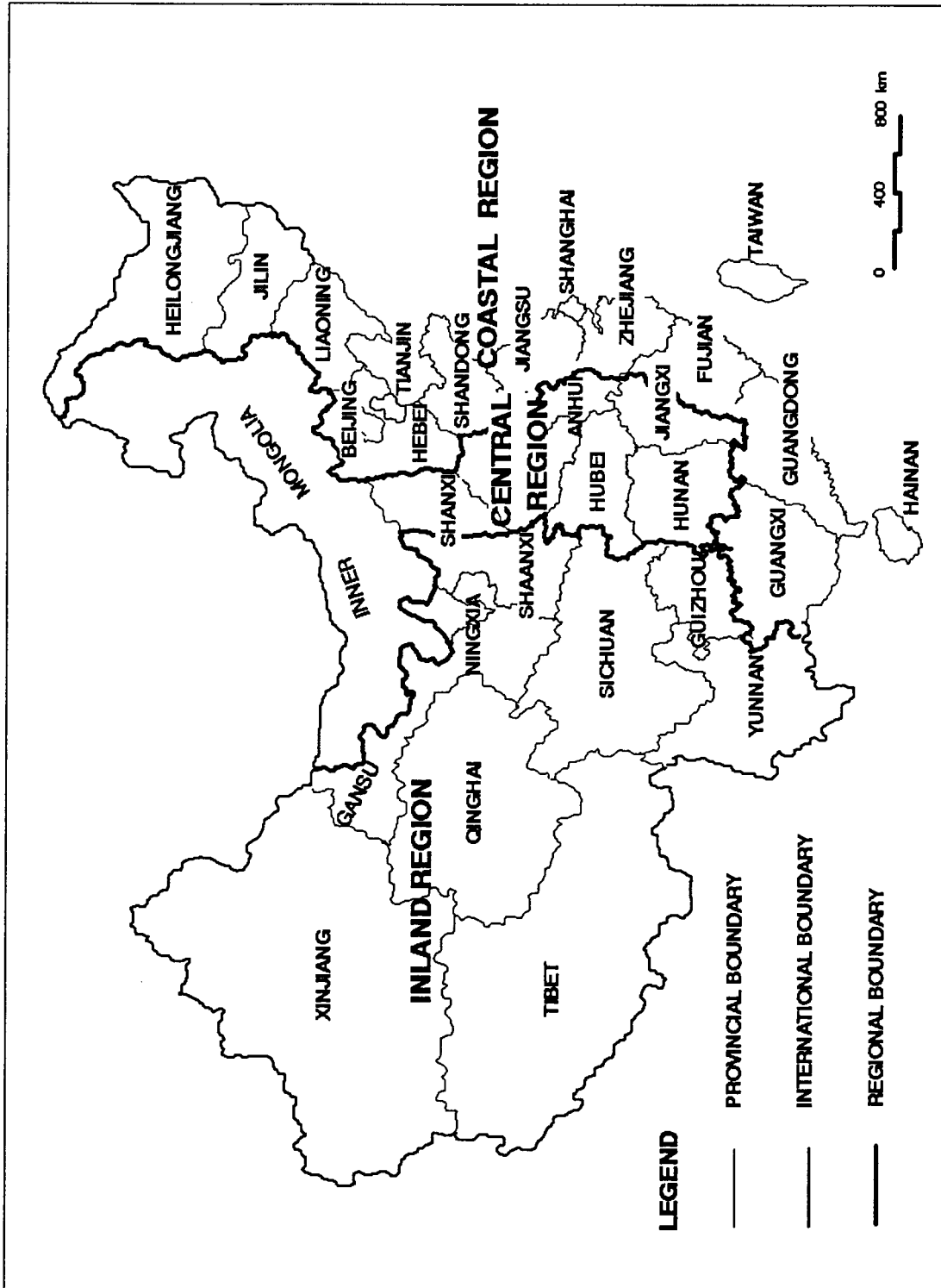
Table 3.2.--Some Features of the Six Economic Regions (ERs)

ERs	Percent of Total Pop.(%)	Percent of Total Land(%)	Pop. Density Person/sq. km.	Major Products/Resources Endowment (% out of National Total)
NE	8.8	8.4	115	Steel 28.4; Crude oil 57.9
N	11.0	15.7	78	Coal 34.5; Steel 21.6; Iron 23.9
E	31.0	8.5	395	Steel 14.2; Chemical Products 38.9 Grain 31.7; Cotton 53.4
CS	26.8	10.7	277	Sugar 52; Grain 27.7
SW	15.7	25.0	70	Fertilizer 10.4;
NW	6.7	31.7	23.4	Sheep 31.7; Cattle and Horse 28.5
Sum	100	100		

Source: The features of this Table were tabulated by the author from Chen, X.Z. and M.W. Su, 1987. Zhong Guo Jing Ji Di Li Xue.

Note: NE=the Northeast ER; N=the North ER; E=the East ER; CS=the Central South ER; SW=the Southwest ER; NW=the Northwest ER.

Following the Cultural Revolution, regionalization resumed in the 1980s. The provinces were re-grouped into three regions in the Sixth Five-Year Plan: (1) the Eastern Region (Liaoning, Hebei, Beijing, Tianjin, Shandong, Jiangsu, Zhejiang, Shanghai, Fujian, Guangdong and Guangxi), (2) the Central Region (Heilongjiang, Jilin, Neimenggu, Shanxi, Henan, Hubei, Hunan, Anhui and Jiangxi) and (3) the Western Region (Sichuan, Yunnan, Tibet, Guizhou, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang). The output values of industry and agriculture show that the Eastern Region is far more developed than the Central and the Western regions (Table 3.3).



Map 3.6. Location of the Coastal, the Central and the Inland Regions.

This study uses the regionalization of China as defined in the Sixth Five-Year Plan (i.e., the coastal, the inland and the western regions, Map 3.6). This choice allows consistency with contemporary Chinese development.

Table 3.3.--Some Characteristics of the Three Regions

	Population Density (Person/sq.km.)	Gross Value of Indus. Output (Billion Yuan)	Gross Value of Agricul. Output (Billion Yuan)
Eastern	539	566.4	126.2
Central	214	245.7	106.3
Western	78	113.7	58.7

Source: Compiled by the author from Chen, X.Z. and M.W. Su, 1987. Zhong Guo Jing Ji Di Li Ji Chu.

The Temporal Coverage

Choice of The Temporal Coverage

This study covers the first forty years (1949-89) of the People's Republic of China. This choice is based on the changes of Chinese politics and economy. The year 1949 marked the founding of the People's Republic of China. Chinese social and economic development priorities were set up according to communist goals. Since 1949 China was governed by a communist regime and guided by a Marxist ideology which practiced the planned economic system. 1989 marked the end of the planned economic system that was set up in the 1950s. The system was in full force in the 1960s and the 1970s. In the 1980s the Chinese government cautiously made efforts to introduce the private market mechanism to complement the planned economic system. But the reform was slow because of ideological resistance, government corruption and policy conflicts. The slow pace of change resulted in large scale student demonstrations in 1987, 1988 and 1989. In the Summer of 1989, the Chinese government used the military to pacify student

demonstrations in Tiananmen Square, Beijing, in what became known as the Tiananmen Massacre. It did not result in any radical changes that could be comparable to the Soviet Cure in 1990. But the Chinese government received a message from the 1989 protest, i.e., the government cannot use force to withhold the reform process. Since then, China has modified her approach to government reforms. The opening up of the planned economic system was one of the modifications which paved the way for a free market economy.

Sub-periods of Studies

China experienced drastic political and economic upheavals over the last forty years. The political and economic changes in China can be broadly grouped under two eras. The first was the Mao Zedong era (1949-1977) and the second was the Deng Xiaoping era (1978-1989). The Mao era was determined to push communism, directed by the theories and strategies of socialist transition (1949-1957) and continuous revolution (1958-1977). The Deng era which was less determined to push communism witnessed a program of economic reform and openness (1978-1989). The Mao era can be further categorized into five sub-periods: (1) the three years of rehabilitation (1949-1952), (2) the period of socialist transition (1953-1957), (3) the Great Leap Forward (1958-1960), (4) the period of readjustment (1961-1965), and (5) the Cultural Revolution (1966-1976). On the other hand, the Deng era started with economic reform in 1978, and moved to urban reform in 1984 (Chart 3.5).

1949-1952

The first three years of the People's Republic of China was known as the "three years of rehabilitation" (1949-52). Efforts were made to recover the Chinese economy from the war and to reorganize the political system and the economy according to Marxism. Important events that occurred

during the three years included: (1) land reform, which extended the practice of redistribution of rural land among peasants in revolutionary bases to the newly liberated areas; (2) clearance of counter-revolutionists, which uprooted many members of Kuomintang and many feudal organizations from hiding, and had them sentenced or killed; (3) war against the U.S. in Korea, during which China sent military forces to Korea to push the U.S. military away from the international border between China and Korea.

1953-1957

From late 1952, China entered a period of socialist transition. The government decided to restructure private entrepreneurs and convert them to state ownership. It laid out the bases of Chinese industrialization. Mutual aid groups were established and co-operatives were advocated in the countryside. In cities, the restructuring of ownerships was conducted in the sectors of handicraft industries, commerce and manufacturing. During the early stage of this period, the "Three-Anti" and the "Five-Anti" movements were initiated. The "Three-Anti" movement was applied within the Chinese Communist Party (CCP) and its government system. It aimed at crushing graft, waste and bureaucracy. The "Five-Anti" movement which was directed at the private sector, aimed at bribery, tax evasion, embezzlement, doing shoddy work and using inferior materials, and stealing the nation's economic information. The Anti-Right Movement was carried out at the end of this period. It encouraged intellectuals to speak out against the CCP. Then the government used their opinions and criticisms against them as evidence of their rightist and capitalist ideologies. They were then given the Rightist Components tag (*You Pai Fen Zi*), and were removed from key positions and sent to farms to reshape their ideologies.

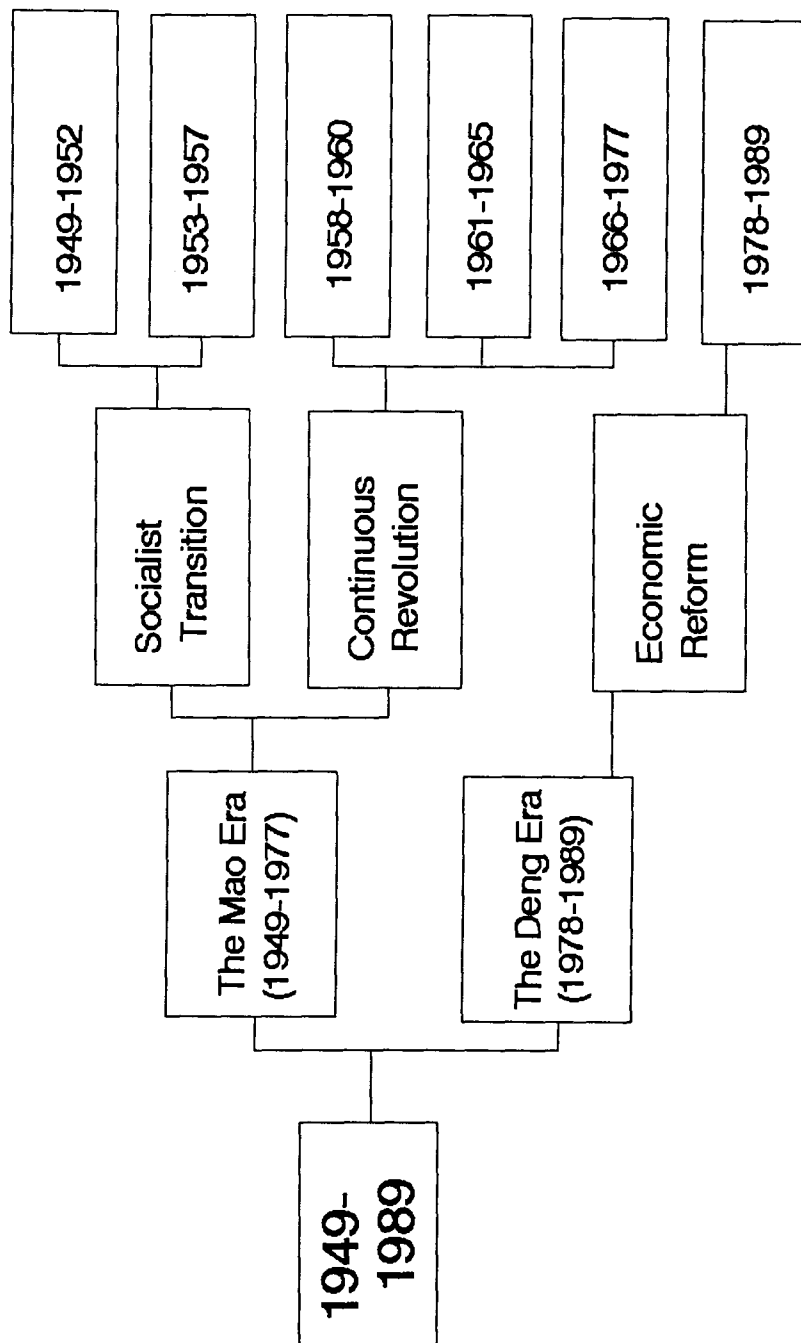


Chart 3.5. Sub-Periods of the Study.

1958-1960

The Great Leap Forward (GLF) movement took place in the period 1958-60. In Mao's vision of the day, China could catch up to Britain in volume of the major industrial output in fifteen years. In order to accomplish this objective, China had to double its steel output within the year of 1958. All Chinese were called to participate in the GLF. Small steel furnaces on urban streets, in backyards and in the countryside mushroomed. Everything that could be processed into iron or steel was thrown into the furnaces, including fences that were made of iron wires, cooking utensils and door locks, in order to boost output volumes.⁵ The so-called *Fu Kua Feng* (proneness to boasting and exaggeration) was a product of this period. The boast and exaggeration of industrial and agricultural achievements led to high expectations of China's development among the party leaders. Only a few of the leaders realized the problems in the GLF, but their opinions were criticized by Mao Zedong. Peng Dehui, a general in the army, was dismissed in the *Lu Shan Meeting* in 1958 because he was aware of the problems and voiced his opposition to the GLF.

1961-1965

The Chinese economy was readjusted in the period 1961-65. Efforts were made to cool off the enthusiasm of rapid industrialization that was built up during the GLF. Most of the construction projects that were aimed to increase industrial capabilities were stopped. And most of the rural labor that migrated to the cities during the Great Leap Forward was sent back to its home villages. *Hui Xiang*

⁵ S.N. Liu, "Tiao Zheng, Gong Gu, Chong Shi, Ti Gao Ba Zi Fang Zhen De Ti Chu Ji Zhi Xing Qing Kuang." In Zhong Gong Dang Shi Yan Jiu Lun Wen Xuan (Research Papers on the History of the Chinese Communist Party). Edited by C.J. Zhu, Vol. 3, p. 499 (Changsha: Hunan Renmin, 1984).

(return to the village) was a program that was used in the period of readjustment to reduce the non-agricultural labor force.

1966-1977

The Great Cultural Revolution (GCR) started in 1966. Mao initiated the GCR to remove Liu Shaoqi, who was seen by Mao as a threat to his authority. Liu Shaoqi was tagged as a capitalist promoter. By emphasizing class struggle, Mao successfully encouraged the Red Guards to destroy Liu Shaoqi's political career and his physical body. The GCR continued for ten years from 1966-76. During these ten years, economic growth gave way to political struggle. In addition to Liu Shaoqi's downfall, was Lin Biao's air crash in his attempt to flee from China in 1971. The Gang of Four was dismissed from the party and was sentenced in 1976.

The period from 1976-78 was a period of power transition. During these two years, Hua Guofeng, the then party chair, continued Mao's development strategies. He believed that China should obey what Mao had said and should not change the decisions that Mao had made. Also during these two years, Deng Xiaoping had recovered from his political misfortune. In November 1978, the Third Session of the Central Committee of the Eleventh Plenary Meeting of the Chinese Communist Party affirmed Deng Xiaoping as party leader and approved his ideas of reform and openness.

1978-1989

In 1978 China entered the Deng Xiaoping era. Class struggle was removed from the agenda of the Chinese Communist Party to give place to economic growth. Rural reform was initiated in 1978. Rural reform introduced the responsibility system in agricultural production and dismissed the rural communes. In 1985, urban reform was

started in an attempt to break down the "iron rice bowls" and to increase industrial productivities. The structure of the Chinese economy became diversified in the 1980s. There were increases of private ownership and prosperities in light industries and the circulation sectors. The retrieval of ideology was kept in a low profile. In 1983/84 and 1987, attacks were launched toward "capitalist freedom". But none of these attacks reached the scale of the ideological struggles before 1978, except the 1989 Tiananmen Massacre, where tanks were used to resolve ideological conflicts.

Terminology and Measurements

One of the difficulties and confusions in the study of Chinese urbanization is the selection of a suitable indicator that portrays the urbanization level. At least seven indicators have been used: (1) total population of cities and towns (TPCT), (2) non-agricultural population of cities and towns (NAPCT), (3) total population of cities and towns as reported in 1990 (1990 TPCT), (4) total population of cities (TPC), (5) non-agricultural population of cities (NAPC), (6) total population of inner-city (TPIC), and (7) non-agricultural population of inner-city (NAPIC). This section tries to make a choice among these seven urbanization indicators.

Terminology

The terminology employed in this study involves the use of the term "urban", "population", "urban population" and "level of urbanization".

Urban

Urban in Chinese means *Cheng Shi* or *Cheng Zhen* (or *Shi Zhen*). *Cheng Shi* are settlements that have official city-status. The standards of granting city-status included a population minimum, level of economic development and the

proportion of non-agricultural population of that settlement.⁶ *Cheng Zhen* (or *Shi Zhen*) refers to all the settlements that have official city-status and those that have official town-status.⁷

Each *Cheng Shi* and *Zhen*, or city and town, is divided internally into a number of spatial components. These components are important for the definition of urban population because the latter can either be the entire population of cities and/or towns, or a part.

Chart 3.6 illustrates the spatial administrative break-down of the component units for cities and towns. A city may include an inner-city (*Shi Qu*) and a county or several counties (*Shi Jiao Xian*). The inner-city may include an inner-city proper (*Jian Cheng Qu*) and suburban district(s) (*Jin Jiao Qu*). A government of an inner-city proper (or sometimes a city government) may be further divided into street commissions (*Jie Dao Wei Yuan Hui*) and residential committees (*Juu Min Wei Yuan Hui*). A county may include towns (*Zhen*) and townships (*Xiang*). A town may include a town proper (*Zhen Qu*) and villages (*Cun*). A town proper is further organized into residential committees (*Juu Min Wei Yuan Hui*). Townships consist of villages (*Cun*)

Different combinations of these spatial administrative units comprised five basic types of Chinese cities (Figure 3.1). Type I included inner-city district(s) and suburban district(s). Type II included inner-city district(s) and one county. Type III included inner-city district(s), suburban district(s) and one county. Type IV included inner-city district(s) and several counties. Type V included inner-city district(s), suburban district(s) and several counties.

⁶ See Chapter IV p. 120 on the details of these standards.

⁷ Chapter IV, p. 120.

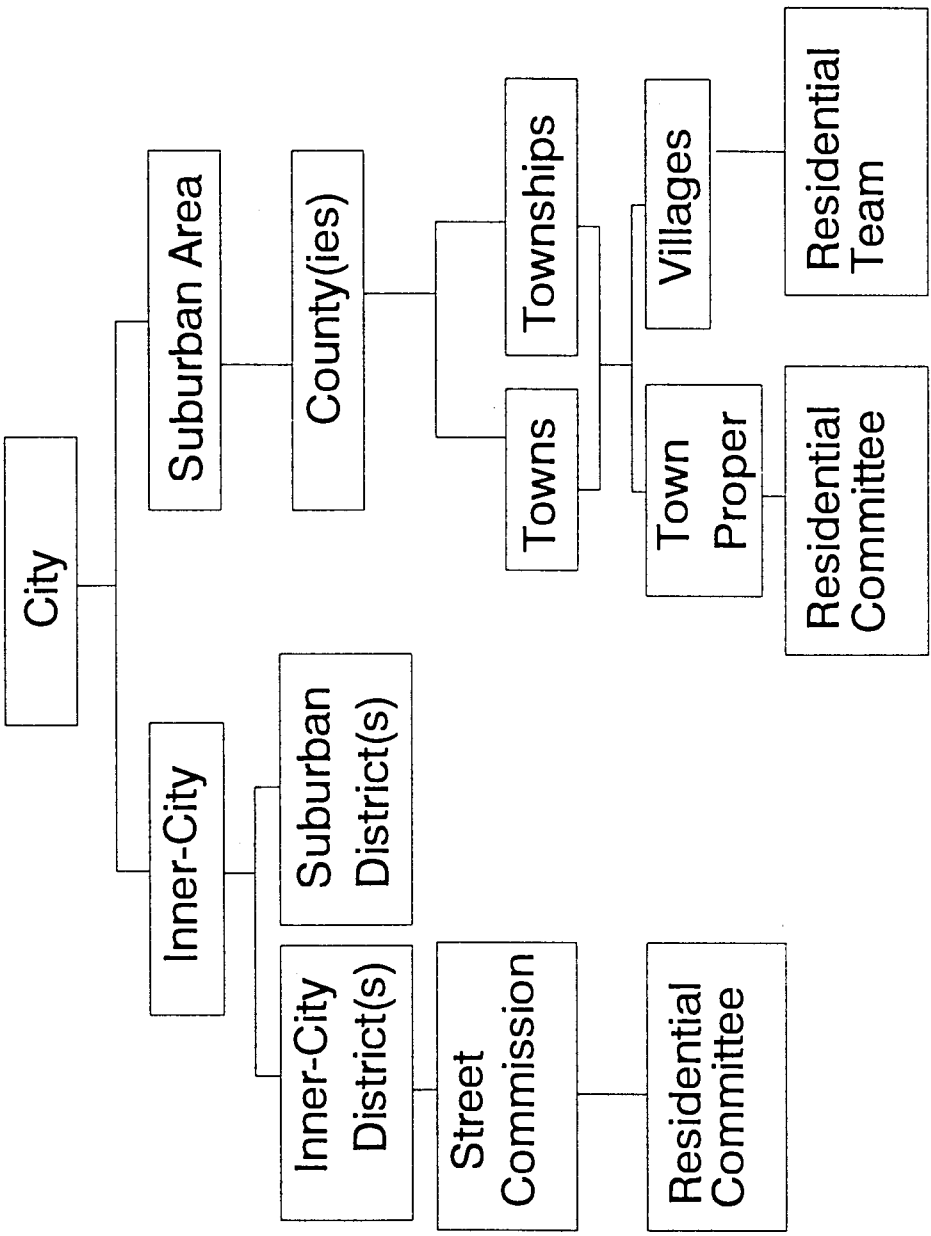


Chart 3.6. Spatial Administrative Units of Chinese Cities.

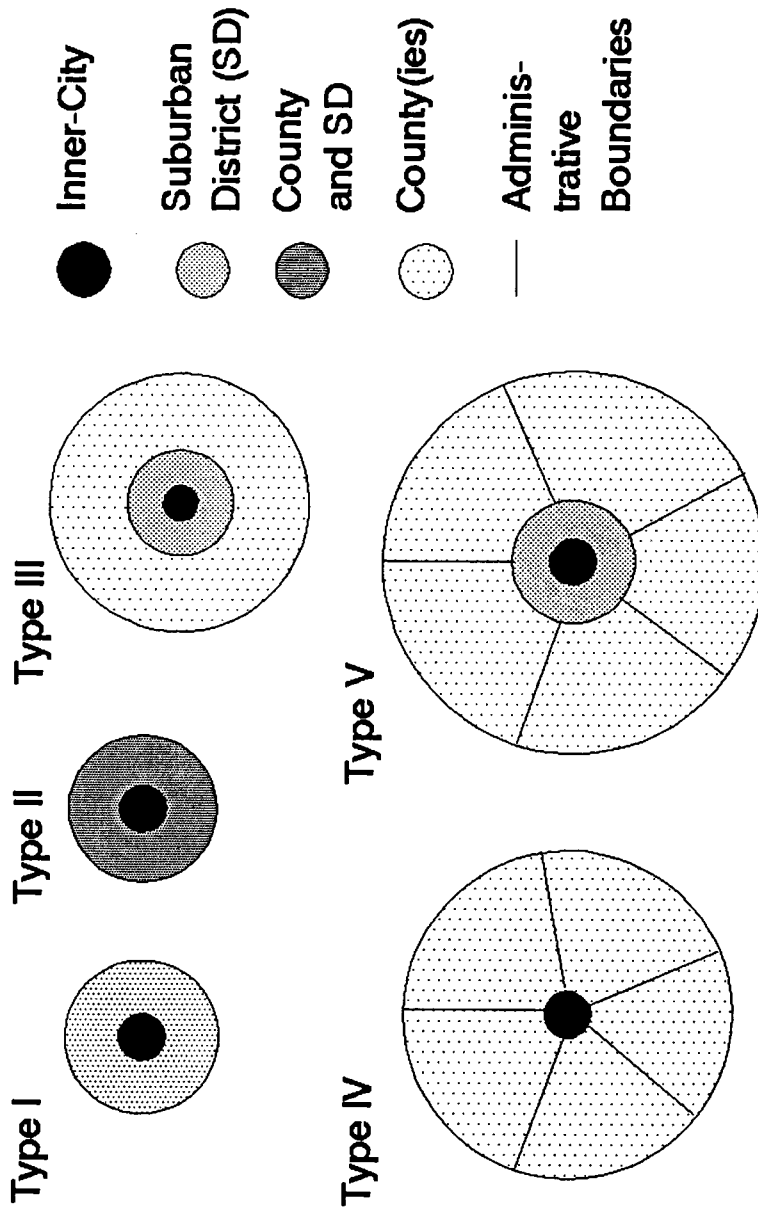


Figure 3.1. Five Basic Types of Chinese Cities .

Population

Two classifications of Chinese population have to be noted in order to understand the urban population. First, Chinese population was classified as agricultural and non-agricultural. The agricultural population refers to those people who work in the primary sector. The non-agricultural population refers to those people who work in the economic sectors other than the primary sector. Second, the Chinese, particularly those who live in cities, are recorded as either permanent residents or temporary residents. Permanent residents have permanent registration in the city, while temporary residents have permanent registration in places other than the city. There was a continuous increase in temporary residents in the cities during the 1980s. Temporary residents form the major part of the "floating population" that burdened the infrastructure in cities following the start of economic reform. Unfortunately, temporary residents are rarely accounted for in the growth of Chinese urban population due to the lack of statistics.

Urban population

The seven frequently used terms for urban population are usually combinations of the terms "urban" and "agricultural vs. non-agricultural population" (Table 3.4). The total population of cities and towns (*Shi Zhen Zong Ren Kou*) refers to the people living in the administrative boundary of official cities and towns. The non-agricultural population of cities and towns (*Shi Zhen Fei Nong Ye Ren Kou*) refers to the people who are registered as non-agricultural and lived in the administrative boundary of official cities and towns. The 1990 total population of cities and towns (*1990 Nian Kou Jing de Shi Zhen Zong Ren Kou*) refers to the people who lived in the inner-city districts and those who lived in town proper. The total population of cities (*Cheng Shi Zong Ren Kou*) refers to all

the people who lived within the administrative boundaries of official cities. The non-agricultural population of cities (*Cheng Shi Fei Nong Ye Ren Kou*) refers to the people who registered as non-agricultural and lived within the boundaries of official cities. The total inner-city population (*Shi Qu Zong Ren Kou*) refers to all the people who lived within the boundaries of the inner-city districts. The inner-city non-agricultural population (*Shi Qu Fei Nong Ye Ren Kou*) refers to the people who are registered as nonagricultural and who lived within the boundaries of inner city districts.

Table 3.4.--Seven Types of Urban Population

	<i>Cheng (Shi) Zhen</i> entire area district(s) town proper		<i>Cheng Shi</i> entire area inner-city	
Total Popula- tion	TPCT	1990 TPCT	TPC	TPIC
Non- agricul- tural Pop.	NAPCT		NAPC	NAPIC

Note: TPCT: the total population of cities and towns;
 NAPCT: the non-agricultural population of cities and towns;
 1990 TPCT: the total population of cities and towns as reported in 1990;
 TPC: the total population of cities;
 NAPC: the non-agricultural population of cities;
 TPIC: the total population of inner-city;
 NAPIC: the non-agricultural population of inner-city.

Level of urbanization

This refers to the proportion of urban population of the total national population of China.

Measurements

Table 3.5 shows the level of Chinese urbanization as measured by the proportions of the seven urban population indicators. Among the seven indicators, TPCT presents the highest level, while NAPIC shows the lowest urbanization level.

Table 3.5.--Level of Chinese Urbanization as Measured by the Seven Different Urban Population Indicators

	TPCT	NAPCT	1990 TPCT	TPC	NAPC	TPIC	NAPIC
1949	10.6		10.6			5.8	2.5
1952	12.5		12.5		7.40 ¹	12.0	3.5
1957	15.4		15.4	10.68		12.3	4.5
1965	18.0	14.02	18.0	12.75	9.77	15.0	9.7
1978	17.9	12.93	17.9	12.39	8.77	16.6	10.4
1982	20.8	14.49	21.13	14.70	9.97		
1989	51.7	18.78	26.21	28.30	13.25	28.57	13.15
1993			28.14				

- Sources: (1) The percentages of TPCT are calculated by the author based on Zhong Guo Tong Ji Zhai Yao 1987c and 1990c.
- (2) The percentages of NAPCT, TPC and NAPC are based on SSB 1990d Zhong Guo Ren Kou Tong Ji Nian Jian.
- (3) The percentages of 1990 TPCT are calculated based on Zhong Guo Tong Ji Zhai Yao 1990c and 1994.
- (4) The percentages of TPIC and NAPIC are from Guo Jia Tong Ji Juu, 1990a.

Note: ¹ data of 1953.

These seven indicators are limited by two problems, namely, the unrepresentativeness of the urban population and the inconsistency of census reports.

The total population of cities and towns (TPCT), and that of cities (TPC), included a large number of peasants in the urban population. They over-represented the level of Chinese urbanization. This over-representation was severe, especially in the 1980s, because many newly granted cities (from county seats) and the *Shi Dai Xian* system (i.e. city

supervising county) allowed cities to cover a large portion of the countryside. The non-agricultural population of cities and towns (NAPCT), and that of cities (NAPC), on the other hand, under-represented the level of Chinese urbanization because many peasants who were involved in non-agricultural activities were omitted from the registered non-agricultural population. The total population of inner-cities (TPIC) and the non-agricultural population of inner-cities (NAPIC) also under-represented the level of Chinese urbanization because not only the peasants who were involved in non-agricultural activities were omitted, but also the towns were left out.

Inconsistency is another problem because of the change in administrative boundaries of cities and towns and of the methods used in recording. Many cities incorporated their adjacent counties and thus showed a significant increase of their areas. As a result of the administrative and geographical changes over time, the time series data for many cities are found to be highly irregular. Hand in hand with the inconsistent temporal data is the method used to calculate the total population of cities and towns (TPCT). Between 1955 and 1990 the TPCT changed four times. These changes in methods produced different data sets of urban population for various census reports over time. Researchers have to be very cautious when using the census reports as the level of urbanization can be mis-interpreted or misrepresented.

In contrast with the other six indicators, the 1990 total population of cities and towns (1990 TPCT) was a reasonable measurement for the level of Chinese urbanization. It was probably closer to the real number of the urban population than any other urban measurement. In this study, therefore, the level of Chinese urbanization is measured by the proportion of the total population of cities

and towns as calculated by the method that was used in the 1990 national population survey.

One limitation in the use of the 1990 total population of cities and towns indicator was that the 1990 method was applied only to the period from 1982 onward. Prior to 1982, the total population of cities and towns accounted for all the people that lived in the administrative boundaries of cities and towns. However, given the small number of cities and towns and small suburbs of cities during that period, the total population of cities and towns may be regarded as representative and an accurate measure of Chinese urban population.

Another limitation of the 1990 TPCT method is the data gathering for the total population of cities and towns. In some of the census publications put out by the State Statistical Bureau, the total population of cities and towns was actually the non-agricultural population of cities and towns. This was true only for the 1963-1981 period, but not prior to 1963 nor after 1982.

Method of Approach, Data Collection and Analysis

Method of Approach

The method of approach in this study involves the use of Chinese literature sources and statistical materials.

Chinese literature sources

These include personal speeches/works of the high-ranking officials of the Chinese Communist Party (CCP), policy documents and working reports of the CCP and the government, laws and regulations that were/are used for urban and rural administration, and secondary materials which discuss the theory and practice of the communist revolution in China.

The Chinese literature sources are extremely useful as they allow one to examine the role of cities in the communist theory and practice of revolution, to identify the way that Chinese cities were integrated into the daily activities of politics, economy and social life, and to look into the policies and programs that were formulated to direct the development of Chinese urbanization.

The economic reform and openness in the 1980s has made it possible for more and more Chinese literature materials to be disclosed and made available to researchers. These materials are more systematic, more objective than previous government propaganda materials, and hence are invaluable to China researchers. Careful study of Chinese literature materials is essential as it provides the base for the understanding of controlled Chinese urbanization.

The statistical materials

These include publications that are put out by the State Statistical Bureau and the various provincial statistical departments. The State Statistical Bureau has been publishing census data of the country since the late 1970s. Major indicators of China, such as the population, land and other resources, economic progress, social services are presented. While the State Statistical Bureau focuses on the nation as a whole and breaks down data according to provinces, provincial statistical departments offer detailed data at the city and county levels.

Since 1985, the State Statistical Bureau has started to compile data on Chinese cities and has been publishing the Annual China Urban Statistics. This annual urban statistics report generally includes the overall performance of cities in the national economy, the overall variations of cities among regions and various size groups, and data for each individual city by year. Although the indices and

format that were used for these annual statistics varied from year to year, the availability of these data is a big break-through in Chinese urbanization studies.

In 1990, both the State Statistical Bureau and several provincial statistical departments put out collections that contain major indicators for the last four decades. These materials are systematic and reliable. They have greatly minimized the data constraints that limited the scope of past studies. Given the availability of these publications, it is now much more convenient for one to do systematic evaluations on the rank-size distribution of cities, the level of urbanization, and the regional and hierarchical variations of controlled Chinese urbanization.

Data Collection

The data for this study are collected primarily from three sources of publications: (1) primary policy documents, (2) statistical and development reports and (3) secondary data from Chinese political and economic system studies.

(1) primary policy documents

The primary Chinese literature include: (1) personal speeches/works published by *Zhong Gong Zhong Yang Wen Xian Yan Jiu Shi* (Research Institute, Central Committee of the Chinese Communist Party). The latter put out the works of Mao Zedong, Deng Xiaoping, Zhou Enlai, Zhu De, Chen Yun, Liu Shaoqi, Ren Bishi. Mao Zedong was the communist leader who held the post of Chair of the Party and Chair of the Central Military Committee. Deng Xiaoping was the leader in the post 1978 period. He held the post of the Chair of the Central Military Committee from 1980 to 1989. Zhou Enlai was the Premier during Mao's chairmanship. Zhu De was the President of the National People's Congress in the Mao era. Chen Yun held the post of Deputy Prime minister for a long time and

was in charge of economic planning during the leaderships of both Mao and Deng. Liu Shaoqi was the President of China second only to Mao before his downfall in 1966. Ren Bishi was in charge of financial planning in the early 50s as deputy Prime Minister. (2) Documents and decisions of the CCP and the government published by *Zhong Gong Zhong Yang Wen Xian Yan Jiu Shi* (Research Institute, Central Committee of the Chinese Communist Party). The major reports that it put out include Collection of Important Literature since the Twelfth Plenary of the Chinese Communist Party; Collection of Important Literature since the Eleventh Plenary of the Chinese Communist Party; Collections of the Decisions and Documents of the Chinese Communist Party; National Five Year Development Plans. (3) Laws and regulations published by *Guo Wu Yuan Fa Zhi Juu* (Bureau of Law, the State Council) and by provincial governments, include the Collection of Laws, Regulations of the People's Republic of China (1954 up to date) and the Collection of Laws and Regulations of Local Governments.

(2) statistical and development reports

Statistical and development reports include reports put out by the State Statistical Bureau (*Guo Jia Tong Ji Juu*). They include Annual China Urban Statistics, 1985-1990; Census of Chinese Population, 1982, 1986, 1990; China: The Forty Years of Urban Development (1949-89); Annual China Statistics 1980-92; and Annual Statistics of the 30 provincial level administrations.

(3) secondary data sources

Secondary data sources refer to those publications of the China Academy of Social Science and of the provincial institutions of social science. These research institutions are the think-tanks of the government bureaucracy.

Publications of Chinese social scientists are sometimes in the form of primary research, reports, and at other times in the form of interpretative documents. These publications and documents are used by the government to educate the people about certain policies and/or instructions. Even though they serve as a form of government propaganda they are a useful source for understanding Chinese urban policies.

Method of Analysis

The methods of analysis employed in this study include simple descriptive statistics, simple regression analysis and multiple regression analysis.

Simple descriptive statistics are used to describe the policy impact of controlled urbanization and to compare the characteristics of cities in various regions and size categories. The Lorenz Curve is used to depict the spatial distribution of cities and urban population over time.

Simple regression analysis is employed to examine the policy impact of the growth of Chinese urbanization among various city-size categories.

A multiple regression model is formulated to examine the impact of various urbanization policies on the growth of Chinese cities. The stepwise multiple linear regression procedure is employed to evaluate the policy impacts on the level of Chinese urbanization for the pre-1978 and the post-1978 periods. A variant of the multiple linear regression model is used to test the policy impacts of the regional variations of the level of urbanization.

Limitations of Study

This study has several limitations. First, it is handicapped by the scarcity of information on Chinese socialist development theories and strategies. Much of the government planning information is either classified or not available to outside researchers. Second, although some data are now available for research, the quantitative information is still rather limited. Third, there is no agreement among Chinese planners as to what constitutes or best represents the level of Chinese urbanization. Fourth, Chinese planners and administrators are generally not very willing to speak about or discuss openly their government policies and programs.

This study is different from other Chinese urbanization studies in that it has access to certain sources of information which are not easily accessible to foreign researchers. The author has first-hand personal knowledge of many of the urban problems as he used to work in the China Academy of Urban Planning and Design, which is the institutional authority of urban planning in China.

Having presented the research design and noted the methodological framework of approach, we turn next to examine the ideological base of Chinese urbanization.

CHAPTER IV

THE IDEOLOGICAL BASE OF CHINESE URBANIZATION

This chapter presents the ideological base of Chinese urbanization. It argues that contemporary Chinese urbanization is the outcome of the conflict between Marxist theory and Chinese agrarianism, i.e., a conflict that resulted from the application of Marxist theory in an agrarian nation. This conflict had a strong spatial influence in the theory and practice of the Chinese communist revolution. It provided the base for a series of experimental strategies in development over the last forty years. Chinese cities were integrated into the spatial component of various development strategies. The success and failure of these experimental strategies brought about various actions and reactions among developmental, urbanization, political and economic changes. Developmental strategies resulted in changes of the level of urbanization. The latter incurred economic and political costs, and affected national development. The effort of the government to meet these costs gave rise to peculiar forms of cities and fluctuations in Chinese urbanization. These actions ended up with the readjustment of development strategies, and thus started another cycle of chain reaction.

The chapter is organized in four parts. Part one looks at Marxism and China's development, while part two examines the spatial aspects of Chinese rural-urban relations. Part three describes the Chinese experimental strategies in development, and part four tries to put the chain reactions of strategy, space and urbanization in China into perspective.

Marxism and China's Development

After the October Revolution in 1917 in Russia, Marxist theory was introduced to China. A few young intellectuals (e.g., Li Dazhao and Chen Duxiu) established study groups to learn and to promote the spread of Marxism. In 1921, the Chinese Communist Party (CCP) was born. The CCP used Marxist theory as its theoretical base. Since then, China's development has been challenged by a basic conflict between Marxist theory and Chinese agrarianism. This section tries to explain the basic conflict between the two ideologies and to present the stage theory of China's development under the CCP.

Table 4.1.--Some Characteristics of Agrarian China

	1949	1952
Agricultural Products (kg/person)		
Grain	209.0	288.0
Cotton	0.8	2.3
oil	4.8	7.4
Meat	-	6.0
fish	0.9	3.0
Labor Force (10,000)		
Non-agriculture*	1533.0	2486.0
Agriculture	16549.0	18243.0
Labor Force (%)		
Primary	-	83.5
Secondary	-	7.4
Tertiary	-	9.1

Notes: * This includes *Zhi Gong* and *Cheng Zheng Ge Ti Lao Dong Zhe*.

Source: Based on Guo Jia Tong Ji Juu, Zhong Guo Tong Ji Zhai Yao 1987 (Beijing: Zhong Guo Tong Ji, 1987c), 17, 19 and 34.

Basic Conflict: Marxism in Agrarian China

Agrarian China

The way of life of the Chinese people had a long history rooted in traditional agrarianism. Although this

agrarian tradition had extended for over 4000 years, China's agricultural sector was not productive. Up to the mid-twentieth century, China could barely feed herself. By 1949, the average grain production per person was only 209 kilogram (Table 4.1). Modern industries were introduced to China rather late. By the 1920s, the majority of Chinese still worked in the rural sector. There were only a few textile and ship-building factories that could be seen in large cities such as Shanghai, Tianjin and Wuhan.¹ Table 4.1 shows some characteristics of agrarian China by agricultural products and by labor force. The latter is broken down in terms of agriculture and non-agriculture, and in terms of primary, secondary and tertiary sectors. In 1949, out of 180 million in the labor force there were only 15 million working in the non-agricultural sector. By 1952, the number of industrial workers approached 15 million. This accounted for 7 percent of the total labor force and less than 3 percent of the national population.

Agrarian China had acquired several characteristics in the course of her agricultural evolution. First, Chinese people were deeply rooted in agriculture. Land cultivation was the life of many ordinary Chinese. The extreme dependence on land led the Chinese to believe that one should grow and die in the place where one was born.² Second, the agrarian economy was traditional, i.e., a subsistence economy. Self-sufficiency was the ultimate goal of agricultural production. There was little specialization in cash crop production.³ The commodity economy was

¹ D.X. Xu, Xin Zhong Guo Jing Ji De Bian Ge (Beijing: Jingji, 1982), 20.

² X.T. Fei, Fei Xiao Tong Xue Shu Jing Hua Lu (Beijing: Shi Yuan, 1988), 352 and 369.

³ An exception of this may be the traditional way of labor division, i.e., *Nan Gang Nu Zhi*, which means that men

underdeveloped. Third, each individual of the society was bound to his/her family rather than to social organizations.⁴ This generated the traditional polity of feudal autocracy. In the country, the emperors had undisputed power. Within families, the family head had absolute power. The judgments of emperors and of family heads were guided by Confucian philosophy and family rules rather than by laws.⁵

These characteristics helped to stabilize the society rather than to promote changes. They explain why China had avoided changes from the *Qin* Dynasty to the *Qing* Dynasty for over 2000 years.⁶ Although there were struggles that led to the establishment of new dynasties during the 2000 years, new dynasties only brought about new emperors who did little to change the social structure.

Agrarian China was a leading country in philosophy and in technological inventions in the age before the Industrial Revolution.⁷ However, by the 19th century, China lagged behind. The Industrial Revolution in Europe put Western countries ahead of China in science, technology, and military power. In 1840, the need for market expansion motivated Britain to force China to open its doors. The British success in the Opium War in 1840 demonstrated to other Western countries that China had the resources and market potential for expansion and that China was too weak to prevent Western incursions. Various World powers (e.g.,

were responsible for cultivating and women were responsible for weaving.

⁴ Fei, op. cit. 360; S.M. Liang, Liang Shu Ming Xue Shu Jing Hua Lu (Beijing: Shi Yuan, 1988), 233 and 263.

⁵ Fei, op. cit., 366.

⁶ Liang, op. cit., 367.

⁷ J. Needham, "Introduction," In The Genius of China. By R. Temple, p. 6 (New York: Simon and Schuster, 1986).

Britain, Russia, the U.S., France, Japan, Sweden, Norway and Holland) invaded China and set up concessions in Chinese cities to serve as trade bases to facilitate their import and export.

Table 4.2.--Land-Ownership Patterns in Four Provinces
in the 1930s China

Provinces	Landlord and rich peasants (%)		Poor and the landless (%)	
	Population	Land Owned	Population	Land Owned
Hebei****	11.7	41.3	65.2	25.9
Zhejiang***	3.0	80.0		
Jiangsu**	10.3	65.0	68.9	14.2
Guangdong*	6.0	66.0	74.0	19.0
National average	10.0	68.0	70.0	17.0

Notes: * Survey at provincial scale.
 ** Survey of 1,035 rural households in 20 villages in Wuxi county.
 *** Survey of Pinghu county.
 **** Survey of 1,565 rural households in 10 villages of Baoding county.

Source: All survey data are from Xu, 1982, pp. 26-27, originally cited from Chen, Hansheng, The Land Problems in the Current China, not dated.

During the one hundred years before the founding of the People's Republic (1840-1949), important changes in agrarian China occurred. First, the conflicts between the peasants and the landlords intensified due to the polarization in the distribution of land. In the 1930s, landlords and rich peasants who made up 10 percent of the total peasant population, owned 68 percent of the agricultural land (Table 4.2). This uneven land-ownership pattern was not used to advantage in developing large-scale modern agriculture. Instead the land was rented out to rural households in small parcels and used as a solid base of exploitation. On the average, the landlords collected 60 percent of the products of farmers.

Second, foreign ownership was a threat to China's political economy. In politics, a number of countries was able to influence the *Qing* government on such policies as foreign trade, transportation, and even the military, through agreements and treaties that were signed between the *Qing* and foreign governments. From 1840 to 1911, the *Qing* government signed more than 700 agreements and treaties in the name of peace at the expense of China's sovereignty.⁸ In economics, foreign powers dominated the realms of production and circulation. Foreign industrial capital made up 61.4 percent of the total industrial capital in 1936 (Table 4.3). Even after the disruptions of the Anti-Japanese War, foreign capital still accounted for about one-third of the Chinese industrial capital. The same sorts of domination happened in the financial and monetary institutions. A few British and Japanese banks controlled more than 70 percent of China's capital (Table 4.4). These foreign banks issued paper money and controlled the rates of foreign currency exchange. Further, they obtained privileges to invest in industries, railways, mining, and inland transportation. The transportation network thus represented a characteristic feature of quasi-colonial China.

These conflicts between peasants and landlords, and between Chinese and foreign powers resulted in a continuous search for changes through revolution and reform. In 1851, the *Taiping Tianguo* attempted to redistribute rural land equally for the farmers and to fight for independence against foreign control on China's political economy. In 1898, the Constitutional Reform and Modernization Movement was called upon by a bourgeois group to target the feudal autocracy and conservative forces that hindered China's development. In 1900, *Yi He Tuan* threatened the foreign

⁸ H.W. Li, Zhong Guo Ge Ming Dao Lu De Li Lun Yan Jiu. (Jilin: Jilin Renmin, 1984).

imperialist powers in many regions.⁹ The *Xinhai* Revolution¹⁰, which occurred in 1911, finally overthrew the *Qing* Dynasty.

Table 4.3.--Ownership Structure of Industries in Semi-Feudal Quasi-Colonial China

	1936 (%)	1946 (%)
Total Industrial Capital	100.0	100.0
Foreign Capital	61.4	32.8
Chinese Capital	38.6	67.2

Note: 1. The capital calculations excluded North-east China and Taiwan due to the lack of data. 2. Based on 1936 constant price.

Source: H.B. Wang, ed., *Xin Zhong Guo Gong Ye Jing Ji Shi* (Beijing: Jing Ji Guan Li, 1986).

Table 4.4.--Capital Control by Chinese, British and Japanese Banks (1933)

Nationality	Number of Banks	Capital Controlled (million Yuan)
Chinese	149	267
British	4	400
Japanese	4	295*

Note: * data of 1934.

Source: Primary data from D.X. Xu, 1982, pp. 11-2.

However, all these revolutionary movements were short lived. The reasons behind these short-lived movements were that there were theoretical and organizational

⁹ *Yi He Tuan* Movement was an anti-imperialist revolution organized by peasants. It originated in Shandong province and spread over provinces in the North and the Northeast China. This movement resulted in the invasion by the United Force from eight countries. The defection of this event made the *Qing* government endorsed the 'Xinchou Treaty' which further enlarged the foreign intervention on Chinese politics, military and economy.

¹⁰ This was a revolution organized by Sun Yat-San. It successfully overthrew the *Qing* government by making alliance with the peasant class, working class and petty-bourgeois class.

deficiencies.¹¹ The organizational deficiencies stemmed from the agrarian tradition. The latter led to loose organization and short-sighted goals in the uprisings and reforms. The theoretical deficiencies were due to the lack of understanding of the class structure and conflicts in China. The latter made it possible for Marxism to invade and to spread across China.

Marxist theory

Marxist theory was a product of the industrial revolution in Europe. Nineteenth century industrialization generated the growth of a large proletarian class in cities. They suffered by working long hours, earning low wages, and living in slums. As Engels pointed out:

...the working class quarters people are packed together in an exceptionally small area. Not satisfied with permitting the pollution of the air in the streets, society crams as many as a dozen workers into a single room, so that at night that air becomes so foul that they are nearly suffocated. The workers have to live in damp dwellings. When they live in cellars the water seeps through the floor and when they live in attics the rain comes through the roof....¹²

Karl Marx and Frederick Engels developed the radical theory that has come to be known as Marxist theory. They argued that poverty and the suffering of the industrial workers were caused by the capitalist system. The latter was organized on the basis of private ownership. Under the capitalist system, the capitalist class sought to gain more surplus value from production, which can be obtained by

¹¹ Y. Chen, "Zhong Guo Min Zu Yun Dong Zhi Guo Qu Yu Jiang Lai." In Chen Yun Wen Xuan 1926-1949, pp. 1-3 (Beijing: Renmin, 1984).

¹² F. Engels, The Condition of the Working Class in England. Translated by W.O. Henderson and W.H. Chalonder (Oxford: Basil Blackwell, 1958), 110.

exploiting the working class. Workers have to be impoverished in order to guarantee capitalist success. Marx and Engels argued that the capitalist system would eventually collapse because private ownership and competition would result in "blind" production and a waste of resources. They called upon industrial workers to overthrow the capitalist system through revolution rather than to wait and to suffer.¹³

According to Marxism, capitalism should be replaced by communism. In communism, the means of production are collectively owned by the state. Thus, this presumably eliminates the base of exploitation. Production and circulation are organized by careful plans, and hence could best satisfy the demand of the people without over- or under-supply. Production forces are equally distributed over space so that raw materials and markets are easily accessible. Rural-urban disparities are leveled by rural-urban integration. Every person will accept that working is his/her basic need and thus will contribute his/her best effort. Society will be materially rich enough so that everyone can take whatever he/she wants.¹⁴

Marx and Engels argued that industrial workers should play the leading role to promote this kind of change. This is because industrial workers are trained to follow regular working hours, and they can be organized easily. Industrial workers were proletariats. They had no assets and they were the most revolutionary. Industrialization created the working class, and concentrated a large number of the working class in small geographical areas. Thus, cities were the ideal bases for proletarian revolutions.

¹³ K. Marx and F. Engels, Gong Chan Dang Xuan Yan (The Communist Manifesto), (Beijing: Renmin, 1949), 7.

¹⁴ Dazhao Li, 1922, "Ma Ke Si De Jing Ji Xue Shuo." In Li Dazhao Xuan Ji, p. 376 (Beijing: Renmin, 1959).

Urban-based uprisings were seen as the first step to establish communist control. The Russian communists followed the urban-based revolutionary strategy in their struggle to power. Revolutionary forces were organized in secret in the Russian capital city and other major cities. In October 1917, simultaneous uprisings overthrew the Russian Empire and led the Soviet Communists to power.¹⁵ The Russian experience provided a model for Marxist disciples in other countries, including China.

The basic conflict

The agrarian tradition gave rise to peculiar relationships between the people and the land, between various social classes (e.g., peasants vs. landlords; workers vs. capitalists), and between China and foreign countries. These peculiar relationships formed a society that preferred to be static rather than dynamic. Peasant uprisings and social reforms were prevented by the forces that generated the agrarian tradition. The question was: Could Marxism survive in agrarian China?

Between agrarian China and Marxist communism there was a big gap. In agrarian China, where less than two percent of her population was industrial workers, how could the latter be organized to form a strong revolutionary force and to assume the leadership role in social change? How could the communist goals be accomplished from the starting point of an agrarian society? How could industrialization be initiated without increasing regional and rural-urban disparities, i.e., to have efficiency without sacrificing the principle of equity? Since its birth, the Chinese Communist Party has been challenged to answer these questions.

¹⁵ N.S. Huang and S.L. Zeng, Lenin Zhuan (Biography of Lenin) (Zhengzhou: Henan Renmin, 1989), 493.

Stage Theory of China's Development

Upon its birth, the Chinese Communist Party copied the Soviet model to plan for the transition of an agrarian China to a communist China. They hoped to achieve communism in three steps. The first was to overthrow the capitalist system and to take over the government by the proletarian class, and thus establish a proletarian dictatorship. The second was to struggle with those inherited capitalistic influences and to create communist developmental approaches. The third was to establish a communist society, where capitalism would be eliminated and the global economy would operate according to communist principles.

In the Second Congress of the Chinese Communist Party (CCP), in 1922, the CCP realized that the starting point of the Chinese revolution was different from the Russian experience. The Chinese communist transition started from a semi-feudal, quasi-colonial society. The Chinese capitalist class was under-developed.¹⁶ Thus a stage theory of China's development was framed. The CCP planned to join and unite all democratic forces and parties (e.g., the KMT) for a democratic revolution in the first stage. This revolution could achieve the following principal goals:

To eliminate the warlords and instability in order to construct national peace; to overthrow international imperialist control in order to accomplish a complete national independence; and to unite China as a real democratic nation; and to unite Inner China (*ben bu*) with Outer China (*viz.*, Menggu, Tibet and Huijiang) to form an federal republic.¹⁷

¹⁶ Zhong Yang Dang An Guan, "Zhong Guo Gong Chan Dang Di Er Ci Quan Guo Dai Biao Da Hui Xuan Yan." In Zhong Gong Zhong Yang Wen Jian Xuan Ji Vol.1, p. 75 (Beijing: Zhong Yang Dang Xiao, 1982).

¹⁷ Ibid., 78.

In the second stage, the CCP planned to fight against the capitalist class. The latter was expected to grow during the democratic revolution. For this purpose, the CCP would push and unite peasants with the industrial working class, and to exert the proletarian dictatorship during the second stage. China could thus approach gradually toward a communist society through these two stages.

These two stages of democratic revolution and proletarian dictatorship were developed and reinterpreted by Mao Zedong in the late 1930s and the 1940s. Mao used the term "New Democratic Revolution" for the first stage, and "Socialist Revolution" for the second stage.¹⁸ Mao further claimed that the New Democratic Revolution had two sub-periods: a period of destruction and a period of construction. During the first sub-period, the CCP's task was to overthrow the semi-feudal, quasi-colonial government by violent revolution. Feudalism and imperialism were the two principal targets to be destroyed. The CCP would take over by violent revolution and thus the first sub-period would end up with the establishment of a new democratic nation.

The second sub-period of the New Democratic Revolution would be devoted to the construction of a new democratic China. The latter would be governed by a coalition government that was formed by elite from several revolutionary classes (the working class, the petty

¹⁸ Z.D. Mao, 1939, "Zhong Guo Ge Ming He Zhong Guo Gong Chan Dang." In Mao Xuan, Vol.2, p. 610 and p. 614; idem., 1940, "Xin Min Zhu Zhu Yi Lun." In Mao Xuan, Vol.2, p. 626; idem., 1945, "Lun Lian He Zheng Fu." In Mao Xuan, Vol.3, p. 961; idem., 1949a, "Zai Zhong Guo Gong Chan Dang Di Qi Jie Zhong Yang Wei Yuan Hui Di Er Ci Quan Ti Hui Yi Shang De Bao Gao." In Mao Xuan, Vol.4, p. 1322.

bourgeois class, and the national bourgeois class).¹⁹ There would be no one-class dictatorship. Neither the bourgeois dictatorship that were used in some Western societies nor the proletarian dictatorship that were used in the Soviet Union and other socialist countries would be the form of New China's political system.²⁰ The system of coalition government would be the people's congress at various levels (e.g., national, provincial, municipal and county levels). The economy of the society would be socialist in nature, characterized by the domination of state ownership in the national economy, but would not expropriate capitalist assets, and would allow the growth of middle and petty bourgeois economy.²¹ Thus, both the bourgeois capitalist sector and the state-owned sector of the economy were expected to strengthen themselves in the new democratic China. This new democratic nation would exist for a long time. It was necessary to improve democratic politics and the national economy for the "Socialist Revolution".

Another two sub-periods were outlined for the "Socialist Revolution": a period of transition and a period of consolidation. In the first sub-period, the major task was to transfer China from the new democratic society to a socialist one. Exploitation and all the capitalist components in the commodity economy would be eliminated. The state system would change from the alliance of several revolutionary classes to the proletarian dictatorship.

¹⁹ Mao (1940) analyzed and asserted that a cooperative government composed of several revolutionary classes was the most suitable one for China.

²⁰ Z.D. Mao, 1940, "Xin Min Zhu Zhu Yi Lun." In Mao Xuan, Vol.2, p. 636.

²¹ Mao, 1945, p. 983.

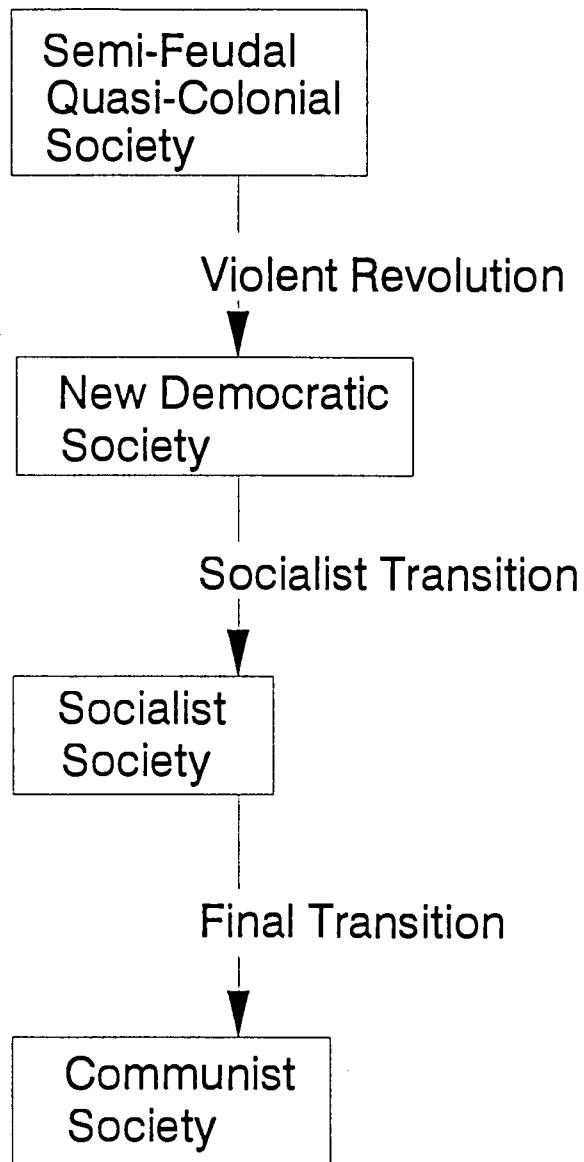


Chart 4.1. Principal Stages in the Theory of Chinese Communist Transition.

In the second sub-period of the Socialist Revolution, the task of the Chinese Communist Party was to consolidate the proletarian dictatorship, to strengthen the socialist economy by eliminating all capitalist influences and to prepare for the next transition toward a communist society.

Thus, the stage theory of China's development contains three forms of societies and three periods of transitions. The former includes a new democratic society, a socialist society and a communist society. The latter includes violent revolution to transform China from a semi-feudal quasi-colonial society to a new democratic one, socialist transition to transform China from a new democratic society to a socialist one, and final transition to change China from a socialist society to a communist society (Chart 4.1).

There were no discussions on the time schedule by Mao nor by other communist leaders of the Chinese revolution. Mao's works only emphasized that a long time period was needed for each of these sub-periods. There was no mention of any clear definition of socialism.

The Spatial Dimension of Chinese Communist Rural-Urban Relations

One striking feature between Marxist urban-biased revolutionary theory and the Chinese agrarian tradition was the strong spatial component of rural-urban relations. Marxist theory assumed that urban workers would play the leading role in communist revolution. When this principle was applied to China, Chinese communists soon learned the urban-based revolution was a failure. This led to a shift in the "working gravity" of the Chinese Communist Party (CCP) from cities to the countryside and succeeded through this shift in the spatial locus of power. These experiences gave rise to a new perception of rural-urban relations. Cities assumed the role to lead the countryside but the two were

also mutually supportive of each other. At the same time, Marxist theory continued to exert its influence. The reemphasis of cities in China's economic development soon generated a massive wave of rural-urban migration. The latter challenged the power of centralized planning, and promoted the government to use regulations to separate cities from the countryside. Free rural-urban migration was frozen. Administrative divisions cut off the linkages between industries and agriculture in production, and between rural and urban markets in circulation. Two isolated sectors (i.e., rural and urban) persisted over the last forty years but interactions between them were intensified in the 1980s.

Rural and Urban in Marxist Theory

According to orthodox Marxist theory, cities were products of capitalist development. In his The Conditions of the Working Class in England, Engels illustrated the formulation and growth of industrial cities:

Big industrial establishments need many hands massed together in one building. They have to live together and the labor force of even a relatively small factory would populate a village. Others are attracted to the vicinity of the factory to satisfy the needs of the operatives and these include such craftsmen as tailors, shoe-makers, bakers, builders and joiners. The inhabitants of the new industrial village, particularly the younger generation, become skilled factory workers and become accustomed to the new way of life. There generally comes a time when the first factory cannot employ all the workers in the industrial village. This leads to a fall in wages, which in turn attracts new industrialists to the district. In this way a village grows into a little town and a little town expands into a city. The more the town grows the greater are the advantages which it has to offer to industrialists. It has railways, canals and roads and there is an ever-growing variety of skilled labor available. Competition between local builders and engineers reduced the costs of building new factories to a level below what has to be paid when a factory is built in a remote spot to which

timber, machinery, building operatives and industrial workers have to be transported. The new town has its market and its exchange, which are crowded with buyers. It is in direct contact with the sources of raw materials and with markets in which manufactured goods can be sold. All this explains the remarkably rapid expansion of the great industrial town.²²

Marx argued that the growth of cities, or the decrease of the number of agricultural population, was a precondition of capitalist development. He pointed that:

It is in the nature of capitalist production to continually reduce the agricultural population as compared with the non-agricultural, because in industry (in the strict sense) the increase of constant capital in relation to variable capital goes hand in hand with an absolute increase, though relative decrease, in variable capital; on the other hand, in agriculture the variable capital required for the exploitation for a certain plot of land decreases absolutely; it can thus only increase to the extent that new land is taken into cultivation, but this again requires as a prerequisite a still greater growth of the non-agricultural population.²³

The growth of industrial capitalism brought about extreme concentrations of wealth in cities. It generated much immoral conduct in cities. And cities became places where the working class suffered. In cities, Engels wrote:

Everywhere one finds on the one hand the most barbarous indifference and selfish egotism and on the other the most distressing scenes of misery and poverty. Signs of social conflict are to be found everywhere. Everyone turns his house into a fortress to defend himself--under the protection of the law--from the depredations of his neighbors. Class warfare is so open and shameless that it has to be seen to be believed. The observer of such an appalling state of

²² F. Engels, The Condition of the Working Class in England. Translated by W.O. Henderson and W.H. Chalonder (Oxford: Basil Blackwell, 1958), 28-9.

²³ K. Marx, Capital: A Critique of Political Economy. Edited by Frederick Engels, Vol. 3 (New York: International Publishers, 1894), 637.

affairs must shudder at the consequences of such feverish activity and can only marvel that so crazy a social and economic structure should survive at all.²⁴

Population concentration in cities also showed important influences on the structure of the countryside.²⁵ Engels argued that the separation of towns from countryside destroyed the countrymen's spiritual bases of development. He remarked that:

The first great division of labor, the separation of town and country, condemned the rural population to thousands of years of degradation, ... It destroyed the basis of the intellectual development of the former [peasants] and the physical development of the latter [urban industrial workers]. When the peasant appropriates his land, and the citizen his trade, to just the same extent his land appropriates the peasant and his trade the citizen. In the division of labor, man is also divided. All other physical and mental faculties are sacrificed to the development of one single activity.²⁶

Thus, Marx and Engels put a strong emphasis on rural-urban relations in development. This emphasis has two important characteristics. First, cities were agents of change for communism. In cities, the conflict between the working class and the capitalist class was intensive. These conflicts stimulated the working class to consider their struggle against the capitalist class, and led to the creation and consolidation of workers' unions and the idea of socialism.²⁷

24 Engels, op. cit., 31.

25 F. Lenin, "E Guo Zi Ben Zhu Yi De Fa Zhan (1899)," in Selected Works of Lenin Vol. 1, p. 164 (Beijing: Renmin, 1972).

26 F. Engels, Herr Eugen Duhring's Revolution in Science (Anti-Duhring) (New York: International Publisher, 1939), 318.

27 Engels, (1958), 138.

Second, the rapid growth of cities at the expense of the countryside was not desirable. Marxists argued that population concentration should be avoided. Engels pointed that even distribution of large-scale industries in a country was a condition to eliminate the separation between the city and the countryside.²⁸ He argued that it was impossible to solve the housing problems if large cities remained.²⁹ Lenin, in his essay Karl Marx, discussed Marxist principles of population distribution. He believed that Marx disliked the extreme concentration of population in cities and the isolation of the countryside from cities. The extreme concentration of population was irrational and the isolation of the countryside was barbaric. Thus, it was a goal of socialism to achieve an even distribution of population.³⁰

Some Historical Lessons

The Chinese communists picked up both the characteristics of the Marxist view of rural-urban relations. During the period 1921-1949, however, the application of an urban-based power struggle caused heavy losses to the Chinese communists. Using a rural-based strategy the Chinese Communist Party managed to overthrow the *Kuomintang* (KMT, i.e., Nationalist Party) government.

Failure of the urban based power struggle (1921-1927)

According to Marxist theory, urban workers were good revolutionaries. The Soviet communist party relied on urban

²⁸ Engels, (1939), 318.

²⁹ F. Engels, "Lun Zhu Zhai Wen Ti (1873)." In Ma Ke Si En Ge Si Xuan Ji Vol. 18, pp. 233-321 (Beijing: Renmin, 1976).

³⁰ F. Lenin, "Karl Marx (1918)." In Lenin Xuan Ji Vol.2, p. 599 (Beijing: Renmin, 1960).

proletariats in its power struggle to spread its success from a few large cities over the whole country. The Chinese Communist Party (CCP) started its power struggle by following the Soviet model. Urban-based operations such as propaganda, membership expansions and organized strikes in cities dominated the CCP's agenda in the period 1921-1927. The party leaders of the CCP believed that:

peasant struggles in rural areas could never be out of the limit of guerrilla wars to gain solid success. Because without cities as its focal points and leaders, peasant uprisings could not be united to form revolutionary powers that could lead to great victory.³¹

and that:

...uprisings of urban workers is a prior condition for the consolidation and development of revolutionary victory in a larger scale uprising.³²

In 1920, the communist study groups started to found workers' organizations in several larger cities such as Shanghai, Beijing and Guangzhou. These organizations laid down the bases of urban-focused power struggle. After the founding of the Chinese Communist Party (CCP) in 1921, a "Headquarters of the Chinese Labor" was set up in Guangzhou to educate urban workers, to put out publications on the revolution, and to organize workers to fight against the capitalist class. From January 1921 to February 1922, the CCP organized more than one hundred strikes through this

³¹ Q.B. Qu, "Zhong Guo Ge Ming Shi Shen Mo Yang De Ge Ming" Bolshevik 1, no. 5 (not dated). Cited from H.W. Li, p. 2 (1984).

³² Zhong Gong Zhong Yang, 1927a, "Lin Shi Zheng Zhi Juu Kuo Da Hui Yi, Nov. 1927, Zhong Guo Xian Zhuang Yu Gong Chan Dang De Ren Wu De Jue Yi An" (Decisions on the Current Status of China and the Tasks of the CCP). In Zhong Gong Zhong Yang Wen Jian Xuan Ji (1927). Zhong Yang Dang An Guan, p. 373 (1983).

headquarters in China.³³ Workers strikes continued throughout the period of 1921-1927. Among the influential strikes were the "Er Qi Strike" in Hankou, Zhengzhou and Changxindian in 1922 and the "Wu Sa Movement" that started in Shanghai and spread to Beijing, Wuhan, Guangzhou, Nanjing, Tianjin, Qingdao, Jinan, and Hongkong in 1925. In addition, the CCP collaborated with the *Kuomintang* to conduct an urban-based revolution known as "Bei Fa". The revolutionary army started from Guangzhou in the July of 1926, fighting northward against several warlords, and occupying many cities such as Changsha, Yuezhou, Wuhan, Nanjing and Shanghai.

The Chinese Communist Party (CCP) strengthened itself by organizing armed forces on the bases of the workers' organizations. These armed forces of urban workers played a positive role in the accomplishment of the "Bei Fa". However, the *Kuomintang*, backed by the imperialist countries, saw the growing strength of the CCP as a threat. In the April of 1927, Chiang Kai-Shek, who was the party chief of the *Kuomintang* ordered the massacre of the communists in Shanghai. Tens of thousands of workers were killed. Similar operations were applied in Guangzhou, Changsha, Nanjing, Wuxi, Hangzhou, Fuzhou, Xiamen and Shantou. These massacre reduced the number of the CCP's membership from 57,000 in 1926 to 10,000 by the end of 1927.

The heavy losses of the Chinese Communist Party (CCP) in the cities did not change the urban-based revolutionary strategy at once. Rather, those strategies of urban-based power struggles became clearer in the CCP's responses to the *Kuomintang*. For instance, the CCP organized several military uprisings in response to the *Kuomintang*. All these uprisings

³³ H. Huang, Zhong Guo Gong Chan Dang San Shi Wu Nian Jian Shi (A Brief History of the Thirty Five Years of the CCP) (Beijing: Tong Su Du Wu, 1957), 13.

were targeted at occupying cities in the hope of establishing urban bases for the communist revolution. The objective of the "Nanchang Uprising" (August 1, 1927) was to occupy Guangzhou in order to prepare another "Bei Fa". The "Xianggan Bianjie Uprising" (September 9, 1927) took Changsha as its center of focus. The "Guangzhou Uprising" (December 11, 1927) was expected to take Guangzhou as a revolutionary base. However, all these urban-based attempts failed, as some researchers summed up:

during this period [1921-1927], the central committee and all the local party branches that exactly applied the strategy of central city uprising, or that took it as the final goal to attack a city after rural peasant-uprisings, were eventually failed,...³⁴

Success of a rural based power struggle (1928-1948)

The failure of urban-based revolution in the period 1921-1927 gave rise to the idea of "armed separation". The "armed separation" was to set up revolutionary bases in certain areas where the control of the *Kuomintang* government and other warlords were weak.³⁵ Most of the uprisings of the late 1927 and 1928 ended up with the occupation of certain rural areas, such as the occupation of *Jinggang* Mountain in *Jiangxi* Province by the *Xianggan Bianjie* Uprising and the *Hai Lu Feng* area in *Guangdong* Province by the *Hai Lu Feng* Uprising. The Chinese Communist Party (CCP) thought that "armed separation" was one necessary step to prepare for urban uprisings, as the CCP Central Committee pointed out in a letter to its Fourth Army, that:

³⁴ H.W. Li, Zhong Guo Ge Ming Dao Lu De Li Lun Yan Jiu (Jilin: Jilin Renmin, 1984), 3.

³⁵ Zhong Gong Zhong Yang, Oct. 1, 1927b, "Zhong Yang Dui Chang Jiang Juu De Ren Wu Jue Yi An," pp. 314-315; idem., Nov. 15, 1927c, "Zhong Yang zhi Liang Hu Xin," pp. 417-419. All in Zhong Yong Dang An Guan, Zhong Gong Zhong Yang Wen Jian Xuan Ji (1927).

Uprising at provincial scale can only be successful under the condition that we have several separated areas surrounding the strategic locations of the province.³⁶

The idea of urban-based revolution continued for a long time after 1927.³⁷ Even Mao himself, as one pioneer who always encouraged the role of peasants in the Chinese revolution, took it to be the goal of the "armed separation" to prepare for another urban-based power struggle.³⁸

At the beginning of 1930, the revolutionary bases of the Red Army covered more than three hundred counties that were scattered in ten provinces. Some of those counties isolated Nanchang, the capital of Jiangxi Province, from the rest of the areas. This situation probably gave rise to the idea of "from countryside to cities". Mao, in a letter to one of his military commanders, Lin Biao, criticized the urban-based revolutionary theory for ignoring the Chinese reality. He thought that:

the policy of the single guerrilla war will not stimulate the nation-wide revolution to reach its peak. No doubt, the policies that were used by Zhu De and Mao Zedong, and Fang Zhimin who created their revolutionary bases were correct...³⁹

Thus, arguments were expressed on whether the Chinese Communist Party should shift its emphasis of revolution from cities to countryside.

³⁶ Zhong Gong Zhong Yang, June 4th, 1928, "Zhong Yang Zhi Zhu De, Mao Zedong Bing Qian Wei De Xin." In Zhong Gong Zhong Yang Wen Jian Xuan Ji (1928). Zhong Yang Dang An Guan, p. 245 (1989).

³⁷ Z.D. Mao, 1938, "Zhan Zheng He Zhan Luo Wen Ti." In Mao Xuan Vol.2, p. 509 (1969).

³⁸ E.L. Zhou, Zhou Enlai Xuan Ji (Shang Juan), (Beijing: Renmin, 1980), 179.

³⁹ Z.D. Mao, 1930, "Xing Xing Zhi Huo Ke Yi Liao Yuan," in Mao Xuan Vol.1, p. 96 (1969).

The Chinese Communist Party (CCP) Central Committee, then headed by Li Lisan, insisted on the strategy of urban-based revolution. Li responded to the idea of "from countryside to cities" quickly. In 1930, Li Lisan pointed that:

the proletarian class is the decisive power that determines the success or failure in the struggle to take over within one or several provinces. It is absolutely impossible to take over in one or in several provinces without central city, without industrial region and particularly without strikes of railway workers and sailors. The desires to take over "from countryside to cities" and "to occupy cities by Red Army" were nothing but unrealistic, which is absolutely wrong.⁴⁰

Opponents of Li argued that a shift of working emphasis to rural areas would benefit the revolution because peasant uprisings were getting stronger and more mature than the struggle of the urban workers. Thus, the emphasis on cities in the CCP's agenda was misleading.⁴¹

Supporters of the urban-based revolution further defended themselves by using orthodox Marxist theory. They argued that the theory of "from countryside to cities" tended to ignore cities and urban workers. Therefore, "from countryside to cities" was off the track of Marxism.⁴²

The result of the debate on the theory of "from countryside to cities" was that Mao Zedong lost power in the period 1930-1935. It was believed that due to the ignorance of the theory of "from countryside to cities", many

⁴⁰ L.S. Li, 1930, "Xin De Ge Ming Gao Chao Qian Mian De Zhu Wen Ti." In Zhong Gong Zhong Yang Wen Jian Xuan Ji (1930). Zhong Yang Dang An Guan, p. 60, (1983).

⁴¹ Hong Qi, April 15th, 1930.

⁴² Hong Qi, May 14th, 1930.

revolutionary bases were destroyed and the Red Army was forced out of its way on the Long March.

In 1935, Mao gained control over the Chinese Communist Party (CCP) in a meeting held in Zunyi, Guizhou Province. From then on, the theory of "from countryside to cities" was well accepted by the CCP as its principal strategy of power struggle. This strategy guided the establishment of many revolutionary bases during the Anti-Japanese War (1938-1945). By 1945, when the Japanese surrendered, these revolutionary bases covered more than 950,000 square kilometers where more than 100 million population lived. With the support of these revolutionary bases, the CCP defeated the *Kuomintang* Government and its army, and founded the People's Republic of China in 1949.

Although the theory of "from countryside to cities" helped the Chinese Communist Party (CCP) to strengthen itself and to take over in China, its divergence from orthodox Marxist theory's emphasis on the role of urban proletariats raised many doubts about the nature of Chinese revolution. The Communist International indicated several times that the Chinese revolution was off the road of Marxism. The CCP defended itself by arguing that the CCP was a pioneering group of the proletarian class. And the latter sent the CCP to work with peasants in the countryside. Further, the CCP claimed that they created a proletarian class in the countryside by recruiting, persuading, forcing people from other classes to accept their ideas.⁴³ A recent study indicated that in the *Gutian* Meeting in 1928, the Red Army was called upon to eliminate non-proletarian influences and to brainwash its soldiers.⁴⁴

⁴³ E.L. Zhou, "Guan Yu Dang De Liu Da De Yan Jiu, (1944)," in Zhou Enlai Xuan Ji (Shangjuan), 178-179.

⁴⁴ H.W. Li, op cit., 143.

Rural-Urban Relations in Perspective

Perception of the rural-urban relations

From the failure of the urban-based power struggle and the rural-based success, the Chinese Communist Party learned that both rural and urban areas contributed to the Chinese revolution and development, but in very different ways. The urban sector possessed modern industries and workers, which formed the backbone of revolution and the key for economic growth. At the same time, cities contained a large number of the "parasitic" class. The latter included the bureaucratic capitalist class and landlords. They formed a strong alliance to fight against the communist revolution in the period before 1949. This alliance made cities counter-revolutionary fortresses. While the military strength of that counter-revolutionary alliance was no longer in existence after 1949, the ideological influence of that alliance remains a potential obstacle to China's development.

The Chinese communist leaders viewed the countryside as containing inexhaustible energy that helped the communists during its violent revolution. They believed that the countryside would help to achieve further political and economic goals of the Chinese communism. Chinese peasants did not only provide abundant human resources to strengthen the communist military power, but also gave full material support to the communist army.

These perceptions of the role of rural and urban in Chinese revolution and development gave rise to a new image of the Chinese rural-urban relations. This new image has two principal characteristics. First, the rural-urban relation is a relation between a leader-sector and a follower-sector, i.e., urban workers are leaders while peasants are followers, or industry is a leader while agriculture is a

follower.⁴⁵ The leader-sector versus follower-sector relationships suggested that the organization of agricultural production has to meet the requirements of industrial growth. The latter could not possibly be based on the existing small-scale, self-sufficient, peasant economy. Collective organizations had to grow for the sake of industrial growth. The rationale for this perception was threefold: (1) industrial workers were much more revolutionary than peasants, according to orthodox Marxism, (2) only if the industrial sector had been advanced would agriculture be modernized, and (3) only if China had become industrialized would she be strong in international affairs. Second, the cities and the countryside should be mutually supportive of each other.⁴⁶ Industrial development would provide mechanical tools for the agricultural sector and thus increase productivity in countryside. The development of agriculture would release labor from the farms, provide sufficient raw materials for the urban sector, and generate a large market.

The new image of rural-urban relations in China was legitimized by the Constitution. In the Constitution of the People's Republic of China (PRC) in 1953, the Chinese Communist Party (CCP) defined the PRC as a nation under the leadership of the working class, and on the basis of the alignment between workers and peasants.⁴⁷ This constitution affirmed the leading role of the industrial workers, and provided the legal base for the mutual support and integration between the rural and the urban sectors.

⁴⁵ Du Ze Shu Dian, Lun Cheng Xiang Guan Xi (On the Rural-Urban Relations) (Tianjin: Du Ze Shu Dian, 1949), 15.

⁴⁶ Ibid., 16.

⁴⁷ "Zhong Hua Ren Min Gong He Guo Xian Fa" (The Constitution of the People's Republic of China) 1954. In Fa Gui Hui Bian (1954.9-1955.6). Guo Wu Yuan Fa Zhi Juu, p. 6 (Beijing: Faluu, 1956).

The "working gravity" of the Chinese Communist Party

From 1945 to 1949, the communist military occupied an increasing number of cities. This gave rise to a new issue in the communist agenda, i.e., how to organize the urban communities and industrial production. The above question was certainly a great challenge to the Chinese Communist Party (CCP) because more than 90 percent of its members were peasants. During the Second Session of the Seventh Plenary Meeting of the Central Committee of the CCP, the party leaders concurred that its "working gravity", i.e., the top priority on the Party's agenda, should be shifted from the countryside to the cities. Mao Zedong pointed that:

From now on, [we] start a new period in which our strategy is "from cities to the countryside" and "cities leading the countryside". The "working gravity" of the party has been shifted to cities. ...[We] have to make great efforts to learn how to manage cities and how to construct cities. ...⁴⁸

City governments were quickly established. Regional, provincial and prefecture governments were all moved out of the countryside and resettled in cities. Large numbers of military personnel were relocated by the party to serve urban governments and to manage factories. Thus, after two decades of exile from cities, the Chinese Communist Party started to use cities as revolutionary bases again.

The principal reason that placed the "working gravity" of the party in cities was that cities possessed industries and workers. Therefore, the shift of "working gravity" brought the Chinese Communist Party (CCP) back to the orthodox Marxist track toward communism. For the CCP, the strategy of "from the countryside to the cities" was only a special solution in the historical context. It was only a product of the Chinese social reality in the first half of

⁴⁸ Mao, 1949a, p. 1317.

the century, i.e., the *Kuomintang* (KMT) was too strong in the cities but was weak in the vast countryside.⁴⁹

But the reemphasis of cities in the agenda of the Chinese Communist Party (CCP) in this new period was different from that in the period 1921-28. Urban-based power struggle in the early years of the CCP emphasized the cities to the extent that the countryside was overlooked. The single focus on urban workers, which was directly borrowed from the orthodox Marxist theory and the Soviet experience, resulted in the failure of the CCP. However, by the late 1940s, leaders of the CCP were much influenced by the rural success during the period 1928-49. This influence was not insignificant in guiding the CCP to shift its "working gravity". As Mao pointed:

... Both rural and urban sectors have to be considered. [We] have to setup close linkages between the urban agenda and the rural agenda, between workers and peasants, between industries and agriculture. Never ignore the countryside and only emphasize cities. ...⁵⁰

The interaction between the rural and urban sectors was regulated by the planned economic system. As early as 1949, the Chinese Communist Party proposed a system of *Gong Xiao He Zuo She* (supply and marketing cooperatives) to link the cities and the countryside.⁵¹ It was assumed that the state would supply industrial products to the countryside through *Gong Xiao He Zuo She*, and that the state would collect agricultural products through *Gong Xiao He Zuo She*. These supply and market cooperatives would integrate those scattered peasants to serve urban industries.

⁴⁹ Mao, 1936, "Zhong Guo Ge Ming Zhan Zheng De Zhan Lue Wen Ti." In Mao Xuan Vol. 1, pp. 173-4 (1969).

⁵⁰ Mao, 1949a, p. 1317.

⁵¹ Du Ze Shu Dian (1949), 16-17.

Distinguishing the Urban Sector from the Rural Sector:
the Legal Bases

During the 1950s, the State Council issued two important regulations to distinguish the urban sector from the rural sector. One of these regulations was The Standard of Rural Urban Classification, which was endorsed in 1955. There were two criteria used for being urban (*Cheng Zhen*): (1) places that accommodated a government of the county-level or higher; (2) places that had a regular population of over 2000 and of which more than 50 percent were non-agricultural. The urban sector was further divided into cities and market towns. The former were those urban places that were administered directly by the central government or provincial governments, and those seats of county governments where they had a population of more than 20,000. All other urban places then were classified as market towns. The reason for distinguishing the urban from the rural was to facilitate administration. The government perceived different economic conditions and life styles between cities and the countryside. The urban sector had to be treated differently from the rural sector. Thus, it was essential to identify the two sectors.

Two policies/regulations on the distribution of medical services and grain supplies were good examples which illustrate the different treatment of the rural and the urban sectors by the government. In 1952, the State Council (then known as *Zheng Wu Yuan*) endorsed a policy of free medical care for those who were working in government and/or non-commercial organizations.⁵² According to this policy,

⁵² Zheng Wu Yuan, June 27, 1952, "Guan Yu Quan Guo Ge Ji Ren Min Zheng Fu, Dang Pai, Tuan Ti Ji Suo Shu Shi Ye Dan Wei De Guo Jia Gong Zuo Ren Yuan Shi Xing Gong Fei Yi Liao Yu Fang De Zhi Shi." In Zhong Hua Ren Min Gong He Guo Xian Xing Fa Gui Hui Bian (Collection of the Current Laws of the People's Republic of China). Guo Wu Yuan Fa Zhi Juu, pp. 417-19 (Beijing: Faluu, 1987).

the government would pay all the medical expenses for the patients except food. Medical expenses of workers and staff of collectively-owned enterprises were paid by the enterprise similar to those who worked in the government and/or the state sector. Because of the location of these governments, state-owned and collectively-owned enterprises were in cities, urban residents were channeled to receive these free medical services. In 1955 regulations were endorsed for the supply of grain. Urban residents were grouped into nine categories according to their employment and age. Those involved included: (1) super heavy manual work; (2) heavy manual work; (3) light manual work; (4) mental work; and those who were (5) university or high school students; (6) ordinary residents over ten years of age; (7) children between six to ten year old; (8) children over three but under six; and (9) children under three years. The amount of supply was fixed. The levels of supply decreased in quantity from category (1) to (9).⁵³ Rural residents were divided into three categories according to the volume of grain that they produced. They were households: (1) with surplus of grain; (2) sufficient but without surplus of grain; (3) insufficient grain to feed themselves. Categories (1) and (2) were not qualified for state supply, while category (3) was qualified.⁵⁴ Given the "working gravity" in cities, however, urban residents were better guaranteed than peasants in grain supply during period of food shortage.

The centralized control of the Chinese economy had not eliminated the possibility of free migration until 1958. The

⁵³ Guo Wu Yuan, August 25, 1955a, "Shi Zhen Liang Shi Ding Liang Gong Ying Zan Xing Ban Fa." In Fa Gui Hui Bian, Guo Wu Yuan Fa Zhi Jiu, p. 568 (1957).

⁵⁴ Guo Wu Yuan, August 25, 1955b, "Nong Cun Liang Shi Tong Guo Tong Xiao Zan Xing Ban Fa." In Fa Gui Hui Bian, Guo Wu Yuan Fa Zhi Jiu, p. 580 (1957).

lack of control over the latter gave rise to the possibility of extensive rural-urban migration. Peasants were attracted by the better living standards and the potential growth of income in cities. It was apparent that the state had allocated a large amount of resources to cities in order to improve the living and working conditions and to setup industrial bases. Also peasants were pushed to the cities by rural poverty, especially in provinces that experienced natural disasters such as flooding. In the mid-1950s, rural-urban migration reached a level that threatened social stability and the supply of grain in cities. This caused a shortage of labor in the countryside. Thus, it became urgent for the government to stop "blind" migrations.⁵⁵ Many provincial governments had also passed decisions to curb rural-urban migration. But the effects of these efforts were limited.

Thus, in order to further distinguish individuals of the urban from the rural and to reduce "blind" rural-urban migration, the central government worked out a household registration system in 1958. All Chinese citizens were required to register in the place where he or she was a permanent resident. These registrations were then classified into either *Nong Ye Hu Kou* (member of agricultural household) or *Cheng Zhen Hu Kou* (member of urban household). The initial classification was based on employment and residence of the head of the household. Those who lived in urban places and worked in non-agricultural sectors were considered urban; those who lived in urban places but worked in agriculture were regarded agricultural; those who lived in the countryside were agricultural except those who worked in the state sector (i.e., government agencies and/or state-

⁵⁵ Guo Wu Yuan, "Guo Wu Yuan Guan Yu Fang Zhi Nong Cun Ren Kou Mang Mu Wai Liu De Zhi Shi." In Zhong Hua Ren Min Gong He Guo Fa Gui Hui Bian. Guo Wu Yuan Fa Zhi Juu, pp. 225-26 (Beijing: Faluu, 1956).

owned factories). The latter should be non-agricultural. Family members of a household usually follow the mother's registration. After the establishment of this initial registration system, people were born to be agricultural or non-agricultural, depending on the registration status of the mother.

According to Luo Ruiqing, who was the head of the Security Bureau of the People's Republic of China and was responsible for formulating the household registration system, the purposes of this system were threefold. First, this system provided an important tool for economic planning. It would help the government to obtain information on the distribution and change of population and thus to facilitate the implementation of the policy of *Tong Go Tong Xiao*, to plan the use of human resources, and to control the growth of population. Second, *Hu Kou* would help to identify an individual. It would provide personal information that would qualify one to buy grain and textile products. Third, it would help to reinforce the security control over society.⁵⁶

The household registration system eliminated the possibility of free migration from the countryside to the cities. In its tenth clause, it stated that:

Citizens who want to migrate from the countryside to a city have to show a certificate of employment that is issued by the labor bureau of the city, or an admission certificate to a school of the city, or a permit for registration from the security bureau of the city. He/she has to report to his/her original agency of registration to complete the procedures for emigration.⁵⁷

⁵⁶ R.Q. Luo, "Guan Yu Zhong Hua Ren Min Gong He Guo Hu Kou Deng Ji Tiao Li Cao An De Shuo Ming." In Fa Gui Hui Bian Guo Wu Yuan Fa Zhi Juu, p. 210 (1958).

⁵⁷ "Zhong Hua Ren Min Gong He Guo Hu Kou Deng Ji Tiao Li." In Fa Gui Hui Bian, p. 206 (1958).

Three reasons were contained in the tenth clause. All of the three reasons emphasized the negative influences of the uncontrolled or "blind" migration. They included: (1) overburdened transportation, housing, supply, employment and education in cities; (2) labor shortage in the countryside; and (3) unemployment in cities and threatened social stability.⁵⁸

These regulations of classification between the rural and the urban places, and between the *de facto* rural and the urban population separated cities a step further from the countryside. In 1952, the Chinese Communist Party initiated a policy of *Tong Go Tong Xiao* (monopolized buy and sell), and thus cut off the direct linkages between rural producers and urban manufacturers. During the period of socialist transition (1952-57), the government applied a policy of *Jia Gong Ding Huo* (production by contract). This policy required private industrialists to buy their raw materials and sell their products through the state. Now the household registration system anchored Chinese on the land!

In addition to these changes in the 1950s, the further division of administrative responsibilities between government ministries reinforced the rural-urban separation. In the realm of production, city governments assumed the responsibility of industrial administration. Many cities that were administered directly by the provincial governments had two sets of governments--one was local government of the city, and the other was a branch of the provincial government which some times was known as the prefecture branch (*Di Qu Xing Shu*). The former was responsible for the production and marketing of the industries in the city, while the latter looked after the countryside in the tributary area of the city. These two

⁵⁸ R.Q. Luo, *op. cit.*, 212.

sets of governments only interacted through the provincial government, even though in many cases the industries used local agricultural products as their inputs and the agricultural sector consumed a large volume of the local industrial outputs. Inefficiency in the economy thus resulted, because the necessary inputs of materials that were produced by a neighbor were often brought to the centers of collection and were then redistributed to users, rather than brought to the user directly from the supplier.

In the realm of circulation, the urban and rural sectors were served by different ministries. The Ministry of Commerce (MOCOMM) was responsible for wholesale and retail outlets in cities and to ensure the supply of commodities to urban residents. In the countryside, the National Supply and Marketing Cooperative (NSMC) was in charge. Both MOCOMM and NSMC have fixed/planned channels for the sources of commodities. In order to serve better each of their customers, the two competed to find sufficient and good quality industrial and handicraft products. By and large, the NSMC was rich in agriculture by-products, while the MOCOMM controlled large volumes of industrial products. However, the two systems blocked each other because their administrative jurisdictions were defined by the boundary of cities.⁵⁹

The Fiscal Status of Cities in China's Development

The role of Chinese cities in national fiscal planning is twofold. First, cities are the major sources of government income. Table 4.5 shows the major sources of income of the central government. Among the four sources listed, the incomes that generated directly from industry and from industrial and commercial taxes were mainly urban

⁵⁹ Z. Wang, Zhong Guo Shi Jing Ji Ti Zhi Yan Jiu (Guangzhou: Guangdong Renmin, 1983), 263.

based. They contributed 45.18 percent in 1952, 80.71 percent in 1965, 79.54 percent in 1978, 87.50 percent in 1980 and 76.09 percent in 1984. In contrast, agricultural tax contributed only a small portion to the national income. In 1952 when it made its highest share of the national income in comparison to its share in other selected years, the agricultural tax only accounted 14.70 percent. In 1980 it only contributed 2.55 percent to the national income. In 1984, it made up 2.30 percent of the national income.⁶⁰

Second, cities are fiscal burdens to the central government. In order to maintain a large urban population, cities have to be supplied by a large volume of grain and a considerable investment for free medical services, housing and other subsidies. The supply of grain, urban housing and the free medical services cost the central government plenty of money. Because the rent of urban housing was very low, which averaged at 0.1-0.8 Yuan (i.e., about \$0.03-0.23 US) per square meter and accounted for 2 percent of the monthly income per capita in the mid-1980s, the capital returns from it could hardly be sufficient to maintain the existing housing stock.⁶¹ Besides, the government spent a lot of money to subsidize urban residents on food and vegetables. These subsidies were in a hidden form because the urban residents did not receive money directly from the government. Rather, they were supplied with goods at very low prices. Cabbage in Beijing, for example, was supplied by

⁶⁰ The contrast between the contributions of cities and that of the countryside may be overestimated if the price factor is considered. Over the years the government deliberately kept the price low for agricultural products in order to generate favorable market conditions for industrial growth. Even though the price factor is considered, cities are still the principal source of national income.

⁶¹ Z.C. Zhang and C. Lin, Zou Xiang Zhu Fang Shang Pin Hua (Beijing: Nong Cun Du Wu, 1988), 4-5.

state-owned stores at a price that was about half of that the government paid to cabbage farmers.

Table 4.5.--Major Sources of Income of the Central Government, 1952-84 (billion Yuan)*

	1952	1965	1978	1980	1984
Industry	21.5	216.5	440.4	448.2	385.3
Industrial and Commercial Taxes	61.5	165.5	451.3	501.4	757.5
Agricultural Tax	27.0	25.8	28.4	27.7	34.6
Others**	73.7	65.5	201.0	107.9	324.5
Total	183.7	473.3	1121.1	1085.2	1501.9

Note: * Data of the contributions from each sector after 1984 are not available. It is not possible to compare the pre-1984 data, because of the *Li Gai Shui* reform. The latter attempted to set up a taxation system. Therefore new data do not include the category of industrial income. The industrial and commercial taxes have become more diversified.

** This category includes income yielded from enterprises other than industries.

Source: Guo Jia Tong Ji Juu 1987c. Zhong Guo Tong Ji Zhai Yao 1987. Beijing: Zhong Guo Tong Ji.

The construction and maintenance of urban infrastructure, such as the facilities of water supply, sewage system and transportation, cost the central government money. In the 1950s, there was a specific account for urban investment in the fiscal plans of the central government. The government also had a flexible account to subsidize urban construction and maintenance. The recipients of this flexible account were industrial cities. Those cities that had larger industrial bases got more investment than cities that had few industries. Due to budget constraints and the emphasis on "production", investments in urban construction and maintenance were far from sufficient. Since 1961, the State Council made constant efforts to define regular sources for urban construction and

maintenance.⁶² Shenyang, Liaoning Province, was the first city to use 5 percent of its industrial and commercial taxes for the construction and maintenance of its infrastructure. In 1962, sixty-four cities of large and medium size were allowed to use part of their taxes, like Shenyang. For county towns, the above fiscal privileges were not allowed.⁶³ In 1965, the specific account for urban investment was removed from the national fiscal plans. The construction and maintenance of urban infrastructure and housing came to a halt. In 1973, regular sources of urban investment came from additional charges on public user fees (*Cheng Shi Gong Yong Fei Fu Jia*), additional taxes on industrial and commercial taxes (*Gong Shang Shui Fu Jia*), and planned investment by the state (*Guo Jia Yu Suan Buo Kuan*). There was severe mis-use of these resources according to a report. In many cities money that was planned for the purpose of urban construction and maintenance was used to buy luxury vehicles or to build new industries.⁶⁴ The absolute shortage of investment resulted in serious problems such as housing shortages, poor transportation and overloaded infrastructure in cities.⁶⁵

The Third National Urban Conference in 1978 made efforts to increase investment for urban construction. County towns were allowed to collect tax for the improvement

⁶² Dang Dai Zhong Guo Bian Ji Bu, Dang Dai Zhong Guo De Cheng Shi Jian She (Beijing: Zhong Guo She Hui Ke Xue, 1990), 84-87.

⁶³ Cai Zheng Bu, June 26 1964, "Guan Yu Zheng Yong Gong Yong Shi Ye Fu Jia De Ji Xiang Gui Ding." In Zhong Hua Ren Min Gong He Guo Xing Zheng Fa Gui Xuan Bian (Selected Administrative Regulations of the People's Republic of China). Guo Wu Yuan Fa Zhi Jiu, pp. 386-7 (Beijing: Faluu, 1991).

⁶⁴ Dang Dai Zhong Guo Bian Ji Bu, Dang Dai Zhong Guo De Cheng Shi Jian She (1990), 99-100.

⁶⁵ L. Zong, op. cit., 170-81.

of their infrastructure, similar to the way cities collect tax. More and more cities (47 in 1979 and 150 in 1984) were allowed to take 5 percent from its industrial and commercial taxes. The central government reopened the specific account of its fiscal plans for the construction of urban housing and infrastructure. In 1985, the State Council endorsed the Temporary Regulations on Taxation for Urban Construction and Maintenance in the PRC, which defined a stable source to finance urban infrastructure. According to this regulation, all tax payers were obliged to contribute to the construction and maintenance of cities. The rates of contribution were determined by the location of tax payers. Those tax payers located in the cities were taxed at a higher rate than those in the towns, while those in non-urban locations were taxed at the lowest rate.⁶⁶ By introducing this regulation, the use of 5 percent of industrial and commercial taxes, additional tax on industrial and commercial taxes and state subsidies was terminated. Only the collection of additional charges on public user fees continued.⁶⁷

In addition, the free use of urban infrastructure such as streets, bridge, canals and sewage was replaced by paid services. Cities such as Shenyang and Beijing started to collect user fees from new constructions. The use of urban land was no longer free. Land use taxation started in 1988. The rates of taxation vary from towns to large cities. The highest rate was in large cities (10.00 Yuan per square

⁶⁶ A rate of 7 percent was charged for those enterprises that were located in inner-city, 5 percent for those in towns, and 1 percent in non-urban sites.

⁶⁷ Dang Dai Zhong Guo Bian Ji Bu, Dang Dai Zhong Guo De Cheng Shi Jian She (1990), 130.

meter), while the lowest rate was in towns (0.2 Yuan per square meter).⁶⁸

The growth of cities and towns and urban population increased government spending on administration. Towns and cities were administrative units in China's administrative division.⁶⁹ The governments of towns and cities were components of the governing system. According to the Law of Government Organizations, the number of government personnel was determined by the rank of the government (i.e., central, provincial, city, county and township).⁷⁰ Governing expenses such as staff salary, office equipment, meeting budgets were allocated accordingly. Therefore, an increase in the number of towns and cities would result in an increase in spending.

Advantages of being Urban

Urban residents had the advantage of many urban benefits. They were better supplied with both agricultural and manufacturing products than peasants. They received even better free medical services, low rent public housing and low cost public transportation, as well as the amenities that were only available in cities. Urban residents were given the priority to be employed in non-agricultural

⁶⁸ Guo Wu Yuan, 1988b, "Zhong Hua Ren Min Gong He Guo Cheng Zhen Tu Di Shi Yong Shui Zan Xing Tiao Li." In Zhong Hua Ren Min Gong He Guo Fa Gui Hui Bian. Edited by Guo Wu Yuan Fa Zhi Juu, p. 263 (Beijing: Faluu, 1990).

⁶⁹ J.X. Chen, "Zhong Guo Cheng Shi Xing Zheng Qu Hua Guan Li De Xing Cheng He Fa Zhan." In Zhong Guo Cheng Shi Jing Ji She Hui Nian Jian 1990, p. 189 (Beijing: Zhong Guo Cheng Shi Jing Ji, 1990).

⁷⁰ Si Fa Bu Fa Zhi Juu, 1986, "Zong Hua Ren Min Gong He Guo Di Fang Ge Ji Ren Min Dai Biao Da Hui He Di Fang Ge Ji Ren Min Zheng Fu Zu Zhi Fa." In Zhong Hua Ren Min Gong He Guo Xing Zheng Fa Gui Xuan Bian (Shang Juan), Si Fa Bu Fa Zhi Juu, p. 63 (Beijing: Faluu, 1991).

sectors, which was the key for individuals to gain access to life style that was guaranteed by the state (i.e., free medical care, low cost housing and subsidized supplies).

There were no serious disadvantages for an individual to be an urban resident. The only aspect that some urban residents may consider to be a disadvantage was that urban residents were expected to adopt an urban life style. The State Council enforced a regulation which prohibits dogs in the cities.⁷¹ This may be hard for those who have a strong rural background--as dogs were loved by country folks. The sanitation requirements of urban cleanliness may be hard for some urban residents who are not allowed to litter garbage. Many cities would not allow residents to raise chickens in the urban environment. Some towns would not allow spitting.⁷² New urban residents have to be careful so that they do not get penalized for their rustic habits.

The strict administration of household registration helped to separate the urban sector from the rural sector. This sometimes led to the use of non-agricultural registration status as some sort of reward. The central government allowed families of mine workers who had worked for a certain period of years to be registered non-agricultural.⁷³ A similar policy was extended to families of army commanders who had served in the remote border

⁷¹ Wei Sheng Bu, Nong Ye Bu, Dui Wai Mao Yi Bu, Quan Guo Gong Xiao Zong She, 1980, "Jia Quan Guan Li Tiao Li." In Fa Gui Hui Bian, Guo Wu Yuan Fa Zhi Juu, pp. 358-359 (1986).

⁷² For example, see "Hubei Sheng Cheng Zhen Wei Sheng Guan Li Ban Fa," pp. 2272-2275; "Guangdong Sheng Cheng Shi Wei Sheng Guan Li Zan Xing Ban Fa," pp. 2461-2463; "Qingdao Shi Shi Rong He Huan Jing Wei Sheng Guan Li Ban Fa," pp. 2060-2064. All in Di Fang Xing Fa Gui Xuan Bian (Beijing: Zhong Guo Jing Jin, 1991).

⁷³ Guo Wu Yuan, 1984a, "Guan Yu Mei Kuang Jing Xia Zhi Gong Jia Shu." In Fa Gui Hui Bian (1984 1-12), Fa Zhi Juu, p. 95 (1986).

regions or islands.⁷⁴ The implementation of these policies stabilized the working initiatives of mine workers and army commanders. In the case of mine workers, their productivity increased as a result of such a policy. Given the attractiveness of urban status, it is not difficult to see that non-agricultural registration had become a commodity. Many cities and towns sold non-agricultural registration status to peasants for a high price. This was a serious problem to the central government as it threatened the planned economy.⁷⁵

Whither Rural-Urban Integration?

Rural-urban integration continued to be a goal in China's development. The experiments of urban communes and the *Daqing* Model were attempts to integrate peasants and workers. Given the isolation between urban and rural by the regulations, how could the two be possibly integrated? In the 1960s and the 1970s, the government decentralized many urban industries to the countryside. There is evidence that these industries, or, non-agricultural outlets in general, overlap rather than integrate with the rural sector in the same geographical area. During his research in Dongying City, Shandong Province, this writer discerned three general income groups (viz., staff and workers affiliated with the oil field, people working in local non-agricultural sectors, and peasants). Dongying became a city in 1984 because of its rich endowment of crude oil. It has remained as the second largest oil field (*Sheng Li* Oil Field) in China, only next to *Daqing* since the 1960s. The population of Dongying City

⁷⁴ Guo Wu Yuan and Zhong Yang Jun Wei, 1989, "Jun Guan Gan Bu Jia Shu Nong Zhuan Fei." In Fa Gui Hui Bian. Fa Zhi Jiu, pp. 217-218 (1990).

⁷⁵ Guo Wu Yuan, 1988a, "Guan Yu Zhi Zhi Yi Xie Shi Xian Gong Kai Chu Mai Cheng Zhen Hu Kou De Tong Zhi." In Fa Gui Hui Bian. Fa Zhi Jiu, pp. 116-117 (1990).

therefore belongs to three administrative systems: (1) the workers of the oil field; (2) the non-agricultural population; (3) the ordinary peasants. According to statistical publications of Dongying City in 1987, the average income of oil workers was 1500 Yuan per annum; the average income of the non-agricultural labor force was about 800 Yuan per annum; the average income of the peasants was less than 400 Yuan per annum. Each system had its own sources of supply of daily needs. The oil workers brought their grain, vegetables, meat and fruit from other regions, under the arrangement of the central government. The non-agricultural population was supplied by commercial outlets that were set up by the Ministry of Commerce. The peasants produced their agricultural goods but not industrial products. The oil workers had their own theaters and schools, which were not open to the local residents, regardless of whether they were peasants or non-agricultural households.

This overlapping rather than integrating between the rural and the urban sector was also obvious in the Third Line industrial bases. Third Line industries had their supplies allocated directly by the central government. Although they were located close to rural communities, people of the factories interacted rarely with the surrounding peasants. This was the reason why the Third-Line factories were sometimes known as the "Flying Land". The latter refers to the isolation of the factories that were rootless in the local communities.⁷⁶

⁷⁶ Y. Huang, "San Xian Qi Ye She Qu Yu Xi Bu Cheng Shi Hua Dao Lu Chu Tan," In S.K. Du, ed., p. 132 (1988).

Chinese Rural-Urban Relations in the 1980s

In the 1980s, the basic structure of rural-urban relations and the fiscal role of cities remained. The Chinese were still grouped into agricultural and non-agricultural populations according to their registrations. Cities continued to be the major sources of government income and at the same time continued to be the fiscal burdens of the government.

But there were several important changes. First, the administrative separation between the cities and the countryside was mended. The *Shi Dai Xian* system that was introduced in 1984 tried to integrate the production of industries with agriculture and to integrate the urban market with the rural market. Experience proved that the *Shi Dai Xian* system worked well. It promoted interactions between the cities and the countryside and increased the efficiency of production in both the rural and the urban sectors.⁷⁷ Some scholars argued that the *Shi Dai Xian* system continued the shift of the "working gravity" from the countryside to the cities. This was true only if the administrative boundaries between the rural and the urban were destroyed, otherwise it would not be possible to use city governments to guide the countryside.

Second, rural-urban interactions were intensified by the growth of the private economic sector. The Chinese government encouraged the growth of private economy in order to reduce the unemployment rate in cities and to activate the rigid socialist economy. The private sector stimulated the circulation of commodities among cities and between cities and the countryside. Further, peasants were invited

⁷⁷ J.K. Qian, "Shi Guan Xian Yu Fa Hui Zhong Xin Cheng Shi Zuo Yong." In Zhong Deng Cheng Shi Fa Zhan Zhan Luo. Edited by D.L. Tong and G.Y. Yu, p. 72 (Hefei: Anhui Renmin, 1984).

to bring agricultural products to the cities. Peasant business was seen as not only complementary to the planned supply to urban residents, but also as new blood to urban markets.⁷⁸

Third, uncontrolled or "blind" rural-urban migration became possible because the economic reform dismantled rural communes and created job opportunities in cities. The "floating population" in cities was a result of the uncontrolled migration. It made up 20 percent of the population of many large- and medium-sized cities in the 1980s.

Fourth, cities were no longer perceived to be merely industrial centers, but also were multiple functional centers. The Chinese government tried to use cities as the principal organizers of economic regions, because they regarded the cities as transportation, marketing, communication, industrial and administrative centers.⁷⁹

Chinese Experimental Strategies in Development

One consequence of the sharp contrast between Marxist theory and Chinese agrarianism is a series of experimental strategies. In orthodox Marxist theory, communist or socialist societies grew out of capitalism rather than from feudalism. A transformation toward communism from agrarianism was unprecedented. This led to the experiment of a series of strategies in China's communist development. Cities were important components of these strategies because

⁷⁸ B.J. Zhao, "Liang Tong Tu Pe, Fang Kai Gao Huo." In 23 Wei Shi Zhang Tan Cheng Shi Gai Ge Yu Fa Zhan. Zhong Guo Cheng Shi Jing Ji Xue Hui, p. 29 (Beijing: Zhong Guo Cai Zheng Jing Ji, 1988).

⁷⁹ Z.Y. Zhao, 1985, "Zai Wuhan Dui Dang Zheng Jun Ling Dao Tong Zhi De Jiang Hua." In Gao Huo, p. 315 (Beijing: Zhong Gong Zhong Yang Wen Xian Yan Jiu Shi, 1987).

the latter had distinguished quite clearly their emphases between the cities and the countryside. Thus, the reformulation of strategies retrieved the role of cities, and gave rise to various demands and constraints to the growth of cities and urban population.

Rush to Communism and Fall Back: the Framework of Change

The most important overhaul of Chinese developmental strategies was that Mao's strategies were undermined and discarded in the Deng era. One major characteristic of Mao's strategies was the rush to communism. This rush can be observed from several aspects. First, Mao ignored the development stage of new democratic society that was designated in the Stage Theory of China's Development. After the People's Republic had been consolidated in the first three years (1949-51), the Chinese Communist Party (CCP) began to start the transition toward a socialist society. Although some leaders of the CCP questioned the ignoring of the new democratic society, their opinions were criticized.⁸⁰ Mao pointed out that to remain at the stage of a new democratic society would make one fall behind the steps of social advancement. From Mao's viewpoint, socialism was the only proper form of political and economic organization for the new China. Second, the period of socialist transition was rushed by shortening a fifteen-year plan of transition into a conduct plan that lasted only five years. At the beginning of the transition, the CCP publicized that the transition would be done in a "considerably long time period".⁸¹ In its confidential meetings, the CCP estimated that this long time period would

⁸⁰ Mao, 1953a, "Pi Pan Li Kai Zong Lu Xian De You Qing Guan Dian." In Mao Xuan Vol. 5, pp. 81-2 (1977).

⁸¹ Mao, 1953b, "Dang Zai Guo Du Shi Qi De Zong Lu Xian." In Mao Xuan Vol.5, p. 89 (1977).

be fifteen years.⁸² However, many sectors were pushed to speed up their transitions in 1956.⁸³ Thus, the transition was roughly accomplished by the end of 1957. Third, Mao tried to accomplish many Marxist principles in a short time. These included the elimination of the commodity economy, competition, material rewards, regional and individual income disparities, and the achievement of rural-urban integration. These goals, although emphasizing particular political and economic conditions, resulted in the experiment of breaking up urban industries and sending the urban population to the countryside.

After the death of Mao Zedong, Mao's strategies of development were reconsidered. Deng initiated the strategy of reform and openness. In the post Mao era, the government allowed the growth of private ownership, introduced market mechanisms to complement the planned economy, and viewed regional and urban-rural disparities as a necessary outcome in the early stage of development.

Within the framework of the Mao-Deng changes, the strategies of China's development were retrieved and reformulated over time. Six principal strategies guided China's development in the period 1949-1989. They were: (1) consolidation of the victory of the communist revolution; (2) simultaneous industrialization with ownership-transition; (3) Great Leap Forward; (4) Readjustment; (5) class struggle; (6) economic reform and openness. The "working gravity" of the party shifted from one strategy to another, as the following sections will show.

⁸² Mao, 1955a, "Zai Zhong Guo Gong Chan Dang Quan Guo Dai Biao Hui Yi Shang De Jiang Hua." In Mao Xuan, Vol.5, p. 138 (1977).

⁸³ D.X. Xu, op. cit., 452.

Consolidation of the Communist Victory (1949-1952)

In the first three years of the People's Republic of China (PRC), the Chinese Communist Party (CCP) devoted itself to consolidating the victory of its violent revolution in a period of rehabilitation. In international politics, the CCP regarded the Korean war as the forefront of the conflict between the socialist and the capitalist nations, and the potential base for the U.S. to fight against the Chinese communist regime. They sent soldiers to Korea to push the U.N. force (that was made up mainly of U.S. soldiers) away from the international border between China and Korea. In the domestic realm, the CCP fought a battle against anti-revolutionaries that originated from many of the historical anti-Communist organizations such as local gangs and religious groups; the CCP continued agrarian reform in those newly controlled areas, mainly those areas south of the Yangtze River, and fought battles to regulate its administration and the economy. Anti-revolutionary components such as agents of the Nationalist Party, bandits and gang members were uprooted from both cities and the countryside. They were reeducated in labor camps, or were sentenced and killed, depending on how guilty they were according to the CCP criteria. In the countryside, land reform was the principal "working gravity". Task forces for land reform were set up by the high level governments (i.e., the central and/or provincial administrations) to guide the redistribution of land. Land was redistributed through a bottoms-up approach, that is, the peasants seized land from the landlords and divided the land into pieces for an egalitarian distribution. The role of the task forces was to organize peasants rather than to be involved directly in taking over and redistributing the land. The movements of the "Three-Anti" and the "Five-Anti" were conducted principally in cities. The "Three-Anti" movement was applied within the CCP and its government system, targeting at

graft, waste and bureaucracy. The "Five-Anti" movement that aimed at bribery, tax evasion, embezzlement, cheating on government contracts, and stealing the nation's economic information, was directed mainly at the private sector.

The "working gravity" varied geographically during the period of rehabilitation. In many regions, the "working gravity" shifted to cities from the countryside. It became the principal concern of the leaders of the party to restore and to increase the industrial production, and to improve the living and working conditions of urban workers. In Central China, the "working gravity" of the party remained in the countryside, even though cities were already taken over by the communist military. Since Central China had long been governed by the *Kuomintang*, the communist influence there was weak. The countryside in Central China was not a strong hold of communist revolutionaries. The communist military forces occupied the cities directly without the stage of "encircling" them from the countryside. As a result, anti-Communist organizations were strong in the countryside in Central China. Without uprooting these anti-Communist organizations, cities would not be able to govern the countryside, and the countryside would not be able to help the creation of new urban-rural relations.

Simultaneous Industrialization with Ownership-Transition (1953-1957)

After three years of consolidation following the communist victory, the Chinese Communist Party (CCP) made its next move by advancing the strategy of "Simultaneous Industrialization with the Reconstruction of Private Ownerships of the Capitalistic Industries and Commerce". For the leaders of the party, this strategy was necessary. Only public ownership of the means of production would form the basis of Chinese socialist industrialization. Mao (1955) pointed out that socialist industrialization could not be

accomplished without agricultural collectivization and without large-scale collective and state-owned factories.⁸⁴ Modern machines were unable to operate for large-scale production under the condition of scattered private ownership. Thus, it was necessary to transfer handicraft and capitalist industries and commerce to public ownership in order to facilitate large-scale mechanized operations.

The First Five-Year Plan (FFYP, 1953-57) was a product of this strategy. The FFYP outlined three tasks: (1) to set up the initial base of socialist industrialization by concentrating resources on the construction of 694 projects. These projects were aided by the Soviet Union and formed 156 enterprises; (2) to set up an initial base for the socialist transition by establishing some cooperatives that were collectively owned in agriculture and handicraft industry; (3) to set up an initial base for the transition of the capitalist sector by shaping those capitalistic industries and commerce in the form of national capitalism.

In the countryside, seasonal and long term mutual aid groups were formulated under the principles of individual willingness, government demonstration and support.⁸⁵ These mutual aid groups were gradually relegated to low level cooperatives where land was still privately owned. The private land ownership determined the nature of the low level cooperatives as semi-socialist. These semi-socialist cooperatives then grew to higher-level cooperatives by establishing public land ownership.

In the cities and towns, handicraft industry was transformed by using mutual aid groups, lower level cooperatives and higher level cooperatives, all of which

⁸⁴ Mao, 1955b, "Guan Yu Nong Ye He Zuo Hua Wen Ti," in Mao Xuan Vol.5, p. 183 (1977).

⁸⁵ D.X. Xu, op. cit., 259.

were similar to the transitions in the countryside. A form of national capitalism was used to transform the capitalist industry and commerce. Under national capitalism, the production and circulation of the capitalist sector were regulated by the state. The latter controlled the material and the marketing of final products. Capitalist industrialists could only contract from the state for production, and to get their material and labor input from the state accordingly. These controls forced the capitalist sector to produce according to government plans and hence avoided speculation and blind production.

Most of the transitions were accomplished by mid-1956. Since then, the government has sped up the transition in the left-over industries in the cities and areas in the countryside in order to reduce the chance of uneven development. Discrepancies had been reported to the central government as there were increasing gaps between the rich and poor peasants, and between the technologically advanced and the less advanced industries. Without government intervention, proletarian interests might be undermined. This perception led the communist party to shorten the fifteen year transition period to five years, by using its influence of power and control. Statistics showed that state-owned enterprises and collectives made up 95 percent of the net output value of the economy in 1957. The capitalistic sector only accounted for 0.01 percent. The rest (5 percent) was made up by small-scale family businesses.

There was a clear emphasis on the inland regions in industrial location during the period of transition. This inland emphasis was stated in the First Five-Year Plan:

Industries should be located in the area where raw materials and fuels are produced and where the products are demanded. ...the level of economic

development of these underdeveloped areas should be improved.⁸⁶

The reasons for emphasizing the inland region were to change the unevenness of industrial location. More than 70 percent of the industrial outputs were produced in the coastal region. Heavy industries were centered in the northeastern provinces, while light industries were scattered in several large cities such as Shanghai, Tianjin and Guangzhou. Few industries were established in the vast areas of inland regions. The northwestern region and the Mongolian region which make up more than 40 percent of the land area, produced only 3 percent of the industrial output.⁸⁷ Uneven distribution of industries generated the problem of long distance freight transfer of raw materials, fuel and final products from the area of supply to the areas of demand. For example, more than 60 percent of the textile industries were located in Shanghai and Jiangsu province, but cotton was mainly produced in the regions of North, Northwest and the Central South.⁸⁸ The lack of industries in minority areas and remote regions was a factor that hindered their development. Further, uneven distribution of industries and population was a disadvantage to national defense.

As a result, 472 out of the 694 large construction projects were allocated in inland regions, while only 222 construction projects were located in the coastal region. Some of the remote provinces such as Qinghai, Neimenggu and Xinjiang were planned to have an annual increase of

⁸⁶ Guo Wu Yuan, Yi Wu Ji Hua (Beijing: Renmin, 1954), 3.

⁸⁷ G.G. Liu, ed., Zhong Guo Jing Ji Fa Zhan Zhan Lue Wen Ti Yan Jiu (Shanghai: Shanghai Renmin, 1984), 264.

⁸⁸ Q.L. Shi, Di Yi Ge Wu Nian Ji Hua Ji Ben Nei Rong Wen Da. (Beijing: Tong Su Du Wu, 1955), 29.

industrial outputs of more than 30 percent. Other provinces such as Yunnan and Guizhou were expected to increase their industries at an annual rate of 20 percent and over. To facilitate the industrial growth of the inland regions, the central government planned major railway projects to improve the connections within regions, and between the inland and the coastal regions. Some coastal industries were relocated to inland provinces.

Chinese industrial output grew at an annual rate of 19.2 percent during the period 1953-57. The percentage of industrial output value out of the total value of industrial and agricultural output increased from 17 percent in 1949 to 26.7 percent in 1952 and 46.9 percent in 1957. The percentage of heavy industrial output value out of total industrial output value increased from 28.8 percent in 1949 to 39.7 percent in 1952 and 52.76 percent in 1957. And the percentage of industrial output value of the capitalist sector out of the total industrial value declined from 63.3 in 1949 to 39.0 in 1952 and 0.004 in 1956.⁸⁹

The Great Leap Forward (1958-1960)

The turning point of 1957/58 marked the beginning of socialism in China. In the economic realm, the transition of economic ownership was nearly completed. Politically, the communist party became more vocal as it wanted to replace the people's democracy and dictatorship by a proletarian dictatorship.⁹⁰ Though the communist party claimed that

⁸⁹ D.X. Xu, op. cit., 299-30.

⁹⁰ See Mao, Oct. 11, 1955a; 1955b; 1955c; Mar 12, 1957a; July 1957b; Oct. 13, 1957c. According to Mao (1940), people's democracy and dictatorship is different from proletarian dictatorship. However, many Chinese writers used them interchangeably. For example, Xu, Dixin (1982) used these two concepts as one by referring the people's democracy and dictatorship as the proletarian dictatorship. In their book, Wan Hong et al. (1990) interpreted the

China entered the stage of socialism, many tasks of the transition remained. Socialist industrialization only laid down its rough base during the First Five-Year Plan. The socialist transition only changed the main part of economic ownership. Many sectors were not completely socialist (i.e., state ownership) in nature. The government system and the ideological transition of the people were left untouched.⁹¹ Thus, it was the major task of the CCP in the period of socialist construction to develop and consolidate the socialist system, and to strengthen the national economy.

Leaders of the CCP argued that the political and economic system of socialism had advanced because state ownership could enable planned development. Socialist production relations (i.e., every member of the society is an owner of the production means) allow economic development to proceed at an extraordinarily high speed.⁹² This perception provided the basis for the Chinese communists to prepare for the Second Five Year Plan (SFYP, 1958-62). A principal goal was given for the formulation of the SFYP. It was to "catch up and surpass Britain in steel output and major industrial products in 15 years". In 1958, a general policy for socialist construction was formulated. This policy called the Chinese to be:

proletarian dictatorship as people's democracy and dictatorship. This may suggest that in practice the people's democracy and dictatorship was never adopted as a form of the state system, and the CCP had only paid lip service to the so-called people's democracy and dictatorship in the period 1949-1957.

⁹¹ Mao, 1957a, "Da Tui Zi Chan Jie Ji You Pai De Jin Gong." In Mao Xuan Vol. 5, p. 443 (1977).

⁹² Mao, 1957b, "Zheng Que Chu Li Ren Min Nei Bu Mao Dun." In Mao Xuan Vol. 5, p. 373 (1977).

energetic and enthusiastic in order to make the socialist construction fruitful, rapid, cost-effective and in good quality.⁹³

The central point of this general policy was high speed.⁹⁴ During the Second Session of the Eighth Party Congress in 1958, many party representatives believed that China's development could be even faster than the general policy expected so that Britain would be surpassed in less than 15 years.⁹⁵ These attitudes prompted Mao to initiate the movement of the Great Leap Forward. All sectors of production were called upon to make radical increases of output. Above all, the volume of steel output had to be doubled within 1958, because steel output determined the pace of growth of other industries.

Investment was pulled out from other sectors and was poured into the heavy industrial sector. Iron and steel furnaces mushroomed in both the cities and towns and in the countryside. The percentage of output value of heavy industries out of the total output value of industry and agriculture increased from 25.5 in 1957 to 52.1 in 1960, while the share of agriculture and light industries dropped from 43.3 and 31.2 in 1957 to 21.8 and 26.1 in 1960, respectively.⁹⁶

In cities, industries that had a certain scale of production were all requested to produce steel and iron. The shift of production structure to emphasize heavy industries brought the production of traditional consuming goods to a

⁹³ People's Daily, February 3, 1958.

⁹⁴ People's Daily, June 21, 1958.

⁹⁵ Dang Dai Zhong Guo De Ji Hua Gong Zuo Ban Gong Shi, Zhong Hua Ren Min Gong He Guo Guo Min Jin Ji He She Hui Fa Zhan Ji Hua Da Shi Ji Yao (Beijing: Hongqi, 1987), 119.

⁹⁶ G.G. Liu, (1984), 144.

halt. This shift of production gave rise to the opportunity for the growth of street factories. Street factories were established to produce those light industrial, handicraft and labor-intensive products for daily use (e.g., umbrellas). A large number of women and unemployed urban residents was absorbed into those street industries.

In the countryside, peasants were also encouraged to contribute the output of iron and steel to the leap forward. This led to the set-up of commune-run iron and steel furnaces. Due to the limited supply of iron ores and other materials, many of the small scale refinery factories used poor quality raw materials that were mined in the local area by peasants. In some extreme cases, households contributed their iron and steel products (e.g., locks, cooking utensils) to be melted into raw iron and steel in order to boost the volume of output.

The Great Leap Forward (GLF) generated intensive interactions between the cities and the countryside in the migration of labor force. A large number of construction and industrial workers were needed in cities in order to enlarge the scales of industries. The central government decentralized its control over the approval of construction projects and labor hiring to facilitate the leap forward. This led to a massive rural-urban migration and overloaded urban infrastructure. In response, the Ministry of Construction called for an "urban leap forward" to facilitate industrial growth. This urban leap forward was to speed up the construction of housing and other facilities of urban services.

The rapid growth of the heavy industrial sector was at the expense of a chaotic economy. First, grain production declined from 3,910 billion Jin in 1957 to 2,870 billion Jin

in 1960.⁹⁷ Many peasants did not have enough food to feed themselves. Second, the scale of industrial construction was too large to be financed continuously. Even after completion, many factories could not operate due to the lack of material and capital input. Third, the living standard of the people declined (Table 4.6). In some areas of the countryside people were starved to death.⁹⁸ Fourth, many factories were unable to continue their production process because of the break-down of equipment caused by over-use during the GLF. Fifth, there was much waste due to unplanned construction, poor quality and inefficiency of production. There was urgent need to retrieve the economy.

Table 4.6.--Changes in the Levels of Consumption in China:
1957 and 1960 (Jin)

	1957	1960	changes
Grain (Jin)	406.0	327.0	-79.0
Vegetable Oil (Jin)	4.8	3.7	-1.1
Pork (Jin)	10.2	3.1	-7.1

Note: 1 Jin = 0.5 Kilograms.

Readjustment (1961-1965)

The strategy of readjustment in the period 1961-65 was a direct reaction to the Great Leap Forward. At the beginning of this period, the central government endorsed a policy known as "readjustment, consolidation, substantiation, improvement". All the powers of decision-making in permitting large projects and labor migration, that were previously decentralized during the Great Leap Forward, were taken back by the central government. At the same time, several steps were taken to reduce urban population to limit the marketing volume of grain products;

⁹⁷ Jin is a weight unit that is used in the Chinese measuring system. 1 Jin equals 0.5 kilograms.

⁹⁸ S.N. Liu, op. cit., 502.

to cut off certain construction projects in order to make use of resources for agriculture and light industries; to lower the level of indicators of steel output; and to encourage the development of agriculture and some light industries. In 1962, many party leaders admitted that the rush toward high speed economic growth had caused chaos.⁹⁹ Mao himself realized that it was impossible to surpass the most advanced countries in the world for at least 100 years.¹⁰⁰

During the readjustment, cities were the major targets. The government cut off financial sources, material supplies and labor forces to force many projects to a halt. Migrants of the Great Leap Forward were removed into the countryside through the movement of "*Hui Xiang*" (back to villages). The growth of light industries were encouraged by increasing investment. In addition, productivity was used as an important indicator to evaluate the performance of party cadres and government officials for possible promotions. Productive workers were given material rewards in order to stimulate their initiatives of production.

The development of agriculture was given the first priority. Investment priorities were ranked in the order of "agriculture, light industries, heavy industries (*Nong Qing Zhong*)"; and "eat, wear and use (*Chi Chuan Yong*)" . Agricultural investment made up 10.3 percent of the total capital construction investment on average during the Great Leap Forward, as compared to 17.8 percent during the period of readjustment. Large and medium irrigation projects, electrical power station and the maintenance and refinement

⁹⁹ T.R. Zhang, "1962 Nian Zhao Kai De Liu Qian Ren Da Hui." In C.J. Zhu, ed., p. 528 (1984).

¹⁰⁰ January 11 to February 7, 1962. Da Shi Ji Yao.

of previous irrigation networks benefited from the agricultural investment.

Changes were also made in the forms of organization in the countryside. Many rural communes that were established during the Great Leap Forward were dismantled. Because egalitarianism undermined the initiatives of agricultural production, low level collectives (*Xiao Dui*) replaced communes as the basic economic units in many regions. Peasants were given more flexibility to make decisions about their production and marketing, under the slogan of "San Zi Yi Bao" (larger private plots, more free markets and more responsibility systems, and fixing output quotas on a household basis).

The strategy of readjustment helped China out of the economic chaos.¹⁰¹ But it touched a sensitive issue. For the forms of economic organization and the mechanisms that were used to stimulate productivity, many leaders of the Chinese Communist Party wondered whether these forms and mechanisms had brought China away from Marxism and thus toward capitalist restoration. Further, Mao's authority seemed to have been threatened. These ideological and power concerns led to a new period, the Great Cultural Revolution, during which a strategy of class struggle was stressed.

Class Struggle (1966-1977)

The Great Cultural Revolution that was initiated in 1966 marked the beginning of a new period in China's development, a period in which class struggle was adopted as the principal strategy. Mao called on the Great Cultural Revolution on the basis of his perception that a large number of anti-CCP (Chinese Communist Party), anti-socialist

¹⁰¹ Dang Dai Zhong Guo, Dang Dai Zhong Guo De Jing Ji Jian She (Beijing: Zhong Guo She Hui Ke Xue, 1989).

representatives of the capitalist class had entered the systems of the party, the government and the military.¹⁰² They were hiding everywhere in the society, and were waiting for a chance to overthrow the Chinese communist regime. They hoped to restore capitalism in China. Class struggle between the capitalist and proletarian classes had thus become a life and death conflict. Those "communist leaders who are on the way of capitalism" and those "counter-revolutionary, authoritative intellectuals" had to be exposed and to be uprooted.¹⁰³

The use of class struggle as a tool to achieve communist goals was not new in China. Before 1949, the Chinese Communist Party did a thorough analysis of the class structure and conflicts in the countryside to formulate effective policies for its rural-based revolution. Poor, middle, and rich peasant classes were aligned to fight against the landlord class. During the anti-Japanese war and the civil war between communists and *Kuomintang*, class analysis helped the Chinese communists to unite national capitalists, petty bourgeois, and non-party elite to form alignments in order to strengthen the communist forces. The shift of emphasis toward economic development since 1949 undermined the class struggle. Nevertheless, Mao had been reminded on several occasions that the class struggle was not over. In 1957, the party received much of criticism on its performance in the period 1949-1957. These criticisms were mainly attributed to China's intellectuals, who were in response to the party's plea for comments and critics on the communist guidance and on China's development. Mao viewed these criticisms as evidence that the struggles between the

¹⁰² Zhong Gong Zhong Yang, 1956, "Tong Zhi (1966.5.16)." In Da Shi Ji Yao, p. 244 (1987).

¹⁰³ Ibid.

proletarian class and the capitalist class continued.¹⁰⁴ The opinions against the Great Leap Forward during the Lu Shan Meeting (1958) and the measures that were used during the readjustment (1961-65) reinforced Mao's vision of the capitalist threat for restoration. In 1962, Mao pointed out that there would be a life and death conflict among classes in the whole period of socialism. He called on the party to emphasize class struggle in every movement and thus to prevent the restoration of capitalism in China. After the Great Cultural Revolution had been initiated, Mao advanced class struggle to be the principal strategy of China's development:

There are always classes and class struggles, struggles between socialism and capitalism, danger of restoration of capitalism and possibility of inventions by socialist imperialist and imperialists, in the historical period of socialist society. Therefore, we have to emphasize class struggle as our guiding principle in the process of socialist construction. We have to continue the revolution in the realm of superstructure in order to suit the economy. We have to continue the revolution on production relations in order to suit the development of production force. We have to continue the revolution and renovation on technology, thus to improve the production force rapidly, in order to strengthen the material base of socialism and to stimulate the development of production relations and the superstructure. Only by thus, could we have the guarantee to develop our economy at a high speed along the socialist direction.¹⁰⁵

Until 1978, the strategy of class struggle was emphasized in the party and the government policies and regulations. It was stressed in the report of the Tenth

¹⁰⁴ Mao, 1957c, "Zuo Ge Min De Chu Jin Pai." In Mao Xuan Vol. 5, p. 475 (1977).

¹⁰⁵ S. Qing, She Hui Zhu Yi Zong Lu Xian Jiang Hua, (Guangzhou: Guangdong Renmin Chubanshe, 1978), 6.

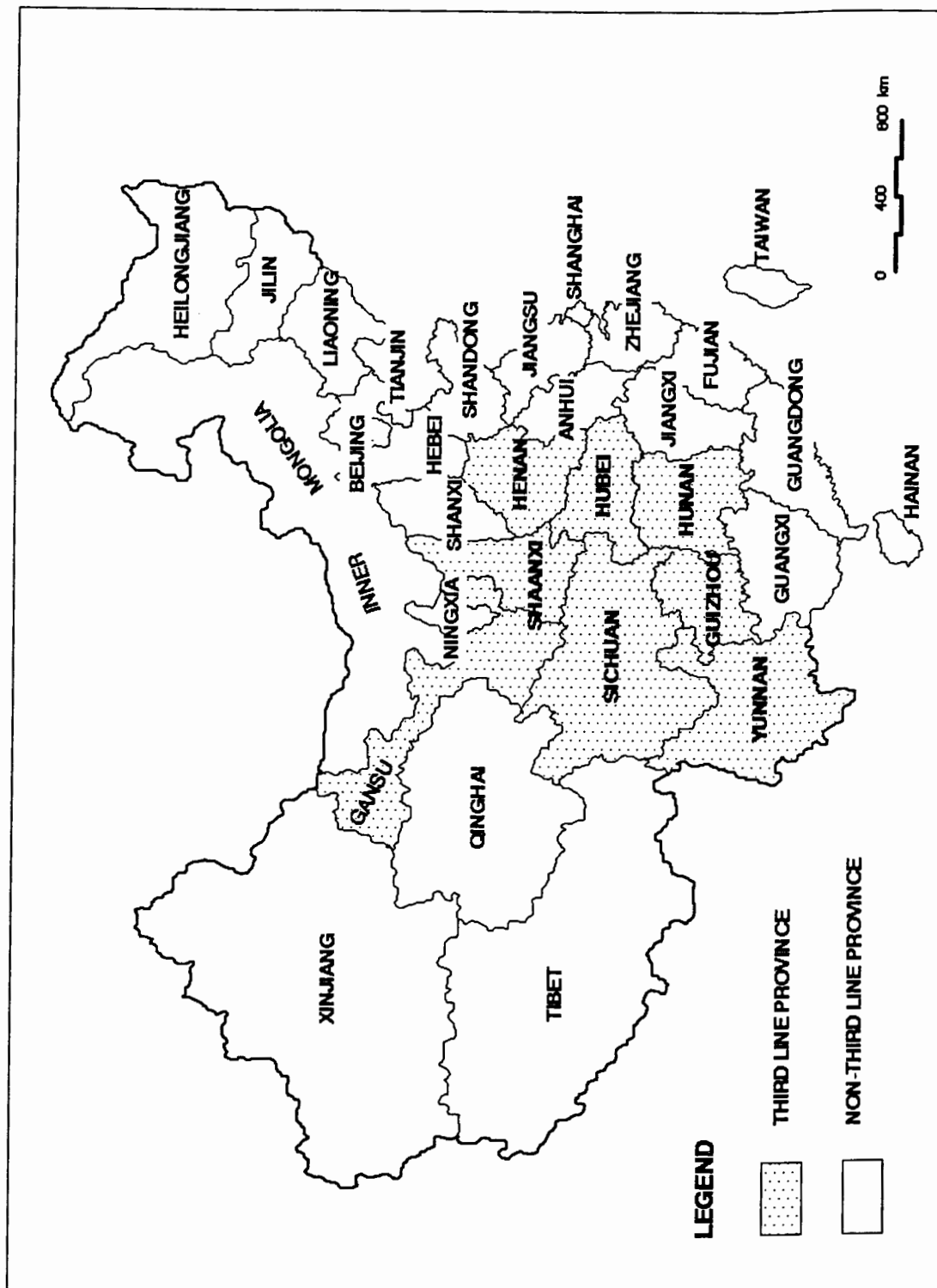
Congress of the CCP in 1973 and was emphasized by the Hua Guofeng regime in the period 1976-78.¹⁰⁶

The strategy of class struggle was applied in both China's domestic and international affairs. Within China, class struggle was aimed at those higher ranking communist leaders who did not entirely agree with Mao's policies. Leaders such as Liu Shaoqi and Deng Xiaoping were dismissed from the party and were rudely treated. Intellectuals were distrusted. It was during this period that intellectuals and educated youths were allocated to the countryside to do manual work for reeducation, and peasants and workers were invited to be in charge of schools under the slogan of "educational revolution".¹⁰⁷

The Chinese leaders believed that class struggle was intensive at the global level and thus they did not rule out the possibility of a World War. They felt it was urgent to prepare for war by decentralizing urban industries from the coastal cities to inland regions. This led to the construction of Third Lines. The latter consisted of the provinces that were located far away from the coast. The coastal provinces were perceived to be the first line where industries were easily destroyed in warfare. In between the First Line and the Third Line was a buffer that was safer than the first line but still took a great risk. The party leaders thought that the further away the industries were from the coast, the safer was the country. Third Line industries was planned in the remote areas such as the provinces of Guizhou, Yunnan and Sichuan (Map 4.1).

¹⁰⁶ Ibid.

¹⁰⁷ People's Daily, July 18, 1967.



Map 4.1. Location of the Third Line Provinces.

The Third Line construction absorbed national investment and left few resources for the construction of housing, infrastructure and factories in the large and medium-sized cities along the coast.¹⁰⁸ Moreover, many factories were relocated from coastal cities to remote areas.¹⁰⁹ Third Line factories were constructed according to the principle of "*Shan, San, Dong* (to disperse to mountains and caves)". New factories were cut into pieces of small units and were separated from each other geographically.

In addition to the Third Line construction at the national scale, all provinces were asked to have their own third lines, which was known as Mini-Third Lines (*Xiao San Xian*). Mao suggested that every province should have a small scale iron and steel factory to supply the Mini-Third Line industries.¹¹⁰ The development of five types of industries (viz., iron and steel factories, coal factories, electric power plant, machine making factories and fertilizer factories) was a twin outcome with the mini-third lines. The five industrial types were encouraged to grow in order to support the agricultural development.

The economic rush toward high speed growth continued under the guidance of class struggle. Leaders of the Chinese Communist Party continued to believe that socialism would bring about extraordinarily rapid growth of the economy. They showed anxieties to repeat the Great Leap Forward

¹⁰⁸ Guo Jia Jian Wei, April 29, 1965, "Guan Yu Yan Ge Kong Zhi Yan Hai Di Qu Da Zhong Cheng Shi Fei Sheng Chan Xing Jian She De Bao Gao." In Da Shi Ji Yao, p. 229 (1987).

¹⁰⁹ Guo Jia Ji Wei, Jian Wei and Guo Fang Gong Ban, Nov. 3, 1967, "Guan Yu Xiao San Xian Dang Qian Jian She Qing Kuang He Jin Hou San Nian Bu Chong Gui Hua De Bao Gao." In Da Shi Ji Yao, p. 233 (1987).

¹¹⁰ Zhong Gong Zhong Yang, Sep. 18, 1965, "Gong Zuo Hui Yi Ji Yao." In Da Shi Ji Yao, p. 233 (1987).

again.¹¹¹ Because the communist Central Committee insisted on the strategy of readjustment, these anxieties did not result in any significant effect on the economy during the period 1961-1965. However, two attempts of "Leap Forward" were eventually made to develop the heavy industrial sector in 1970 and 1978 respectively.¹¹² The 1970 Leap Forward tripled the increase of the planned urban population and generated a large volume of total wages and grain sales. As a result, the control over the increase of urban population and construction permits was tightened in the subsequent years of 1971 and 1972. The 1978 Leap Forward again allocated a large amount of investment on the heavy industrial sector, which caused agricultural investment to decline by 5.9 percent, light industrial investment to increase by 0.5 percent and heavy industrial investment to increase by 5.4 percent. The readjustment in 1979 and 1980 reflected another attempt to overhaul the 1978 Leap Forward.

The class struggle in the countryside was different from that in the cities. The uprooting of "capitalist representatives" and the reeducation of intellectuals were conducted in cities. The elimination of capitalistic influences in production (material rewards, indicators of production for evaluation) also focused on the cities. In the countryside, the cultural revolution was in the form of *Siqing* (four purification). The purpose of *Siqing* was to purify cadres of the countryside politically, economically, organizationally and ideologically, according to Chinese communist principles.¹¹³

¹¹¹ S.N. Liu, op. cit., 513-514.

¹¹² Dang Dai Zhong Guo, Dang Dai Zhong Guo De Jin Ji Jian She, op. cit.

¹¹³ Zhong Gong Zhong Yang, Sept. 14, 1966, "Guan Yu Xian Yi Xia Nong Cun Wen Ge De Gui Ding." In Da Shi Ji Yao, p. 249 (1987).

Two consequences of the strategy of class struggle were obvious. First, regulations for administration in factories and other institutions were largely ignored. Rules of production control were said to be against the working class. The reward system was totally dismissed. Egalitarianism and "Iron Rice Bowl" became common in Chinese enterprises. Second, economic goals were perceived to be byproducts of political enthusiasm. The Chinese communists believed that "the strongest production force is the revolutionary class itself".¹¹⁴ Although economic growth was replaced by political struggles, the communist leaders still proposed to start the transition toward communism in the Third Five Year Plan (TFYP, 1963-1967).¹¹⁵ It was only in the late 1970s that attempts were made to re-emphasize economic development by spelling out the goals of the Four Modernization (viz., the modernization of industry, agriculture, national defense, and science and technology).¹¹⁶ During the Cultural Revolution, the living standard of the people declined. The operations of the Third Line industries were very costly. So economic growth came to a halt. It was soon realized that economic stagnation became an urgent problem in the late 1970s.

Economic Reform and Openness (1978-1989)

The Deng leadership discarded the strategy of class struggle and shifted the "working gravity" of the party to economic development from political struggles. Deng Xiaoping

¹¹⁴ E.L. Zhou, "Zai Zhong Gong Di Shi Ci Quan Guo Dai Biao Da Hui Shang De Bao Gao." In Zhong Gong Di Shi Ci Quan Guo Dai Biao Da Hui Wen Jian Hui Bian, p. 24 (Beijing: Renmin, 1973).

¹¹⁵ Zhong Gong Zhong Yang, August 28, 1958b, "Guan Yu Di Er Ge Wu Nian Ji Hua De Yi Jian." In Da Shi Ji Yao, p. 123 (1987).

¹¹⁶ E.L. Zhou, Zheng Fu Gong Zuo Bao Gao. (Beijing: Renmin, 1975).

pointed out that the strategy of class struggle was utilized by Lin Biao and the Gang of Four for their interests in political power.¹¹⁷ Economic growth was ignored. Inefficient organization of the national economy, and the isolation of China from the rest of the world were resulted.¹¹⁸ China's chaotic economy could be changed only through reform of the economic system and openness to outside. The purpose of reform, therefore, was to clear these impediments on the road of China's development. The latter was built up under Mao's leadership. They included: (1) the over-concentration of planning power at the central government; (2) the egalitarian distribution system; (3) the poor coordination between sectoral administrations and local governments; and (4) the ignoring of market mechanisms.¹¹⁹ It was necessary to remove these impediments in order for China to develop its economy. Openness was one reaction to the isolation of China from other countries, particularly from advanced capitalist countries. For the Deng leadership, this isolation hindered rather than fostered the advancement of Chinese technology. China needed to learn advanced science, technology, and administrative skills, and needed the financial support from other countries.

The strategy of reform and openness was based on a renewed perception of China on the road toward communism. Deng considered China to be in the early stage of socialism. There was a great distance between the China in the 1980s and the proposed communist society. This perception led to a

¹¹⁷ X.P. Deng, 1979, "Jian Chi Si Xiang Ji Ben Yuan Ze." In Deng Xiaoping Wen Xuan, p. 155 (Beijing: Renmin, 1983).

¹¹⁸ X.P. Deng, 1978, "Gao Juu Mao Zedong Si Xiang Qi Zhi." In Deng Xiaoping Wen Xuan, p. 122 (1983).

¹¹⁹ The Editorial Board of Hong Qi, "Lun Dang De Shi Yi Jie San Zhong Quan Hui Yi Lai De Lu Xian." In Hong Qi no. 7 (1987).

phrase of "initial stage of socialism". Some Chinese Marxist theorists argued that "initial stage of socialism" pinpointed the strategy of reform and openness.¹²⁰ The phrase of "initial stage of socialism" was first spelled out in 1981.¹²¹ It was repeatedly used in speeches of the party leaders and in reports of the Central Committee in the early and the mid-1980s.¹²² In 1987, Zhao Ziyang suggested to Deng Xiaoping that the "initial stage of socialism" should be further developed into a theory in order to pinpoint economic reform. As a result, Zhao Ziyang used several pages on the Report on the Thirteenth Congress of the CCP to elaborate the theory of "initial stage of socialism". He wrote that:

Our country will remain in the stage of initial socialism from the 1950s when the socialist transitions of private ownership was accomplished until the time that socialist modernization is accomplished, which will need at least 100 years. ...The initial stage of socialism is a stage in which we will eliminate poverty and will change the situation of underdeveloped economy step by step. It is a stage in which we will change our country from an agricultural society that was based on a majority of peasant population and manual workers to an industrial one that is modernized and is dominated by non-agricultural population. It is a stage to change the dominance of the natural and semi-natural economy into a highly developed commodity economy. It is a stage to build and to develop a dynamic system of socialist economy, politics and culture. It is a stage to build

¹²⁰ G.G. Liu, "Zhong Guo Jing Ji Gai Ge Li Lun Shi Nian Hui Gu." In Jing Ji Gai Ge Xing Si Kao. Edited by W.C. Wang, S.Q. Gao and G.G. Liu, p. 5 (Beijing: Gai Ge, 1988).

¹²¹ Zhong Gong Zhong Yang, Zhong Gong Zhong Yang Wei Yuan Hui Guan Yu Jian Guo Yi Lai Dang De Ruo Gan Wen Ti De Jue Yi (Hong Kong: Sanlian, 1981b), 50.

¹²² For example, see Y.B. Hu, 1982, "Cu Jin She Hui Zhu Yi Jing Ji De Quan Mian Gao Zhang." In Jian Chi Gai Ge, Kai Fang, Gao Huo. Zhong Gong Zhong Yang Shu Ji Chu, p. 152 (Beijing: Renmin, 1987).

a prosperous China through the hard working of all our Chinese.¹²³

The theory of "initial stage of socialism" gave rise to a general policy for the CCP in the period post-1978. This general policy aimed:

...to emphasize economic development and to insist on the four cardinal principles and the policy of reform and openness...¹²⁴

The economic reforms started in rural areas, targeting egalitarianism in the product distribution and the command production system. Under egalitarianism, peasants would gain the same amount of return regardless of how hard they worked. The latter apparently separated individual contribution from awards. As a result, Chinese peasants had no initiatives to increase the output of communes. In the command production system, no consideration was given to different regions in the allocation of production quotas. This led to the overemphasis on grain production at the expense of other products which might be more suitable for the particular piece of land.¹²⁵

The first step of rural reform was to replace the collective production system (communes) by the responsibility system.¹²⁶ The latter did not change the land ownership, rather, it significantly increased the

¹²³ Z.Y. Zhao, Oct. 25, 1987, "Zai Zhong Guo Gong Chan Dang Di Shisan Ci Quan Guo Dai Biao Da Hui Shang De Bao Gao." In People's Daily, Nov. 4th, 1987.

¹²⁴ Ibid.

¹²⁵ E. Lee, "Zhong Guo Nong Cun De Jiuye He Shou Ru Qing Kuang." In Zhong Guo Nong Cun De Ti Zhi Gai Ge He Jing Ji Fa Zhan. Edited by K. Griffin (Hong Kong: Chinese University of H.K., 1987).

¹²⁶ Zhong Guo Da Lu, Zhong Gong De Jing Ji Gai Ge (Taipei: Zhong Guo Da Lu Wen Ti Yan Jiu Zhong Xin, 1987), 20.

initiatives of individual peasants on agricultural production by subdividing the collectively operated land into small scale operations on the basis of households. The higher the input made by an individual household, the better was its income level. In 1985, further reforms were made to overcome the inefficiency of the command production system. In the second step, peasants were given more power to determine what kind of crops should be planted. They were encouraged to produce a variety such as agricultural, forestry, husbandry and industrial products. Rural reform made rural labor footloose.¹²⁷ It generated a big push for Chinese urbanization.

Experiments in urban reform were conducted in selected cities (such as Shashi and Changshu) after 1980. In 1984, a nation-wide urban reform was initiated.¹²⁸ It aimed at several aspects of cities, such as state-owned large- and medium-sized enterprises, the role of cities in the national development and urban housing. State-owned enterprises were given more power to decide their processes of production and marketing. They were encouraged to use market mechanisms, such as competition and material rewards, to stimulate the worker's initiative in production. The role cities played in national development changed. Cities were called upon to act as multi-functional centers, and to organize economic regions. This idea was publicized in 1981 through a new urban perspective in national development. It stated that cities were not only industrial bases but also centers of multiple functions; that cities served not only themselves but also their hinterlands; and that their performance should be evaluated not only on the basis of industrial

¹²⁷ Y.S. Hong, "Zhong Guo Nong Cun Cheng Zhen Hua Tu Jing." In W.J. Ye and others eds. p. 227 (1988).

¹²⁸ Zhong Gong Zhong Yang 1984, "Guan Yu Jing Ji Ti Zhi Gai Ge De Jue Ding." In Gao Huo, p. 229 (1987).

output but also on the basis of the gross domestic product (GDP), and the size and strength of that area of influence.¹²⁹ In order to resolve the problem of housing shortages, attempts were made to encourage private ownership and to increase the rent of housing. The former increased the source of housing supply, while the latter improved the capability of the state to maintain and to expand its housing stock. Urban reform attempted to retrieve the poor coordination among sectors, among administrative regions, and between sectors and regions by making use of the strong economic, technological, cultural and administrative advantages of large and medium-sized cities.¹³⁰

China became increasingly open in the 1980s. In the late 1970s, four "special economic zones" (viz., Shenzhen, Zhuhai, Shantou and Xiamen) were established to experiment with specific policies and measures that were more capitalistic in nature (e.g., competition, little or no control on price).¹³¹ Similar set-ups were quickly extended to Hainan Island in 1980 and spread to fourteen "coastal open cities" (viz., Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai) to make use of the economic mechanisms.

In 1985, the Yangtze River Delta, the Pearl River Delta and the Xiamen, Zhangzhou, Quanzhou triangle became "open economic zones" (Map 4.2). Zones of foreign investment

¹²⁹ Zhao, 1985, "Gao Huo Cheng Shi Gai Ge, Fa Hui Cheng Shi Gong Neng." In Gao Huo, p. 315 (1987).

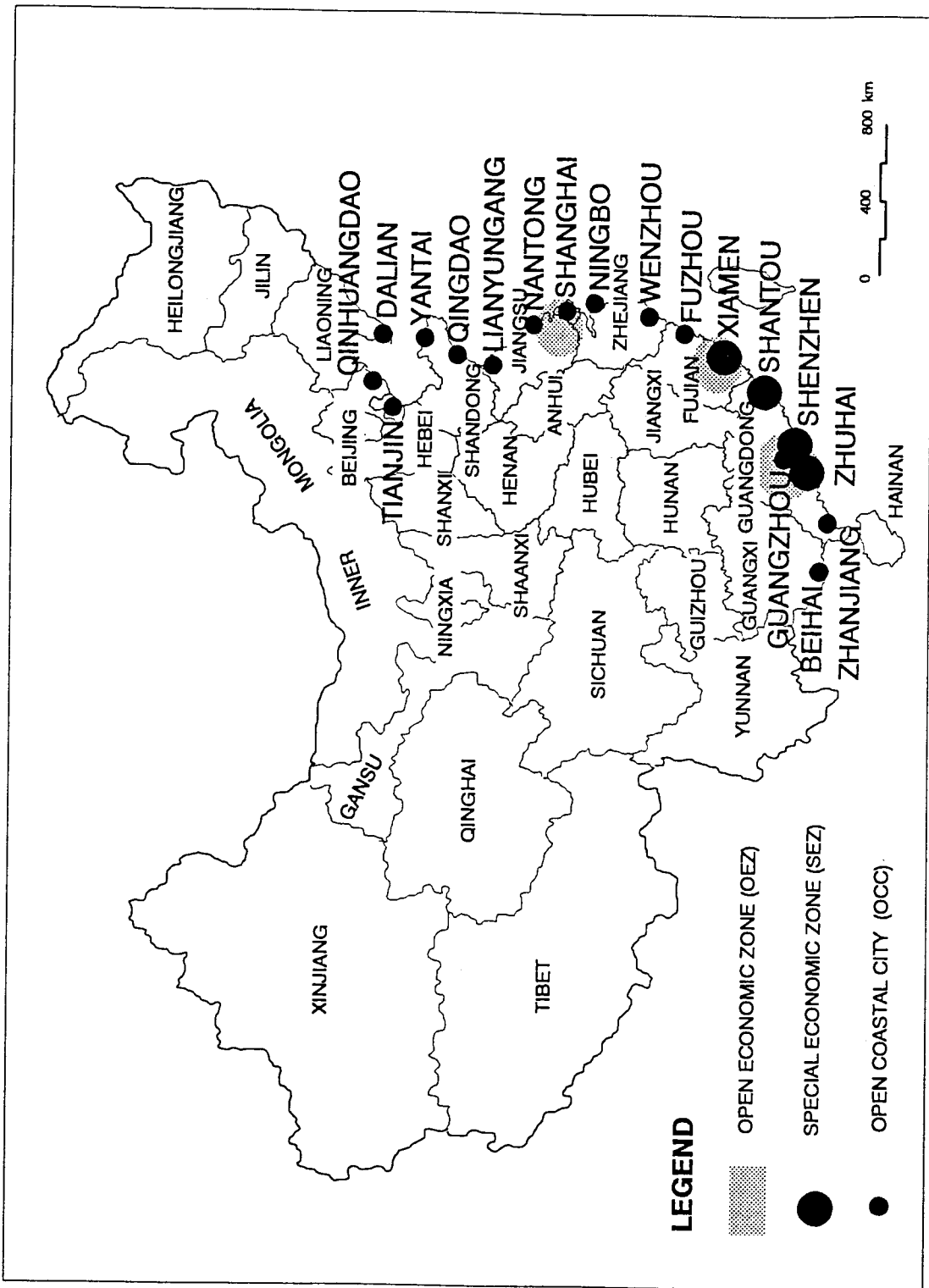
¹³⁰ H. Ma, "Zhong Xin Cheng Shi De Zhong Yao Di Wei He Zhan Lue Zuo Yong." In Zhong Guo Cheng Shi Nian Jian, p. 148 (Beijing: Zhong Guo Tong Ji, 1986).

¹³¹ B.G. Zhang, Dui Wai Kai Fang Qu Jing Ji (Fuzhou: Fujian Renmin, 1988), 40.

and joint venture became a common feature of the landscape in many Chinese cities.

Cities in the Strategies of China's Development

Cities were explicit components in the strategies of China's development over the last forty years. The consolidation of the communist victory during the period of rehabilitation (1949-52) emphasized the reorganization of urban communities, the establishment of urban government, and the restoration of urban industrial production. Simultaneous industrialization with ownership transition focused on the ownership restructuring of urban industries, commerce and handicraft sector, and gave privileges to the growth of inland cities but unfavorable conditions for the growth of coastal cities. The Great Leap Forward used urban industries as the backbone to increase the volume of steel output, and relaxed the centralized control over rural-urban migration in order to facilitate the enlargement of urban factories. The strategy of readjustment in the aftermath of the Great Leap Forward was to reduce the size of both the urban population and scale of construction. During the period of the Great Cultural Revolution, cities were dismantled in order to protect Chinese industries from possible warfare. The strategy of reform and openness expected cities to be economic organizers and engines of national growth.



Map 4.2. Location of the Open Economic Zones (OEZs), the Special Economic Zones (SEZs) and the Open Coastal Cities (OCCs).

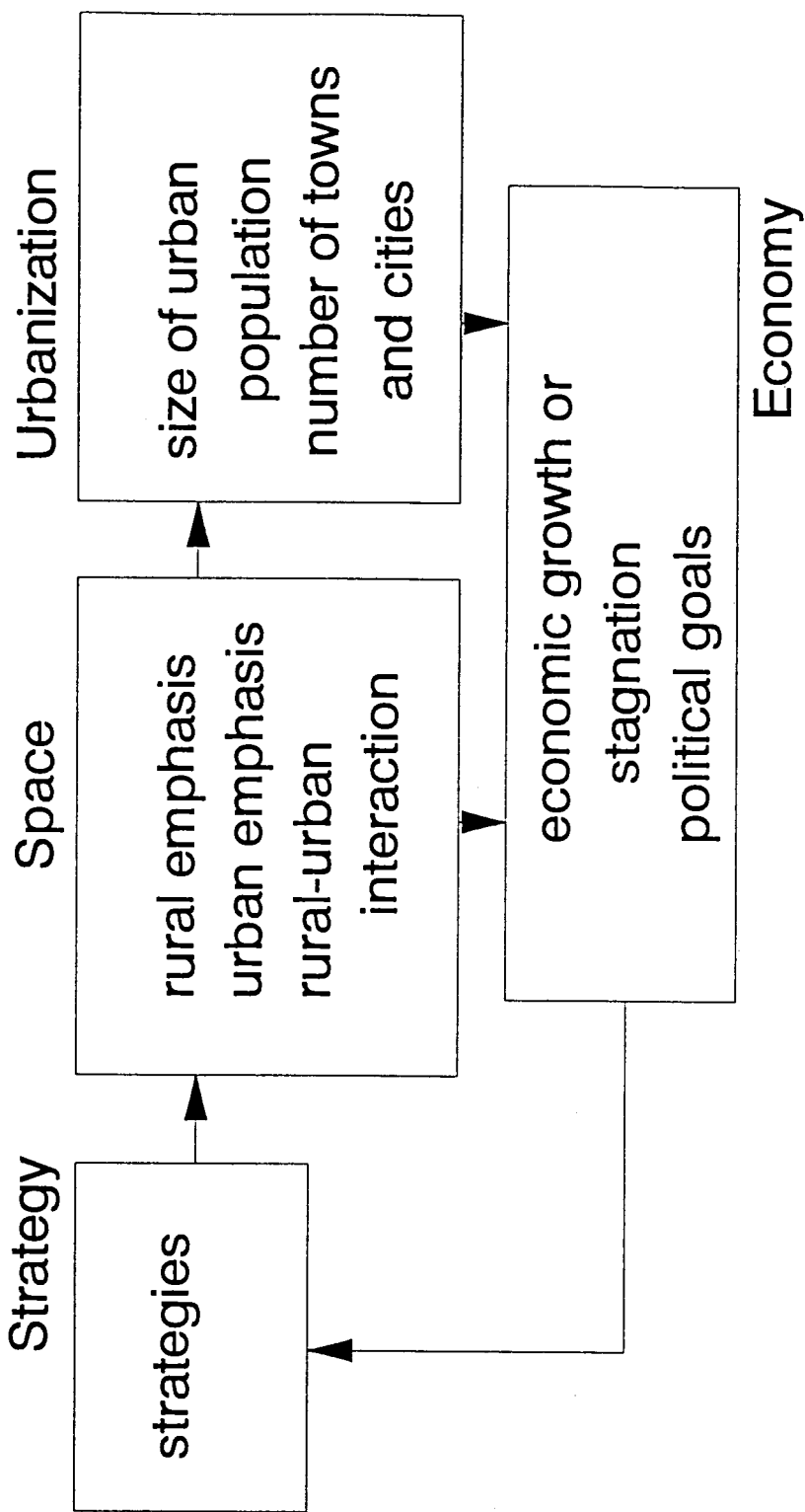


Chart 4.2.Chain Reactions among Strategy, Space, Urbanization and the Economy.

Strategy, Space and Urbanization

Several chain reactions were generated among strategies, space, urbanization and the economy. Development strategies were designated to achieve certain economic and political goals through the emphasis on both rural and urban sectors. The latter two interacted in the course of implementation of development strategies, and caused changes in the location, the size and the number of towns and cities and urban population. Changes of urbanization had two consequences on the economy. First, they increased the contribution of the urban sector to the growth of the economy. Second, they incurred a cost that overloaded the national finance. The government reacted toward these two consequences in order to maximize the contribution and to minimize the overburden of finance. The result was controlled urbanization. Development strategies resulted in economic growth or stagnation, and various degrees of satisfaction in pursuing ideological goals. The latter urged the government to reconsider the previous strategies, which in turn led to reformulation of strategies and to proceed to the next round of chain reaction (Chart 4.2).

Implementation of the six development strategies demonstrates these chain reactions. The strategy of consolidation of the communist victory sought to stabilize society and to establish a new order under the communist regime. Land reform in the countryside, and the restoration of production, and the improvement of the living and working conditions of urban workers resulted in steady increases of urban population. Urban residents who hid from the war in the countryside returned to their urban homes.

As the economy showed hope of growth and as society was reorganized to conform to Chinese communist ideology, the party proceeded to the strategy of simultaneous industrialization with ownership transition. This strategy

sought to lay down the bases of Chinese socialism by increasing state-ownership, organizing collectives in cities and in the countryside, and setting up industrial bases to balance the distribution of production forces. The growth of urbanization was stimulated by industrial construction. The national economy was prosperous and the leaders of the Chinese Communist Party were satisfied with the ideological move towards socialism.

After the Chinese communists built a solid background in the economic structure and politics, they began to try the promises of the new system (i.e., high speed economic growth). The strategy of Great Leap Forward attempted to double the output volume of steel and iron within a single year (1958), by enlarging the production capacities of urban industries, and by encouraging massive participation. The former caused rapid growth in urban population, while the latter attracted the energy of rural labor to small steel and iron furnaces from agricultural work. As a result, the relations between industry and agriculture, between light and heavy industries became out of balance. The excessive growth of urban population could neither be financed, nor be fed by the state. For the first time, Chinese urbanization became a burden in the national economy. Naturally, the chaotic economy called for a reprieve.

The strategy of readjustment sought to cool off the Great Leap Forward by freezing most of the construction projects and returning the labor force to the countryside. It attempted to establish a more balanced rural-urban relation in population distribution. This balance meant that the size of the urban population should be determined by the capability of the countryside in providing surplus grains, and the capability of urban industries to provide industrial

products.¹³² Centralized ideological control was relaxed during the period of readjustment to allow the use of material rewards to stimulate production, and to return some of the communes to low-level collectives. Partially because of the ideological divergence of these measures from orthodox Marxist theory, and partially because of the threat to Mao's leadership by Liu Shaoqi, China was directed to a period during which the strategy of class struggle dominated.

The strategy of class struggle was based on the belief that the ideological purification of the party was a precondition for economic growth. It sought to uproot Mao's potential political opponents from systems of the party and the government in both the cities and the countryside. Intellectuals were distrusted. Market mechanisms were viewed as capitalistic and were abandoned. The economy operated according to centralized plans. Political events repeatedly interrupted the economy. As a result, the economy stagnated rather than advanced. The state was incapable of financing the increasing demand of urban housing and infrastructure. Urban populations had to be reduced to avoid severe food shortages and to keep urban industries operating. The movement of "*Shang Shan Xia Xiang* (going up to the mountains and coming down to the villages)" was a case in point. In addition, class struggle at the global level gave rise to the perception that urban industries should be decentralized to remote regions and be dispersed in the countryside. The consequences of poor urban financing and the requirements of national defense led to a pattern of Chinese urbanization that coincided with the Marxist principles of regional equity and rural-urban integration. However, economic

¹³² Y. Chen, 1961, "Dong Yuan Cheng Shi Ren Kou Xia Xiang." In Chen Yun Wen Xuan 1956-1985, p. 154 (Beijing: Renmin, 1986).

failure of the strategy of class struggle led to reform and openness.

The strategy of reform and openness shifted the "working gravity" of the party to economic development. China was repositioned on the road to communism. In the 1980s, it was at the initial stage of socialism rather than at the late stage. This perception made possible the introduction of market mechanisms to the organization and operation of the economy. Rural communes were dismantled in the countryside. Urban industries were assigned more self-determining power in their decision-making of production and marketing. Foreign capital and technology were encouraged to enter the Chinese economy. Reform and openness brought prosperity to China. All these changes gave rise to favorable conditions of urban development. Further, a prosperous economy means an increased capacity to finance a rapid growth of urbanization.

These chain reactions explain the conditions that caused the fluctuations, the slow growth of urbanization, the spatial distribution of cities and the peculiar agropolitan form. Planned economic growth and societal restructuring resulted in the steady growth of urbanization. The economic rush for high speed growth caused a rapid increase in urban population. Readjustment reduced urban population considerably. Economic stagnation kept the growth of urbanization at a slow rate. Reform and openness provided favorable conditions for rapid urban growth. The even distribution of production forces in the period before 1978 favored the growth of inland cities, while the emphasis on the coastal regions during the period of reform and openness promoted the growth of the cities along the coast. The agropolitan form of *Daqing* was produced by the lack of urban finance and the pursuit of rural-urban integration.

The Chinese government sought to control the urbanization process because the latter was integrated with the communist ideology and the economy. Marx and Engels argued that the concentration of population and production forces in cities was not desirable, either politically or economically. Under the planned economic system, higher urbanization means heavy demands for grain and investment for urban services. An increase of investment in urban construction would reduce the capital for industries. For the goal of rapid industrialization, investment for urban construction had to be sacrificed. The size of urban population had to be limited at a manageable level. Rigid administrative control over Chinese urbanization was thus practiced before 1978. The strategy of economic reform and openness relaxed the rigid administrative control over rural-urban migration, but the capability of cities in absorbing a large number of migrants concerned the government. In the 1980s, advocacy policies were advanced to control the growth of Chinese urbanization.

Summary

This chapter has shown that as a result of the conflict between Marxism and Chinese agrarianism two interlocking consequences which had direct bearing on controlled urbanization emerged: 1) rural-urban dichotomy and 2) experimental strategies.

Rural-urban dichotomy which stemmed from the rural success of the communist revolution, was the outcome of the application and modification of Marxist theory. In the dichotomy, cities became the leader, while the countryside became the follower. Both cities and the countryside complement one another and were perceived to be mutually supportive of each other. Cities were also regarded both as economic contributors and financial recipients. Urban residents were given privileges in the form of free housing,

free medical services and subsidized food supplies. These perceptions and practices thus separated the rural from the urban sector.

The integration of Chinese cities and towns into the socio-political system provided the basis for a series of development strategies. These strategies, which were experimented with for over forty years, included consolidation of the communist victory of the violent revolution, simultaneous industrialization with ownership transition, the Great Leap Forward, readjustment, class struggle, reform and openness. They had their successes and failures which resulted in chain reactions among different development strategies, urbanization, and economic and political changes.

While development strategies changed the level of urbanization, the latter incurred costs which affected national development. Efforts of the Chinese government to reduce these economic and political costs created strange urban forms and patterns which were contrary to the principles of economic development. The failure of a strategy in cities and the accompanying problems that were generated by such a strategy in other economic and social sectors called for readjustment in alternative development strategies and in the initiation of another cycle of chain reaction all over again.

All these experimental strategies were formulated and based on China's stage-theory of development toward communism. How long will the Chinese government be able to maintain power and continue to control Chinese urbanization? This will depend on the type of goals and policies that they formulate and implement for national development.

In the next chapter we shall see what urban policies were employed by the Chinese government toward achieving

their spatial goals of Chinese socialist development and how controlled urbanization was executed by the government.

Chapter V

CHINESE URBANIZATION POLICIES

The purpose of this chapter is to provide an account of Chinese urbanization policies. These policies were designed and carried out by the Chinese Communist Party and the central government of the People's Republic of China to realize the spatial goals (i.e., rural-urban relations, development of cities and countryside, and regional distribution of production forces) of China's development. They are categorized into four groups: (1) policies that control the population flow between cities and the countryside; (2) policies that guide the development of Chinese cities--these include policies that were issued for both economic and ideological reasons; (3) policies that guide the development of the countryside; and (4) policies that guide the regional location of industries.

Policies that Control the Population Flow between
Cities and the Countryside

Six policies worked to control the flow of population between rural and urban areas. These included a general policy which controlled rural-urban migration through administrative measures in the entire study period, and five sub-policies that corresponded to various strategies of development. The latter included: (1) the control of blind migration from the countryside to the cities (1949-57); (2) the relaxation of the centralized control over labor hiring (1958-60); (3) the movement of returning to the villages (*Hui Xiang*, 1961-63); (4) the movement of going up to the mountains and coming down to the villages (*Shang Shan Xia Xiang*, 1964-77); (5) Urban Policy 1980: Controlling the growth of large cities and encouraging the growth of small cities (1978-89).

The General Policy of Administrative Control over Rural-Urban Migration

According to Chinese communist ideology, rural-urban migration could be stimulated by China's industrialization.¹ A large number of peasants was expected to enter cities to help urban industries. In practice, however, the ideological scenario of rural-urban migration was distorted. As the communist military marched into the cities with the slogan of 'maintaining the existing agencies, maintaining the positions and level of salary of the existing employees', they soon learned that the urban sector could hardly be capable of absorbing the unemployed in cities. Thus, a further increase of urban population would hinder rather than foster China's economic growth.²

The policy of controlling rural-urban migration was formulated in the 1950s, as a part of the centralized planning system. It sought to limit free migration by three principal means. First, labor hiring of urban sectors had to follow government plans. In 1950, centralized plans for labor hiring were applied in the state-owned sector.³ Throughout the 1950s, the government made several attempts to stop unplanned hiring.⁴ In the 1960s and the 1970s, economic stagnation urged strict control over urban-ward migration. To fulfill the limited number of opportunities of

¹ Yeung and Hu, (1992), 5.

² People's Daily. "Blind Peasant-migrants should go back to the countryside." April 20, 1953.

³ D.Q. Zhao, Zhong Hua Ren Min Gong He Guo Jing Ji Zhuanti Da Shi Ji 1949-66 (Kaifeng: Henan Renmin, 1989), 135.

⁴ Guo Wu Yuan, April 17, 1953, "Guan Yu Quan Zhi Nong Min Mang Mu Liu Ru Cheng Shi De Zhi Shi." In D.Q. Zhao, p. 409 (1989a); idem., September 14, 1957, "Guan Yu Fang Zhi Nong Min Mang Mu Liu Ru Cheng Shi De Tong Zhi." In D.Q. Zhao, p. 940 (1989a).

urban employment, demobilized soldiers who joined the army from cities were given priorities.⁵ Priorities of being employed by the urban sector were typically arranged as in the national development plan of 1971. In the latter, the State Council defined five sources to hire workers: (1) demobilized soldiers; (2) high school graduates of the year; (3) urban youth who had worked for two years in the countryside; (4) children of the workers and staff in industries such as mining, forestry, and geological prospecting; and (5) peasants. The plan called for strict control over hiring peasants.⁶

Second, every household had to register to a local authority. Household registration was initiated by the central government in the mid-1950s.⁷ It prevented free urban-ward migration because immigrants had to provide the city with a permit such as an admission letter for employment or for schooling.⁸

Third, the use of rationing coupons reinforced the administrative power of control over rural-urban migration. Rationing coupons ranged from grain, or cotton, to washing detergent. They were usually confined to local areas, i.e., cities or provinces. Large cities used a greater variety of coupons than small cities. In large cities such as Beijing, Shanghai and Tianjin, the commodities that were supplied with coupons made up almost 50 percent of the total value of

⁵ D.Q. Zhao, (1989a), 336-7.

⁶ Guo Wu Yuan, February 1, 1971, "Lao Dong Gong Zi Ji Hua: Guan Yu Xia Da 1971 Nian De Guo Min Jing Ji Ji Hua De Tong Zhi Fu Lu." In Da Shi Ji 1967-1984. D.Q. Zhao, pp. 338-9 (1989b).

⁷ D.Q. Zhao, (1989a), 413 and 415.

⁸ Refer to p. 123 in Chapter IV.

retail sale in the late 1960s.⁹ By 1968, there were approximately one hundred types of commodities that were distributed by coupons.¹⁰

The policy to control rural-urban migration continued to the 1980s. Although reform and openness gave enterprises power to hire workers, and reduced the variety of rationing coupons, the central government continued to allocate quotas in labor. The Household Registration System continued to be in effect. People with non-agricultural registration were privileged.¹¹ Besides, the government advanced new policies (i.e., to leave the farm but stay in the home town) to strengthen the control that was undermined by the reform.

The Five Sub-Policies

The control of blind urban-ward migration

The term *blind migration* refers to the unplanned flow of population from the countryside to the cities. It was produced by the forces of either rural-push or urban-pull, or both. The force of rural-push was generated by natural disaster and collectivism. Heavy flooding in central China in the early 1950s pushed many peasants to flee away from their homes, in provinces such as Anhui and Henan, to large cities. Rural collectivism resulted in higher productivity in agriculture and reduced the necessary size of rural labor. The opportunities of industrial employment and better living conditions in the cities generated the force of urban pull. Chinese communists marched to cities to deliver the "goodness" of socialism. People who lived in the cities were assigned jobs. The construction of new industries gave new

⁹ D.Q. Zhao, (1989b), 354.

¹⁰ Ibid.

¹¹ Refer to p. 120 and p. 130 in Chapter IV.

promises for urban employment. Some peasants could find employment in the construction sector or manufacturing plants because centralized control of labor was weak in the early 1950s.¹² In Guangzhou, between 1949 and 1955 the total population of the city was increased by 534,000 people, of which 70 percent was blind peasant-migrants.¹³ By 1956 the number of blind peasant-migrants in Shanghai reached 50,000. Blind migration overburdened the city's infrastructure and slowed down its industrial growth.¹⁴

The policy of controlling blind migration was first issued by the State Council (*Zheng Wu Yuan*) in April 1953.¹⁵ In the countryside, the State Council asked the local governments to convince peasants to stay away from the cities. In the cities, blind peasant-migrants were sent back to the countryside, and the urban sector was prohibited from hiring peasants without government permission. This policy was highlighted again in 1954 because blind migration was still a serious problem in some provinces.¹⁶

In 1955, Mao Zedong suggested that rural surplus labor should find employment in the countryside through the diversified management of agriculture, rather than entering the cities.¹⁷ Since the beginning of 1956, the central

¹² People's Daily. "Blind Peasant Migrants should go back to the countryside." April 20, 1953.

¹³ Nan Fang Ri Bao. December 30, 1955.

¹⁴ Jie Fang Ri Bao. December 26, 1956.

¹⁵ Guo Wu Yuan, April 17, 1953, "Guan Yu Quan Zhi Nong Min Mang Mu Liu Ru Cheng Shi De Zhi Shi." In D.Q. Zhao, p. 409 (1989a).

¹⁶ Nei Wu Bu and Lao Dong Bu, March 12, 1954, "Guan Yu Ji Xu Quan Zhi Nong Min Mang Mu Liu Ru Cheng Shi De Zhi Shi." In D.Q. Zhao, p. 410 (1989a).

¹⁷ Z.D. Mao, 1955, "Zhong Guo Nong Cun She Hui Zhu Yi Gao Chao De An Yu." In Mao Xuan Vol. 5, pp. 253-4 (1977).

government experimented with the use of household registration to control blind migration. Until the Household Registration System was in full use in 1958, the Party and the State Council continued to emphasize the policy to control blind migration.¹⁸

In December 1957, just one month before the endorsement of the Household Registration System, the Party and the State Council issued a six-point plan to stop blind migration. These were: (1) reinforcing the ideological education of peasants in the countryside; (2) reinforcing the blockages along principal transportation routes; (3) convincing blind peasant-migrants in cities to return to their home villages, and prohibiting them from begging; (4) prohibiting unplanned hiring in all urban sectors; (5) convincing those immigrants who had not been settled in the local rural areas to return to their home villages; and (6) sending blind peasant-migrants home by a single operation.¹⁹

In 1958, the State Council issued further instructions to complement its six-points of December 1957, particularly the sixth statement.²⁰ This was because many cities just removed migrants out of their territories without proper arrangements for the migrants to make a living. In some cases, city governments allowed extra miles for the migrants

¹⁸ Guo Wu Yuan, December 30, 1956a, "Guan Yu Fang Zhi Nong Min Mang Mu Wai Liu De Zhi Shi." In D.Q. Zhao, pp. 418-9 (1989a); idem., September 14, 1957, "Guan Yu Fang Zhi Nong Min Mang Mu Liu Ru Cheng Shi De Tong Zhi." In D.Q. Zhao, p. 940 (1989a).

¹⁹ Zhong Gong Zhong Yang and Guo Wu Yuan, December 18, 1957, "Guan Yu Zhi Zhi Nong Min Mang Mu Wai Liu De Zhi Shi." In D.Q. Zhao, pp. 941-2 (1989a).

²⁰ Guo Wu Yuan, February 26, 1958, "Guan Yu Zhi Zhi Nong Min Mang Mu Wai Liu De Zhi Shi De Bu Chong Tong Zhi." In D.Q. Zhao, p. 943 (1989a).

to exceed the mileage of their origin of migration, in the hope that the extra mileage would reduce the possibility of their coming back to the city. The complementary instructions asked local cadres (i.e., people in charge of townships and collectives and/or communes) to accept their emigrants properly, and to cooperate with the sender(s) to ensure that the emigrants were not dropped off by the sender(s) on the way or sent them further than they should have been.

The relaxation of the centralized control over labor hiring

This policy was a product of the Great Leap Forward in the period 1958-60. Before 1956, regional governments were in charge of formulating plans for the size of the labor force. In 1956, the central government centralized the control of labor hiring into its own hands. The centralized control included the design of quotas and sources of labor force for each sector.²¹ By 1957, the government started to experiment with the decentralization of administrative power. Some of the state-owned enterprises that were administered by the central government were reassigned to local governments. The latter were also allowed to share certain industrial revenues. Enterprises were allowed to take charge of the production process. However the size of the labor force of enterprises continued to follow quotas that were set by the central government.²²

The desire to promote the economic leap forward soon undermined the control over the size of the labor force.

²¹ Dang Dai Zhong Guo, Dang Dai Zhong Guo De Jing Ji Guan Li (Beijing: Zhong Guo She Hui Ke Xue, 1985).

²² Zhong Gong Zhong Yang, September 20, 1957, "Guan Yu Gai Jin Gong Ye Guan Li Ti Zhi De Gui Ding (Cao An)." In D.Q. Zhao, p. 900 (1989a).

During the Great Leap Forward, the quotas of labor force were designed according to the economic goals of government plans. These plans usually contained two sets of indicators to the provincial and the sectoral administrations: (1) the *compulsory indicators* and (2) the *desirable indicators*. The former set up the level of economic output that had to be achieved, while the latter designated a level of output that was expected to be achieved through hard work. Compulsory indicators were usually lower than desirable indicators. In practice, lower level governments within the administrative hierarchy used the desirable indicators of their next higher level government to be their compulsory indicators. That is, the administrations at the provincial and sectoral levels used the *desirable indicators* of the central government as compulsory indicators, while at the county level they also used the *desirable indicators* of the provincial government as compulsory indicators. Thus the *desirable indicators* for the lower level governments were much higher than what were expected by the central government.

Table 5.1.--Changing Size of Labor Force, 1949-63
(in 10,000)

Year	State-Owned Work Units	Collective Work Units	Individual Businesses	Rural Labor	Total
1952	1580	23	883	18243	20729
1953	1826	30	898	18610	21364
1954	1881	121	742	19088	21832
1955	1908	254	640	19526	22328
1956	2423	554	16	20025	23018
1957	2451	650	104	20566	23771
1958	4532	662	106	21300	26600
1959	4561	714	114	20784	26173
1960	5044	925	150	19761	25880
1961	4171	1000	165	20254	25590
1962	3309	1012	216	21373	25910
1963	3293	1079	231	22037	26640

Source: The State Statistical Bureau 1991b, p. 95.

As a consequence, the quotas of investment and labor force could not match the level of output. Given the

priority of the economic leap forward, the central government asked local administrations to solve their problems at the prefectures, counties, communes and enterprises levels, and at the same time to decentralize the power of control over finance, the growth of industries, commerce and labor force.²³ As a result of this power decentralization, the size of the non-agricultural labor force increased rapidly (Table 5.1). In the state-owned sector, particularly, the size of labor force reached 50 million in 1960, doubling the size of labor force in 1957.

In 1961, the central government took back the decentralized powers that they gave to the local administrations during the Great Leap Forward and thus discarded the policy of relaxation of control over labor hiring. Decentralization of urban population then became the focus in the next policy period.

Hui Xiang: the movement of returning to the villages

The policy of *Hui Xiang* was to reduce the size of urban population. It was a principal part of the strategy of readjustment in the period 1961-63, and was largely a reaction toward the rapid increase of non-agricultural labor force during the Great Leap Forward (1958-60). The oversized non-agricultural labor force was accused of being the causes of (1) labor shortage for agriculture; and (2) overburdening government finance and grain supply. The reduction of urban population had thus focused on the size of non-agricultural labor force.

In June 1961, the Central Committee of the Chinese Communist Party called for the reduction in the size of the urban population by 20 million in three years. Newly

²³ Zhong Gong Zhong Yang, January 20, 1961b, "Guan Yu Tiao Zheng Guan Li Ti Zhi De Ruo Gan Gui Ding." In D.Q. Zhao p. 918 (1989a).

registered non-agricultural population, i.e., those who joined the non-agricultural labor force after January 1958, from the countryside, had to return to their villages. Workers who had been employed since January 1958 but who were urban residents were not required to be removed from the non-agricultural labor force.²⁴ According to Table 5.1, the non-agricultural labor force was reduced mainly in the state-owned sector. In 1961 alone, 8.73 million workers in the state-owned working units were chopped off the non-agricultural labor force. By the end of 1963, another 8.78 million were moved from the state-owned sector to the countryside.

Hand in hand with the reduction of non-agricultural labor force were the new definitions of towns and cities. In 1962, the Central Committee of the party suggested that the number of settlements with city or town status, the size of suburban areas of large and medium-sized cities be reduced and that the growth of large cities be controlled, as complementary measures to limit the size of urban population.²⁵ The population threshold for towns was to be raised to 3,000, and the percentage of non-agricultural residents could be 70 percent of the 3,000. The minimum population threshold of cities remained 100,000. Definitional changes of cities and towns helped to reduce the number of cities from 208 in 1961 to 167 in 1964, while the number of towns was reduced from 4429 to 3148.²⁶

²⁴ Zhong Gong Zhong Yang, June 16, 1961a, "Guan Yu Jian Shao Cheng Zhen Ren Kou He Ya Suo Cheng Zhen Liang Shi Xiao Liang De Jiu Tiao Ban Fa." In D.Q. Zhao, p. 946 (1989a).

²⁵ Zhong Gong Zhong Yang and Guo Wu Yuan, 1963, "Guan Yu Tiao Zheng Shi Zhen Jian Zhi, Suo Xiao Cheng Shi Jiao Qu De Zhi Shi." In Dang Dai Zhong Guo De Cheng Shi Jian She Dang Dai Zhong Guo, pp. 83-4 (1990).

²⁶ Guo Jia Tong Ji Juu, 1990a.

The forced reduction of the non-agricultural labor force and the changes of urban definition worked together to reduce the non-agricultural population from 137.31 million in 1960 to 115.84 million in 1963. A total of 21.47 million non-agricultural population was returned to agricultural status. The goal of non-agricultural population reduction by 20 million was achieved. Thus in 1963 the policy to reduce urban population ended.²⁷

Shang Shan Xia Xiang: the movement of going up to the mountains and coming down to the villages

The policy of *Shang Shan Xia Xiang* (going up to the mountains and coming down to the villages) grew from the period of readjustment. In 1963, the Chinese Communist Party asked the government to prepare for about one million urban youths to participate in agricultural production in the countryside each year, for the next fifteen years. The purpose of the policy was to control the growth of urban population.²⁸ This control was carried out in two ways. First, the government moved a sizable urban population each year to the countryside in order to establish a regular check to the growth of urban population. Second, it stabilized rural youths in villages and improved the quality of life and the level of education of the Chinese peasants by resettling urban youths in the countryside.²⁹ In the early 1960s, branch offices of *Shang Shan Xia Xiang* were established widely in the provincial, urban, county governments and communes to implement the policy. This included the organization and preparation of urban youths in

²⁷ Dang Dai Zhong Guo De Ji Hua Gong Zuo Ban Gong Shi, Da Shi Ji Yao (1986), 204.

²⁸ *Ibid.*, 198.

²⁹ People's Daily February 16, 1964.

cities, and the long term coordination of livelihood and work for those already "rooted" in the countryside.

The lack of employment opportunities might be the main reason for *Shang Shan Xia Xiang*. As one popular slogan read: "We (urban youths) too have a pair of hands, we do not want to stay spare in cities, eating others' produce". The beginning of the Cultural Revolution further intensified the pressure of unemployment in cities because economic growth was replaced by "class struggle". The industrial productivity declined (Table 5.2). Under this chaotic economic situation, Mao Zedong spelled out his famous instruction in 1968:

It is very necessary for those educated youths to go to the countryside to be reeducated by the peasants...³⁰

This statement provided the ideological rationale for the policy of *Shang Shan Xia Xiang*. It brought about the large-scale resettlement of urban youths in rural China. By 1975, there were 12 million urban youths resettled in the countryside in the period 1966-75.³¹

There were constant struggles among the urban youths who were resettled in the countryside trying to return to the cities. In 1966 and 1967, many urban youths returned to the cities carrying the slogan, "establishing revolutionary ties", and they tried not to return to the countryside.³² After the death of Mao Zedong, many urban youths spoke out against *Shang Shan Xia Xiang*, and attempted to resettle back in the cities. Several rallies were organized in Northeastern, Northwestern and Southern regions by those

³⁰ People's Daily December 22, 1968.

³¹ People's Daily December 22, 1975.

³² People's Daily July 9, 1967.

urban youths in the countryside to protest against the policy of *Shang Shan Xia Xiang*. These rallies forced the post-Mao government officially to discard the policy in 1979.³³

Table 5.2.--Changes of Industrial Productivity, 1958-70

Year	Increase from Last Year (%)	Increase from 1952 (%)
1958	-25.2	64.3
1959	4.3	71.3
1960	34.5	130.2
1961	-34.3	51.3
1962	12.0	69.6
1963	32.5	124.6
1964	25.1	180.8
1965	20.3	237.9
1966	16.1	292.3
1967	-20.0	213.7
1968	-11.7	177.1
1969	25.6	247.9
1970	19.5	315.7

Source: State Statistical Bureau 1991b, p. 63.

Urban Policy 1980: Controlling the growth of large cities and encouraging the growth of small cities (1978-1989)

The Deng leadership sought renewed urban policies to facilitate China's economic growth in the post-Mao era. In 1978, Urban Policy 1980 (viz. controlling the growth of large cities, developing medium-sized cities rationally and encouraging the growth of small cities) was drafted. Smaller cities were given priorities to increase in their size of population and in their numbers, while large cities were to be controlled against further growth. This policy was legitimized in the Regulations of Urban Planning in 1980. It was stressed throughout the 1980s and was reconfirmed in the Law of Urban Planning in 1989.

³³ D.Q. Zhao, (1989b), 823.

The rationale behind this policy was both ideological and pragmatic. According to Chinese communist ideology, smaller cities would lead to rural-urban integration because residents of smaller cities had easier access to the countryside than residents of larger cities. The growth of large cities was controlled so that the gap between the cities and the countryside could be limited. Further, large cities had visible problems such as the lack of infrastructure on a per capita basis. Rapid population increase in large cities would incur extra investment on urban construction. The growth of large cities had to be contained to save investment, and the encouragement of the growth of small cities was pragmatic to block large-city-ward migration.

The idea of containing the growth of large cities and developing small cities was not new. In 1955, the Ministry of Construction suggested the use of small cities to host new factories. This was primarily to save non-productive investment on urban infrastructure such as urban transportation, housing and water supply. In the 1960s, Mao Zedong spoke out in support of the growth of small cities and argued against the growth of larger ones for the purpose of national defense.³⁴ Large cities were easy targets in warfare and thus would cause serious damage to the economy. The location of industries in small cities would protect Chinese industries from possible destruction.

Economic reform led to the acceptance of the idea of containing the size of large cities and encouraging the growth of small cities, by Chinese administrators and officials. Urban Policy 1980 was publicized to provide a resolution for the strong rural push on Chinese urbanization which resulted from rural reform.

³⁴ Z.D. Mao, 1962. "Untitled speech," Quoted from Yu and Sun, 1982.

Urban Policy 1980 had two principal parts. The first principal part was to contain the size of large cities. This part of the policy guided Chinese urban planners in predicting the growth of urban population. Chinese planners compared the rates of population growth among cities in terms of their size to ensure that larger cities had slower rates of growth than that of smaller ones. Also, the policy guided the formulation of plans in labor hiring. Large cities were allocated relatively smaller quotas for the increase of new workers than smaller cities. And the limit set by the quotas was closely scrutinized.

The second principal part of Urban Policy 1980 was to encourage the growth of small cities. This was done by three policy measures: (1) to lower the population threshold of official cities and towns; (2) to call for "leaving the farm but staying in the hometown" and (3) to allow selected peasants to settle in the cities.

The Ministry of Civil Affairs renewed the criteria for settlements to be qualified for official town status in 1984, and city status in 1986. The 1984 amendment set up the minimum non-agricultural population for a town at the size of 2,000. This threshold includes the regular non-agricultural population and the newly registered peasants who settled in the towns for business. Compared with the 1963 standard, the 1984 amendment showed a significant reduction on the minimum size of non-agricultural population. In 1986, the threshold population for a place of official city was set up at the size of 60,000. This was in sharp contrast to the 1963 standard, which was set at the size of 100,000.³⁵

³⁵ The threshold non-agricultural population for an official town was 2,100, and for cities 100,000 in 1963. See Dang Dai Zhong Guo De Cheng Shi Jian She.

The slogan, "leaving the farm but staying in hometown" called for the development of rural enterprises. The latter was expected to help peasants to increase income, and at the same time, to provide employment for surplus labor. In 1980, the output value of rural industries made up only 8.4 percent of the national gross output of industries and agriculture. By 1986, this percentage increased to 14.7 percent. To Chinese planners, the idea of encouraging peasants "to leave the farm but to stay in the hometown" became a part of the Chinese style of urbanization.³⁶ The Central Committee of the party and the State Council were encouraged by these results and quickly announced that:

... [Development of] rural enterprises...is an effective way to establish a new approach of rural-urban relation...[and this development] should be actively encouraged.³⁷

This statement turned rural urbanization policy from a by-policy to an active policy which directed rural labor surplus to a desired end.

In 1984, The State Council asked the local governments to support the peasants entering the market towns (*Jizhen*) to do business. A new policy statement was aired:

The public Security Bureau shall grant permanent household registration to those peasants who applied to establish industrial workshops or to establish commercial outlets in market towns. They should get Self-Grain Support Registration and be counted as non-agricultural population. They should join *Street Residential Commissions*, and

³⁶ X.T. Fei, (1985), 9.

³⁷ Zhong Gong Zhong Yang, in Jian Chi Gai Ge, Kai Fang, Gao Huo p. 357 (1987).

have the privileges and obligations of residents of towns.³⁸

Again, the principal reason to issue this policy was to improve the peasant's income. An admission in registration by the urban places meant that peasants gained access to urban services and the urban market. The practice of this policy soon proved that peasant business in towns and cities benefited urban residents by generating vigorous circulation of commodities and promoting urban reform. Thus, in the Ten Principles of Agriculture of 1985, this policy was re-stated. Peasants were given the green light to establish workshops and/or commercial outlets in cities (Cheng).³⁹

Policies that Guide the Development of Cities

This section groups the policies that guided the development of Chinese cities under two headings. The first was formulated for economic reasons, i.e., to promote China's economic growth. The second was formulated for ideological reasons, i.e., to organize the economy by non-market mechanisms and to eliminate private ownerships.

Policies for Economic Goals

Policies in this group include: (1) the restoration and increase in urban industrial output, 1949-52; (2) the establishment of industrial bases, 1953-57; (3) the emphasis on steel output as the key link, 1958-60; (4) the reduction in the scale of industrial construction, 1961-63; (5) the

³⁸ Guo Wu Yuan, 1984b, "Guan Yu Nong Min Jin Ru Ji Zhen Luo Hu Wen Ti De Tong Zhi." In Fa Gui Hui Bian (1984, 1-12), Fa Zhi Juu, pp. 88-9 (1986).

³⁹ Zhong Gong Zhong Yang and Guo Wu Yuan, 1985, "Guan Yu Jin Yi Bu Huo Yue Nong Cun Jing Ji De Shi Xiang Zheng Ce." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 269-77 (1987).

model of *Daqing*, 1964-77 and (6) using cities as engines of economic growth, 1978-89.

The restoration and increase in urban industrial output, 1949-52

This policy was the top priority of the Chinese communists' agenda in the first three years of the People's Republic (1949-52). Leaders of the party considered that the restoration of production of urban industries was important to the new government for three reasons. First, the restoration of production would put the unemployed urban residents back to work and thus would ensure them secured on money income. Second, it would produce industrial goods for the countryside and would deliver the promises of rural prosperity to the peasants. Third, it would support the military operations that badly needed industrial products to consolidate the communist victory.⁴⁰

Several military orders were issued by the Chinese Communist Party to its army commanders. The latter were asked to protect industries and to make efforts to restore production.⁴¹ A slogan, "to transfer consumer cities to producers" was aired. This slogan had two intentions. First, it was to put urbanites back to work in order to stabilize society and to increase industrial products for the military and the countryside. Second, it was to change the economic structure of some cities from commercial centers to industrial centers.⁴² Another slogan for the purpose of increasing industrial output was "to improve the living and working conditions of urban workers". A large proportion of investment was used to construct housing for urban workers

⁴⁰ S.Q. Liu, (1949), 5-6.

⁴¹ Ibid., 23.

⁴² Ibid., 32.

(Table 5.3). Efforts were made to build sewage systems, water supply and public transit systems. Large cities benefited greatly from these efforts. The projects of *Long Xu Go* in Beijing and *Cao Yang residential district* in Shanghai converted slums into apartments and housed thousands of urban workers. The improved living conditions stimulated the initiatives of urban workers to support the communist development.⁴³

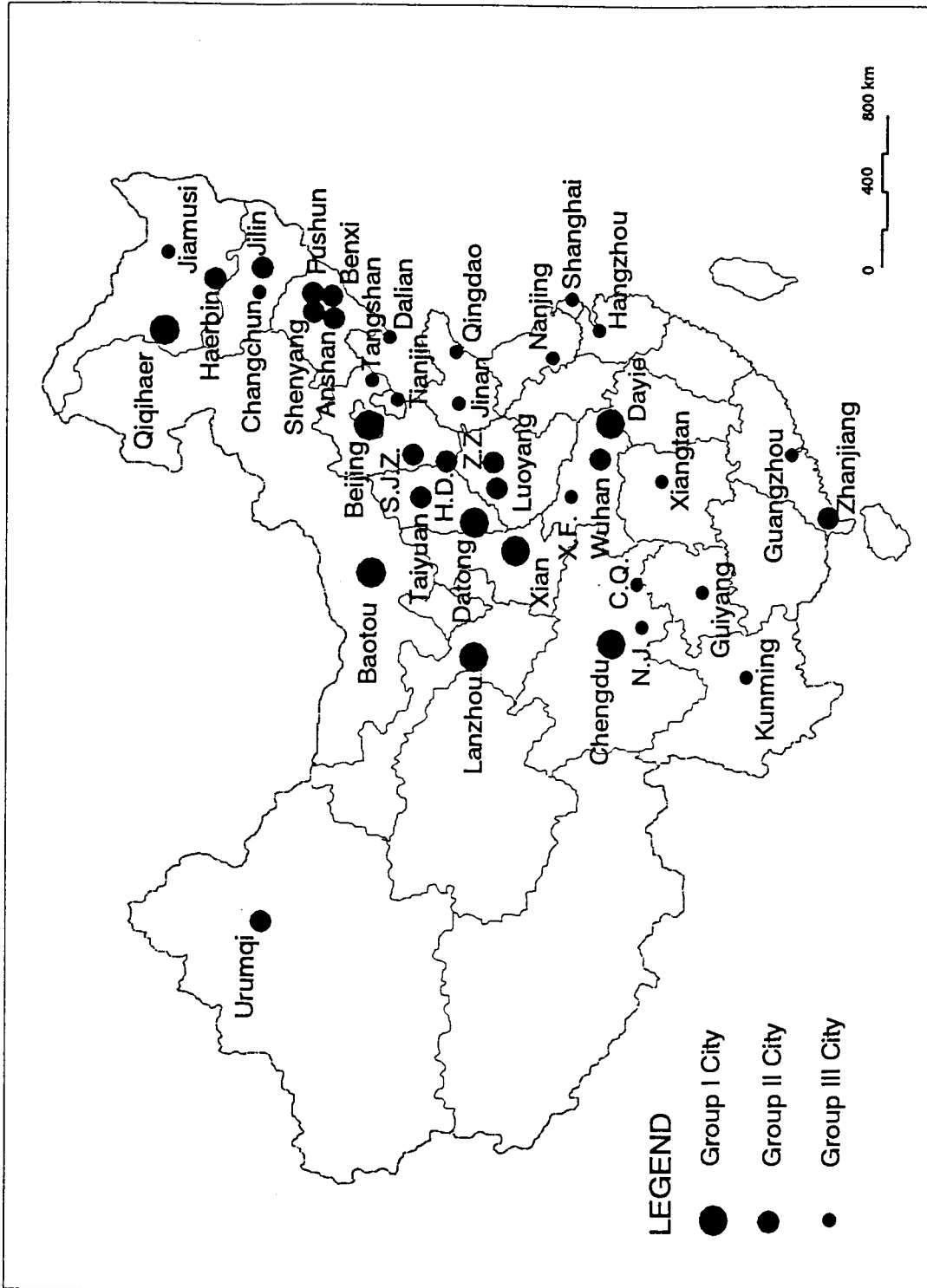
Table 5.3.--Proportion of Housing Investment, 1950-1978
(in percentage, Total 100 percent)

Year	Productive Investment	Non-Productive Investment	
		Other Non-Prod.	Housing
1950	65.0	24.0	11.0
1951	65.0	24.0	11.0
1952	66.9	22.8	10.3
1953	58.6	28.9	12.5
1958	88.0	9.0	3.0
1960	86.4	9.5	4.1
1965	84.7	9.8	5.5
1970	93.5	3.9	2.6
1978	82.6	9.6	7.8

Note: *The productive investments* includes all investments for the economic sectors such as agriculture, industry, construction, transportation, commerce, and communication. *The non-productive investments* are used to satisfy people' material and cultural needs. They include investments on housing, infrastructure, health care, social welfare, education, media, research, and on the constructions of financial and insurance sectors, government agencies, party branches, and other social groups.

Source: The figures are compiled and calculated by the author using raw data from the State Statistical Bureau 1982, p. 309.

⁴³ Dang Dai Zhong Guo, Dang Dai Zhong Guo De Cheng Shi Jian She (1990), 29.



Map 5.1. Location of the Cities that were Categorized in the First Three Groups in 1952.

The establishment of industrial bases, 1953-57

This policy was one of the three tasks during the First Five Year Plan (1953-57).⁴⁴ It was the starting point of the Chinese communists to transform China from an agricultural nation to an industrialized one. Implementation of the policy emphasized the construction of 156 projects that were aided by the Soviet Union, and 694 projects that were designed by the Chinese. These projects were located in seventeen of the twenty-nine provinces. The provinces of Shaanxi, Liaoning, Heilongjiang, Shanxi, Henan and Jilin accounted 70 percent of the 156 projects. Large and medium-sized cities such as Shenyang, Jilin, Fushun, Haerbin, Anshan, Qiqihaer, Beijing, Taiyuan, Shijiazhuang, Baotou, Xian, Lanzhou and Chengdu were the principal sites used to accommodate the new industries.

The Ministry of Construction ranked the cities for investment priorities in order to facilitate the implementation of the policy. Four groups were identified in 1952 (Map 5.1).⁴⁵ The first group, which consisted of eight cities, viz., Beijing, Baotou, Xian, Datong, Qiqihaer, Dayie, Lanzhou, Chengdu, was categorized as heavy industrial cities. The second group, which was composed of fourteen cities that had large industrial bases was classified as cities that needed redevelopment. These cities were Jilin, Anshan, Fushun, Benxi, Shenyang, Haerbin, Taiyuan, Wuhan, Shijiazhuang, Handan, Zhengzhou, Luoyang, Zhanjiang, Urumqi. The third group was made up of seventeen old cities: Tianjin, Tangshan, Dalian, Changchun, Jiamusi, Shanghai, Qingdao, Nanjing, Hangzhou, Jinan, Chongqing, Kunming, Neijiang, Guiyang, Guangzhou, Xiangtan, Xiangfan. Each of

⁴⁴ Refer to p. 140 in Chapter IV.

⁴⁵ Dang Dai Zhong Guo, Dang Dai Zhong Guo De Cheng Shi Jian She (1990), 36-7.

these cities had a small number of factories. Due to their small industrial bases only small scale redevelopment was allowed in these cities. The fourth group was ranked as the least important. The focus of development here was on proper maintenance.

These priorities were re-considered in 1954 (Map 5.2). Beijing received special treatment because of its status as the national capital city. The first category included eight cities (viz., Taiyuan, Datong, Baotou, Luoyang, Xian, Chengdu, Wuhan, and Lanzhou). A large proportion of the 694 projects was allocated in these eight cities. The second category contained twenty-one cities (viz., Anshan, Shenyang, Jilin, Changchun, Haerbin, Fushun, Fulaerji, Shijiazhuang, Shanghai, Chongqing, Guangzhou, Zhengzhou, Zhuzhou, Qingdao, Benxi, Handan, Zhanjiang, Tianjin, Jiamusi, Dalian and Hegang). In this group only some of the 694 projects were allocated. The third category contained fourteen cities (viz., Nanjing, Jinan, Hangzhou, Kunming, Tangshan, Changsha, Nanchang, Guiyang, Nanning, Huhehot, Zhangjiakou, Xining, Yinchuan and Baoji). Here a small number of industrial projects was assigned to these cities. The fourth category included the rest of the cities where they were not assigned any of the 694 projects.

Cities in the first category received a large proportion of the development projects. Their poor infrastructure was given priority by the central government in investment allocation. Cities in the second category were allowed to expand their urban areas to accommodate new industrial projects, provided that the existing areas were used to their full capacity. Cities in the third category were designed to have redevelopment in selected areas. Cities in the fourth category emphasized maintenance and sanitation. Few resources were allocated to these cities.

The emphasis on steel output as the key link, 1958-60

This policy was a product of the Great Leap Forward (1958-60). High indicators of economic growth in all the sectors demanded steel products badly. The latter were thus perceived as the key link to accomplish developmental goals. The Central Committee of the party made several principles to promote the output of iron and steel. These included (1) giving priority to the iron and steel industry in the allocation of equipment, materials, power and labor; (2) concentrating government finance on the iron and steel industry; (3) requesting the commercial sectors and banks to support steel production unconditionally. The state owned commercial sectors were called upon to buy anything that could help to promote the output of steel, while banks gave unlimited loans to the iron and steel industries.

Table 5.4.--Major Industrial Outputs, 1957-60 (10,000 Tons)

Year	Steel	Iron	Semi-finished Steel Products
1957	535	594	415
1958	880	1369	591
1959	1387	2191	897
1960	1866	2716	1111
1961	870	1281	613

Source: State Statistical Bureau 1982, pp. 223-4.

Mass movements (*Quan Min Da Ban*) were initiated to speed up the growth of steel output. In 1959 small refinery stoves mushroomed in both cities and countryside. In 1960, two-thirds of the 2000 counties and cities which had deposits of coal and/or iron ores, established refinery factories. These factories were known as either *Xiao Tu Qun* or *Xiao Yang Qun*. *Xiao Tu Qun* was a group of industries that used indigenous methods. *Xiao Yang Qun* was a group of industries that used foreign methods. The central government requested that every county and city that had deposits of coal or iron ore to set up at least one base of *Xiao Tu Qun*

or *Xiao Yang Qun*. *Xiao Yang Qun* was preferred to *Xiao Tu Qun* because it used advanced technology and was more productive.⁴⁶ By 1960, the total number of workers and staff in twenty-one provinces was 18.2 million, of which 6.9 million was in *Xiao Yang Qun*, 3.18 million was in *Xiao Tu Qun*. The total of *Xiao Tu Qun* and *Xiao Yang Qun* made up 55.2 percent of the national urban work force. The outputs of steel, iron and steel products rose quickly (Table 5.4).

The reduction in the scale of industrial construction,
1961-63

This policy was an important part of the strategy of readjustment (1961-63). It was spelled out in late 1960 when the industrial leap forward caused shortages of investment, material, equipment and labor.⁴⁷ This policy had four requirements. First, all proposed projects that exceeded an investment quota were not allowed to start their constructions. Second, all projects which exceeded an investment quota and that had been started should be held or postponed except those that could provide instant help to the rise of raw materials and agriculture. Third, large scale constructions should reduce its scale into medium or small projects. Fourth, non-productive construction such as public buildings, cultural and welfare facilities should be stopped.

In mid-1961, the State Planning Commission planned to reduce the investment on capital construction for the year

⁴⁶ Dang Dai Zhong Guo, Dang Dai Zhong Guo De Ji Ben Jian She Shang, (1987), 113-4.

⁴⁷ Guo Jia Ji Wei and Guo Jia Jian Wei, August 19, 1960, "Guan Yu Suo Duan Ji Ben Jian She Zhan Xian Bao Zheng Sheng Chan De Cuo Shi." In Da Shi Ji Yao, pp. 155-6 (1986).

1961 from 129 billion Yuan to 70 billion Yuan.⁴⁸ Local governments were requested to rank the priorities of their construction projects for a selection of those that had to be continued. Only those projects that could be completed in the year and could produce the most wanted products of the nation should be given the green light to continue.⁴⁹ Industries that were set up by rural and urban communes were all discarded. The majority of factories operated by the county governments were closed down.

Table 5.5 shows the changes in the number of enterprises from 1957 to 1965. In 1959, the total number of enterprises reached its peak--there were 318,000 enterprises including 99,000 state owned and 219,000 collectives. From 1959 to 1965, the number of enterprises was reduced by half. By 1965, there were only 46,000 state owned enterprises and 112,000 collectives.

Table 5.5.--Changes of the Number of Enterprises, 1957-65
(1,000)

Year	State Owned	Collectives	Total
1957	58	112	170
1958	119	144	263
1959	99	219	318
1960	96	158	254
1961	71	146	217
1962	53	144	197
1963	47	123	170
1964	45	116	161
1965	46	112	158

Source: State Statistical Bureau 1982. p. 203.

The model of *Daqing*, 1964-77

⁴⁸ Guo Jia Ji Wei, June 22, 1961, "Guan Yu Chong Xin Tiao Zheng Ji Ben Jian She De Tong Zhi." In Da Shi Ji Yao, p. 171 (1986).

⁴⁹ Ibid.

This was the principal policy for the growth of urban industries in the period 1964-77. Daqing was an oil field that was built in 1964. The workers of Daqing used indigenous methods to overcome difficulties due to the lack of investment, equipment, and hard living conditions. The output of crude oil in Daqing roughly met China's domestic demand. During the era of international conflicts between China and the Soviet Bloc, and between China and the U.S., Chinese leaders viewed Daqing as the model of Chinese industrialization, i.e., to increase output with little or no investment.

The Daqing model also satisfied the communist ideology of rural-urban integration. Family members of Daqing workers were organized to cultivate the farms in the oil field. The houses in Daqing were constructed with mud. They were arranged in rows. During the twenty years from 1960 to 1980, there were only 1,642,000 square meters of apartment buildings constructed in Daqing (Table 5.6). This was only half of the total constructions of apartment buildings in the five year period between 1981 and 1985.

Table 5.6.--Housing Construction in Daqing, Before and After 1980

Year	Building Area* (sq. m)	Housing Area per capita** (sq. m)
1980	1,642,000	4.01
1985	4,842,000	8.91

Source: The construction figures are calculated by the author. * Data based on The Planning Office for the Northeastern Region, The State Council, 1987. The Economy of the Northeastern China, Vol.1, pp. 377-90. Beijing: Zhong Guo Ji Hua. ** These figures are calculated on the basis of non-agricultural population (not including counties) of 1980 and 1985, respectively. The population data is from Guo Jia Tong Ji Juu, 1990a. China: the Forty Years of Urban Development, pp. 110-1.

The spirit of "the combination between city and countryside, between industry and agriculture" and "production first, livelihood last" was typical in Daqing and worthy of being emulated by other Chinese cities. In 1964, Mao called out that "industries learn from Daqing". This slogan was displayed widely on the gates of Chinese factories in the 1960s and in the 1970s. Daqing's spirit and physical form, or the agropolitan appearance, became a model for other cities.

A direct consequence of the Daqing Model is the reduction of investment of urban infrastructure. Table 5.7 shows the proportions of investment used for urban infrastructure. In 1952, 3.76 percent of the investment for capital construction was used for urban infrastructure, while in the mid-1970s, only 1.09 percent of the capital construction investment was used for urban infrastructure. Up to the mid-1970s, the proportion of investment for urban infrastructure kept declining.

Table 5.7.--Proportion of Investment for Urban Infrastructure, 1952-1985

Period	% of GDP	% of Investment of Fixed Assets	% of Capital Construction
1952	0.24	3.76	3.76
1st FYP	0.27	2.33	2.42
2nd FYP	0.40	1.96	2.13
1963-65	0.22	1.81	2.14
3rd FYP	0.14	1.09	1.35
4th FYP	0.15	0.85	1.09
5th FYP	0.29	1.61	2.19
6th FYP	0.61	3.40	5.31

Note: FYP: Five-Year Plan. The 1st FYP was in the period 1953-57; the 2nd FYP was in the period 1958-62; the 3rd FYP was in the period 1966-70; the 4th FYP was in the period 1971-75; the 5th FYP was in the period 1976-80; the 5th FYP was in the period 1981-85; the 6th FYP was in the period 1986-1990.

Source: Guo, G.Q et al. 1988. p. 265.

Using cities as engines of economic growth, 1978-89

Chinese leaders sought to stimulate national development by promoting the growth of cities in the 1980s. Cities were expected to function as economic organizers, as multi-functional centers, and as catalysts to open to the world.

The Chinese government believed that using cities as economic organizers would help to solve the problems of poor coordination between rural and urban sectors, and between "strips" and "areas".⁵⁰ This policy required the use of cities as growth centers to promote the development of their rural hinterland. Cities were expected to organize production and circulation for their local regions. The policy called for the formulation of economic zones/regions that were of various size/scale and types.⁵¹

In order to implement this policy, city governments were asked to administer most of the industries and enterprises in their areas of jurisdiction. Urban enterprises that were administered by the ministries of the central government were expected to use local services in casting, thermal treatment, mechanical repairs and electroplating for production, and to use local commercial outlets, schools and housing for livelihood. In selected provinces, experiments were made to discard prefectures and to give cities the responsibility in supervising their tributary counties. Further, city governments were encouraged to stimulate the growth of their free markets,

⁵⁰ Here "strips" refer to the central government ministries and the hierarchies of administration under these ministries. "Areas" refer to jurisdictions of local governments. See Z.Y. Zhao, 1982, "Ji Ji Wen Tuo di Jia Kuei Jing Ji Ti Zhi Gai Ge De Jin Cheng." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 165-6 (1987).

⁵¹ Ibid., 167.

which were vehicles to organize the circulation of commodities. From 1979 to 1990, the number of free markets in cities increased from 2226 to 13,106 (Table 5.8). The latter attracted peasants and generated intensive interactions between cities and their surrounding settlements.

Table 5.8.--Number of Free Markets in the Cities and the Countryside, 1978-1990

Year	Free Markets in Cities	Free Markets in Countryside	Total # of Free Markets
1978		33302	33302
1979	2226	36767	38993
1980	2919	37890	40809
1981	3289	39715	43013
1982	3591	41184	44775
1983	4488	43515	48003
1984	6144	50356	56500
1985	8013	53324	61337
1986	9701	57909	67610
1987	10908	58775	69683
1988	12181	59178	71359
1989	13111	59019	72130
1990	13106	59473	72579

Source: The State Statistical Bureau 1991b. p. 605; The State Statistical Bureau 1985, p. 477.

The economic structure of cities was altered by the growth of light industries and the growth in the tertiary sector. Table 5.9 shows the shares of heavy and light industries in production output. Light industries made up 43.1 percent of the total industrial output value in 1978. By 1992, light industries accounted for 47.6 percent of the total industrial output. It was anticipated that the growth of light industries would activate the economy by providing a large variety of goods, benefit urban residents through providing more employment, and help China to communicate with the world market by increasing export.

Table 5.10 shows the increasing proportion of labor force that was employed in the tertiary sectors in ten

selected Chinese cities. During the period 1978-88, all the ten cities experienced growth in their tertiary sectors. Most of these ten cities had increased over ten percentage points in their labor force in the tertiary sectors.

Table 5.9.--Composition of Industrial Output, by Percentage,
1978-92

Year	Light	Heavy
1978	43.4	56.9
1980	47.1	52.9
1981	51.5	48.5
1984	47.4	52.6
1989	48.9	51.1
1992	47.6	52.4

Source: The State Statistical Bureau 1992. p. 11.

Table 5.10.--Changes of the Tertiary Sectors in Ten Selected
Cities, 1978-88

Cities	1978	1980	1985	1988
Guangzhou	32.7	35.3	41.2	43.7
Qingdao	26.4	26.6	32.5	40.5
Zhengzhou	22.4	23.5	32.2	32.5
Wuxi	19.5	22.6	25.6	29.5
Nanning	24.6	30.0	33.1	37.8
Ningbo	15.5	17.4	20.9	24.4
Zhanjiang	18.2	21.2	26.8	27.5
Jingdezhen	15.4	17.1	20.2	21.9
Linfen	20.2	20.2	23.0	24.4
Yanan	18.4	21.4	25.0	29.4

Source: The State Statistical Bureau 1990a, pp. 144-5.

Cities were used as catalysts of development to attract foreign investment. After four Special Economic Zones (viz., Shenzhen, Xiamen, Zhuhai and Shantou) were set up in 1980, fourteen coastal cities were given special status as Open Coastal Cities in 1984. In many large- and medium-sized cities development zones were also established and granted special privileges. These special privileges allowed the economies of these development zones to deviate from the planned economic system and to make more use of the

market mechanism. The development zones were walled areas with extraterritorial rights. Foreign investors were granted tax exemption, government subsidies, and other privileges. The host government had little or no control of how foreign investors conducted their businesses. Foreign investment was seen by the Chinese government as not only a possible solution to the shortage of financial resources, but also as a vehicle to import advanced technology to China. These cities that were granted special privileges relaxed the planned hiring of labor. The solitary control over the flow of population between rural and urban areas had little or no impact in these special cities.

Policies for Ideological Goals

This group included policies of: (1) democratic reform, 1949-52; (2) reshaping the ownership-structure of industries and commerce, 1953-57; (3) *Yi Da Er Gong*: Rushing toward pure state ownership, 1958-60; (4) reinforcing the responsibility system in urban industries, 1961-65; (5) *Ji Zuo*: Pure state-ownership and deregulation, 1966-77 and (6) reforming the structure of ownership and the state-enterprise relations, 1978-89.

Democratic reform, 1949-52

Chinese communists marching into cities carried with them the slogan: "maintain the existing system". The purpose of such a display was to stabilize Chinese society. In the existing system, exploitation by labor contractors (*Ba Tou*), body search for workers (*So Shen*), and unnecessary personnel (*Rong Yuan*) remained. The level of wages was substantially different among factories and between management and workers within factories.⁵² The policy of democratic reform called for the elimination of the existing system and the

⁵² People's Daily. February 6, 1950.

establishment of new administrations according to communist principles.

Democratic reform uprooted the feudal labor contractors (*Ba Tou*) and established worker's commissions. The latter were unions under the leadership of the Chinese communists. Their function was to protect the interests of urban workers and to promote the increase of industrial production. In some cities, *Ba Tou* were gang members. Such connections led the anti-counterrevolutionary movement to be a part of the democratic reform. The Security Bureau of Shanghai sentenced 450 of the port labor contractors to jail and thirty-six of them were shot.⁵³

The Three-Anti and the Five-Anti movements were parts of the democratic reform. During the Three-Anti movement, urban governments were called to uproot counter-revolutionary, feudal organizations completely. New systems of administration were setup accordingly.⁵⁴ The Five-Anti Movement classified industrialists and commercial owners into five categories: (1) those who had committed no offense (10-15 percent of the total); (2) those who had committed minor offense (50-60 percent); (3) those who had committed several minor offenses (25-30 percent); (4) those who had committed severe offenses (4 percent) and (5) those who had committed major offenses (1 percent). Each category of offenders was punished accordingly.

Reshaping the ownership structure of industries and commerce, 1953-57

This policy was a component of the strategy of socialist transition and one of the three tasks of the First

⁵³ People's Daily. July 15, 1951.

⁵⁴ F.C. Li, May 2, 1952, "Zai Quan Guo Lao Mo Hui Shang De Jiang Hua." In D.Q. Zhao, p. 28 (1989a).

Five Year Plan (1953-57). The reconstruction of capitalist industries used national capitalism as a way to control the state supply of materials and the marketing of outputs. National capitalism had three forms: the beginning, the intermediate and the advanced. In the beginning form, private industries were forced to sell their finished goods to the state. The latter then distributed these goods to the market. In the intermediate form, private industries signed contracts with the state to produce goods. The state supplied the raw materials and bought the outputs in return. In the advanced form, co-management was practiced between the private and state sectors. Co-management enhanced state control over production and labor-management relations.⁵⁵ By the end of the transition, around 1956, private industrialists were forced to give up their factories. Table 5.11 shows the composition of total industrial output by economic ownerships in the period 1949-65. State-owned, collectively-owned and co-managed industries grew in their shares of industrial outputs, while industries under private-ownership declined. The privately-owned manufacturing industries made up 48.7 percent of the total industrial output in 1949. By 1957, only 0.1 percent of the total industrial output was contributed from the private manufacturing sector.

In the commercial sector, the first transition was given to the owners of wholesale businesses. In 1950, the government started to *Tong Go Bao Xiao* (i.e., monopoly and monopsony by the state) on some important agricultural products such as grain, cooking oil and cotton. *Tong Go Bao Xiao* forced private businesses in the wholesale sector out of the economy. By 1957, the total value of private wholesale businesses made up only 0.1 percent of the national total. Private retailers were converted to agents

⁵⁵ People's Daily. November 11, 1953.

of the state, to operate as commercial outlets. Co-management of the state with the private owners was used. This enabled the government to control private retail businesses and to manipulate the level of employment. The government encouraged the establishment of commercial collectives. A large number of stores of the same type of goods were merged (e.g., those selling medical equipment and printing machines were grouped into one category, and those selling stationery, clocks and eyeglasses were grouped into another category). As a consequence, the number of commercial outlets kept on shrinking in the period of ownership transition (Table 5.12).

Table 5.11.--Composition of Total Industrial Output by Economic Ownerships, by percentage, 1949-57

Year	State	Collec- tive	Public- Private Co-Manag.	Private Manuf.	Private workshop	Total
1949	26.2	0.5	1.6	48.7	23.0	100
1952	41.5	3.3	4.0	30.6	20.6	100
1957	53.8	19.0	26.3	0.1	0.8	100

Source: Guo Jia Tong Ji Jiu, 1987c and 1993. Zhong Guo Tong Ji Zhai Yao. p. 98 (1987c), p. 42 (1993).

Table 5.12.--Total Number of Commercial Outlets in Selected Cities, 1952-57

Cities	1952	1957
Shenyang	28119	20865
Jinan	35031	16000
Shijiazhuang	11093	4627
Anyang	3732	1636
Linfen	598	334

Note: Commercial outlets in suburban counties were excluded.

Source: Guo Jia Tong Ji Jiu, 1990a, pp. 292-3.

Handicraft workshops made up the majority of industries in the small cities. They were important suppliers of tools of production and articles for daily use

for the countryside.⁵⁶ The reconstruction of the handicraft industry was to organize the individual producers into semi-collectives and then into collectives. The former was organized on the basis of private ownership, i.e., members of a semi-collective owned their tools individually but worked together so that the production and marketing could be planned. In collectives, members gave up their private ownership of tools to set up collective ownership. By the end of 1956, the total number of the members of collectives reached 5.3 million, which made up 92 percent of the total number of handicraft workers. Collectives in the handicraft industry reached 100,000 in number.

Yi Da Er Gong: Rushing toward pure state ownership, 1958-60

This policy was a product of the Great Leap Forward, when the Chinese communist leaders called for a rush toward communism. Along with the high economic indicators in steel production, the pattern of state ownership was expected to dominate further the economy. In 1958, Mao visited several pioneer communes in the countryside. These communes changed the ownership of small collectives (i.e., production teams and collectives) into communes. The latter contained the population of several collectives and included industries, commerce, agriculture, schools and military. Thus, they were big in size and dominated by the state (*Yi Da Er Gong*). Communes were not only in control of production and livelihood of peasants, but also in control of the lowest level of the government. For Mao, communes exemplified the proper form of the socialist China and thus he pushed the establishment of communes nationwide.⁵⁷

⁵⁶ People's Daily. April 14, 1954.

⁵⁷ D.Q. Zhao, (1989a), 675.

Yi Da Er Gong applied to cities in two aspects. First, individual producers and industrial collectives were pushed toward state-ownership. The Chinese Communist Party was called to increase the intensity of control and to restructure individual ownerships. Individual producers had to join collectives. At the same time, industrial and commercial collectives were converted into state enterprises, i.e., *Zhuan Chang Guo Du*. *Zhuan Chang* literally meant the change of industries (in ownership). *Guo Du* referred to the transformation of the Chinese society (toward communism). Second, urban communes were used as organizational forms of *Yi Da Er Gong*. The Chinese Communist Party requested its local governments to organize a variety of urban communes which might be centered on government agencies and schools, or might comprise both urbanites and villagers.⁵⁸ All cities were asked to experiment with urban communes in the first half of 1960. It was expected by the end of 1960 that urban communes would replace all cities except Beijing, Shanghai, Tianjin, Wuhan and Guangzhou.⁵⁹

Mass movements were used in economic administration. Chinese leaders advanced a new way to promote economic growth, i.e., *An Gang Xian Fa* (Constitution of the Steel Plant of An Gang). The latter believed that the regulations were rigid and contained the energy of the masses. It believed that the economic leap forward could only be accomplished by emphasizing politics and by promoting mass participation.⁶⁰

⁵⁸ D.Q. Zhao, (1989a), 511.

⁵⁹ Ibid.

⁶⁰ Ibid., 601.

Reinforcing the responsibility system in urban industries,
1961-65

This policy was a product of readjustment (1961-63). The rationale behind it was that *Yi Da Er Gong* undermined the initiatives of the workers through egalitarian distribution. Ignorance over regulations in industrial production caused an increase in accidents and lowered the quality of output. In 1961, the government requested the revolutionaries (i.e., red guards and mass organizations) to establish new systems before smashing the old ones (*Xian Li Ho Pe*). Workers were requested to follow regulations, such as those related to safety, quality checking and material administration, among others.⁶¹ At the same time, the responsibility system was stressed. Wages, bonus, and promotions were determined on the basis of personal performance, and the performance of the production line or team.⁶²

The reinforcing of responsibility systems raised the productivity of the Chinese labor force. As Table 5.13 shows, the social productivity and the industrial productivity of labor came out from their lowest points of 1961. During the successive years, both social and industrial productivities of labor increased (Table 5.13).

Ji Zuo: Pure state ownership and deregulation, 1966-77

The term *Ji Zuo* referred to the thought leading to policies that rushed toward communism. *Ji Zuo* policies were usually too advanced for the existing situation. During the ten years of the Great Cultural Revolution, Chinese leaders applied the long term communist goals in the short-run. Private producers, market mechanisms were viewed as

⁶¹ People's Daily. February 22, 1961.

⁶² People's Daily. Decamber 17, 1961.

capitalistic in nature and were contained or discarded. As a result, egalitarianism and the "iron rice bowl" (*Tie Fan Wan*) became common in the economy. Egalitarian distribution among the enterprises undermined the development potential of the enterprises as an economic entity. Egalitarian distribution among workers within the enterprises undermined their initiatives of production.

Table 5.13.--Changes of Productivity in China, 1960-65

Year	changes of social productivity from last year (%)	changes of industrial productivity from last year (%)
1960	-0.1	34.5
1961	-28.9	-34.3
1962	-6.6	12.0
1963	8.5	32.5
1964	12.6	25.1
1965	12.8	20.3

Note: *Social productivity* is defined as the average Gross Domestic Product created by each laborer.
Industrial productivity is defined as the average industrial net output created by each industrial laborer.

Source: Guo Jia Tong Ji Juu, 1991b, p. 63.

Most of the regulations for administration and production were discarded in the ten years of the Cultural Revolution. These regulations were said to be against the working class (*Guan Ka Ya*) and were therefore a hindrance to China's development. Similar to the situation during the Great Leap Forward, mass enthusiasm was well received in the ten years of Cultural Revolution (1966-76).

Using the same productivity indicators, it is clear that *Ji Zuo* policy resulted in slow growth of the economy (Table 5.14). The changes of social productivities fluctuated from a negative 10.5 percent to a positive 18.7 percent. In six of the ten years, industrial productivities declined from the levels of each respective years. By and

large, the productivity of the Chinese labor remained at a low level.

Table 5.14.--Changes of Productivity in China, 1966-76

Year	changes of social productivity from last year (%)	changes of industrial productivity from last year (%)
1966	12.8	16.1
1967	-10.5	-20.0
1968	-9.7	-11.7
1969	14.9	25.6
1970	18.7	19.5
1971	3.4	-2.9
1972	0.8	-4.3
1973	6.8	1.6
1974	-0.9	-5.8
1975	6.1	6.8
1976	-4.5	-12.2

Note: See Table 5.13 for the definitions of social productivity and industrial productivity.

Source: Guo Jia Tong Ji Juu, 1991b, p. 63.

Reforming the structure of ownership and the state enterprise relations, 1978-89

The strategy of reform and openness signaled the green light for the growth of collectives and of private ownership, and relaxed the strict control of enterprises by the state.

There were two reasons that revived the growth of private ownerships and collectives. First, most articles of daily life were produced by private producers and collectives. The control over the number of these operations reduced the variety of commodities.⁶³ Recognizing their importance, Chinese leaders perceived that private and collective operations were complementary to the state

⁶³ For example, see People's Daily July 17, 1978. It is reported that Wuhu had reduced more than 400 types of commodities as a result of the lack of collectives.

sector, and should be allowed to grow.⁶⁴ Second, the growth of private businesses helped the state to accommodate the urban youths who came back to cities after the policy of *Shang Shan Xia Xiang* was discarded.

Efforts were made by both central and local governments in order to promote the growth of the private economy and collectives. These efforts included regulations to make space for free markets, individual producers, and collectives, and for the material and financial support of these operations.⁶⁵ As a consequence, self-employment and employment opportunities in other sectors (i.e., sectors other than state and collective enterprises, such as joint-venture enterprises) grew quickly (Table 5.15).

⁶⁴ People's Daily. July 19, 1979, "Shou Gong Ye Da You Ke Wei"; People's Daily, August 4th, 1979, "Zheng Que Ren Shi He Dui Dai Ji Ti Suo You Zhi"; People's Daily, January 9, 1983. "Shi Dang Fa Zhan Ge Ti Jing Ji Shi She Hui Jing Ji Sheng Huo De Xu Yao."

⁶⁵ Guo Jia Lao Dong Zong Juu, Jian Gong Zong Juu, Gong An Bu and Gong Shang Guan Li Zong Juu, May 6th, 1981, "Guan Yu Jie Juo Fa Zhan Cheng Zhen Ji Ti Jing Ji He Ge Ti Jing Ji Suo Xu Chang Di Wen Ti De Tong Zhi," p. 382; Jian She Bu, August 20, 1982, "Guan Yu Jia Qiang Ji Ti Suo You Zhi Jian Zhu Qi Ye An Quan Sheng Chan De Zan Xing Gui Ding," pp. 516-7; the City Government of Beijing, March 10, 1983, "Guan Yu Jia Qiang Dui Ge Ti Gong Shang Ye Hu Guan Li De Tong Zhi," pp. 384-5; All the above three documents are in Zhong Guo Jing Ji Guan Li Fa Gui Wen Jian Hui Bian (Shang), Zhong Guo She Ke Yuan Fa Xue Yan Jiu Suo, 1987. Also see Guo Wu Yuan, September 27, 1984, "Guan Yu Jia Qiang Xiang Zheng Jei Dao Qiye Huan Jin Guan Li De Gui Ding." In Fa Gui Hui Bian Fa Zhi Juu, pp. 468-70 (1986).

Table 5.15.--Changes of the Chinese Labor Force (in 10,000)
in Various Sectors, 1978-90

Year	State owned enterprises	Collectives	Others	urban private Businesses
1978	7451	2048		15
1980	8019	2425		81
1984	8637	3216	37	339
1989	10108	3502	132	648
1990	10346	3549	164	671

Source: Guo Jia Tong Ji Juu, 1991b, p. 95.

The centralized control of urban enterprises was a severe shortcoming of the Chinese administrative system under Mao's leadership. The intention to enlarge the *Zi Zhu Quan* (self-determining power) of urban enterprises was stated in the report of the Third Plenary of the 11th Meeting of the Central Committee of the Chinese Communist Party. In 1979, Li Xiannian, then the president of China, pointed out that the lack of *Zi Zhu Quan* of enterprises resulted in poor coordination between supply and demand and was ineffective in administration. The latter was one of the causes of economic inefficiency. Li addressed the necessity to divide the administrative power among the enterprises, local governments and the central government.

In July 1979, the State Council endorsed five regulatory documents that were related to the *Zi Zhu Quan* of enterprises.⁶⁶ These documents allowed the enterprises to share revenue that exceeded the revenue quota, to hire

⁶⁶ These documents were: (1) Some Regulations to Enlarge the Management *Zi Zhu Quan* of State-owned Industries and Enterprises; (2) Some Regulations on *Li Run Liu Cheng* of State-owned Enterprises; (3) Temporary Regulations on Collecting Tax on Fixed Assets of Industries and Enterprises; (4) Regulations to Raise the *Zhe Jiu Luu* of Fixed Assets of State-owned Industries and Enterprises and to Improve the Use of *Zhe Jiu Fee*; (5) Temporary Regulations to Introduce Mortgage of Floating Capital in State-owned Industries and Enterprises.

workers according to indices that were made by state labor planning, to decide the institutional structure of the enterprise and to select the middle and upper middle level administrative staff, and to sell or rent the spare fixed assets.⁶⁷

In July 1980, the State Council decided to enlarge the *Zi Zhu Quan* of enterprises in production planning, pricing and marketing, and to give enterprises the power to determine administrative structure and personnel arrangements.⁶⁸ In May 1984, the State Council decided to enlarge the *Zi Zhu Quan* of enterprises further, in ten aspects: 1) production management and planning, 2) marketing, 3) pricing, 4) material supply, 5) spending, 6) assets control, 7) administrative setup, 8) labor administration, 9) wages and bonus, 10) cooperative management.⁶⁹ It was frequently asserted that enlargement of the *Zi Zhu Quan* of enterprises was the central focus of economic reform.⁷⁰

Policies that Guide the Development of the Countryside

This group included two policies: (1) agricultural collectivization and (2) rural reform.

⁶⁷ D.Q. Zhao, ed. Zhong Hua Ren Min Gong He Guo Jing Ji Zhuan Ti Da Shi Ji 1967-84, (1989b), 461-2.

⁶⁸ Guo Wu Yuan, 1980, "Guan Yu Kuo Da Qi Ye Zi Zhu Quan Shi Dian Gong Zuo Qing Kuang He Jin Hou Yi Jian De Bao Gao," Zhong Guo She Ke Yuan Fa Xue Yan Jiu Suo, p. 160 (1987).

⁶⁹ Guo Wu Yuan, 1984d, "Guan Yu Jin Yi Bu Kuo Da Guo Ying Qi Ye Zi Zhu Quan De Zan Xing Gui Ding." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 207-10 (1987).

⁷⁰ Zhong Gong Zhong Yang, 1984, "Zhong Gong Zhong Yang Guan Yu Jing Ji Ti Zhi Gai Ge De Jue Ding." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 229-54 (1987).

Agricultural Collectivization

This policy was applied over three decades until the late 1970s. It sought to organize peasants to production teams, collectives or communes and thus to transform scattered producers to follow the planned economy. There were two reasons behind this policy. First, agricultural collectivization was perceived by the Chinese communists to be the only way to suit Chinese industrialization. Without collectivization, large machines would be useless because farms were cut into small pieces. Thus, individual ownership of small land parcels hindered the rise of productivity. Under-developed agriculture was unable to provide the materials needed by industries. Second, the transition from scattered economy to a collective one was the direction given in Marxist ideology. Agricultural collectivization was therefore a necessary step toward communism in China.⁷¹

During the three years of rehabilitation, peasants were encouraged to form multi-aid teams. The latter would enable the different tools and skills to complement each other and to increase productivity. In the period of socialist transition 1953-57, agricultural collectivization was the principal task of the Chinese Communist Party in the countryside.⁷² By 1956, 96.3 percent of the peasants joined rural collectives. The total number of rural collectives reached 756,000, among which 544,000 were high-level collectives, and the rest were low-level collectives. The average size for the former was 198 households, while for the latter it was only 48 households.⁷³

⁷¹ Zhong Gong Zhong Yang, 1951, "Guan Yu Nong Ye Sheng Chan Hu Zhu He Zuo De Jue Yi (Cao An)." In D.Q. Zhao, pp. 261-2 (1989a).

⁷² Refer to Chapter IV, p. 140.

⁷³ D.Q. Zhao, (1989a), 295.

In 1958, the Chinese Communist Party announced its decision to establish rural communes.⁷⁴ By 1959, the total number of rural communes reached 24,000. More than 99 percent of Chinese peasants joined the communes. The average size of rural communes was 5,000 households.⁷⁵ From 1959 to 1984 rural communes remained the major organizational form of the countryside (Table 5.16).

Egalitarianism was the principle of distribution according to collectivism. However, changes were made over time concerning the basic unit of distribution. Until the period of Great Leap Forward, production teams were the basic accounting unit. *Yi Da Er Gong* during the Great Leap Forward changed the basic accounting unit to communes. By the end of 1960, the leaders drew back the accounting units to production teams.⁷⁶ The production team was the principal size for redistribution throughout the 1960s and the 1970s.

Table 5.16.--Rural Communes, Number and Population, 1958-81

Year	Number of Communes	Total Population (10,000)	Average Population (10,000)
1958	23630	56017	23706
1962	74771		
1965	74755	59122	7909
1978	52781	80320	15218
1980	54183	81096	14967
1981	54371	81881	15060
1983	-	-	-
1984	-	-	-

Source: The figures are compiled and calculated by the author, based on data put out by The State Statistical Bureau 1982, p. 131.

⁷⁴ Zhong Gong Zhong Yang, August 17, 1958a, "Guan Yu Zai Nong Cun Jian Li Ren Min Gong She Wen Ti De Jue Yi." In Fa Gui Hui Bian (1958, 7-12), Fa Zhi Juu, pp. 1-5 (1959).

⁷⁵ D.Q. Zhao, (1989a), 687.

⁷⁶ People's Daily. December 21, 1960.

The forms of rural organization determined the administration of *Hu kou* (household registration). In the countryside, the book of *Hu kou* was not given to individual households. A village had one household registration book that contained all villagers.⁷⁷ Peasant traveling outside to visit relatives or to do business had to carry introductory letters that carried the stamp of the villager's commission.⁷⁸

Rural Reform

The policy of rural reform completely changed the collective system in the countryside by returning the basic accounting unit to household size. The idea behind this was to discard egalitarianism that had hindered the increase of rural productivity. The responsibility system was the major means to carry out this change. By 1981, 90 percent of the production teams introduced the responsibility system.⁷⁹ In 1983, the government was called on to dismantle the rural communes.⁸⁰ Experiments to dismantle rural communes were made in 69 counties.⁸¹ By mid-1985, all the communes were dismissed. Instead, town governments were set up in the

⁷⁷ "Zhong Hua Ren Min Gong He Guo Hu Kuo Deng Ji Tiao Li (1958)." In Tong Ji Zhi Du Fang Fa Wen Jian Xuan Bian. Guo Jia Tong Ji Juu, pp. 237-41 (Beijing: Zhong Guo Ji Hua, 1988).

⁷⁸ This was similar to the collective registration book for urban workers who were assigned to cities where none of their family members lived.

⁷⁹ Zhong Gong Zhong Yang, 1982, "Quan Guo Nong Cun Gong Zuo Hui Yi Ji Yao." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 129-37 (1987).

⁸⁰ Zhong Gong Zhong Yang, 1983, "Dang Qian Nong Cun Jing Ji Zheng Ce De Yi Xie Wen Ti." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 169-84 (1987).

⁸¹ Zheng and others, (1987), 244.

place of the previous communes. The 56,000 communes were replaced by 92,000 town and township governments.⁸²

By introducing the responsibility system to the countryside, Chinese agricultural production achieved rapid increase. Table 5.17 shows the changes of grain output per *mu*⁸³ in the period 1952 to 1990. Before the reform program, the average output of grain in China was low. During the period 1952-78, the average output of grain per *mu* only increased slowly from 88 kg per *mu* to 168 kg per *mu*. After the use of the responsibility system in 1978, the average output raised quickly to the level of 262 kg per *mu* in 1990.

Table 5.17.--Average Output of Grain Per *Mu*, 1952-90

Year	Total Output of Grain (10,000 tons)	Total Area of Cultivation (10,000 <i>mu</i>)	Average output of Grain per <i>mu</i> (ton/ <i>mu</i>)
1952	16392	185968	0.088
1957	19505	200450	0.097
1962	16000	182431	0.088
1965	19453	179441	0.108
1970	23996	178901	0.134
1978	30477	180881	0.168
1984	40731	169326	0.240
1989	40755	168307	0.242
1990	44624	170199	0.262

Note: 1 *mu* = 0.067 hectare.

Source: The figures are calculated by the author, based on data put out by Guo Jia Tong Ji Juu, 1991b, p. 340 and p. 346.

The communist Central Committee and the State Council endorsed the Report about Initiating Production Varieties in the Countryside in 1981.⁸⁴ A variety of production was

⁸² Ibid.

⁸³ *Mu* is a Chinese unit of area measurement. One *Mu* equals 0.067 hectare.

⁸⁴ Zhong Gong Zhong Yang, 1981a, "Guan Yu Ji Ji Fa Zhan Nong Cun Duo Zhong Jing Ying De Bao Gao." In Jian Chi Gai Ge, Kai Fang, Gao Huo, pp. 77-81 (1987).

addressed as follow-up rural policies in 1982, 1983 and 1984. In 1985, ten principles were worked out to further activate the rural economy.⁸⁵ These ten principles removed the production quotas and encouraged peasants to respond to the market in determining their production.⁸⁶

Table 5.18.--Floating Population in Beijing, Shanghai, Tianjin and Guangzhou (1,000)

Year	Beijing	Shanghai	Tianjin	Guangzhou
1979				234
1980				306
1984	300	1,020		500
1985	600			
1986	900	1,830		800
1987	1,150			1,145
1988	1,310	2,091	1,129	1,170

Note: The floating population refers to those population that lived in a city without registration of residence in that city.

Source: The data is collected by interviewing key informants.

Rural reform uncovered the problem of surplus labor that was previously disguised by the commune system in the agricultural sector. The destruction of the communes and the encouragement to diversify agricultural production increased the output value of the agricultural sector and made farmers less dependent on the land. Many farmers shifted to non-agricultural employment, such as selling farm products in cities. In 1985, the central government carried out a policy which legitimized the migration of some peasant businessmen to cities. Many city governments responded promptly to this policy by changing the registration of these peasants. With the stopping of control over rural-urban migration at the

⁸⁵ Zhong Gong Zhong Yang, January 1, 1985b, "Guan Yu Jin Yi Bu Huo Yao Nong Cun Jing Ji De Shi Xiang Zheng Ce." In Gao Huo, pp. 269-77 (1987).

⁸⁶ To change Tonggo into planned buy according to contract (*He Tong Ding Go*).

commune level came the rise of a large "floating population" in the cities. The "floating population" that was made up of peasants accounted for 20 percent of the population of large cities, such as Beijing, Shanghai, Tianjin, and Guangzhou (Table 5.18). Those suburban districts where cheap housing was available became overwhelmingly occupied by peasant migrants. Peasant migrants lived in these areas and used them as bases for their informal employment in cities (i.e., garbage collecting and shoe repairing).

Policies that Guide the Regional Location of Industries

This group of policies includes two types: those emphasizing inland regions and those emphasizing the coastal region. The inland regions include the western region and the central region, while the coastal region is also known as the eastern region.

Policies Emphasizing Inland Regions

This policy had been applied for almost thirty years before 1978. Its purpose was to balance the distribution of industries and to reduce the unevenness of development among Chinese regions. The Chinese government believed that the uneven distribution of production forces was against Marxist principles and was the cause of social tensions between Chinese and other ethnic groups. It was thought that the uneven distribution of industries was inefficient in a planned economy.

In order to implement this policy, new industries were mainly allocated to inland regions. During the 1950s, only five of the 156 projects that were aided by the Soviet Union were allocated in the East Region. The reason was that the East Region was the forefront exposed to the Western world. In contrast, 56 projects were allocated to the Northeast Region where China's traditional industries concentrated.

This region was close to the former Soviet Union and was regarded as the safe base of socialism. The Northwest and the North regions were also major recipients of industrial projects (Table 5.19). These two regions hoped to establish major inland industrial bases. Baotou in Neimenggu was one city which was the focus of the establishment of iron and steel industries in the North Region in the 1950s. Among the 694 projects that were designed by Chinese, 472 were in the inland, which made up 68 percent, while only 32 percent were along the coast.⁸⁷

Table 5.19.--Allocation of Major Construction Projects, 1953-57

Regions	Number of Projects	% of Total
Northeast	56	37.3
Northwest	33	22.0
North	27	18.0
Central South	18	12.0
Southwest	11	7.3
East	5	3.4

Note: The planned number of projects was 156. The number of actual construction was 150.

Source: Lu, D.D. 1989, p. 23.

Table 5.20 shows the allocation of investment for capital construction over the 1953-1980 period. During the first two five-year plan periods, only 40 percent of the total investment was allocated to the coastal region despite the concentration of existing industries along the coast. The Inland and the Western regions had more than 50 percent of the total investment.

The emphasis of investment on inland regions made the government overlook coastal industries. Mao Zedong in his speech on the Ten Great Relations, in 1957, pointed out that investment for the coastal industries had to be increased as the coastal industries were much stronger than new

⁸⁷ D.D. Lu, Zhong Guo Gong Ye Bu Ju. (1989), 22-3.

industrial bases in inland regions. However, these comments had little effect on the allocation of investment. As Table 5.20 indicates, investment in the coastal region kept on dropping until the period of the fourth Five-Year Plan (1971-75). Even in the 1970s, investment in the coastal region did not exceed 50 percent of the total investment, despite the fact that the industrial output of coastal industries was far beyond 50 percent of the total.

Table 5.20.--Allocation of Investment for Capital Construction, 1953-80

Period	The Coastal Region	The Inland Region	The Western Region
1st FYP (1953-57)	44.1	34.3	21.6
2nd FYP (1958-62)	40.8	35.9	23.3
1963-65	37.4	35.1	27.5
3rd FYP (1966-70)	29.4	31.6	38.0
4th FYP (1971-75)	39.4	33.3	27.3
5th FYP (1976-80)	45.7	32.7	21.6

Source: The figures are calculated by the author, based on raw data put out by Guo Jia Tong Ji Juu, 1987b, pp. 50-1.

Since the mid-1960s, the policy to emphasize inland regions in industrial location was further focused on remote, mountainous regions known as Third Lines. The Third Line division of China was a strategic grouping of the provinces which resulted from two major threats to the Chinese communists, namely, the threat from the U.S.S.R. and the threats from the U.S.A. Provinces along the coast and along the northern border made up the front line that could be easily hit in warfare. The Third-Lines, including Da San Xian (in the central region) and Xiao San Xian (in remote

locations of provinces) were safe for building industries.⁸⁸

The construction of Third Lines continued until 1977. Since 1972, more investment shifted toward the coast (Table 5.20) following the re-establishment of diplomatic relations between China and the United States. From 1973 to 1977, the government imported 47 sets of machinery. Among the 47, 24 were allocated in the coastal area, 12 in the central region and 11 in the western region.⁸⁹

Policies Emphasizing the Coastal Region

In the 1980s, China applied an uneven growth strategy which emphasized growth in the coastal region. The coastal region was selected to experiment with policies of reform and openness, and to get resources from the central government finance because the industries there were stronger, the laborers were more skillful, and the urban infrastructure was better than in inland regions. It was hoped that growth would spread from the coast to the inland regions, and would change unbalanced to balanced growth with higher economic status.⁹⁰

In the program of reform and openness, the coastal region had the advantage of being granted special privileges. These privileges included less control from the central government in economic planning, the use of the market mechanism, tax exemptions for foreign investors, and

⁸⁸ See Chapter IV pp. 152-4 for discussions.

⁸⁹ D.D. Lu (1989), 28.

⁹⁰ Zhong Gong Zhong Yang, 1985a, "Guan Yu Zhi Ding Guo Min Jing Ji He She Hui Fa Zhan Di Qi Ge Wu Nian Ji Hua De Jian Yi." In Shi Yi Jie San Zhong Quan Hui Yi Lai Jing Ji Zheng Ce Wen Xian Xuan Bian. Zhong Guo She Hui Ke Xue Yuan Gong Ye Jing Ji Suo, pp. 366-7 (Beijing: Zhong Guo Jing Ji, 1986).

more control of local finance by various coastal governments. These privileges in the form of special policies were introduced in designated areas such as the four Special Economic Zones (viz., Shenzhen, Zhuhai, Xiamen and Shantou), the fourteen Open Coastal Cities (viz., Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, Beihai), the two open peninsulas (viz., Liaodong and Jiaodong), two open river deltas (Yangtze River Delta, Zhujiang River Delta), one triangular area (viz., the triangular area formed by Zhangzhou, Quanzhou and Xiamen) and numerous development zones in the coastal provinces (Map 4.2). By 1989, almost all the counties/cities that were along the coast were given special privileges to allow tax exemption and to relax government controls.

Table 5.21.--Allocation of Investment for Capital Construction: 1981-90

Period	The Coastal Region	The Inland Region	The Western Region
6th FYP (1981-85)	50.5	31.2	18.3*
7th FYP (1986-90)	58.1	25.6	15.9**

Source: * The figures are calculated by the author, based on raw data put out by The Statistical Bureau 1987, pp. 50-1.

** Guo Jia Ji Wei Tou Zi Yan Juu Suo, Zhong Guo Tou Zi Bao Gao 1992 (Beijing: Zhong Guo Ji Hua, 1993), 26.

The investment of capital construction shifted further to the coastal region. During the Sixth Five-Year Plan period, more than 50 percent of the total investment on capital construction was allocated to the coastal region. In the late 1980s, the percentage of investment for capital construction approached 60 percent in the coastal region (Table 5.21).

Summary

Four groups of policies were used by the Chinese government to control urbanization. They were policies that controlled the population flow between cities and the countryside, those that guide the development of cities, those that guide the development of the countryside and those that guide regional industrial location.

As we noted earlier, these policies were deeply rooted in the Chinese ideology of the rural-urban relations and were used to implement the experimental strategies for national development. They were interlocked, first as a reaction to previous policies in time and a response to the strict control of urban-ward migration, and second, as a mutual reinforcement in facilitating the development of the Chinese economy.

While most of the urban policies changed over time to be confined to specific strategies, two policy intentions were continued over the study period. The first was to control the growth of large cities and to encourage the growth of small cities. The second was to control the mobility of peasants and to keep them in their hometowns.

These policies worked together as a means of controlling Chinese urbanization. They acted like a check-and-balance system. While one set of urban policies attracted migrants to the cities, another set pushed them away from cities. Rural collectivization assisted the organization of the rural labor force through collective household registration. Regional development policies directed the flow of urban population among regions and provinces through industrial allocation. Together these push-and-pull forces regulated the in-and-out migration of people that shaped the process and pace of Chinese urban growth and development.

We turn next to ascertain the impact which these various policies had on Chinese urbanization.

Chapter VI

POLICY IMPACT ON CHINESE URBANIZATION

Having looked at the different groups of policies that were emphasized by the Chinese government in controlling urban growth, we proceed now to examine the impact which these various policies had on Chinese urbanization. This chapter contains three sections. Section one formulates the hypotheses, describes the variables and outlines the theoretical models that are used for the statistical evaluation. Section two presents the statistical analysis and results. Section three appraises the consequences of the policy impact on the pattern of Chinese urbanization.

In section one, four hypotheses are tested. The first two hypotheses focus on the functional relationships between Chinese urbanization and the urbanization policies for the periods 1949-1977 and 1978-1989. The third hypothesis examines the policy impact on the growth of urban population among regions for four sub-periods: 1949-1957; 1958-1965; 1966-1979 and 1980-1989. The fourth hypothesis tests the influence of city size on the growth of urban population for five sub-periods: 1952-1957; 1958; 1959-1965; 1966-1977 and 1978-1989. Multiple linear regression analysis was employed to evaluate the impact which different independent policy variables had on the rate of change in urban population growth for the first three hypotheses, whereas in the fourth hypothesis simple regression analysis was used to ascertain the influence of city size on urban population growth. While the details of the statistical analysis and results are given in section two, the overall pattern of Chinese urbanization is depicted in section three.

Hypotheses and Variables

The general hypothesis of this dissertation is that Chinese urbanization has been shaped by various urbanization

policies. Different urbanization policies have acted on Chinese cities to influence the growth and decline of the urban population, and to determine the locational patterns of cities and the urban population among regions and city-size categories.

Four hypotheses are advanced for testing. The first hypothesis establishes the functional relationship between Chinese urbanization and the urbanization policies during the period 1949-1977. The second postulates the relationship between Chinese urbanization and the urbanization policies during the period 1978-1989. The third hypothesizes the relationship between regional growth of urbanization and regional development policies for four sub-periods¹: (1) 1949-1957; (2) 1958-1965; (3) 1966-1979; (4) 1980-1989. The fourth tests the influence of size as measured by the inner-city non-agricultural population on the growth of urban population for five sub-periods: (1) 1952-1957; (2) 1958; (3) 1959-1965; (4) 1966-1977; (5) 1978-1989.

Hypothesis I: policy impact during the period 1949-1977

It is postulated that during the period 1949-1977, Chinese urbanization was a function of the policies that controlled the flow of population between cities and the countryside, and that guided the development of cities, urban industries and investment, and the development of the agricultural sector:

$$\text{CUP} = f (\text{CSTAFF}, \text{CCITY}, \text{CINDLII}, \text{CINVEST}, \text{CNONPINV}, \text{CAGRLII}) \quad (1)$$

where

¹ The sub-periods used in this chapter follow and approximate the division of the temporal coverage in Chapter III. However, the sub-periods of this chapter do not always correspond with every division presented in chapter III, due to data limitations.

CUP is the change in urban population;
CSTAFF is the change in the size of salaried staff;
CCITY is the change in the number of cities;
CINDLII is the change in industrial productivity;
CINVEST is the change in total investment (RMB Yuan) on fixed assets;
CNONPINV is the change in the proportion of investment (RMB Yuan) used for non-productive sectors;
CAGRLLI is the change in the productivity of the agricultural sector.

The change in urban population (CUP) as measured by the difference between the total population of towns and cities (1990 TPTC) of two successive years is used as the dependent variable because the size of urban population was the main target of control of the urbanization policies. During this period the Chinese government made constant efforts to regulate the growth of Chinese urban population. At least three reasons could be given to explain the efforts of the Chinese government in regulating the growth of urban population. First, urban population depended on the government to supply grain. The size of the urban population was constrained by the productivity of the agricultural sector. Second, the government had to finance the medical expenses, housing and urban services for the urban population. The size of the urban population was constrained by the financial capability of the government to realize these commitments. Third, the government had to supply daily-life articles, especially manufactured goods, to the urban population. Therefore, the size of the urban population was constrained by the productivity of the industrial sector.

The size of the urban population refers to the total population of cities and towns as recorded in 1990 (1990

TPCT). The advantage of using TPCT to represent Chinese urbanization has already been discussed (Chapter III).

The six independent variables represent the three groups of urbanization policies that controlled (1) the flow of population between cities and the countryside, (2) the development of cities and (3) the development of the agricultural sector.

The change in the size of salaried staff (CSTAFF), as measured by the difference between the number of salaried staff of two successive years, was the variable that represented several policies which directed the flow of population between cities and the countryside. These policies included the policy of "controlling the blind migration", the policy of "relaxing the control over job hiring", the policy of "Hui Xiang" and the policy of "Shang Shan Xia Xiang". The policy of controlling the blind migration was set to limit the increase of the number of salaried staff. The policy of relaxing the control over job hiring generated favorable conditions to the increase of the number of salaried staff. The policy of reducing urban population (*Hui Xiang*) forced the reduction in the number of salaried staff, while the policy of going up to the mountains and coming down to the villages (*Shang Shan Xia Xiang*) lessened the threat of the unemployed urban youths to a rapid increase of the number of salaried staff.

The change in the number of cities (CCITY), the change in industrial productivity (CINDLII), the change in the magnitude of investment on fixed assets (CINVEST) and the change in the proportion of the investment used for non-productive sectors (CNONPINV) were the independent variables representing the policies that guided the development of cities. The change in the number of cities (CCITY) as measured by the difference between the number of cities of two successive years, was one of the means in regulating the

increase and decline of the urban population. During the 1950s when the economic planning system was being formulated, the criteria for a settlement to obtain the official urban status (i.e., city status or town status) were set up. These criteria were revised in 1963 in an effort to reduce the size of the urban population. The 1963 criteria were used throughout the period 1963-1983 to serve as check on the growth rate of the urban population.

The change in industrial productivity (CINDLII) as measured by the difference between the industrial productivities (i.e., the average output per labor) of two successive years was one of the pull factors of Chinese urbanization. A productive industrial sector would require a larger labor force and would enable the government to allocate a large number of population in cities. In the period 1949-1977, most of the policies that guided the development of cities, including both economic and ideological oriented policies, emphasized the increase of productivity of the industrial sector. The policies of "restoring and increasing the urban industrial output" and the "democratic reform" were devised to rehabilitate China's industries from the ruins caused by wars. The policy of "transferring private ownership into state-ownership" was an experiment to raise industrial productivity based on the promises of the communist principle of the advantageous state-ownership pattern. The policy of "emphasizing the steel industry as the key link", accompanied by the policy of "rushing toward communism" during the Great Leap Forward, was another experiment to raise industrial productivity learned from the former Soviet Union. The policy of "reinforcing the responsibility system in urban industries" in the aftermath of the Great Leap Forward, and the policy of the "pure state-ownership and deregulation" during the Cultural Revolution were further attempts to increase the productivity of China's industries.

The change in investment (RMB Yuan) on fixed assets in magnitude (CINVEST), as measured by the difference between the total investment on fixed assets of two successive years, was another "pull factor" of Chinese urbanization. A large volume of increase in investment meant a greater demand of the labor force working in cities and thus the increase of urban population. The magnitude of investment was also a means used by the Chinese government to boost the output value of industries. Thus this variable represented two policies: (1) to lay down the base of Chinese industrialization in the 1950s; (2) to reduce the scale of construction during the aftermath of the Great Leap Forward.

The change in the proportion of investment used for non-productive sectors (CNONPINV) such as housing and urban services, as measured by the difference between the proportions of two successive years, was selected because a larger proportion of non-productive investment would suggest a greater capability to support a larger size of urban population than a smaller proportion on non-productive sectors could do. This variable represents a component of the policy of "controlling the size of large cities and encouraging the growth of small cities". That component was the promise to locate industries in small cities which would generate savings from non-productive investment. Further, this variable represents the policy of "learning from Daqing". The major policy objective of the latter was to minimize non-productive investment.

The change in productivity of agriculture (CAGRLII), as measured by the difference between the productivities (i.e., the average output per rural labor) of two successive years, was the "push factor" of Chinese urbanization. A productive agricultural sector could support a large proportion of the national population as urban. On the other hand, a weak agricultural sector could hinder the process of

industrialization, and thus could slow down the growth of urbanization. CAGRLII was the major objective of the policy of "agricultural collectivism" in the period before 1978. Agricultural collectivism applied the Marxist principles of large scale state-ownership and of planned development in the countryside, in an attempt to raise the rural productivity.

Hypothesis II: policy impact during the period 1978-1989

It is postulated that during the period 1978-1989, Chinese urbanization was a function of the policies that controlled the flow of population between cities and the countryside, that guided the development of cities, urban industries, investment and economic structure, and that guided the development of the agricultural sector:

$$CUP = f (CSTAFF, CCITY, CINDLII, CINVEST, CNONPINV, CAGRLII, CPRIVATS, CRURALS) \quad (2)$$

where

- CUP is the change in urban population;
- CSTAFF is the change in the size of salaried staff;
- CCITY is the change in the number of cities;
- CINDLII is the change in industrial productivity;
- CINVEST is the change in total investment (RMB Yuan) on fixed assets;
- CNONPINV is the change in the proportion of investment used for non-productive sectors;
- CAGRLII is the change in the productivity of the agricultural sector;
- CPRIVATS is the change in the size of the labor force working in the private economic sector in towns and cities;
- CRURALS is the change in the size of the labor force working in rural enterprises.

The change in the size of urban population (CUP), as measured by the difference between the total population of cities and towns (1990 TPCT) of two successive years, continued to be the dependent variable during this period because the planned economic system had little or no change. It was still the firm belief of the Chinese government that control would benefit national development. The foregoing discussions in Chapter V have demonstrated that the government intended to control the increase of urban population in large cities, to control the "floating population" in cities, and to minimize the flow of population from the countryside to cities.

All the six independent variables that were used for the previous period continued to be independent variables for the period 1978-1989 as they represented the policies that remained to control the flow of population between the countryside and cities, to guide the development of cities, urban industries, investment, and to direct the development of the agricultural sector. The planned hiring of the labor force was largely in its place to control the increase in the number of salaried staff. The regulation in the number of towns and cities remained as the means of control, or, the means to stimulate the increase of population. In 1983, the criteria to grant town status was changed again, partially in order to raise the level of urbanization. In 1986, a revision of the criteria to grant city status was done to increase the urban population. The reintroduction of the responsibility system into Chinese industries in the 1980s was still focused on the issue of industrial productivity. The scales of investment on fixed assets continued to be an indicator of national development plans in annual budgets and the Five-Year plans. A larger proportion of these investment was allocated to resolve the problems of housing shortages, traffic congestion and the poor urban infrastructure. In the agricultural sector, the

policy of rural reform discredited the large scale operations (i.e., communes) and replaced the command production system by diversified agriculture. The main purpose of the rural reform was to have a productive agricultural sector.

Equation (2) differs from equation (1) in that the former has two independent variables added to the post-1978 period plus the six independent variables that are used for the entire period of study. These two independent variables are (1) the change in total labor force in the private sector of cities and towns (CPRIVATS) and (2) the change in the total labor force in rural enterprises (CRURALS).

The change in the size of labor force in the private economic sector (CPRIVATS), as measured by the difference between the numbers of laborers of two successive years, was a "pull factor" of Chinese urbanization in the post-1978 period. The private economic sector in towns and cities reduced the control of the government over labor hiring in the urban sector. Peasants could now migrate to cities for business purposes under a specially registered permit, namely, *Zi Li Kou Liang Ren Kou* (households who do not rely on the state for grain supply). The growth of private economic sectors in cities and towns had activated the urban economy. At the same time, it helped to provide more employment opportunities for the urban residents.

The change in the size of labor force in rural enterprises (CRURALS), as measured by the difference between the numbers of laborers of two successive years, was a "push factor" to Chinese urbanization. CRURALS represents the policy component of "leaving the farm but staying in the home town". A large size of CRURALS could suggest that a large proportion of the rural labor force was living in towns and thus contributed to the growth of the urban population.

Hypothesis III: policy impact on the growth of urban population among regions for four sub-periods²

It is postulated that the growth of urban population in each region (CUPR) was a function of the allocation of industrial forces (CINVESTR) and the change in the number of cities (CCITYR):

$$\text{CUPR} = f (\text{CCITYR}, \text{CINVESTR}) \quad (3)$$

where

CUPR is the change in urban population;
CCITYR is the change in the number of cities;
CINVESTR is the change in investment.

The urban population change in a region (CUPR), as measured by the difference of the total population of cities and towns (1990 TPCT) between the beginning and the end-of-the-year records of a region in a specific sub-period, was the objective of regional development policies. Prior to 1978, the government emphasized the allocation of industries in the inland region, while during the 1980s more attention was focused on the coastal region. Regional equity in the distribution of urban population was the main reason behind these maneuvers.

Two independent variables that influenced the regional distribution of urban population were: (1) the change in the number of cities in a region (CCITYR); and (2) the change in the total investment on fixed assets in a region (CINVESTR).

The change in the number of cities in a region (CCITYR) is measured by the difference of the number of cities between the beginning and the end-of-the-year records of a region for a specific sub-period. The number of cities in a region was used by the government as a means to

² These four sub-periods are: (1) 1949-1957, (2) 1958-1965, (3) 1966-1979, and (4) 1980-1989.

redistribute urban population. In the process of granting city status by the government, more attention was paid to the inland region than to the coastal region. The pattern of the distribution of cities among regions and provinces will be examined in the later part of this chapter. It is hypothesized that the number of cities in a region is related directly to the size of urban population for all the four sub-periods (viz., 1949-1957, 1958-1965, 1966-1979 and 1980-1989).

The total investment of fixed assets in a region (CINVESTR), as measured by the difference of the total investment between the beginning and the end-of-the-year records of a region for a specific sub-period, was the other means to redistribute urban population among regions. This variable represents the policy of emphasizing inland regions in the pre-1978 period, when a large proportion of industries was allocated to the inland provinces. It represents the policy of emphasizing the coastal region in the post-1978 period, when investment was directed to the coastal provinces to utilize the technical and labor advantages and to facilitate foreign investment.

Hypothesis IV: policy impact on the growth of cities in different size categories for five sub-periods³

It is postulated that the growth of urban population of an individual city (CUPS) is a function of the size of the city's inner-city non-agricultural population (SIZE):

$$\text{CUPS} = f(\text{SIZE}) \quad (4)$$

where

CUPS is the annual rate of growth of an individual city;

³ The five sub-periods are: (1) 1952-1957, (2) 1958, (3) 1959-1965, (4) 1966-1977, and (5) 1978-1989.

SIZE is the size of the inner-city non-agricultural population of the city.

The annual rate of growth of individual cities was the target of control of the Urban Policy 1980 and thus was used as the dependent variable.

A variable that influenced the growth of urban population among city-size categories is the size of population of the city (SIZE). SIZE was the only criterion that was employed by the policy of "controlling the growth of large cities and encouraging the growth of small cities". The size of population refers to the size of the inner-city non-agricultural population (ICNAP). ICNAP is the official criterion used to classify city-size groups by the State Statistical Bureau of China as it gives a more representative depiction of urban population than other indicators such as total population of cities and towns, total population of cities and total non-agricultural population of cities and towns.

Statistical Analyses and Results

A multiple linear regression model was constructed to evaluate the impact which these policy variables had on the growth of urbanization for the periods 1949-1977 and 1978-1989, and on the regional variations of urbanization in four sub-periods between 1949-1989. The model is in the form:

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n + e \quad (5)$$

where

Y is the dependent variable;

X_1, X_2, \dots, X_n are the independent variables;

a is the intercept;

b_1, b_2, \dots, b_n are the regression coefficients; and

e is an error term.

For hypothesis IV, i.e., the size variations of Chinese urbanization, the simple regression analysis used was of the form:

$$Y = a + bX + e$$

where

Y is the dependent variable;

X is the independent variable;

a is the intercept;

b is the regression coefficient; and

e is an error term.

Time series data were used for testing hypotheses I and II. Cross sectional data were used for testing hypotheses III and IV. For hypothesis III, provincial administrative units such as provinces, autonomous regions and municipalities administered directly under the central government were used as the units of analysis. All the twenty-nine provincial administrative units⁴ were sampled to test hypothesis III. For hypothesis IV, the unit of analysis was the city. All the 129 cities that maintained their city-status in 1952, 1957, 1958, 1959, 1965, 1966 and 1977 were sampled to test the hypothesis for the first four sub-periods. The 192 cities that maintained their city-status in 1978 and 1989 were selected to test the hypothesis for the sub-period 1978-1989.

Policy Impact on Urbanization, 1949-1977

For the period 1949-1977, the change in urban population (CUP) was used as the dependent variable in the model. The independent variables used were the change in the number of the salaried staff (CSTAFF), the change in the number of cities (CCITY), the change in industrial

⁴ Hainan Province, which was granted provincial administrative status in the 1980s, was included in Guangdong Province for data consistency.

productivity (CINDLII), the change in investment on fixed assets (CINVEST), the change in the proportion of investment used for non-productive sectors (CNONPINV), and the change in agricultural productivity (CAGRLII). It is hypothesized that CUP varies with CSTAFF, CCITY, CINDLII, CINVEST, CNONPINV and CAGRLII.

Table 6.1 presents a summary of the stepwise multiple linear regression analysis. Two independent variables were entered in equation (1). They are the change in the size of salaried staff (CSTAFF) and the change in industrial productivity (CINDLII). These two variables (i.e., CSTAFF and CINDLII) explained 66.0 percent of the explained variance of the dependent variable (CUP). Both CSTAFF and CINDLII were highly significant in the equation. The high multiple R^2 is attributable mainly to CSTAFF. The latter variable accounted for 54.8 percent of the explained variance.

The results of the stepwise multiple linear regression analysis suggest that the policies that controlled the flow of population between cities and the countryside and those that guided urban industrial development were the major factors in shaping Chinese urbanization in the period 1949-1977.

In other words, the administrative constraints on migration and the attempts toward rapid industrialization gave impetus to the growth of Chinese urban population. Rapid increase of the salaried staff led to rapid increase in Chinese urbanization. In contrast, drastic reduction of the salaried staff resulted in the serious decline of urban population. The improvement in industrial productivity increased Chinese urbanization to a higher level, while a slow growth or decline in industrial productivity reduced Chinese urbanization.

Table 6.1 Summary of Stepwise Multiple Linear Regression Analysis of Urban Population Growth (CUP) for 1949-1977 and 1978-1989

Equa- tion	Period	N	Inter- cept	X ₁ CSTAFF	X ₂ CINDLII	X ₃ CAGRLII	X ₄ CPRIVATS	X ₅ CRURALS	R	R ²	F	Se
(1)	1949- 77	28	-.094	.971 (6.484)**	.185 (2.681)*				.812	.660	21.335	.369
(2)	1978- 89	11	.936			.085 (5.245)**	-.458 (-3.240)*	.403 (5.212)**	.948	.899	20.719	.115

Note: Equation (1) is for the period 1949-1977; equation (2) is for the period 1978-1989. The coefficient within parenthesis are the t-values of the regression coefficients; F-value is the variance ratio; Se is the standard error of estimate of the multiple linear regression; N is the number of observations.

* Significant at 0.01 level; ** Significant at 0.001 level.

Policy Impact on Urbanization, 1978-1989

For the period 1978-1989, the dependent variable used is the same as that used for the period 1949-1977. The independent variables included six of those used in the period 1949-1977 plus two other independent variables, viz., the change in the size of the labor force working in the private sector in towns and cities (CPRIVATS) and the change in the size of the labor force working in rural enterprises (CRURALS). It is hypothesized that CUP varies with the change in the number of the salaried staff (CSTAFF), the change in the number of cities (CCITY), the change in industrial productivity (CINDLII), the change in investment on fixed assets (CINVEST), the change in the proportion of investment used for non-productive sectors (CNONPINV), the change in agricultural productivity (CAGRLII), the change in the size of the labor force working in the private sector in towns and cities (CPRIVATS) and the change in the size of the labor force working in rural enterprises (CRURALS).

Equation (2) of Table 6.1 shows the results of the stepwise linear regression analysis. Out of eight independent variables, three were entered by the stepwise procedure. They are: (1) the change in agricultural productivity (CAGRLII); (2) the change in the size of labor force in rural enterprises (CRURALS) and (3) the change in the size of the labor force in the private sectors in cities and towns (CPRIVATS). Together these three independent variables accounted 89.9 percent of the explained variance of the dependent variable (CUP). Among the three variables, CAGRLII accounted for 48.7 percent of the explained variance; CRURALS added 26.0 percent, while CPRIVATS made up 15.2 percent of the explained variance.

All the *t-values* of the three variables are highly significant. While CAGRLII and CRURALS are positively

correlated with the growth of Chinese urban population (CUP), CPRIVATS is inversely correlated with CUP.

The results of this regression analysis indicate that the policy of rural reform was the most important driving factor that stimulated Chinese urbanization in the post-1978 period. Rapid increase in agricultural productivity through the introduction of the responsibility system, and the diversification of the rural economy resulted in rapid growth of urban population.

The policy of rural urbanization which accompanied rural reform was another influential factor that sped the growth of Chinese urbanization in the 1980s. The development of rural enterprises was a positive factor that led to the increase in the non-agricultural labor force, and thus to the growth in urban population.

The inverse relationship between the increase in the size of the labor force in the private sectors of cities and towns (CPRIVATS) and CUP suggests that the increase in the size of the labor force in the private economic sectors in cities and towns slowed down the growth of urban population. This result highlights a peculiar characteristic of Chinese urbanization in the 1980s, that is, the growth of urban population was limited by the capability of support of urban infrastructure. Poor urban infrastructure in Chinese cities limited the total number of private businesses which could operate beside the planned, state-owned activities (e.g., industrial plants, commercial outlets). If urban residents were granted permission to make up the majority of the private businesses, the opportunities for peasants to enter cities in the form of private businesses would be jeopardized. It should be noted that peasant migration is the source of the growth of urban population. The active involvement of urban residents in the private economic sector reduced the chance of peasants to settle down in

cities. This was exactly what happened during the 1980s. Reform policies that promoted the growth of private economy in cities and towns tried to solve the unemployment and underemployment problems of cities. The growth of private economic sectors in the 1980s had largely achieved the above goal. Although the growth of the private sectors in cities and towns generated opportunities for uncontrolled rural-urban migration, this growth in the 1980s turned out to be a factor working against urban-ward migration.

Policy Impact on Regional Urbanization

In assessing the regional variations of urbanization over time, the dependent variable used was the growth of urban population in a region (CUPR). The independent variables used were the total investment of industries in that region (CINVESTR) and the number of cities that were granted to that region (CCITYR). It is hypothesized that CUPR varies with CINVESTR and CCITYR.

Four multiple linear regression models were constructed to examine the policy impact of regional variations on the growth of urban population for four periods: (1) 1949-1957; (2) 1958-1965; (3) 1966-1979; and (4) 1980-1989. The number of observations used for each period was twenty-nine.

Table 6.2 presents the results of the statistical models. Equation (1) shows the influence of the two independent variables, CINVESTR and CCITYR, on the regional distribution of the growth in urban population during the period 1949-1957. The two independent variables accounted for 78.9 percent of the variations associated with CUPR. The *t*-values show that the regional investment variable (CINVESTR) is significant at the 0.001 level, while the number of designated cities is not significant.

Table 6.2 Summary of Multiple Linear Regression Analysis of Urban Population Growth among Regions (CUPR) for Four Periods

Equation	Period	N	Intercept	X ₁ CINVESTR	X ₂ CCITYR	R	R ²	F	Se
(1)	1949- 57	29	.845	.885 (9.541)**	.009 (.529)	.888	.789	46.828	.184
(2)	1958- 65	29	.408	.708 (5.199)**	.048 (1.147)	.724	.524	13.787	.369
(3)	1966- 79	29	-.189	.748 (3.301)*	.161 (3.336)*	.748	.559	215.214	.321
(4)	1980- 89	29	-.201	1.081 (7.589)**	.032 (4.945)**	.909	.826	61.767	.201

Note: The coefficient within parenthesis are the t-values of the regression coefficients; F-value is the variance ratio; Se is the standard error of estimate of the multiple linear regression; N is the number of observations.

* Significant at 0.01 level; ** Significant at 0.001 level.

Equation (2) shows that of the two independent variables used for the period 1958-1965, only CINVESTR is significantly correlated with CUPR. Although CCITYR is not significantly correlated with CUPR, it and CINVESTR together accounted for 52.4 percent of the total explained variance of CUPR.

Equation (3) shows both the independent variables correlated significantly with CUPR at the 0.01 level for the period 1966-1979. The R^2 of 55.9 is slightly higher than the R^2 of equation (2).

Equation (4), for the period 1980-1989, shows the two independent variables accounted for 82.6 percent of the explained variance. This equation has the highest R^2 among the four models.

These results suggest that the policies of regional development, particularly the allocation of factories and the equal distribution of towns and cities, were the major factors that shaped the spatial distribution of Chinese urbanization. The allocation of factories might be the most influential factor on the regional distribution of Chinese urban population during the period 1949-1989. This is apparent in the *t-values* of CINVESTR among the four equations.

Size and the Growth of Cities

Simple regression analysis is used to evaluate the size variations of Chinese urbanization for five sub-periods: (1) 1952-1957; (2) 1958; (3) 1959-1965; (4) 1966-1977 and (5) 1978-1989. The dependent variable used was the growth of urban population in an individual city (CUPS). The independent variable used was the size of the city (SIZE), as measured by the inner-city non-agricultural population. It is hypothesized that the growth of urban population in an

individual city (CUPS) varies with the size of the city (SIZE). One hundred and twenty-nine observations were used for each of the first four sub-periods, while one hundred and ninety observations were used for the 1978-89 period.

Table 6.3 shows the results of the simple regression analysis. All the five equations have negative signs for the independent variable (SIZE). The inverse relationships suggest the negative influence of policy in controlling the growth of larger cities. However, the explanatory power of the independent variable is weak.

A striking feature of the simple correlation is the weak simple R^2 among the five equations. Equation (4) shows that the highest R^2 occurred in the period 1966-1977. Even then the size of the city (SIZE) accounted only 32.2 percent of the explained variance of the dependent variable (CUPS). The R^2 for equations (1), (2) and (3) is virtually zero; that for equation (5) accounted only 10.4 percent of the explained variance.

These results suggest that the size of a city played a very limited role in the growth of urban population. It was only during the late 1960s and the 1970s that size became relatively important in the control of urban growth. During 1966-1977 China was extremely isolated from the world. The fears of destruction by war led the Chinese government to disperse urban industries and urban population from large cities along the coast to the inland regions. The growth of large cities was almost frozen during this period.

A caveat may be noted in this point. Although the role of the size of a city was limited in determining the growth of that city, this does not suggest the failure of Urban Policy 1980. No conclusion can be drawn on the influence of Urban Policy 1980 until the distribution of cities and urban population among city-size categories are examined.

Table 6.3 Summary of Simple Regression Analysis of Urban Growth (CUPS) among City-Size Groups for Five Periods

Equation	Period	N	Intercept	X SIZE	R ²	Se
(1)	1952-57	129	0.100	-0.009	0.003	0.069
(2)	1958	129	0.506	-0.231	0.092	0.506
(3)	1959-65	129	0.021	-0.004	0.003	0.031
(4)	1966-77	129	0.042	-0.017	0.322	0.011
(5)	1978-89	192	0.050	-0.011	0.104	0.014

Note: Se is the standard error term; N is the number of observations.

Consequences of Policy Impact: the Pattern of Chinese Urbanization

Urbanization policies have caused important changes in the number of cities and towns, in the level of urbanization, in the distribution of cities and urban population among regions and among size categories.

Cities, Towns and the Level of Chinese Urbanization

The number of cities

Figure 6.1 shows the changes in the number of cities in the period 1949-1989. During the 40 years of the study period, the number of cities more than tripled. In 1949, there were only 132 cities, while in 1989 there were 450.

There were fluctuations in the course of growth of the number of cities. Up to 1959, the number increased steadily. In 1960 and 1961, 19 were added, while from 1961 to 1965, 40 dropped out. After 1966 the growth in the number of cities was slow, and by 1978, there were only 193, fewer than in 1961. Drastic changes are observed in the post-1978 era. From 1978 to 1984, more than 100 cities were added. From 1985 to 1989, another 150 joined the official list.

The chronological break-downs of the fluctuations of the number of cities reflected the broad policy of the periods. The steady growth of cities before 1959 was probably a result of the First Five-Year Plan (1953-1957), when preparations were made for the planned economic system. Rapid increase of cities in 1960 and 1961 shows the influence of the Great Leap Forward. The slow growth of cities from 1966 to the late 1970s was a consequence of the Cultural Revolution. During this period the government was instructed not to construct cities. The favorable conditions given in the program of reform and openness in the 1980s paved the way for drastic increases in the number of cities.

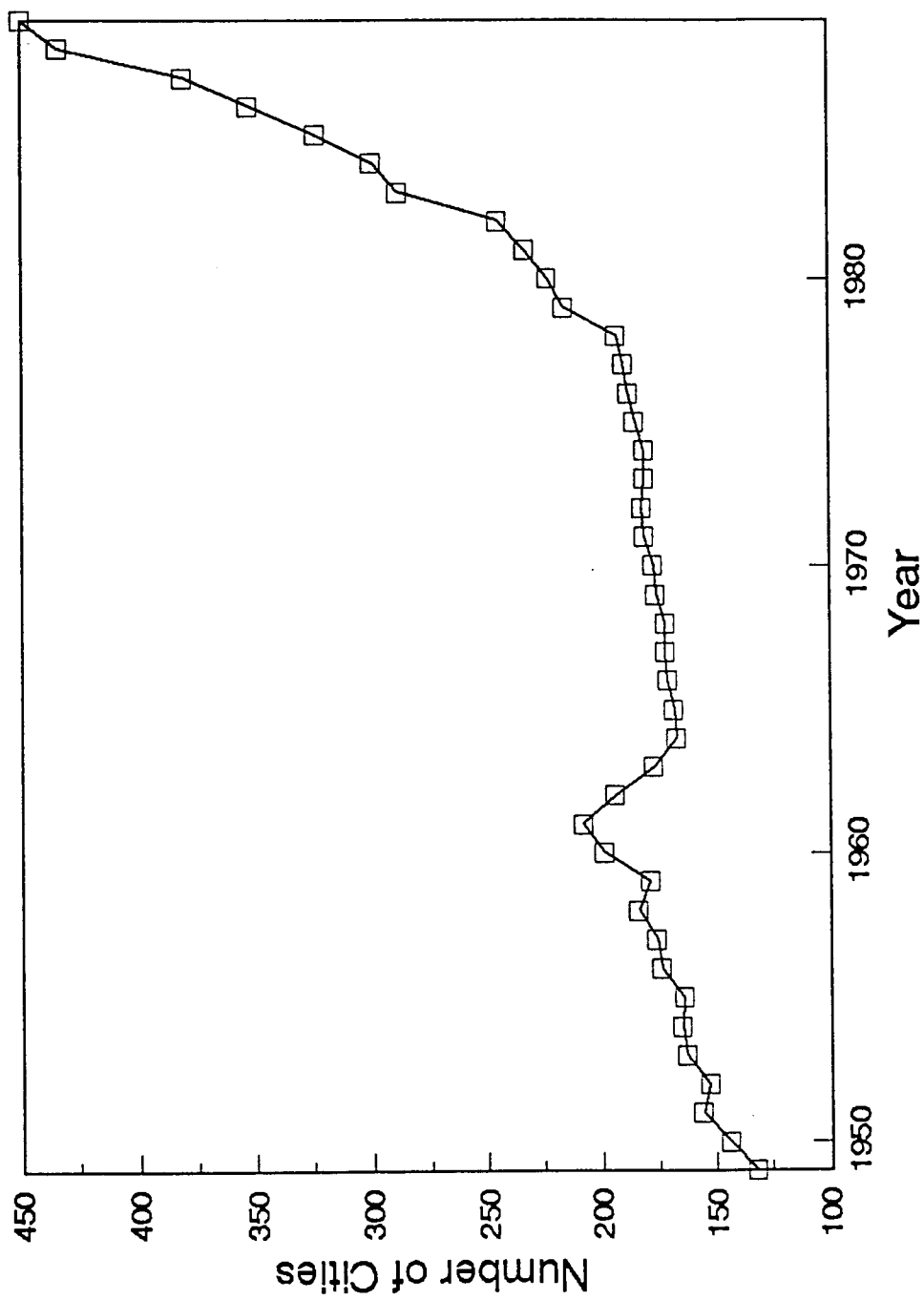


Figure 6.1. Trends in the Number of Cities in China, 1949-1989.

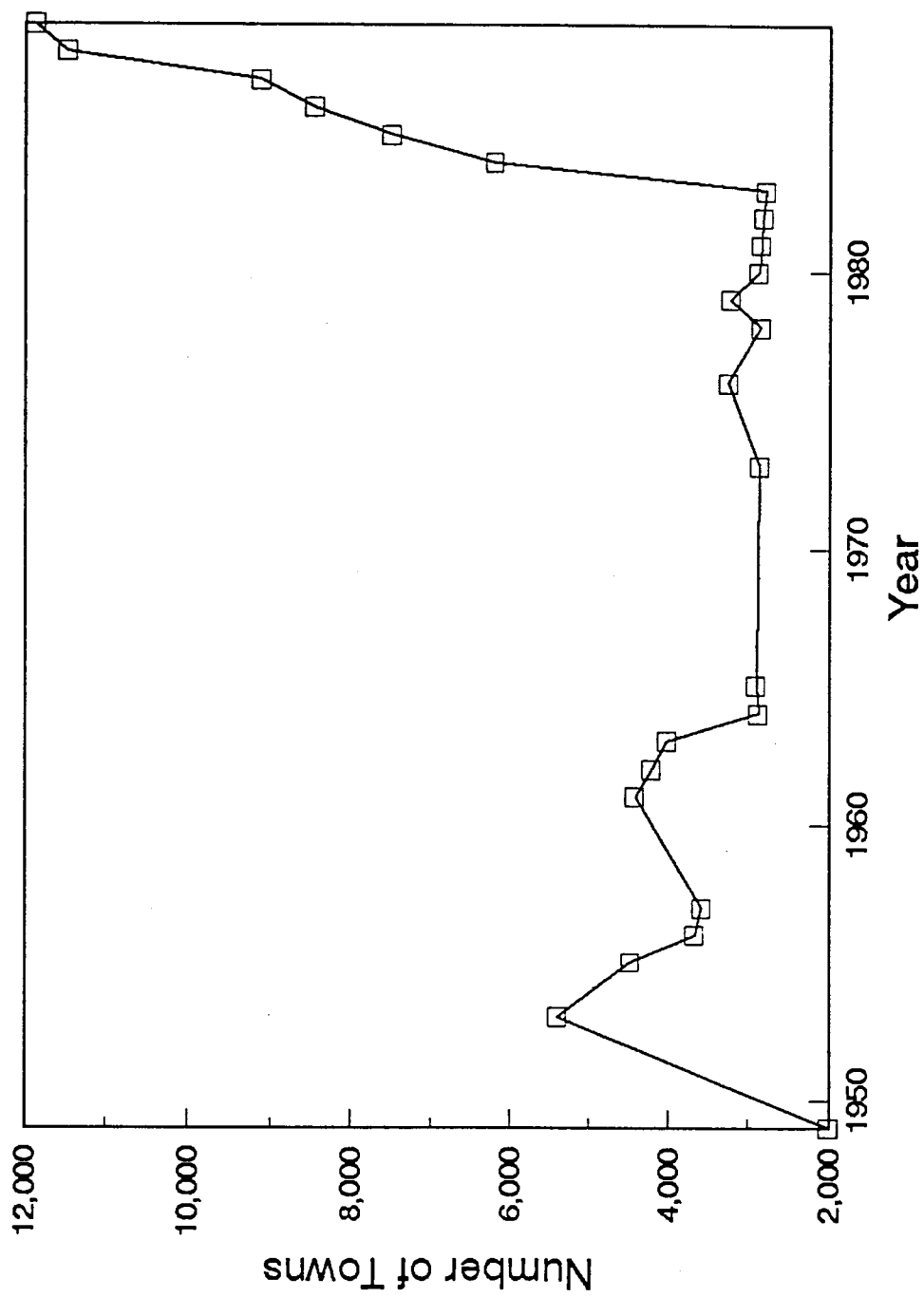


Figure 6.2. Trends in the Number of Towns in China, 1949-1989.

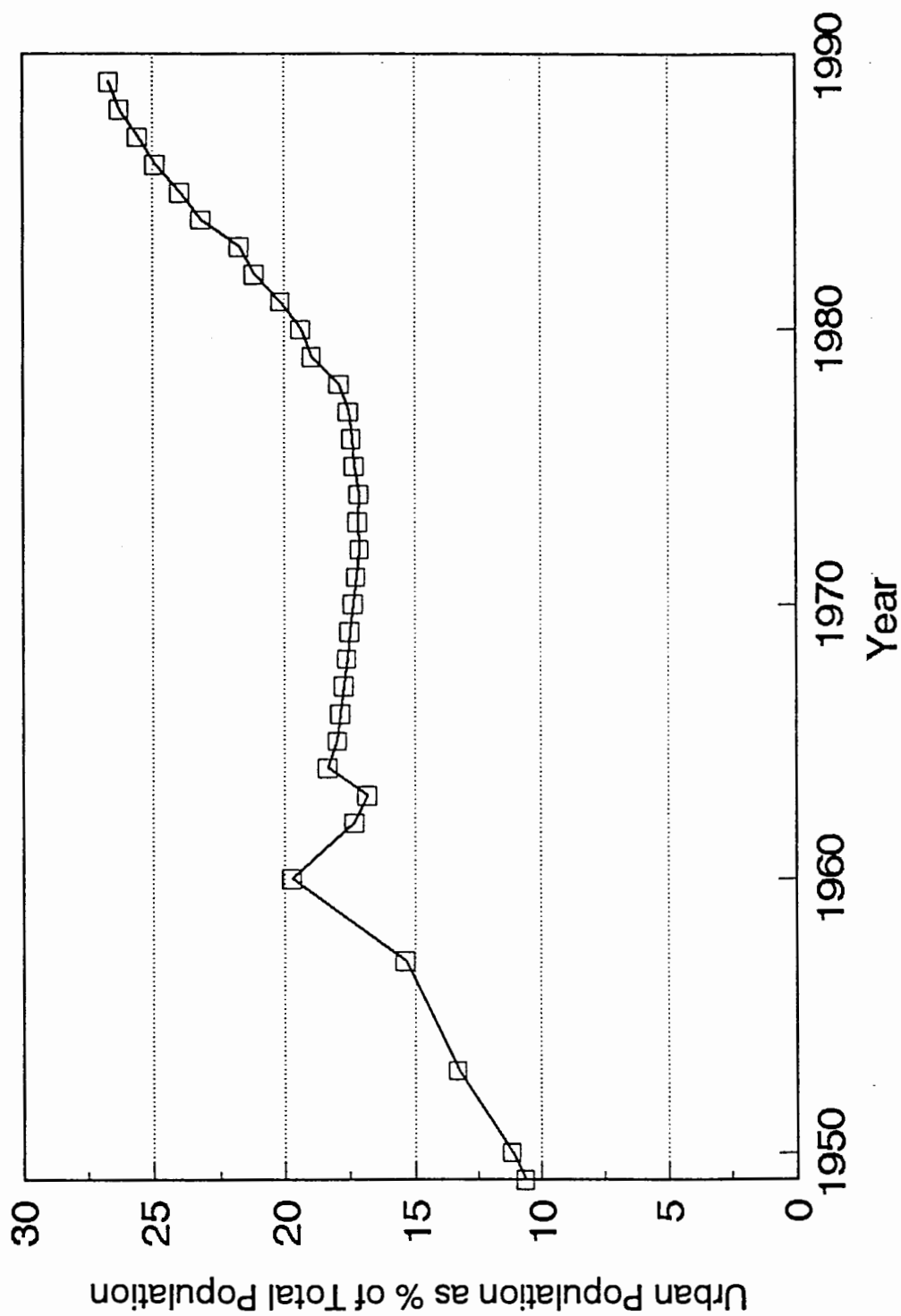


Figure 6.3. Trends in the Level of Chinese Urbanization, 1949-1989.

The number of towns

Figure 6.2 shows the trends in the number of towns in China in the period 1949-1989. Although no systematic data are available, the scattered numbers do outline the changes. The overall change in the number of towns was similar to that in the number of cities. In 1949, there were only about 2000 towns, while in 1989 there were 11,873 towns.

Figure 6.2 presented greater variations in urban fluctuations than Figure 6.1 did. The major policy periods are still observable. There were big increases in the number of towns during the Great Leap Forward (1958-1960). The number of towns increased from 3,596 in 1957 to 4,429 in 1961. In the aftermath of the Great Leap Forward, the number of towns declined to 2,902 in 1965. There was little or no growth, or even decline of the number of towns from 1965 to 1983, as the data shows that the number of towns was only 2,781 in 1983. In 1984, the year during which the criteria to grant town status were changed, the number of towns was more than doubled. By 1984, there were 6,211 towns. The number of towns kept on increasing in the following years and passed the 10,000 mark in 1988.

The level of urbanization

Figure 6.3 shows the trends in the level of Chinese urbanization, as measured by the proportion of urban population out of the total national population. Over the forty years from 1949-1989, the level of urbanization rose from 10.6 percent to 26.7 percent. This rise in the level of urbanization went through a process of ups-and-downs rather than a straight forward increase. In the period before 1957, the policies that prepared China toward a socialist system led to a steady growth of the economy and a constant increase in the level of urbanization to 15.4 percent. The leap forward policies during the period 1958-1960 raised the

level of urbanization to 19.7 percent -- a net increase of more than 50 million urban population from 1957. During the period 1961-1965, the policies to reduce urban labor force and the scale of investment resulted in a decline of the level of urbanization, while the more liberalized policies in 1964 and 1965 led to another increase of the level of urbanization. By 1965, about 18 percent of the total population in China lived in cities. From 1965 to 1978, this proportion of urban population had changed little, if not declined. In fact, the policies of not constructing cities, *Shang Shan Xia Xiang*, and the rush toward communism in cities and in the countryside worked together to keep a low level of urbanization. Rise in the level of urbanization has only resumed since 1978. The program of reform and openness stimulated the growth of the urban and rural economies, and the government gave to cities a greater role to play in the 1980s.

The Regional Distribution of Cities and Urban Population

The distribution of cities among regions

Figure 6.4 shows the temporal distribution of cities among the three regions from 1949 to 1989. The percentage of cities in the Eastern Region decreased, while that in the Central and the Western regions increased. In 1949, more than 50 percent of the cities were in the Eastern Region. By 1989, only 38.2 percent of the cities were in the Eastern Region, while the Central Region accounted for the largest proportion of cities (41.6 percent). The percent of cities in the Western Region was doubled from 9.8 percent in 1949 to 20.2 percent in 1989.

A drastic change in the distribution of cities among the three regions occurred during the period of rehabilitation (1949-1952). In 1952 the number of cities in the Western Region increased to 20.9 percent, while the

number of cities in the Central and the Eastern regions dropped 2.6 and 7.5 percentage points respectively.

From 1957 to 1964, the Central Region exceeded the Eastern Region in the percentage increase of cities.

Since 1965, a new pattern in the regional distribution of cities appeared. While the Central Region accounted for the largest percentage of cities, the Eastern Region accounted for the second largest. The remaining proportion of cities was in the Western Region.

The percentage of cities in the Central Region kept on increasing until 1982, when a peak was reached at 44.1 percent of the total number of cities. During the early 1980s, there was another thrust in the Western Region to increase the number of cities, and by 1985, this region included 24.1 percent of the cities in China.

The shift of policy emphasis in favor of the development of the Eastern Region was reflected in the redistribution of cities in the 1980s. Since the mid-1980s, the percentage of cities in the Eastern Region had increased by three points. The Central Region had remained in the same position, accounting for 41 percent of the cities, while the Western Region had experienced a decline of about four percentage points.

Provincial distribution of cities

Table 6.4 reports the number of cities in each province in selected years between 1949 and 1989. Between 1949 and 1978, a total of 61 cities was added to these 26 provinces. The major recipients of the new cities were all in the Western and the Central regions (Map 6.1). Hunan, in the Central Region, increased by eight cities in the period 1949-1978, while Sichuan and Xinjiang, both in the Western Region, increased by eight and six respectively. These

increases occurred mainly before 1958. During the twenty years from 1958-1978, there were few changes in the number of cities.

Table 6.4.--Provincial Distribution of Cities, 1949-1989

Province	1949	1958	1966	1978	1989	Changes	
						1949-1978	1978-1989
Hebei	8	7	9	9	21	+1	+12
Shanxi	2	6	4	7	13	+5	+6
Namenggu	6	8	10	9	16	+3	+7
Liaoning	12	12	10	10	20	-2	+10
Jilin	5	8	9	9	21	+4	+12
Heilong.	5	8	8	11	25	+6	+14
Jiangsu	10	10	11	11	24	+1	+13
Zhejiang	9	7	3	3	24	-6	+21
Anhui	11	8	7	11	18	0	+7
Fujian	2	5	6	6	14	+4	+8
Jiangxi	4	7	7	8	15	+4	+7
Shandong	13	12	9	9	32	-4	+23
Henan	12	14	13	14	25	+2	+11
Hubei	3	5	5	6	29	+3	+23
Hunan	2	9	7	10	25	+8	+15
Guangdong	7	10	9	10	19	+3	+9
Guangxi	4	5	6	6	12	+2	+6
Hainan	1	1	1	1	3	0	+2
Sichuan	3	10	9	11	23	+8	+12
Guizhou	1	4	4	5	8	+4	+3
Yunnan	1	4	4	4	11	+3	+7
Tibet			1	1	2	+1	+1
Shaanxi	4	5	4	5	11	+1	+6
Gansu	1	9	5	4	13	+3	+9
Qinghai	1	1	1	1	3	0	+2
Ningxia	1	2	2	2	4	+1	+2
Xinjiang	1	3	4	7	16	+6	+9
Total	129	180	168	190	447	+61	+257

Note: The total number of cities does not include the three cities administered by the central government (i.e., Beijing, Shanghai and Tianjin).

Source: Guo Jia Tong Ji Juu, 1990a. China: the Forty Years of Urban Development.

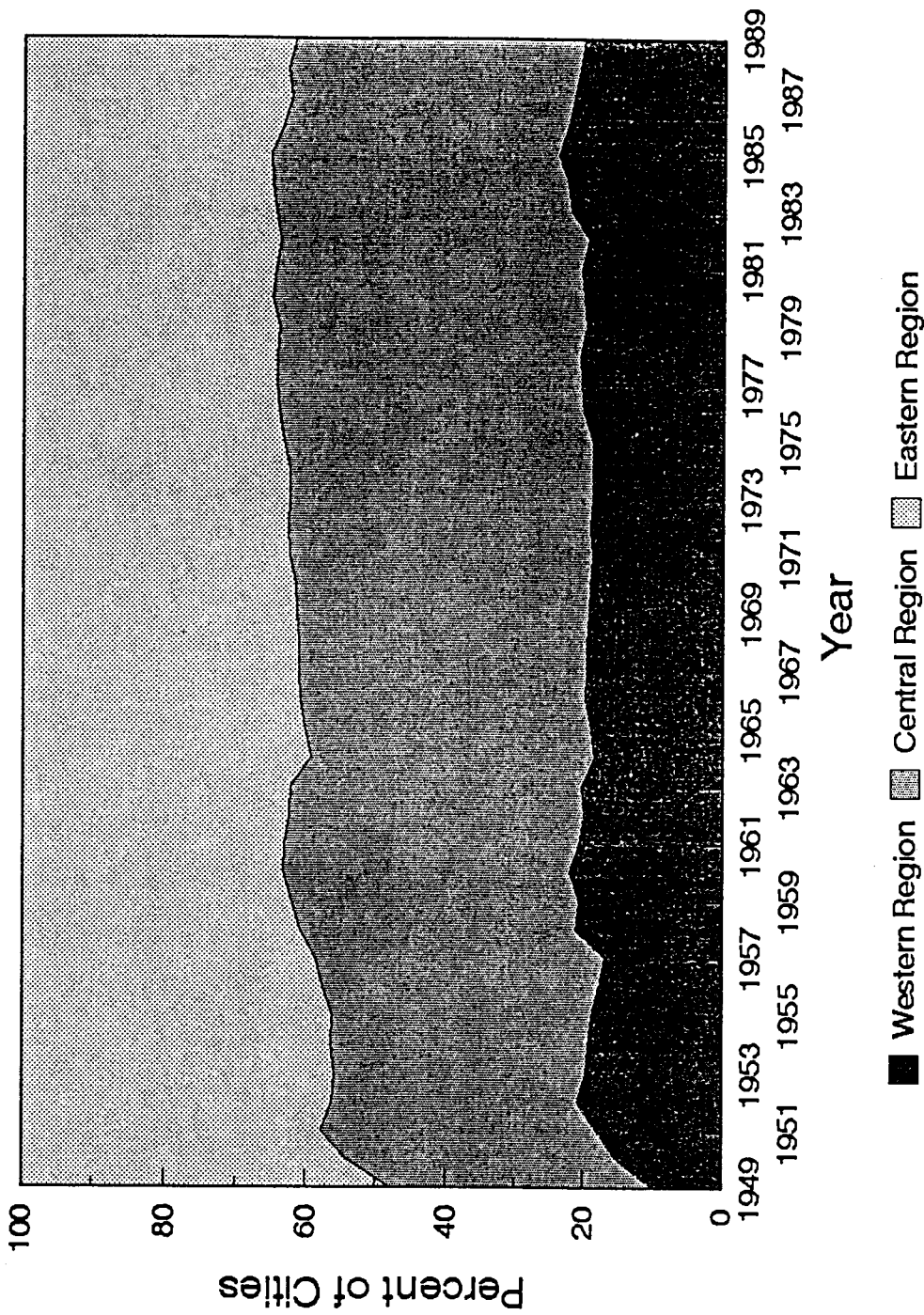
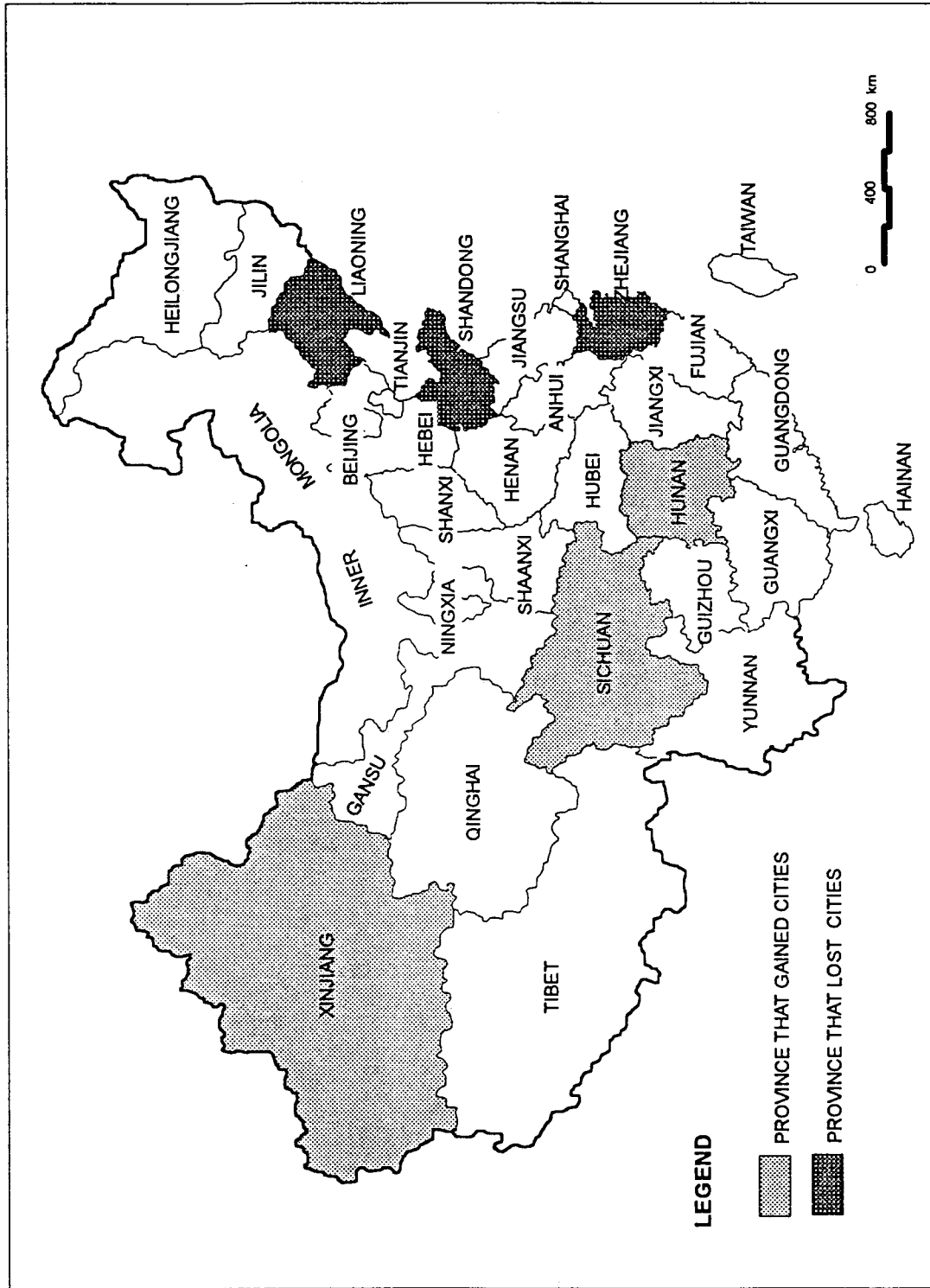
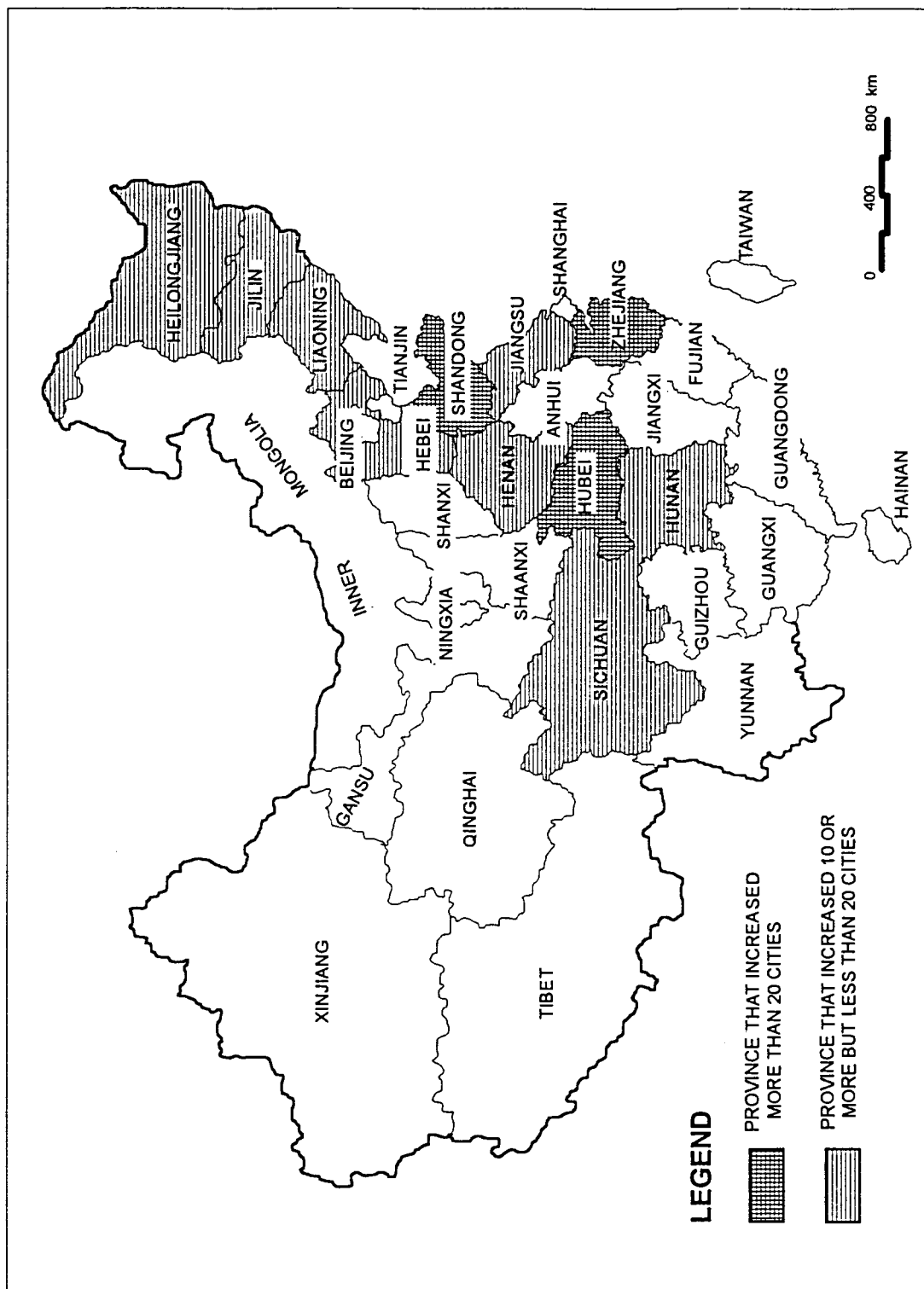


Figure 6.4. Temporal Distribution of Cities among Regions, 1949-1989.



Map 6.1. Provinces that Had Major Increases or Declines in the Number of Cities, 1949-1978.



Map 6.2. Provinces that Increased by Ten or More Cities, 1978-1989.

The provinces in the Eastern Region experienced declines or slow growth in the number of cities (Map 6.1). By 1978, three of the eight provinces along the coast lost cities. They were Liaoning, Zhejiang and Shandong. Zhejiang lost six cities from nine in 1949 to three in 1978, while Shandong lost four from 13 to nine. These declines in the number of cities in the Eastern provinces occurred mainly during the period 1958-1978.

During the period 1978-1989, more than 250 cities were added to all the provinces. In contrast to the pre-1978 period, the major recipients were coastal provinces (Map 6.2). Among the three provinces (Zhejiang, Shandong and Hubei) that had more than 20 new cities, two were in the Eastern Region. Other provinces in the Eastern Region received increases ranging from six to thirteen. The major provinces that gained cities in the Central Region were Jilin, Heilongjiang, Henan, Hubei and Hunan. In the Western Region, Sichuan, Xinjiang and Gansu were the major provinces that increased their number of cities.

Figure 6.5 demonstrates the Lorenz Curve distribution of cities among the provinces. From 1949 to 1989, the distribution of cities among provinces became more uniform. The tendency toward a more uniform distribution of cities was apparent in the period 1949-1958. Over the forty years from 1949 to 1989, the Lorenz curves for 1958, 1966 and 1989 shifted more toward the line of complete uniformity. The distribution of cities in each of the three sub-periods contributed significantly to smooth out the differences in the distribution of cities among the provinces.

The distribution of urban population among regions

Figure 6.6 shows the percent of urban population in each region for selected years between 1949 and 1989. Compared with the distribution of cities among regions, the

distribution of urban population showed both similarities and differences.

The major similarity between the distribution of urban population and the distribution of cities lies in their changing trends. Before 1980, both urban population and the number of cities showed decreases in the proportion in the Eastern Region and increases in the proportion in the Western and the Central regions, while in the 1980s, there were increases in the proportion of the urban population and cities in the Eastern Region, but declines in the Western and the Central regions. The percentage of urban population residing in the Eastern Region dropped from 51.1 percent in 1957 to 44.4 percent in 1980. During the same period, the Central Region gained more than three percentage points in urban population, while the Western Region gained almost two percentage points. In the 1980s, there were four percentage points more urban residents living in the Eastern Region. The Central and the Western regions lost two percentage points each in the share of urban population.

The distribution of urban population was different from the distribution of cities because the Eastern Region continued to be the major region that had the largest proportion of urban population. Although in 1980 the Eastern Region had its lowest share in urban population, the Eastern Region still had eight percentage points more in urban population than did the Central Region, and about 25 percentage more than the Western Region.

Provincial distribution of urban population

Table 6.5 shows the temporal distribution of urban population among the 29 provincial administrative units.

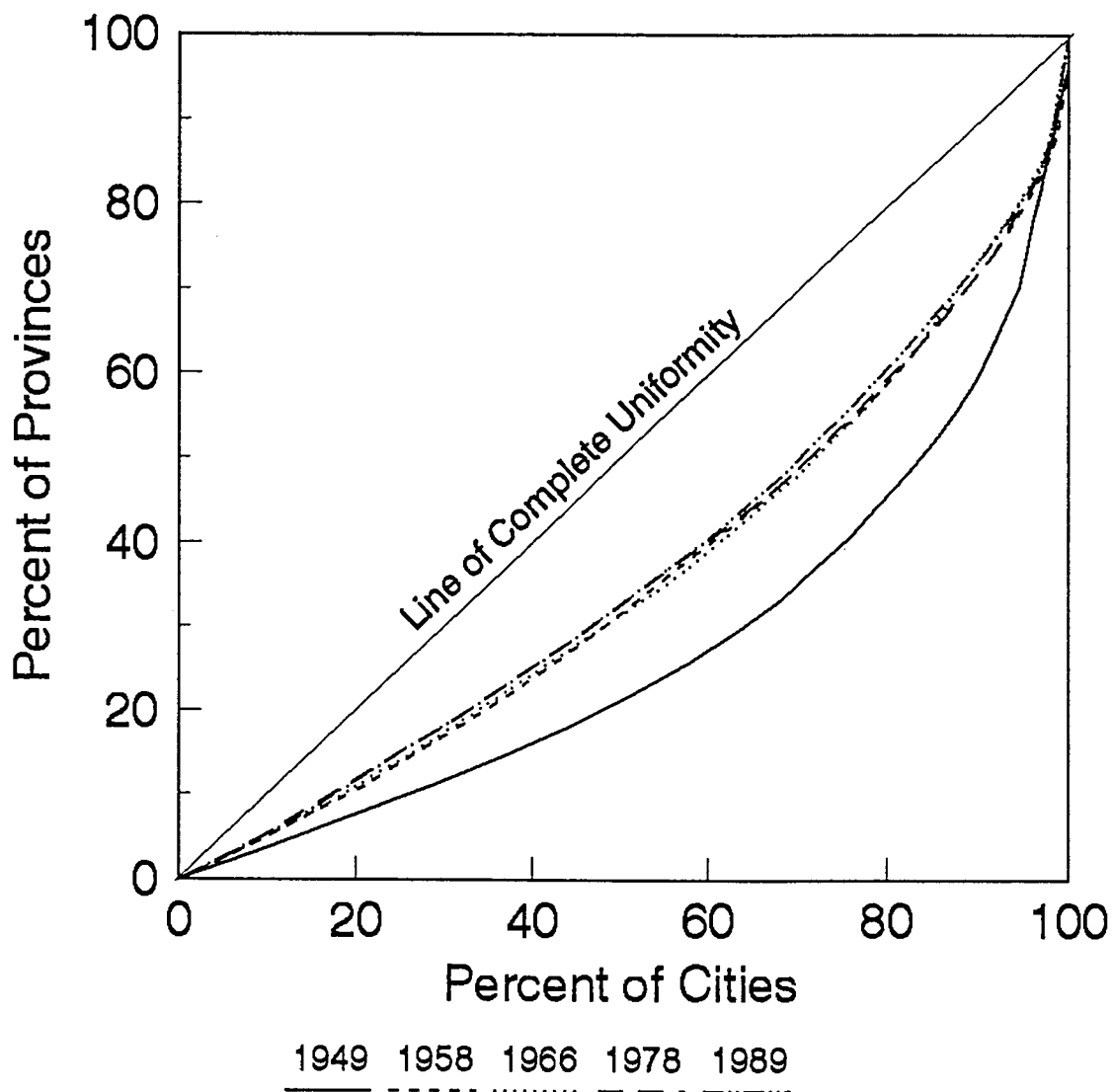


Figure 6.5. Lorenz Curve Distribution of Cities among Provinces, 1949-1989.

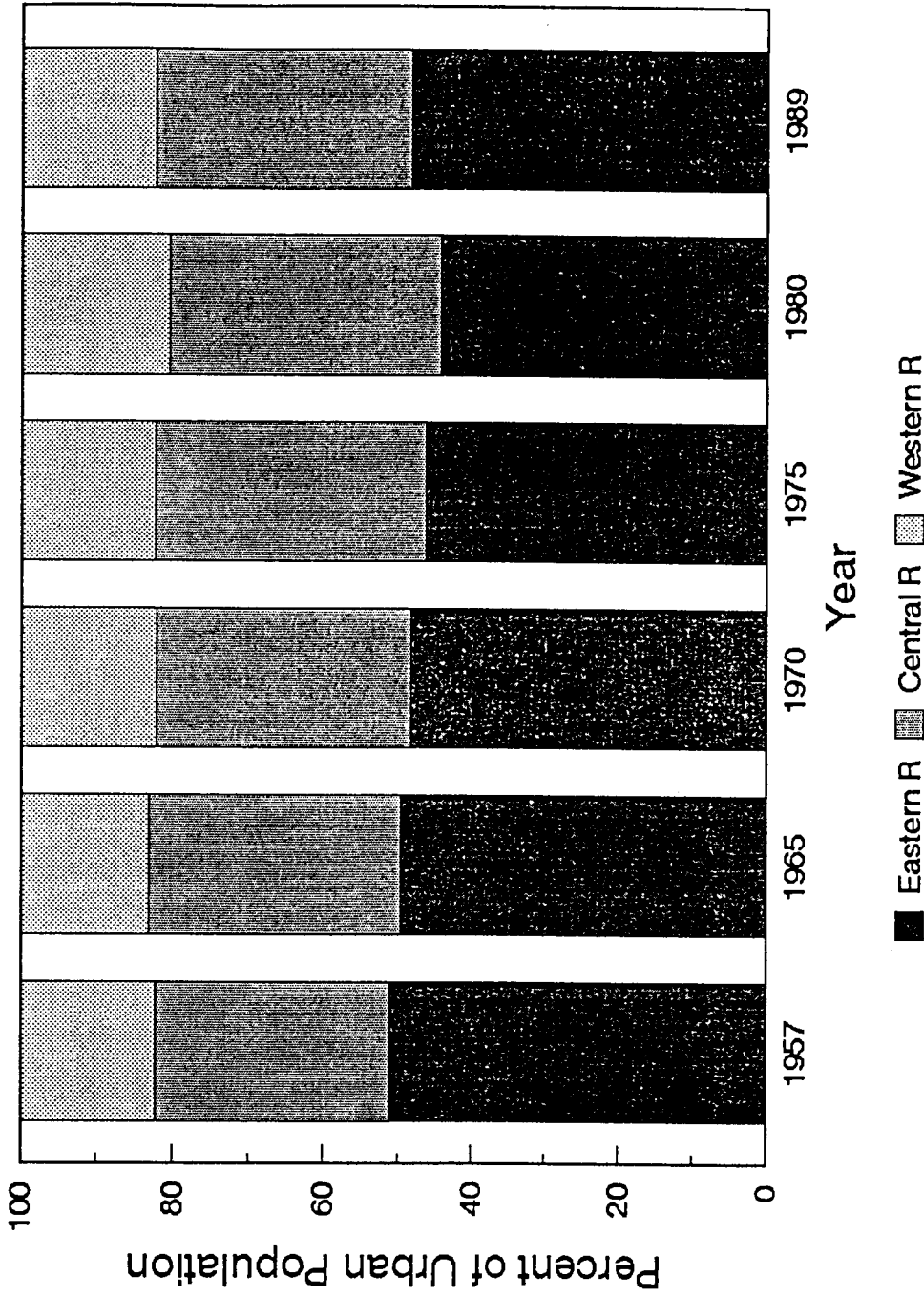


Figure 6.6. Temporal Distribution of Urban Population among Regions, 1957-1989.

Table 6.5.--Provincial Distribution of Urban Population
(in 10,000)

Province	1957	1965	1970	1975	1980	1989
Beijing	342	505	470	511	572	795
Tianjin	284	435	423	469	512	602
Hebei	489	441	495	560	671	1079
Shanxi	261	307	352	438	503	752
Namenggu.	179	330	227	264	535	750
Liaoning	864	1132	1312	1321	1419	2055
Jilin	372	579	697	767	854	1077
Heilong.	540	827	1020	1161	1233	1714
Shanghai	634	698	643	614	667	893
Jiangsu	648	688	663	741	902	1540
Zhejiang	362	423	477	494	569	1249
Anhui	292	388	432	523	663	994
Fujian	277	357	399	439	498	694
Jiangxi	235	372	391	491	614	799
Shandong	480	662	817	895	1030	2236
Henan	472	576	641	793	895	1305
Hubei	421	485	520	638	786	1623
Hunan	320	406	445	532	671	1052
Guangdong	506	717	773	876	1069	2460
Guangxi	199	241	273	315	388	656
Sichuan	749	864	946	1038	1336	2100
Guizhou	203	225	282	298	543	656
Yunnan	193	260	337	335	396	542
Tibet	16	11	14	15	24	40
Shaanxi	265	334	402	435	522	670
Gansu	207	213	218	267	290	477
Qinghai	41	43	65	63	75	112
Ningxia		41	68	70	80	133
Xinjiang	98	149	172	242	373	507
TOTAL	9949	12709	13974	15605	18690	29562

Source: Guo Jia Tong Ji Juu, 1989 and 1991d. Zhong Guo Ren Kou Tong Ji Nian Jian. Beijing: Zhong Guo Tong Ji.

Before 1965, the provinces in the Eastern Region led in the size of urban population. Among the four provinces (Liaoning, Shanghai, Jiangsu and Sichuan) that had an urban population larger than six million in 1957, three were along the coast. In 1965, five out of the seven provinces that had an urban population larger than six million were in the Eastern Region. By 1970, several provinces in the Central Region began to catch up. Three of the nine provinces that had an urban population larger than six million were in the

Central Region, while Sichuan, a Western Province, continued to grow in urban population and remained in the lead.

By 1975, half of the provinces that had an urban population larger than six million were from the Central and the Western regions. Two of the three provinces (Liaoning, Heilongjiang, Sichuan) that had an urban population larger than ten million were in the Central Region. During the late 1970s, coastal provinces grew quickly in urban population, showing the "wind of change" in regional development policies.

By 1980, seven of the fourteen provinces that had more than six million urban population were in the Eastern Region. Three of the five provinces (Liaoning, Heilongjiang, Shandong, Guangdong and Sichuan) that had more than ten million urban population were along the coast. After ten years development in the 1980s, the provinces of the Eastern Region again led in the concentration of urban population.

In 1989, three of the four provinces (Liaoning, Shandong, Guangdong and Sichuan) that had more than 20 million urban population were along the coast. Four of the eight provinces that had an urban population between ten to twenty million were along the coast. All the provinces had a size in urban population of more than six million except six Western provinces (Yunnan, Tibet, Gansu, Qinghai, Ningxia and Xinjiang).

Figure 6.7 shows the Lorenz Curve distributions of urban population among the provinces. All the six curves overlapped one another, indicating little change in their distribution pattern over time. The 1980 curve shifted above the 1957 curve. This upward shift might be the result of the slow growth of urban population in the provinces along the coast during the 1960s and the 1970s. The 1989 curve shifted slightly downward away from the line of complete uniformity.

This suggests that there were some disparities in the distribution of urban population during the 1980s.

The Size Distribution of Cities and Urban Population

Cities in different size groups

Figure 6.8 shows the temporal distribution of the percent of cities among the four size groups in the period 1949-1989. In general, small cities made up the largest proportion of cities, followed by the medium-sized, large and super-large groups.

Over time, the percent of cities in the medium-sized, large and super-large groups showed an increase up to the late 1970s, and then started to decline after 1980. In contrast, cities in the small group decreased in proportion before 1980 and then increased in the 1980s. In 1949, 77.3 percent of the cities was in the small group; 13.6 percent was in the medium-sized group; 5.3 percent was in the large group; and 3.8 percent was in the super-large group. Up to 1980, cities in the medium-sized, large and super-large groups showed increase of 32.3 percent, 13.5 percent and 6.5 percent respectively, while cities in the small group decreased by at least 30 percentage points. A decade later, the medium-sized, large and super-large groups accounted for 25.8 percent, 6.2 percent and 6.7 percent of cities. The same groups showed decreases in proportions by 3, 7 and 0.1 percent respectively. For the small group, the percentage of cities increased constantly in the 1980s. By 1989, 61.3 percent of the cities came under the small group.

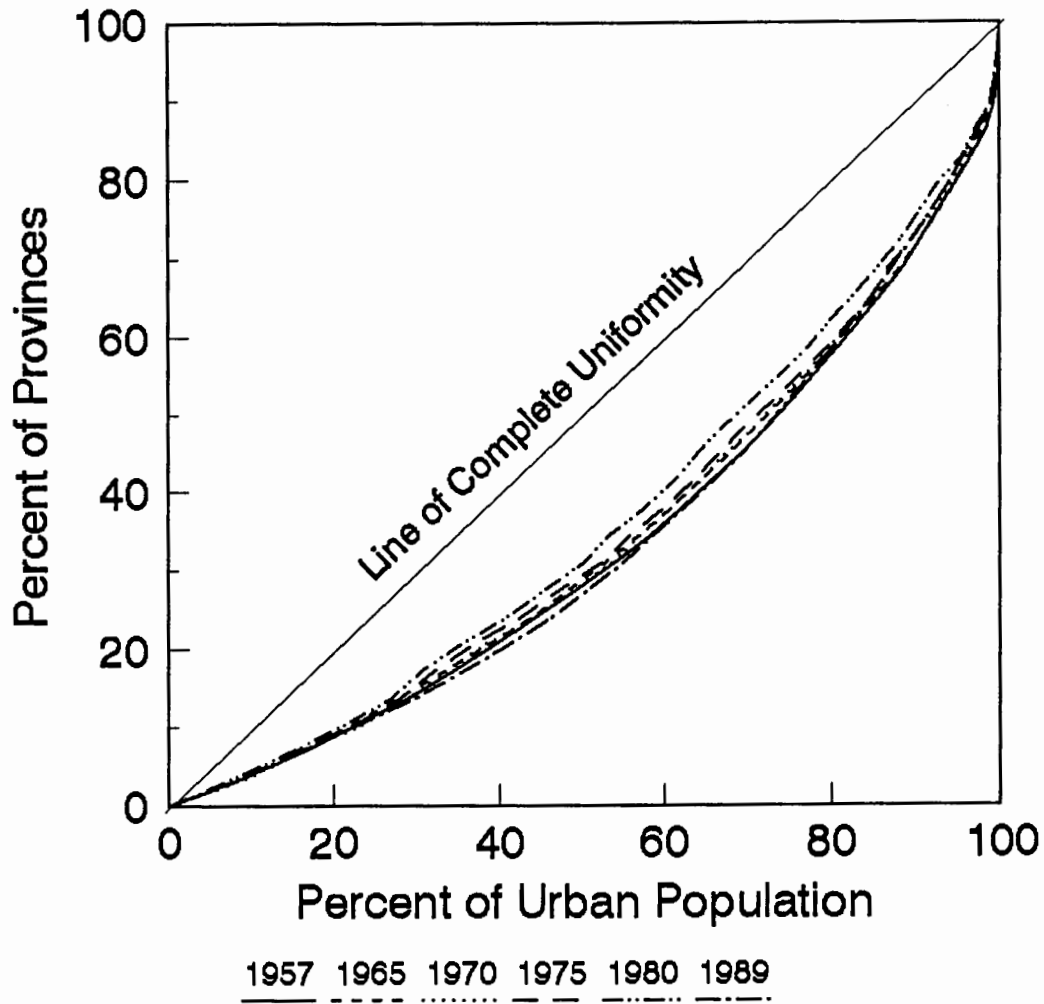


Figure 6.7. Lorenz Curve Distribution of Urban Population among Provinces, 1957-1989.

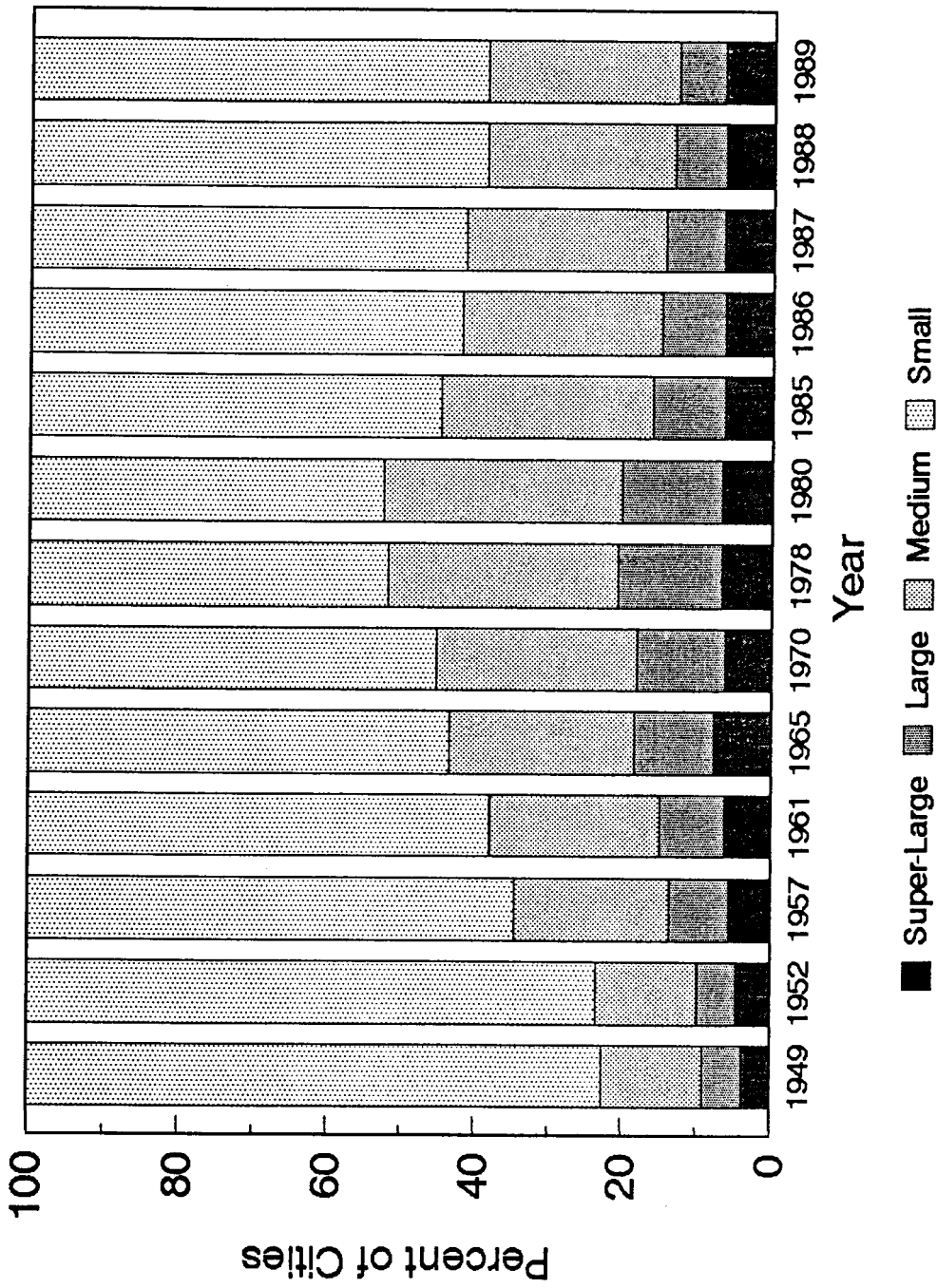


Figure 6.8. Temporal Distribution of Cities among Size Categories, 1949-1989.

Urban population in different size groups

Although most of urban population concentrated in the super-large cities, the percentage of cities in the super-large group was the smallest of the four size groups. As Figure 6.9 shows, about 40 percent of China's urban population resided in super-large cities. Each of the other three groups accounted for 20 percent of the urban population only, despite the fluctuations in the proportionate share of urban population over time. The urban population in super-large cities made up 36 percent of the total urban population in 1949. By 1952, they accounted for 41.1 percent. This increase demonstrates the influence of the policy of restoring and increasing the industrial output in cities during the period of rehabilitation (1949-1952). As a consequence of the further emphasis on larger cities in the allocation of industrial investment (see Chapter V, sections on the selection of cities for investment allocation), 45 percent of the urban population concentrated in super-large cities in 1965. During the 1970s, the growth of large cities was hindered by the policy of dispersing urban population from large cities to the remote areas and to the countryside. By 1978, 37.5 percent of the urban population was in super-large cities. Although there were slight increases in the percent of urban population in super-large cities during the 1980s, the percentage was less than 40 percent by 1989.

Large cities accounted for 18.8 percent of the urban population in 1949. By 1952, its share of urban population decreased to 14.2 percent, because both Chongqing and Wuhan surpassed the threshold size of one million and thus became super-large cities. From 1952 to 1978, the large group increased its share in urban population to 25.0 percent. This increase was largely due to the growth of medium-sized cities that entered the large group. By 1989, sixteen large

cities left the group to become super-large cities (Map 6.3). As a result, large cities accounted for 13.8 percent of the urban population in 1989.

The changes in the percent of urban population in the medium-sized group fluctuated in a lesser degree than that in the large size group. From 1949 to 1965, there were increases and decreases in the proportions of urban population every five year, even though these changes did not account for more than two percentage points. From 1965 to 1989, cities in the medium-sized group increased their share to account for 31.7 percent of China's urban population.

Small cities accounted for a quarter of the urban population in 1949 and had a slight increase in their share in 1952 by one percentage point. During the period 1952-1978, the urban population in the small group lost twelve percentage points, to its lowest share of 14.1. The policy of encouraging the growth of small cities led to a rapid increase in the number of small cities. This consequently raised the percent of urban population in the small group to 16.0 percent in 1989.

The rank-size distribution of cities

Figure 6.10 demonstrates the rank-size distribution of cities in selected years between 1949 and 1989. The upward shift of the rank-size distribution curves over time suggests that Chinese cities kept on growing bigger and bigger.

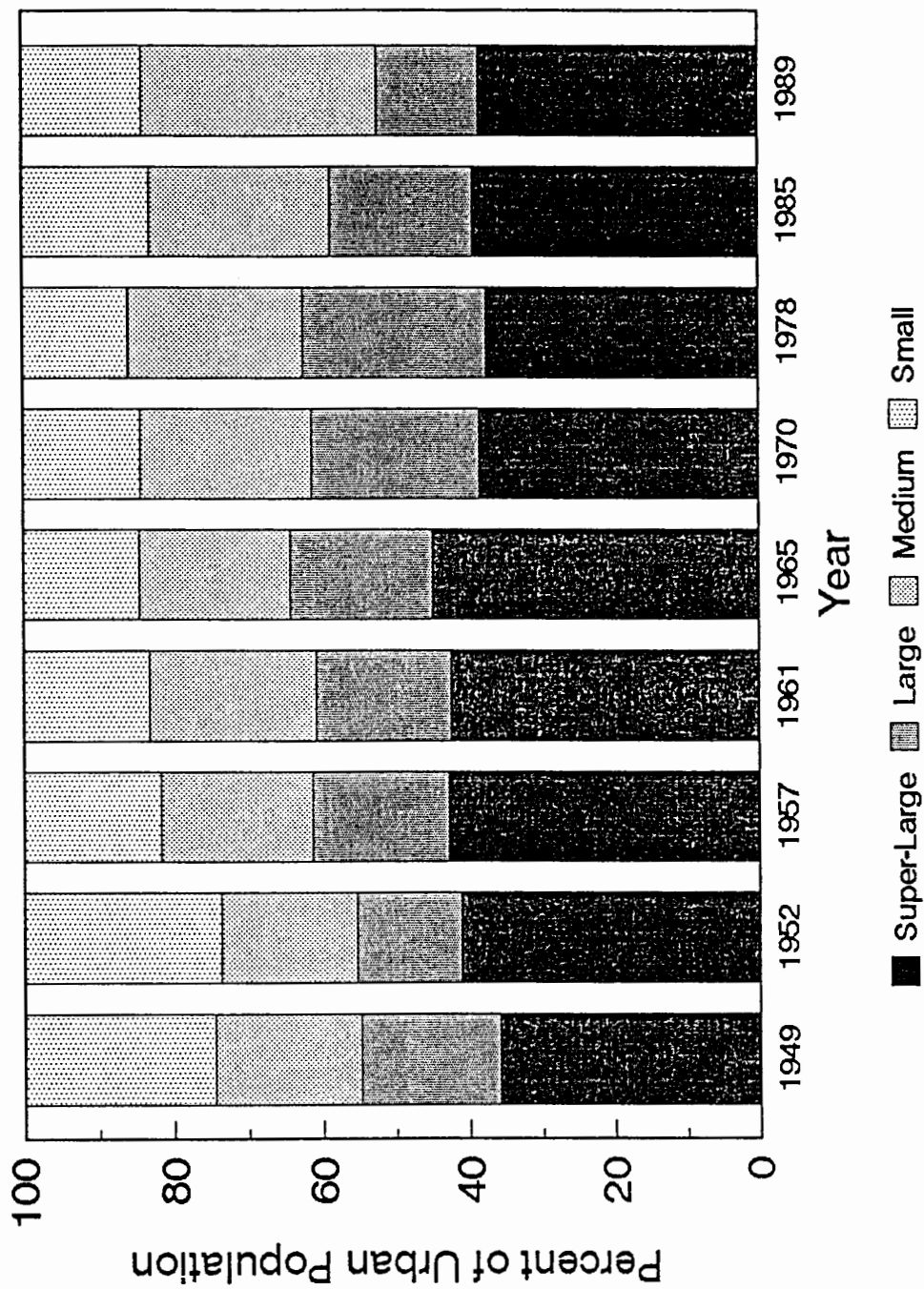
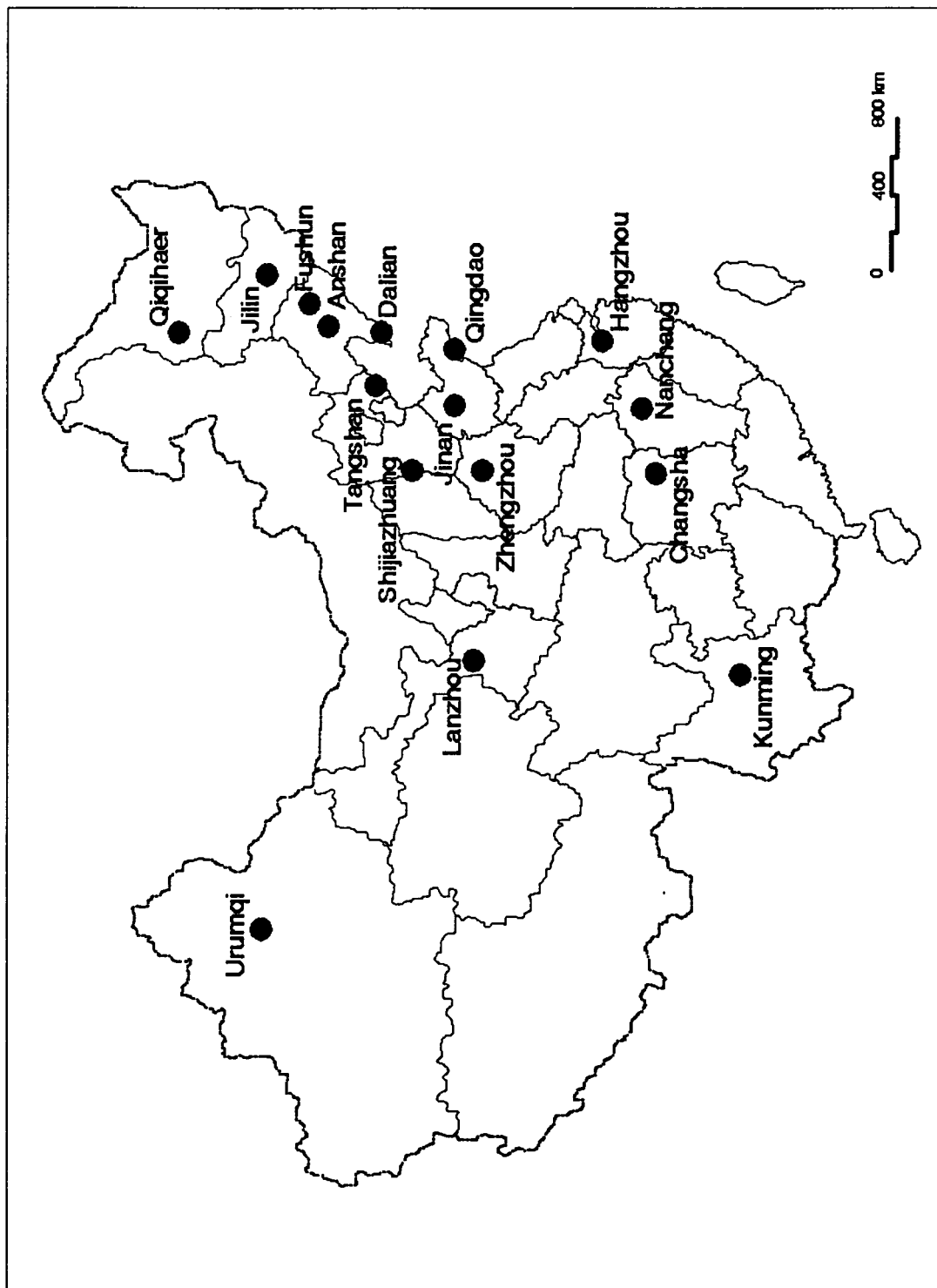


Figure 6.9. Temporal Distribution of Urban Population among Size Categories, 1949-1989.



Map 6.3 Sixteen Cities that Entered the Super-Large Group in the 1980s.

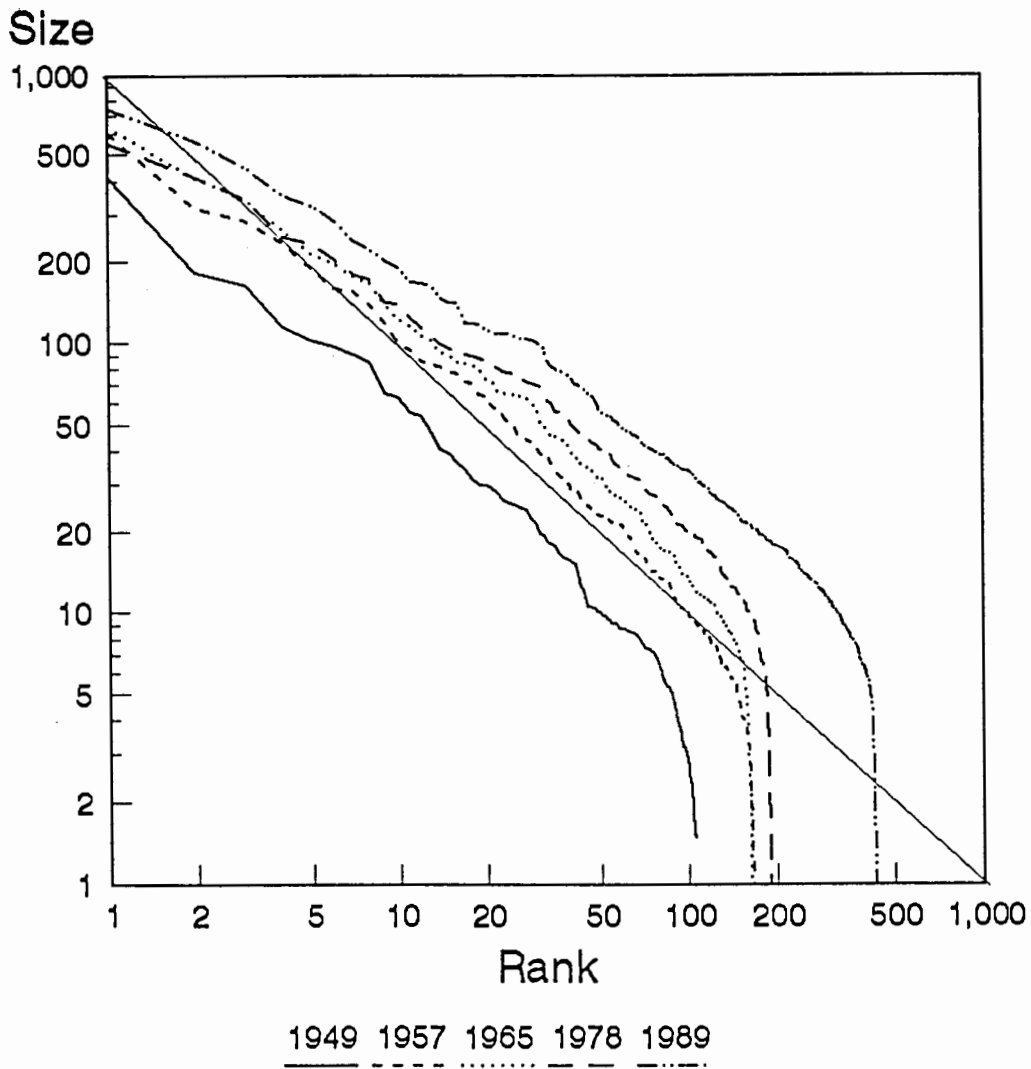


Figure 6.10. Rank-Size Distribution of Chinese Cities, 1949-1989.

Three characteristics should be noted in the changes of the curves. First, the 1949 curve was more "step-like" in shape than the curves of 1957 to 1989. This suggests that the regional urban systems were becoming more uniform over time to form an integrated hierarchy of cities.

Second, the size of the largest city, Shanghai, shrank or decreased during the period 1965-1978. Shanghai's population in 1978 was smaller than its size in 1957. This change seems to provide empirical support to the anti-urban thesis in the literature of Chinese urbanization. However, this evidence is not enough as all other cities gained population during the same period. This then suggests that Shanghai was only a special case. The overemphasis on Shanghai might under-estimate the overall impact of the urbanization process in China.

Third, cities in the three groups of 200,000 population and over (i.e., the super-large, large and medium-sized groups) deviated from the rank-size distribution curve. The curves decreased smoothly as the city ranks increased (i.e., as cities became smaller). As the curves widened, they dropped abruptly. Small cities formed a wide and steep curve. In a general rank-size distribution of cities, the curves of cities decrease gradually and smoothly in a negative exponential manner without any "step-like" shapes.

Summary

The four hypotheses tested in the foregoing chapter showed the impacts which various planning policies had in shaping the growth and decline of the Chinese urban population, and in managing the distribution of cities and urban population among different regions and size categories.

The statistical analyses revealed that during the period 1949-1977, the administrative control over rural-urban migration (CSTAFF) and changes in industrial productivity (CINDLII) were the prime policy variables in accounting for 66.0 percent of the variations associated with the change in Chinese urban population growth. Between 1978 and 1989, the policy variables that had the strongest influence on urban population growth were the rural reform of the responsibility system and of the agricultural production diversification (CAGRLII), the urban reform of economic ownership diversification (CPRIVATS), and industrialization in the countryside (CRURALS). Together these three policy variables explained 89.9 percent of the change of urban population.

The regional distribution of urban population was a result of the allocation of regional industrial investments (CINVEATR) and the change in the number of cities (CCITYR) among regions. These two policy variables accounted for 78.9 percent of the explained variance of the change in urban population during the period 1949-1957, 52.7 percent during 1958-1965, 55.9 percent during 1966-1979, and 82.6 percent during 1980-1989 respectively. The allocation of industrial investment was the primary inducement that directed the growth of urban population to inland regions in the two sub-periods before 1966. Between 1966 and 1989, the number of cities became the secondary factor that shaped the regional growth of urban population.

The impact which city size had on a city's rate of growth was rather restricted. The inverse correlation between city size and the urban population growth of an individual city were not significant for the five sub-periods: 1952-1957; 1958; 1959-1965; 1966-1977 and 1978-1989. The highest simple r for one sub-period, 1966-1977, was only 0.32. The low correlation might be attributable to

either the ineffective policies in controlling the growth of individual cities, or perhaps to the lack of intention on the part of the Chinese government to control the growth of individual cities.

The equalization in the distribution of urban population among regions led to big increases in the number of cities in provinces in the Central and Western regions. The distribution of cities among provinces, as reflected by the Lorenz curves, showed that the spatial distribution of cities in 1989 tended toward a more uniform pattern than that in 1949.

Among city-size categories, the distribution pattern showed a decline in the proportion of both the number of cities and the size of urban population in the small group during the 1949-1980 period. Although in the 1980s small cities attained a rapid increase in number, their population made up less than 20 percent of the total urban population. While super-large cities increased by six fold during 1949-1989, they accounted for more than 40 percent of the total Chinese urban population.

Chapter VII

CONCLUSIONS

In the twentieth century, China experimented with Marxist theory in revolution and development against the traditional background of agrarianism. The urban-based Marxist theory acted on the rural agrarianism of China and generated a strong spatial dimension in the strategies and practices of the Chinese Communist Party. Controlled urbanization was an integral part of this experiment. It was used as an approach as well as a process to reconcile rural-urban conflicts. As an approach, controlled urbanization enabled the Chinese government to incorporate into its socioeconomic pattern a system of Chinese cities developed along the Marxist ideological line. As a process, controlled urbanization, through its series of measures and policies, transformed the political, social and economic landscape and produced changes which impacted the level of urbanization, the regional distribution and size variations of cities in Chinese urban growth.

Although controlled urbanization in China has long attracted the interests of scholars, there is to-date no known in-depth examination of the ideological bases, the control policies and the impacts which these control policies have had on Chinese urbanization. Some researchers claimed that the Chinese communist ideology was anti-urban, and thus proposed and constructed the anti-urban thesis. Others de-constructed the anti-urban thesis and advanced the "pro-urban" argument. The current output of controlled urbanization further undermined the anti-urban thesis. The reason for the latter was that the widening gap in living standards between the countryside and the cities, and the rapid pace of urban growth did not emerge from an anti-urban ideology. Some researchers touched upon the policy mechanisms of controlled urbanization, but their discussions

and explorations were rather scattered and narrowly limited to specific slogans and time periods. Other researchers examined the policy impacts and consequences of controlled urbanization. But they were unable to show any understanding of the ideological bases, the policy mechanisms, and the role played by controlled urbanization.

This study tries to contribute toward an understanding of controlled urbanization in China by providing a systematic account of the ideological base of controlled urbanization, the policies that were used to execute it, and the consequences and impacts which controlled urbanization had on Chinese urban growth and development.

Analyses of policy documents of the Chinese Communist Party and the Chinese government, and speeches of the high ranking party and government leaders (such as Mao Zedong, Zhou Enlai, Deng Xiaoping) reveal that controlled urbanization was rooted deeply in the experiment of communism in agrarian China. The conflict between Marxist theory and the agrarian tradition generated a strong rural-urban split that was firm in the minds of the Chinese communists and in Chinese laws and regulations. To reconcile the conflict, the Chinese government formulated a series of strategies in which Chinese cities were the main actors.

Controlled urbanization was executed by the Chinese government in the form of four groups of policies: (1) policies that controlled the flow of population between cities and the countryside, (2) policies that guided the development of cities, (3) policies that guided the development of the countryside, and (4) policies that regulated the regional allocation of production forces. These policies were aimed at controlling the flow of population between the countryside and cities according to labor-hiring plans, at guiding the rural and urban

development along the ideological line of Marxism, and at guiding the redistribution of production forces among provinces and regions for regional equity and national defense. Each policy group contained individual policies and programs that interacted with one another over time. Policies of different groups during the same time period were designated to carry out the same strategy of the period. The ideological policies that guided the development of cities acted on the urban economy and in turn influenced the urbanization of China.

Each policy acted in different ways and exerted different impacts. For example, prior to 1978, administrative restrictions and industrialization were the major factors that drove controlled urbanization. After 1978, rural reform and the development of rural enterprises sped up the controlled urbanization process. As a result of these changes in development strategies and policies, Chinese urbanization fluctuated over time. While the efforts to equalize the distribution of urban population among regions and provinces were not effective, neither were the efforts sufficiently effective in encouraging the growth of smaller cities and containing the growth of larger cities.

A number of conclusions might be drawn from this study. First, the control over Chinese urbanization was ideologically rooted in the government agenda. Controlled urbanization was, is, and will continue to be one of China's goals in national development. The firm control by the government over Chinese urbanization stemmed from two sources: (1) the Chinese Communist Party as vanguard in determining China's development and (2) the government's belief in economic and social intervention. The Chinese Communist Party viewed itself as the vanguard that saved China from being a backward, semi-feudal, quasi-colonial country and guided her to a strong socialist state. It was

therefore the communists' desire to see that China continue to proceed along the same communist path. These desires invited government intervention on the political and economic facets of Chinese society and well-being, including the control over the urbanization process. Government intervention in economic and political processes seemed to be commonly accepted by people in developing countries as a responsibility of their governments. They think government intervention is essential for achieving cost-effective use of resources, efficiency in economic growth and equity in the distribution of social welfare. Given the indispensable role which cities played in Chinese socioeconomic life, the control over the growth rate of urbanization is therefore a responsible function of the government.

The issue of controlled urbanization is not whether control is needed but rather how urbanization may be controlled. The Chinese experience provided two essential forms of control over the urbanization process: One is the rigid control through the use of administrative restrictions on population migration, and the other is the advocacy control through the use of suggestive policies. Rigid controls, such as the restrictions on blind migration toward cities in the 1950s, the return of urban population to the countryside in the aftermath of the Great Leap Forward (1961-63), and the decentralization of urban population through the program of "going up to the mountains and coming down to the villages" during the Cultural Revolution (1966-76), were effective in the short run. However, rigid controls in the long run were socially and economically disastrous to those individuals involved and to the nation as a whole. For example, the reeducation of urban youths in the countryside produced miserable lives and wasted human resources that could otherwise have contributed to the growth of the economy. Over time, all these rigid control policies were seen to be short-lived, because they were

running against the trend of social development and the economic laws of urbanization. The rigid control over urbanization produced a vicious circle that involved: "strict control--out-of-control--more strict control--more severe out-of-control", over rural-urban migration.

Advocacy control over urbanization through suggestive policies only started since the early 1980s. The main experiment with this type of control was rural urbanization seated on rural enterprises. The encouragement of the growth of rural enterprises provided alternatives and choices other than urban-ward migration for peasants who were footloose in the agricultural reform. In comparison to rigid control, the suggestive policies were ineffective as there is a large "floating population" in cities. Nevertheless, further reform of the economic system and decentralization of power in decision making by local governments and enterprises demand that advocacy control be an effective and a desirable form of control to Chinese urbanization. To individuals and enterprises, advocacy control is good for making decisions because it recognizes individual capabilities and preferences.

Second, urbanization is a concomitant of socioeconomic development. In theory, an increase in agricultural productivity will enable a large number of peasants to leave the farms and to involve themselves in the secondary and tertiary sectors. The production processes in the non-agricultural sectors, such as in manufacturing is different from the primary sector in that the latter requires higher level concentration of assets, capital and labor in space. Different industries also need to agglomerate so that savings may be achieved by individual producers. This agglomeration suggests the concomitance of urbanization which transforms Chinese agrarianism to a modern, mixed economy.

The Chinese experience in the last forty years provides lessons to prove that urbanization is very desirable. The decentralization of urban population and urban industries during the Cultural Revolution hindered the development of the traditional industrial bases along the coast of China. It created those dispersed, inefficient factories and production lines in caves and mountains in the inland provinces. The construction and operation of those factories in remote locations were not only cost-ineffective but also a waste of resources. It became a major task of the central and local governments to relocate (i.e., to close the factories and to move equipment to the cities) and to reactivate (i.e., to establish linkages between the production processes of those factories with the local economies in material inputs and final outputs) those mis-allocated factories in the 1980s.

Explanations of these decentralization efforts on urban population and urban industries, and attempts to curb the growth of urban population cannot be well understood unless one considers them in the context of political and economic changes over time. The programs of eliminating blind urban-ward migration in the late 1950s and the return of population to the villages in the early 1960s were reactions to the overflow of peasants into cities during each of the previous periods (i.e., the First Five-Year Plan and the Great Leap Forward). The overflow of peasants into cities burdened the urban infrastructure and threatened China's industrialization. Urban communes were used as test cases to provide full employment for urban residents. The Daqing model was meant to achieve low-cost industrialization, by encouraging urban residents to be self-sufficient in food production, and to be hard-working and plain-living. The program of *Shang Shan Xia Xiang*, or, "going up to the mountains and coming down to the villages", was to reduce the number of unemployed and to lessen the

burden of urban population on food supply. The decentralization of industries from coastal cities and the construction of the Third Lines were to camouflage Chinese industries from hostile nations. All these events and programs were actions and designations to achieve the Chinese communist vision of industrial transformation under specific circumstances. It was inconceivable how these events and programs would be articulated by the anti-urban thesis. In fact, no ideology of the Chinese Communist Party nor the practical strategies of China's development could support such an articulation. The Chinese Communist Party believed and still believes that cities are the centers of socioeconomic changes and therefore deserve a more important role to play in national development than in the countryside. The practical strategies, policies and programs in social welfare, such as food supply, medical coverage and subsidized housing, were in favor of urban residents rather than in favor of peasants.

Agriculture has long been the backbone of China's economy. In an attempt to shift from an agrarian base to a market economy, China experimented with two major resolutions in the 1980s: (1) encourage rural urbanization based on rural enterprises and (2) encourage the growth of small cities and contain the growth of large cities. It must be noted that both these resolutions were the outgrowths of the strategy of low-cost industrialization. The latter ignored the construction and improvement of urban infrastructure that limited the capacity of cities to absorb peasant migrants. Rural urbanization, as a temporary solution, kept a large volume of peasants from migrating to cities. However, the development of rural enterprises generated severe problems, namely the waste of arable land and environmental pollution. On the other hand, the encouragement of the growth of small cities and the containment of the size of large cities became a lip

service. Large cities such as Shanghai and Beijing were allowed to expand enormously in area and population in the name of setting up development zones (*Kai Fa Qu*). Large metropolitan regions, such as the Beijing-Tianjin-Tangshan region, the Shanghai-Suzhou-Wuxi-Changzhou-Nanjing region, the Qingdao-Yantai-Jinan region, emerged along the coast. As a result, small cities became unattractive to domestic and foreign investors and hence achieved limited growth.

As Chinese cities improve their infrastructure, and as their enterprises acquire more power to choose their locations, the general policy to encourage rural urbanization and the growth of small cities, and to discourage the growth of large cities, will be less desirable and hard to implement. It is therefore the responsibility of the government to formulate an urbanization plan that distinguishes cities from one another and to decide which ones should be encouraged to grow and which ones should be contained, rather than to use a general urban distribution policy which has proved to be ineffective.

Third, urbanization as a concomitant of socioeconomic development fluctuates with the booms and busts of the economy of a country or a region. While the stagnation in economic development during the Cultural Revolution resulted in slow growth of cities, the economic prosperity in the post-1978 economic reform accelerated the pace of urbanization. The Chinese experience suggests that policies that were central to socioeconomic goals, such as the changes of agricultural and industrial productivity and the administrative restrictions on the flow of rural-urban migration, were the most important factors that influenced the process. In contrast, policies that were peripheral to socioeconomic goals, such as the urban distribution policy (viz., encourage the growth of small cities and contain the

growth of large cities) were less influential on urbanization. While city size was a poor predictor of the growth of the individual city, the location of a city among regions proved to be a better predictor on the growth of the city. The latter was related directly to the goal of regional equity because it was a part in the regional allocation of industries.

The Chinese experience further suggests that the pace of urbanization, the regional and size distribution of cities follow certain rules or laws. Rural development will push, while urban development will pull the urbanization process. Pseudo-prosperity could also bring about rapid growth of urbanization, but this type of growth could not last long. The Great Leap Forward movement generated an extensive concentration of population in cities that was unprecedented in history. But that pseudo-growth, or, *Fu Kua*, called for readjustment in the aftermath of the Great Leap Forward. During the three years of readjustment (1961-63), every city lost population and the level of Chinese urbanization went down significantly. The distribution of cities cannot simply be adjusted to one's whims. Although there was much demand to balance the regional distribution of cities and to speed the growth of small cities, the regional distribution of urban population changed little, while the growth of small cities was not much faster than that of large cities.

For the last forty years, China had lacked an effective and systematic urban policy. The policies that shaped the growth of Chinese urbanization were groups of sectoral policies (viz., industrial policies, labor-hiring policies, urban construction policies, welfare policies, and agricultural policies). Among these sectoral policies, those related to agricultural and industrial development played the dominant role in influencing Chinese urbanization.

Others, such as the urban construction policies that were formulated and supervised by the Ministry of Construction, played a peripheral role in national development. It would be interesting to see how the policies and instructions from each of the economic sectors (as represented by various ministries) have been received by the local governments, and whether there were conflicts among them.

The future of Chinese urbanization depends on the course of socioeconomic changes and the attitude of the government. The fate of China after Deng Xiaoping is a popular topic. Various speculations exist in the literature. An examination of these speculations is outside the scope of this study, but the findings here suggest that Deng guided China to a position that may step further either toward capitalism or toward communism. The Chinese Communist Party has to give up its political control or to abandon Marxism and Maoism in order to develop China along the capitalist path. If the Chinese Communist Party wants to retain its control and principles, it has to re-orientate its stand. Deng Xiaoping's theory of "initial stage of socialism" has to be incorporated into the "stage theory of China's development". It must be recognized that China is experimenting with a "new democratic" society after thirty years of rush toward communism. Only by accepting the necessity of a new democratic stage in Chinese socialism could China grow from an agrarian society to a strong, industrialized socialist nation.

Whatever political system will emerge in China, market mechanisms are going to play an important role in the future of China's economic development and urbanization. Rigid control over urbanization on the basis of administrative restrictions will only further undermine its ground. For the efficient use of resources and rapid, cost-effective economic development, China needs urbanization policies.

Among policy issues that may be suggested for further research and reformulation are:

1) National urbanization policy

National urbanization studies will have to distinguish the various characteristics among Chinese regions in economic development and in urbanization. These regions, based on economic development literature, may be classified into developed, developing and under-developed. The reason is that developed regions have higher levels of urbanization than developing and under-developed regions, while under-developed regions have the lowest level. Different priorities in planning should be assigned to these various regions accordingly. Greater efforts should be directed at integrating cities with the countryside in developed regions, since the majority of the population here are already urbanized, while in developing and under-developed regions, the proportion of urban population tends to be small. In the developing and under-developed regions, allow the distribution of primate cities so as to encourage the growth of the urban economy. These priorities no doubt will influence the structure of industries in cities, the investment allocation on transportation network (i.e., those aimed to integrate rural with urban, or, to facilitate further concentrations toward cities) and other infrastructures. These priorities will in turn also determine the size and processes of urban planning in different regions. The developed regions may require more detailed, large size regional plans than under-developed regions.

2) Advocacy mechanisms to control urbanization

Studies of urbanization should examine the operational characteristics of the urban economy, namely, the land

market, the housing market, the taxation system, the finance of urban infrastructure and the environment. National principles of development or urbanization policies have to be operationalized and represented in connection with the markets, the taxation and financial systems and environmental concerns. Such operationalization of urbanization policies will provide a framework within which individuals may make their decisions on the location, the size of operation and of development plans. Advocacy mechanisms therefore become the keys of control to Chinese urbanization in a market economy.

3) Coordination between sectoral policies

The findings of this study suggest potential conflicts between sectoral policies. First, some sectoral policies (e.g., agricultural and industrial) had higher priorities than others (e.g., urban construction) as they might be received differently by local governments. Second, the policy of openness conflicted with the urban distribution policy in the 1980s. Although large cities are contained in the urban distribution policy, they have been encouraged to grow in order to attract foreign investment. The recent development of Pudong, Shanghai, is a case in point. Micro level inquiries should be conducted to uncover the problems of coordination between sectoral policies, and to find solutions in improving coordination between them.

4) Legal role of urbanization policy

Urbanization policies have to be reflected in socioeconomic policies in order to benefit national development. Studies have to find a proper position for urbanization policies in the legal framework so that its peripheral role in development may be changed. China needs legislation to enable urbanization policies to coordinate

sectoral policies. Economic planning agencies need to collaborate with urban planning agencies in the control of the national, regional, provincial, and urban development.

This study, to a large extent, is a result of efforts in examining the interplay of the social, economic and political forces and their role in influencing Chinese controlled urbanization. The findings and conclusions that emerge from it are far from complete and not by any means conclusive. Throughout the course of investigation, the study has been constrained and handicapped by numerous data deficiencies and methodological problems. The findings and conclusions for the most part can be regarded only as tentative, particularly the quantitative results that were derived through the use of surrogate variables. Further research is necessary to improve the data gathering needs, conceptual inadequacies and methodological problems in the following areas:

First, urban data collection must be improved for consistency and comparability. The State Statistical Bureau, joined by social scientists, urban researchers, and local (i.e., provincial, city and county) statistical departments, should organize a task force to re-analyze and re-construct sectoral and local statistical materials, and to develop an urban data base. This data base should include data made up of: (1) area distribution of non-agricultural population by registration and non-agricultural population by occupation, (2) major investment types, number of projects and values, (3) sectoral output values including heavy industries, manufacturing, agriculture, construction, transportation, communication and commerce, (4) the provision of urban infrastructure such as systems of water and electricity supplies, sewage, length of streets and gas pipelines, (5) government subsidies in the forms of public housing, medical service and grain supplies, (6) socioeconomic and

environmental indicators such as the structure of population, crime rates, and various pollution indices. It is vital for urban research to have an accurate and more elaborate assessment of Chinese controlled urbanization.

Second, urban definitions and the standards used to grant city and town status have to be studied and restructured. Studies of urban definitions should address the question of how the boundary of a city and a town, and the sphere of influence of a city and a town, should be differentiated and be drawn. The standards used for granting city and town status have to be made explicit rather than left implicit. Studies along this line should help to standardize the "level of Chinese urbanization". It should also provide a means for studying and for administering the "floating population" in cities.

Third, interviews and case studies should be conducted to probe and understand the process of controlled urbanization. The current author tried to solicit information from planners and administrators regarding Chinese decision making in controlled urbanization, but was not successful because officials in positions of responsibility were reluctant to speak openly about government policies. In order to gain insight into the decision making process, it is important to find out how the central government policies were adopted by local governments, how these policies on the local levels were perceived and what factors influenced the choice process of the decision-makers. To gain an understanding of how controlled urbanization operates in China, it is necessary to examine the "choice process." Given the recent reforms taking place one might be optimistic that Chinese planners will become more open and be willing to speak freely and discuss government policies with foreign urban scholars about the urbanization process in future.

Fourth, many sources for analyses in this research need to be reassessed in future as the current policy documents available are somewhat limited. Most of the materials in the current study relied mainly on official publications such as the speeches of the Communist Party leaders and the policy documents of the Party and the government. The information provided by the government and the communist party is carefully edited and abbreviated. As a result of the editing, many of the original "plain" speeches and documents have lost their ideological flavor and little or no explanations are given in the policy statements pertaining to the controlled urbanization process.

China is currently going through a process of change not only from an agrarian society to an industrial one but also from a centrally planned economy to a market economy. In this transition, urbanization is a necessary concomitant. As one looks to the future urban development of China, it is vital to explore the avenues through which Chinese cities could be built, and the policies that could have influence on controlled urbanization. Only through an understanding of the interplay of the social, economic and political forces on the urbanization process could an effective future urban and regional development policy be formulated in China.

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