

China's coming urbanization is also a revolution in the administrative system of governance



“The transformation in the economic structure is the driving force behind China’s future economic growth, and the coming urbanization does not only mean an economic revolution, but is also a revolution in the administrative system of governance,” said He Fan (the deputy director of the Institute of World Economics and Politics, Chinese Academy of Social Sciences) in an interview during the Boao Forum for Asia 2012 SME Development Forum.

Urbanization is the driving power of China’s future economic growth

In recent years, China’s urbanization has become a remarkable “project”. Joseph Stiglitz, a Noble economic laureate, said that there will be two major events affecting the development of human society in the 21st century: one is the next round of US-led new technological revolution, and the other is China’s urbanization.



Professor He said that the driving force behind China's future economic growth will come from the transformation in economic structure and urbanization, which can bring about specialization. "In the final analysis, economic growth is the improvement in labor productivity. And international trade brings about specialization through the international division of labor, which increases labor productivity. Apart from international trade, urbanization can also bring about specialization," said He.

Professor He cited the example of a haircut to explain how urbanization brings about specialization. As a profession, cutting hair cannot survive in rural areas, but in the city, the situation is completely the opposite, and the division of labor is very detailed, some specialized services are for women, some for children, and others even for pets. "The city is the source of innovation, and different people come to one place, then they have face-to-face communication. Theoretically, urbanization can play the same role as globalization," said He.

Urbanization in China is going in the wrong direction

What is the biggest obstacle that urbanization in China faces today? Professor He said that urbanization in China is going in the wrong direction. "Attention is only being paid to changing land use for urban construction purposes and turning farmers' land into industrial parks. This kind of urbanization not only devours land, but also consumes energy and resources, and it does not create job opportunities. It also brings about many contradictions, and farmers who are deprived of the right to their lands may go to petition, which will bring social instability. This is not what we want," said He.

Professor He pointed out that urbanization in China should focus on population, and turn more of the non-urban population into urban. "Urbanization nowadays refers to absorbing talent who have doctorates. However, the city is an "eco-system", which must be open-minded and absorb all sorts of people, such as migrant workers. It should keep the people who make the greatest contribution".

The coming urbanization is a revolution in the administrative system of the governance

Of course, this kind of urbanization will also bring some challenges. And local governments are not yet ready. Once these people live in the city, they will make new demands on urban management. In the future, urban traffic and public transportation will become increasingly difficult, environmental pollution will become more and more serious, and healthcare and water and power will also be in short supply. All of these issues need the government to refocus its attention.

Professor He pointed out that currently local governments are still focused on heavy chemical industries, investment promotion and GDP growth. He joked that local governments are not in sync with the new session of the Party Central Committee, and they have not yet understood the spirit of the new session of the Party Central Committee. The coming urbanization is not only an economic revolution, but also a revolution in the administrative system of governance.

- He Fan