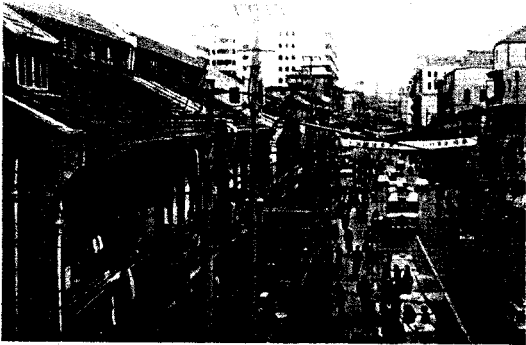


# City Planning in an Economy in Transition

By Reg McLemore, MCIP



## Cities in a Market Economy

In a market economy, the primary determinant of a city's physical form is its role in a larger economic context. Some cities are defined by the role they play internationally (New York, London), others by an important national role (Ottawa, Washington), and still others by their domination of a regional hinterland (Winnipeg, Halifax). Their economic role is evident in the way they are structured, the proportion of land devoted to certain industries, the types of housing and retail provided, and the major landmarks. Urban form is the result of the interplay of millions of decisions by firms, governments, and individuals, each operating with knowledge of the opportunities and constraints offered by the city's economic potential,

This economic determinism is tempered to varying degrees by social, environmental, and urban-design-oriented considerations imposed on the physical form by public policy, developed through the discipline of urban planning.

*CITIES IN EAST ASIA ARE BEING TRANSFORMED in less time than it takes to make an official plan amendment in a Canadian city. This is partly the result of rapid economic growth, but there is another dimension: the transition from a centrally planned economy to a market or capitalist economy. These cities are not just adding new suburbs and downtown high-rises; the whole structure of the metropolitan area is being transformed. New central business districts, new industrial-based districts complete with housing and facilities, and dramatically new forms of residential neighbourhoods and retail areas are developing. If it is to be relevant to managing this change, urban planning must invent approaches that are unlike anything tried in the developed world.*

## Cities in a Planned Economy

Though of course all national economies are planned to some extent, the term "planned economy" refers here to an extremely centralized kind of economic decision-making characteristic of countries that did (or still do) call themselves "communist." The planned economy of the former Soviet Union collapsed rather suddenly, while that of China is changing in a more gradual and methodical manner.

In a planned economy, government policies are the primary determinant of urban form. These policies, which are not generally focused on urban planning, influence the city indirectly. They address

population targets, goals for industrial sectors and economic growth targets, and are usually laid out according to region or city. Whenever the government's plans address urban form in a direct way, they do so in the form of centrally imposed

policies and norms. Under the old system in China, for example, policy dictated central locations for industry (presumably in order to assure proximity of places of residence and work), and quantitative norms existed for everything from schools to green spaces to movie theatres.

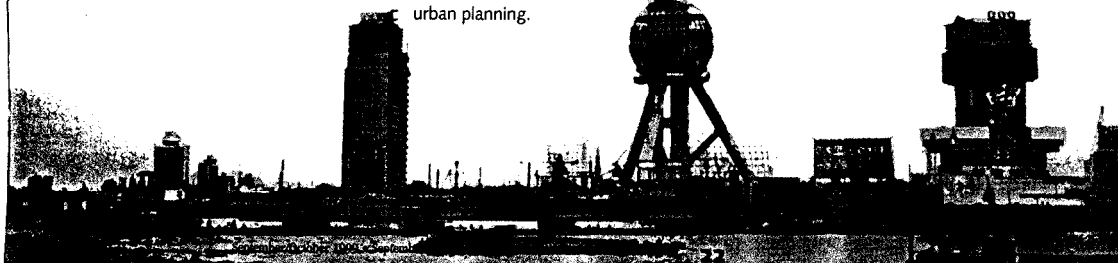
Centralized planning shelters cities from the impact of their role in the larger economy. For instance, Guangdong Province, the region closest to Hong Kong, was largely cut off from the economic stimulus that the city would normally have provided. Likewise, Shanghai, by virtue of its location and size, is the natural commercial centre of the Yangtze River Basin, but government economic strategy relegated it to a manufacturing role.

Yet, in neither market-based nor planned economies is urban form the highest consideration. In the first case, the city is the result of the playing out of market forces; in the second, it is the product of government economic policies. In both, the influence of economic factors on urban form is tempered by public policy and modified by unplanned phenomena.

## Cities in Transition

In much of the ex-communist world, including countries like China where reform is taking place under a communist government, the economy is moving away from central planning and towards the market. Cities are being freed from centrally decreed policies and standards, and have begun to play the role for which they are best suited in the larger economic context. In the last fifteen years of China's transition, the cities of Guangdong Province have profited hugely from their natural relation with Hong Kong and, in the process, have been physically restructured. Shanghai has been able to capitalize on the economic advantages offered by its geography, size and educated labour force to emerge as the commercial capital of the Yangtze Basin. In these and other cities, economic growth has been in the double digits for more than a decade and the private sector has energetically exploited the opportunities presented by the urban economy's shift towards its natural role.

Because the pattern of land use in a planned-economy city is not based on market considerations, the transition to a market economy means the wholesale remaking of the urban fabric. Appropriate locations for different uses must be sorted out. With the result that most districts lose a high proportion of their current uses and acquire completely new ones. The old physical structures are rarely amenable to the new market-determined uses and often are destroyed. Heavy industry that had been located in the central city by government fiat must be



moved to places where its negative environmental impact will create fewer problems—a move that frees up land on which the market places a high value. Room must be made for the new tertiary functions the market needs to function. Rising land costs in the central city result in the development of cheaper suburban land. A variety of different housing forms with a range of prices is suddenly in demand. Transportation infrastructure has to be expanded and modernized, with devastating effects on the urban fabric.

This massive restructuring of the city is tempered, if only slightly, by environmental, social and heritage-based considerations. As it emerges from the straightjacket of centralized planning, the city begins to develop a new self-image and takes steps to create desirable neighbourhoods, preserve its heritage, and lessen environmental damage. Huge urban tree-planting schemes have been implemented in many Chinese cities. Crowding municipalities are investing hundreds of millions of dollars in sewage treatment and air pollution control. The talents of internationally known designers and architects are being employed in the development of prestige sites

### Urban Planning in a Transition City

In the face of such massive change, the traditional tools used by planners in the developed market economies are of little use. Master plans are attempted in transition cities, but are out of date long before they can be completed and approved. When a city is responding to market forces by completely remaking itself in the space of two decades, any attempt to project what it will look like at the end of the process is doomed to failure. In a mature western city, zoning is a useful in protecting existing neighbourhoods from unwanted intrusions or in accommodating measured change, but its effectiveness is limited in a city undergoing wholesale economic transformation. Development approvals are required from urban planning departments, but the departments are overwhelmed by the pace of development and often overruled by high officials. Moreover, the planners themselves have little experience with the requirements of a market economy.

What is the appropriate role for urban planning in such a process? What planning tools are useful? To what degree can/should the restructuring be resisted? How can it be managed so that its benefits are maximized?

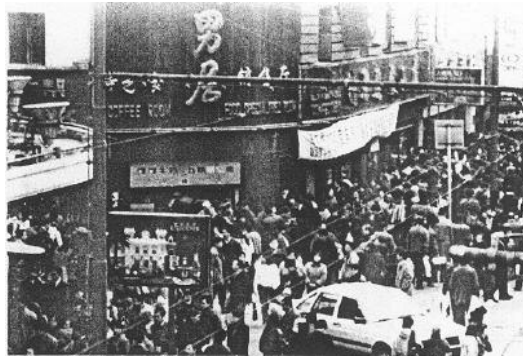
### Helping to manage the process

Planners can help identify the functions that the emerging city will need to perform, based on an analysis of the city's role in its larger economic context. They can also analyze locations for these functions and propose areas to be designed to accommodate them. This is a rather different process from those carried out in a mature market economy city where existing patterns of land use will be well established and growth will take the form of extensions to existing land-use zones. In a city in transition, new industrial, commercial and residential districts can be cut from whole cloth. In a Chreod study concerning the "coastal city new development area" in Tianjin, an area of some 2,200 square kilometers, the firm researched the potential economic roles of Tianjin on international, national and regional scales. The study team proposed an economic strategy that had several features: port modernization and expansion; the provision of services to foreign companies doing business in northern China; the strengthening of existing industrial clusters; and the development of a strong tertiary sector based on servicing key industries and international companies as well as the port and the growing residential population. Each of these elements has significant implications for the future form of the new development area.

Working in this way, planners can draw attention to the fact that the proper subject of analysis is the metropolitan area, including suburbs and adjacent rural districts. The sorting out of land uses as the price mechanism takes effect will result in development beyond the current confines of the urban area, and thus will mean the loss of some agricultural land. Exchanges between the city and its rural hinterland will involve much more than the consumption of agricultural products, and will grow to encompass the transportation of supplies, industrial products and workers. Though long-distance commuting will not be feasible for many years, workers will

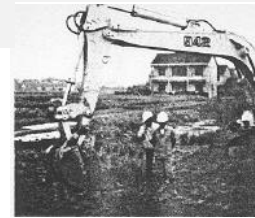
move to the fringe areas where industries are have located. This means housing construction on land which was previously considered too remote to be appropriate.

Planners can make a special contribution in regard to the development of the services sector. Most planned-economy cities depend heavily on secondary industry, with the result that tertiary industry's requirements of central locations, well planned surroundings and high-quality office space are not well understood. Many cities in transition despair at their inability to foster a strong tertiary sector while secondary industrial output grows annually at double-digit rates. Sound physical planning which defines tertiary districts and focuses on their special requirements is important.



### Introducing Environmental Considerations

As suggested above, cities in transition often make an effort to mitigate the environmental damage that accompanies the restructuring and to improve on a less than impressive environmental record from the planned-economy era. Here the focus is on the basics: water supply, sewage treatment, air pollution control, solid waste disposal. Planners have a significant, if often unrecognized, part to play. Planners' expertise in examining related factors and analyzing complex wholes complements the expertise of engineers in technical design. Where environmental services are rudimentary, the first step



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### Introducing Quality of Life Considerations

As a new middle class grows, interest in good neighbourhoods, varied housing choices, attractive commercial streets, parks, urban greenery, and other elements that make a city pleasant and interesting will also grow. Many planned-economy cities have never really defined these interests, partly because they were never a priority but particularly because a lack of resources meant that such objectives could not be pursued. At least in some parts of some cities, objectives involving quality of life can now be defined, accepted and targeted. For example, Shanghai has made major improvements to a popular shopping area and the historic Old City, incorporating such elements as infill developments, a greater variety of shopping, and parks and trees. Pedestrian-friendly areas are popping up all over Beijing. Some are planned and others just happen, but all are responses to new rules and new demands for a better quality of life.

### Introducing Urban Design Considerations

In many ways, urban design is easier where the existing fabric must be respected. This is not the case in large parts of a city in transition. However, a city growing in affluence and confidence wants good design, partly as a symbol of its new-found importance. The lack of experience among local professionals and the loss of credibility of traditional design makes foreign models attractive, but the introduction of these foreign models is, more often than not, unsuccessful. Planners can help develop urban design principles and schemes that accommodate modern uses while remaining grounded in both the historic and emerging characteristics of the city.

Many cities in transition have a rich and complex history which, because of a lack of previous large-scale redevelopment, is still reflected in the buildings and street pattern. This heritage is valued by both the municipal leaders and the general population, but its general state of decay, coupled with the massive change all around it, make preservation problematic. People want new homes and places of work, not slightly improved slums. Planners and other design professionals can develop "creative re-use" schemes that both preserve the old and use it for a commercially viable purpose. Or they can create new groupings of buildings, streets and open spaces that capture the essence of the old ones.

## Conclusion

The graphic on the right illustrates the transition process and areas where urban planning can contribute both to the management of the transition process and to more specialized fields. Planners in transition cities are struggling hard to cope with the combination of a very rapid rate of economic growth and the transition from a planned to a market economy. Canadian planning experience can be of assistance, but not by using the traditional tools of master plans and zoning. Techniques need to be strategic and flexible. It is also important to note that the Canadian emphasis on process cannot be exported to transition cities. Options for addressing serious issues need to be developed and decisions made and implemented quickly. The nuances of appropriate process would be rapidly overcome by the rush of change.

Planners working in such a context must consult a variety of sources and, in most cases, be part of a multi-disciplinary team. The literature on planning is important, but no more so than literature on economics, engineering and environmental management. Publications by international financial institutions like the World Bank are especially valuable sources, for they provide theoretical models as well as results of on-the-ground experience. Though Canadian precedents cannot be readily transferred to cities in transition, there are some elements of the Canadian approach that can be used effectively. Chinese cities are accustomed to taking a long range view, but this view is often merely a projection of current trends, and is rarely based on estimates of future demand for facilities and services (demand is, after all, a capitalist concept). Canadian planners are becoming quite adept at building scenarios in which both growth in demand and changes in the types of demand are taken into account. Chinese cities are also capable of developing a comprehensive framework and deciding on a specific course of action. The hard part, however, is linking the framework and the action plan. Canadian planners have struggled with this problem for decades (note the frequent discrepancies between the official plan and day-to-day decision-making in a Canadian municipality), and we are finally making some progress. Official plans are becoming better guides to decision-making because they now focus on important

principles instead of attempting to control development decisions on every site. In this respect, Canadian experience can be invaluable to cities in transition

The restructuring of cities in transition is inevitable as long as economic reforms continue. Though restructuring has many undesirable effects, it also provides enormous benefits to the populations of both the city and its hinterland. Urban planning has an important contribution to make to the management of these transitions, one which can enhance benefits while minimizing the negative impacts.



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Chreod Ltd, a firm of development planning consultants, first entered China in 1988 on a training program with the Canadian Federation of Municipalities with the Shanghai Planning Department as the local partner, Chreod was able to define a project on land management in Shanghai, and to have that project partially financed by CIDA. When the project was completed in 1991, Chreod was a rarity a foreign urban planning consultancy with considerable experience in China. It used this advantage in bidding on and winning a large Asian Development Bank contract to formulate a development strategy for Shanghai's Pudong New Area. The firm has gone on to complete some thirty-eight consulting assignments for CIDA, the ADB, the World Bank, and private companies. Chreod has found no shortage of urban planning projects in China, but it has had to devote substantial resources to marketing, including unpaid time in China. Its most successful marketing efforts have been with the World Bank (preparatory missions and studies), CIDA (feasibility studies under the Industrial Cooperation Program), and the ADB (competitive bidding on technical assistance projects).

