



Land use dynamics driven by rural industrialization and land finance in the peri-urban areas of China: “The examples of Jiangyin and Shunde”



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ABSTRACT

As China experienced rapid economic growth, non-agricultural land, particularly industrial land, expanded significantly within its peri-urban areas. This paper takes two typical peri-urban areas: Jiangyin in the Yangtze River Delta and Shunde in the Pearl River Delta, as cases, and applies landscape ecology indices to analyze land use dynamics through overlay of their land use maps from 2001 to 2010. This research reveals that local cadres such as township governments and village collectives utilize land finance as a strategy to contest the reshuffling of central-local power brought about by the 1994 tax-sharing scheme. Meanwhile, under the stringent land quota system, local cadres allocated most quotas to the industrial sector in order to encourage economic growth. However, the fragmented governance regime, including county/city, township to administrative village and natural village, led to land fragmentation, which had adverse impacts on sustainable development. In general, the research on land use of peri-urban areas requires a comprehensive perspective of social, economic and institutional aspects.

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Introduction

With the onset of industrialization over the past several decades, the traditional Chinese countryside has been gradually replaced by multi-storey residential blocks and scattered factory buildings. This process is defined as peri-urbanization. A [United Nations study \(2000\)](#) shows that 477 million people will be added to East Asian cities by 2025, of which approximately 350 million will be in Chinese cities. Up to 40 percent or 200 million of this growth will occur in transitional peri-urban zones. If this occurs in China, approximately 140 million people will be added to Chinese peri-urban areas ([Webster & Muller, 2002](#)).

In China, starting from the mid to late 1990s, the country has seen a surge of agribusiness and a push toward more commercialized land use ([Chin, 2005](#)). The peri-urban regions first emerged in developed areas such as the Pearl River Delta (PRD) and Yangtze River Delta (YRD). There has been some research on these peri-urban areas, for example, Webster and Muller's research on the peri-urban area in Ningbo-Hanzhou corridor of the [YRD \(2002\)](#) and Zheng and Liu's research on the peri-urban area in Dongguan city of the [PRD \(2003\)](#).

Concerns about agricultural land use and its institutional arrangement has long been a heated topic ([Blarel et al., 1992](#); [Tan et al., 2006](#)). While research on non-agricultural land use in the peri-urban areas is fairly scarce there are some good examples of those trying to model land use dynamics, measure and characterize peri-urbanizing systems, and identify driving forces behind land use dynamics in peri-urban areas ([Sui & Zeng, 2000](#); [Heikkila and Shen, 2003](#); [Long et al., 2007](#)). These studies, however, have mainly focused on prefecture-level cities, and the analysis of the driving forces has been limited to general macro-level factors such as GDP, the urbanization process and population growth. This paper is an attempt to enrich our understanding of land use change in peri-urban areas, especially at the township and village level, and its driving forces from the perspective of local state corporatism via a comparative study of the PRD and YRD. This paper addresses the following research questions:

- (1) What are the characteristics of land use change in the peri-urban areas of PRD and YRD over the last decade?
- (2) What are the driving forces of land use dynamics in the peri-urban areas?

This paper begins with an analysis of characteristics of peri-urban regions. The following section identifies the area of study and explains the data sources and research methods. By taking

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Jiangyin and Shunde as case studies, this research examines the land use dynamics in these two areas and the impact of bottom-up and top-down industrialization on land use. The paper concludes with possible future research topics.

Peri-urban land development and rural industrialization

Characteristics of peri-urban areas

Up to now, geographers, sociologists, planning theorists and economic development specialists have had their own understanding of peri-urban regions. Although there is no universally accepted definition, some findings have been shared among them. The peri-urban region is regarded as a transition zone between fully urbanized land in cities and predominantly agricultural areas (Rakodi, 1998), and a form of settlement that cannot be easily classified according to the longstanding urban-rural binary (Willis, 2005). Within the Asian context, McGee (1991) has challenged the conventional view and conclude that distinction between rural and urban exists simply as part of the urbanization progress. While Western urbanization entails a massive migration of rural population into the cities (Gottmann, 1961), urbanization in Asia, however, has followed a different path. A major difference in Asian urbanization is the rapid growth in already densely populated rural regions between big cities, thus, not needing a massive rural-to-urban migration (McGee, 1991). This rapid urbanization process has led to the emergence of a new, distinctive landscape morphological pattern—identified as the *desakota* regions in the McGee model. The *desakota* paradigm has recently been empirically tested in several case studies (Firman, 1996; Sui & Zeng, 2000), and there is growing attention to the concept.

The spatial expansion of cities is a global phenomenon. Coupled with the influx of migrant populations from the countryside, the settlement form at the urban edge has been changed. The location of peri-urban regions, being adjacent to large cities, is advantageous not only to individuals from the countryside seeking work, but also to businesses. Peri-urban regions usually attract outside investment, particularly foreign investment in industrial developments, seeking land that is not only much cheaper compared with urban land, but also accessible to efficient export-oriented transportation systems and government services.

In peri-urban regions of China, the growth of township-village-enterprises (TVEs) has facilitated the bottom-up industrialization process. As a result, peri-urban regions have been experiencing rapid economic and social structural change, encompassing a shift from an agricultural-based to a manufacturing-dominated economy. Manufacturing often accounts for 60–70% of gross domestic product (GDP), and sometimes even higher. Accompanied with economic development, the employment structure has been shifting from agriculture to manufacturing, although agricultural employment is still a significant source of employment in peri-urban regions (Webster & Muller, 2002). Due to job opportunities created by industrial development and low-cost housing, the peri-urban regions have attracted a large number of outside migrant workers, leading to rapid population growth. This demographic information, however, is not officially registered because the migrants neither possess local “*hukou*” nor officially register their temporary presence.

The spatial pattern and landscape of peri-urban regions has experienced significant changes over the last several decades. The dominant agricultural landscape has been replaced by a new kind of rural/urban hybrid landscape, “a partially urbanized countryside” or “a dramatic new species of urbanism” (Davis, 2004). This new type of urbanism is characterized by a great diversity of

intermixed landscapes, including walled residential estates, scattered village houses, and the tight intermingling of small-scale industries with commercial, residential and agricultural activities (Leaf, 2002). Meanwhile, peri-urbanization is nearly always associated with problems, for example, lack of planning and infrastructure, degradation of environment, or loss of agricultural land (Willis, 2005).

Institutional arrangement behind peri-urban land development

In China, collective ownership and state ownership in land coexist. According to the 1998 Land Management Law, all urban land belongs to the state while land in rural districts and villages belongs to collectives. Collective land belongs to various farmers’ economic units such as farmers’ co-operative societies or village committees. While the establishment of the LURs System in 1988 has allowed leasing, transferring and selling of urban land at different intervals in rural areas, collective ownership has allocated farmers plots of land for cultivating and building their own houses within their individual allocated land (this land is called *zhaijidi* in China). Collective land can be inherited, but it cannot be converted into urban use without going through the legal process. Through strictly establishing a line between urban and collective land, the Chinese government has created a dual land management system. The double-track land use system is uniformly implemented throughout the entire country.

The collectively owned rural land has been managed by a three-tiered governance system: township, administrative village and natural village (Ho, 2001). However, how much each entity is entitled to has never been clearly delineated, and the ownership boundary of the collective is not fixed. Thus, collective land ownership is ambiguous to its nominal owners (Cai, 2003). With the incomplete and non-tradable status of land use rights over collective land, the problem of land fragmentation remains highly intractable.

Urbanization in China is also in the process of transforming land rights from collective ownership to state ownership. Urban governments have been the dominant actors in the conversion of rural land to urban land during China’s rapid urbanization. When agricultural land is acquired for urban uses, villagers losing land via this form of eminent domain are compensated and offered resettlement. The compensation is based on land value for agricultural uses, as land owned by the collective is for farming only. These varying rates of compensation are the land rent differentials between agricultural and urban land uses. The gap between potential land rent and actual land rent capitalized under present land use constitutes the land rent differential. Informal land market booms when the legality of transactions is unclear either because the law is vague or because they are not covered by existing laws (Ho and Lin, 2003). Bearing resentment against deprivation of land development rights, rural collectives have launched covert operations, in defiance of the urban state, to take hold of those rights (Tian and Zhu, 2013).

The ambiguous delineation of legal rights and the lack of systematic regulation in collective lands have contributed to the booming informal land market where covert and disorderly competition for land rent differentials prevails. In the name of promoting local growth, these informal land development projects are carried out under the guise of land development for lawful owner-occupation. However, the real motivation for these land development deals is to capture the land rent differentials, in this way, enriching local revenues. Development becomes a pre-emptive measure against potential rent-taking by other joint nominal owners. This results in land development for the sake of rent-taking under the guise of land development for the economic growth of townships and villages (Tian and Zhu, 2013).

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