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China becomes an urban nation at breakneck speed

With the government seeking to increase domestic demand, places like Guiyang are at the heart of its urbanisation strategy

Tania Branigan in Guiyang
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A construction site in Guiyang, part of development programme that has been described by one expert as 'the most managed process of urbanisation in human history.' Photograph: Wu Dongjun/Getty Images

Every few minutes another car brakes sharply as it reaches Tangbaguan on Guiyang's new ring road. Another driver does a double-take. The dual carriageway ends abruptly in a narrow dirt track twisting downwards through heaps of rubble.

The city is eating hungrily into the hillsides, swallowing up maize fields and rice terraces in loops of tarmac and towers of concrete and glass. But the pace of change is so rapid, the transition so sharp, that its citizens are increasingly bewildered by their

surroundings. Some, like the migrant workers building the roads, are new to city life. Others no longer recognise their hometown as it sprawls across the land.

This is the year China finally became an urban nation. In April the census revealed that 49.7% of its 1.34bn population was living in cities, compared with around a fifth as economic reforms got off the ground in 1982. By now, China's urbanites outnumber their country cousins. "The process they have been going through over three decades took four or five decades in Japan and [South] Korea and 100 years in the west," says Edward Leman, whose Chreod consultancy has advised numerous Chinese cities on development.

It is not only the extraordinary speed that is "unprecedented and unparalleled", says Prof Paul James of the Global Cities Institute at RMIT University in Melbourne. "It represents the most managed process of urbanisation in human history. The state is involved in every way. It manages the building of new cities. It regulates the housing of internally displaced people. It responds actively and sometimes oppressively to new waves of squatters."

The new five-year plan pushes urbanisation even further, as the government seeks to raise living standards and promote development in the poorer central and western regions. A hard landing for the economy could slow this process – local government debt is a particular worry – but will not stop it.

By 2025, one study suggests, 350 million more people will have moved to cities; more than the population of the US. Five years later the urban population will top 1 billion. There will be 221 cities with more than 1 million inhabitants; Europe currently has 35. The number of new skyscrapers could equate to 10 New York cities. The impact will be felt worldwide: in prices for commodities such as steel and copper, and in greenhouse gas emissions.

Li Keqiang – the vice-premier expected to become prime minister in 2012 – has argued that urbanisation should be the "strategic focus" of expanding domestic demand. China needs to restructure its economy, moving away from exports and investment towards domestic consumption. In the short-term urbanisation creates demand for infrastructure and property; in the longer run, urbanites consume vastly more than rural dwellers.

Han Jun, deputy director with the state council's development research centre – a top government thinktank – has predicted that the process will boost domestic demand by 30trn yuan (£3trn) by 2030.

Cities such as Guiyang are at the heart of the government's strategy. It is the capital of south-western Guizhou, China's poorest province, where just 34% of the population is urban. It already has 3 million inhabitants and is challenging terrain for expansion: "This is Guizhou – you open the door, you have to climb a mountain," says one resident. But its boundaries are expanding north, south, east and west. There are cranes everywhere and scores of developments thrusting into the skyline, their names – Dreamland, Sky Acropolis – as lofty as their dimensions.

Further out, at Xinzaipo, a water buffalo is snuffling along a path and a cockerel crows in the distance. But a new road curves through the little valley and a vast printing plant is rising above the rice fields. Two medicine factories will claim an adjacent patch. When they drive three railway lines through another, the farmers will move to new homes down the road, returning to tend what land remains.

Li Chengqiang has watched the city crawl closer and closer to his farm. Now it has begun to absorb it. "The land is the most fundamental basis of our family. Even though the country advocates industrial development, people still have to eat. [Besides], the crops planted by ourselves taste better," he says.

"It's noisier now. When we were little, we didn't have to close our door at night to sleep. There are different kinds of people around all the time these days."

Yet he welcomes the transition. "The housing has changed, the roads have changed, we can eat well," Li says. Despite his emotional attachment to the land, his main income now comes from selling cement.

Xinzaipo is unusual. None of the farmers have lost all their land, and Li and his friends seem – so far, at least – sanguine about the changes. But land seizures by local authorities are one of the main causes of the tens of thousands of protests that break out in China each year; earlier this month hundreds of villagers in southern Guangdong besieged government buildings and attacked police over confiscated farmland. Standard Chartered analysts have suggested 2.5 million to 3 million farmers a year lose land to development, rarely with sufficient compensation.

"Of course urbanisation is good for China – but not this kind of urbanisation," warns Prof Tao Ran, a land issues expert at Renmin University.

Corrupt officials are often blamed for taking bribes from developers. But Tao says the problem was more basic. Land is collectively owned and farmers have no right to sell the patches they lease.

Land sales have become one of the main sources of income for local governments, generating as much as a third to a half of revenues in some areas. But the tax system is skewed so that local revenues benefit from industrial development far more than residential.

Tao says that there is already overcapacity in manufacturing, yet around 50% of new urban areas become industrial parks, while only 20% or 30% are residential, compared with 50% to 70% residential in other countries. In many cases the industry moving westwards is also energy intensive and heavily polluting, adding to the heavy environmental toll of urbanisation.

The solution, Tao argues, is to allow farmers' collectives to sell the land or build houses upon it themselves, introducing a land sales tax and a property tax to make up the shortfall in government revenues. But he predicts: "You will see this model continue until it collapses ... there is no real reform to make these grand objectives happen."

Tao is also sceptical about the government's promotion of distributed urbanisation, with smaller cities spread throughout the country, arguing that in reality migrants will continue to be attracted to megacities.

Many others support Beijing's strategy, but question its implementation.

"Some of the plans look good on paper, but in reality the rush to build is creating cities that will have to be completely rethought in 20 years' time as expectations, aspirations and sustainability imperatives change," warns James of the Global Cities Institute. China risks wiping out older cultures and building dreary cities, he says; it is covering landscapes in one generation, but with consequences for the foreseeable future. Others worry about the safety standards of so much rushed construction. Last Tuesday 270 people were injured in a crash on a Shanghai subway line built barely a year ago. The same day Chinese media reported that a 8bn yuan (£800m) highway in Gansu had closed for repairs less than 80 days after opening.

Beijing may drive urbanisation, but it does not control it. The results are often messy, chaotic and unanticipated.

"A lot of things are being built because they are flavour of the month. It's good for the party secretary or mayor to be able to say: 'I built this ring road and in the process GDP went up,' because it cost a lot," says Leman.

"It's the nature of urban management in China that you go into a city and there are eight-lane roads that end in a field."