

# Urbanization and Development in China: A Korean Perspective

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### I. Introduction

Urbanization is an aspect of socioeconomic change in which the socialist modernization experience of China was most unique and, for that matter, in which the recent reform policies have resulted in a fundamental departure from the Maoist era. Under Mao Zedong's leadership, the distinct ideological orientation and development policies of the communist party-state were responsible for a largely stagnant but somewhat bumpy pattern of urbanization.<sup>1</sup> That is, the

pressure of rural surplus population on China's far limited farmlands was in one way or another contained within the boundaries of rural People's Communes although once in a while some arbitrary but critical political choices engendered abrupt upturns or downturns in the urbanization level. That compressed demographic pressure had to be released, though very cautiously and gradually, under post-Mao rural reform, which was designed to manage agriculture with private family farms and simultaneously promote labor-intensive rural industrialization hopefully in close cooperation with large urban

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enterprises (Chang 1992a). As many China observers argue and reform-minded Chinese leaders accept, at least a few million among the rural labor force appear simply reluctant for Chinese overmanned farming and have to be re-allocated in other economic sectors.

The reformist regime under Deng Xiaoping's leadership has embarked upon a sort of Lewisian rural industrialization in which the migration and circulation of motivated peasants to nearby towns and small cities, at not too massive scales, is hoped not only to help develop labor-intensive industries producing much needed consumer goods and processing agricultural products but also to ease rural population pressure by offering nonagricultural work opportunities (Goldstein, Goldstein, and Gu 1991; Chang 1992a). In this way, the Chinese reformers have tried to redefine the rural-urban economic relations in such a way that approximates the experiences of neighboring East Asian (capitalist) countries more closely than ever. Although the uncontrolled and/or unmonitored exodus of tens of millions of peasants into coastal and regional metropolises has baffled the reform leadership and although the reform of large urban state enterprises has failed to nurture any hope for tightly linking them to flourishing rural enterprises of various types for effective economic growth, China no doubt appears to reap considerable wealth from the Lewisian strategy of "economic development with unlimited supplies of labor" (Lewis 1954) and, for that matter, from the new pattern of urbanization.

For many reasons, it appears more meaningful than ever to draw comparative insights from the experiences of neighboring, earlier-industri-

alized countries in diagnosing and prognosing the Chinese urbanization process. It is important to realize that the trends and patterns of China's urbanization in the reform era cannot be meaningfully explained only by referring to the contents of major policy documents and political speeches. Instead, as has been the case in most other countries, the processes and consequences of China's urbanization will be properly analyzed only when short-term policies and long-term strategies of urbanization and related socioeconomic transformation are comprehensively examined and evaluated against the objective material conditions and competing group interests surrounding urban growth.

This paper brings the Korea (South Korean) experience in discussion to derive a comparative insight on the major material conditions and group interests that tend to shape the process of urbanization in the context of late industrialization with abundant (surplus) population. While China and Korea (South Korea) are much different in terms of population and land sizes and political ideologies, the developmental goals set by the China observers of the familiar trajectory of industrialization with rapid urbanization monitored in Korea and other rapidly developing economies. At the same time, the recent Korean experience appears to present a critical lesson for other late industrializing countries that the rural consequences of industrialization have to be evaluated as seriously as the urban consequences because the strategy of industrialization with almost unchecked rural-to-urban population movement has destabilized rural communities and economies to such an extent that the stability of the entire national economy

as well as polity is critically undermined due to the severely skewed and dysfunctional distribution of labor and material resources.<sup>2</sup> Perhaps, the Chinese reform leadership is keenly aware of this highly undesirable scenario as its urbanization policy still only partially reflects the so-called market force concerning peasant outmigration.

This paper places its analytical focus on three aspects of urbanization: overurbanization, generative versus parasitic urbanism, and interregional balance in urban growth and development. In each of these aspects, the Chinese pre- and post-reform experience is briefly introduced and then the implications of the Korean experience are subsequently discussed. In sum, the Korean experience clearly shows that there are various transition costs of industrialization (with rapid urbanization) which not only adversely affect rural communities and economies but also obstruct any intersectorally and interregionally harmonious patterns of development and urbanization. The potential consequences of these transition costs would be much greater for the now almost 1.2 billion population of China if the reform leadership fails to recognize neither market nor bureaucratic solutions of late development can avoid such transition costs entirely.

## II. Overview of China's Urbanization Trends

In China's post-revolutionary history, as pointed out above, numerous arbitrary but critical political decisions were made and implemented either to abruptly halt or accelerate the population concentration in urban places

(see Kirkby 1985; Goldstein 1985; CFEPPH 199). In the early-to-mid 1950s, the Stalinist strategy of industrialization as well as the post-war reconstruction effort induced a sustained process of urbanization centered on major regional and national cities. The urbanization trend was further accelerated during the Great Leap Forward (GLF) in the late 1950s, however, in a different fashion. The massive mobilization of peasant population for labor-intensive local industrialization resulted in an overnight creation of thousands of commune centers each accommodating tens of thousands of people. The disastrous failure of the GLF was accompanied by the dissolution and size-reduction of most commune centers, thereby halting the urbanization trend. Afterwards, the strict control of population movement, particularly from rural to urban places, forced the rural population to constantly suffer the aggravating man-land ratio in the 1960s and 1970s. Furthermore, the massive youth rustication campaigns under the slogan of "learn from tillers" were responsible for the forced urban-to-rural migration of tens of millions of urban youths confronted with unemployment or potential unemployment in this period. In the 1980s, however, the reform policies in combine have granted the rural population the freedom to depeasantize themselves, and these peasants-turned-workers and their families have been responsible for an explosive trend of urbanization thereafter.

These twists and turns in urbanization and development are aptly reflected in the figures of Table 1. In 1949 (when the People's Republic was officially set up), 10.6 percent of China's 542 million population were in urban areas. In

Table 1. Urbanization Trends in China, 1949-1990.

Year	Total population (million)	Percent in cities and towns	Year	Total population (million)	Percent in cities and towns
1949	541.67	10.64	1971	852.29	17.26
1950	551.96	11.18	1972	871.77	17.13
			1973	892.11	17.20
1951	563.00	11.78	1974	908.59	17.16
1952	574.82	12.46	1975	924.20	17.34
1953	587.96	13.31			
1954	602.66	13.69	1976	937.17	17.44
1955	614.65	13.48	1977	949.74	17.55
			1978	962.59	17.92
1956	628.28	14.62	1979	975.42	18.96
1957	646.53	15.39	1980	987.05	19.39
1958	659.94	16.25			
1959	672.07	18.41	1981	1000.72	20.16
1960	662.07	19.75	1982	1016.54	21.13
			1983	1030.08	21.62
1961	658.59	19.29	1984	1043.57	23.01
1962	672.95	17.33	1985	1058.51	23.71
1963	691.72	16.84			
1964	704.99	18.37	1986	1075.07	24.52
1965	725.38	17.98	1987	1093.00	25.32
			1988	1110.26	25.81
1966	745.42	17.86	1989	1127.04	26.21
1967	763.68	17.74	1990	1143.33	26.41
1968	785.34	17.62			
1969	806.71	17.50			
1970	829.92	17.38			

Source: p. 79 in *Statistical Yearbook of China, 1991* (SSB 1992).

1979, on the eve of Deng Xiaoping's economic reform, 19.0 percent of the 975 million population were urbanites. In 1990, after a decade of economic reform, 26.4 percent of the 1,143 million population were counted that as such. Although the change in pre-reform China's

urbanization level apparently fell behind the global trend, it nevertheless indicated that about 127 million people were added to the urban population during the 1949-79 period. In the 1980s, the growth of the urban population was rather explosive as about 117 million more people

newly started to officially dwell in urban areas in the 1979-90 period. moreover, it is suspected that there have been much more people who have entered urban places without changing their formal residence status but intend to remain there rather permanently.

To accommodate the heavy increase of the urban population, the total number of cities had grown from 173 in 1953 to 236 in 1982 to 464 in 1990 (SSB 1992:311). Also, particularly in the 1980s, there had emerged thousands of new towns--e.g., 2,664 towns in 1982 and 11,392 towns in 1988 -- mainly as expansions of concentrated rural settlements. Since this extent of multiplication of urban places far from neutralized the impact of urban population growth, the population size and land area of each existing city and town had also substantially grown.

This process of urban growth was accompanied by the hierarchical and geographical transformation of the urban system in China. In its hierarchy, there emerged a number of mammoth metropolises at the echelon of the urban system; whereas at the bottom, as mentioned above, an enormous number of rural towns were newly formed mainly in recent years. Although the towns lack many characteristics of typical cities, the size of the accommodated population and the service functions in these towns clearly indicate that they have become an essential part of the Chinese urban system. At least in the pre-reform period, the emergence of these urban components took place in a regionally diffusive manner, so the urban system became geographically more balanced. The growth of noncoastal metropolises was of particular importance since they were

the locus of industrialization in the traditionally backward regions. These regional metropolises produced two contrasting consequences in the urban-industrial system in China: decentralization at the national level and centralization at the regional level.

As in other societies, the rise in China's urbanization level (as well as the size growth of the urban population) has resulted from either the relatively fast natural population growth in urban places or the population movement from rural to urban places. The relative importance of the two components of urban growth varied over different historical periods and is extremely difficult to properly measure mainly due to the lack of the necessary data. But, roughly speaking, the 1950s (in particular, the late 1950s) and the 1980s were the periods in which rural-to-urban migration was perhaps more important for urbanization than natural population growth. (CFEPH 1988) In the 1960s and 1970s, the strict control of rural-to-urban migration, combined with the massive campaign of youth rustication, was responsible for a long-term stagnation in the urbanization level.

Considering these changes, as Kwok (1982: 552) suggests, "The question was not whether to urbanize or not, but how to urbanize." Industrialization without population concentration in cities has certainly been an element of the uniquely Chinese (or Maoist) strategy of national development. According to W. Arthur Lewis (1954), societies with large surplus labor in subsistence sectors could achieve sustained industrialization by gradually releasing such surplus labor from subsistence sectors into newly created industrial sectors at near-subsist-

ence wages until a moment of intersectoral equilibrium in the marginal productivity of labor. This typical model of Third World industrialization presupposes a gradual but sustained outflow of labor from agrarian terrains to urban industrial centers, which is nothing other than the typical process of urbanization. The Maoist model of industrialization, however, differed in that capital-intensive heavy industrialization did not contribute much to absorbing rural surplus labor. Although the natural growth of the urban population and labor force was also sizable, the capital-intensive nature of newly built heavy industries critically reduced the labor-absorption capacity of the urban economy and thus failed to help relieve rural population pressure.

Under post-Mao economic reform, the severed link between industrialization and urbanization has to some extent been restored as more and more peasants and their family members are allowed to enter urban places at various levels and seek entrepreneurship or employment in rapidly expanding labor-intensive, light industries and tertiary sectors. Now industrialization in socialist China seems to approximate the above-mentioned Lewisian model experienced in neighboring capitalist societies more closely than ever.

### III. Surplus Population and Overurbanization

Has China been overurbanized (cf. Sovani 1964) like many other late developing countries? In other words, is China's urbanization level unsustainable given the current capacity of industrial sectors to provide proper amounts

of jobs, incomes, and urban infrastructure? As mentioned above, mainly due to the state policies designed to constrain rural-to-urban migration and even send down urban youths facing current or prospective unemployment to rural areas, the historical process of urbanization in pre-reform China was much less dramatic than those of other late developing countries. Chinese policy-makers appear to have been as much concerned about the consequences of overurbanization as any other countries' policy-makers.

However, as Preston (1979) once emphatically pointed out, the real challenge faced by China as well as other late developing countries is not the rate of change in the proportion urban but the magnitude and growth rate of the urban population itself. China's urban population on the eve of Deng's reform was 185 million, and this size was 3.21 times as large as that in 1949. Even after the policy of strict migration control forced the rural population to suffer from the constantly aggravating man-land ratio, Chinese cities were far short of adequate amounts of jobs and facilities to accommodate near two hundred million urban residents. There emerged the massive campaigns of sending down urban youths to rural communes under the slogan of "serving and learning from tillers." In reality, the burden of providing jobs and amenities for many of the new entrants in the urban economy was thereby transferred to the peasant economy.

Thus, in appearance, overurbanization was an inevitable consequence of demographic change in pre-reform China. However, it should be pointed out that the problem had been aggravated

ed by conscious policy choices of the Chinese government favoring capital-intensive, or low labor-absorptive, heavy industrial development. The Maoist pursuit of economic and military self-reliance was not entirely abortive in raising China's production capacity in selected industrial sectors, but more immediate economic needs such as increasing urban employment to help relieve rural population pressure as well as improve the living standards of urban workers were less well served than long-term political goals.

Despite the burden of potential economic overpopulation, Chinese cities have shown much less amounts of dehumanizing symptoms of urban growth (Murphey 1976) A pre-reform city was orderly divided into functional zones, distinct areas of production, commerce or transport, with housing and service facilities nearby located. Pollution, traffic congestion, crime, and other symptoms of crowdedness were at relatively tolerable levels. Most importantly, the urban residents regularly employed in state enterprises had been guaranteed not only with stable employment status and modest wages and pensions but also with food, housing, and health benefits (Dixon 1981), all of which are rather exceptional middle-class privileges in most other late developing countries.

Since post-Mao reform measures have been proclaimed to reflect economic rationality rather than political ideal, this politically induced aspect of China's (over)urbanization could be expected to gradually subside. In fact, it has been emphasized that industrial restructuring should be achieved to expand labor-intensive consumer goods industries as well as to develop some

service sectors such as communication and transportation. While heavy industrial production has been concentrated in relatively large cities such as provincial capitals and northeast industrial centers, new light industries (and tertiary ventures) have been set up in urban places of various sizes including small cities and towns across China. Thus labor absorption in industrial and tertiary sectors has rapidly expanded both in absolute and relative terms. Industrial sectors employed 72.41 million workers (17.7 percent of the total labor force) in 1979 and 121.58 million workers (21.4 percent of the total labor force) in 1990, representing a 67.90 percent increase (SSB 1992:99). Tertiary sectors employed 51.54 million workers (12.6 percent of the total labor force) in 1979 and 105.33 million workers (18.6 percent of the total labor force) in 1988, accounting for a notable 104.37 percent increase.

It is under this circumstance that permitting rural-to-urban migration for the first time after two decades has not necessarily led to a sudden breakdown of the Chinese urban system as a result of overurbanization. After the introduction of household responsibility systems in agricultural production, a cautious measure of allowing short-range migration of peasants to nearby towns and small cities was implemented. Of course, the direction and duration of peasants' urban migration could not be thoroughly determined along policy guidelines, and even China's largest cities are now crowded by hundreds of thousands, or sometimes millions, of peasant migrants in pursuit of various laboring and entrepreneurial activities. In terms of infrastructure and amenities, few Chinese cities and

towns are ready to accommodate the economic participation and livelihood of these peasant migrants, and thus the symptoms of overurbanization are more serious than before. In other words, the above-mentioned orderly atmosphere of Mao-era Chinese cities becomes less and less true of contemporary Chinese cities, whose physical congestion, pollution, crime, prostitution, and even political unrest are increasingly publicized by foreign media. However, in terms of an economic prospect, no hasty conclusion could be reached since the types and numbers of new urban economic activities are very rapidly expanding.

Nonetheless, it is important to note that the reform measures concerning the already existing, mostly state-run industries have been least successful due to both economic mismanagement and the vested and interwoven interests of the party, labor, and economic bureaucracy. Thus, most of the new industrial enterprises operate in a different orbit -- perhaps increasingly in the market system -- than state enterprises nurtured in the so-called state capitalist system (Bettelheim 1988). Relatedly, almost all migrant workers do not benefit from such stable laboring conditions and welfare benefits as have been provided for employees of state enterprises. In a sense, the very presence (and domination in resource allocation and economic regulation) of formerly state-run and/or currently state-sponsored large enterprises has facilitated informalization of the Chinese urban economy. It might be informative to point out that this has been a customary symptom of overurbanization in other late developing societies as well where "state bias" (Nolan and

Whyte 1984) is pronounced to preferentially deal with large corporate and state-owned sectors.

Then what lessons concerning the issue of overurbanization are presented from the experience of Korea (and other earlier-industrialized countries)? Above all, the symptoms of overurbanization can emerge even under rapid industrialization and urban infrastructure development if leading industrial sectors (cf. Hirschman 1958) actually have a very limited capacity for labor absorption and thus fail to economically intergrate the majority of the urban population. Workers in large corporate sectors and state offices and informal sector workers in massive squatter settlements in Seoul and other major Korean cities maintain their livelihood in fundamentally different economic orbits. Relatedly, workers in state enterprises and large collectives and migrant laborers and peddlers in post-Mao China show a clear mutual distinction in the basic mode of livelihood. Economic dualism within the urban economy tends to complicate any objective measure of overurbanization because structurally disjointed spaces of social and economic life coexist in a same urban place. It may also be recalled that, in the experiences of many Latin American countries, economic informalization usually occurs not because of any inherently informal (or even inferior and illicit) nature of the concerned economic activities but because of an ingent sectoral bias in government economic coordination and resource allocation and in corporate economic management. The recent Chinese experience in urban economic reform clearly indicates a similar development.



While the problems of urban state industries are clearly recognized, it does not imply that the Chinese government reduces its industrial sectoral priority in economic development. Economic resources continue to be monopolized for (formal) state industries, now to supposedly “reform” them rather than just “develop” them as in the past. In this context, new entrants in the urban labor force such as temporary contract workers, personal service workers and peddlers—many of them being peasant migrants—are rarely considered an integral element of even the reforming urban economy. Their presence is in the urban economy, but outside the bureaucratic complex of state enterprises. As far as there are viable economic opportunities for them, they may not necessarily contribute to overurbanizing Chinese cities in terms of employment. But to the extent that the Chinese authority classifies them merely as a part of the so-called “floating population”—that is, to the extent that the Chinese authority is reluctant to formally recognize them as a part of the legitimate urban population entitled to basic amenities and stable income opportunities—they are involuntarily overurbanizing Chinese cities.

Another crucial lesson from the Korean experience is that the pressure for rural-to-urban migration can sometimes continue to build up even after exhaustion of productive urban employment and alleviation of rural labor surplus. Labor movement from overmanned farmlands to newly built urban industries is considered to produce desirable consequences for both rural and urban economies. However, relieving population pressure alone is not a sufficient measure

for long-term rural development. In Korea, the strategy of Lewisian industrialization at first appeared to help gradually relieve the burden of rural overpopulation, but as a whole imposed huge, unbearable transition costs on the rural population (Chang 1992b). Rapidly drained from villages were young labor, indigenous capital, land ownership, and even young women to marry. These transition costs added up to pose a grave crisis in the basic structure of the rural economy and community. Ironically, urbanization in Korea was particularly swift in the 1980s when the marginal productivity of labor and per capita earnings were already believed to be higher in rural areas. The total social crisis accelerates young people’s rural exodus, and the thereby distorted demographic structure further exacerbates the crisis. In this way, overurbanization and rural decay have been mutually reinforced.

Unless a viable model for long-term rural development other than family centered petty agricultural production is introduced, this will not be too an irrelevant scenario even for China’s near future. While Chinese officials often express their willingness to learn from the Korean model of rapid economic growth, such an unchecked decomposition of rural communities is the last lesson to be emulated.

#### **IV. Generative versus Parasitic Urbanism**

Had cities in Mao-era China contributed to advancing the same kinds of economic well-being (as were enjoyed by urban workers) in the surrounding and more distant rural areas? In other words, borrowing Hoselitz’s (1955) ter-

minology, had cities been externally (i.e., for rural areas), as well as internally (i.e., within urban areas), *generative* rather than *parasitic*? In the modern era, under the particular circumstances of development in Third World countries, cities have often been observed to produce various negative developmental impacts on rural areas such as monopolization of land and capital and destruction of indigenous farming systems and social structures. In case of pre-reform China, there had rather existed a "structural cleavage" (Blecher 1985) by which state policies had systematically hindered any outflow of the generative consequences of urbanization for rural areas. Particularly under the tight control of rural-to-urban migration and capital-intensive heavy industrialization, Chinese cities had failed to be generative in creating such industrial sectors as could have gradually absorbed a sustained inflow of rural surplus labor and provided economic "backward linkages" for rural industrial and agricultural development. As pointed out above, Chinese cities had not been the centers for a Lewisian model of economic development, whereas the symptoms of severe population pressure was by and large contained within the confine of rural communes.

It is not negligible that Chinese industries had made available for farmers various new agricultural inputs such as chemical fertilizers and tractors. However, such impacts seem to have been far overshadowed by the structural constraints imposed on the rural economy such as coerced attachment to grain production. To this must be added those state policies which appear to have been derived from what Lipton (1977) dubs "urban bias". Included were the unequal

exchanges of agricultural and industrial products at state-imposed relative prices, the low level of state investment in agriculture, the differential social benefits of urban and rural population including pensions, food subsidies, housing and health benefits (Nolan and Whyte 1984; Dixon 1981). Despite the Maoist rhetoric of cities serving rural areas (Murphey 1976), the Chinese countryside had suffered from a sort of state-imposed urban parasitism.

In my view, the long-term consequence of agricultural decollectivization in post-Mao China consists much more critically in the economic autonomy of rural families exercised against urban-biased state policies than, as has been popularly argued, in the solving of work incentive problems supposedly inherent in collective farming. Managers of family farming (i.e., heads of peasant families) would be much more resistant than leaders of collective farming to those state policies which tend to sacrifice peasant interests for the sake of urban economic interests. In particular, coerced grain production for the state-imposed low procurement price -- a measure to stabilize the livelihood of urban workers -- could not be maintained any more because individual peasant families, if possible at all, would mainly respond to their own immediate economic interests rather than to urban political interests. This was why substantial upward adjustment in agricultural producer prices and cropping diversification were immediately carried out in the process of rural decollectivization. More importantly, peasant families would not permanently attach themselves to their scarce farmlands for the sake of social and economic stability in cities any more. Now

Chinese peasant families want their members (whose labor is somewhat redundant in agricultural production on scarce farmlands) to be directly involved in industrialization and thus frequently send them to urban places of various sizes and distances. Partial relaxation in migration control and partial encouragement of short-range, temporary migration were thereby offered by the Chinese government to peasant families.

Industrialization *with* urbanization (i.e., rural-to-urban population movement) in the 1980s at the least helped to relieve the burden of severe rural economic overpopulation and raise the marginal as well as the average agricultural productivity of labor. Also, the diversification of rural production activities such as cash crop cultivation and sideline production has been closely linked to the development of new industrial sectors, particularly in rural towns and small cities. Oftentimes, this intersectoral linkage is established within each peasant family or group of peasant families as economic adaptation takes place in terms of intrafamilial division of labor between farming and non-farming activities. These aspects of China's economic reform lead us to suppose that Chinese cities now are much more generative for villages than before. However, it should be pointed out that, as William Hinton (1990) deplors, agricultural decollectivization has directly produced many seriously problematic consequences (such as inefficient scales of farming, stagnation or even regression in agricultural technological development, abandoning of scientific and mechanized farming, etc.) and that the spin-offs from Lewisian industrialization alone

would not automatically lead to a viable long-term path of rural development. Relieving rural population pressure is one thing; modernizing the rural economy and society is another.

This point is amply illustrated in the Korean (and many other countries') experience. Cities cannot be externally (i.e., in relation to rural development) generative only by providing low wage jobs for peasant migrants who otherwise would be redundantly engaged in subsistence farming. Once members of peasant families accept industrial employment, they are already part of the urban economy and the economic surplus from their labor accrues to urban industrialists. Lipton (1977) and other perceptive analysts of rural sectors has gradually declined in terms of employment and output composition in the national economy, less and less attention is paid to the rural economy and peasant society in national politics and macro-economic management. Instead, the competing interests of owners and/or managers of urban industrial enterprises tend to be preferentially treated. In particular, when active participation in the world market is pursued as has been the case in many Asian economies including Korea, the fate of their (internationally uncompetitive) rural economies can sometimes be sacrificed for the sake of better allocation of production resources and larger international market shares for urban industries. This in fact is what is strongly encouraged and sometimes even coerced by the leaders of Western market economies to newly industrializing countries under the rubric of free trade and fair competition based upon the comparative advantages in production.

Despite the long-held emphasis on agricultural development in China -- in particular, self-reliance in grain production -- all these are potentially observable possibilities in post-Mao China thanks to liberal economic reform measures. As in other countries, household-level agricultural production does not appear to be a permanent option for rural development no matter how much the farming scales improve as a result of sustained rural outmigration. Under post-Mao reform, the sacred socialist code of grain self-reliance has been increasingly threatened due to the inefficient managerial practices and wasteful use of resources (Hinton 1990). The immediate response to this worrisome trend by the urban-biased economic bureaucracy has been to increase import of foreign agricultural products for urban consumers, not to lay out a new long-term plan for rural development. Whether cooperative, corporate, or other modern types of agricultural production are chosen in the long-run is a question which can be meaningfully answered only by referring to some creative (i.e., yet to be devised) roles of industrial cities in tightly integrating urban and rural economies.

## V. Interregional Balance in Development

There are two dimensions of interregional balance in development and urbanization. The first dimension concerns the relationship among places of different economic and demographic sizes, that is, among villages, towns, and small-to-large cities. The second dimension refers to the problems of urban primacy and/or coastal-interior socioeconomic disparities.

As even Chinese policy advisors themselves acknowledge (e.g., Fei 1989), the state policies concerning small towns and cities before post-Mao the reform had by and large adversely affected the concerned population. The fate of small towns and cities had sensitively reflected the cycles of drastic economic policy changes, prospering when labor-intensive rural industrial and sideline activities were encouraged and declining at other times. On the whole, small towns and cities had been most adversely affected by the state policy of de-emphasizing production of consumer goods and services traditionally prospering in such urban places (Fei 1989). And, let alone their economic decline, many of rural market towns had lost their official urban status until recently. Consequently, the proportion of the population in small towns and cities had rapidly decreased, so the decline of the middle geographic layer induced the urban-rural economic cleavage to grow more and more distinct.

While these small cities and towns were not the centers of heavy industrialization pursued by Mao-era China, they could have been much *generative* places for surrounding rural areas. The small-scale manufacturing industries, commerce, and other tertiary activities accommodated by these types of urban places provide various linkage effects for rural areas as they encourage production of specialized agricultural raw materials and sideline activities, let alone employment of the otherwise surplus rural labor force. All these positive outcomes of development of small cities and towns had to be foregone in China until recently, and the amount of such foregone benefits has been rather dramati-

cally shown by the rapid rise of nonagricultural rural incomes under the current reform policy of encouraging small town development (Chang 1992a).

As Goldstein (1985:1) points out, various complex problems and constraints in national development in the 1980s led Chinese reformers to adopt "a clearly and firmly articulated policy of strictly controlling the growth of big cities while encouraging the growth of small cities and the development of towns and commune centers into new urban centers." Their purposes include not only to prevent overcrowdedness in large metropolitan areas by inducing urban migration flow elsewhere but also to restore the severed social and economic linkage between rural villages and nearby urban places in the process of *industrialization with urbanization*. Both the economic forces of society-centered industrialization and the administrative decisions to reclassify numerous rural towns as urban places have been responsible for an unprecedentedly rapid increase of small urban places and for a resulting growth of the urban population. Although many of such administratively created towns lack the general features and requirements of urban places -- in particular physical, social, and administrative infrastructure -- their economic vitality appears to substantially compensate for lively urban atmosphere.

Nonetheless, such economic momentum cannot be expected to last permanently, and social and economic stabilization in these new urban places will not be achieved without sustained infrastructural development and associated rural development. The policy of administratively en-

couraging (and sometimes ordering) peasants to confine their destination of migration to certain small cities and towns will not suffice to sustain urbanization centered in the low layer of the urban system. Conversely, the development of small cities and towns will not automatically lead to a sustained rural development (while the latter is often considered a requirement for the former). That is, a conscious, full-scale effort will have to be made to break a path for long-term rural development, hopefully, by using the human, technical, financial, and organizational resources accumulated in neighboring urban places.

Let me move to the problems of urban primacy and coastal-interior disparities. The Maoist strategy of spreading industrialization as widely as possible into the former underdeveloped inland provinces and making them as self-reliant as possible had led to a most distinctly Chinese phenomenon -- the rapid growth of old and new inland cities, in particular, inland provincial capitals (Goldstein 1985). The diffusion of industries from coastal areas to inland areas come to be an ever respected code for industrialization for several reasons. First, the backwardness of inland areas was particularly problematic in the level of industrialization. Second, the urban-rural social and economic inequality was to a great extent overlapped by the interregional inequality. Thus the national problem of rural poverty was hoped to decrease under the expansion of industrial centers in the predominantly rural inland areas. Finally, the interregional diffusion of industries, by spreading the *urban pull* factor, was expected to alleviate the potential urban problems in the already congested mega-cities

on the coast line. The urban atrophy highly pronounced in neighboring Asian primate cities was a symbol of colonial jetsam intolerable under the socialist ideology.

In this context, many industrial cities were newly constructed in inland areas and, more importantly, existing cities grew into mammoth metropolises. Hence, the urbanization level of the inland regions had rose from 12.8% in 1955 to 18.4% in 1980, whereas the corresponding statistics for the coastal regions were 17.8% and 19.8%, respectively (CFEPH 1988:78)<sup>3</sup>. In the same vein, "the five provinces and autonomous regions with the fastest pace of urbanization were all in the inland areas and were key areas of economic construction" (CFEPH 1988: 80). While its national level economic efficiency has been subjected to debate, the policy of industrializing inland areas and hence developing inland cities had undoubtedly benefited the interior population. This policy had also contributed to reducing the urban primacy of coastal metropolises (Goldstein 1985), which continues to be an annoying symptom in neighboring Asian countries as well as in many countries in other regions of the world.

Post-Mao reform programs are designed not only to unleash the developmental potential of rural areas but also to gradually replace the political-bureaucratic mechanism of economic coordination with the market levers and expand economic participation in the world market. To the extent that the Mao-era development of inland cities was determined by party leaders and state planners and fueled by state-allocated resources, the increasing emphasis on non-bureaucratic (i.e., market-centered) economic co-

ordination in the reform era tends to threaten the long-term economic viability of inland metropolises and smaller cities. It is Shanghai, Tianjin, and other eastern coastal cities to which the market-determined flow of human and financial resources is directed. Furthermore, the increasing economic reliance on foreign capital, technology, and market has inevitably magnified the economic importance of coastal regions where industrial production and transactions linked to foreign economies are most active.

In regards to the economic fate of interior cities and surrounding rural areas, all these tendencies seem to constitute what Gunnar Myrdal (1957) explained as the "backwash effect" in development. The development of interior economies has somewhat been stultified as such. The local economic autonomy of coastal provinces and municipalities -- in part nourished by the increasingly powerful and independent position of their pragmatic leaders -- certainly works against any regional or central efforts to redress this problematic tendency. Even though this widening interregional disparity has not been confounded by any such serious problems of visible ethnic division and confrontation (except in Tibet) as have been experienced in Soviet Union, the tradition of regional political rivalry and economic autarky is sure to produce many obstacles to nationally integrated economic development.

Now let me return to the Korean experience. Korea is considered to have a relatively well-developed network of small cities and towns as rural central places. It is indeed agreed upon that these small urban places have effectively functioned as intermediaries between larger

urban centers and hinterland farming villages in the market flow of agricultural and industrial commodities. Also, various service functions of these small urban places have been indispensable for the everyday welfare of peasant population scattered in mountainous terrains. However, in recent years when Koreans are hotly debating the doomed social and economic fate of rural communities, no one really appears inclined to argue that those small urban places can be relied upon in accomplishing a major structural readjustment of the rural economy and society and thereby breaking a viable path for the long-term survival of rural communities.

As for as the small urban places stop short of contributing to a major restructuring of the rural economy and society -- that is, as for as new forms of viable rural production activities and new social groups undertaking such activities are not hatched from the small urban places -- they cannot ensure the long-term development, or even existence, of rural communities. Koreans, somewhat aware of this reality, have attempted to develop rural industries in rural towns at various occasion. But they failed to realize that peasant population should be treated as more than an alternative source of industrial labor if rural industrialization is to be sustained as a long-term solution for rural development. An effective integration of rural industries and agriculture can be achieved only when the two sectors are managed in close mutual coordination -- perhaps by peasants themselves, not by urban-based rent-seekers, speculators, and financial subsidy-nippers. Korean rural industries in numerous towns, too often run by the latter, seem to have more significantly contributed to

accelerating the destabilization and decomposition of rural communities than evincing a new path of rural development. The recent process of rural industrialization in China by and large appears to be circumventing this dangerous possibility as peasants and peasants-turned - towners are fully recognized and encouraged as the main source of both labor and entrepreneurship. Nonetheless, the Korean dilemma in a period of wholesale rural crisis should be fully taken into account in predicting the overall and rural consequences of rapid industrialization in China.

As for urban primacy and coastal-inland disparities, the Chinese leadership both under Mao and under Deng appears to have been fully aware that most (capitalist) Asian economies have failed to avoid or overcome the concerned problems. Internal market dynamics, international economic forces, and even governmental economic coordination and intervention all share responsibility for such seemingly undesirable symptoms of urbanization. In Korea, now about a half of the forty-three million population reside in Seoul and nearby satellite cities, aggravating all symptoms of overconcentration and congestion. All these forces for unbalanced urban growth are increasingly salient in China in the reform period. Having a relatively large number of huge metropolises, urban primacy may not be indicated at too high levels. But many reformist leaders openly point out that coastal metropolises and their vicinities should inevitably take advantage of their superior social, economic, and geographic conditions, especially at the early stages of socialist economic development (e.g., Deng 1987). New interior cit-

ies and surrounding villages benefit much less from the virtually abandoned Maoist strategy of planned interior industrialization. Since China's population and territory are much larger than those of her neighboring countries, the economic costs and political consequences of interregional disparity in development are potentially much more problematic. Perhaps, this is a policy area in which a highly ingenious combination of plan and market is required.

## VI. Conclusion

As a crucial result of post-Mao reform, the Chinese trajectory of urbanization is now much more comparable to those of neighboring East Asian (capitalist) societies including Korea. Both in post-Mao China and neighboring countries, a highly adverse man-land ratio has resulted in a sustained flow of rural-to-urban migration under what might be called Lewisian industrialization; outmigration from rural areas has not been responsible for any major structural change in the family-based farming system; state intervention and sponsorship in the economy, as accompanied by too swift and massive rural-to-urban migration, has engendered a built-in structural dualism in the urban economy under which the consequences of industrialization economic growth do not necessarily spread to all urban residents and under which grassroots economic enclaves (such as informal tertiary sectors) continue to play a critical role in labor absorption; growing economic dependence on foreign markets, foreign technology, and foreign capital has inevitably led to a regionally unbalanced pattern of urban as well as industri-

al growth and has thus ramified a backwash effect on interior regions and agrarian sectors. In spite of the contrasting political ideologies and much different demographic and geographic situations of China and her neighboring societies, these common conditions encourage an analytic comparison of their urbanization processes, in particular to derive some constructive insights for the future course of China's urbanization.

The Korean experience above all suggests that rapid industrialization and urbanization are achieved often by imposing unbearable transition costs on peasant population and rural communities. Thus the developmental consequences of industrialization and urbanization need to be assessed by fully taking into account the social and economic outcomes for peasant population and rural communities. The unchecked economic destabilization and massive social dissolution in Korean villages after decades of "miraculous" capitalist development signal that neither urbanization nor urbanization is synonymous with rural development and that the impacts of rural decay can hardly be contained within village boundaries but in turn critically distort the patterns of urban growth and migration.

## NOTE

1. In this paper, urbanization mainly refers to the tendency of population concentration in cities and towns. As in other countries, the definition of urban population in China reflects her particular socioeconomic circumstances. Moreover, several drastic shifts in the overall economic policies have resulted in changes in the very definition of urban popu-



lation and in the data compilation system. There are three possible categories of urban population (from larger to smaller categories): total population of municipalities and towns (TPMT); total population of cities and towns (TPCT); non-agricultural population of cities and towns (NPCT). The difference between TPMT and TPCT is the population of the suburban counties under the municipal jurisdiction (who are mostly peasants); the difference between TPCT and NPCT is the officially agricultural population in cities and towns (who mostly perform non-agricultural activities but do not have the official urban residence status and, hence, are not entitled to the state-rationed grain). Although NPCT had been adopted as the official definition between the second and third census(1964-1982), TPCT is the "de facto urban population" comparable to those of most other countries (Chan and Xu 1985: 591).

2. The author is currently engaged in research on the relationship between urbanization and rural social change in Korea. most of the unreferenced materials on korea in this paper are based upon the tentative results of the research.
3. Coastal areas include Liaoning, Tianjin, Beijing, Hebei, Shandong, Jiangsu, Shanghai, Anhui, Zhejiang, Fujian, Guangdong, and Guangxi. The remaining areas are inland.

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