

China's "City System" in Flux: Explaining Post-Mao Administrative Changes*

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ABSTRACT China's urbanization has accelerated during the era of reform. While there has been real progress in urbanization, the process has also been skewed by several administrative measures designed to foster urbanization and economic growth. According to a popular view, as many as 70 per cent of China's administrative jurisdictions now come under the rule of urban governments. This must be an exaggeration given that many parts of China are still essentially rural. This article examines three measures – turning prefectures into cities (*di gai shi*), turning counties into cities (*xian gai shi*), and turning cities and counties into urban districts (*xian shi gai qu*) – that have contributed to "inflated urbanization." Five propositions – budgetary, urbanization, regulatory, organizational streamlining and policy incentive – are discussed to see if the three measures have either originated from or have affected them. We find that while the regulatory observation is relevant only for the measure of *xian shi gai qu*, the other four propositions are useful, though to varying degrees, for understanding the logic of the changing "city system" in the past two decades.

In December 2000, Qiu Jiandong, a consumer rights advocate from Fujian, filed a lawsuit against the city of Huangshan in Anhui. The lawsuit concerned the sheer confusion stemming from the naming of a popular tourist attraction. Huangshan (Yellow Mountain) used to be the name reserved solely for the famous mountains with breath-taking scenery. In 1987, however, the prefecture, originally called Huizhou, was granted city status and took the name of Huangshan city from a county-level unit under its jurisdiction.¹ The new prefecture-level city of Huangshan covers an area of 9,806 square kilometres and the old Huangshan city was turned into Huangshan district (*qu*). Confusion has been unavoidable since most tourists got off their trains at the new city and found that the Yellow Mountain was not anywhere in the vicinity.²

Similarly, when an economic delegation from Shandong was sent to South Korea in the summer of 2000, local officials from different regions

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1. The rationale was that as Huangshan has been such a famous attraction, local officials wanted to bandwagon the entire prefecture on to it, thus sharing the windfall benefits.

2. This interesting case was reported in *Fujian ribao* (*Fujian Daily*), 10 January 2001, p. C. See also Liu Hui, "Wo dui Huangshan Huizhou xingzheng quhua wenti de kanfa" ("My view on the administrative zoning problems involving Huangshan and Huizhou"), *Zhongguo fangyu* (*Chinese Territory*, hereafter *ZGFY*), No. 2 (2002), pp. 6–7.

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of the province joined, including mayors and deputy-mayors. The problem was that those unfamiliar with Shandong's administrative geography would not know that Weifang was a prefecture-level city while Laixi was a county-level one. Consequently, a South Korean corporate host treated the mayor of Laixi better than the deputy-mayor of Weifang, to the latter's anger.³

Other episodes abound to highlight the problems associated with China's complex "city system" (*shizhi*), which refers increasingly to the administrative designation rather than to the "urban" traits of a locale.⁴ Heated debates have been taking place in China in recent years on how to make some sense of this complicated system.⁵ Of 233 research articles published in the Ministry of Civil Affairs' *Zhongguo fangyu* (*China's Territory*) during 1991–2000, 59 (25.3 per cent) were on the city system, making it the most popular topic.⁶ Scant attention has been paid to this theme outside China, however. The purpose of this article is to describe key changes to China's city system and discuss the "how" and "why" of them.

In the reform era, one of the most manifest administrative changes has been the rise of "urban" units. First, a wide range of deregulatory privileges were assigned to several dozen cities designated as special economic zones (*jingji tequ*), coastal open cities (*yanhai kaifang chengshi*), central economic cities (*jihua danlie chengshi*), deputy-provincial cities (*fushengjishi*), riverine open cities (*yanjiang kaifang chengshi*), and so on.⁷ The general success of these units in attracting capital, technology and human resources has in turn generated insatiable demands for special urban designations among local officials.

Secondly, the number of sub-provincial cities has risen dramatically during the post-Mao era. As Table 1 indicates, the total number of sub-provincial cities rose from 190 in 1978 to 673 in 2001. The number of prefecture-level cities (*dijiishi*) increased from 98 to 265, and county-level cities (*xianjishi*) more than quadrupled from 92 to 393 during the same period.⁸ The numerical expansion, which has been much faster

3. This anecdote is based on one of the authors' interviews.

4. See Hua Wei, "Chengshi yu shizhi" ("Cities and the city system"), *ZGFY*, No. 3 (1999), p. 9.

5. See "Zhongguo shizhi huigu yu zhanwang xueshu yantaohui fayan shilu" ("Records of discussions at the conference on 'China's city system: retrospect and prospects'"), *ZGFY*, No. 2 (1999), pp. 2–24.

6. Quan Wei and Li Jinyong, "Ershi shiji jiushi niandai yilai de Zhongguo xingzheng quhua yanjiu shuping" ("A review of the studies on China's administrative system since the 1990s"), *ZGFY*, No. 1 (2002), p. 33.

7. Extensive research has been done on this theme. See Paul E. Schroeder, "Territorial actors as competitors for power: the case of Hubei and Wuhan," in Kenneth G. Lieberthal and David M. Lampton (eds.), *Bureaucracy, Politics and Decision Making in Post-Mao China* (Berkeley: University of California Press, 1992), pp. 283–307; Dorothy J. Solinger, *China's Transition from Socialism* (Armonk: M.E. Sharpe, 1993), pp. 172–204; and Jae Ho Chung (ed.), *Cities in China: Recipes for Economic Development in the Reform Era* (London: Routledge, 1999).

8. See Dai Junliang, *Zhongguo shizhi* (*The City System of China*) (Beijing: Zhongguo ditu chubanshe, 2000), pp. 260–61; and *Jingji yanjiu cankao* (*Reference Materials for Economic Research*), No. 86 (2000), p. 41.

Table 1: The Number of Cities in China

	1949	1978	1991	1999	2001
Province-level	12	3	3	4	4
Deputy-province level	0	0	0	15	15
Prefecture-level	54	98	171	221	265
County-level	66	92	289	427	393
Total	132	193	463	667	677

Sources:

Liu Junde and Wang Yuming, *Zhidu yu chuangxin – Zhongguo chengshi zhidu de fazhan yu gaige xulun (Institution and Innovation – New Theories of Development and Reform in China's Urban System)* (Nanjing: Dongnan daxue chubanshe, 2000), p. 40; Pu Xingzu and Zhu Qianwei (eds.), *Dangdai Zhongguo xingzheng (Contemporary China's Administration)* (Shanghai: Fudan daxue chubanshe, 1993), p. 333; Dai Junliang, *Zhongguo shizhi (The City System of China)* (Beijing: Zhongguo ditu chubanshe, 2000), pp. 258, 260–61; and *Zhongguo tongji nianjian 2002 (China Statistical Yearbook 2002)* (Beijing: Zhongguo tongji chubanshe, 2002), p. 3.

during the reform era than during 1949–78, was accompanied by a further division of urban hierarchy, exemplified by the introduction of deputy-provincial level cities (*fushengjishi*) and deputy-prefecture level cities (*fudijishi*).⁹

Thirdly, the numerical rise of cities was accompanied by some “urbanizing” trends. And this has been taking place mostly at the expense of prefectures and rural counties. In 1994, 355 (86 per cent) of 413 county-level cities were formerly rural counties.¹⁰ The total number of counties decreased from 1,893 in 1985 to 1,494 in 2001. In addition to the numerical expansion of cities, the administrative re-designation of rural units as urban also led to a sort of spatial expansion of cities. The most notable example refers to the rise of urban districts (*chengshi suoxiaqu* or *shiqu*), whose numbers rose from 388 in 1976 to 808 in 2001.¹¹

For those interested in urbanization in China, what has been described above presents sheer confusion.¹² Are we to take at face value the official

9. There are three types of “deputy-prefecture level cities”: county-turned-cities directly administered by the provincial administration (*sheng zhiguan de xiangaishi*); county-turned-cities located in the autonomous district (*zizhizhou suozaide xiangaishi*); and county-level cities in Guangdong. See Hua Wei, “Chengxiang fen zhi yu he zhi” (“The urban–rural division and unification”), *ZGFY*, No. 3 (2000), p. 15; “Records of discussions,” pp. 2, 9; and Dai Junliang, “Lun sheshi moshi yu shizhi gaige” (“On the patterns of establishing cities and municipal reform”) in Jin Ergang (ed.), *Zhongguo chengshihua zouxiang yanjiu (Study of Urbanization Trends in China)* (Shanghai: Shanghai kexue puji chubanshe, 2001), pp. 190–91.

10. Liu Junde, *Zhongguo xingzheng quhua de lilun yu shijian (Theory and Practice in Administrative Zoning in China)* (Shanghai: Huadong shifan daxue chubanshe, 1996), p. 176.

11. *Jingji yanjiu cankao*, No. 86 (2000), p. 40; Dai Junliang, *The City System of China*, p. 97; and *Zhongguo tongji nianjian 2002 (China Statistical Yearbook 2002)* (Beijing: Zhongguo tongji chubanshe, 2002), p. 3.

12. For definitional problems in this regard, see Chan Kam Wing, *Cities with Invisible Walls: Reinterpreting Urbanization in Post-Mao China* (Hong Kong: Oxford University Press, 1994); and Li Zhang and Simon Xiaobin Zhao, “Reexamining China’s ‘urban’ concept and the level of urbanization,” *The China Quarterly*, No. 154 (June 1998), pp. 331–381.

statistics that China's urban population rose from 17.9 per cent in 1978 to 30.9 per cent in 1999?¹³ Or should we accept the assessment that China's level of urbanization had already gone beyond 50 per cent in the mid-1990s?¹⁴ Or are we instead going to rely on the fact that more than 70 per cent of China's population comes under the jurisdictions of cities at different levels?¹⁵ Or do we need to subscribe to yet another view that such designations as cities and districts are mere labels of administrative convenience that need be taken with a pinch of salt? Why do scholars in China express concerns that the trend set in motion in the mid-1980s may soon lead to a near 100 per cent urbanization level as all China's counties will eventually be turned into county-level cities?¹⁶

The existing body of literature has paid scant attention to the issue of "inflated urbanization" (*xujia chengshihua*) as the result of the rapid numerical expansion of urban units in China.¹⁷ While much of the research on China's urbanization has been concerned with measuring the level of urbanization or with interpreting the unique features of its urban space, focusing on the developmental logic as a crucial source of administrative change in the city system has been rare. Thus, this article concentrates on the nexus between administrative changes and the developmental logic of economic reform.¹⁸

Having 1,481 geographical units as your potential sample is a daunting challenge regardless of the theme involved.¹⁹ And enormous variations are discernible even among the cities at the same level.²⁰ What further

13. *China Statistical Yearbook 2000*, p. 95.

14. See Wang Yuanzheng, "Zhongguo chengshihua daolu de xuanze he zhang'ai" ("The choices and obstacles in China's road to urbanization"), *Zhanlue yu guanli (Strategy and Management)*, No. 1 (2001), p. 35; and Jin Ergang, *Study of Urbanization Trends in China*, pp. 45–46.

15. See Dai Junliang, *The City System of China*, pp. 148, 163.

16. Zhou Yixing of Peking University referred to this process as one in which "cities are becoming increasingly unlike the cities and countryside is becoming increasingly unlike the countryside" (*cheng bu xiang cheng, xiang bu xiang xiang*). See "Records of discussions," p. 5.

17. Notable exceptions are Lawrence Ma and Cui Gonghao, "Administrative changes and urban population in China," *Annals of Association of American Geographers*, Vol. 77, No.3 (1987), pp. 373–395; and Chan Kam Wing's contribution to Christine Wong (ed.), *Financing Local Government in the People's Republic of China* (Hong Kong: Oxford University Press, 1997), pp. 86–95.

18. On China's urbanization process in the reform era, see Piper Rae Gaubatz, "Urban transformation in post-Mao China: impacts of the reform era on China's urban form," in Deborah Davies *et al.* (eds.), *Urban Spaces in China* (Cambridge: Cambridge University Press, 1995), pp. 28–60; and Shahid Yusuf and Weiping Wu, *The Dynamics of Urban Growth in Three Chinese Cities* (New York: Oxford University Press, 1997).

19. The figure of 1,481 derives from the sum of sub-provincial cities and urban districts as of 1999.

20. Chaoyang city in Guangdong has a population of 2.1 million while Zada county in Tibet only 5,300 people. While 57 prefecture-level cities have only one district, Lianzhou (Guangdong) and Geermu (Qinghai) boast a size 339 and 7,688 times that of their respective city proper (*jianchengqu*). Even within the same province of Guangxi, Nanning, Liuzhou and Wuzhou have four districts of less than 10 sq km, whereas five districts under Fangchenggang, Qinzhou and Guigang span over 1,000 sq km. Concerning urban districts, Chaoyang district in Beijing has a population of 1.5 million while Kelamayi city's Wuerhe district only has 10,000. See Wang Wen, "Guangdong xingzheng quhua de xin qingkuang he xin wenti" ("New situations and problems in Guangdong's administrative delineation"), *ZGFY*, No. 1 (1995), p. 8; and Zhang Zhichang, "Lüetan Huzhou shi de teshuquzhi" ("On the special district system

complicates the problem is that the type of generalization we wish to make is difficult to attain solely on the basis of fieldwork in a couple of cities.²¹ We thus started out with a modest goal of collecting as much aggregate data on the urban units as possible to produce an overall picture of the changes. We then contrasted the system-wide data with numerous cases, examples and anecdotes reported in several Chinese journals, most notably *Zhongguo fangyu* published by the Ministry of Civil Affairs. Documented sources were complemented by the interviews the authors carried out with officials and scholars in China in 2002.

The remainder of the article consists of three sections. The first surveys the evolution of the rural–urban divide in the People's Republic of China since 1949 and then charts the three principal changes – *di gai shi*, *xian gai shi* and *xian shi gai qu* – of the reform era. The second section constructs an explanatory sketch as to why these changes were introduced, permitted and popularized.²² More specifically, five observations – budgetary, regulatory, urbanization, organizational streamlining and policy incentive – are closely examined. The final section offers some concluding observations regarding their implications.

Post-Mao Changes in China's "Urban" Administrative System

The body politic of the People's Republic of China has since 1949 been governed by three "administrative zoning systems" (*xingzheng quhua xitong*), covering cities (*chengshi xing*), rural areas (*diyu xing*) and ethnic minority regions (*minzu zizhi xing*).²³ While most parts of the provinces belonged to the rural system, the urban domains under provincial jurisdiction were governed separately from the rural areas. In a nutshell, each of these three systems was duplicated from the provincial level down to the lowest of state administration, townships.

In the first few decades of the 20th century, cities in China had typically been placed under rural-based administrative entities. During the first half of the century, a rural–urban division gradually took shape and cities as we know them today began to grow in both number and importance.²⁴ In the first three decades of the People's Republic, the

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of Huzhou"), *ZGFY*, No. 6 (1999), p. 11; Jae Ho Chung, *Cities in China*; and interviews in Beijing and Shanghai in January 2002.

21. The authors are familiar with at least five cities in China but even that is not sufficient to obtain reasonably generalizable conclusions about the prefecture- and county-level cities as well as about urban districts in China as a whole.

22. It is important to note that the degree to which Beijing was willing to permit and promote each of these three changes varied considerably. So did the extent to which localities were active in initiating and implementing them either as responses to the central directives or as spontaneous measures of self-maximization.

23. Liu Junde, *Theory and Practice in Administrative Zoning*, p. 70.

24. See *ibid.* pp. 407–418; Dai Junliang, *The City System of China*, pp. 1–22; Liu Junde and Wang Yuming, *Zhidu yu chuangxin – Zhongguo chengshi zhidu de fazhan yu gaige xinlun (Institution and Innovation – New Theories of Development and Reform in China's Urban System)* (Nanjing: Dongnan daxue chubanshe, 2000), pp. 17–52; and Hua Wei, "Shizhi

urban administrative system was deemed far less important than that of governing the rural areas, except that cities played an indispensable role of being the “cash cows” for the state.²⁵ Because of Maoist sentiments against cities, their growth was fairly successfully suppressed.²⁶

During this period, cities had jurisdiction over very small urban and suburban spaces, leaving the majority of areas ruled by the rural-based system. That is, in a typical province it was not cities but counties and, to a lesser extent, prefectures which wielded administrative powers over the expansive rural areas.²⁷ While cities’ administrative powers tended to be centralized, in stark contrast, since prefectures typically had jurisdictions over expansive rural areas, it was generally not the prefectures but the counties that really held the power. In legal terms as well, the prefecture government was only a dispatched organ (*paichu jigou*) of the provincial authorities.²⁸

The rural–urban distinction strictly observed during the Maoist era gradually became blurred in the reform period. The proliferation of cities and “urban” units is one good example, and the mind-boggling estimate of the size of the “floating population” is another.²⁹ Administrative measures that have resulted in the numerical and spatial expansion of cities largely fall into three types³⁰: turning prefectures into cities; designating rural counties as cities; and, most recently, transforming suburban counties (and county-level cities) into urban districts. There are considerable variations over whether these measures were explicitly directed by Beijing or pursued by local governments without formal endorsement from the centre. Yet, collectively, they have produced a situation where

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congtao” (“Discussions on the city system”), *ZGFY*, No. 3 (1999), pp. 9–13; *ibid.* No.1 (2000), pp. 18–25; No.3 (2000), pp. 8–17; and No.4 (2000), pp. 16–23.

25. Barry Naughton, “Cities in the Chinese economic system,” in Davis *et al.*, *Urban Space in Contemporary China*, pp. 62–76.

26. See Martin K. Whyte, “City versus countryside in China’s development,” *Problems of Post-Communism*, Vol. 43, No. 1 (January 1996).

27. Whereas a prefecture-level city (*dijishi*) typically governed the city proper and the suburb, a prefecture (*diqu*) ruled a number of rural counties under its jurisdiction. Similarly, a county-level city (*xianjishi*) only controlled the urban proper, but a county (*xian*) typically ruled a number of townships and towns.

28. Throughout the Maoist era, the “legal” status of prefectures had remained ambiguous. Whereas the 1975 Constitution had defined the prefecture as an official layer of local administration, the 1978 Constitution stipulated it to be only a field office of the provincial revolutionary committee. It was only after 1983, when the State Council permitted Jiangsu to abolish all of its prefectures and subjected the management of counties to the 11 newly established cities, that prefecture-level cities became a crucial intermediate layer of sub-provincial administration. See Jiang Ronghai and Liu Qi, *Xingshu guanli (Managing Prefecture Government)* (Beijing: Zhongguo guangbo dianshi chubanshe, 1995), pp. 255–261.

29. See Dorothy J. Solinger, *Contesting Citizenship in Urban China: Peasant Migration, the State, and the Logic of the Market* (Berkeley: University of California Press, 1999).

30. While the dramatic increase in the number of townships (*jianzhizhen*) – from 668 in 1978 to 19,200 in 1998 – is another contributing factor, the purview of this article does not include the practice of “turning the towns into townships” (*xiang gai zhen*). This article is more about *chengshihua* rather than *chengzhenhua*. For the distinction, see Song Junling and Huang Xu (eds.), *Zhongguo chengzhenhua zhishi shiwu jiang (Fifteen Lectures on China’s Urbanization)* (Beijing: Zhongguo chengshi chubanshe, 2001), p. 35.

the number of cities and urban units increased so rapidly that the level of urbanization has become considerably inflated.

Turning the prefectures into cities (di gai shi). While there are currently four province-level municipalities (*zhixiashi*) and 15 deputy-provincial cities (*fushengjishi*) in China, the main pillar of the sub-provincial administration resides in prefecture-level cities (*dijishi*).³¹ Prefecture-level cities generally refer to "relatively large cities" (*jiaoda de shi*), with a non-agricultural population over 200,000, where the share of gross value of industrial output (GVIO) in gross value of industrial and agricultural output (GVIAO) is higher than 80 per cent, gross domestic product (GDP) surpasses 2.5 billion *yuan*, and independent revenue income is over RMB 200 million.³² The designation also refers to "cities with urban districts" (*shequ de shi*) since county-level cities are not authorized to establish districts.³³

Prefecture-level cities were created either through merging with a rural prefecture, by upgrading a county-level city, by upgrading a county-turned-city or by directly promoting a rural county.³⁴ Initially, the first method was predominantly utilized when "turning the rural prefectures into prefecture-level cities" (*di gai shi*) surfaced as a core policy in 1982. The new initiative was first tried in Jiangsu where all prefectures were abolished and all counties were then placed under the prefecture-level cities.³⁵ The merger entailed the administrative integration of prefecture-level cities with rural prefectures, which often had their government offices in the same cities. The new initiative, therefore, had a visible benefit of reducing organizational redundancy.

When a rural prefecture is merged into a city, the counties formerly under the prefecture get to be "placed under the newly created prefecture-level city" (*shi guan xian, shi dai xian, or shi lingdao xian*). The measure of merging prefectures with prefecture-level cities became so popular that it soon entered a second stage where converting prefectures without the problems of bureaucratic redundancy into prefecture-level cities became widespread.³⁶ At this stage, most of China's prefectures turned out to be eligible for a city status, resulting in a nation-wide fever for cities.

The speed at which China's prefectures were turned into prefecture-

31. Initially, there were 16 "deputy-provincial cities." In 1997, with Chongqing's designation as a province-level city, the total number was reduced to 15. Shanghai's Pudong district is also considered to enjoy a deputy-provincial status.

32. See Liu and Wang, *Institution and Innovation*, pp. 11, 47. For a critique of the vaguely defined concept of "relatively large cities," see He Bing, "Shilun xianxing xianfa guanyu xingzheng quyu huafen fangshi guiding zhi xiuding" ("On revising the current constitution's regulations on administrative zoning"), *ZGFY*, No. 2 (2002), p. 4.

33. See Pu Xingzu and Zhu Qianwei (eds.), *Dangdai Zhongguo xingzheng (Contemporary China's Administration)* (Shanghai: Fudan daxue chubanshe, 1993), pp. 322–23. Several prefecture-level cities do not have urban districts but they are more exceptional than typical.

34. Diao Tianding, *Zhongguo difang guojia jigou gaiyao (Survey of Local Government Organizations in China)* (Beijing: Falü chubanshe, 1989), p. 205.

35. See *ibid.* p. 169; and Dai Junliang, *The City System of China*, p. 148.

36. In some cases, quite contrary to the original policy objective of reducing bureaucratic redundancy, county-level cities and even townships first acquired the status of prefecture-level cities and then sought to merge with rural prefectures.

level cities has been quite extraordinary. Considering the post-Mao characteristics of implementation that localities do not automatically follow Beijing's directives, the swift pace of popularization becomes all the more notable. Immediately after Jiangsu experimented with the new policy in 1982, Liaoning and Guangdong quickly followed suit. By 1991, 170 prefecture-level cities – 89 per cent of all such cities in China – ruled 696 counties. Between 1982 and 1998, the number of prefectures dropped from 170 to 66. By the end of 2000, there were 259 prefecture-level cities – out of 333 prefecture-level units – accounting for 78 per cent of China's prefecture-level units.³⁷

The policy of subjecting counties to cities is not entirely new. As early as 1950, Luda in Liaoning experimented with it as did Nanjing and Hangzhou, although the practice was terminated in 1954.³⁸ During the Great Leap Forward, as many as 243 counties were administered by 48 cities. By 1965, due to the post-Leap retrenchment, only 78 counties were ruled by 24 cities. Relatively speaking, the number did not change very much over the years as 147 counties were led by 57 cities in 1981. That was, until the Jiangsu experiment took off in 1982.³⁹

There is a marked difference between the pre-reform and the current practice, however. Although the two are labelled identically as *shi guan xian*, the pre-reform system was much more limited as it was implemented mainly in the large urban centres like Beijing, Shanghai, Nanjing and Dalian.⁴⁰ During the post-Mao era, however, the policy has been implemented nearly indiscriminately to the extent that almost all prefectures in China have become eligible to become cities.⁴¹ Most importantly, this development rendered the formal hierarchy – the three-tier system linking the provinces, counties and townships – stipulated in Article 30 of the Constitution less meaningful.⁴²

Changing the counties into cities (xian gai shi). The numerical increase of county-level cities has been a manifest characteristic of the post-Mao administrative changes. In 1949, county-level cities accounted for a mere 3 per cent of all county-level units. By 2001, the figure was 19 per cent

37. Pu and Zhu (eds.), *Contemporary China's Administration*, p. 322; Dai Junliang, *The City System of China*, p. 163; Hua Wei, "The urban-rural division and unification," p. 9; and The Ministry of Civil Affairs (ed.), *Zhonghua renmin gongheguo xingzheng quhua jiance 2001 (Quick Guide to Administrative Zoning in the People's Republic of China 2001)* (Beijing: Zhongguo ditu chubanshe, 2001), p. 1.

38. A different source points to Wuxi and Lanzhou as having first implemented the measure of "cities leading the counties." See Hua Wei, "The urban-rural division and unification," p. 9.

39. Dai Junliang, *The City System of China*, pp. 147–148.

40. See, for instance, Lynn White, "Shanghai-suburb relations" in Christopher Howe (ed.), *Shanghai: Revolution and Development in an Asian Metropolis* (Cambridge: Cambridge University Press, 1981), pp. 241–268.

41. In the case of Guangdong with 21 prefecture-level cities, 15 had less than a 30% ratio of non-agricultural population (*feinongye renkou*). Meizhou city's figure was only 18.6% in 1996. Chen Mingxun and Li Yun, "Woguo jianzhishi shezhi canzai de yixie wenti" ("Some problems of city systems in China"), *ZGFY*, No. 2 (1998), p. 8.

42. He Bing, "On revising the current constitution's regulations," pp. 2–3.

(393 out of 2,053).⁴³ There were two distinct means by which county-level cities were created: taking out a developed and urbanized portion of a rural county and turning it into a county-level city (*qiekuai sheshi* or *chezhen sheshi*); and turning the entire existing county into a county-level city (*zhengxian gai shi*). The former was widely utilized during the pre-reform era, but the latter became the *modus operandi* of the reform period. Of 484 county-level cities established during 1978–97, the latter method constituted 86.6 per cent (419 cities), accounting for much of the symptom of “inflated urbanization.”⁴⁴

One important reason for the predominance of the latter mode is that counties usually put up strong opposition to surrendering a developed township to make it a county-level city. Another reason was its relevance to organizational streamlining. Popular adoption of the former mode would inevitably increase the number of county-level units, thus creating a bloated bureaucracy. The convenient alternative for Beijing was to allow local governments to designate the entire county as a county-level city. Organizational redundancy could thus be mitigated while the likelihood of “inflated urbanization” was enhanced.

Whereas turning the prefectures into cities grew in importance as a result of direction from Beijing, turning the counties into cities was attributed to the centre's tacit endorsement of what had already been happening at the local level. The broad context of reform and opening generated popular perceptions that cities enjoyed more advantages in attracting investment. As early as 1983, 39 county-level cities were already carved out of what had previously been rural counties. Further opportunities were generated in 1986 when the Ministry of Civil Affairs (MCA) issued a *post facto* directive that laid down the minimum requirements for a county to be eligible for city status.⁴⁵

The absence of active promotion by the central government did not constrain the county officials. In retrospect, the minimum requirements set by the MCA were considered too low and vague, enabling almost all counties to apply for city status. The MCA raised the minimum standard substantially in 1993 but, as noted by an MCA official, the new standard was still so low that nearly half of China's remaining counties were eligible to become cities.⁴⁶

What further complicated the process was that the approving authority in Beijing, the MCA, was not in a position to verify the statistics supplied by the counties. It also often found it difficult to resist political pressure

43. Much of the increase took place in the post-Mao era since the figure rose from 86 in 1975 to 393 in 2001. See *China Statistical Yearbook 2002*, p. 3.

44. In the case of Guangdong, of its 33 county-level cities, only one (Sanshui) had a 50% cent ratio of non-agricultural population while 11 had less than 20%. See Chen and Li, “Some problems of city systems,” p. 8.

45. Liu and Wang, *Institution and Innovation*, pp. 10–11, 138.

46. See Dai Junliang, *The City System of China*, p. 82; and Cong Senquan, “Chezhen sheshi” (“On establishing cities out of townships”), *ZGFY*, No. 1 (2002), pp. 2–5. For the nation-wide standards set in 1986 and 1993, see Liu and Wang, *Institution and Innovation*, pp. 40, 47.

Table 2: The Number of County-Level Cities in Select Years

Year	1949	1975	1985	1990	1994	1995	1996	1997	1999	2001
Number	66	86	159	279	413	427	445	442	427	393

Sources:

Liu and Wang, *Institution and Innovation*, p. 40; Dai Junliang, *The City System of China*, p. 65; Pu and Zhu, *Contemporary China's Administration*, p. 333; Liu, *Theory and Practice in Administrative Zoning in China*, p. 176; *Jingji yanjiu cankao* (Reference Materials for Economic Research), No. 86 (2000), pp. 40–41; *Zhonghua renmin gongheguo xingzheng quhua jiance 2001* (Quick Guide to Administrative Zoning), p. 3; and *China Statistical Yearbook 2002*, p. 3.

from below.⁴⁷ The outcome was a dramatic increase in the number of county-level cities, often dubbed as a “blind fever” (*mangmuxing guore xianxiang*). The central government eventually intervened and fewer and fewer counties subsequently became cities (see Table 2). By 1997, “turning the counties into cities” was largely considered a policy failure and Beijing froze as many as 500 pending applications.⁴⁸

Re-designating the counties/cities as urban districts (xian shi gai qu). The re-designation of counties/cities as urban districts took place in two different organizational settings. One involved the creation of urban districts in the centrally administered cities and deputy-provincial cities. Following the large-scale re-designation of suburban districts and counties as urban districts, China now boasts some of the biggest cities in the world in size. Whereas Beijing's urban area (*jianchengqu*) was 1,270 square kilometres in 1996, the 1998 figure was 6,400 square kilometres. With the re-designation of Changping county as its newest district in 2000, its size is now even bigger. Shanghai's urban area was only 375 square kilometres in 1986, but expanded to 3,200 square kilometres by 1998.⁴⁹

The other mode refers to cases where prefecture-level cities re-designated their counties and county-level cities as districts.⁵⁰ While the number of urban districts had increased by 41 per cent from 275 in 1949 to 388 in 1976, the comparable figure for the reform era was 108 per cent from 388 in 1976 to 808 in 2001. The largest increase was recorded for 1983–85 when the policy of “turning the prefectures into cities” (*di gai shi*) was pushed nation-wide. As rural prefectures became prefecture-level cities, many of their counties were re-designated as districts (*chexian gai qu*).⁵¹

47. Interviews with MCA officials in Beijing in 2002. Also see “Records of discussions,” p. 7.

48. Liu and Wang, *Institution and Innovation*, p. 40.

49. Chongqing municipality of a provincial proportion even has a “flying” (*feidi*) urban district – Shuangqiao district – 162 km away from the city. See Yu Xueming, “Qiantan woguo xingzheng quyu zhong de feidi wenti” (“On the ‘flying territory’ in China's administrative zoning”), *ZGFY*, No. 4 (1999), p. 22.

50. While there were four different ways of creating urban districts in prefecture-level cities, the dominant mode was to re-designate rural counties and county-level cities as districts. See Cong Senquan, “Zouyi dijishi shixiaqu de xingzheng qubie tiaozheng” (“On administrative readjustment of urban districts in prefecture-level cities”), *ZGFY*, No. 3 (2002), pp. 8–9.

51. Liu and Wang, *Institution and Innovation*, p. 179; Dai Junliang, *The City System of China*, p. 97; and *Jingji yanjiu cankao*, No. 86 (2000), p. 41.

Similar to "turning the counties into cities," the practice of re-designating the counties/cities as districts resulted more from local activism than from a push from Beijing. More often than not, urban districts were created out of not-so-urban counties when the newly established prefecture-level cities sought to make themselves more worthy of their administrative designation. A common practice was to re-designate the counties/county-level cities as urban districts, although many of them were anything but "urban." Unlike "turning the counties into cities," however, there were no official standards set for the establishment of urban districts. This generated more room for local manoeuvring.⁵²

During the 1990s, the pace of turning rural counties/cities into urban districts accelerated in many of China's cities. This was in large part because of increased demand for land by these cities, not only to accommodate the rising number of urban dwellers but also to devote more land to manufacturing and lucrative real estate development.⁵³ The wave of creating urban districts went unabated throughout the 1990s. In November 1999, Qingpu county in Shanghai Municipality became a district, as did Changping county in Beijing in 2000.⁵⁴

These developments and their impact on China's administrative landscape can be best illustrated by a focused discussion of the changes in a province. Guangdong was chosen because it has fully implemented all the three measures. Table 3 presents the number of sub-provincial units in Guangdong in select years, and Figure 1 shows the changes in Foshan, a prefecture-level unit some 30 kilometres to the south-west of Guangzhou. According to Table 3, prior to 1982, the county and prefecture were the pillars of China's sub-provincial administration. Following the introduction of *di gai shi* in the 1980s, all seven prefectures were abolished to become prefecture-level cities, which have fewer counties under their supervision.

Both Table 3 and Figure 1 show that, in Guangdong as well as in Foshan, *di gai shi*, *xian gai shi* and *xian shi gai qu* represented priorities of different periods. If "turning the prefectures into cities" was carried out mainly in the 1980s, "turning the counties into cities" was implemented largely during the first half of the 1990s. On the other hand, while "turning counties/cities into districts" existed throughout the reform era, it has become increasingly prominent in recent years, particularly in the

52. See Zhang Zhichang, "Shixiaqu: jidai guifan he tiaozheng" ("Urban districts: needing standards and adjustments"), *ZGFY*, No. 1 (1999), p. 10.

53. Qingdao, for instance, expanded its city area from 115 sq km in 1979 to 292 sq km in 1994, making its overall size 10,654 sq km. Similar processes took place in Dalian, Hangzhou, Shenzhen and many others. See Li Xingdi, "Maixiang guoji chengshi de Qingdao jichu sheshi jianshe" ("Infrastructure construction in Qingdao aspiring to become an international city"), *Dongbeiyu luntan (Northeast Asia Forum)*, No. 4 (1994), p. 70.

54. While Shanghai at one point sought to turn a few of its counties into prefecture-level cities, the bid proved futile since the Constitution stipulates that no centrally-administered municipalities are authorized to have cities under them. Local evaluations of this change have varied considerably as some districts later regained their previous status as rural counties (*qu gai xian*). See Dai Junliang, *The City System of China*, pp. 109–112.

Table 3: Evolution of Administrative Units in Guangdong Province, 1965–2003

	1965	1982	1991	1997	2003
Deputy provincial-level city	0	0	0	2	2
Prefecture	7	7	0	0	0
Prefecture-level city	1	8	19	19	19
County	80	80	77	46	45
County-level city	8	4	1	33	23
Urban district	5	6	39	43	54

Note:

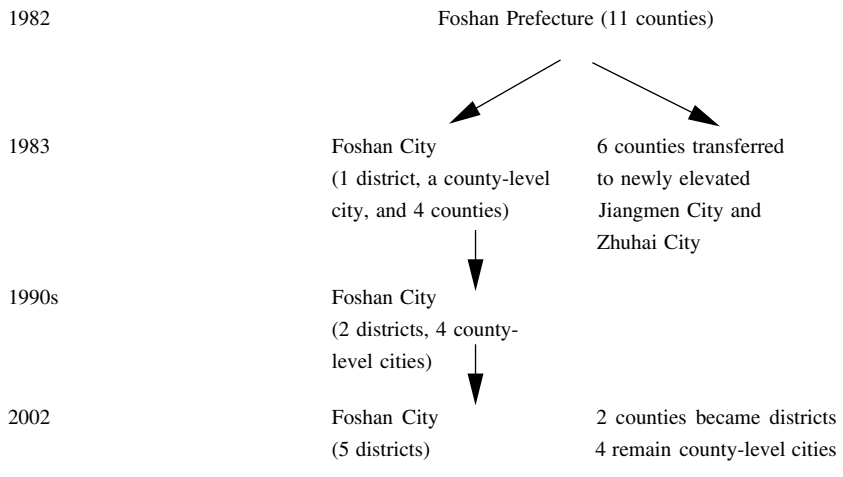
The figures for 1965 and 1982 have been adjusted for Hainan, which became a separate province in 1987.

Sources:

Pan Lixing, Cao Hongbin and Yu Yongzhe, *Guangdong zhengqu yanbian (Evolution of Administrative Zoning in Guangdong)* (Guangzhou: Guangdong ditu chubanshe, 1991), pp. 71–77, 83–84; *Guangdong nianjian 1998 (Guangdong Yearbook 1998)* (Guangzhou: Guangdong nianjianshe, 1998), p. 142; and http://www.gd.gov.cn/gov_gd/gd_table.htm (last visited on 2 February 2004).

suburban areas of big cities. As Figure 1 suggests, in an attempt to make Foshan a metropolis of the size and might of Guangzhou, all the four counties under its leadership became urban districts.⁵⁵

Figure 1: The Evolution of Administrative Jurisdiction under Foshan, 1982–2003



Sources:

Pan, Cao and Yu, *Evolution of Administrative Zoning*, pp. 127–29; http://www.gd.gov.cn/gov_gd/gd_table.htm (last visited on 2 February 2004).

55. Given the limited control exercised by Foshan over such mighty counties as Shunde and Nanhai in the past, the real effect of this change remains to be seen. The background to

Explanatory Sketches for the Administrative Change

Given that no policies change without good reason, exploring why these changes were popularized in China's urban administration seems a worthwhile endeavour. More specifically, the reason for the swift pace at which the number of prefecture- and county-level cities and urban districts has increased merits attention. A total of five dimensions – budgetary, regulatory, urbanization, organizational streamlining and policy-incentive – were chosen to account for the popularization of the three policies, *di gai shi*, *xian gai shi* and *xian shi gai qu*.

First, a budgetary proposition posits that the changes were designed to maximize the upward flow of revenue incomes.⁵⁶ While prefectures had not constituted an official layer of local administration prior to the popularization of *di gai shi*, prefecture-level cities have now become a formal independent fiscal regime (*duli hesuan caizheng danwei*). As the *de facto* – though not yet *de jure* – intermediate authority between provinces and counties, prefecture-level cities are empowered to maximize fiscal extractions from the counties, county-level cities and county-turned-districts under their jurisdiction.⁵⁷ According to a 1999 survey, about 70 per cent of the counties ruled by prefecture-level cities were unhappy with the size of fiscal extractions by their superiors.⁵⁸

The explanatory power of the budgetary proposition weakens when considering the proliferation of county-turned-cities. Counties had long been a formal layer of China's local administration even before the People's Republic. Unlike the prefecture-level cities, county-turned-cities were not permitted to establish districts under them. When counties were turned into county-level cities, therefore, substantial changes were fewer in budgetary terms. Two new sources of incomes for the county-turned-cities were the "urban construction fees" (*chengshi jianshe fei*) and the administrative surcharges levied on the issuing of motorcycle registrations. In a nutshell, county-turned-cities generally had less to gain from the change in budgetary terms than the prefecture-turned-cities.⁵⁹

footnote continued

this is discussed in Lam Tao-chiu, "Institutional constraints, leadership and development strategies: Panyu and Nanhai under reform," in Jae Ho Chung, *Cities in China*, pp. 256–295.

56. See, for instance, Geoffrey Brennan, "Towards a tax constitution for Leviathan," *Journal of Public Economics*, December 1977, pp. 255–273.

57. For the need to revise the current three-tier local hierarchy stipulated in the Constitution, see He Bing, "On revising the current constitution's regulations," pp. 2–5. For the budgetary and fiscal authority of prefecture-level cities, see Cong Senquan, "Lueshu chexiao diqu sheli dijishi de fazhi yiyi" ("On the legal meanings of establishing prefecture-turned-cities"), *ZGFY*, No. 2 (2002), pp. 8–9.

58. The situation where cities are fiscally supported by rural counties is sarcastically dubbed as "small horses pulling a large cart" (*xiaoma la dache*). See Liu and Wang, *Institution and Innovation*, p. 134; Shen Liren, *Difang zhengfu de jingji zhineng he jingji xingwei (Economic Functions and Behaviour of Local Government)* (Shanghai: Shanghai yuandong chubanshe, 1998), p. 242; and Hua Wei, "Xin xingshi yu xin gouxiang" ("New situations and new ideas"), *ZGFY*, No. 4 (2000), p. 18.

59. Dai Junliang, *The City System of China*, pp. 66, 99–101, 112; Luo Hao, "Diyuxing zhengqu ji juluoxing zhengqu zouyi" ("Discussions of two types of administrative units"), *ZGFY*, No. 5 (1999), p. 16. According to an interviewee, county-level cities can also have

On the other hand, county-turned-districts and city-turned-districts stood on the revenue-losing side as urban districts no longer constituted an independent unit of fiscal authority. Since no standardized rules have been made available on the *xian shi gai qu* policy, political considerations often prevailed to facilitate the change. Despite the strong opposition by the counties and county-level cities affected, centrally administered municipalities and prefecture-level cities usually had their way. The outcry by Panyu against becoming a district of Guangzhou was illustrative. The same logic was applicable to Kunshan, whose notable development was attributed in large part to the fact that it had not been incorporated into Shanghai.⁶⁰ Some variations appear to exist, however, not only in the city–district relations between powerful large metropolises and ordinary prefecture-level cities, but also in the city–district relations among large metropolises.⁶¹

The second observation is labelled an “urbanization proposition.” That is, all these changes may have been hinged upon the leadership’s wishes to promote urbanization, thereby mitigating the rural–urban divide. The share of urban population in China’s total rose from 17.9 per cent in 1978 to 30.9 per cent in 1999. Or, over 70 per cent of China’s population has now come under the jurisdictions of cities. It is not coincidental that “urbanization” made a huge leap during the reform era when the number of these urban units increased dramatically.⁶² Ultimately, however, we are confronted with the conceptual problem concerning what urbanization really means.⁶³

The issue of urbanization is closely related to the system of *hukou* (household registration) classification. The real issue is: when a county or prefecture acquires city status, does that mean more people become urbanites? The level of non-agricultural population in many localities has been artificially raised by the rampant selling of non-agricultural *hukou*. As documented by several scholars, sale of *hukou* registration drew sanctions from Beijing. Yet local governments managed to obtain the

footnote continued

better terms of receiving loans than counties. Interview in Beijing in 2002. Of course, cities enjoy more opportunities for foreign investment than rural counties but these will be dealt with separately in the context of the policy-incentive proposition.

60. Panyu’s budgetary powers were allegedly respected by Guangzhou in order to mitigate the former’s fear. See Pu Shanxin, “Dui shi lingdao xian tizhi de fansi” (“Reflections on the system of putting cities in charge of counties”), *ZGFY*, No. 5 (1999), pp. 2–7.

61. See Ministry of Personnel (ed.), *Difang jigou gaige yanjiu (Study of Local Organizational Reform)* (Beijing: Zhonggong dangxiao chubanshe, 1992), pp. 314–15; and Wang Yongda (of Panyu’s Policy Research Office), “Records of discussions,” p. 23. Also from an interview in Shanghai in 2002.

62. See Liu and Wang, *Institution and Innovation*, pp. 130–131; Dai Junliang, *The City System of China*, p. 27; and *China Statistical Yearbook 2000*, p. 95.

63. Dai Junliang, *The City System of China*, pp. 110, 112; and Liu Junde, *Theory and Practice in Administrative Zoning*, p. 141. This is by no means to suggest that the Chinese own conceptions of “urbanization” are irrelevant. For the “urban” traits of the Chinese people in anthropological terms, see John Fincher, “Rural bias and the Renaissance of coastal China,” in G. Linge and D. Forbes (eds.), *China’s Spatial Economy: Recent Developments and Reforms* (Hong Kong: Oxford University Press, 1990), p. 51.

centre's approval for the sale of "locally valid blue stamp *hukou*" (*dangdi youxiao chengzhen jumin hukou*).⁶⁴ To many prefectures and counties, selling non-agricultural *hukou* proved irresistible not only because it helped them to qualify for city status but also because the sales provided a windfall.

Given the declining attraction of non-agricultural *hukou* to rural residents, the impact of *di gai shi* and *xian gai shi* on the *hukou* system became rather limited. On the other hand, in the case of *xian shi gai qu*, the impact seems to have been much more substantial. That is, in metropolises and relatively large cities, turning counties and cities into urban districts has indeed disintegrated the long-standing rural–urban divide by providing suburban residents with city *hukou* and corresponding urban privileges.⁶⁵

Thirdly, a "regulatory proposition" is considered. According to this, the principal changes to the city system were designed to maintain order and stability in the *desakota* regions – that is, emerging areas that are no longer clearly urban or rural, but a blending of the two.⁶⁶ The *desakota* process has been most pronounced in the areas surrounding large cities and, typically, areas that straddle urban districts and suburban counties (*chengxiang jiehebu*). The rise of slum enclaves with poor sanitary provision and public order problems has posed new governance challenges.⁶⁷

This problem is due in large part to the overlapping authority of the rural and urban governments. In China's current system, urban residents come under the jurisdiction of the street office (*jiedao banshichu*) while peasants come under the township government. In these part-urban part-rural regions, both the street offices and township governments find it difficult to exercise their authority effectively, thus engendering administrative neglect.⁶⁸ Another reason is that township governments are not part of the urban administrative hierarchy and do not have the authority that their urban counterparts possess over land use and urban planning.

64. Chan Kam Wing and Li Zhang, "The hukou system and rural–urban migration in China: processes and changes," *The China Quarterly*, No. 160 (December 1999), pp. 836–37; and Lisa Hoffman and Liu Zhongquan, "Rural urbanization on the Liaodong peninsula: a village, a town, and a Nongmin Cheng," in Gregory Eliyu Guldin (ed.), *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century* (Armonk: M.E. Sharpe, 1997), p. 175

65. See Zhou Yixing and Meng Yanchun, "Zhongguo dachengshi jiaohuwa qushi" ("The trend of suburbanization of big cities in China"), *Chengshi guihua huikan (Journal of Urban Planning)*, No. 3 (1998), pp. 22–27.

66. See T. G. McGee, "The emergence of 'desakota' regions in Asia," in N. Ginsburg, B. Koppel and T. G. McGee (eds.), *The Extended Metropolis* (Honolulu: The University of Hawaii Press, 1991), pp. 3–25.

67. See, for instance, Li Shaochun, "Beijing shi chengxiang jiehebu jiceng zhengquan guanli tizhi yanjiu" *ZGFY*, No. 2 (1999), pp. 30–32; and Hein Mallee, "Migration, hukou and resistance in reform China," in Elizabeth Perry and Mark Selden (eds.), *Chinese Society: Change, Conflict and Resistance* (London: Routledge, 2000), pp. 102–119.

68. See Zhang Guixing and Li Shaochun, "Shiying da chengshi fazhan xuyao jiakuai chengxiang jiehebu guanli tizhi gaige jincheng" ("Develop a system of management for the rural–urban connecting areas in relations to the needs of large cities"), *ZGFY*, No. 6 (1999), pp. 12–14.

While turning counties into districts was not designed to resolve these problems, it has certainly helped to prevent further aggravation of the *desakota* process. However, this regulatory effect has been discernible only in the major cities.

The fourth observation relates to China's perennial efforts towards organizational streamlining (*jingjian jigou*). That is, the proliferation of urban entities might have been contingent upon the centre's wish to cut down the number of governmental units and staff size. Records have been mixed, however. When prefectures were merged to establish new prefecture-level cities, the effect of streamlining was the greatest. The prefecture-level cities were immediately empowered to set up local people's congresses as well as people's political consultative conferences. The average staff size for a prefecture-level city ranged from 700 to 2,100 while that for a prefecture remained much smaller at 500 to 900.⁶⁹

The strongest support for organizational streamlining involved those cases with "three governments in one locale" (*yi di san fu*). That is, a prefecture, a county-level city and a county all have their governments in the same place. In such cases, merging a prefecture or a county-level city (and in some cases county) not only helps reduce administrative haggling, but also ends up with fewer government units. However, this may just be gains in disguise since the prefecture-level cities often emerged with bigger governments. Prefecture-level cities, unlike counties and county-level cities, were not only permitted to establish urban districts but also often had substantially more government units than counties and prefectures.⁷⁰

Concerning the county-turned-cities, too, the records have been mixed. When the entire county was re-designated as a county-level city – the dominant mode of *xian gai shi* – the effect of streamlining was genuine. On the other hand, when only a portion of a rural county was taken out to become a county-level city, both the number of governmental units and the number of staff increased. In both cases, the change has not been generally favourable to streamlining since county-turned-cities performed a considerably expanded range of new activities, involving more staff and bureaucratic units.⁷¹

In the case of county- and city-turned-districts, evaluations vary depending on which level of city they administratively belong to. Urban districts under the centrally administered and deputy-provincial cities

69. See Ren Jie and Liang Ling, *Gongheguo jigou gaige yu bianqian (Organizational Reforms in the People's Republic)* (Beijing: Huawen chubanshe, 1999), pp. 112–13.

70. For the "three governments in one locale" situation, see Cong Senquan, "Xingzheng quyu jiguan zhudi qianyi guanli yishuo" ("On the transfer of government authorities in regional management"), *ZGFY*, No. 5 (1999), p. 19. For the prevalent fevers for promotion (*shengge*) and bigger cities (*dachengshi re*), refer to Wang Wen, "New situations and problems," p. 8; "Records of discussions," pp. 3, 5, 12; Song and Huang, *Fifteen lectures*, pp. 234–35; and Xia Hai, *Zhongguo zhengfu jigou (The Structure of Chinese Government)* (Beijing: Qinghua daxue chubanshe, 2001), p. 46.

71. Dai Junliang, *The City System of China*, p. 68. Political motives were also at work since the Party secretaries and mayors of the newly created county-level cities were often upgraded to the deputy-prefecture level status. Interviews in Beijing in 2002.

have generally tended to expand.⁷² Districts under the prefecture-level cities have tended to remain unchanged or even shrink.⁷³ Overall, the proliferation of urban units generally contributed to the "thickening" rather than slimming.⁷⁴

Finally, according to the "policy-incentive proposition" the changes were designed to improve the image and economic environments of the localities.⁷⁵ By becoming a city, a locale could boast an elevated status in the eyes of many who would "value cities more than rural counties" (*shi zun xian bei*) in committing their investment. This developmental logic is further illustrated by the high representation of cities in China's eastern region. As of 1998, 45 per cent of China's cities were concentrated in the east as opposed to 37 and 18 per cent in the middle and western regions respectively.⁷⁶

When prefecture-level cities were created, they became a formal layer of local administration with a wide range of policy-making and law-enacting powers, some of which were taken away from the county-level cities under them.⁷⁷ Generally, county-turned-cities were more appealing to foreign and domestic investors than rural counties. As far as the real policy privileges were concerned, however, county-turned-cities were not that much ahead of the rural counties, although those in Guangdong and Jiangsu have enjoyed certain privileges on a par with prefecture-level cities. The most notable difference between county-level cities and counties was that the former were officially authorized to collect more municipal construction fees (*shizheng jianshe jingfei*).⁷⁸

Another developmental logic embedded in *di gai shi* and *xian gai shi* was to increase the "radiation" (*fushe*) effects of these cities as the centres of economic dynamism. In many cases, however, the realities did not live up to the expectations. Many of the newly created cities possessed neither the abilities nor the conditions to radiate developmental effects on their subordinate counties. A majority of the new prefecture-level cities only had moderate economic strengths, and some had even less economic clout than the counties under them. Consequently, the outcome – subject-

72. In these cases, the bureaucratic rank of the new districts was usually upgraded to prefecture and deputy-prefecture level, respectively. This "upgrading" (*shengge*) is clearly another form of bureaucratic expansion.

73. Dai Junliang, *The City System of China*, p. 112.

74. See Hua Wei, "New situations and new ideas," p. 14.

75. See David Zweig, *Internationalizing China: Domestic Interests and Global Linkages* (Ithaca: Cornell University Press, 2002), pp. 51–52.

76. See Jin Ergang (ed.), *Study of Urbanization Trends in China*, p. 40; and Wang Hongjin, "Guanyu woguo chengshi buju tiaozheng yu chengshihua wenti de sikao" ("Thoughts on the problems of city designation and urbanization in China"), *Chengshi kaifa* (*City Development*), No. 11 (2000), p. 20.

77. See Dai Junliang, "On the patterns of establishing cities and municipal reform," p. 194.

78. County-turned-cities are empowered to collect municipal construction fees by two percentage points more than their rural counterparts. See Wang Yuxi, Ji Lijia and Lin Yang, "Liaoningsheng chexian sheshi gongzuo youguan wenti de diaocha yu sikao" ("Investigation on Liaoning's work in the establishment of cities by abolishing counties"), *ZGFY*, No. 1 (1998), p. 10; and Shen Liren, *Economic Functions and Behaviour of Local Government*, p. 243.

ing the counties to a maximum extraction by the prefecture-level cities (*shi ka xian*) – was quite the opposite of Beijing’s intentions.⁷⁹

The assessment of the county-turned-districts is mostly negative. Once county-level cities or counties were re-designated as districts, they could no longer enjoy independent decision-making powers stipulated in the Article 17 of the Constitution. That is, districts lacked independent decision-making power in urban planning, construction projects approval, land supply and foreign exchange management. Most importantly, they did not have land-related decision-making powers.⁸⁰ Furthermore, some provinces allowed county-level cities to approve foreign-invested projects worth up to US\$ 30 million while putting a US\$ 10 million cap on districts.⁸¹ It is thus not surprising that some counties put up fierce opposition to any attempt to turn them into districts.⁸²

Conclusions

Table 4 tabulates the relevance of the five propositions to each of the three changes during the post-Mao era. Only the measure of turning counties/cities into districts in major cities had some discernible regulatory effect over the *desakota* regions. The regulatory proposition, therefore, has only limited effects in explaining the rationale behind these changes. While the share of the urban population in the total population

Table 4: **Extent of Relevance to Institutional Changes**

	(A)	(B)	(C)
Budgetary	++	+	—
Urbanization	+	+	++
Regulatory	—	—	+(?)
Streamlining	+	+	+/-
Policy incentive	++	+	—

Notes:

(A) refers to the proliferation of prefecture-level cities; (B) denotes the rise of county-level cities; and (C) refers to the establishment of county-turned-districts. (++) denotes very positive influence and (—) refers to very negative influence.

79. See Wang Yuanzheng, “The choices and obstacles,” pp. 36–37. According to Pu Shanxin (MCA), the radiation effects were optimal when a large well-developed city led small poor counties as opposed to a small city leading poor counties or a large city leading – and competing with – a large county. See “Dui shi lingdao xian tizhi de tantao” (“Discussions on the system of cities leading counties), *ZGFY*, No. 5 (1995), p. 7.

80. Xu Songtao and Xu Liming, *Zhongguo shizheng* (*Municipal Administration in China*) (Beijing: Zhongguo renshi chubanshe, 1996), pp. 233–34.

81. See Zhu, *Dangdai Zhongguo zhengfu guocheng*, pp. 448, 449, 452; Dai Junliang, *The City System of China*, p. 100; and Liu and Wang, *Institution and Innovation*, pp. 140, 180–181.

82. See Wu Yongming, “Guangzhou shiyu jianshe mubiao moshi he xingzheng quhua” (“The goal, model and administrative zoning in Guangzhou’s municipal development”), *ZGFY*, No. 4 (1999), pp. 14–16. For the loss of “local knowledge,” see “Records of discussions,” p. 8.

was not necessarily a good indicator of the term as we understand it, one could argue that all three changes were, to varying degrees, designed to advance urbanization.⁸³

The remaining three observations are more relevant but in different ways. The streamlining proposition is the most complicated as the particular mode of creating a prefecture-level city (whether or not through mergers) and county-level city (whether *qiekuai sheshi* or *zhengxian gai shi*) would have variant effects. Since the merger and *zhengxian gai shi* were the dominant *modus operandi*, their effects on streamlining seem to have been relatively positive. Regarding the rise of the county- or city-turned-districts, it all depended on whether they belonged to centrally administered municipalities or to the deputy-provincial or prefecture-level cities.

The budgetary and policy-incentive propositions seem to work hand in hand in that they offer similar accounts of the rationale behind the local officials' passionate pursuit of urban designations. The proliferation of prefecture-level cities and county-turned-cities was certainly based on the wish of local governments to augment their fiscal and policy-making powers. In many cases, budgetary increases were the outcome of policy privileges bestowed on these new urban entities.⁸⁴ In stark contrast, county-turned-districts were generally on the losing side in terms of both budgetary and policy-making powers. The flipside, of course, was that centrally administered municipalities and deputy-provincial and prefecture-level cities benefited greatly from incorporating these county-turned-districts.

Since these administrative changes have occurred in a broad context of promoting rapid economic growth, it is tempting to ask whether they were also measures of economic reform to break away from the administrative straightjackets. Of the three changes, turning the prefectures into cities and the associated practice of putting the counties under cities were, at least initially, most reform-oriented. However, this measure has largely failed to produce the pro-growth impact that it originally sought to accomplish. On the other hand, the linkage between turning the counties into cities and turning the counties/cities into districts on the one hand and economic reform on the other appears to have been tenuous at best.

Exploring what need be done to mitigate the aforementioned problems falls outside the purview of this study. Yet the rapid pace at which the number of these urban units increased makes us revisit the question about Beijing's control versus local discretion. Whereas the central government actively promoted the proliferation of prefecture-level cities via *shi dai*

83. Chinese scholars are increasingly concerned with the "quality of urbanization" (*chengshihua de zhiliang*). See Jiang Manyi and Zhang Hua, "Cong nongcun renkou liudong kan woguo chengshihua fazhan de daolu" ("The road of China's urbanization seen from the perspective of rural population mobility"), in Jin Ergang, *Study of Urbanization Trends in China*, p. 208.

84. Given that over 70% of the counties under the prefecture-level cities complained about the excessive extraction by their superiors, prefectures had every incentive to pursue the *di gai shi* policy. See n. 58.

xian, its role was limited regarding the rise of county-turned-cities, and much more so in county-turned-districts.⁸⁵ Beijing is by no means exempted from its due responsibilities, however, as the State Council has been the final arbiter for any adjustment concerning the prefecture- and county-level units including urban districts.⁸⁶

Overall, local zeal for the urban status and policy privileges that came with it preceded any sign of Beijing's directing. Even when the problems of "inflated urbanization" became serious, Beijing let local dynamics play out fully before reining in. The long overdue issuing of new standards to govern administrative changes by the State Council may constitute key evidence for Beijing's gradual and experimental approach to implementation.⁸⁷ Or, alternatively, it might be a reflection of Beijing's concern that raising the standards now would certainly prevent many western localities from gaining city status with a wide range of developmental incentives. Or it may perhaps represent the steadily declining power of Beijing in constraining the centrifugal tendencies in policy innovation and implementation.

85. In Central Document [1999] No. 2, for instance, the policy of creating prefecture-level cities received a very positive assessment, whereas that of turning counties into cities was frozen in 1997 and quite a few urban districts were "rehabilitated" as counties or county-level cities. See Dai Junliang, Liu Junde and Wang Yuming, "Shi xia shi" ("Cities ruling cities"), *ZGFY*, No. 3 (2000), pp. 2, 4.

86. Provinces are generally responsible for reporting proposed administrative changes to the State Council that usually endorses them as submitted. See the State Council Notice No. 8 (1985) in Liu and Wang, *Institution and Innovation*, pp. 10, 262. The city- and county-turned-districts, the most laxly implemented of the three measures, were also determined by the State Council. See Zhu Guanglei, *Dangdai Zhongguo zhengfu guocheng* (*Contemporary China's Government Processes*) (Tianjin: Tianjin renmin chubanshe, 1997), p. 447; and Xu and Xu, *Municipal Administration*, p. 157.

87. See, for instance, Jae Ho Chung, *Central Control and Local Discretion in China* (Oxford: Oxford University Press, 2000), ch. 2.