

**PROBLEMS OF LAND-CENTRED
URBANISATION IN CHINA**

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Executive Summary

1. China has undergone the largest urbanisation process in human history since the late 1970s.
2. Along with China's record breaking economic growth and industrialisation is a massive flow of rural migrants to the urban regions over the last two decades, especially in the coastal eastern cities.
3. The Chinese government has identified urbanisation as a key strategy and an engine to sustain China's economic growth.
4. The surge in rural-to-urban migration has been a prominent feature of China's urbanisation. However, millions of migrants have not obtained legitimate permanent residency status to work and live in urban areas largely due to the *hukou* (household registration) system.
5. With the rapid increase of urban population, the number of cities has grown correspondingly during this period, particularly mega cities with a population of over 10 million and large cities with a population of between one and five million.
6. To promote China's industrialisation and urbanisation in the last two decades, the state has taken over vast tracts of agricultural farmland that were formerly collectively owned land for the construction of factories, urban real estate, infrastructure and other non-agricultural purposes.
7. Urbanisation is also an important element in China's shift to domestic consumption by generating demands of rural consumers and for new infrastructure, housing, schools, hospitals and services, etc.
8. Local governments have aggressively expanded their urban territory through land requisition and conversion of farmland to urban construction land under the state

expropriation system; they have shown little interest in offering fair compensation to the dispossessed peasants, or in integrating the displaced peasants in cities.

9. The land-centred urbanisation strategy promoted by the local governments has caused prices to soar as a result of housing and property speculation. It has also led to land-related issues such as illegal land grabs, massive housing demolition, forced eviction and inadequate compensation of peasants, which are major threats to social stability.
10. Land-centred urbanisation could be traced to local government GDPism. The development of land and infrastructure construction for city building can boost local GDP growth, key indicators of local political achievements referred to as “trophy projects” (*zhengji gongcheng*).
11. China’s push for urbanisation has been top-down, state-led and land-centred. To accelerate the urbanisation process and boost capital investment in real estate and infrastructure construction, the local governments have arbitrarily created numerous new urban areas, occupying large tracts of former rural farmland and giving rise to “ghost cities/towns”.