

CHAPTER 1

INTRODUCTION

1.1 The Issues of the Research Topic

This research aims to investigate whether China's current land management system and town planning system are compatible with each other in the core towns' level of Henan province, when they are faced with the accelerated industrialization. If these two systems are not compatible, this research also aims to explore and discuss the in-depth reasons that are causing the incompatibility.

1.1.1 Industrialization, Urbanisation and the Core Towns of China

With Deng's economic reform and the globalization, the urbanization of China has been increasingly accelerating since the early 1980s. In 1982, the average urbanization rate of China was only around 15%; however, it reached 51% in the year of 2011 (China National Statistics Bureau, 2012). For China, the industrialization is serves as the most important driving force for the urbanization. The large population of rural surplus labour and the pro-growth strategies of the state have promoted the rapid development of the manufacturing industries in China's cities and towns. The flourishing of the manufacturing industries further attracts over 30 million of the rural surplus labour each year to migrate into cities and towns.

The evolution of China's industrialization and urbanization strategies generally has three phases. At the beginning of China's economic reform in the early 1980s, the priority had been given to promoting the development of the small towns that had

population of less than 200 thousand. For example, the City Planning Law 1986 specifies that the basic urbanization strategy of China is: “rationally encouraging the development of small towns and cities, and keeps strict control over the size of large cities” (China National Congress, 1986. p.2). During this period, the township and village enterprises (TVEs), which are the local collective ownership enterprises, played a key role in driving the development and urbanisation of the small towns (Wang, 2000). After the year of 1992, the central government of China accelerates its market-oriented economic reform and the large cities of south-east coastal region began to grow rapidly, and those large cities became the major place where rural surplus labour was absorbed.

In the last decade, a new and more balanced strategy has been raised by the central government which aims to promote the integrated development of the city-regions. This means that the local governments should not only focus on the central cities, but they also need to encourage the development of some strategic towns in a city-region. In addition, the central government also emphasized that the urbanisation strategies needed to be based on the regional characteristics and the differences in the levels of economic development (Sun and Li, 2003).

In these circumstances, promoting the development of core towns, which is based on regional features, has become one of the key components for China's current industrialization and urbanization strategy. The central government encourages the

provincial and municipal governments to select some towns in each city region of the provinces, and these selected towns are the so called “**core towns**”. The towns that qualify to become core towns usually have better industrial foundations and high quality infrastructures. When a town has been defined as a core town, the provincial and municipal government will concentrate key resources to promote the development of these core towns in order to make these towns play a strategic role in attracting and agglomerating manufacturing industries. In other words, the core towns can actually be viewed as the “manufacturing industrial zones” of the city-regions. Up until the year 2008, 25 provinces had set up 687 core towns.

1.1.2 The Current Land Management System and Town Planning System

In this thesis, the town planning system refers to the formulation, approval and implementation of town plans. The land management system includes the plans for the utilization of land and the policies for the protection of cultivated land. The relationship between the current land management system and the town planning system is gradually becoming one of the most important issues for studies of China’s industrialization and urbanization. There are two reasons why attention has been paid towards this issue.

Firstly, with the rapid industrialization and urbanization, the sharp spatial growth of urban areas means that greater amounts of rural land needs to be occupied for non-agricultural development. According to China’s National Statistics Bureau, the

urban and town construction land use area has increased by over 22,000 km² during the period of 2005 to 2010. In 2010, the total urban and town areas of China were 2.2 times larger than in the year 1990 (National Statistics Bureau, 2011). The town planning system and land management system both play a fundamental role in deciding the physical form and structure of cities and towns, because these two systems can exert the most direct influence on the implementation of land development (Yang, 2002, p4). As a result of this context, examining the relationship between these two key systems is increasingly significant for China.

Secondly, in recent years, the central government has reformed the land management system of China. A series of key powers of land management have been gradually centralized into national level and provincial level states, which powers used to be devolved to the lower local level (municipal, county and township level) governments during the period of 1980s and 1990s. The pre-reformed land management system of China has been fully studied and discussed by many scholars, and these literatures will be reviewed in chapter three. However, there is very little literature concerning the current land management system, and a particular lack of research specifically studying the relationships between this reformed land management system and the town planning system.

Lastly, town planning and land management are carried out by separate divisions, as the town planning is organized by the town planning bureaus, but the land

management is carried out by the land management bureaus. The separate implementation bodies may lead to intergovernmental coordination becoming less successful (Agranoff, 1988). Therefore, it is necessary to investigate whether these two systems can be compatible with each other.

1.2 The Statement of Strategic Focus, Hypothesis and Research Questions

The reasons for the conflicts and tensions between two systems concerning the land development process of China are the main interest of this research. In China, the town planning and land management are two key systems that directly influence the land development, and these two systems are the major components of land development process. Thus, it is crucial for this research focusing on examining the natures of the relationships and interactions between town planning system and land management system. In addition, China is facing with accelerated industrialization during the period of the last three decades. How the land development systems impact the industrialization is another (but secondary) concerns of this thesis.

Therefore, the strategic focus of this research is: exploring the natures of the relationships and interactions between the town planning system and land management system, when China is the under the background of rapid industrialization.

The hypothesis of my thesis is: the current dual systems of land management and town planning generate many contradictions, they are not compatible with each other; and, the incompatibility between the current land management system and town planning system has impeded the industrialization of the core towns in China's Henan province.

My research questions will be: Are current land management and town planning systems compatible with each other? If not, what are the incompatibilities between current land management system and town planning system? And how do these incompatibilities influence the development of the manufacturing industries in the core towns of Henan province? In addition, to find out the deep factors that led to the incompatibility between the current land management system and the town planning system, my third research question is: What are the reasons for this incompatibility between the current land management system and planning system?

1.3 Structure of This Thesis

The content of this thesis generally includes ten parts. The second chapter will focus on the administration and policy context of China. Particularly, the second chapter of this thesis is the literature review, where the existing literature and theories concerning China's industrialization, governance, land management and town planning systems will be reviewed in detail. The chapter three aims to introduce and discuss the evolution of the town planning system and land management system

since the establishment of the People's Republic of China. The fourth chapter will focus on the relevant background of Henan province. Next, the methodology of this research will be demonstrated in chapter five. Chapter six contains the quantitative studies about my first research question, which will use the methods of analysis of archive and official statistics. The chapter seven is the case studies about all my research focuses, and chapter eight will analyse the findings generated by the case studies and statistical data. Lastly, the chapter nine will provide the conclusion of the thesis.

CHAPTER 2

Literature Review

2.1 Introduction

This chapter will review the existing literatures from three main aspects: the theories and studies related to the development of the industrialization in China; the literatures about the land management and town planning systems; and, the key trends of state governance. The first part of this chapter will discuss the literature that is related to the theories concerning the concept of industrialization, the industrialization of core towns; and the dark sides of China's industrialization and urbanization. The second part will demonstrate the theories and previous studies about the existed literatures about the town planning and land management system of China. Furthermore, the third part will cover the political-economic governance, especially for the key features of China's governance. Then, the last part is a short conclusion for the whole chapter.

2.2 The Reflections on the Urbanisation and Conceptual Focuses

Before the Deng Xiaoping's economic reform, the economic development of China was very poor and lagged behind the world's average level. Specifically, the per capita GDP of China was mere 72 USD in 1978, and around 52% of Chinese population was living below the UN poverty level (Zhang, 2009). In addition, according to the National Housing and Construction Department (2010), the average urbanization rate of China was only 15.5% in 1980, which meant that over 94% of the total population was peasants (agricultural population). Therefore, accelerating the growth of economy has

become the most important focus for the China's central government. In 1978, the 11th Plenary Session of Chinese Communist Party decided that "promoting the economic development is the focal point of the state" (China, 2009).

In this context, the land has been viewed as a key important economic resource by the state. As two key systems for directly influencing the land development, the town planning and land management systems have become the significant tools of the states at various administrative hierarchies to promote the development of economies and urbanization.

The economic reform in 1978 has brought the rapid industrialization and urbanization of China in the last three decades. However, there are a series of challenges and problems have been recognised by both of the Chinese state and academia. During the period from 1982 to 2000, the cities of China have grown 85 per cent on average; in particular, the cities and towns of south-east coastal region have even grown 134% in land area. The accelerated industrialization and rapid urban expansion have lead to the sharply decrease of cultivated land and other agricultural land. According to a study carried out by the China National Land Management Department in 2002, the industrial land residential development land use are two main reasons for the shrink of the agricultural land in the provinces of south-east coastal region (National Land Management Department, 2012). Moreover, the central state of China increasingly recognized that the decline of the cultivated land has seriously threatened the food

security. In 2001, the total area of cultivated land is 1.08 million square kilometers, which area merely shares around 15.3% of China's land territory, and the per capita agricultural land of China is even 1.34 acres (or 78 per cent) lower than the world's average level (National Land Management Department, 2012).

Against this background, both of the academia and the central government begin to rethink the strategies of land development and the state governance. In general, the broader natures of the land development have been recognized by both of the academia and the policy-makers. The natures of the land use and development have been understood in various perspectives, instead of a singular and simple perspective. Furthermore, the central state also learned that a more positive and effective regulatory land management systems are necessary for the long-term development of China. The specifics these two points will be demonstrated in section 2.3 and 2.3.

The relationships between the land management system and the town planning system are the focus of this research. To examine the land management and town planning systems of China, it is essential for the author to revisit the previous studies about town planning and land management system in China. Moreover, This thesis also need to specifically identifies the key features and trends of China's political and economic governance through reviewing the existing studies and theories related to governance, so as to provide a comprehensive theoretical perspectives to understand the land management and town planning system of China. Therefore, there are two

aspects of the relevant literature serve as the pillars for the research:

- First, the natures of the land development and planning; and, the characteristics of the land management and town planning systems;
- Secondly, the key trends of state central-local governance, namely, the localism and centralism.

In addition, for the last thirty years, China has experienced rapid industrialization and urbanization, especially, the acceleration of industrialization of the central region is accelerated in recent years. Thus, the literature about the industrialization serves as the background for understanding the main focus of this research.

2.3 The Town/City Planning and Land Management

2.3.1 Conceptualising the Planning for Land Use and Land Development

The concepts of land cover a wide range of functions and roles, which can be understood in different dimensions. For example, in the discourse of classical economics, the land is treated as the one of the 'key input factors of production', or 'the means of production', or 'the natural resources'; in the discourse of the environmental studies, the land is viewed as the 'one component of the climatic or hydrological systems' (Hubacek, Jeroen and Bergh, 2006); and, in the discourse of sociologists, the term of land is viewed as 'the private assets' or 'the living space' (Willy, 1986). Therefore, there is no single understanding for the term of land, because

the concepts of land are various and they are based on different dimensions of stands and based on different focuses of the its functions.

City or town planners also hold their focuses to understand the concept of land, and most of the planners tend to interpret the land as the 'scare space' (Hubacek, Jeroen and Bergh, 2006). Specifically, for the perspective of urban economies and town planning, the land is viewed as the 'scare spatial resource for deploying and locating the industries, residential areas, commercial or business buildings, infrastructures, and various service facilities' (Hubacek, Jeroen and Bergh, 2006).

Since the late 1980s, the issues of environmental problems and challenges have become one of the focal points of the world. In particular, Brundtland Report released by United Nations in 1987 has raised the notion of sustainable development. Under this background, the views of sustainability have been widely introduced in the land management of the most of Western countries (Wackernagel and Rees, 1998). For instance, the land has been treated as 'non-renewable environmental and ecological resources', as 'key exhaustible natural capital', or as 'environmental space' (Hubacek, Jeroen and Bergh, 2006, p.19).

For China, as mentioned before, the rapid industrilization and urbanisation seriously threatens the food security. Thus, the attention has been paid particularly to the steadily shrinking of the cultivated land. According Liu (2004), the stocks of fertile and

cultivated land is fixed, and the land is increasingly become scare resource because of the expansion of the land use in secondary industry (manufacturing sector), the tertiary industry (service sector), residential, and other economic activities (Liu, 2004. p. 65). In other words, for the perspective of the land management of China, the land has been viewed as the 'scare resource for the food and other agricultural production'.

Therefore, it needs to highlight that both of the town planning and land management treat the land as the 'scare resource', although they have different understanding about the functions of the land.

The notion of Land development is closely linked with the economic activities of human beings. Conventionally, the land development refers to the conversion of the natural land or agricultural land into construction uses (Lin, 1986). In the broader sense, the contents of land development also include transforming the land from its natural status into the cultivated land or other agricultural uses (Lin, 1986). However, many authors, such as Vannal (1993) and Yang (2002), argues that the land development is more appropriate to be viewed as a process, instead of simply an outcome of land conversion. According to Yang (2002), as the involvements of various stakeholders, the land development is the process of the interactions of different actors. In other words, land development is actually the process that different perspectives of the land uses are defined and shaped by various actors.

Planning is one of the core components of the land development process. As the various roles of the land, the planning for the uses of land has been conceptualised as the 'tool for allocating various functions of the land' by many authors (Hubacek, Jeroen and Bergh, 2006; Sun and Zhou, 2007; and, Wehrmann, 2010). The natures of the planning for the uses of land are composed by various aspects.

Specifically, Sun and Zhou (2007) argues that different stakeholders tend to have different understandings, perspectives and focuses towards the functions and uses of the land. In this sense, the actors who formulate, or participate in, the plans are crucial for the details of land use structures and patterns. The central part of planning concerning the uses of land is 'serving as a method or tool for main decision-makers and actors to realise their interests and focuses in the term of land uses' (Sun and Zhou, p. 58).

Wehrmann (2010) also recognised that the matters of 'who are the actors' is one of the essential factor to influence the formulation of the plans, but he understand the nature of the planning from a broader perspective. According to Wehrmann, 'dialogue and negotiation' among different actors is the crucial principle for the planning of land uses (Wehrmann, 2010. p62). As each socioeconomic actor has their own perspectives and positions, it is impossible to employ a so called 'theory of everything' to achieve the 'correct plan and solution'. Thus, effective communication is on the central part of the planning for the uses of land, because it can make various stakeholders voice

their focuses and objectives (Wehrmann, 2010). Similarly, Xu and Zhang (2008) believes that, as a scare resource, the land is facing with the inevitably fiercer completion of the different uses. They argue that the core nature of the planning for the uses of land is 'balancing the different functions and values of the land uses' (Xu and Zhang, 2008. p. 96). In addition, facing with the realistic local conditions and details is another critical principle of the planning for the uses of land. According to Dahn, Yun and Luo (2005), the formulation and implementation of the plans is a process of the interactions between the plans and the local existing contexts. Fully recognising local specific conditions and contexts are the most important precondition for the formulations of any plans concerning the land uses. Thus, the broad local knowledge serves as a key accomplishment for the planners.

2.3.2 The Studies Related to City/Town Planning

In general, town/urban planning is viewed as the action for the future which attempts to promote or control the local effects of social and economic growth (Mastop and Needham, 1997). From the mid 20th century to the beginning of the 21st century, the main functions and objectives of town planning have changed under different political and economic milieus.

Under the state regime of Keynesian welfare, the urban/town planning focused on the redistribution of social and economic resources, so as to realize a more justice and equitable social order and reduce the inequalities for both of the social and spatial

dimensions (Friedman, 1987). Similarly, Healey (1998) also points out that, during the period of the late 1950s to 1970s, the emphasis of town planning were attached to control the land use and development, manage the conflicts over the economic development, and protect the public interests. Thus, in the context of Keynesian state, the town planning always tended to serve as a significant tool for regulating the space formation, land development and economic growth (Roweis, 1983, cited in Wu, 2007).

Against the background of political economic trend shifting towards neo-liberalism, the prior objectives of urban/town planning also have changed in the Western developed market economies. The focuses of town planning is increasingly changed to the promotion of the economic growth, improvement of the qualities of place, and achieving environmental sustainability; instead of the regulation and control of development (Friedman, 1987). For the past two decades, the market trends are increasingly become one of the top concerns for the formulation and implementation of the town plans. According to Yiftachel and Alexander (1995), the main features of town planning can be summarized as:

a shift from managerialism to 'passive instrumentalism', further fragmentation of the planning process, a focus on localities, and a continuing gap between aspiration and implementation (Yiftachel and Alexander, 1995; cited in Wu, 2007, p. 83).

In other words, the town planning began to focus on enhancing the competitiveness of

the cities (or towns) and attracting investment and other key resources for economic growth (Wu, 2007).

Under this circumstance, the notions of town planning have changed from the so called “rational planning” model to a more market-oriented model in the last two decades. Although, the market-oriented town planning have reduced the regulatory intervention to some extent, it attaches more attention on other aspects of intervention, for instance, the current town planning model tend to focus on promoting the quality of infrastructures, providing favourable policies to attract investment, sustainable development and improving the town images. Thus, in this sense, the enhancements of the competitiveness of the cities require the planning to re-define its orientation and style, so as to better face with the rapid changes of the global market trends (Wu, 2007).

In addition, the planners and decision-makers are also more willing to hear the opinions of the multiple stakeholders in the society, which includes the voice of disadvantaged groups and the demands of investors. Particularly, to attract the inward investment, the demands of investors and developers of private sector have been paid great attention in the decision-making process. This communicative planning approach can enhance the effectiveness of the town plans, make the policies more targeted, and be able to reduce the mistakes made by the decision makers (Olson, 2000). Moreover, the milieu of markets changes rapidly under the background

globalization. The approach of pragmatism is crucial for the formulation of town planning. According to the Needham and Zwanikken (1997), as it is difficult to exactly forecast the rapid changes of economic development and market trends, the formulation and approval process of town plans should be more flexible so as to effectively respond to the changes of economic development related to the land use. They point out that the flexible framework of city/town planning means that the formulation and approval of plans should have simple and highly-efficient procedures; additionally, the planning also needs to be with “built-in opportunities and procedures that can be adjusted to allow elaboration, deviation, and revision later” (Needham and Zwanikken, 1997).

For China, the economic reform in the last three decades has transformed the country from centrally planned economy to a market-oriented and opening-up economy. In addition, the administrative reform, which is towards the devolution of the powers to local levels, leads to the rise of local entrepreneurialism and inter-cities competition in order to respond to the globalisation. In this context, the economic reform and decentralization has transformed the function of city/town planning of China.

During the period of socialist centrally-planned regime, the city planning was under the national economic plan. The main role of town planning was to “materialize the national economic plan”, which aimed to translate the content of national economic plan into urban or town physical environments. In addition, the town planning in the

era of socialist economy also served as an important tool for the state to allocate the key resources, for example, allocating the public sector investments and defining the use of land (Woodson, 2001; Su and Liu, 2002; Lamket, 2005; Ke and Thompson, 2005; Wu, 2007). According to Yeh and Wu (1999), city planning before economic reform has some salient features:

an ideology of planned development, reliance on economic planning measures for its implementation, a blueprint style of a two-tier planning system (city master plan and detailed construction plan), neglect of the real decision-making process and the politics and conflicts of interests among government departments, [...] together with a top-down process of plan making and inadequate public participation (Yeh and Wu, 1999; p36).

With the economic reform 1978, the changes of the political economic context can be summarised in two main aspects. First, the force of the free market has released a series of key economic resources which were directly controlled by the state power. Second, the opening up to the world market has made China become the new destination of the international investments (Chang, 1996; Harkey, 1999; Wu, 2002; Cook, 2003; Lam, 2005; and Wu, 2007). To respond to the new political economic context, a series of reforms and changes of city/town planning have been made by Chinese state. For example, these changes include: the devolution of the power to set local development strategies; empowering the local governments for formulating and implementing town plans; and, the rising of the growth-oriented rationale in the town

planning (Wu, 2007).

There are emerging literatures that recognize and discuss the changes of China's city/town planning. Specifically, Wu (1999) discusses that against the background of market-oriented economies and globalization, the town planning system of China increasingly transformed into a fragmented and "bottom-up" process. According to Wu (1999), during Mao's period, the making of economic development plan was typically vertical shaped and was highly centralized by the central state, so the local states had very limited autonomy to set city/town plans. In contrast, in the era of post-reform, the local states were empowered to set local economic development goals and targets, and they can make city/town plans so as to serve their local development directions. In addition, Yang and Wang (2000) observe that the government leaders and cadres are keen to use town planning as a tool to realize their vision for the future local development goals. Yan (2004) demonstrates that, to improve the local physical environment, high quality urban designing has been widely used in many cities (such as Dalian and Sanya) in order to "branding and selling their towns". Zhao (2004) pointed out that many local governments are keen to make and implement specific project-based town planning, such as industrial parks planning or development zone planning, so as to attract domestic or foreign investment. For the latest literature, Wu (2007) demonstrates that the concept plan and strategic plan have been widely made by many cities (such as Guangzhou and Hangzhou), which directly reflects that the use of the city plan increasingly focus on the long-term development and the

integration of city-regions.

Thus, through the city/town planning, local states (instead of the central state) strategically involved in the market, which aims to create a more effective institutional framework and provide better physical environments for attracting the capital from the private sector (Bornank, 2000). In other words, the local states have played as a “key promoter” for marketing their cities and strengthening the local competitiveness (Wu, 2007, p. 316).

In general, according to Wu (2007), the planning served not only as the blueprint and development guidelines, but also aims to coordinate different economic sectors and the activities of lower level governments, produce statements, and create conditions for responding to the rapid changing market trends. Wu (2007) pointed out that the current town planning of China often reflects the goals of local governments' leaders in defining the land use and physical environments: 'commands from the supervisory government departments are no longer the major input; national planning and design standards often have been put aside to pursue a higher local standard. Planning tends to reflect more the vision of political elite and professionals' (Wu, 2007, p316)

To sum up, literatures have shown that the city/town planning of China is more and more market-oriented in the post-reform period, which has been served as a method for local states to attract mobile investment and other economic resources so as to

promote the growth local economy. The local government leaders and their planners are playing the dominant role the process of decision-making and formulation, instead of the national level government. Enhancing the local competitiveness and facing with the market trends are more and more become the significant focuses of the town planning (Wu, 2007).

2.3.3 The Land Management

For the central state, regulating and managing the land use is one of its primary functions. There are a series of literatures focus on discussing the land management administrative structures and land management strategies. As Wibberley (1977) demonstrated, 'the fundamental issue is how to distribute and balance the responsibilities among the various agents of government' (Wibberley, 1977. p. 89)

Patte (1973) and Whyte (1969) catagorise the land management administrative structures into "centralised" model and "decentralised" model. The so called centralized model refers that the national level government actively intervene the land management process. According to the UK Government White Paper (1976), 'the centralized model means that the powers of lower levels of local governments would be less in land management. The national level government can directly deliver the goals of the land management to the various levels of local governments' (Patte, 1973. p.67). Patte (1973) has recognized that the two main characteristics of centralised administrative structures as follows:

On the one hand, such structures have potential for matching management strategies to change land-use processes more readily at the appropriate scale. On the other hand, it is also more remote from the people and resources being planned and runs the considerable risk of not being in tune with all the significant dimensions of a problem locally or regionally (Patte, 1973, p179).

Decentralised structures, as Patte (1973) argues, make the various levels of local governments play the dominant role in the process of land management. Although the national level government keeps the fundamental power, the local level governments hold the real powers in land management practice. Healey and Rosenberg (1979) studied the decentralised land management model of the North America, and they found that the decentralization of land management powers makes the local governments better cooperate with other actors: 'the devolved land management model serves as a efficient method for the local government to coordinate with other actors' (Healey and Rosenberg, 1979, pp.52).

Strachan (1974) views the land management from another perspective, and he categorise the land management methods broadly as "negative regulatory" and "positive regulatory". The hypothesis of "the market can automatically allocate the land use" is served as the foundation for the negative land management model (Strachan, 1974. p. 92). In other words, the market decides the various functions and usages of the land. The negative regulatory approach means that the governmental

agents manage the land market as less as possible, as the participations of governmental actors 'will distort the functions of market' (Strachan, 1974. p. 97). On this way, the market might be difficult to allocate the land uses and values fairly.

However, under the decentralized and negative model of land management, there are a series of critics and broad concerns towards these land management models. According to Delavigne *et al* (1979), for agriculture, 'the negative land management model has impacted the conservation of the rural cultivated land' (Delavigne *et al* 1979. p.78). Secondly, the 'natural view' value of the rural land also under the impacts of 'negative land management model' (Delavigne *et al* 1979. p.79). These critics includes 'threatening the play function of the rural land, impacting the maintenance of the landscape, damaging the environment of the land in rural areas' (Delavigne *et al*, 1979, p. 28). The decentralised management structures and negative regulatory are always not effective in protecting the agricultural land and maintaining the land use sustainability in the rural areas. For example, Nelson (1977) pointed out that, the decentralisd and negative regulatory approaches employed in the U.S did not provide the satisfied way in safeguarding the in cultivated land of the rural areas. To be detailed, the so called 'exclusive agricultural zone' fails to effectively protect the cultivated land, because 'the construction land use steadily occupying the land of exclusive agricultural zone' (Nelson, 1977, pp.61).

Resolution of this dilemma could be called positive regulatory, characterised by more

centrally directed regulation. In positive regulatory approaches, there are three key hypotheses are served as the foundations, and they are: 'that somehow both individual and collective rights can be accommodated, that a better (more efficient) use of land is possible, and that governmental direction will result in more efficient land-use patterns' (Strachen, 1974, p.54). In other words, the more positive intervention of the governments plays as a effective method to avoid the failures and the efficiencies of the land market (Strachen, 1974). In general, there are two inefficiencies that have been identified by the literatures. The first inefficiency is the shrink of the resource production, particularly the cultivated land, such as 'degradation of the soil of the farmland; construction land occupying the fertile cultivated land; and, fragmenting the rural cultivated land' (Neuzz, 1977, pp. 32). The second inefficiency refers to the rapid expansion of the cities and towns (Dawson, 1974). However, these two inefficiencies are inter-related with each other. It means that the urban expansion is the main factor that causes the loss of agricultural land; and, the protection of agricultural land always encourage the compact land use in urban and town built-up areas (Wong, 1990). For the most of the countries, the positive regulatory approach has become the prevailing attitudes with the agricultural land protection and land use sustainability.

For China, there are emerging literatures that focus on the land management in recent years. A series of characteristics about the land management of China has been recognised and analysed by the researches.

With the economic reform, China is increasingly transformed from centrally planned economy into a market-oriented economy and the powers of land management were devolved to the local governments during the period of the 1980s to 1990s. The decentralized and negative regulatory land management system has been studied by many scholars. For example, according to Zhang (2004), the decentralization of the regulatory power actually makes the leaders of local governments control the “real power” to manage the land use since the 1980s. Zhang (2004) also pointed out that because of the devolution of the land management power, the local governments have the right to approve the farmland conversion and the land transition. Moreover, “the leaders of land management organs are appointed by the corresponding level of local government. Thus, in practice, the land management organs are accountable to the local governments accordingly” (Zhang, 2004, p12). In other words, this means that the central government only has very limited regulatory influence over the local level.

Moreover, as the decentralised land management power, Lin and Ho (2005) discuss the land management by analysing the strategies of the local states at various levels towards the land conversion, lease, transaction and development. They argue that as the huge financial interests can be generated from land conversion and transaction, “local states at various levels have mobilized themselves to engage in massive land conversion and development throughout the country” (Lin and Ho, 2005, p.126). They

further pointed out that, during the period from the 1980s to 1990s, the municipal and sub-municipal level states “successfully bypassed” the central state and seized the “real power” of land transaction and development, so as to obtain huge financial benefits from land transaction and economic interests from the land development (Lin and Ho, 2005).

The devolution of the land management function to local levels is only the one side of the changing picture. Although, there is a lack of literature that has studied the latest reformed land management system in recent years, some scholars still discuss that the central and provincial state are playing significant role in land management. Latest literatures, such as Xu *et al* (2009), argue that:

The land market as an emerging institution in the context of a transitional economy, its evolution cannot be self-perfected, but rather needs external fostering and regulation, especially by the central state (Xu et al, 2009, p10).

According to Xu *et al*, the widespread of land “black market” shows that the national level government should play a more positive role in regulating and intervening land market so as to effectively control the spatial structure and formation of the cities and towns (Xu et al, 2009).

Similarly, Huang (2009) believes that the provincial governments can serve as the best agents for central government to regulate the lower levels of the state in the land

management. Huang further pointed out that the administrative hierarchies at the provincial level are the highest among all the local level governments, so the central state has the direct control over the provincial governments. Compared with the lower hierarchies of local governments, the provincial governments tend to offer much more loyalty when implementing the national policies of land management. Thus, for the central state, the provincial governments are ideal “delegates or agents”, and more powers of land management can be centralized in the states at provincial level.

The trends of state governance will provide a broader picture to understand the town planning and land management systems. Thus, the following section of this chapter will focus on reviewing the literature about two main trends of state governance.

2.4 State Governance: The Localism and Recentralisation of Central State

2.4.1 The Localism and Urban Competition

During the period of 1960s to early 1970s, the Keynesianism was the dominant strategy for the state governance of the major Western countries. In the milieu of Keynesianism, the state aims to achieve full employment and provide welfare programmes for the unemployed population. On the global aspect, the connections and capital mobility among various countries and regions were relatively limited compared with the era of neo-liberal and post-Keynesian state (Ma, 2005; and, Chien, 2008).

Harvey (1989) has firstly clearly demonstrated the new trend that the state governance of major Western countries shifts from Keynesian to neo-liberal and post-Keynesian state, which aims to respond to the globalisation since the 1980s (Harvey, 1989). According to Harvey (1989), the capital and investment are characterised as high degree of mobility and more sensitive to small variations between places. To be detailed, the capital and investments exercise greater ability to choose the places for investing, because the capital has more and more capability to recognize the characteristics of the market and find out the most suitable conditions of production. Even slight differences among places in production or market conditions, such as infrastructures, tax rates, and labour pools, will always result in the different choice of the investors (Clark, 2000).

In addition, Havey (1989), Clark (2000) and Chien (2008) also pointed that the rising of new industrialized countries in Asia has become the comparators for the European and North American developed countries in attracting global capital and investments. Thus, this situation weakens the competitiveness of the cities of developed Western countries. In particular, the manufacturing industries transfer from developed countries to developing countries, which accelerate the deindustrialization of developed Western countries. The high level of 'structural unemployment' and the huge government budget deficit have become the challenges for many developed countries.

To respond to the challenge of globalisation, the cities and regions, instead of the nation, have increasingly played an active and significant role in competing for capital, investments and other resources (Mayer 1995; and Harding 2005). For example, Turok and Bailey (2004) point out that the cities are competing with each other in at least five different kinds of markets domestically and globally. First, the cities and towns are competing for obtaining high quality labourers, such as the “knowledge labours” and the skilled labours. Second, the places also compete with each other for attracting various kinds of investments in both national and international scope. Third, the cities or towns are competing for exporting their products and services, and strive to make the cities play as the retailing or service centre at different geographical scope. In addition, cities and towns are always tries to obtain the favourable policies or supports from the national level government. Last but not least, places always compete for hosting important cultural and sporting events (Turok and Bailey, 2004).

The precondition for cities to gain global competitiveness is often the devolution and restructuring the power of the state. Western countries have the trend of devolution and state’s autonomy. Brenner (1996) understood the globalization as a force and process to re-structure the power of state. Under this force and process, the cities and regions are required to obtain more capacities to foster more flexible and better tailored local policies and strategies when they are competing with other rivals in the various markets. The devolution have created necessary environment for the local

governments to launch a growth enhancing strategies. For the local authorities, the economic growth has been considered as the priority policy. In this sense, the devolution is increasingly playing a key role in generating more innovative and targeted local development strategies, making investment friendly environment, providing supportive facilities and infrastructures, and fostering high quality human resource and labour pools (Chien, 2008; Landing, 2009, Ke and Li, 2009).

In China, the market-oriented economic reform since 1978 started a series of state restructuring. There are many scholars, such as Ma (2005), Wu (2001) and Chien (2008), have recognised the restructuring of the state power and the promotion of localism, so as to capture the faster mobile capital when inter-urban competition becomes more and more intense.

The trend of localism and the restructuring of state power in China were triggered by both of the market-oriented economic reform and globalization. First, as the economic reform, the centrally planned economy is terminated. The private sectors began to grow rapidly and the market played the basic role in allocating various resources, which meant that key economic resources, such as capital and labours, could circulate in the market. Second, globalization is another reason for the rising of localism in China. As the economic reform of China has opened its door to the world, the cities and towns of China is increasingly became the preferred choice and destinations for the global investments (Zhou and Liu, 2004). Under this circumstance,

the central government has devolved a series of key governance powers to the localities, so the local governments can set more targeted and better tailored initiatives to enhance the local competitiveness and accelerate the development of local economies. In other words, the devolution has made the power of state be re-scaled into “the manageable size”, which can result in a more “responsive and flexible” local government (Chien, 2008, p.36). The devolution of state power to the localities has fostered localism. The goal of “economic growth first” is the key result of this rising of localism (Wu, 2010, p.47). Post-reformed towns, cities and regions have been shaped into the nodes of globalization in various geographical scale, and they intensely competing in the national and global markets for foreign direct investment, favourable policy concessions and other economic resources (Yang, 2004; Li and Ma, 2005; Chien, 2008; and Hu, 2009).

In recent years, emerging literature focused on the development and performance of localism at various local levels. Zhang (2005) points out that the lower level local governments (the governmental hierarchies lower than provincial level) are increasingly playing a key role in the economic development of China. In particular, the municipal and township levels have become the most active players.

For the municipal level, Cui (2006) argues that the devolution of powers and the rising of localism mean that the municipal governments can set their own economic development goals and strategies for the city region. In other words, the municipal

governments obtain more power than the central government to influence the development of the towns within the city region.

In addition, some authors also discussed the promotion of localism in municipal level. For the township level, the township governments would intensify and centralise the powers from villages in lower hierarchies, so as to obtain more economic and politics resources. According to the studies made by Hsing (2006), the popular strategies of township governments is making the development plans, which is based on the projection of population and GDP growth. The scope of the local development plans always both the town center (township seat) and the villages in the rural areas under the township's jurisdiction. The formulation and implementation of the development plans have defined the reach and scope of the downward power of the township government, and demonstrates that the capabilities of township government in controlling and regulating the activities in the villages of rural areas. Similarly, according to the research of Zhao (2003), some township governments of Guangxi province have made their local policies, which withdraw the power of projects approval and land renting and selling from villages. Thus, the powers of governance have been firmly centralized into the hands of the township government.

In addition, according to the study of Smith (2010), the township leaders may set specific assignments of attracting investments for the local township government officials. The survey of Smith (2010) shows that, for the towns in Henbei province, the

township government organise the officials from different departments into different the working teams. The main task of the working teams was attracting investments from private sector. The annual assignments were always allocated to each team at the beginning of the year. The promotions or punishments of officials were decided by whether they completed the tasks set by the township leader.

Last but not least, there are also some literatures, such as Wu (2000; 2005), Edin (2000), Wu and Zhang (2007) and Chien (2008), point out that it is also important to recognize the differences between the cases of western countries and China.

According to Chien (2008), the characteristics of localism and devolution are different with that of the Western countries, which differences are caused by the context of China. Chien (2008) argues that, as China is one-party system, the devolution of China tends to be characterized as the various levels of local governments obtained the power concerning the economic growth. However, the social and private sectors have little chance to be involved in the decision-making process of the local economic development. In other words, the local governments in lower administrative hierarchies are playing the key role in promoting the growth of economy, rather than the “public-private coalitions” in the case of European and North American countries (Chien, 2008, p.16)

Moreover, some literatures point out that the “GDPism”, or the “worship of GDP data”,

of local governments is an important characteristic of China's localism. Chien (2008) also argues that the data of annual GDP growth rate has become one of the most important guideline to assess the performances of the local governments' leaders and officials. The higher level of the GDP growth rate achieved, the more chance for the leaders of local governments get promotion. Normally, in each year, the superior government would set the base line for GDP growth rate objective for the next lower level of local government. As the government leaders are appointed (or removed) by the upper level government, the officials of local governments are accountable to the upwards, instead of being accountable downwards to the voters. Under this circumstance, the leaders of local governments always strive to achieve higher level of GDP growth rate than the objective (base line) set by the superior governments in order to get more opportunities for promotion (Chien, 2008; Song, 2009, Wang and Luo, 2009). In addition, the promoting GDP growth and attracting private investments also mean that the local governments can expand their tax base, so as to enhance the local fiscal revenue. For example, Smith (2010) points out that, as the local governments playing as a key role in promoting local economic development, providing infrastructures and public services have become a heavy burden for the local fiscal budgets. Thus, it is crucial for the local governments, particularly the hierarchies under municipality, to obtain surest and stable fiscal revenue.

2.4.2 The Role of Central Government and Centralisation

When vast literature are discussing that the national governments are no longer

playing the dominant role to influence the economic and social activities, there are some authors argue that the rise of localism is merely one side of the story, and the central states tend to strengthen the regulatory power in some key strategic aspects when facing with the globalization and the increasingly rapid mobility of capital (Jessop, 1999, Yang, 2006, and Brenner, 2002). In recent years, many authors define this counter-trend of localism and decentralization as the “re-centralism”.

Jessop (1999) points out that the localism and its counter-trends, the re-centralism, should be understood in a “dialectical” way, and both of localism and re-centralism are the integrant parts of the whole picture of the state governance. In particular, Jessop further emphasizes that the localism and re-centralism are intertwined and interacted process, and the re-centralism needs to be understood as “reactions to the new trends (localism), instead of being viewed as survivals of earlier patterns” (Jessop, 1999, p.26).

Brenner (2003) discussed the natures of the centralism and the key roles of central state. According to Brenner, the re-rise of the regulatory power of the central state aims to overcome the negative impacts, especially the disorders, created by the capital accumulation. The rising of centralism implies that the states seek to balance the development of different aspects (such as economic, social and environment) so as to achieve the long-term and sustainable development (Brenner, 2003).

Moreover, some literatures discuss that the trend of centralization is the result of departed goals between national level state and local state. Yang (2007) argues that the focuses of various localities and regions are not always completely coincided with the goals of national government under the background of accelerated globalization and the rising of localism. These potential departed goals between national and local levels include a wide range of issues, for example, “the development of some key national strategic infrastructures; the balanced development among regions; and, national security” (Yang, 2006, pp39). These issues are among the top concerns of the central government, but not the top goals of the localities and regions. The different goals between national level and localities tend to make the local governments not comply with the central government. In many cases, according to Yang, the local governments even “soft contest” with the national policies and strategies that are contradicted with the local interests and goals. Similarly, Xu and Yeh (2008) also argues that, although, the decentralization and fragmentation of the powers increasingly become an significant trend of the state governance in the last thirty years, but the trend of localism is also intertwined and counteracted by the trend of centralism. Xu and Yeh (2010) assert that the centralism has the negative correlations with the growth of localism, and they point out that “the more the power is fragmented at the bottom level, the more consolidated the central-state regulation might strengthen” (Xu and Yeh, 2010, p21). In many cases, if the policies of the national level government are distorted or disobeyed by the lower levels of local governments, the central government tends to strengthen the regulatory power in

order to achieve the collective objectives (Xu and Yeh, 2010).

Although, the devolution and localism are promoted in the most of the western developed countries, the central government is still reasserting its regulatory power in local economic development. The research of Kelly (2006) focuses on the strategies of the UK central government in regulating its various levels of local governments, and she argues that 'as the rapid rising of entrepreneurialism and devolution, the national level government feels more and more difficult to influence the behaviours of various levels of local councils, so it seeks the helps from the NGOs and other social actors to regulate the activities of the local states' (Kelly, 2006, p608). Similarly, Whitehead (2003) demonstrated that:

Vertical and 'top-down' forms of authority continue to exercise power over lower tiers of government by 'ratifying, licensing and guiding[...]political activity' and remain a cogent factor in limiting the autonomy of these institutions" (Whitehead 2003 , p. 8).

In China, the regulatory power of the central government has also been observed and studied by some scholars. Many scholars argue that it is too simplistic to understand the transformation and development of China's cities and towns are the outcomes of the localism and devolution.

In the last decade, the national level government of China has steadily strengthened

and consolidated its regulatory power over the governance of the municipal, county and township levels of the states in the aspect of economic governance. Xu and Yeh (2010) studied the new strategies of central government to supervise the land leasing income of the various levels of the local governments. Specifically, in the past two decades, the income and expenditure of the land leasing fees of the municipal governments are far from transparent, and this amount of funds was not clearly recorded in the local fiscal budget account. To respond to this situation, the national government set the special bank account for the municipal governments to save all their land leasing income, and this account is vertically under the supervision of National Financial Department. Thus, the central government of China reasserted its supervisory and regulatory power over the local land leasing income and expenditure. In this sense, Xu and Yeh (2010) pointed out that the re-centralised some key powers of the state should be understood as the central state exercise regulatory and governance power through the vertically organized departments when the former policies (or governance strategies) have been distorted or curbed by the fragmented and devolved state powers. Furthermore, Xu and Yeh (2010) argues that the evaluations and changes of the instructions and policies should be understood as a learning process of the state when face with and tackle the problems created by the former institutions (or policies). Therefore, the re-centralism is not proper to be viewed as authoritarianism, but it is a process of the central state to respond to the new challenges and problems created by the former governance strategies.

Moreover, for some literatures, the central governments have aimed to balance development of various cities (and regions) and avoid vicious competition among other cities (and regions). For example, Wu and Zhang (2010) demonstrate that the vicious competition leads to the over-duplicated development of the key infrastructures (such as airports). Moreover, in both of the international and domestic market, the trade frictions are also increasingly fierce among different cities and regions. According to Wu and Zhang (2010, pp 25)

The GDPism sets up an explicit economic target for local governments. This pressure leads to further allocation of targets down the administrative hierarchy. In Chinese, this is known as dividing the task to the lower layer of government (cengceng fenjie or, literally, dividing the overall growth target and disaggregating the divided targets along the tier); because official appointments are closely related to, and in fact based on, the performance of GDP growth, local actors are given incentives together with discretionary power. Such downscaling defeats the possibility of inter-city coordination, because each locality wants to develop its projects inside its territory (Wu and Zhang, 2010, p 25). .

In other words, the departed goals between central and local governments also can be found in the regional policies. To achieve the goal of inter-city coordination, the central government also needs to strengthen the regulatory power towards the lower hierarchies.

In China, the specific strategies of the centralization have been discussed by the

Smith. For the studies of Smith, there two main strategies are implemented by the national government to promote the centralization.

Firstly, Smith (2010) observed a trend that some agencies previously controlled by township governments are increasingly withdrawn and centralized by provincial and central governments. According to Smith (2010), the agencies were centralized by the provincial level were those associated with “administrative regulation, financial regulation and commodities management [...] because of their vital role in China’s economic development” (Mertha, 2005, cited in Smith, 2010, p.25). Normally, the strategy of the provincial or central governments is centralising the agencies and departments which hold the key resources or powers. From the perspective of township leaders, the agencies and departments who have “real power or hold the funds” more likely to be vertically controlled by the provincial or central governments. Secondly, Smith (2010) demonstrated that the officials of the local governments have to undergo various assessments, examinations or inspections which are implemented by the upper levels of the governments. For example, Zhang (2009) reported that, in the towns of Xingnan, there are even 17 different kinds of inspections from various upper-levels of governments in the year of 2007. In other words, the inspections from upper-levels have become one of the main restrictions to the power of township governments.

2.5 Urbanisation and Industrialisation of China

2.5.1 Definition, and the Stages of Industrialization

For a long period of time, there has been no unified definition of the notion of “industrialization” in academia. Traditionally, the term ‘industrialization’ is associated with the “Industrial Revolution” of Western European countries from the late 18th to the mid 19th century. In this sense, the industrialization is understood as the process in which a market (or society) transforms from a largely agricultural economy towards a more manufacturing-based and mechanized system of production that entails the highly efficient exploitation of natural resources in a formal commercialized economic setting (Rapley, 1997). According to Leys (1996), the “industrialization” for these Western countries means the “percentage of plants and/or industries involved in manufacturing as well as the volume of the labour within such industries” (Leys, 1996; cited in Nazao, 2010). Similarly, Zhang (1998) also argues that the development of industrialization refers to the quantity of enterprises and employment opportunities in the secondary sector (manufacturing sector) which keep growing in a country or region. Chenery *et al* (1986) defines industrialisation from the comparative perspective, and they believe that the industrialisation is a process whereby the proportion of the manufacturing output values continuously increases in the total GDP value.

With the “Knowledge Revolution” which started in the late 20th century, the high-income and many middle-income countries (and regions) have become the

post-industrialization societies, which means that the economic growth relies more and more on the service sectors (such as R&D, information, financial and business services) instead of the manufacturing. Some literature, such as Yang (2000) and Tan (2001), points out that the industrialization should be viewed as a dynamic and evolutionary concept, because the contents of industrialization are varied in different stages of development.

According to Tan (2001), the development of industrialization generally includes four stages. In the early stage, the manufacturing industries begin to rise, but the scale of each enterprise is always small and the distribution of manufacturing enterprises is relatively scattered. The labour starts to transfer from the agricultural sector to the manufacturing sector, but the employment and output value of the agricultural sector are still higher than that of the manufacturing sector. In the middle stage of industrialization, the manufacturing enterprises are cluster-based developments, and large leading enterprises begin to play a key role in the local industrial cluster. The output values of the manufacturing sector have the biggest shares (normally over 50%) of the total GDP values in a region or country; in addition, manufacturing sector provides the most employment opportunities for the labourers, and the non-agricultural employment shares more than 50% of the total labour population. Tan (2001) points out that, normally, the growth of manufacturing will be accelerated in the middle stage of industrialization. In other words, the middle stage is also can be viewed as the acceleration phase for the industrialization. When a region or country is

in the late stage of industrialization, the technological innovation will become the key driving force for the development of manufacturing enterprises, instead of depending on the labour, land and capital as was the case in the previous two stages. Moreover, the service sectors also begin to grow rapidly. In this stage, the development of industrialization can not only be measured by quantitative standards, but also by some qualitative standards, such as innovation capabilities. With the continuous growth of the service sector, a country can be transformed into a post-industrialized society, which is the last stage of industrialization (Tan, 2001).

It has been widely accepted by both China's academia and governments that the development of industrialization in China is extremely unbalanced among various regions. Different regions are in different stages of industrialization. For example, Liu (2004), Ma (2005) and Sun and Yang (2007) argue that the south-east coastal region of China has been transformed into the late stage of industrialization and is heading towards being a post-industrialization society, whereas the central region is in the middle stage of industrialization. Similarly, the 17th National CCP Conference Report (2007) also points out that the development of industrialization in the Pearl River Delta and the Yangzi River Delta of the Coastal Region is relatively advanced in China, but the industrialization of the central region is in its middle stage and the western region is still in the early stage. For this thesis, the scope of the research is the Henan province, which belongs to the central region (this has been specified in Chapter 3). Thus, the industrialization of Henan province is in the middle stage. In this research,

the development of industrialization refers to: the increase of the manufacturing sector GDP; the growth of industries' quantities and the increase of employment in manufacturing.

2.5.2 The Development of Industrialization

Vast empirical works and observations have recognized that, for a certain place, the emergence and development of industries is always combined with the phenomenon of agglomeration and clustering (Marshall 1920; Weber, 1928; Scitovsky, 1954; Pfout, 1960; Fujita, 2002). As Marshall (1928) pointed out, if a factory (manufacturing enterprise) initially locates in a place, then other factories and companies in the same (or relative) sectors tend to emerge and locate near to this factory. On this way, the quantity of industries grows continuously in that place.

The force that makes industries locate geographically next to one another is the economies of agglomeration -- "the net benefits to being in a location together with other firms increase with the number of firms in the location" (Arthur, 1990, p.72). Marshall (1920) firstly discussed that there are three important benefits for those industries to locate in clusters: namely, the industries are more likely to access a skilled labor pool; easier to connect with other suppliers or providers in the industrial chain; and, more advantageous in promoting technology improvements through face-to-face communication and competition. In addition, some literature also argues that the concentration of manufacturing industries can also reduce the costs of these

enterprises, so as to promote the development of local industrialization. For example, Sattret (1978) discusses that the clustering of industries can not only enable the manufacturing enterprises to obtain a cheaper supply from local providers, but it can also enhance the collective bargaining capabilities of these enterprises when they are faced with providers from outside the region. Similarly, Fujita (2002) believes that the geographical concentration can reduce the transport costs for the enterprises, and make them share the infrastructures and other facilities. These key advantages play the important role for a certain place to attract and increase the quantity of enterprises, because of the economies of scale (or the economies of agglomeration) (Fujita, 2002).

The larger scale of the industrial cluster tends to attract more enterprises that would choose to invest and locate there. According to Fujita (2002), the expansion of industrial clusters can produce a “snowball effect” to further gather more related firms to this location, therefore growing and reinforcing the cluster effect. Fujita (2002) argues that once a certain size of industrial clusters has formed, they have entered a virtuous cycle of a self-reinforcing process, which will attract more enterprises and the relevant businesses to this cluster aggregation; and then, the new enterprises and units will also increase the snowball effect, therefore promoting the development of the industries. Similarly, a study carried out by Folta, Cooper and Baik (2006) reveals that the performances of the enterprises tend to be enhanced when the number of the enterprises increases in the industrial cluster. For industrial clusters, the economic

benefits of scale are 'positively related' to the increase of the quantity of the enterprises, until the clusters have more than 65 firms (Folta, Cooper and Baik, 2006, p.217). They believe that "firms in larger clusters have different performance thresholds than firms in smaller clusters. That is, for a given level of performance, entrepreneurs in larger clusters require a higher level of performance to stay in business" (Folta, Cooper and Baik, 2006, pp.218). In other words, when the scale of a cluster has reached a certain form, the economic benefits of agglomeration (scale) are a significant driving force for the contentious entry of the enterprises in the future.

The healthy industrial structure of clusters is another key reason which attracts more enterprises and promotes the development of industrialization. According to Waits (2000), the healthy network of a cluster usually contains three components: the leading enterprises; the myriad enterprises that provide related supplies and specialized services; and essential economic foundations, such as advanced infrastructure, specialized workforce training and R&D departments (Waits, 2000). For the geographical concentration of industries, a healthy industrial structure has always served as the dynamic business network and environment for attracting more enterprises to invest and locate in the area. Through the networks among similar and related industries, the clusters form an efficient organization method of production through an effective combination of professional divisions and convenient transactions. Many enterprises are in a relationship of division and cooperation at various levels and have other actors related to them. In other words, the healthy

industrial structure of clusters means that the enterprises can be closely related and can cooperate with each other, and the clusters become “a mutually reinforcing system where benefits flow backwards and forwards throughout the industries in the cluster” (Porter, 1990).

As mentioned in the previous section, the industrialization of China's central region is in its middle stage, which means that the industrial clusters have begun to be formed and developed, and the manufacturing industries are growing rapidly. Therefore, the theories about economies of agglomeration (scale) are appropriate for this thesis to understand the development of industrialization in a certain place of China's central region.

2.5.3 The Reorientation and Transfer of Industries in China

Although the growth of cluster scale can improve the performance of industries, the excessive agglomeration or concentration of firms in a location will lead to increases in costs, and this situation has been described as the diseconomies of scale (or the diseconomies of agglomeration) in urban economics academia. Prevezer (1997) points out that, with the growth of enterprises' quantities, the 'congestion costs' can result in the diseconomies of the scale. With the growth of clusters, the enterprises will face fiercer and fiercer competition for skilled labours, land and utility services, which will eventually lead to the increased costs for the enterprises.

Similarly, according to Evans (1984), the development of industries will promote the growth of city size; and, if a town or city expands to a certain size, it will be economical for certain services to be provided; then, more manufacturing and commercial industries 'may be further attracted to locate there because cheap and varied services would be available' (Evans, 1984. p.39). However, it needs to be noted here that this process of growth will cause the diseconomies eventually, and result in a process of regional dispersion. Von Boverntor has described this process as follows:

intra-metropolitan distances grow with the expansion of the city, and communicating distances also rise on the average –furthermore, people have to spend more and more time travelling if they want to spend weekends in the country; and, with rising incomes and rising population numbers, wages and land values assume values which make large cities less attractive for many firms [.....] than ever before for certain other lines of business (those that push the former ones out) (von Bovernter, 1975, p.14).

Therefore, with the attraction of large cities reduced, 'the firms will choose to move to other cities or towns which are an optimum size for them' (Evans, 1984, p. 46). This approach implies the growth of other regions that will have the proper conditions and capacities for attracting the investments (Evans, 1984).

In China, the industrialization of the South-east coastal region occurred both earlier and faster than the other regions during the past three decades. As mentioned before, according to the 17th National CCP Conference Report (2007), the industrialization of

the south-east coastal region is in the late stage. The effects of the diseconomies of agglomeration have pushed the reorientation of the industries in the coastal region.

In recent years, the transfer of labour-intensive manufacturing industries from coastal cities to central regions has become an important trend of the market. This trend has been recognized by a wide range of literature. Wang (2008), Zhang and Song (2008) and Zhang and Li (2011) discuss that the manufacturing sector of China's southeast coastal region has gradually been upgraded, and it began to focus on high-value added and hi-tech sectors. In other words, as land prices and labour costs in coastal areas increased, a large number of labour-intensive industries in China's southeast coast (which as the so-called the "world factory") began to transfer to second-tier cities and towns in the central region of China.

Particularly, since the 2008 global economic crisis, export-oriented labour-intensive manufacturing industries in China's coastal areas have suffered heavy losses, which greatly promoted the trend of industrial transfer from the southeast coastal region to the central region (Zhang and Li, 2011). According to the studies made by Zhang and Li (2011), in the last three years, 34 leading transnational enterprises and 221 domestic enterprises transferred their manufacturing sectors to the cities of the central region, and the economic growth rate of the central region provinces in the last three years has reached 12.4% on average, which compares to an economic growth rate of only 8.1% in the southeast coastal provinces (China National Statistics Bureau, 2010;

cited in Zhang and Li, 2011). Similarly, Yang (2008) observes that a series of world-leading automobile manufacturing enterprises, such as Nissan and Toyota, choose to move some of their factories from the Yangzi River Delta to the cities of the Central Region. The convenient transport conditions and sufficient cheap labour forces have provided great advantages for the central region provinces (such as Henan) to seize the market opportunities and attract those transferred manufacturing enterprises.

Thus, for the Central Region, the transferring of labour intensive manufacturing industries from the coastal region to the Central Region has become one of the key driving forces for the promotion of the industrialization and urbanisation of the towns and cities in the Central Region (Ma, 2008; and, Zhao, 2010).

2.5.4 The Industrialization of Small Towns (Core Towns) in China

For the development of small towns in China, the most of Chinese literatures focus on the industrialization strategy of small towns. The development of small towns in China after the Deng Xiaoping's market-oriented economic reform begins with the spontaneous rising of collective-ownership enterprises (namely the so-called Township and Village Enterprises) and self-employed businesses in rural areas (Wang *et al*, 2004). Liu (1998) describe the flourishing of the small towns in 1980s as the "urbanization from below". And, he pointed out that the collective and private sector need to be promoted in the small towns, which makes the development of

industrialization in small towns rely on the private and collective capital. Liu (1998) further argues that the bottom-up industrialization process of small towns, which is leaded by the collective and private sector, could not only expand the tax base for township governments but also generate income for local peasants. For example, Liu made a survey for 12 towns in Henan province during the period of 1985 to 1995, the result shows that the local governments' annual fiscal revenue have enhanced 58%, and the average income of migrants (ex-peasants) who are works in small towns are 112% higher than that of the peasants who pursue farming in the rural hinterland of those small towns.

However, the distribution of these rural industries dispersed in the different villages of the township jurisdiction. In other words, most of collective-ownership enterprises and individual private enterprises scattered in the vast rural hinterland of small towns. The criticisms to this industrialization strategy are emerged in many literatures. Zhang (2002) argues that the scattered distribution of rural industries leads to the low efficiency of production and the high costs for township governments providing infrastructures.

Moreover, Zhang (2000) pointed out that most of the rural collective-ownership industries are characterized as small-scale, low-grade and extensive production type, which means that the utilization rate of resources of the rural industries are always very low. In addition, as lacking of pollutants treatment facilities and scattered

distribution of the collective-ownership and small private enterprises, this “spontaneous” and “grass-root level” industries have caused serious environmental deterioration in rural areas. For example, in the province of Shanxi, 44% of the rivers have been polluted by industrial sewage in 2001; and, 1,600 million Chinese acres of farmland have been polluted by chemicals (OECD, 2005d).

Wen (2005) analyses the reasons for the scattered distribution of collective-ownership enterprises. According to Wen, rural township industries and private industries shows a strong trend of community-based. To be detailed, the employees of these industries are local villagers. Both the collective-ownership industries and private industries can enjoy the cheap (or free) raw material, and provide employment opportunities and welfare for local villagers (Wen, 2005). Furthermore, the village committees also tend to keep their local industries (no matter collective-owned or private industries) in the villages, because the lose of industries always means the decrease of local income. Therefore, the rural industries tend to dispersed in different villages, and the scale economy of rural industries has been impeded. In addition, because of the dispersing of rural collective industries, the infrastructures and other service facilities also tend to dispersed in separated villages (Wen, 2005).

In recent years, on the basis of reassessment and criticisms for the previous industrialization strategies and policies of small towns, the central government of China decides to promote the development of “core towns” in rural areas. The major

contents is that the government selects a series of towns in rural areas, and these towns are so called “core towns”. The local governments develop industrial parks in the core towns, so as to attract manufacturing investments and induce local private enterprises to agglomerate in the industrial parks. To realize the agglomeration development of industries, government will concentrate local (or regional) significant economic resources, such as funds and human resources, to promote the development of these core towns. The national strategy for promoting core towns has been welcomed and discussed by academia. Zhang (2008) interprets the emerging of core towns as improving the agglomeration development of industries in rural area. According to Zhang, as the better infrastructural conditions and industrial foundation, core towns can become the hubs for attracting foreign and domestic private investment (especially for the core towns which are near the large cities), so as to improve the rural industrial development. Zhang (2008) further argues that as lacking of enough capitals and professional management experience, most of the collective-ownership enterprises and other local rural private industries are characterized as small-scale and low-grade. Thus, the investment of the large leading enterprises is crucial for promoting the industrial development of core towns. Specifically, Zhang demonstrated his views as follows:

Attracting the investment from large leading enterprises plays a key role in promoting the growth of rural industries of the core towns. The large leading enterprises are important for fostering the industrial chains and even the industrial cluster in the core towns, so as to improve the

agglomeration development of rural industries. Furthermore, the large leading enterprises are also significant for diffusing the advanced management experiences and technologies to the rural industries (Zhang, 2008, pp47).

Moreover, the core towns that located near the large cities can be served as an important role in regional division. In particular, the core towns, which have complete infrastructure and locate in the periphery of large cities, may become the preferred place for the investment of large labour-intensive enterprises. On this way, the core towns can absorb large number of rural surplus labours so as to release the employment burden of the central cities (Zhang, 2008).

2.6 Conclusion

In this chapter, a series of discussions and studies related to town planning and land management, political-economic governance, and industrialization have been outlined through reviewing the existing literature. To summarize, the main points of view held by the previous literature are as follows.

The concept and natures of the planning concerning the uses of land have discussed through revisiting the existing literature. Allocating various functions and values of the land is the crucial nature of the planning for the uses of land. In addition, ‘dialogue’ and facing to local realistic details are the key principles for the planning process. Furthermore, the literature concerning the town planning, which is under the context of devolution, globalization and fierce inter-urban competition, has been reviewed in the last chapter. With the changing political and economic background, some important trends of town planning have been discussed by many authors. In recent years, the town planning in most of the countries has increasingly facing with the rapid changes of market trends. For the town planning system of China, previous studies revealed that it tended to be a “fragmented process”. Moreover, in recent years, the town planning of China has not only been a way to respond to the “uncertainty” of the market, but it has also become increasingly market-oriented, aimed at enhancing the local competitiveness so as to attract more investment and other significant economic resources in the context of fierce inter-urban competition.

For the land management system, the decentralized structure of land management has been implemented for approximately twenty years in China. A series of weaknesses of China's decentralized land management have been recognized and discussed by many existing studies, for example, the rapid loss of cultivated land, the serious pollution in rural areas and the damage to the landscape, etc. Some literatures (although few in number) mention that China has begun to shift from a decentralized land management to a more centralized and positive regulatory management in order to solve those challenges caused by the former strategies. In contrast, the most recent trends of the land management system in China have not been specifically studied, and there is a particular lack of literature that discusses how the reformed land management system operates at the core town level (township level) of the Central Region. Furthermore, the existing literature also fails to examine in detail to what extent the land management system can coordinate with other systems (particularly the town planning system) in the land development process.

The literatures concerning economic and political governance also have been revisited by this chapter. First of all, the existing studies and theories about different perspectives of state governance, especially for China, have been discussed in this chapter. Against the background of increasing globalization and market-oriented economic reform since 1978, the capital and other valuable economic resources tend to flow in an accelerated way among different cities (and regions). To capture these

flowed investments, cities compete with each other through implementing different kinds of strategies. Thus, the localism and down-scaling of governance power have become the general trends to respond to this more and more intense competition. China also displays the features of the inter-urban competition and strong localism. The Chinese literature has recognized many unique characteristics of the localism against China's background: instead of just globalization, the market-oriented economic reform also contributes to the rising of localism (Wu, 2000; and Wu, 2005); the governments still tightly control the policy-making for local economic development (Chien, 2008) and the GDP data is the main evaluating standard for the promotion or punishment of local cadres (Whiting 2001; Saich 2002, and Chien, 2008). For my research, both the Western and Chinese literature can serve as theoretical bases to analyse the activities and behaviours of township governments in China.

However, localism is not the sole characteristic of China's political-economic governance. Its counter-trend, the re-centralism, has also been discussed by some literature. The central government tries to reassert its regulatory power in local economic development, as for example, it tries to balance the economic development and other values so as to avoid "zero-sum" games. The central governments have much wider concerns than that of the local governments, and the central governments aims to integrate and coordinate the activities of the various levels of the local governments. Therefore, the national level government strengthened its regulatory power in order to avoid the local government distorting the national level strategic

policies. For China, the regulatory power of the central government has also been observed and studied by many scholars, such as Xu and Yeh (2008), and the way the central government takes efforts to curb local strategic disobedience has been demonstrated by Li (2006). The literature about the role of central government and centralization provides an appropriate perspective for this research to understand the activities and policies of China's central government.

The definition of industrialization are various, but in this thesis, the concept of industrialization means an increase in the manufacturing sector GDP; the growth in the number of enterprises and the increase in manufacturing employment. In certain places, the development of industrialization is combined with the process of agglomeration. The agglomerated development of industries can bring a series of benefits to the enterprises, for instance, better access to the skilled labour pool and specialized related industries; reducing costs for transportation and other services and enhancing the capabilities for bargaining. The growth of industries can also produce "snowball effects". Larger scale industrial clusters always have positive effects upon promoting the performance of enterprises, which will further attract more investors to locate there. Similarly, the healthy industrial structure is also essential for the development of clusters. A cluster that has the healthy industrial structure tends to continuously attract more enterprises. However, the excessive agglomeration of enterprises in a location will lead to an increase in the costs of labour, land and other key resources, so the low-value added enterprises tend to transfer to the new places

that have the proper conditions and lower costs. For China, recent literatures have recognised the trend that many labour-intensive industries have transferred from the south-east coastal region to the towns and cities of the central region. In recent years, the core towns have played an increasingly significant role in urban-town system division. Moreover, the development of core towns has been interpreted by academia as an effective strategy for China to promote the agglomerated development of rural industries. However, the existing literature fails to examine how the land development process, or the town planning and land management systems, impact on the growth of industries, particularly against the background of Henan province (or the provinces of the Central Region).

To sum up, the town planning and land management systems are the two key tools of the states to directly influence and control the land development and economic growth, and in particular, the relationships and interactions between the town planning and land management systems are crucial for the land development practice in industrial growth. The trends of state governance will provide a broader picture for understanding the town planning and land management systems. As the accelerated development of industrialisation in the central region, the growth of the manufacturing industries is the key driving force for the economic development of the core towns in the central region.

CHAPTER 3

National Administrative Structure and Policies

3.1 Introduction

This chapter will focus on China's administrative structures, its city/town planning system and land management system in order to demonstrate the context of political-economic governance, which is closely related to my research questions. To provide a complete and bigger picture of urban planning and land governance, the evolution and changes of China's city/town planning system and land management system over the last 60 years will be specifically illustrated in this chapter. In addition, the author not only describes the specific policies, regulations and strategies of these two important systems, but also tries to provide discussions and interpretations.

The first section of this chapter will illustrate how China's political and bureaucratic system is organized and operated. The second section will focus on the description and discussion of the evolution of the city/town planning system since the founding of the People's Republic of China. The current city/town planning system will be the focal point of this section. The demonstration and discussion regarding the land management system over the last six decades will be provided in the third part of this chapter. Similarly, the adjustments and changes in the current land management system will be emphasized in this section. Finally, a short conclusion will be provided in the last section of this chapter.

3.2 The Administrative Structure of China

Legally, China's political administrative organization is a typical unified and vertical structure. The administrative system of China is composed of five levels: the national level, the provincial level, the municipal level, the county level and the township (or town) level.

According to the Constitution of the P.R. China, the state council is the central government, and it represents the highest power of state administration. Various levels of the local governments are under the leadership of the state council (the central government). Moreover, the central government has the right to appoint or remove the leaders and officials of provincial governments and also hold the power to change or correct the decisions made by the provincial governments (China National Government, 2006). Various departmental organs at the national level are directly accountable to the state council, and these departments are responsible for managing sectoral affairs, which include 28 national departments (or commissions); for example, the National Land Management Department, Construction Department, Environment Department and the National Development & Reform Commission, etc..

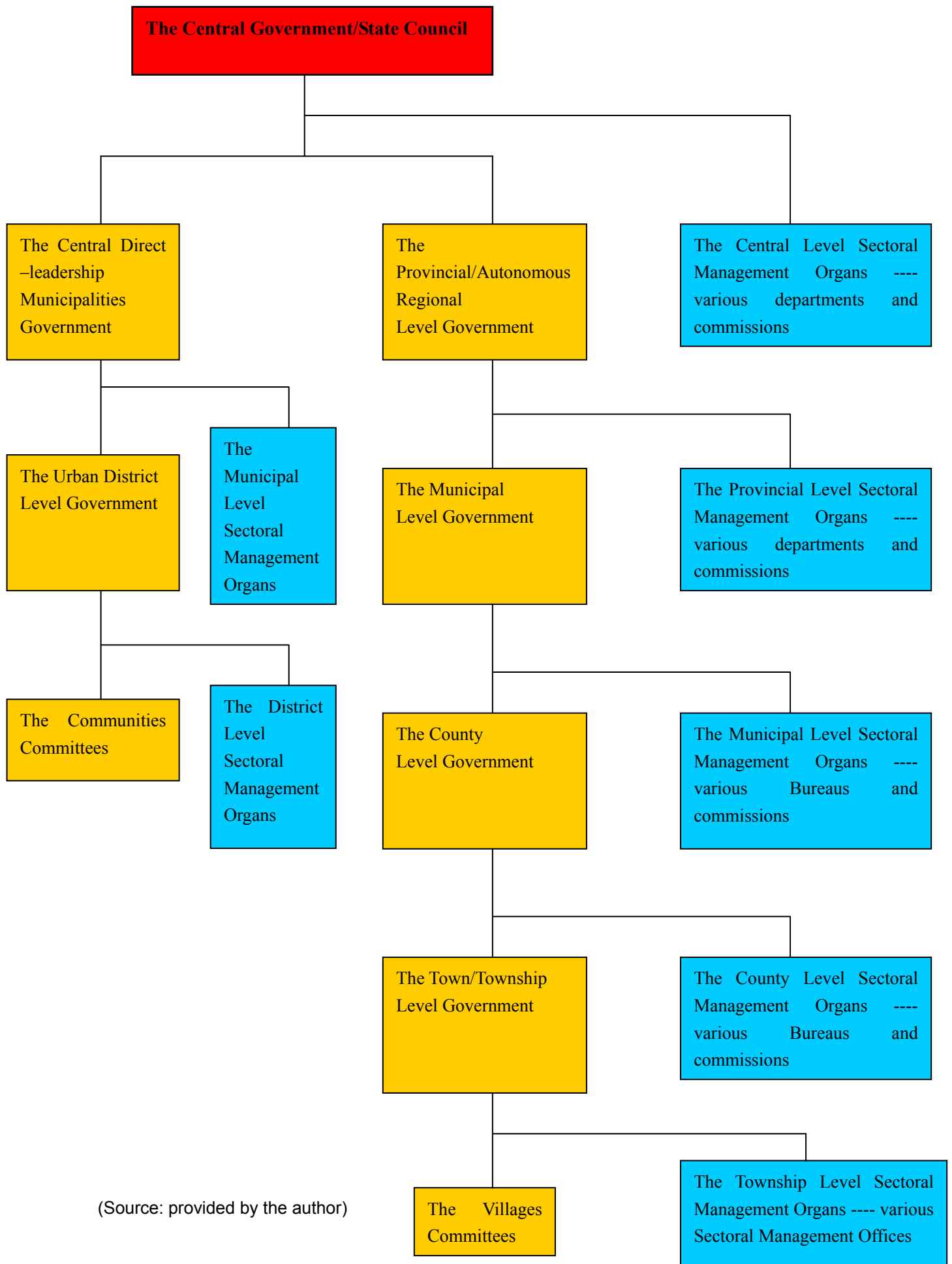
For the various levels of local governments, the organization of the state is structured similarly as that of the central government. The people's congress at each state level are the highest legislative body, and the governments at the corresponding level are accountable to the people's congress and the next upper level government.

Theoretically, the people's congresses hold the highest power to make various the laws and regulations. However, in practice, the governments at each local hierarchy (especially the local party leaders) have the dominant influence in deciding local policies, making local regulations and dealing with local affairs (Wang, 2002; Yang and Cohes, 2003). Furthermore, in practice, the local government leaders (especially the local party leaders) also have the power to monitor the performance, appointment or removal of the leaders of the local governments at the next lower level (Wang, 2002). Under the leadership of local governments, a series of sectoral administrative organs are responsible for dealing with the specific affairs in different aspects, whose organisation is structured in a similar way to central government.

The Constitution of the P. R. China stipulates that the Chinese Communist Party (CCP) is "the leadership of China's socialist careers" (China, 1982, Article 3). The party organizations are existed in each level of the states, and the party leaders at each hierarchy always plays "leadership role in the process of the decision-making" for some local important or strategic issues (Wu, 1999, p.62).

The graph on the following page (Figure 3.1) will illustrate the relationships of China's state administrative structure:

Figure 3.1: State Administrative Structure of China



(Source: provided by the author)

3.3 The City/Town Planning System of China

The evolution of Chinese town planning system can be viewed as a process of the devolution. Various levels of local governments steadily obtain more powers to set their economic development strategies and make their local city/town plans. Through a series of devolution, the town planning system of China becomes more market-oriented.

3.3.1 City/Town Planning Under the Centrally-Planned Economies

Before the founding of the People's Republic of China in 1949, the industrial foundation of China was very poor; in particular, heavy industry was almost non-existent. In addition, the long period of Civil War and Anti-Japanese War seriously deteriorated China's industrial development. For example, in 1952, the output of the industrial sector (secondary sector) only accounted for 20.8% of total GDP, but the output of the agricultural sector (first sector) accounted for over 51% of total GDP (China Statistics Bureau, 2008).

When the Chinese Communist Party came to power in 1949, its first and foremost target was to recover China's damaged economy and take effort to promote the development of industries (especially the heavy industries). In addition to the industrial-oriented economic development strategy, the central government, which followed a socialist ideology, believes that the "consumer cities" left by foreign imperialists and the former KMT government are parasitic rather than generative (Ma,

1979). Hence the central government decided to transform these cities into “productive cities” by concentrating on developing manufacturing industries (Lo *et al.*, 1977).

During this period of time, industrial-projects-based were the main mode of city/town planning. For the central government, the core target in the first Five-Year Plan (1953 to 1958) was to develop 156 “key industrial projects” (Yang, 2000). To support and coordinate the development of these key industries, the central government required provincial and municipal governments to organise the preparation of city planning in 1954 (Yang, 2000).

To support this centrally planned industrial development, the central government of China established the Department of Urban Construction (DUC). One of the core tasks of DUC was to take charge of city planning so as to arrange the development of these key industries in the cities. At the same time, China had set up its dual-level plans for the implementation of city planning, which included the overall city/town plans and detailed city/town plans. In this period of time, the overall city/town plan aimed to coordinate the industrial projects with the existing city built-up areas. The detailed city/town plans mainly focused on the specific spatial layout and construction of the industrial workshops and workers’ accommodations (Zhang and Song, 2008). Most of the city/town planning practices focused on the selection of industrial locations and other physical aspects; in other words, there was little concern for the

issues of economic geographical analysis and social analysis in planning practices (Yeh and Wu, 1999). Moreover, during this period of time, there was no special legislation for city/town planning. The central government only issued the *Methods for Preparation of City Planning* in 1956 to guide the local governments to make their city plans (Zhang and Song, 2008).

Theoretically, the city/town plans were prepared by municipal governments. However, as in other socialist nations, Chinese city planning was highly centralised. National urban policies were carried out effectively through tightly knit administrative networks (Ma, 1977). Under the centrally planned economic system, the National Economic Development Planning Commission (NEDCP) took charge of arranging the annual economic development plan, and then the NEDCP broke down the total national economic development target, allocating those tasks downwards to various local governments level by level as the form of administrative command. On the basis of economic development assignments, municipal governments were responsible for the preparation of local urban overall plans and detailed plans in order to materialise the economic plans (Zhang, 2004). In addition, many key industrial projects, which were directly invested by central departments, always independently selected the construction sites in the cities or towns. The city plans could not control or regulate the development of these key projects. In other words, city planning, which was made by local governments, aimed to realise the economic plan physically in the urban/town space (Zhang, 2004).

3.3.2 The Re-establishment and Transition of the City/Town Planning System in the Early Economic Reform Period

In 1978, with Deng's economic reform and "opening-up" policies, the importance of cities and towns in national economic development was emphasised by the Beijing government. In 1982, the central government of China stated that "city planning is an important promoter of economic development" at the Third National City Planning Conference (Yan, 2005). Meanwhile, the national level government of China started to realise that it was essential to establish the new legal system for the city/town planning under the background of market-oriented economy. During the period of 1980s, a series of important regulations and laws promulgated by China's central government meant that the new city/town planning system began to be established (Zhang and Song, 2008).

In the year of 1982, the Regulation of Formulation City Plans was promulgated by the central government of China. This Regulation is the first legal document that specifies that the city and town governments are responsible for formulating their local city/town plans based on local economic and social development. In 1984, the central government promulgated the Regulation of City Planning, which aims to guide the practice of city and town planning for various local governments.

In addition to the steady emergence of the new planning legal system, some other

significant changes can also be recognised during this early period of economic reform. For example, according to the regulations, the central level departments' invested projects must comply with the local city/town plans, which meant that the city/town planning authorities had more power to influence the local physical and spatial forms (Yeh and Wu, 1999). Moreover, the issues of urban image, social development and physical environment increasingly became important concerns for city/town planning (Liu, 2001). Professionals such as economists, sociologists, architects and project engineers also began to join in the formulation of city/town planning (Yen and Wu, 1999; Zhou, 2002).

3.3.3 The Emergence of the Current City/Town Planning System under the Market-Oriented Economies

With the acceleration of China's economic reform, the city/town planning system was further transformed in the last two decades and the current planning system is finally established. Since the mid-1980s, the central government of China began to adopt the approach of devolution. The devolution of powers to various levels of local government served as an essential pre-condition of the emergence and establishment of the current city/town planning system. In addition, on the basis of the regulations promulgated previously, the City Planning Law was enacted by China's National Congress in 1989, which not only gave the city/town planning its own special legislation, but also represented the establishment of the current city/town planning system (Yeh and Wu, 1999). In the most recent years, City Planning Law 1989 was

replaced by the City and Countryside Planning Law of 2008, but the current overall city/town planning system is still rooted on the foundation set by the City Planning Act 1989 (Zhou, 2002). The following parts will illustrate the devolution related to the city/town planning and the key contents of the City and Countryside Planning Law.

- Devolution, and Administrative Organisational Structure of City/Town Planning

As discussed above, the urban planning of China during the period of the centrally planned economy strongly relied on the economic plans, which were dominated and centralised by the National Economic Development Planning Commission (NEDCP) from central level government. In addition, some projects, which are directly invested by sectoral departments, were always more powerful than local governments and local urban (or town) planning.

To make the localities and regions become the leading role in promoting economic growth, the central government increasingly devolved powers to various levels of local government. In general, the decentralisation approach can be reflected in the following aspects. Firstly, under the market-oriented economies, the real power and influence of National Economic Development Planning Commission (NEDCP) sharply declined starting in the 1980s, which meant that the central government no longer directly decided and managed economic development in localities and regions. The various levels of the local governments began to play an important role for promoting economic development (Zhang, 2004). In this way, the governments at different levels

were also empowered to make economic development goals and decide local economic development strategies.

In addition, in 1992, the 14th of CCP National Congress declared that it would devolve more powers to local governments for deciding, examining and approving the economic development projects. In other words, the local governments held increasing levels of power to attract private sector investments, approve the development of industrial parks, set up economic zones, and make public investments in infrastructures and service facilities (Situ, 2006; Xu, 2007).

Moreover, the central government further expanded the jurisdiction of local legislation. The local governments were empowered to make local policies and regulations concerning the governance of local economic and social development. For example, the local governments can provide favourable policies for attracting the investments; and, make supportive policies for the enterprises of a certain sector (Wang, 2001; Zhou, 2002).

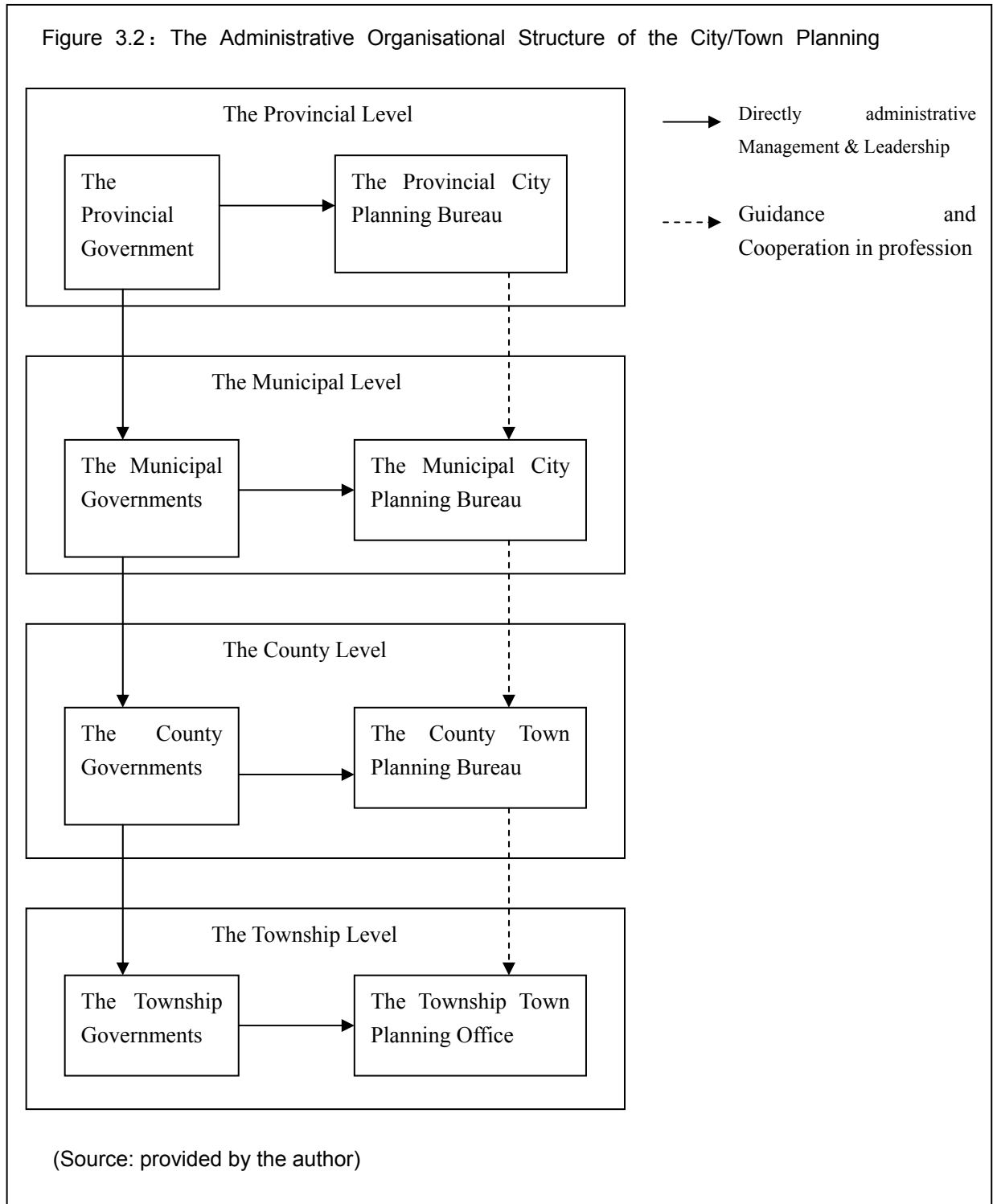
Lastly, the devolution also covered the reform of the highly centralised fiscal system. Before the 1980s, the local governments only acted as “tax collectors” for the central governments. The “tax revenue sharing” system was established in 1982 and it empowered the various levels of local government the right to collect and keep a

certain proportion of the tax revenues (Caulfiel, 2006). For the local governments, the share of total state revenue was increased to around 65% in 1993 (Yu, 2001).

Since the 1980s, the administration of city/town planning has submitted to the tight control of local governments. During the period of the centrally planned economy, the central level Department of Urban Construction had strong influence over the city/town planning authority at various local levels. For example, the national Department of Urban Construction had the power to supervise and evaluate the performance of local city/town planning authorities and examine whether the local city plans complied with the national economic plans (Zhang, 2004).

After the economic reform, the administrative organisational structure of the city/town planning system was characterised as bloc-authorised, which meant that local city/town planning authorities were under the direct administrative leadership of the local governments at the corresponding level. In addition, all the main leaders in the City/Town Planning Bureaus of various local levels were appointed (or removed) by the corresponding levels of local governments. In other words, various levels of local governments had the power to make official appointments and removals of their local City/Town Planning Bureaus (Zhang and Song, 2008). Moreover, every year, the local governments also routinely assessed and evaluated the performance of the leaders of local urban planning organs. Under this circumstance, the local governments were able to completely implement the local development intentions and strategies (Zhang,

2004). The administrative organisational structure of the city/town planning system is illustrated as in Figure 3.2.



To sum up, a series of reforms not only empowered local governments to govern local economic development and city/town planning, but also make them have the capabilities to do so. In other words, the devolution made the local governments holds the real power to formulate and implement city/town planning.

- The System of Plans

The City and Countryside Planning Law stipulates that “the local governments at various levels should make their cities or town plans”. In addition, the Law stipulates that the city/town plans of China are composed of dual levels, which include the overall city/town plan and the detailed city/town plan (State Council, 2008).

In general, the overall city/town plan aims to define the total construction land use area, overall land use pattern and spatial structure of a city/town. The City and Countryside Planning Law 2008 specifies that “the overall city/town plans should provide the main objectives of the development, prior development orientation and strategies, the main functions of a city/town, the predicted population during the planning term, the size of the total construction land use area, and general land use pattern”. In addition, the overall plans also need to include the systems of transport, systems of green space, and the locations of key infrastructures and public service facilities (China State Council, 2008). The Law also noted that the time horizon for a planning term of overall city/town plan is ten years, and the formulation process of overall city/town plans cannot exceed one year. In addition, Article 4 of the law further

specified that “the local governments at various levels should rationally define the local economic development scale, population size and total new added construction land use area; and reasonably decide the main urban/town function, development orientation and main industries of the cities/towns, when they formulate the overall city/town plans”. Although, in practice, the specific contents of overall city/town plans could vary slightly among different cities, the total construction land use area, land use pattern, and main development direction and objectives of a city/town were usually mandatory in the overall plans (Yeh and Wu, 1999).

Detailed city/town planning is under the overall planning. The detailed city/town plans aim to make specific construction arrangements for the land plots or the projects that face immediate development. The City and Countryside Planning Law 2008 stipulates that “the detailed city/town plan should be made under the framework of the overall plan, and the detailed city/town plan should provide specific guidance and arrangements for the construction of the land plot or the projects of the city (or town)” (China State Council, 2008).

For the detailed city/town plan, the main contents include defining the development time schedule and progress of the projects. For example, the detailed city/town plans will set the time horizon for the development of a land plot. In particular, for the development of a project, the detailed plan will define the time horizon and specific deadline for the construction (China City Planning Department, 2008). In addition, the

detailed plan also provides a series of specific arrangements for the construction. For example, these arrangements include: suggesting specific land use pattern, the usages of land plots, site-selections, designing the layouts, landscape, building density, plots ratio; stipulating specific construction conditions of various kinds of buildings; designing transportation line, different kinds of pipelines, analysing building conditions, etc (China State Council, 2008).

In addition to these two statutory plans, there are also a series of other plans that have been employed to supplement the overall plan and detailed plan. However, these plans are not compulsory for the governments of cities or towns to formulate; an example is the urban and town system plans, which aim to coordinate the economic development, industrial division and spatial structure of the city-regions (Zhou, 2001). In recent years, the urban strategic plan has also emerged in many cities, and is always prepared before the formulation of the overall plan. The strategic plan aims to serve as a consultation for local governments to set economic and spatial strategic development goals (Yeh and Wu, 1999). In other words, the strategic plan is more like a concept plan and tries to provide macro-level, or strategic development, suggestions for local governments. The formulation of these non-statutory plans varies among different cities.

- The Approval of Plans

With China shifting from the centrally-planned economy to the market-oriented

economies, the approval of cities/town planning also becomes a “fragmented” process.

The City and Countryside Planning Law 2008 has stipulated the process of the examination and approval of overall city/town plans for various hierarchies of governments. Specifically, for the cities under the direct leadership of central government, their overall city plan needs to be checked and approved by the central level government. For the capital cities of provinces, their overall city plan needs to be checked by the provincial level state firstly. Following that, the national level government will give the final approval for the plans. The overall plan of the cities with populations over 1.5 million need also be delivered up to the central government for the approval. For the rest of the municipalities, their overall city plans should be delivered up to the provincial governments for approval. For the counties, their overall town plans need be approved by the municipal government first. Then, the plans should be delivered up to the provincial government for the official record. For the towns (township level), the overall town plan only needs to be approved by their related county-level governments; or, if the towns are directly under the leadership of cities, their overall town plans only need to be submitted to the municipal government for approval (China State Council, 2008).

The law also provides the powers to municipal and township governments to revise their overall city/town plans. If the overall plan is partially revised, the new revised

overall city/town plans only needs to be submitted to the corresponding city/town government for examination and approval.

In addition, the City and Countryside Planning Law 2008 stipulates that the examination and approval of the detailed city/town plans. According to the Law, the detailed city plans of a city only need to be submitted to the municipal city planning bureau for examination and approval. Similarly, detailed town plans of a town only need to be checked and permitted by town planning authorities. If the detailed city/town plan is for the significant development projects, the plan needs to be approved by the corresponding town governments (China State Council, 2008).

The core towns belong to the town/township administrative level. In other words, the overall town plans of core towns only need to be examined and approved by its next upper level government. Their detailed town plan for a development project only should be approved by township governments of the core town; other detailed plans only need to be approved by the township planning office of the core town.

3.4 The Land Management System of China

Different from the city/town planning system, the evolution of China's land management system is a not linear devolution process. With the Deng's economic reform, the comprehensive land management system was established in early 1980s. The "real powers" for the land conversion and supervisory was devolved to various

levels of local governments. However, as the rapid shrinking of cultivated land, the central government has reformed the land management system in recent years, which has centralized the powers of land management.

3.4.1 The Land Management System Under the Centrally-Planned Economies

With the establishment of the People's Republic of China, centrally planned socialism became the dominant ideology in China. In 1953, the central government launched a massive and extensive socialist transformation movement that aimed to eliminate the private sector and nationalise the means of production (Lin and Ho, 2005).

Land, as a basic and significant production means and economic resources, was also transformed into public-owned property by the national government of China. By 1956, all private-owned land in China had been expropriated and nationalised. All the rural land had been collectivized and all the urban land had been nationalized by the state (Ma, 2008). Thus, there are two categories of land ownership can be identified: the land of urban areas belongs to the state-owned and the land of rural areas belongs to the collective. For urban areas, the municipal governments (and town governments) are the delegates of central state and are responsible for the land management. Similarly, for the rural areas, village committees manage the rural land within the scope of the villages on behalf of the collective (Wen, 2005).

Under the centrally planned socialist economy, land management in China aims to

coordinate with the city/town planning and implement the assignments defined by the economic plan. As mentioned before, the central government assigns economic development targets to various levels of local government through the economic plans of the National Economic Development Planning Commission (NEDCP). The local governments then make city/town plans, which focus on site-selection of projects. For the urban land management, the municipal or town governments directly allocate the land to the land users in accordance with city/town plans. Similarly, for the rural land, the local government will carry out expropriation at first. Then, the government allocates the land to the final land users based on the city/town plans. The final users of the land need to pay compensation to the collectives (villages committees). There was no independent land use plan during this period of time. In other words, the main task of land management is to comply with the city/towns plans so as to materialise the economic plans defined by the NEDCP (Ma, 2008).

3.4.2 The Establishment of the Comprehensive Land Management System

Under the Market-Oriented Economies From the 1980s to the 1990s

With the beginning of economic reforms, the National Economic Development Planning Commission is no longer played the core role in China's economic growth. The changes of political-economic context caused the transformation of the land management system. The land market began to be established in the mid-1980s. Moreover, the main task of the land management system not only focuses on providing land to the final users, but also increasingly copes with broader issues,

which also include promoting the compact and rational use of the land. In 1986, Land Management Law was passed by Chinese National Congress, and it was the first comprehensive law for the land management of China (Lin and Ho, 2005). In addition, the Land Management Department was also established in the same year.

Although all land in China is still state-owned or collective-owned, the Land Management Law 1986 stipulates that private land users/developers can obtain the right to use the land in accordance with the law. In other words, China has made a clear distinction between the land use rights and the land ownerships (Wen, 2005). Thus, the land market (or say, land use rights market) was starting to develop in China. However, Article 9 of the Land Management Law 1986 stipulates that “only state-owned land can be leased to the land users/developers and circulated in the land market”. The local governments lease the use rights of land to the land users/developers (both private- and public-sector land users) based on a negotiated or auction price (Lin and Ho, 2005). Moreover, Article 9 also means that the rural land, which is collectively owned, is not allowed to be directly leased to land users/developers. The only channel by which collectively owned land in rural areas may be transferred to state-ownership is expropriated by the local governments. In other words, collectively owned land must be first expropriated by the state (normally the local government) before it can be leased to the land users (Wen, 2005).

Under the background of China's change to the free-market economy, China

classifies all land into three main categories based on usages, namely, “agricultural land”, “construction land” and “unused land” (or blank land). The Land Management Law 1986 (as well as Land Management Law 1998 in the future) stipulates that agricultural land includes “cultivated land, orchard land and fish ponds”; construction land refers to “land that is developed for non-agricultural usage”; and blank land, or unused land, refers to land that is “neither for agricultural nor for construction uses” (China, 1986, Article 10). The categorisation of the usages of land is viewed as the milestone for China’s establishment of a comprehensive land management system, because it “set the foundation for the state to focus on multi-targets of land management, such as cultivated land protection and sustainable use of land” (Ouyang, 2007).

With the rapid growth of the township small enterprises (so-called TVEs) in rural and the emergence of private-sector and foreign-invested enterprises in urban areas, the loss of agricultural land in rural areas started to attract the attention of the central government in the 1980s (Ma, 2008). Hence the Land Management Law 1986 addressed the issues of ensuring food security and maintaining environmental sustainability for the first time since the establishment of P. R. China in 1949. In particular, converting the agricultural land use to the construction (or other kinds of nonagricultural) land use has been subjected to a series of constraints by the Land Management Law 1986.

However, the central government leaves most of the regulatory power to local governments. The municipal level and county level governments in particular play a dominant role in land management (Lin and Ho, 2005). Specifically, the policies for the regulation of agricultural land's conversion to construction land can be outlined as follows.

Firstly, the Land Management Law 1986 stipulates that “the various levels of local government are responsible for making the overall and annual land use plans. Then, the land use plans needs to be submitted to next upper level of local government for approval” (China 1986, Article 15). The main targets of the overall land use plan include: defining the total area of construction land use (total construction land use quota); defining the total area of agricultural land; specifying the scope and boundary of construction land use; and optimising the structure of various land uses. Legally, all of the non-agricultural development projects are not allowed to be settled beyond the scope of construction land use area that defined by the overall land use plan, except some key military, resources and national strategic projects. The annual land use plan is the annual specific implementation strategies for the overall land use plan, and the main target of the annual land use plan is the definition of the annual construction land use area (Zhang and Li, 2011).

Secondly, through the land use plan, the central state initially introduced a land use quota system in order to regulate the expansion of the total construction land use area

and annual construction land use area at the local levels (cities and towns). Specifically, the national land management department initially defined the total construction land use quota for the corresponding land use planning term (ten years). The total construction land use quota is actually the maximum limit for the construction land use area. The land management department distributes the total construction land use quota to each province and then further distributes it downwards to the municipal level, county level and township (town) level. However, during the period between the 1980s and the 1990s, it was not strictly required for various levels of local government to comply with the construction land use quota (Lin and Ho, 2005). For example, the Land Management Law 1986 does **not** stipulate specific punishments or penalties for local governments who violated the land use quota system. Thus, for the local governments, the construction land use quota system only served as a guidance for the formulation of the local overall land use plan, rather than as a compulsory rule for them (Wang, 2003). In addition, the supervisory power for reviewing the implementations is devolved to various levels of local governments themselves (Liu, 2004).

Thirdly, the central government began to establish legalized approval procedures for the conversion of cultivated land to the development construction usages. According to Land Management Law 1986, the conversion of cultivated land less than 0.21 hectares needs to be checked and approved by the county land management authority; the conversion of cultivated land between 0.21 hectares and 0.65 hectares

needs to be checked and approved by the municipal land management organs; the conversion of cultivated land between 0.65 hectares and 65 hectares needs to be checked and approved by the provincial land management departments; and the conversion of cultivated land over 65 hectares needs to be approved by the national land management department (China, 1986, Article 11) .

However, this decentralized land use quota and cultivated land conversion approval strategies fail in dealing with the land conversion, since the county level, municipal level and town level governments always expropriate and convert much larger area of cultivated land for urban and town development use than that are defined by the land use planning. Specifically, during the period of 1990s, the land for construction use in China increased by 21%, which rose from around 82 million hectares to around 98.4 million hectares (Liu, 2000, p.31). In more recent years, according to the National Statistics Bureau (2006), the total area of agricultural land of China has declined around 6.8% compared with that of 1996, and around 37.2% of new added non-agricultural development is industrial land use, which is the second largest among all the new added non-agricultural land use (second only to housing land use). Therefore, under this land management system, the loss of cultivated land accelerated instead of slowing down during the period between the 1980s and 1990s.

3.4.3 The Adjustment of the Land Management System and Centralised Land Regulatory Power

As demonstrated in the foregoing section, the decentralized land management structure in the 1990s failed effectively to regulate the agricultural land's conversion to construction land. In addition, after Deng Xiaoping's famous South Tour Speeches in 1992, the urbanisation of China dramatically accelerated (Liu, 2004; and, Ma, 2008). The rapid development of urbanisation also brought unprecedented pressure and challenges for the conservation of cultivated land.

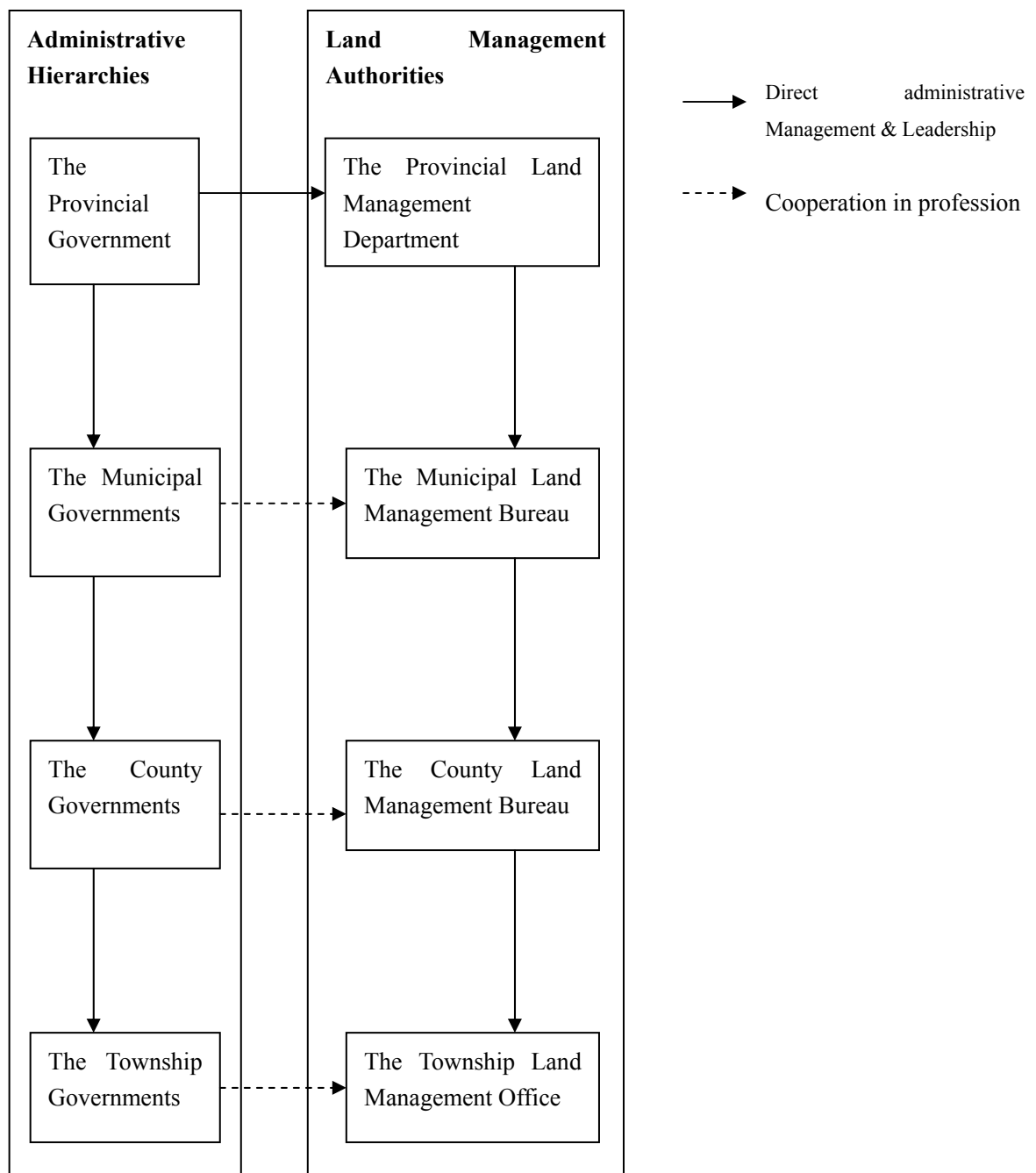
Against this background, the central government planned to revise the Land Management Law 1986 and adjust China's land management system. On the basis of Land Management Law 1986, the new Land Management Law was enacted by the National People's Congress in 1998. The most important revision was the strengthening of the state regulatory power and the control of cultivated land use converting to construction land use. Article 3 of the Land Management Law 1998 stipulates that "to particularly treasure the land resources and ensure the sustainable land uses, as well as give the true protection of cultivated land is the fundamental principle of the country" (China, 1998; Article 3). In addition, Article 4 of the Law also stipulates that "strict restriction shall be imposed on converting into land for construction; and, amount of land for construction shall be controlled and special protection provided for cultivated land" (China, 1998; Article 4).

Centered on the new Land Management Law 1998, a series of national regulations, policies and strategies were promulgated by the central government in order to protect cultivated land effectively. In Specific, the main adjustments of the land management system include the following aspects.

First of all, since the 2004, the land management system of China has implemented vertical assignment of personnel mechanism below the provincial levels. Before this adjustment, the administrative organisational structure of land management system was bloc-authorized, which is similar to the city/town planning system. During the period between the 1980s and 1990s, the leaders and cadres of the land management bureaus at various administrative levels were appointed (or removed) by the corresponding level of local government. In recent years, the central state started to concentrate the power of appointment and removal on the central and provincial levels (Zhang and Li, 2011). Specifically, the provincial governments are authorized to appoint and remove the leaders of the provincial Land Management Department. At the municipal level, county level and township level, the power of appointment and removal of officials is held by the next upper level of the Land Management Department (or Bureau) (State Council, 2004). Moreover, the central and provincial levels of the Land Management Department also vertically take the annual assessments and evaluations for the performances of the cadres at the municipal, county and township levels of the land management organs (Ma, 2008). In other words, the land management authorities of the lower administrative hierarchies

increasingly became the branch agencies of the land management department at the central or provincial levels. The municipal, county and township levels of governments have limited political influence on their land management organs. Figure 3.3 illustrates the current administrative organisational structure of the land management system.

Figure 3.3: The Administrative Organisational Structure of the Land Management system



(Source: Provided by the author)

Secondly, the land use quota system was also re-emphasised by the Land Management Law 1998. The land management authorities at various levels take charge of formulating the overall land use plan and annual land use plan. At the municipal level, county level and township level, the total construction land use area defined by the overall land use plan is based on the total construction land use quota allocated by the next upper level land management authority (China, 1998; Article 10). In addition, the reformed land management system introduced the annual land use quota, which set the maximum limits for the construction land use area in a given year. Similarly to the overall construction land use quota, the provincial land management department distributed the annual land use quota downwards to the municipal level, county level and township level. The role of the annual land use plan is the allocation of the annual land use quota for the next lower level of local government (China, 1998; Article 11). However, unlike the overall land use plan, the annual land use does **not** need to define the specific scope and boundary of the construction land use area. Furthermore, in 2003, the central government added explanatory notes for the Land Management Law 1998. According to the explanatory notes, the overall and annual land use plans must be complied with by the various levels of government. If any violation is detected, the leaders of local governments will be punished or removed by the central government (State Council, 2003).

Thirdly, the central government adjusts the policy for the approval of cultivated land's conversion to non-agricultural construction usage. Specifically, the reformed land management system has centralised the power for the approval of land usage conversion on provincial level land management authorities. According to the new policy, the conversion of cultivated land less than 0.35 k m² must be examined and approved by the land management bureau at the provincial level; and, the conversion of cultivated land over 0.35 k m² must be examined and approved by the national land management department (State Council, 2001). In other words, for the municipal level, county level and township level governments, any conversion of cultivated land to non-agricultural development usage must be approved by the provincial land management departments.

Fourthly, the central government seeks to achieve “zero net loss of cultivated land”, so the national state introduced the “Dynamic Equilibrium Principle” for compensating the conversion of cultivated land. “Dynamic Equilibrium Principle” means that any cultivated land converted to construction land use must be compensated by the equal amount of new reclaimed unused land (the so-called “back-up land”) (State Council, 2004). In addition, the new compensated cultivated land should have the same quality and fertility as the converted cultivated land. In 2004, the central state further specified that the new supplemented cultivated land should be located in the same province as the converted cultivated land. Furthermore, the local governments that convert the

cultivated land for non-agricultural development must afford the payment of the new reclaimed blank land (State Council, 2004).

Fifth, the Land Management Law 1998 also stipulates that the local governments should establish “Basic Farmland Districts”. “Basic Farmland Districts” refers to “cultivated land with high productivity and good conditions of irrigation” and the basic farmland is not allowed to be converted to other agricultural usages (such as orchard land or fishpond) and non-agricultural development uages during an overall land use planning term. Moreover, the Law also stipulates that, for each province, the total area of basic farmland districts should account for at least 70% of its total cultivated land area (China, 1998, Article 14). For a province, the area of Basic Farmland is initially defined by the central government and then distributed downwards to lower-level local governments (Zhang and Li, 2011).

Last but not least, for the monitoring and supervisory mechanism, the central government abandoned the hierarchal review policies that were implemented by the various levels of local governments (Zhang, 2009). In 2003, the central government began to centralise supervisory power. Specifically, the central state directly examines and assesses the performance of cultivated protection in each municipality. The National Land Management Department will routinely dispatch inspection teams to provinces and municipalities to examine whether local governments are complying with the assignments of cultivated land protection (Ma, 2008; and, Zhang, 2009).

Moreover, in 2003, the China Land Management Department established the National Digital Land Resource Database and satellite survey images system, to provide support for carrying out routinely cultivated land supervision (Zhang, 2009). Therefore, through a series of adjustments and reforms, the current land management system has emerged in recent years.

3.5 Conclusion

As a vertical organisation structure, the administrative system of China is composed by five tiers. The national government implements the leadership over the various levels of local governments. Each level of local government also needs to accept direct leadership from its next superior level of government.

The evolution of the city/town planning system of China has two clear clues: first, the powers of formulation, approval and implementation of the city/town plans are increasingly devolved from the central state into the local states. The municipal and township governments have hold the real power to set their local development strategies and goals. Second, the natures of the city/town planning are also shifting from translating the economic plan into facing to the market-oriented economy; and, shifting from simply allocating the land resource into promoting the economic growth.

In the era of centrally planned economy, the city/town plans are below the national economic plan, which actually aims to allocate the land use and carry out the site-selections for the industrial projects. With Deng's reform in 1978, the town planning began to establish its new institutions for the formulation, examine, approval and implementation. The enactment of the City Planning Law 1989 was an important milestone for the transformation of China's city/town planning system. In more recent years, the Urban-Rural Planning Law has also been enacted; it aims to promote

integrated development between urban and rural areas. The fiscal system reform and administrative devolution, combined with the promulgation of the Urban-Rural Planning Law, has made the local governments hold the real power to prepare a system of plans in order to promote local economic development and undertake development control. In addition to statutory two-tier plans, the overall plan and detailed plan, other plans have also been implemented for supplementation. For the lower levels of local governments, especially the township level governments, the approval of the overall town plan only need to be made by the next superior level of government.

The evolution of land management system is different with that of the town planning system, which is characterized as the devolution in 1990s but centralization in recent years. Under the centrally planned economy, all the urban land of China was nationalised and most of the rural land was collectivised. In addition, the land was seen as a means of production, and was therefore directly allocated by the state based on the economic plan. With the market-oriented economic reform, China started to establish a land market and classified the land into three main types: agricultural land, non-agricultural development land and unused land. The land management power was devolved to various levels of local government during the period between the 1980s and the 1990s. The lower levels of local government (the administrative hierarchies below the provincial level) hold most of the regulatory powers; for instance, making their own land use planning and approving land use

conversion. However, the rapid shrinking of cultivated land made China reform the land management system in recent years. Under this circumstance, the land management authorities are administratively vertically re-organised. Thus, the formulation, approval and implementation of land use planning are also based on the vertical land management system. In addition, the central government strengthens the supervision of the cultivated land protection. The powers for the approval of land use conversion have been centralised at the national and provincial level. Therefore, the current land management system has been established.

CHAPTER 4

The Context of Henan Province

4.1 Introduction

Traditionally, Henan is the largest agricultural province of China. The development of the industrialization of Henan is, in comparison, lagging behind the coastal provinces. For a long period of time, accelerating industrialization and promoting rapid economic growth have been the primary development strategies of Henan province. This chapter aims to demonstrate the context of Henan province in the aspects of regional economic development, industrialization and agricultural development.

The contents of this chapter include four main parts. The first section of this chapter will provide the general background of China's regional economic geography and basic information about Henan province in the last three decades; the second section will focus on the context of industrialization in the core towns of Henan province, and the important role of Zhengzhou city in Henan province. The third part aims to illustrate the context of Henan's agricultural development and current strategies and the last section is the conclusion of the whole chapter.

4.2 The Context of Henan Province and Zhengzhou City Region

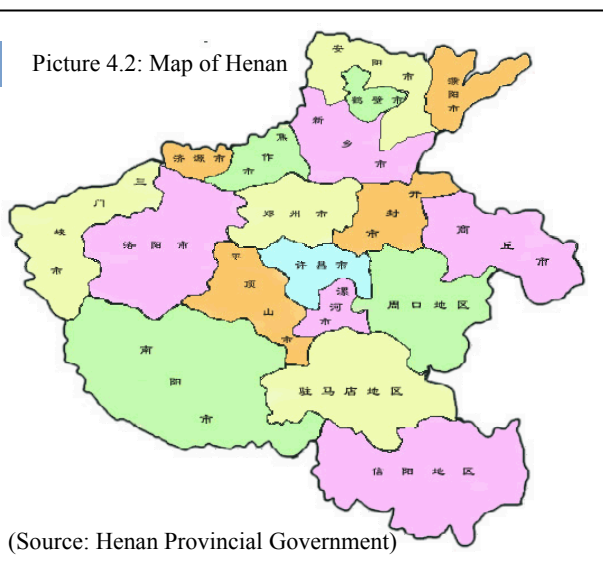
Picture 4.1: Locations of Four Regions



In the economic geographical dimension, China has been divided into four main regions (see picture 4.1 for locations), namely: the Coast Region (including 7 provinces and Shanghai city), which is the

most developed region of China; the North-East Region (including 3 provinces), which is the old heavy industry zone of China; the Great West Region (including 11 provinces), which is an underdeveloped region of China; and finally the Central Region (including 6 provinces), which is the most important agricultural zone of China (Yang, 2006). Henan province (the deep red part in picture 4.1) is located in the central region of China.

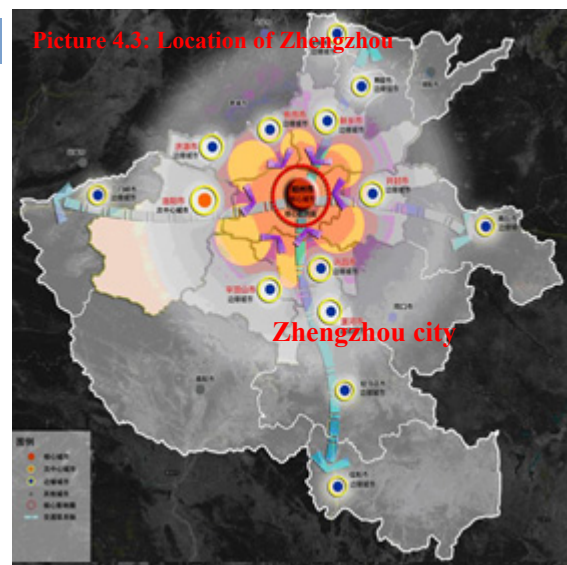
Picture 4.2: Map of Henan



The total population of Henan province reached 101 million in 2009. The GDP of Henan was 1.94 trillion USD in 2009, which meant it was ranked fifth of all 31 provinces in China, and the GDP growth rate has

stayed at around 12% to 14% in the last five years. However, the GDP per capita of Henan is around 3,800 USD, and only ranks nineteenth in 2005 and sixteenth in 2008 among all the provinces of China (Henan Provincial Statistics Bureau, 2009). In the Henan province, there are 18 municipalities (or known as city regions) in total, as illustrated in picture 4.2. These municipalities (city regions) are: Zhengzhou, Kiafeng, Luoyang, Sanmenxia, Xinxiang, Zhoukou, Zhuamadian, Xinyang, Anyang, Shangqiu, Pindingshan, Hebi, Puyang, Jiaozuo, Puyang, Jiyuan, Zhoukou and Xuchang. Furthermore, there are 37 counties and 83 towns under the jurisdiction of the municipalities.

Zhengzhou is the capital and the largest city of Henan province, and is the economic



and political centre of Henan (see picture 4.3). Zhengzhou is located at the hub of the two main railway of China – Jingguang railway (Beijing to Guangzhou) and Longhai railway (Lianyungang to Xinjiang); and Zhengzhou is also at the intersection of the two main motor-ways of China – jingzhu motor-way (Beijing to

Zhuhai) and Lianhuo motor-way (Lianyungang to Huoermusi). The total area of the whole city is 7,446.2 km², of which the downtown area is 1057.2 km² and the built-up area is 282 Km². Zhengzhou governs 5 counties (Zhongmou CountyGongyi City,

Xingyang City, Xinzheng City, Xinmi City and Dengfeng City); and 22 towns. The total population of Zhengzhou's in 2007 was 7,356,000, of which the urban population was 3,189,000 (Zhengzhou Municipal Government, 2009).

In the last three decades, the Central Region has been an “unfavourable region¹” in China, so its industrialization and economic development has lagged behind other regions (Yang, 2006). Specifically, since the beginning of China's market-oriented economic reform, the central government has given priority to the development of the South-East Coast Region, so it can benefit from many national-level favourable and supportive policies in order to attract large amounts of Foreign Direct Investment (FDI). For example, in 1982, the central government set up 14 major opening-up cities in the South-East coastal region and established 4 national level special economic development zones to attract FDI and develop the manufacturing industries. Consequently, the industrialization in the south-east coastal region started much earlier than in other regions of China. Moreover, in recent years, the central government also promoted the development of high value-added industries in the coastal region, which resulted in the up-grading of the industries in the cities and towns of the coastal region. Compared with the north-east region, the industrialization of the central region was also disadvantaged. North-east region was the old heavy industry zone during the period of the socialist planned economy. In 2001, the central government launched “the Revitalization of the Old industrial Zone Scheme” to

¹ “unfavourable region” means that Henan lacks in the supportive policies from the national level, and also not a favourable place for the private investors.

promote the industrial regeneration in the north-east.

As a province in the central region, the industrialization and economic development of Henan was generally much slower than the provinces of the Coastal Region during the 1980s and 1990s. For a long period of time, lack of private investment became the key challenge which impeded the development of Henan province. Table 4.1 below shows the comparison between Henan province and other coastal provinces in attracting private investment from 1996 to 2001.

Table 4.1: the amount of private investment (-- Billion / USD)

Year	Henan Province	Guangdong Province	Zhejiang Province	Shandong Province
1996	0.54	5.819	1.61	3.812
1997	0.359	7.2445	2.21	4.249
1998	0.452	10.012	3.16	6.521
1999	0.561	11.981	5.44	11.260
2000	0.874	13.398	6.68	9.821
2001	1.230	14.642	7.72	11.014

(Source: National Statistics Bureau, 2009)

In 2004, the total output value of Henan's manufacturing sector (secondary sector) was 13.1 billion USD, which was ranked second of all the 6 central region provinces, but this ranking is lower than that of the south-east coastal provinces. The average

urbanisation rate (non-agricultural employment rate) of Henan was only 35.6% up to the year 2004, which means that the total non-agricultural employment was around 35.62 million. Comparatively, the average urbanisation rate of China was around 46% in 2004. In other words, the urbanisation rate (non-agricultural employment rate) of Henan province is much lower than that of the average level in China.

Moreover, it needs to be emphasised that Henan is the largest and most important agricultural province in China, so as such, the output of grain and wheat has been ranked at **the top** among all the provinces of China for the last 12 years. In 2009, the output of grain and wheat in Henan province reached 56.4 million tons, which was around 15.7% of the total output in China (Henan Statistics Bureau, 2010). In addition, for a long period of time, the total output value of the agricultural products of Henan also ranked in the top three of all the provinces. As the largest agricultural province, the total number of Henan's rural population is around 63 million, which also contains the largest population of peasants among all of the provinces in China.

In addition, Henan province has the second largest area of cultivated land and the largest area of basic farmland among all the provinces of China. According to the official survey of the Henan Land Management Department, the cultivated land in Henan province is 687,800 k m², and the area of basic farmland is 550, 247 k m², which shares 80.2% of the total area of cultivated land (Henan Provincial Government, 2008). In other words, over 80% of cultivated land in Henan must be protected and is

not allowed to be converted for construction use, according to the Basic Farmland Protection Law.

Last but not least, the rural population of Henan province was 62.65 million in the year 2008, which ranked it as the highest in China. In the last three decades, the continuous enhancement of agricultural productivities in Henan province has generated a large population of rural surplus labour, and the income gaps between the coastal and central inland cities made the rural surplus labour migrate to industrialized regions for employment. In recent years, Henan province has exported around 35 million rural surplus labourers (rural migrant workers) to those coastal cities to find employment opportunities every year. Table 4.2 shows the details of Henan's agricultural population and export of migrant workers in the last decade.

Table 4.2: Henan's Agricultural Population and the Export of Migrant workers

The Year	2001	2002	2003	2004	2005	2006	2007	2008
Total Agricultural Population	73.43 million	73.41 million	72.23 million	71.02 million	69.45 million	67.17 million	64.81 million	62.65 million
Surplus Labourers	33.32 million	33.91 million	34.18 million	36.56 million	37.19 million	38.32 million	38.79 million	39.43 million
Migrant Workers	20.15 million	21.76 million	26.65 million	29.87 million	31.15 million	34.20 million	34.23 million	35.08 million

(Source: Henan Provincial Social & Economic Academy, 2009)

For all the six central region provinces, there are around 103 million rural surplus labourers who migrate to the South-east coastal region to find jobs (National

Congress, 2010), which means that the rural surplus labourers exported by Henan shares around 33% of all the labour exported in the central region.

4.3 The Industrialization and Core Towns of Henan and the Role of Zhengzhou City

4.3.1 The Industrialization in the Core Towns of Henan Province

To promote the economic growth and urbanization, accelerating the development of industrialization has been one of the most significant regional strategies of the Henan province (as well as other central region provinces) for a long period of time. In recent years, as costs rise in the towns and cities of the coastal region (such as living, land and transport costs) and industries in the coastal region are upgraded (which is promoted by the central state), the labour-intensive manufacturing industries of the South-east coastal towns and cities began to transfer to other regions. This issue will be specifically discussed in chapter 4. For the central region, the sufficient and cheaper labour force, coupled with increasingly improved infrastructures and lower costs have made its cities and towns become competitive places to attract these transferred industries and other FDI investments (Yang, 2008). In other words, the central region is blessed with great opportunities to promote industrialization and economic development.

Against this background, the paralleled competition is gradually becoming more fierce among the provinces and cities of the central region. In 2004, the central government formally approved the Wuhan Urban Circle of Hubei province as the Synthetically Reform Testing Districts². Wuhan, as the capital city of Hubei province, is also located in the central region of China. The approval of the Wuhan Urban Circle means that the Hubei province and Wuhan city can have access to more central level support policies and are becoming important “growth centres” in the central region. In other words, this situation demonstrates that Henan province could be disadvantaged when in competition with the other provinces of the central region (Henan Provincial Government Official Website, 2008).

Thus, to seize the market opportunities and compete with other provinces, the provincial government of Henan decided to accelerate the industrialization. According to the Henan Provincial Industrial Development Report (2008), accelerating industrialization is crucial for the long-term development of Henan, because “first, the rapid industrialization will promote a higher GDP growth rate; and second, rapid industrialization can be the main driving force for urbanisation and can absorb surplus labour of rural areas” (Henan Provincial Development & Planning Department, 2008. p. 18).

In 2000, the Henan provincial government planned to set up ‘core towns’ in order to

² Synthetically Reform Testing Districts: a important regional development strategy launched by the national government of China. National government always provides a comprehensive supportive policies package.

promote industrialization and economic development. This meant that each municipal government of Henan firstly selected some candidate towns within their municipal jurisdiction, and then submitted to the provincial government for formal approval. The main qualifications of core towns included those which have: a relatively better industrial foundation and long-term development potential; good infrastructural conditions; convenient transport conditions and a privileged geographical location. In 2001, there were 18 core towns that were finally set up by various municipalities of Henan province (Henan Provincial Government Working Report, 2005).

Most of the core towns are located on the outskirts of cities which connect both urban and rural areas, so therefore the core towns have the advantages of both the rural and urban areas. For example, the large population of rural surplus labour has provided a cheap labour force for the manufacturing industries of core towns, and the cities can provide various necessary services for the core towns (Wang, 2005). These advantages have made the core towns become ideal places for the development of the manufacturing sectors.

The lower levels of local governments (the administrative hierarchies below the provincial level) play an important role in the agglomeration and development of the manufacturing industries of the core towns. During the period of the 1980s and 1990s, most villages had their own Township and Village Enterprises (TVEs) and small and medium private enterprises, and these enterprises were scattered in the thousands of

villages in the vast rural area. At the beginning of the establishment of core towns, the township governments of core towns developed industrial parks and introduced the TVEs and other small and medium scale private manufacturing enterprises which were relocated in the industrial parks of core towns. In this regard, the embryonic form of industrial clusters started to emerge in core towns.

To promote the further development of industries, the township governments took efforts to enhance the qualities of the infrastructure and other public service facilities, so as to improve the physical environment of the business. For instance, in 2008, the investments in infrastructures shared 54% of the fiscal budgets of core towns on average (Henan City Planning Department Working Paper, 2009). In addition, various industrial parks were developed by the township governments of core towns, and a series of supportive and favourable policies are always linked with the development of industrial parks. For example, the various levels of local governments always provide a favourable tax rate for the enterprises in industrial parks, and the land of industrial parks will be leased to enterprises at a very low price (Wang, 2004; Yang and Wu, 2006).

In recent years, the core towns have become increasingly competitive in the market, and have become the key nodes for attracting transferred labour-intensive industries, FDIs and other private investments of the manufacturing sector. According to the Henan Provincial Government Working Report (2009), the output values of

manufacturing industries in all the 18 core towns reached 706 billion RMB in 2008, which shared 67.8% of the total manufacturing industries of Henan province. In addition, 56 industrial parks have been developed in the core towns, and around 62% of the manufacturing enterprises are located in the industrial parks (Henan Provincial Government Working Report, 2009).

4.3.2 The Role of Zhengzhou City-Region in Henan's Industrialization

As the capital and the largest city of Henan province, Zhengzhou plays a significant role in the development of the whole province. Specifically, the city-region of Zhengzhou serves as a key area for driving the industrialization and economic growth of Henan province, and it also plays the most active and influential role in the development of core towns.

In recent years, the Zhengzhou municipal government has implemented strategies to strengthen the polarization position of Zhengzhou in the Henan province to promote industrialization and economic development. In other words, the Zhengzhou city-region aims to develop as the “growth centre” to drive the development of Henan province. In this regard, the urbanisation strategy of Zhengzhou in recent years has focused on ‘enlarging the frame of the city and promoting the urban-towns system’ (Working paper of Municipal Planning Department, 2007). According to the overall plan of Zhengzhou (2008 to 2018), “by the year of 2019, the total population of the city will be 16,000,000, the urban population will be 8,800,000, the urbanization level will

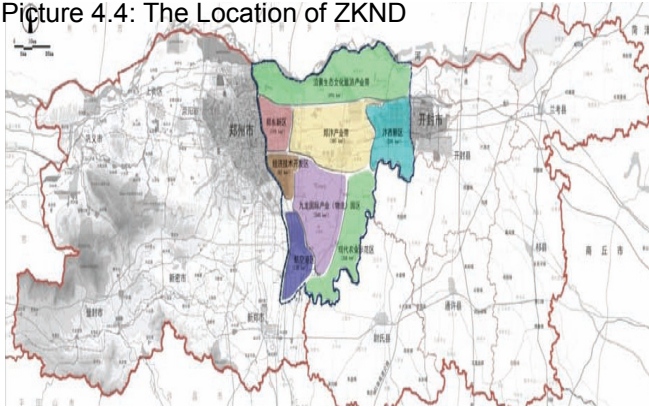
be about 56%, the downtown population will be 5,000,000, the urban construction land will be controlled within 836 Km² and finally the downtown construction land will be controlled within 450 Km²” (Urban Planning Department, 2008).

For Zhengzhou, promoting core towns as the nodes of manufacturing industries, investment and population of its city-region has become a significant step for the polarisation of the Zhengzhou city-region. In 2001, the Zhengzhou municipal government selected ten towns under its jurisdiction as candidate core towns and reported this to the provincial government; eight of these towns were formally approved as core towns. Thus, for all of Henan’s 18 core towns, 8 of them belong to the city-region of Zhengzhou and are under the leadership of the Zhengzhou municipal government. In other words, almost 50% of the core towns of Henan province are located in the Zhengzhou city-region.

In addition, Zhengzhou also tried to optimize the spatial structure of the urban-towns system of the city-region. For example, in 2006, the municipal government devised the Zhengzhou Spatial Strategic Development Plan. The key goal of this plan was to set the city-regional division and development objectives for the next ten years. According to the plan, “Zhengzhou city aims to serve as the regional center for finance, business, and culture, which provides comprehensive services [...]; the eight core towns should serve as the regional manufacturing industrial and comprehensive service, and the total population of core towns ranges from 50,000 to 120,000 [...];

the other small towns aim to provide the general services for the local villages and rural areas” (Municipal Planning Department, 2008).

Picture 4.4: The Location of ZKND



(Source: Municipal Planning Bureau, 2007)

Moreover, in 2007, the provincial government and the Zhengzhou municipal government launched an ambitious scheme, namely the Zheng-Kai New District (ZKND)

development scheme. The ZKND is composed of three core towns: Baisha town, Xuedian town and Luozhen Town. The ZKND is located at the boundary region of Zhengzhou city and Kaifeng city, and its development is based on the concept and strategy of Zhengzhou and Kaifeng integration (see picture 4.4).

The functional orientation of ZKND is Henan Province’s modern manufacture base and outward economic base. The municipal government hopes that the development of ZKND would result in four functions: Firstly, growth pole, namely to achieve the comprehensive economic growth pole to form the industrial clusters and modern industrial system; secondly, to become the area that would attract large-scale investment both nationwide and world wide; thirdly, to become the area which would attract the labour intensive enterprises which are transferred from the South-East coastal cities; and fourthly, to promote the urban and rural integration, so as to absorb

the rural surplus labour (Henan Provincial Government, 2008). Thus, promoting ZKND as the growth pole has become the main strategy for enhancing the regional competitiveness of Henan.

4.4 The Agricultural Development and Strategies in Henan

4.4.1 The Status and Role of Henan's Agricultural Development in China

According to the 10th and 11th National Development Strategic Plans, Henan province is **“the most significant national agricultural base**, and the economic development and urbanisation process of Henan province must ensure that the area of cultivated land is **not declined**” (the Official Paper of the 10th and 11th National Development Strategic Plans, pp37, 2006). Similarly, in the third session of the 11th National People's Congress, which was convened in 2007, China's president Hu Jintao pointed out that the provincial government of Henan should carefully balance the relationship “between the development of the economy and the growth of agricultural products. But, all the officials of Henan provincial government must bear in mind that ensuring food security is the first and foremost task. [...] Henan province is no doubt the ‘rice bowl’ of China, so protecting the cultivated land and improving agricultural development is a core assignment for the Henan provincial government” (the Review of Henan Provincial Agricultural Development, pp17, 2007).

In other words, the central government of China requires that Henan province should

maintain the cultivated land and enhance the output of agricultural products on the one hand, and promote the development of cities and towns on the other.

4.4.2 The Strategies of Henan's Agricultural Development

As the most important agricultural base of China, promoting the output of agricultural products (especially grains and wheat) and protecting the cultivated land in rural areas are the primary goals of the agricultural strategies of Henan's provincial government (Yang, 2008). According to the Henan Provincial Government Working Report 2008, the primary goals and strategies for promoting agricultural development are as follows:

Document 5: The Goals and Strategies for Henan's Agricultural Development

For Henan province, the agricultural development is always a basic assignment for provincial government. Ensure the output of agricultural products steadily increase and promote the sustainable land use in rural area are the key targets for provincial government in the aspect of agricultural development [.....]. To achieve these goals, we provincial government should encourage the development of standard and large-scale agricultural production; and, implement unified and strictly cultivated land protection strategies.

Source: Working Report of Henan Provincial Government, 2008.

For the specific quantitative dimension, the central government requires that the total output of grains and wheat must be kept at the level of 50.2 million tons **at least** per year, and the output needed to be increased by not less than 0.5% per year during the

period of 2005 to 2010 (Henan Provincial Government Working Paper, 2007). However, as some unforeseen and unpredictable reasons (such as natural calamities) may lead to the decline of the output of agricultural products, the central government and provincial government of Henan **do not** give a compulsory assignment about the annual output of agricultural products for the municipal level, county level and township level governments (Yang, 2004; Wang, 2007).

As the land is the most important resource for agricultural production, the cultivated land of Henan province is under more strict protection when compared with the cultivated land protection of the south-east coastal provinces and most of the north-east provinces.

First of all, Henan is the first province to carry out the new Land Management Law launched by the central government in 1998, and in particular, Henan is the first province to implement the vertical administrative management of the land use planning system. As mentioned before, in 2003, the central government required that the head leader of the Land Management Bureaus (and Offices) in various levels of local governments must be appointed by the provincial level Land Management Department directly, instead of being appointed by the local governments themselves. For Henan province, the provincial Land Management Department directly appointed not only the head leaders but also some key officials of the Land Management Bureaus (and Offices), so as to strengthen the vertical administrative management of

the land use planning system (Henan Provincial Government working paper, 2007).

Secondly, as also mentioned previously, the area of basic farmland is the second largest in China – the area is only 326 km² smaller than Heilongjiang province. To strictly implement the Basic Farmland Protection Law, the Henan provincial land management department established the Satellite Digital Monitory System (SDMS) in 2005, which meant that Henan became one of the few provinces in China that established this system. The SDMS is a database of the Land Management Department which links with national resources investigation satellites and can provide immediate HD satellite photos about the changes in the land on a monthly basis. Therefore, the land management department of Henan can supervise the usage and monitor any changes in the cultivated land by using SDMS.

Last but not least, on the basis of strengthening the vertical administrative management system, the provincial government of Henan strictly controls the approval for the overall and annual cultivated land conversion quota, so as to ensure that the cultivated land of Henan is not decreased. To be detailed, the provincial Land Management Department not only made a strict overall and annual land use plan at provincial level, but also established the stated censorship system for cultivated land converting for construction utility. Every year, the Land Management Team dispatched by the provincial Land Management Department will investigate and examine the actual annual cultivated land conversion in various levels of local governments

(Henan Land Management Department Working Paper, 2007). On this way, the land utility is vertically controlled and managed by the provincial government.

4.5 Conclusion

Henan is a province located in the inland Central region of China, and for a long period of time, its level of GDP per capita and its industrialization are comparatively slower than those of the provinces in the South-East Coastal region. In addition, Henan is also the most important agricultural province of China, and it has the largest rural population and output of agricultural products. During the last decade, the biggest challenge for the Henan provincial government has been how to accelerate its industrialization and economic development on the one hand, whilst protecting the cultivated land on the other hand.

As the province with the largest rural population, accelerating the development of industrialization plays a crucial role for Henan to absorb rural surplus labour, promote the urbanization and improve the incomes and living standards of the rural population (rural migrant workers). In recent years, the transferring of labour-intensive manufacturing industries from the south-east coastal region to the central region has provided great market opportunities for Henan province to promote the industrialization. As the competition among provinces is increasingly fierce, the Henan provincial government and its various municipal governments are promoting the

development of core towns in order to encourage the agglomerated development of manufacturing industries.

As the largest city and indeed the capital city of Henan, Zhengzhou aims to strengthen its role as the “growth centre” of the industrialization and economic development in Henan, therefore the Zhengzhou municipal government promotes the development of the core towns located in the city-region of Zhengzhou. To achieve this goal, the municipal government plans to optimise the spatial structure of the urban-towns system and it also plans to guide both the private and public sector to invest in the core towns so as to promote the growth of the industries and the population in these areas. Moreover, the new comprehensive development zone (the Zheng-Kai New District) aims to attract large-scale investment and become the new area to attract labour intensive enterprises transferred from coastal cities.

From the aspect of agricultural development, the Henan province is the largest agricultural province of China. It is necessary for the Henan provincial government to protect the cultivated land and promote the total output of agricultural products (especially the grains and wheat). Strengthening the cultivated land protection is a important strategy adopted by the Henan provincial government. The provincial Land Management Department not only appointed the head leaders but also the key officials of the Land Management Bureaus (or offices) of the various local levels. On the basis of this strengthened vertical management system, the provincial

government adopted strict measures for the examination and approval of the cultivated land conversion.

On the other hand, the strengthened cultivated land protection system has become one of the main challenges for Henan to balance the relationships between promoting the urbanisation development and protecting the cultivated land in the same period of time. As the agricultural base of China, Henan has largest area of cultivated land and basic farmland, which is must be protected according to the Law. However, the promotion of urbanisation and the development of core towns (which means the transfer of the population from rural areas to urban/town areas) will also lead to an increase in the construction land and the loss of cultivated land in the long-term.

CHAPTER 5

Research Methodology

5.1 Introduction

This chapter aims to demonstrate the details about the research methodologies that are employed in this research. The second section will focus on discussing the research design of this thesis. The specific approaches of this research design will be demonstrated in section 2.1; and, the section 2.2 will provide the details about how the researcher (the author) plans to implement this research design. The third section of this chapter aims to demonstrate the data collection and analysis methods of this research. Sections 3.1 and 3.2 will specifically discuss the data collection methods that are employed in this research, and section 3.3 will demonstrate the sampling techniques and the implementation of the data collection methods. The potential limitation and criticisms will be discussed in the fourth section, and finally, a brief conclusion will be provided in the last section of this chapter.

5.2 Research Design

5.2.1 The Designs of This Research

The research design aims to establish a framework for the data collection and analysis. Generally, there are six different types of research designs have been widely employed by researchers. These types include: cross-sectional design (or survey design); experimental design; case study design; secondary analysis; longitudinal design; and, comparative design. For this research, the **secondary analysis** and **case study design** will be employed as the dominant approaches.

Yin (2003) points out that each research design has its own advantages and disadvantages, and the choice of which needs to be based on the specific conditions of a research. According to Yin (2003), there are three key conditions decide when to employ each research design: first, “the types of research questions”; second, “the extent of the control an investigator has over actual behaviour events”; and, third, “the degree of focus on contemporary as opposed to historical events” (Yin, 2003, pp5). These three conditions have served as an important framework to decide the research design for this thesis.

The Secondary analysis approach refers to analysing the data that have been collected by other researchers, non-governmental organisations or state departments. And, those data could be ‘either quantitative data or qualitative data’ (Bryman 2004. p. 327). In this research, the secondary analysis refers to **the analysis of archive and official statistics**. In other words, the secondary data that this research chosen to analyse is the quantitative data, and those data is mainly obtained from governmental departments or archives.

Yin (2003) argues that if the research questions are the type of “what”, the secondary analysis will be the advantageous strategies (Yin, 2003. p.15). For my research, the first research question belongs in this category, because it is “What are the incompatibilities between the current land management system and town planning

system”, which aims to identify and describe the actual situations of land management and town planning systems’ coordination. In other words, the first research question of this research belongs to the type of “what” question. In addition, this research focuses on the contemporary land management and town planning systems, so the data my research needed is contemporary data since the reform of land management system in recent years. According to Bryman (2004), one of the main advantages of secondary analysis is that this approach allows the researcher to choose both of the ‘contemporary data and historical data’ that cover a very long period of time, which means that the secondary analysis can be ‘employed for both of the cross-sectional and longitudinal studies’ (Bryman, 2004. p.331). Therefore, the secondary analysis approach is appropriate for my research. Last but not least, for this research, the practical background and context are significant for the findings, and the events and behaviours can not be controlled. As the governmental statistics and records (especially the statistics for economics and policies’ implementation) are all collected in a practical context, the analysis of official statistics is always employed by ‘many quantitative social researches which are based on practical conditions and do not control the contexts and events’ (Bryman, 2004. p. 118). Thus, the approach of the analysis of official statistics is suitable for discussing and answering my first research question.

Case study as a research approach mainly focuses on relationships and complex social phenomena. In other words, the case study design can make the researchers

cope the events within a broader and more complex context, instead of the isolated and simple issue (Denscombe, 2001; and, Yin, 2003, p. 25). In general, the purpose of research can be classified as exploratory, descriptive or explanatory. Although, some scholars, such as Shavelson and Townes (2002), argue that the case study design is merely suitable for exploratory researches. However, According to Yin (2003), the case studies can be employed in a wide range of research topics, including the explanatory and descriptive researches. Moreover, Yin gives two examples to illustrate his point of view: Allison and Zelikow's *Essence of Decision: Explaining the Cuba Missile Crises, 1999*, which demonstrates the explanatory functions of a single-case study design; and, Whyte's *Street Corner Society, 1943/1945*, which is an typical deceptive single-case study (Yin, 2003, p. 11). Thus, as the case study is suitable for a descriptive purpose, this thesis will also employ the case study approach for dealing with and answering my first research question (which is a descriptive type question) so as to check and supplement the findings of secondary analysis approach from the quantitative perspective. In other words, the case study approach and secondary analysis approach can supplement with each other when solving and answering my first research question.

Moreover, Yin (2003) points out that the case study strategy is more appropriate to deal with the types of "how" and "why" research questions, because these two types of questions are always the explanatory researches. For my research, the second research question is – "how do these incompatibilities perform in the growth of

industries in the core towns of Henan province”, which aims to explain the impacts of these incompatibilities in the development of industrial parks in Henan’s core towns. My third research question is – “What are the reasons for this incompatibility between current land management system and the town planning system”, which is actually equal to “**why** the current land management system and town planning system are incompatible with each other”. In other words, the third research question tries to further discuss and explain in-depth the reasons that are causing the current land management system and town planning system to be incompatible.

In addition, Yin (2003) argues that the case study design is advantageous when a research aims to examine contemporary events, when the relevant behaviours are not possible to be controlled by the researcher. My research focuses on the relationship between the current land management and town planning systems and the contemporary influences on the development of industrial parks. The industrial projects I chose in my case study are immediate completed or almost completed, instead of the historical events of the remote past. Moreover, as mentioned before, the case study design can make the researchers to cope with the practical and complex contexts and backgrounds of the events. In other words, the case study strategy is suitable for the researches that the social and economic contexts are crucial for the analysis and results (Yin, 2003, p. 38). The focuses of my research are closely related to the political-economic background of China and the holistic context of Henan province, which means that the researcher (author) has no control over behavioral

events. Therefore, the case study is an appropriate approach for this research.

In this thesis, the approaches of secondary analysis and case study will be employed, because other research approaches would not be suitable strategies for this research. More specifically, the experimental design aims to “assess whether a controlled factor X has an impact on another factor Y, or whether changes in one variable produce changes in another” (Hakim, 1987, p101). The control of contexts and the manipulation of the events are crucial for experimental design. However, non-experimental strategies are more appropriate for the researches within practical contexts (Hakim, 1987). As discussed before, for this thesis, it is impossible to manipulate some events or clearly separate the events from the context, so the experimental design can not be employed for this research.

The longitudinal design has more advantages in examining and exploring the changes of the situations, so the longitudinal strategy needs to cover a very “long” period of time (Hakim, 1987. p. 65). Although, the specific time periods are various among different researches, the data collection of many social and economic longitudinal researches are always lasting for over 30 years. In general, there is large amount of data collection in order to investigate their changes within a time period (Hakim, 1987, p. 66). This thesis will not focus on the changes of the land management and town planning systems, but aiming at investigating the contemporary relationships and influences of the two systems. Moreover, the data is also collected at one time point.

In other words, the longitudinal approach is not an appropriate strategy for this thesis.

Yin (2003) argues that the survey approach is advantageous for answering the research questions of “What, Who, Where, and How many/much”, but as mentioned before, the case study is a more suitable strategy to cope with the research questions of “how” and “why” types, because it tends to have an explanatory motive. In addition, the survey design also aims to collect numerous data at a particular time without the manipulation of the contextual conditions, but the secondary analysis approach serves as a better method for the investigator to obtain larger and immediate data (Yin, 2003). As Bryman (2004) pointed out, some statistics are generated by large scale and complex investigations, which are very difficult for a research student to carry out (Bryman, 2004. p.267). In other words, the analysis of archive and official statistics can provide the researchers with a bigger and more comprehensive picture.

Lastly, a comparative design means that the study employs and comparing two or more different cases, and it implies that ‘comparing over two typical contrasting cases will make the investigators have a better understanding about the situations in relation to the topic (Bryman, 2004, p53). The objectives of my research do not aim to compare the town planning system and land management system, so the comparative strategy will not be used in this thesis.

5.2.2 The Implementation of Secondary Analysis and Case Study Strategies

5.2.2.1 The Implementation of Secondary Analysis

As demonstrated in previous chapters, in recent years, China's central government has adjusted the land management system, and the main contents of the reformed (current) land management system include: strengthening the overall and annual land use quota allocation management; new policy of land conversion approval, and, the implementation of a "dynamic equilibrium principle". These new changes have had impacts upon the coordination between the town planning system and land management system. In Chapter 7, a the detailed discussion will be provided in order to decide what archival and official records need to be chosen for analysis.

The main sources to obtain statistical data for this research include the Henan City Construction Archives, the Henan Provincial City and Town Planning Records Office, and Henan Province Planners Commission. These institutions have the statistical data and census data concerning the town planning and land management of all the cities and towns of Henan province. I will choose this statistical data of the core towns for compile and analyse.

5.2.2.2 The Selection of Case Study

As inappropriate case selections will make the researches fail to get the accurate findings, selecting the most typical cases is one of the crucial principles for the case

study design (Stake, 2000, cited in Cheng. p.27). In addition, the typical cases can make the findings and results of the researches generalize to a broader scope (Yin, 2003, p.38). This thesis focuses on: understanding the coordination situation between the current land management and town planning systems; recognizing their influences to core towns' industrial growth in Henan province; and exploring the underlying reasons for the incompatibilities between those two systems. Thus, it is crucial for my thesis to select typical cases, because only typical cases are valuable for this research to explore the current land management and town planning systems as a whole, and then generalizing the findings and results in the scope of Henan province.

Moreover, the case (the core town) I select must have the industrial development projects during the period of 2004 to the present. The land management system has experienced significant reforms and adjustments in the period of the late 1990s and early 2000s, and, as demonstrated in chapter 3, a series of new laws, policies and strategies have been stipulated and implemented by central government. In other words, the current land management system was generally established after the year of 2004, so the core town that is chosen to be in the case study in this thesis must contain the industrial projects which were developed after 2004.

Thirdly, for the town that is selected as the case, the development process of the industrial projects needs to have been completed (or almost have been completed) by

the town. As this thesis focuses on the current land management and town planning systems, only the completed (or almost completed) industrial development projects can demonstrate the whole picture of the relationships between those two systems.

Taking these three conditions into account, the author chose the town of Baisha as the case for this thesis. Baisha town is located in the city region of Zhengzhou (which is the capital city of Henan province) and Baisha is one of 18 Henan provincial level core towns. In recent years, the agglomeration development strategy implemented by Henan provincial government and Zhengzhou municipal government has provided an important opportunity for Baisha to promote local industrial development and attract manufacturing sectors transferred from China's coastal region. Among the 18 core towns of Henan province, there are 8 of them are located in the city region of Zhengzhou, which shares almost half of the total core towns. Thus, it will tend to be more representative for this thesis to select a core town from Zhengzhou's city region as the case study. Moreover, Baisha town has two important manufacturing industrial development projects, namely, the Suigou industrial park development project (from 2003 to 2008) and the Foxconn industrial development project (from 2009 till now). The developments of these two projects are exactly under the period of the newly reformed land management system. In other words, Baisha has developed its industrial development projects in the context of the current land management and town planning systems. Last but not least, for Baisha town, the development of Suigou project has already been completed, and the Foxconn project is progressing

but it almost has been completed - therefore, it is an ideal town to use as the case study of this thesis. The details of Baisha's background information will be illustrated in the chapter 6.

5.3 Data Collection and Analysis

5.3.1 Combining both Quantitative and Qualitative Strategies

In General, *quantitative* research is described as 'the empirical investigation of social phenomena via statistical, mathematical or computational techniques, a prediction for a natural science approach (and of positivism in particular), and having an objectivist conception of social reality' (Bryman, 2004, p. 159). However, *qualitative* methodology 'usually emphasizes words rather than quantification in the collection and analysis of data, and it understands a phenomenon from the perspective of the research participant and understands the meanings people give to their experience' (Bryman, 2004, p. 271).

Both of the quantitative and qualitative strategies will be employed in this thesis. As Bryman (2004) points out that 'the results of an investigation employing a method associated with one research strategy are cross-checked against the results of using a method associated with the other research strategy' (Bryman, 2004, pp454). Specifically, when dealing with my first research question – what are the incompatibilities between the current land management system and the town planning system, this thesis will use both the quantitative and qualitative strategies to collect

data and make analysis. Then, to deal with the other two research questions, the qualitative data collection and analysis methods will be the dominant strategy.

5.3.2 Documents Study and Semi-structured Interview

Employing various data collection techniques can make the investigators cope with their research topics from different perspective, and it can cross-check the reliability and quality of the data (Bryman, 2004. p. 79). Thus, I chose the documents study and semi-structured interview as the data collection methods for this research.

The collection and study of documents can be used for both quantitative research and qualitative research. For example, Lee (2000) points out that the documents, which includes the records and statistics collected from governmental and non-governmental organizations, are viewed as the source for obtaining quantitative data for many researchers. Also, for the case studies, the documents searching and analyzing is a significant method to obtain the key qualitative data (Yin, 2003). The first reason why I chose document study as my research method is because that the documents and other records can give a wide scope of accurate data, so as to provide the comprehensive background and a bigger picture for the investigator (author). In addition, documents study also can improve the reliability of the qualitative and quantitative data collected by the author and offer some data that is 'hard to get by the semi-structured interview or other methods' (Bryman, 2004. p.68). Moreover, documents studies are served as the effective way to check the statics, key words,

names of the key persons or institutions that have been stated by the interviewees. Besides, documents can be employed to prove the reliability of other data. When I find the information of the documents is different from the interview, I will ask some further questions for the research topic (Yin, 2003).

To ensure the reliability and validity, this thesis will collect the documents from various sources. In General, there are five types of documents:

- a) Governmental regulations and laws;
- b) Relevant official working papers
- c) Official (and non-official) statistics and relevant records;
- d) Town plans of Baisha (maps and specification papers) from local governments
- e) Land use plans of Baisha (maps and specification papers) from land management organs

A Semi-structured interview is another method employed in this thesis. Compared with structured and unstructured interview, the semi-structured interview has more advantages and is suitable for my data collection. The reason for employing a semi-structured interview in this thesis is because it can provide 'a comfortable and easy dialogue atmosphere for my interviewees in order to make them offer me more detailed information' (Bryman, 2004, p. 282). In addition, the semi-structured interview is more flexible than the method of structured interview. Comparing with

semi-structured interview, the structured interview aims to define the specific questions and contents of the interview, so the feedbacks offered by the respondents are usually fixed (Bryman, 2004, p. 310). In contrast, the researchers who use the semi-structured interviewing only need to prepare a guideline for carrying out the interview; and, the interviewees have larger room to decide how to reply the questions (Bryman, 2004, p. 316). So, in my research, during the process of a semi-structured interview, the interviewees themselves may raise some additional information which is helpful for this research. Moreover, compared with the unstructured interview, a semi-structured interview obviously has advantages for the researchers to manage the interview process, so that makes the researchers efficiently obtain the qualitative data (Bryman, 2004, p.343).

Other data collection methods – such as questionnaires and focus group, are also not appropriate for this thesis. The method of questionnaires makes the information provided by the respondents are narrower than that offered by the interview. In other words, the fixed answers of questionnaires may lead to the loss of some significant information which is related to the research topic (Bryman, 2004. p.219). Particularly, questionnaires are less advantageous than semi-structured interviews in providing qualitative data when dealing with the second and third research questions of this thesis. The focus group method will also not be used in this research. The focus group method is actually an interview with a group of people for a certain topic in a meeting (Bryman, 2004). However, a focus group meeting is difficult for a research student to

organize, because the researchers have to ensure that all the interviewees to attend the meeting at the particular time. In addition, the researchers usually need to provide some funds to all the interviewees for their time and other expenses (Bryman, 2004. p.291). Thus, as the human resources and funds were limited, it was difficult for me to organise a focus group session.

5.3.3 The Sampling and Field Work for the Case Study Approach

As mentioned before, for the secondary analysis approach, the samples cover all the 17 core towns of Henan province, and the chapter 7 will discuss what statistical data are most relevant to this research and need to be obtained and analysed. Thus, the following parts will mainly demonstrate my sampling techniques and field work for the case study approach.

In the case study of this thesis, the semi-structured interview and document study will be employed as the methods for data collection. The snowball process and elite interviewing are the appropriate sampling techniques.

In this thesis, the cases I selected are the township government-led industrial development projects. As there are many people of various departments and sectors are relevant to the industrial projects of Baisha, such as the township government, the township town planning office, and the land management organs, the municipal government and private manufacturing investors. Therefore, it is impossible for me to

interview all the people and documents that are relevant to the development of industrial projects in Baisha town. In this sense, it is necessary for me to choose those “key interviewees” who are closely related the development of the industrial projects and find out those “key documents” to review so as to ensure I can get the correct results.

Thus, the elite interviewing technique is a form of sampling that is suitable for my data collection. Marshall and Rossman (1995) defined the “elites” as “individuals within a certain group of people who hold positions of influence, and they always have rich knowledge about the certain fields, affairs and other relevant issues” (Marshall and Rossman, 1995, p. 27). In this research, the “elites” refers to the people who directly involved in the development of the industrial parks and the people who are familiar with details of the development plans of Baisha’s industrial parks. Therefore, the interviewees of this research mainly include: the cadres or practitioners of local governments, town planning organs, land management organs and private manufacturing sectors. To access to those respondents and implement the interview, it is crucial for the researcher to establish the contact with the initial interviewee, because the first interviewee serves as the bridge to access to other ‘elites’ (Cheng, 2008). Thus, the snowball sampling technique is also necessary for this research.

To implement the snowball sampling, the investigators should firstly establish primary contact with the initial interviewee who has the knowledge or related to the issues of

the research. After the initial interview, the investigator needs to make contacts with other interviewees through the introduction of the first interviewee (Bryman, 2004). With fully exploring the networks of the insiders, the snowball sampling approach can provide more in-depth information of a certain research topic for the investigators (Lankes, 1982). Moreover, according to Atkinson and Flint (2001), another significant advantage of the snowball sampling is that this approach enables the researcher to access to those “key interviewees” who are difficult to be reached or contacted; and, it also serves as the ideal method for researchers to access to some “hidden” persons (Atkinson and Flint, 2001; cited in Cheng, p140). Last but not least, the snowball sampling could be very ‘efficient’ for the researchers to contact with those key interviewees and obtain the most relevant information for the research topic (Manuke, 1981, p.106).

Before the interview, I prepared my interview guide. According to Luang (1992), the specific questions may vary among each semi-structured interview, but the sequence (and categories) of the questions should generally follow four main steps: 1) asking the starting questions; 2) asking fact-based questions; 3) asking in-depth questions; 4) asking concluding questions. The “starting questions” usually aims to create a relative relaxed atmosphere and make the interviewee provide some general information about the context of the research topic. The “fact-based questions” always make the interviewees provide the information that closely related to the key objectives of the research. If any information is particularly impressive or interesting, the researcher

would as the “in-depth questions” so as to make interviewees provide comments or in-depth explanations about that point (Luang, 1992, p. 24). In this research, the design of the interview guide is based on the views of Luang. For example, during the interview, I could begin with some starting questions, such as “could you please introduce the town plan (or land use plan) for this industrial development project?”, or; “how are you involved in this industrial development project?” And, the fact-based questions include, for instance, “what are the specific arrangements for the land use in the development of industrial park?” And then, I will further to ask some in-depth questions, if the answers of the interviewees are particularly informative or closely relevant to my research focuses. Lastly, after those questions, I may repeat some key points or comments of my interviewees and require them to make confirmation.

Obviously, it is also important for me to obtain the individual interviewees’ background information, so as to improve the quality of my interviewing work. Thus, I went to the Baisha township government to ask for the list of officials and their occupations, and also ask for the name list of all the officers in the committee in order to decide upon the first person I will interview. In addition, during the whole interview process, all the conversation between the interviewees and I was recorded by a mini-recorder. For the sample size, there is little literature that clearly demonstrates how many persons need to be interviewed in a case study research. Nonetheless, Warren (2002) suggests that the minimum number of interviews required seems to be between ten and thirty for a qualitative research. Thus, for my research, the sample size will be over twenty

interviewees (22 interviewees in total). The list of all the interviewees and the snowball sequence are illustrated in the Table 6.1.

For the documents' study, the elite interviewing and snowball sampling have also served as helpful and important channels for me to collect documents. There are numerous documents which are relevant to my topic, and it is impossible for me to study all of them. Consequently, I needed to choose and study those documents most useful to my research. Most of my interviewees have, or know about, the documents that are closely relevant to the focus of my case study. Through the elite interviewing and snowball sampling, I can ask my interviewees to recommend the most helpful documents to me. Moreover, some documents or statistics are for internal use only (although they are not confidential material), so they are difficult for the public to obtain. As these particular interviewees have been introduced by the former interviewees, it is easier for me to establish a certain degree of trust during the interviewing process, so I can ask for access to those documents and statistics which are not open to the public. Besides, another manner in which I collected documents was through tracing the references and contents of the documents which I had already obtained, and then I decided what materials were needed next. Then, I went to the local archives and public libraries in order to review the documents and statistics which were relevant to my topic.

	Interviewee	Occupations of the Interviewees	Interview	Interview Place	Interview Year	Reason of Choice
A1 C2	Mr. Wang	The Deputy Town Chief, Baisha	Face to face	Mr. Wang's Office	2009, 2010	A1: Mr. Wang takes charge of local economic development and town planning / C2: Mr. Wu suggests me to interview Mr. Wang
A2	Mr. Liu. S	Official of Township Planning Office,	Face to face	The meeting room of Township Planning Office	2009	A2: Introduced by Mr. Wang
A3	Mr. Yang	Chief planner of Township Planning Office, Baisha	Face to face	Mr. Yang's Office	2009, 2010	A3: Introduced by Mr. Yang
A4 C6	Mr. Zhao. K	Official of the Township Planning Office, Baisha	Face to face	Mr. Zhao's Office	2009, 2010	A4: Introduced by Mr. Yang / C6: Introduced by Mr. Zhou. G. X
A5	Mr. Ma	Former Vice planner of Township Planning Office, Baisha	Telephone		2009	A5: Introduced by Mr. Zhao. K
A6	Mr. Zhao. S. Y	Official of Township Government, Baisha	Face to face	Mr. Zhao's Office	2009	A6: Introduced by Mr. Ma / C6: Introduced by Mr. Zhou. G. X
A7 C5	Mr. Zhou. G. X	Official of the Township Government, Baisha	Face to face	Mr. Zhou's Office	2009, 2010	A7: Introduced by Mr. Zhao. S. Y / C5: Introduced by Mr. Zhou. F
A8	Mr. Zhang	The Deputy Director of Township Fiscal Office, Baisha	Face to face	The meeting room of Township Planning Office	2009	A8: Introduced by Mr. Zhou. G. X
A8	Mrs. Wei	The Owner of Hongye Co. Ltd	Telephone		2009	A8: Introduced by Mr. Zhou. G. X
B1	Miss. Li	Deputy Director of the County Land Management Bureau, Xinzheng	Face to face	Miss. Li's Office	2009	B1: Miss. Li takes charge of the overall and annual land use plan of Baisha
B2	Mr. Yan	The Planner of the County Land Management Bureau, Xinzheng	Face to face	Mr. Yan's Office	2009	B2: Introduced by Miss Li
A2 C3	Mr. Yang	The Town Chief, Baisha	Face to face	Mr. Yang's Office	2009, 2010	A2: Introduced by Mr. Wang / C3: Introduced by Mr. Wang
A8	Miss. Liu. L	The Owner of Lixian Co. Ltd.	Face to face	A Tea Room in Zhengzhou	2009	A8: Introduced by Mr. Zhou. G. X
B3	Mr. Zhu	The official of Land Management Bureau, Zhengzhou	Face to face	Mr. Zhu's Office	2009	B3: Introduced by Mr. Yan

Table 5.1: The List of Interviewees and Interview Sequence

C4	Mr. Zhou. F	The Vice Director of Township Planning Office, Baisha	Telephone		2010	C4: Introduced by Mr. Yang
D1	Mr. Zhao. J	the Director of Township Land Management Office, Baisha	Face to face	Mr. Zhao's Office	2010	D1: Mr. Zhao takes charge of the specific issues about overall and annual land use planning of Baisha in 2008.
C1	Mr. Wu	The Vice Director of Town planning office, Baisha	Face to face	Mr. Wu's Office	2010	C1: Mr. Wu takes charge of the specific issues about overall town planning of Baisha and the detailed planning of Foxconn project.
C4	Mr. Zhou. Y. C	the Business Manager of Foxconn Group	Face to face	The meeting room of Foxconn Group	2010	C4: Introduced by Mr. Yang
D2	Mr. Sun	the Vice Director of Township Land Management Office, Baisha	Face to face	Mr. Sun's Office	2010	D2: Introduced by Mr. Zhao. J
D3	Mr. Xu	the official of Township Land Management Office, Baisha	Face to face	Mr. Xu's Office	2010	D3: Introduced by Mr. Sun
C6	Mr. Luo	the Owner of Yushan-Sita Co. Ltd.	Face to face	Mr. Luo's Office	2010	C6: Introduced by Mr. Zhou. G. X
D3	Mr. Yuan	The Official of Land Management Bureau, Zhengzhou	Face to face	The meeting room of Zhengzhou Land Management Bureau	2010	D3: Introduced by Mr. Sun
C5	Mr. Hu	an official of Township Financial and Economic Office, Baisha	Face to face	Mr. Hu's Office	2010	C5: Introduced by Mr. Zhou. F
D4	Mr. Guo	the Official of Land Management Bureau, Zhengzhou	Face to face	Mr. Guo's Office	2010	D4: Introduced by Mr. Xu

(Source: provided by the author)

5.4 Limitations and Potential Criticisms

It is obvious that my research must be set within certain kinds of limitations and may face some potential criticism.

Firstly, although I do hope that my individual bias is excluded from this research process, for the qualitative case study approach, I might be criticised as my case is selected for achieving some certain findings; or the collecting and interpreting of data may make me prefer to choose what I personally consider as “significant documents”. Thus, my research may be criticised as being subjective. However, this weakness may also exist when the author employing other research approaches (Ibid, pp.10, cited in Cheng, 2008).

In addition, I may also face the conventional limitation of qualitative research, as it is difficult for the qualitative research to demonstrate specifically about the process of analysis, thus some may criticise that my research lacks of transparency (Bryman, 2004, p.245). However, the analysis of qualitative interviewing data is also cross-checked with other quantitative data. In this thesis, the analysis of official statistical data and the studies of documents are also employed in this research. The use of quantitative data and documents can serve as the important methods to enhance the reliability and validity of the findings and results.

5.5 Conclusion

The research designs of this thesis include both case study and secondary analysis approaches, and both qualitative and quantitative strategies are also employed in this research. For the data collection, the semi-structured interview and document study are the dominant methods. The stratified random sampling is the ideal technique for carrying out the cross-sectional research; and to implement the semi-structured interview and document study, the elite interviewing and snowball sampling have been employed as the dominant techniques for choosing interviewees and documents in this research.

CHAPTER 6

Secondary Analysis

--- The Core Towns of Henan Province

6.1 Introduction

This chapter focuses on investigating whether the current land management system and town planning system are compatible with each other in the core towns of Henan province, and if not, what the incompatibilities are. The research strategies of this chapter will be the archival and official statistics analyses. The results of this chapter can cross-check with the findings of the case studies in Chapter 8.

The first section of this chapter will focus on discussing what statistical data needs to be collected by this research, and the second section will compile and analyse those archival or official statistical data, so as to provide the findings. Finally, the conclusion will be provided in the last section of this chapter.

6.2 Preparing Statistical Data Collection for Town Planning and Current Land Management Systems

The town planning is generally composed of the overall town plan and the detailed town plan. As mentioned before, the main targets of overall town planning include: predicting and defining the scale of the population; defining the designated function of the town; making land use and functional zoning; defining the strategic orientation of development; defining the industrial structure and leading industries; and defining the total construction land use area. In the process of the land development practice, the

total construction area for the period of the next ten years is the most direct factor to control the physical outline of the town. In addition, for the overall town plan, the total construction area directly reflects the development intentions of the township planning office.

The detailed town plan aims to guide the construction of a specific project or a plot of land. For a project or a land plot faced with contraction, defining the land development time schedule and deciding whether the cultivated land within this plot of land should be allowed to be converted to nonagricultural usage is fundamentally important for the implementation of a detailed town plan. Therefore, the applying for the conversion of cultivated land is the first and foremost factor to realise the detailed town plan.

In addition, for the implementation of town planning, the township governments set the schedules for completing plans of each specific development project. So the annual construction land use areas that are planned to be developed by the township governments directly represent the expected progress of the town plans. In other words, the annual land use area demanded by town planning also needs to be collected by the author of this research.

The current land management system, as discussed in the previous chapter, is composed of several main key tools or components, which include: the overall land use plan; the annual land use plan; reforming the policy for examining and approving

the cultivated land conversion and the Dynamic Equilibrium principle.

The most important factor of the overall land use plan to control the land development is the total construction land use quota, because it directly represents the physical outlines of the towns from the perspective of land use planning. Thus, the total land use quota defined by the overall land use plan needs to be collected by this thesis.

The annual construction land use quota plays a crucial role in the annual land use plan. The annual construction land use allocated by the land management organs represents the speed of the towns' growth rate annually. For this thesis, the annual land use quota defined by the land management organs also needs to be collected.

As introduced in previous chapters, the "Dynamic Equilibrium Principle" aims to ensure that the quantity and quality of cultivated land is not decreased. This policy means that any conversion of cultivated land for non-agricultural construction must be compensated by an equal area of unused land. Thus, the local governments should reclaim an equal area of wasteland or virgin land, and transform this new land into cultivated land with equal fertility. Normally, the wasteland or virgin land, which can be reclaimed and transformed into cultivated land, is always called the "back-up" land. In other words, the data of annual cultivated land conversion areas and the total back-up land areas in the core towns of Henan province also needs to be collected by this research.

Under the reformed policy for examining and approving cultivated land conversion, any conversion must be approved by the provincial or national level land management departments. As cultivated land conversion to non-agricultural development usage is the precondition for any land development and construction, it is necessary for this thesis to investigate how many cultivated land conversion applications have been submitted by the township governments and how many cases have been approved by the provincial (or national) land management organs.

To sum up, the statistical data that needs to be collected in this chapter includes:

- 1) the total construction land use area defined by the overall land use plan of the core towns;
- 2) the total construction land use quota (area) defined by the overall land use plan;
- 3) the annual construction land use area demanded by town planning;
- 4) the annual construction land use quota (area) defined by the annual land use planning;
- 5) the cases of cultivated land conversion applied for by the detailed town plan;
- 6) the cases of cultivated land conversion approved by the land management organs;
- 7) the areas of annual cultivated land conversion
- 8) the areas of the back-up land in each core town.

To investigate whether the town planning system and land management system are compatible with each other, the following sections of this chapter will compile and analyse the statistical data.

6.3 The Statistical Data Analysis

This section has collected and compiled the relevant statistical data that was generated in the previous section. Through the comparison and analysis of statistical data, this part will demonstrate the incompatibilities between the town planning and land management systems of all the 18 core towns in Henan province.

6.3.1 The Contradicted Total Construction Land Use Area Defined between Overall Town Planning and Land use Planning

The researcher has collected the statistics regarding the total construction land use areas of all the Henan provincial core towns defined by their overall town plans for the last two planning terms. As mentioned before, the Urban and Rural City Planning Law stipulates that one term of the overall planning covers the period of ten years, so as such, the data collection includes the total construction land use areas defined by overall town plans for the periods 1998 to 2018 and 2008 to 2018. These statistical data were obtained from the Henan Provincial City and Town Planning Records Office.

Similar to overall town planning, one term of overall land use planning also covers ten years. In the year 2010, the Henan Rural Development Commission undertook a census to investigate the total construction land use quota (area) allocated by land management organs. The researcher has collected the total construction land use quotas as defined by the overall land use plans for two planning terms in all the 18 core towns in Henan province.

To clearly compare and analyze these data, table 7.1 below has compiled the statistical data of the total construction land use areas defined by the overall town planning and the construction land use quotas defined by the overall land use planning.

Table 6.1: the comparison between total construction land use areas (quotas)

Core Towns	Planning Term 1998 to 2008			Planning Term 2008 to 2018		
	Total Land Use Area , Town Planning	Total Land Use Quota, Land use Planning	Proportion	Total Land Use Area, Town Planning	Total Land Use quota , Land use Planning	Proportion
Baisha	7.79 k m ²	5.11 k m ²	125%	10.9 k m ²	7.49 k m ²	139%
Xuedian	2.98 k m ²	2.55 k m ²	116%	4.27 k m ²	3.12 k m ²	137%
Huiguo	3.81 k m ²	3.05 k m ²	124%	5.97 k m ²	4.15 k m ²	143%
Chengguan	3.23 k m ²	2.17 k m ²	148%	6.02 k m ²	5.82 k m ²	104%
Yaozhuang	4.02 k m ²	3.14 k m ²	128%	6.95 k m ²	4.17 k m ²	152%
Lianma	3.28 k m ²	2.89 k m ²	126%	5.86 k m ²	4.87 k m ²	88%
Yuangou	3.91 k m ²	3.95 k m ²	133%	6.03 k m ²	4.79 k m ²	126%
Baiyu	4.35 k m ²	3.31 k m ²	131%	6.85 k m ²	4.68 k m ²	145%
Yanshan	2.10 k m ²	2.85 k m ²	102%	4.23 k m ²	4.77 k m ²	89%
Yuanyang	2.23 k m ²	2.62 k m ²	108%	4.87 k m ²	3.13 k m ²	148%
Feichun	2.97 k m ²	2.98 k m ²	99%	4.51 k m ²	4.09 k m ²	123%
Xingyang	4.51 k m ²	3.79 k m ²	119%	6.23 k m ²	4.18 k m ²	149%
Lutai	3.61 k m ²	3.76 k m ²	106%	5.46 k m ²	3.88 k m ²	141%
Zhangbie	2.71 k m ²	3.18 k m ²	98%	4.52 k m ²	4.62 k m ²	97%
Zhuxing	4.25 k m ²	3.23 k m ²	131%	6.19 k m ²	4.19 k m ²	146%
Yuanzhi	3.02 k m ²	3.08 k m ²	96%	5.53 k m ²	3.99 k m ²	138%
Xiyang	3.46 k m ²	3.15 k m ²	109%	5.60 k m ²	3.67 k m ²	147%
Caobang	2.12 k m ²	2.15 k m ²	98%	4.89 k m ²	4.08 k m ²	109%
The Average	3.45 k m ²	3.02 k m ²	121.7%	5.62 k m ²	4.87 k m ²	129.8%

(Source: Henan Provincial City and Town Planning Records Office; Henan Province Planners' Commission; and Compiled by the Author)

As shown in table 6.1, among all the 18 core towns of Henan province, there are at least 14 core towns' overall land use plans that have defined a smaller total construction land use area than that defined by their overall town plan during the 1998 to 2008 planning period. In other words, only four core towns (Feichun, Zhangbie, Yuanzhi and Caobang) obtained enough total construction land use quota that was allocated by the land management organs. Similarly, for the planning term 2008 to 2018, the total construction areas defined by the overall land use plan in 15 core towns were smaller than those defined by their overall town plan during the 1999 to 2008 planning period. Only three core towns (Lianma, Yanshan and Zhangbie) have obtained "larger" total construction land use areas than those allocated by the overall land use planning.

On average, during the period of 1998 to 2008, the average total construction land use area defined by the overall town planning was 3.45 k m². However, the average total construction land use quota defined by the overall land use planning was 3.02 k m², which is an area 21.7% smaller than that defined by the town planning. Moreover, the town planning of the core towns has defined on average 5.62 k m² of the total construction land use area during the period from 2008 to 2018, whereas the average total construction land use quota is 4.87 k m² - an area 29% smaller than that defined by the overall town planning. In other words, for the planning term 2008 to 2018, the gap between the total construction land use areas defined by the two overall plans is wider than that in the previous planning term.

The comparison between the total construction areas defined by the town planning and the total construction land use quotas (areas) defined by the overall land use planning demonstrates that the overall town planning and the overall land use planning have contradicting views towards the total construction land use area of the core towns. The overall land use planning always tends to define a 'smaller' total construction land use area than that defined by the overall town planning of the core towns. Therefore, the total construction land use quota allocated by the management authorities cannot meet the demands of the township planning offices of the core towns, so the overall land use planning is incompatible with the overall town planning.

6.3.2 The Construction Area Defined between the Overall Town Planning and Land use Planning

The annual construction land use areas that are defined by the town planning and the annual construction land use quotas (areas) that are defined by the annual land use planning of all the 18 core towns have been collected by the researcher from the reports of the Henan Province Planners' Commission. Owing to time and funds' limitations, it is difficult for the researcher to collect the annual construction land use areas since 1998, thus the researcher collected the data regarding the annual construction land use areas for the last three years (2008, 2009 and 2010).

Table 6.2 has combined these two groups of statistical data together, so as to

compare the annual construction land use quota demanded by the township governments and that allocated by the land management organs. From the statistics of table 6.2, it can be found that the township government and land management organs have contradicting views towards the annual construction areas of the core towns. The annual land use quotas for non-agricultural development allocated by the land management organs are always smaller than those demanded by the governments of core towns.

Table 6.2: the comparison between annual construction land use areas (quotas)

Core Towns	Year 2008		Year 2009		Year 2010	
	Annual Land Use Area , Town Planning	Annual Land Use Quota, Land use Planning	Annual Land Use Area , Town Planning	Annual Land Use Quota, Land use Planning	Annual Land Use Area , Town Planning	Annual Land Use Quota, Land use Planning
Baisha	0.45 k m ²	0.45 k m ²	1.57 k m ²	1.10 k m ²	1.58 k m ²	1.10 k m ²
Xuedian	0.51 k m ²	0.45 k m ²	0.55 k m ²	0.50 k m ²	0.52 k m ²	0.26 k m ²
Huiguo	0.36 k m ²	0.27 k m ²	0.35 k m ²	0.27 k m ²	0.36 k m ²	0.29 k m ²
Chengguan	0.37 k m ²	0.37 k m ²	0.34 k m ²	0.31 k m ²	0.36 k m ²	0.31 k m ²
Yaozhuang	0.57 k m ²	0.47 k m ²	0.51k m ²	0.46k m ²	0.51k m ²	0.25k m ²
Lianma	0.39 k m ²	0.30 k m ²	0.41 k m ²	0.41 k m ²	0.40 k m ²	0.36 k m ²
Yuangou	0.36 k m ²	0.29 k m ²	0.40 k m ²	0.35 k m ²	0.37 k m ²	0.35 k m ²
Zhaoji	0.23 k m ²	0.20 k m ²	0.26 k m ²	0.26 k m ²	0.24 k m ²	0.24 k m ²
Baiyu	0.34k m ²	0.34k m ²	0.31 k m ²	0.28 k m ²	0.36 k m ²	0.36 k m ²
Yanshan	0.37 k m ²	0.37 k m ²	0.38k m ²	0.34k m ²	0.39k m ²	0.35k m ²
Yuanyang	0.24 k m ²	0.20 k m ²	0.29k m ²	0.21k m ²	0.26 k m ²	0.21 k m ²
Feichun	0.43 k m ²	0.36 k m ²	0.41 k m ²	0.41 k m ²	0.38 k m ²	0.34 k m ²
Xingyang	0.32 k m ²	0.29 k m ²	0.34 k m ²	0.34 k m ²	0.37 k m ²	0.37 k m ²
Lutai	0.26 k m ²	0.21 k m ²	0.27k m ²	0.22k m ²	0.27 k m ²	0.22 k m ²
Zhangbie	0.25 k m ²	0.20 k m ²	0.27 k m ²	0.23 k m ²	0.28 k m ²	0.23 k m ²
Zhuxing	0.41 k m ²	0.35 k m ²	0.42 k m ²	0.36 k m ²	0.41 k m ²	0.35 k m ²
Yuanzhi	0.31 k m ²	0.27 k m ²	0.36 k m ²	0.28 k m ²	0.39 k m ²	0.27 k m ²
Xiyang	0.38 k m ²	0.31 k m ²	0.42 k m ²	0.35 k m ²	0.43 k m ²	0.34k m ²

(Source: Henan Province Planners' Commission; Compiled by the Author)

As illustrated in table 6.2, in 2008, only 3 township governments (Chengguan, Beiyu

and Yanshan) had obtained the same area of annual land use quota that was planned by the township governments, whereas for 15 core towns, the annual land use quota allocated by the land management organs was smaller than that planned by the township governments. In other words, only around 17% of core towns have the full annual construction land quota that was allocated by the land management organs.

In 2009, 85% of the core towns planned to develop larger areas of land than the annual construction land use areas allocated in the annual land use planning. To be specific, for the 14 core towns of Henan province, the annual land use quota allocated by the land management organs is incompatible with the annual construction land area planned by township governments. Only 4 core towns (Lianman, Zhaoji, Feichun and Xingyang) obtained the same area of annual construction land quota that was planned by the township governments.

A similar situation can also be found in the year 2010. In 15 core towns of Henan province, the annual construction land use quotas allocated by the land management authorities were smaller than those demanded by the township governments, and only the towns of Zhaoji, Baiyu and Xingyang obtained the enough annual land use quota. Moreover, for some core towns, such as Yaozhuang and Xuedian, the annual construction land use quota defined by the annual land use planning was even 50% smaller than that planned by township governments.

Therefore, in general, the annual construction land use areas demanded by the township governments are incompatible with those defined by the annual land use planning.

6.3.3 The Cultivated Land Conversion

In 2010, the Henan Rural Development Commission released the records for the applications and approvals of the cultivated land conversions to nonagricultural construction usage for the years 2008 and 2009. Table 6.3 compiled the records for the number of cases that were applied for by the township governments and the number of cases that were approved by the provincial (or national) land management departments.

Through comparing the records of application cases and approval cases, it can be seen that the opportunities for the core towns to gain cultivated land conversion approval is generally high.

Table 6.3: the comparison between applications and approvals of cultivated land conversion

Core Towns	Year 2008		Year 2009	
	Application	Approval	Application	Approval
Baisha	5 cases	5 cases	7 cases	7 cases
Xuedian	4 cases	4 cases	7 cases	4 cases
Huiguo	5 cases	5 cases	5 cases	5 cases
Chengguan	5 cases	5 cases	4 cases	4 cases
Yaozhuang	7 cases	7 cases	6 cases	5 cases
Lianma	8 cases	5 cases	5 cases	5 cases
Yuangou	6 cases	6 cases	6 cases	6 cases
Zhaoji	7 cases	5 cases	4 cases	4 cases
Baiyu	6 cases	4 cases	5 cases	5 cases
Yanshan	4 cases	4 cases	3 cases	3 cases
Yuanyang	5cases	5cases	3 cases	3 cases
Feichun	6 cases	6 cases	5 cases	4 cases
Xingyang	5 cases	4 cases	5 cases	5 cases
Lutai	2 cases	2 cases	3 cases	3 cases
Zhangbie	4 cases	4 cases	2 cases	2 cases
Zhuxing	3 cases	3 cases	2 cases	2 cases
Yuanzhi	4 cases	4 cases	5 cases	5 cases
Xiyang	4 cases	4 cases	4 cases	4 cases
Total	90 cases	82 cases	81cases	76 cases

(Source: Henan Rural Development Commission, 2010; Compiled by the Author)

As illustrated in table 6.3, in the year 2008, there were 90 applications in total for cultivated land conversion that were submitted by the core towns, and 82 of all the 90 applications were approved. This meant that over 88% of the applications were approved by the land management departments under the reformed policy of cultivated land conversion approval. In addition, only 4 core towns (Linanma, Zhaoji, Baiyu and Xingyang) experienced the rejection of cultivated land conversion.

Additionally, the applications of 14 core towns were approved by the provincial (or national) land management departments.

Similarly, in 2009, there were only 5 applications from three core towns that were rejected by the land management departments, meaning that 86% of the core towns' applications for cultivated land conversion were approved by the land management departments.

In terms of the relationship between the current policy of cultivated land conversion approval and the town planning system, no obvious incompatibility has been found through the statistical data analysis. Yet further specific investigations about the policy of cultivated land examination and approval will be demonstrated in the case studies which follow in the next chapter.

6.3.4 The Area of Back-up land Purchased by the Core towns

As discussed previously, to examine whether the “dynamic equilibrium principle” is incompatible with the implementation of town planning, it is necessary to collect the records of annual cultivated land conversion areas and the back-up land areas of all the core towns in Henan province. Table 6.4 below has compiled the data of annual cultivated land conversion areas and the areas of the back-up land reserves. Through a comparison, it can be seen that most of the core towns are lacking in the back-up land for compensating the cultivated land conversion.

Table 6.4: the comparison between annual cultivated land conversion and back-up land

Core Towns	Year 2008		Year 2009	
	Annual Cultivated land Conversion	Back-up Land	Annual Cultivated land Conversion	Back-up Land
Baisha	0.35k m ²	1.31 k m ²	1.25 k m ²	1.09k m ²
Xuedian	0.27 k m ²	0.95 k m ²	0.45 k m ²	0.68 k m ²
Huiguo	0.23 k m ²	0.20 k m ²	0.21 k m ²	0 k m ²
Chengguan	0.31 k m ²	0 k m ²	0.25 k m ²	0 k m ²
Yaozhuang	0.35k m ²	1.08k m ²	0.38k m ²	0.73k m ²
Lianma	0.27 k m ²	0 k m ²	0.34 k m ²	0 k m ²
Yuangou	0.31 k m ²	0 k m ²	0.42 k m ²	0 k m ²
Zhaoji	0.27 k m ²	0.03 k m ²	0.33 k m ²	0 k m ²
Baiyu	0.39 k m ²	0 k m ²	0.42 k m ²	0.03 k m ²
Yanshan	0.43k m ²	0.05k m ²	0.35k m ²	0.05k m ²
Yuanyang	0.24 k m ²	0 k m ²	0.27 k m ²	0 k m ²
Feichun	0.28 k m ²	0.31 k m ²	0.24 k m ²	0.03k m ²
Xingyang	0.25 k m ²	0.19 k m ²	0.44 k m ²	0 k m ²
Lutai	0.25 k m ²	0 k m ²	0.21 k m ²	0 k m ²
Zhangbie	0.23 k m ²	0 k m ²	0.29 k m ²	0 k m ²
Zhuxing	0.32 k m ²	0.11 k m ²	0.22 k m ²	0 k m ²
Yuanzhi	0,33 k m ²	0.45 k m ²	0,31 k m ²	0,12 k m ²
Xiyang	0.40 k m ²	0 k m ²	0.35 k m ²	0 k m ²
Average	0.29 k m ²	0.21 k m ²	0.32 k m ²	0.11 k m ²

(Source: Henan Provincial Statistics Bureau, 2010; Compiled by the Author)

As table 6.4 illustrates, in 2008, the average area of annual cultivated land conversion of all the core towns was 0.29 k m²; however, the average area of back-up land was only 0.21 k m². Moreover, only 5 core towns (Baisha, Xuedian, Yaozhuang, Feichun

and Yuanzhi) have larger back-up land areas than cultivated land conversion areas. In other words, of the 18 core towns of Henan province, 13 did not have enough back-up land to compensate for the cultivated land conversion in the year of 2008. Particularly, it is noteworthy that there are 8 core towns (Chengguan, Lianma, Yuangou, Baiyu, Yuanyang, Lutai, Zhangbie and Xiyang) that do not even have any back-up land reserves.

The situation regarding the lack of back-up land was aggravated in the year of 2009. The statistics show that the average area of cultivated land conversion of the core towns was 0.32 k m², yet the area of back-up land of all the core towns was only 0.11 k m² on average. In addition, only the town of Yuangzhuang had enough back-up land to compensate for the conversion of cultivated land, and in 2009, 11 core towns did not even have any back-up land reserves.

Therefore, the “dynamic equilibrium principle” is unlikely to be compatible with the implementation of the town planning system, because most of the core towns are lacking in the back-up land for compensating the cultivated land conversion.

6.4 Conclusion

The town planning system and land management system are composed of a series of plans, strategies and policies, some core elements of which have been identified in order to guide the statistical data collection and analysis. These core elements include: the total construction land use quotas (areas) defined by the overall land use plan and defined by overall town plans of core towns; the annual construction land use areas (quotas) demanded by town planning and allocated by annual land use planning; the number of cases for cultivated land conversion that are applied for by town planning organs and that are approved by the land management organs; the areas and proportion of basic farmland districts in each core town; the areas of annual cultivated land conversion and the areas of the back-up land in each core town.

On the basis of data compilation and analysis, the results of this study for archival and official statistics shows that the current land management system and town planning system are incompatible with each other, and the statistical data analysis found three main incompatibilities. In general, firstly, the overall land use planning defines a 'smaller' total construction land use area than that defined by the overall town planning of the core towns. Secondly, the annual land use quotas allocated by the land management organs are smaller than those planned by the township governments. Thirdly, most of the core towns are lacking in the back-up land required for the compensation of cultivated land conversion, and this situation may impede the implementation of town plans.

However, it needs to be noted here that the archival and official statistics studies of this chapter still have their limitations. Specifically, there are some significant elements of the plans, strategies and policies of town planning and land management systems that cannot be examined through statistical data - for example, the details of the implementation of land management strategies and policies. Thus, more specific investigations about the incompatibilities between town planning and land management systems will be carried out through the case studies of the next chapter. Moreover, further studies which examine the impacts of these incompatibilities and investigations into the reasons causing these incompatibilities will also be provided in the following chapters.

CHAPTER 7

Case Study

**--- The Suigou Project and The
Foxcoon Project in Baisha**

7.1 Introduction

In the context of China's unique current land management system and city/town planning system, the case study in this chapter will investigate the development of industries in a provincial level core town of Henan, Baisha town. This case study aims to find out the incompatibilities between the land management and city/town planning system in the development of Henan's core towns, and demonstrate how these incompatibilities impact upon the growth of industries. Baisha town is an ideal case, because my research focuses on core towns in the suburban areas of large cities (as mentioned in chapter one). Baisha town, as a core town, is located in the outskirts of Zhengzhou, which is the capital city of Henan province. Moreover, as discussed before, the new tendency of China's urbanisation in recent years is characterized by the transfer of labour-intensive manufacturing industries from the East Coastal Region to the Central Region. In the last five years, the direct investment in Henan province has increased by 76.4% compared with 2005, and around 41.7% of those direct investments belong to the transfer of industries from the South-East Coastal Region (China National Statistics Bureau, 2008). In particular, in 2009, the world's largest labour intensive manufacturer, Foxconn, began to invest in Baisha and transferred its factories there, and in doing so, provided at least 90,000 jobs (most of them for rural labourers), which greatly promoted the industrialization and economic development of this inland core town. Thus, in other words, Baisha is a typical case for this research. Last but not least, Zhengzhou city is my home town and Baisha is only 25 km from my

home, so this provided me with many advantages and conveniences in data collecting. In addition, my local knowledge would also help me to complete this research more successfully.

The land management and town planning systems are always the key themes of the land development process. For the industrial projects of core towns, the land development process generally includes the following steps. Firstly, on the basis of overall town planning, defining both the main industries and geographical location of the industrial park and the actual land use area of the project is based on both the overall land use plans and town plans. Secondly, the detailed town plan of the industrial park will be formulated by the township planning office. The detailed town plan of industrial parks will define the time sequence and schedule of the projects' development, and will also define the specific arrangements for the construction. At the meanwhile, the annual construction land use area defined by the detailed development plan must be in accordance with the annual construction land use quota allocated by the land management authority (annual land use plan). Thirdly, the local governments must compensate the same quantity and quality of the land before converting the cultivated land into nonagricultural usage. In other words, before carrying out the construction, the township governments also should reclaim and convert an equal area of unused land (blank land) elsewhere in its jurisdiction (or within the jurisdiction of the province) for farming usage. Fourthly, to expropriate the cultivated land and convert it into non-agricultural development usage, the township

government also must obtain approval for the cultivated land conversion from the provincial (or national level) land management authority.

With the background of the different scales of industrial projects' developments, the incompatibilities between the current land management and town planning systems will show the different impacts and the symptoms in those four steps of land development.

In this chapter, the case study of Baisha town is composed of two sub-cases: the development of Suigou industrial park and the development of the Foxconn project. For the development of Suigou industrial park, the total land development area is relatively small, and all its firms are small and medium size enterprises. However, the total land development area of the Foxconn project is one of the largest industrial projects in Henan province, and it is a large leading enterprise dominant industrial project. Thus, the incompatibilities between the current land management system and town planning system have shown different characteristics and influences in the process of the land development of those two industrial projects. In addition, the second reason why the author chose these two sub-cases is because the current land management system has been reformed since the year 2004. In my case study of Baisha town, the development of Suigou industrial park (which was planned to launch in 2004 and be completed in 2008) and the Foxconn project (which was begun in 2009) is **perfectly** in accordance with the time period of the current land use planning

and town planning system.

The first part of this chapter will introduce the context and basic background information about Baisha town. And, the second part will illustrate the development of the Suigou industrial park in Baisha town. In addition, the third part will demonstrate the details and challenges faced by the Baisha township government when it develops Foxconn project. The second and third parts of this chapter aim to identify the incompatibilities between the land management system and the city/town planning system, and examine the reasons why these incompatibilities emerged in the development of the core towns in Henan province. The last part of this chapter will summarise the findings of the case study of Baisha town.

7.2 The Context of Baisha

Baisha is located to the south-east of Zhengzhou, which is around 15 km south-east from downtown Zhengzhou city. Baisha town is under the jurisdiction of the Xinzheng county of Zhengzhou in administrative terms, and the airport of Zhengzhou is located in the heartland of Baisha. By taking advantage of its air-transportation and its convenient highway for traffic, Baisha town plays a significant role for the industrialization and economic development strategy of Henan and Zhengzhou.

7.2.1 Administrative governing and management structure

In 1998, Baisha town was selected as the core town along with another 17 provincial

core towns in the administrative boundary of Zhengzhou city. As a township level authority, Baisha's township government is at the bottom of China's five-level vertical administrative structure, which is directly connected the official rural peasants' self-governance organisation (the 23 villages' committees in the territory of Baisha) and its upward level government, the Xinzheng county government. The Zhengzhou municipal government is at the next higher level of Xinzheng county government, and the Henan provincial government governs the municipal government administratively (Baisha Township Government, 2008). The figure 7.1 illustrates the administrative structure of Baisha town, Xinzheng county, Zhengzhou city and Henan province before the year 2008.

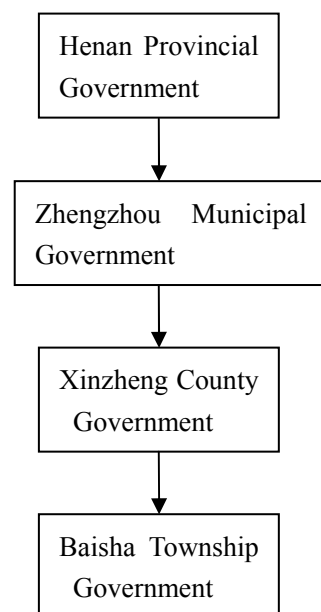


Figure 7.1. Administrative structure before 2008

However, in recent years, to promote Zhengzhou city as the growth pole of Henan, the provincial government tried to adjust and extend the territorial power of the municipal level state, which was aimed at enhancing the direct influences and improving the

leadership efficiency of the municipal and provincial level government. In the year 2008, the provincial government made Zhengzhou municipal government mandate for Baisha town. In other words, Xinzheng government, the county level state, would be no longer govern Baisha since the reform of the administrative structure (figure 7.2 illustrates the administration after the reform). As such, Baisha is directly under the leadership of the Zhengzhou municipal government.

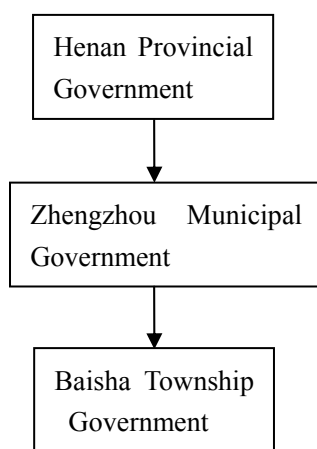
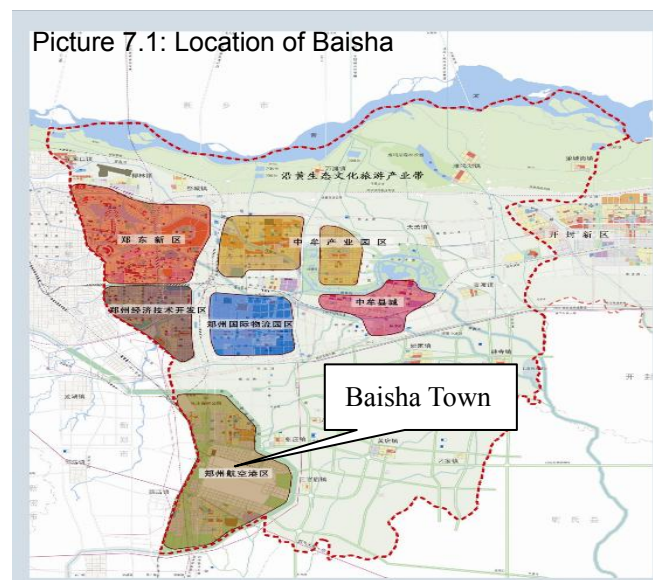


Figure 7.2. Administrative structure after 2008

7.2.2 General information about Baisha

The total area of Baisha town is 66 km² and the constructed area is 3 km². It has 37



villages and its population is 40,000, yet only 15,000 people live in the constructed area of the town, so the urbanisation rate of Baisha is around 35% (Township Government, 2008).

According to the Township Government Annual Report 2010, the government fiscal income of Baisha was 168 million RMB in 2009, compared with only 14 million RMB in the year 2000. In addition, the total amount of GDP was 1.1 billion RMB in 2008, which is 13.5% higher than that of 2007. The primary industry (agricultural sector) shares 16% of Baisha's total GDP value; the secondary industry (manufacturing sector) shares 61% of the total GDP value and the third (service) sector of the industry shares around 22% of that. Thus, this data shows that the manufacturing sector contributes the most to the economic growth of Baisha. The leading industries include electronic devices' manufacturing, electric bicycle manufacturing, organic vegetable farming and poultry raising. There are 231 enterprises in total, and most of them are small and medium enterprises. Baisha is one of the major destinations for Zhengzhou to transfer its manufacture industries to, thus almost all of the manufacturing industries of Baisha belong to low value-added and labour intensive categories (Township Government, 2010).

7.2.3 The former land use system and town planning system, and the development of Baisha in the 1990s

During the late 1980s to early 1990s, as discussed in previous chapters, China began its administrative reform, which is characterised by the devolution of power from the central state to lower level governments (Zhang, 2001; Wang, 2003). In this regard, China's economic and administrative policies have provided larger space for township

level governments to play an increasingly significant role in promoting the development of small towns. Specifically, in the early 1990s, there were more opportunities for the township governments to seize the vital political and economic resources in order to exert their powers to influence the development of the towns. For example, the township level governments had the power to manage the land, make town plans and approve the industrial development projects below 55 million RMB (Yang, 2002; Ma, 2005).

Since the late 1990s, the devolution of land-use monitoring powers to municipal and county level governments has been criticized by many scholars and state officials as “lacking effective land management and supervision”, which has led to massive losses of cultivated land and the scattered development of industries in rural areas (Liu, 1999; Wen, 2003; and Zhang, 2003). During the period of the 1980s to early 1990s, under the urbanisation strategy of “promoting small towns’ development, and restricting large cities’ growth” (Liu, 1999, p. 28), the development of Township and Village Enterprises (TVEs) and private industries in rural areas was characterised as a bottom-up process, so the low-level redundant industrial development projects had inevitably emerged in most of the small towns. Meanwhile, the weak land management and monitoring system during that period provided enough space for township governments, the lowest level of China’s vertical administrative system, to tactically seize the economical and political resources and went against the original intention and land policies of central government, which aggravated the situation of

blindness in land-use and the scattered distribution of rural industries.

For Baisha town, although the overall and annual construction land use quota system had been established, which meant that the central government would distribute the quota for land conversion to various downward governments level by level, however, the monitoring and supervisory powers for the land use quota system are kept in various lower level governments. Therefore, the township government of Baisha can easily obtain the farmland through the township leaders' personal relationships with the county officials, instead of going through the official channels. The deputy town chief, Mr. Wang, told me that

*“In fact, the county government never carried out serious supervision, because that the GDP growth rate **directly links with** the assessments of the performance of local government leaders. The leaders of county government actually willing to see a high GDP growth rate in the county's jurisdiction. So, if the township leaders have some personal relations with the county officials, it is not difficult to obtain the land”* (Interview, 2009).

In addition, until the year of 2001, there were 2 township-developed industrial parks and 5 village-developed industrial zones which were distributed in four different areas of the town respectively. For Xinzheng county, there were 19 township-developed industrial parks (there were only 12 townships in Xinzheng county) and 31 village-developed industrial zones scattered in the territory of the county (The County Government Meeting Minutes 20080311, 2008). According to the Baisha Township

Government Working Review (2001), the total area of cultivated land in Baisha decreased from 29,370 acres in 1990 to 20,912 acres in 2000, which declined around 32% in the 1990s.

7.3 Land Management and Town Planning Systems and Suigou Project in Baisha

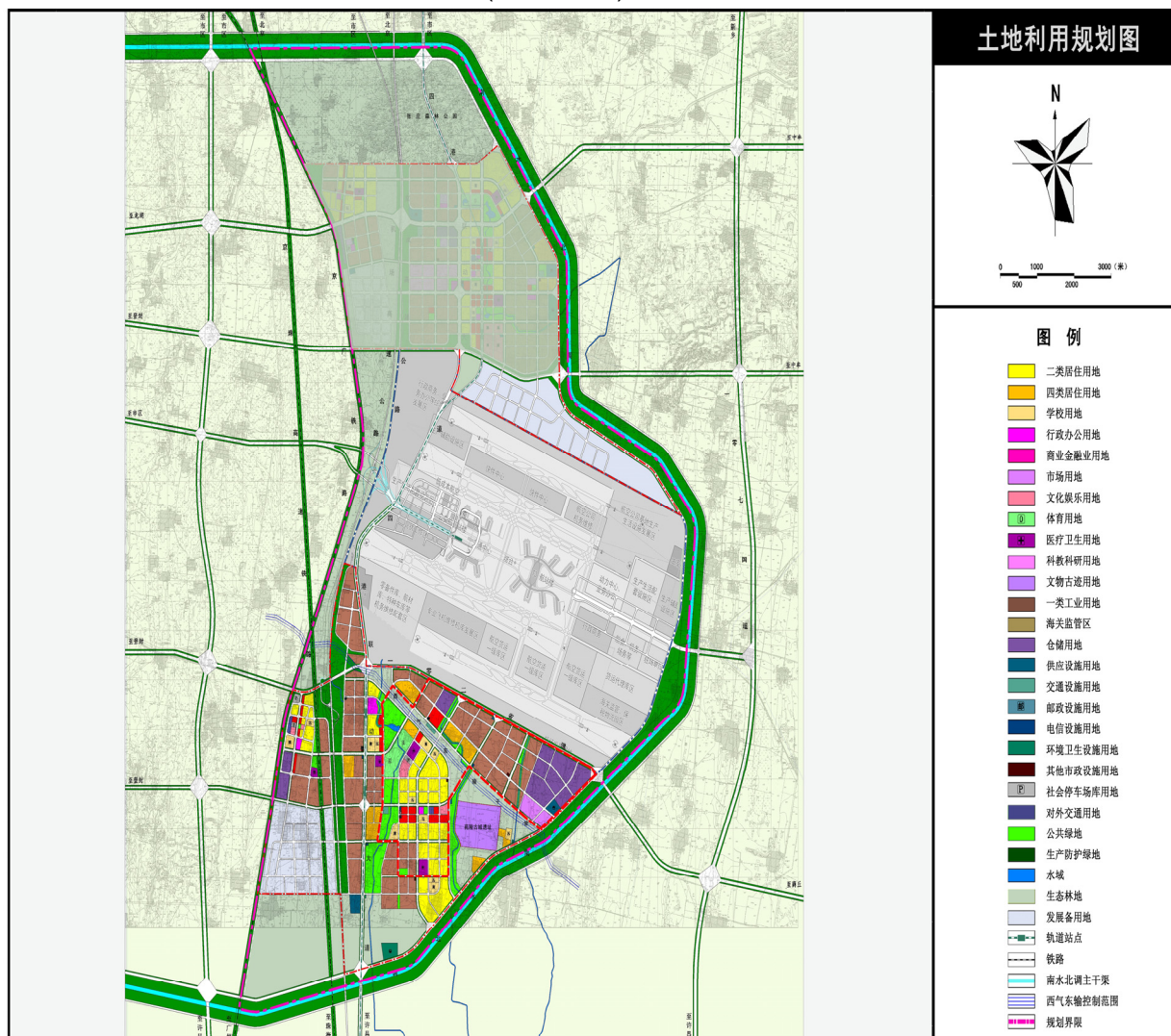
Since 1998, the central government of China has reformed the land management system. Under the overall town plan and land use plan (1998 to 2008), the Baisha township government promotes the development of the Suigou industrial park.

7.3.1 The Overall Town Plan and Land Use Plan For the Term of 1998 to 2008

In 1998, the township government of Baisha formulated the Baisha Overall Town Plan for the period of 1998 to 2008 (see picture 8.1), and the total construction land use area of the overall town planning was 7.8 Km². As shown in picture 8.1, the non-agricultural construction land area was planned to be focused on the Southern part of Baisha. In picture 7.1, the brown plots are the planned areas for industrial construction land-use; the yellow plots are the planned areas for the residential construction land-use; the purple plots are planned areas for industrial and commercial storage; and, the red plots are planned areas for the commercial and

business land use. Through the overall plan, the township government aims to “promote and guide the development of local industries; enhance the competitiveness of Baisha for attracting investment; and make Baisha become one of the important industrial clusters of Zhengzhou city region” (Baisha Overall Town Planning Working Paper, 2003). According to Mr. Liu, an official of the Township Planning Office, *“the area for industrial land-use shares around 51.5% of the total area in our overall town planning, we tried to make manufacturing industries play the role of the engine for the economic growth of Baisha”* (Interview, 2009).

Picture 7.1: Overall Town Plan of Baisha (1998-2008)



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(Source: Baisha Township Planning Office, 1998)

According to the overall town plan, the non-agricultural development and construction is concentrated in the Southern part. To achieve the aims of promoting manufacturing industrial development and attracting private sector investment, the township government of Baisha made a series of specific targets in the overall town plan. The main specific targets of the overall town planning during the period of 1998 to 2008 included the following points (which are illustrated in the instructions of the overall

town plan below).

Document 7.1: Baisha Overall Town Plan Instructions (1998-2008)

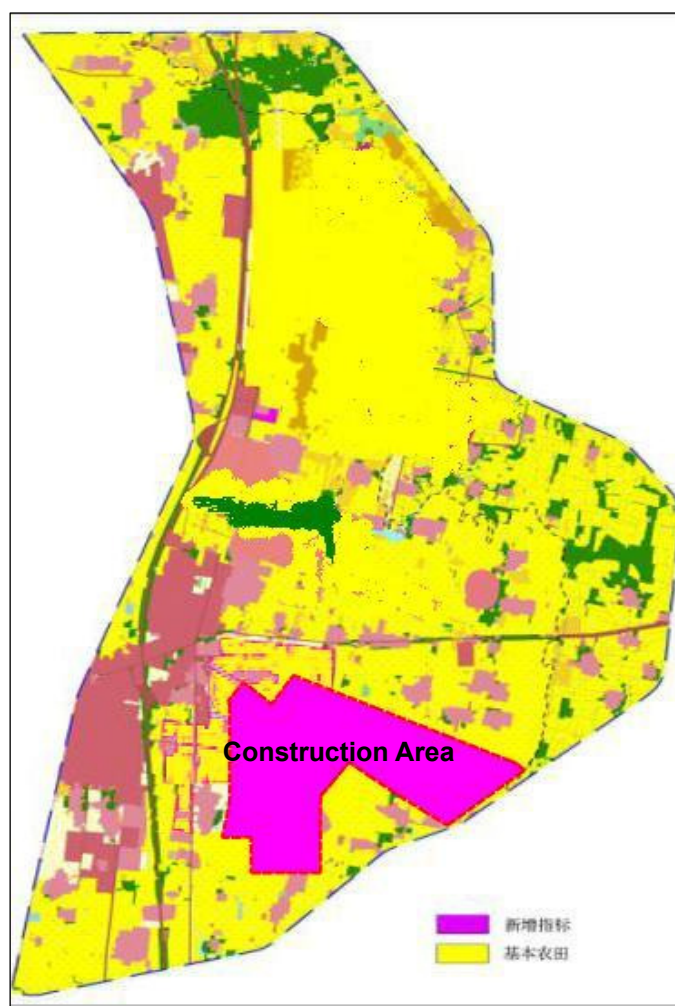
- The average GDP growth rate is over 8.5% per year.
- To enhance the proportion of the secondary sector (industrial sector) from 45% of the total GDP to over 60%
- To provide over 90,000 non-agricultural employment opportunities
- To enhance the urbanization rate from 27% (in 1998) to around 37% (in 2008); and, the population in the constructed town area (urban area) will reach 180,000.
- To improve the development of the industrial structure of Baisha; and make Baisha become an important manufacturing industrial cluster in the Zhengzhou city-region

Source: Planning Office, Baisha Township Government (1998)

In 1998, the land management office of Baisha town also made the overall land use plan for the term of 1998 to 2008 (see picture 7.2), which is the first overall land use plan since the stipulation of the Land Management Law 1998. Officially, according to the plan, the total construction land use area (quota) is not allowed to exceed 5.1 Km² during the period of 1998 to 2008. As illustrated in picture three, the red land plots in the southern part are the new added construction land area defined by the land management organ, which means that all the non-agricultural developments need to be constructed within this area during the term of 1998 to 2008. In addition, for the overall land use planning, the yellow plots are the cultivated land areas, the green plots are planned for basic farmland and the brown plots are villages' construction land.

Under the framework of the Land Management Law 1998, this overall land use plan of Baisha, for the first time, emphasizes that “enhancing the efficiency of land use; protecting cultivated land; and, rationally planning nonagricultural development and construction” (Baisha Land Management Office Working Paper, 1999).

Picture 7.2: Overall Land Use Plan of Baisha (1998-2008)



(Source: Baisah Township Land Management Office)

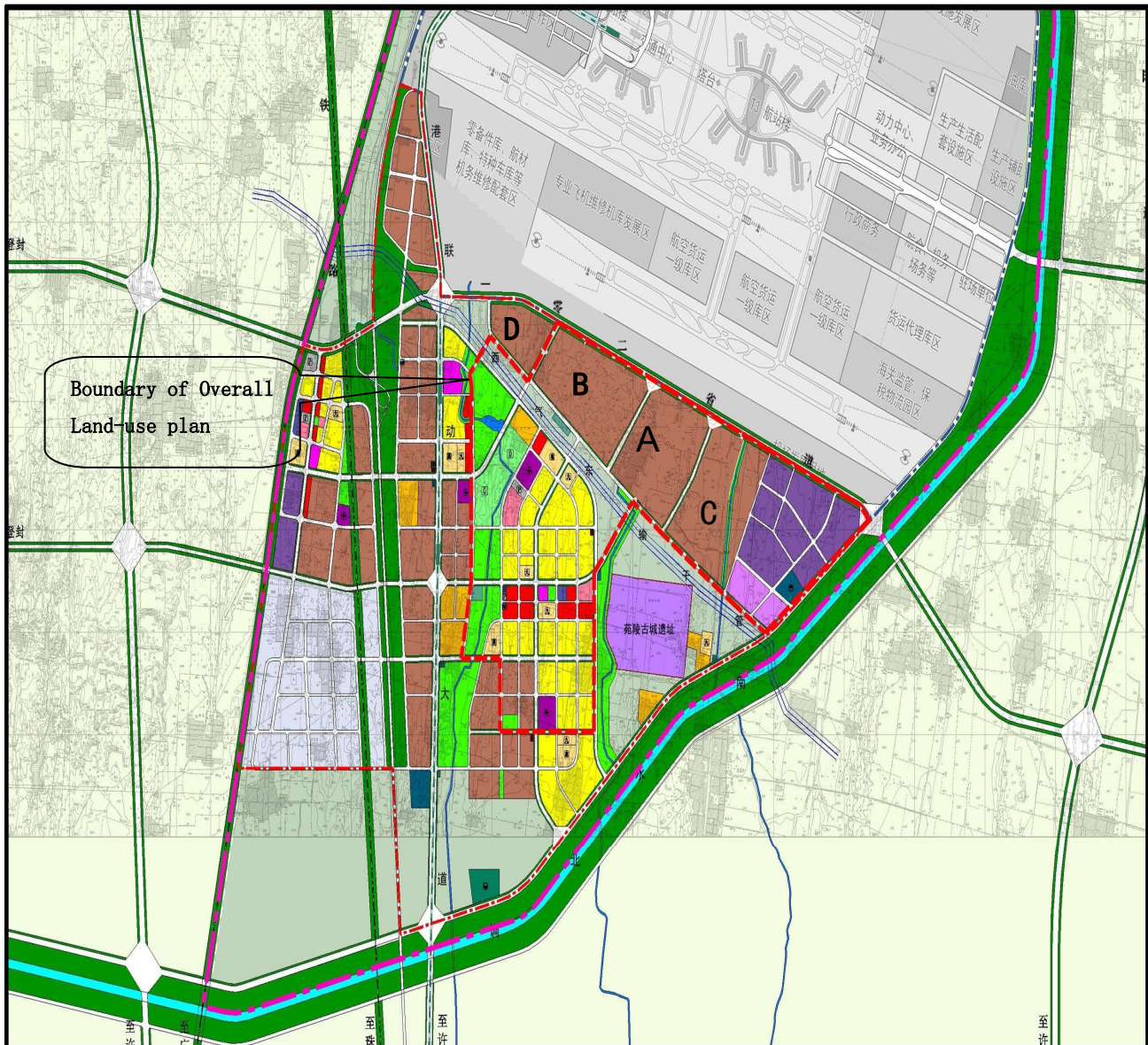
More Specifically, this overall land use plan also clearly defined the scope and boundary for all the 5.1 Km² new added construction area, which means that all the nonagricultural development must be located within this area. Under the overall land use plan, the annual land use plan would be made in order to guide the implementation of land development of management

annually. The annual land use quota is around 0.51 Km² on average.

7.3.2 The Development of Suigou Industrial Park under the Overall Town Plan and Land Use Plan During 1998 to 2008

In the year 2003, on the basis of the Baisha overall town plan (from 1998 to 2008), the township government decided to launch the Suigou Industrial Park development project. The township government and its town planners split the whole development project into two phases. According to the plan, the first phase focused on expropriating the land and clearing the site for construction, which would convert 0.051 K m² of cultivated land into construction usage. Then, the infrastructures would be constructed and improved in the new Suigou Industrial Park. As shown in picture 8.3, zone B is the area for the development of the first phase of the Suigou project, and in this phase, there were 12 manufacturing enterprises that would be arranged in zone B (Baisha Township Planning Office, 2003).

Picture 7.3: The Development of Industrial Parks



(Source: The Baisha Town planning Office, 2007)

Mr. Yang, the Chief planner of the Township Planning Office introduced that:

“There are 7 private sector enterprises and 5 public sector enterprises negotiated with the township government and they planned to invest in the Suigou industrial park.[.....] In addition, we plan to make the Suigou become an electronic manufacturing industrial park, and the

phase one project [zone B] will arrange the enterprises which are focus on the electronic devices manufacturing and processing” (Interview, 2009).

The second phase of the Suigou project would expropriate around 0.075 K m² of cultivated land in the zone D (as shown in picture 8.3), and this area was planned for the manufacturing enterprises which focus on the household electrical appliances assembly and packaging. Mr. Zhao, an official of the Township Planning Office, stated that:

“The area of the second phase of Suigou project is even larger than that of the first phase. The rapid urbanisation in recent years has brought many opportunities for Baisha, and we hope to attract more public and private investment in Suigou” (Interview, 2009).

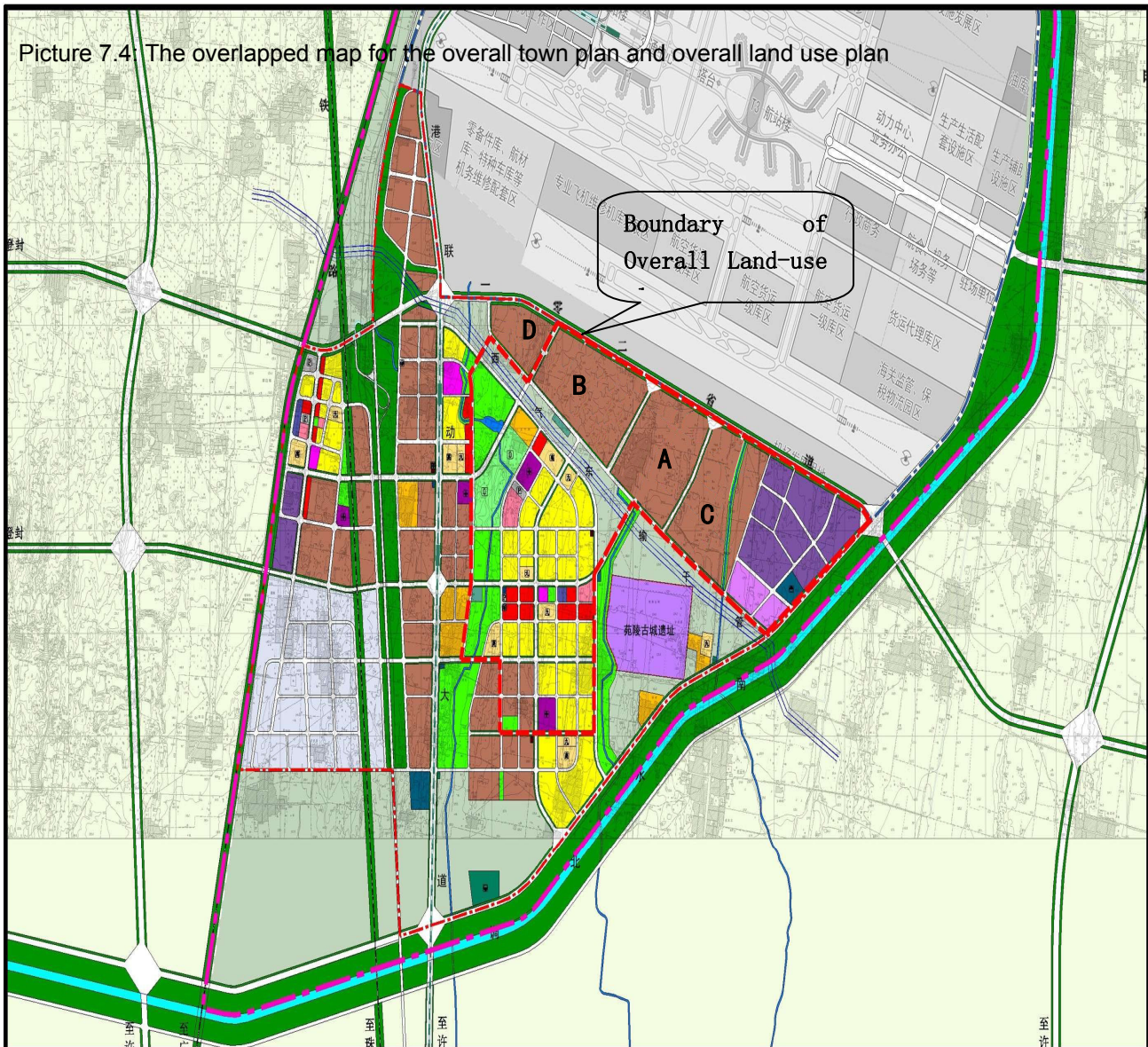
The Suigou project aimed to connect with the Yangdian Industrial Park (plot A in picture 7.3) and the Xuedian Industrial park (plot C in picture 8.3) in the Eastern part of Baisha, so as to form an integrated industrial zone in Baisha and realise the spatial agglomeration of industries. In other words, as illustrated in picture 8.3, the region that is connected with Yangdian Industrial Park and the area of the Suigou project needs to be expropriated and developed by the township government. Moreover, the Suigou Industrial Park project can provide around 6,500 employment opportunities for Baisha and contribute around 2.7% of GDP growth per year (Suigou Project Planning Report, 2004).

However, the development of the Suigou Industrial Park project met a series of difficulties in the following few years. As mentioned in section 8.1, the incompatibilities between the current land management system and the town planning system showed different characteristics in the context of the differing scales of the industrial projects. For the Suigou industrial park, which is a relatively small industrial project, there were two challenges for the implementation of its land development process: namely, that the overall land use plan contradicted with the overall town plan, and; it was a challenge for the township government to obtain the approval of the cultivated land conversion. In other words, the current land management and town planning systems are incompatible in the first and fourth steps of the land management process of the Suigou project. The following parts will illustrate the details of these challenges respectively.

7.3.2.1 The Overall Land Use Planning Contradicts The Overall Town Planning

In 1998, the overall land use plan of Baisha (for the period of 1998 to 2008) was formulated by the Township Land Management Office. As mentioned before, the total area for the construction land use quota that was decided by the overall land use planning was around 5.1 K m², which is an area 2.7 K m² smaller than that decided by the overall town planning. Picture 8.4 is the overlap map of the overall town plan and land use plan. The specific scope for the construction area is illustrated in picture 7.4, and the red line shows the boundary of the construction land use area as defined by

the overall land use planning.



(Source: Baisha Town Planning Office, 2007)

In principle, the township government can only carry out non-agricultural construction within the scope and boundary that defined by the overall land use planning. Yet, before the reform of the land management system in the early 2000s, the construction land use quota system did not own the legal status. The township governments usually viewed the total construction land use area (quota) defined by overall land use

planning as the “guidance”, rather than compulsory rules, for the land development. In addition, the township government could easily violate the overall land use planning and obtaining the land for non-agricultural construction in practice. As mentioned in previous part, the county level governments never played an effective supervisory and monitory role to control the cultivated land conversion and managing the construction land use before the land management system reform.

However, in 2004, the land management bureaucratic system began to be vertically administrated by the provincial government, and the central government also began to directly monitor the practice of overall land use planning. Under these circumstances, the planning for the second phase of the Suigou project is **impossible to implement**, because the second phase of the Suigou project makes that the total land for construction in the town planning exceeds the total construction land use quota allocated by the overall land use planning. As shown in picture 8.4, the second phase of the Suigou project planned to construct in plot D, an area which is outside of the scope for the construction land area defined as by the overall land use planning. Mr. Ma, the former vice planner of Township Planning Office, commented as follows:

“I have to say, under the new land management system, the overall land use planning is even the actual power to decide the local construction and development. The overall land use planning decides not only the total amount of construction land use quota, but also the specific boundary for the construction land area. For the overall town planning, the total construction area of Baisha would be 7.8 K m² during

the period of 1998 to 2008. However, for the overall land use planning, the total construction land use quota would only have been around 5.1 K m² before the year of 2008. So, we have to cut the second phase of Suigou project in order to reduce the scale of our construction land and comply with the overall land use planning” (Interview, 2009).

In other words, the contradictions between the overall land planning and the land use planning impede the implementation of the second phase of the Suigou project. It is then crucial to understand why the total area of construction land decided by overall town planning is larger than that decided by the overall land use planning. In the investigations, the officials of the Baisha Township Government, have provided their explanations. Mr. Zhao stated that:

“In the past [before the reform], it is quite easy for the township government to obtain the land for carrying out the construction. The county level and municipal level governments did not impose a strict control on the land, especially, when we kept the good personal relationships with the leaders of those upper level governments. So, the total area of land use decided by the overall town planning was larger than that of overall land use planning. But, since the year of 2004, the current land management system strengthened the monitoring mechanism. The provincial government directly exercises a strict monitor and supervision over the implementation of overall land use planning” (Interview, 2009).

Another interviewee, Mr. Zhou, an official of the Township Government, has provided

a further explanation. He stated that:

“Promoting the economic development and the urbanisation is the top concern of our township government. The second phase of Suigou industrial park can bring at least 2,700 employment opportunities and increase the GDP growth rate around 1.6%. But, the reform of land management system make us have to give up the development of the second phase of Suigou project” (Interview, 2009).

In addition, Mr. Zhang, an official of the Township Government, pointed out that *“for the small towns in the central region, like our Baisha, it is not easy for us to promote industrialization and urbanisation. Compared with the coastal region, we lack the favourable policies supported by central government; we lacks high level education institutions and R&D capabilities; and, we also lacks funds. The only advantage is that we have more sufficient and cheaper land [compared with advanced coastal region] for construction, so we tried to acquire more land for industrial development”* (Interview, 2009).

This contradiction between the overall land use plan and the town plan has obviously impacted on the growth and development of industries in Baisha. First of all, the abortion of the second phase of Suigou industrial park led to the loss of employment opportunities and governmental fiscal revenue. According to Mr. Zhang,

“Because of the abandonment of the Suigou second phase project, we

township government estimates that Baisha had lost around 2,700 to 3,000 employment opportunities and 40 million RMB tax revenue”
(Interview, 2009).

Moreover, the abortion of the Suigou second phase project not only made it impossible for Baisha to develop into a larger scale of industrial park, but it also impeded it from forming a more highly efficient industrial cluster. As mentioned previously, electric and electronic products’ manufacturing are the leading industrial sectors of Baisha. For example, most of the manufacturing enterprises in Xuedian industrial park (plot C in picture 8.4) and Yangdian industrial park (plot A in picture 8.4) focus on electronic bicycle production and other battery driven vehicles’ manufacturing. For the town planning of Baisha, the Suigou industrial park focused on developing the electric devices’ manufacturing sectors, which aimed to play a closely supportive and cooperative role for Xuedian and Yangdian industrial parks. For the Suigou project, the township government not only attempted to promote the growth and expansion of the manufacturing industries in quantity (or scale), but they also aimed to establish electronic manufacturing industrial chains (Interview, Zhang, 2009). The manufacturers in Suigou industrial park, such as those producing batteries and electric devices, cooperated closely with those enterprises in Xuedian and Yangdian industrial parks (Interview, Zhang, 2009). However, the change in the land management system meant that Baisha could not realise this objective. For instance, Mr. Wei, an investor and owner of an enterprise in the Xuedian industrial park, stated that

“My factory in Xuedian is producing electronic bicycle. And, I also planned to invest in the second phase of Suigou industrial park and build new factory to produce batteries used in electronic bicycles. However, as the second phase of Suigou project was cut, I had to choose another city in Henan for the investment. This change made me have to afford extra transport costs” (Interview, 2009).

Thus, the abortion of the Suigou second phase project has weakened the supportive role of Suigou industrial park.

Although, the second phase of the Suigou project meant more opportunities for the economic growth of Baisha town, the officials of the County Land Management Bureau insisted that the overall land use plan must be implemented and they refused any revision of the total construction land use quota.

For the land management authority, the main tasks are: to optimise the structure of land use; to ensure the reasonable proportion between new added construction land and agricultural land; and, to maintain the sustainability of land use and development. Miss. Li, the deputy director of the County Land Management Bureau, pointed that:

“No doubt, protecting the cultivated land plays the first and foremost role for the land management and land use sustainability. The core target for land management is to control the cultivated land conversion. It is impossible for us to change the overall land use planning for

Baisha, because the provincial Land Management Department will send the inspection team each year to every towns to examine the implementation of the overall land use planning” (Interview, 2009).

In other words, protecting the cultivated land and containing the over-expansion of construction land are the core issues for the overall land use planning. As Mr. Liu has mentioned that the inspector team will be sent to examine the implementation of land planning and management, I further ask the questions about the inspector team sent by the upper level land management organs and this current top-down supervisory mechanism. And, Miss. Li further states that:

“Normally, we need to report the details about our jobs of land management to the inspection team and answer questions raised by them. And, the inspector team also carry out field investigation in each construction land plot and cultivated land plot in order to ensure that the implementation [of land development and protection] is in accordance with the land use plan” (Interview, 2009).

Moreover, if any violation of the overall land use planning has been detected by the provincial land management bureau inspection team, the relevant responsible person would get legal punishment or even removal, including the officials of our Land Management Bureau (Yan, Interview, 2009). In other words, the vertical and strict supervisory mechanism ensures that each level of local governments (including the township governments) must follow the overall land conversion quota and the specific

scope of the construction land use when they carry out the city/town planning.

7.3.2.2 The New Policy for the Approval of Cultivated Land Conversion

According to the detailed town plan of Suigou industrial park (Baisha town planning office, 2003) made by the township government, the total construction land use area for Suigou industrial park (first phase) was 1.34 k m², and the whole project was planned to be completed within 3 years. To implement the detailed town plan and construct the industrial park, the annual development land defined by the detailed plan should not only comply with the annual land use quota (allocated by the land management authority), but it also needs to obtain the cultivated land conversion approval. For the development of Suigou Industrial park, obtaining the approval for cultivated land conversion annually has become a challenge for the township government of Baisha.

It was specified in the detailed town plan of the Suigou project (Baisha town planning office, 2003) that in 2004, 0.49 k m² of land area was proposed for construction, and 0.30 k m² of which was cultivated land. In 2005, the detailed town plan for the Suigou project had planned on 0.45 k m² of land area for construction, and 0.22 k m² of this land was cultivated land. In the year 2006, the detailed town plan arranged 0.40 k m² of land area for the construction of the Suigou industrial park, and 0.18 k m² of this land was cultivated land (Baisha Planning Office Working Paper, 2008). For Baisha town, the annual land use quota allocated by the upper level land

management authority was around 0.51 k m² during the period of 1998 to 2008 on average. In other words, the annual development land area defined by the detailed town plan of Baisha is in accordance with the annual development land use quota allocated by the land management authority.

However, to ensure that the cultivated land does not decline sharply in a certain period of time, the central government of China also requires land management organs to examine and approve the cultivated land converted for construction usage in order to control the speed of cultivated land conversion. Before the reform of the land management system in recent years, the cultivated land conversion within 0.35 k m² only needed to be approved by the next upper level land management organ. And, in the past years, the administrative structure of the land management system was bloc-organised. Thus, township governments can easily obtain the approval for cultivated land conversion and even violate the laws about land conversion, especially if the leaders of township governments have good personal relationships with municipal level governments. However, the new reformed land management system stipulates that any cultivated land conversion for construction usage must be approved by national or provincial land management organs. As mentioned in Chapter Three, Article 34 of the Land Management Law 1998 stipulates that the conversion of cultivated land exceeding 0.35 k m² must be approved by the central government (national land management department); and the conversion of cultivated land within 0.35 k m² must be approved by the provincial level land management

department. In other words, any cultivated land conversion for non-agricultural development usage must be approved by the provincial (or national) land management authority.

According to my investigation, for the views of the township government, the new cultivated land approval policy impedes the implementation of a detailed town plan and leads to the low efficiency for Baisha to promote the development of the Suigou project. Specifically, the formulation and approval of the detailed town plan is highly efficient, as for example, it only needs to be approved by township government, and the formulation and approval process of a detailed town plan only requires around two or three weeks. However, the implementation and completion of the detailed plan is delayed by the new cultivated land approval policy. To get the approval for cultivated land conversion, the township government must firstly report the area and location of a cultivated land plot, which is planned to be converted, to the municipal land management authority, and then the municipal land management bureau will send an inspection team there to strictly examine the general information of the land plot planned to be converted for construction usage. Usually, this process will take around one or two months. After that, the application for cultivated land conversion will be submitted to the provincial land management department for formal approval, and the township government always has to wait for around one month to get the feedback from the provincial land management authority (Yang, Interview, 2009). In other words, it is a more difficult and time-consuming task for the township government to get the

approval for cultivated land conversion under the new policy. Under this circumstance, the development of the Suigou project development was actually completed in the May of 2007, which date is seven months later than the schedule set by the detailed town plan (Baisha Township Government Working Paper, 2009). Mr. Zhang, the town chief of Baisha, complains that the new land conversion policy makes the township government face with more difficulties. He comments that:

“Before the reform [of land management system], the cultivated land conversion only needed to be approved by next upper level or municipal land management authority, so we the township government can high efficiently construct our industrial projects based on the detailed town plans. But, the new policy has made cultivated land conversion process become too complex and strict. We have to spend more time and pay more attentions to deal with those complex examinations and administrative procedures if we want to obtain the approval of cultivated land conversion. The progress of the industrial project development will be no doubt be delayed” (Interview, 2009).

In other words, the government officials of Baisha feel that the more strict and complex procedures for land conversion approval impedes the township government to carrying out its town plan and the industrial parks construction.

In this regard, the incompatibility between the detailed town plan and the cultivated land conversion policy has unavoidably impacted upon the growth of industries. The delay of the completion of the Suigou project made many potential investors develop

feelings of uncertainty towards the project. Moreover, as the detailed town plans could not be implemented on schedule, it would also damage the credibility of the Baisha township government. For example, a manufacturer owner, Mrs. Liu, has invested in Suigou industrial park, and she states that:

“In the past years, everything was quite certain, because the township government found it easy to get the approval of cultivated land conversion. But, because of the new policy of land conversion approval, we private investors are always worried about whether the township government can really obtain the cultivated land conversion approval from the provincial land management department, because that the inspection and examination is quite strict and the township government obviously has little influence upon higher the level [national level and provincial level] land management organs. And, of course, we were also not sure when they [the township government] can get the approval, even if the application for land conversion can be approved” (Interview, 2009).

Thus, the new land conversion policy leads to the implementation of a detailed town plan that is faced with a series of challenges, therefore causing the potential private investors a greater level of uncertainty. In other words, the investment willingness of the private sectors has been weakened by the incompatibility between the detailed town plan and cultivated land conversion policy.

However, the officials in the land management authorities had a very different point of

view. They emphasized that protecting cultivated land is the **core target** for the land management. Yet the township governments do not have a rigid assignment for grains output, and they tend to have more concerns about their local economic development (Yang, Interview, 2009). The policy of cultivated land conversion approval is an important method to prevent the sharp decline of cultivated land in a certain year (or a certain period of time), so as to maintain the stability of grains output. Mr. Zhu, an official of the Land Management Bureau, gives further details when he states that:

“As the land management organ, the protection of cultivated land is the most important part of our job. We need to ensure the output of agricultural products, especially the grains, so we must strictly control the cultivated land. Each province has their assignment for the annual total output of grains, and the Henan province is without exception. For example, in 2005 and 2006, the assignment of grains’ output was 91 million tons; and, the assignment of grains’ output was increased to 102 million tons in the year of 2007. So, It is essential for us to manage and control the cultivated land conversion strictly” (Interview, 2009).

In other words, the land conversion for construction usage needs to be strictly managed, because that the Land Management Bureau focuses on the protection of cultivated land in order to ensure the stable output of agricultural products (especially the grains).

7.4 The Incompatibilities between Land Management and Town Planning Systems in the Foxconn Project

In the year of 2007, the Zhengzhou Municipal government brought the township government of Baisha under its administrative leadership in order to efficiently attract the investments of the large enterprises transferred from south-east coastal region. The Foxconn Group is a large leading manufacturer and it transfers the factories from China's coastal city (Jinhua city) to Baisha. In 2008, the township government of Baisha signed an agreement with Foxconn Group and began to promote the development of the Foxconn industrial project. Different from Suigou industrial project, the Foxconn is one of the largest industrial development projects in Henan province. Against this background, the land management and town planning systems demonstrates both of similar and different incompatibilities when compared with those of the Suigou industrial project.

7.4.1 Agglomeration Development Strategy and Adjustment of Administrative Structure

Since 2007, the Henan provincial government and Zhengzhou municipal government have implemented a “central city-driven strategy” that aimed to expand and strengthen Zhengzhou, the central city of Henan. As introduced in the previous chapter, the provincial and municipal government at the end of 2007 developed ZNKD strategic planning, and planned to build this area as Zhengzhou's industry cluster and

even as the economic growth pole of Henan province in order to promote economic development. Baisha town, as an integral part of ZKND, was also included in this strategic planning.

In this context, in order to strengthen the unified leadership on the agglomeration development strategy of ZKND, reduce the administrative level, and enhance leadership effectiveness, the Henan provincial government commissioned the governance right² of Baisha (and other 25 villages of neighboring townships) to the Zhengzhou municipal government. In other words, Xinzheng county government had transferred the jurisdiction of the original Baisha Town to the Zhengzhou municipal government.

On this way, the township government of Baisha became a branch organ of the municipal government of Zhengzhou, and accepted the leadership of the municipal government.

For the town planning, the Baisha township government are responsible for organizing and making the overall town plan within the framework of the Zhengzhou

² Commission the governance right: In China, the formal changes in administrative scope must be reported to Ministry of Civil Affairs of the People's Republic of China, and they also need the Ministry's audit, which is very complicated. Therefore, " Commission the governance right " in facts becomes a more practical and convenient means of changing the jurisdiction scope.

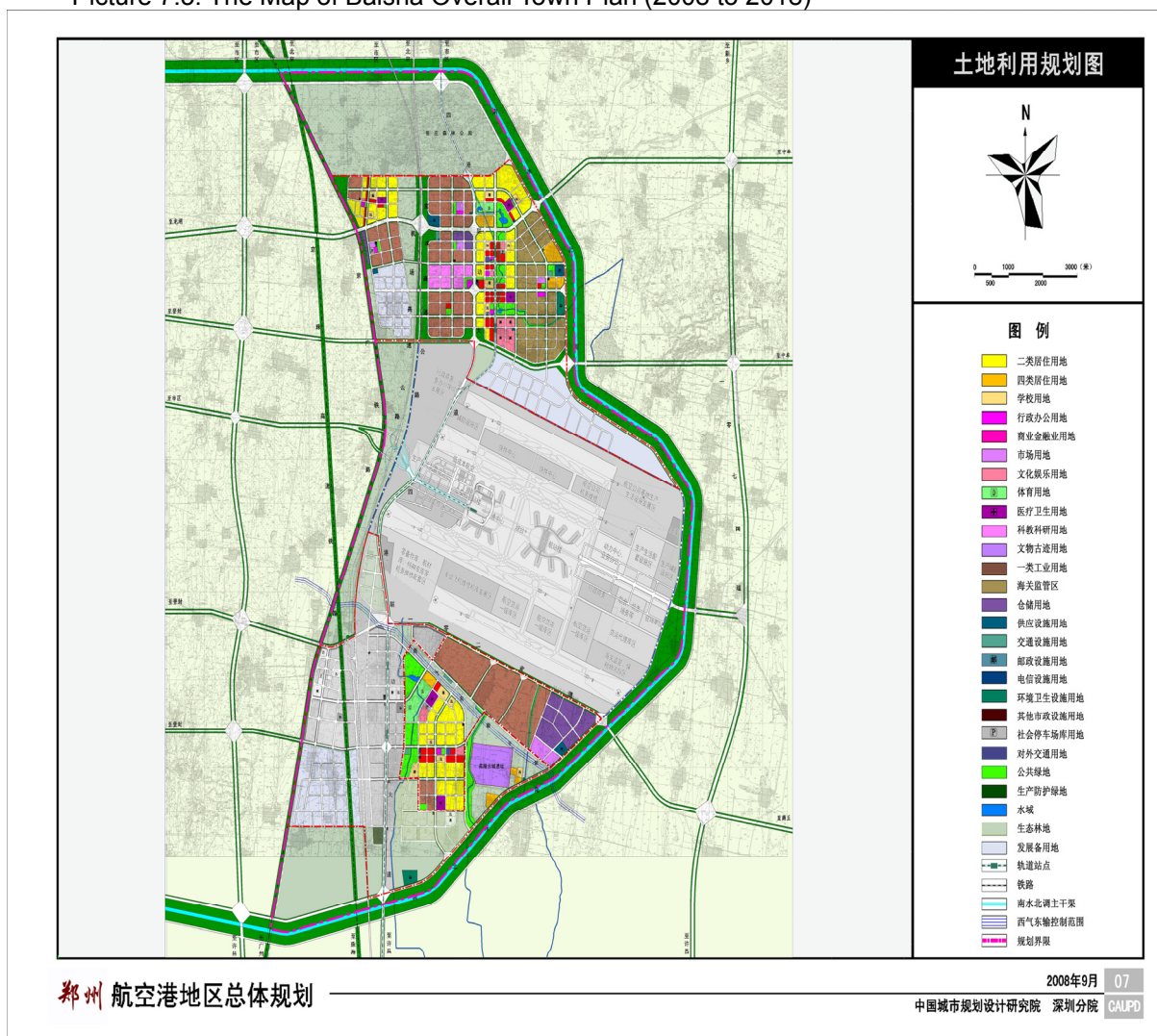
city overall plan, but all the town plans of Baisha should be submitted to the Zhengzhou municipal government for approval (Zhengzhou City Planning Regulation, 2008). On the aspect of land-use management, the Land Office of Baisha is the direct branch organ of the Zhengzhou Municipal Land Management Bureau. This means that the Baisha township Land Office implement the overall and annual land-use plans made by the municipal Land Management Bureau, and carries out all the decisions in routine work made the municipal Land Management Bureau (Zhengzhou Municipal Land Management Bureau, 2008). Moreover, regarding the power to control investment and development, any specific private (or public) project where the investment of the project is over 800 million Yuan needs to be firstly examined by the Baisha township government and then reported to the Zhengzhou municipal government for formal approval (Development and Management Regulation, Baisha Township Business Office, 2009).

7.4.2 The Overall Town Plan and Overall Land Use Plan from 2008 to 2018

In 2008, the township government of Baisha made its new term of overall town plan (see picture 5). The township government focused on promoting the development of the northern part of Baisha during the period of 2008 to 2018. Thus, for the overall town plan of Baisha (2008 to 2018), the total construction land area during this planning term is concentrated in the northern part of Baisha. The total construction area defined by this overall town plan is 12.8 k m². On the map of the overall town plan

from the term of 2008 to 2018 (as shown in picture 8.5), the brown plots are the planned areas for industrial construction land-use; the yellow plots are the planned areas for the residential construction land-use; the purple plots are planned for industrial and commercial storage; and, the red plots are planned for the commercial and business development.

Picture 7.5: The Map of Baisha Overall Town Plan (2008 to 2018)



(Source: Baisha Township Planning Office, 2009)

The township government aims to make Baisha become the leading electronic manufacturing industrial base in Henan province. For the Baisha township government, the one of main goals of this new term of the overall town plan is to attract the transferred large and leading labour-intensive manufacturers from south-east coastal region, so that promoting the rapid growth of industries in Baisha town and the Zhengzhou city-region. The Vice Director of the Baisha Town Planning Office, Mr. Zhou commented as follows:

“Electronic and electric manufacturing are the traditional industrial sectors of Baisha. Compared with other places in Henan province, Baisha has a bigger population of skilled labours; we also have a better foundation of electronic manufacturing industrial foundations; and, we have many skills training schools and organizations. In recent years, the transfer of labour-intensive manufacturing industries from coastal cities to central cities has accelerated. Thus, through the new term of overall town plan, we try to attract some leading manufacturing enterprises to transfer to Baisha, because large leading manufacturer could not only provide more employment opportunities, but could also drive the development of more related industries” (Interview, 2010).

On this way, the township government hopes that the large manufacturing enterprises will serve as the leading driving force to create a dynamic industrial cluster. To achieve this goal, the major targets of the overall town plan during the term of 2008 to 2018 are illustrated as follows (in document 8.2):

Document 7.2: Baisha Overall Town Plan Instruction (2008-2018)

- The annual average GDP growth rate is over 9.5%.
- To provide over 140,000 non-agricultural employment opportunities
- To enhance the urbanization rate from 39% (in 2008) to around 50% (in 2018); and, the population in constructed town area (urban area) reaches to 300,000.
- To improve the physical environment of new planning area
- To promote the development of infrastructures
- To Provide favorable policies to attract investment (includes establishing the tax-free zone)
- To Attract the transferred large and leading manufacturing enterprises
- To optimise the industrial structure of Baisha; and, making Baisha become the leading manufacturing industrial cluster in Henan province

Source: Planning Office, Baisha Township Government

As an important component of ZKND, the ambitious overall town plan (2008 to 2018) of Baisha was quickly approved by the Zhengzhou municipal government, who, in addition, also showed their support for Baisha. For example, the Zhengzhou municipal government approved the establishment of tax-free zone in Baisha, and provided 60 millions to 70 millions RMB of special fiscal allotment annually to support Baisha township government to improve infrastructures.

For the land use planning, the national land working conference was held by the National Land Management Department in 2007, which aimed to prepare the 2008 to

Picture 7.6: The Overall Town Plan of Baisha (2008 to 2018)



2018 term national land use plan and guide the new term overall land use plan formulation at various administrative levels. At this conference, the national land management department re-emphasized that the cultivated land must be strictly protected (National Land Working Conference Report, 2008).

For the overall land use plan

of Baisha during the term of 2008 to 2018, the total construction land use quota allocated by upper level land management organ is 7.5 k m², and the annual land use quota should be around 0.75 k m² . The location, scope and boundary of the newly added construction area are showed as the picture 7.6. For the map of overall land use plan (see picture 7.6), the red plot in the northern part of Baisha is the total construction land area during the term of 2008 to 2018; the yellow plots on the map is the cultivated land; the green plots is orchard land; and, the brown plots are the construction land of villages. According to Mr. Zhao, the director of the Baisha land

management office, *"the overall land use plan will try best to make the location and scope of construction land area cover that the construction area defined by the overall town plan. But, no doubt, cultivated land protection is the most important principle. We encourage the more sustainable and compact land use in the town development"* (Interview, 2010).

7.4.3 The "Foxconn" project of Baisha Town

As a large and leading manufacturing enterprise, Foxconn Group was ranked 109 in 2009 among the global top 500 enterprises, and is the world's largest high-tech electronics OEM (Original Equipment Manufacture) enterprise. As a typical labor-intensive industry, it has 62 factories around the world, with a total of 3.1 million employees worldwide. In mainland China, Foxconn has a total of 24 factories, with over 2.2 million employees (Foxconn Group Official Report, 2010). During the period of 1994 to 2008, most of the factories of Foxconn are located in the cities and towns of south-east coastal region (in Jinhua and Dongguan of Guangdong province). As discussed in chapter four, the labour-intensive enterprises of coastal region begin to transfer to central region in recent years, because of the steadily increase of costs in coastal region.

In the November of 2008, the municipal government of Zhengzhou and Baisha Township government signed an agreement with Foxconn Group, and Foxconn Group

began to transfer its factories to Baisha, which has brought a significant driving force and opportunities for the development of industries in Baisha town. The photos 7.1 and 7.2 show the workshops of Foxconn Group.

According to the agreement, the total investment of the Foxconn Group would be no less than 2.1 billion USD before 2013, and it will employ no less than 85,000 labour workers and 5,000 technician workers before the year of 2012. In other words, the Foxconn project can provide **90,000** employment opportunities for Zhengzhou and Baisha town (Baisha Township Government, 2011). Due to the external economy effect of the Foxconn project, many enterprises, which focus on electronic fittings' manufacturing, electronic products' packaging, transport and other sectors related to Foxconn's business, decided to invest in Baisha and build their factories in the new industrial park. By the year of 2010, there were 12 enterprises which had signed agreements with Zhengzhou municipal and Baisha township government, and there were another 21 potential investors in the negotiation. Additionally, with the increase in the population and market demand, the development of commercial and service sectors also will be promoted steadily in Baisha town (Baisha Township Government, 2011).

Photo 7.1: The workshop of Foxconn Group



(Source: provided by the author)

Photo 7.2: A factory of Foxconn Group in Jinhua City



(Source: provided by the author)

7.4.4 Specifics of Foxconn Project

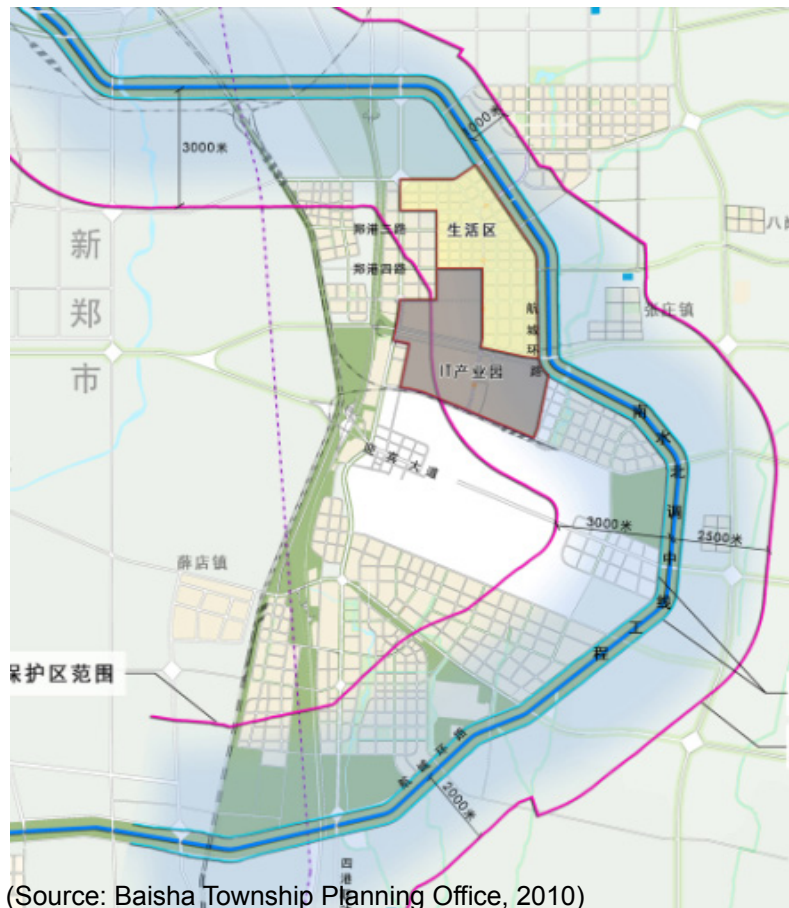
According to the agreement between the Foxconn group and Baisha township government (Baisha Township Government, 2008), there are 7 factories (including 23 workshops) and a living zone for the employees that are needed to be constructed. The construction area for factories and workshops will be 3.8 k m², and the

construction area for employees accommodation will be 1.2 k m².

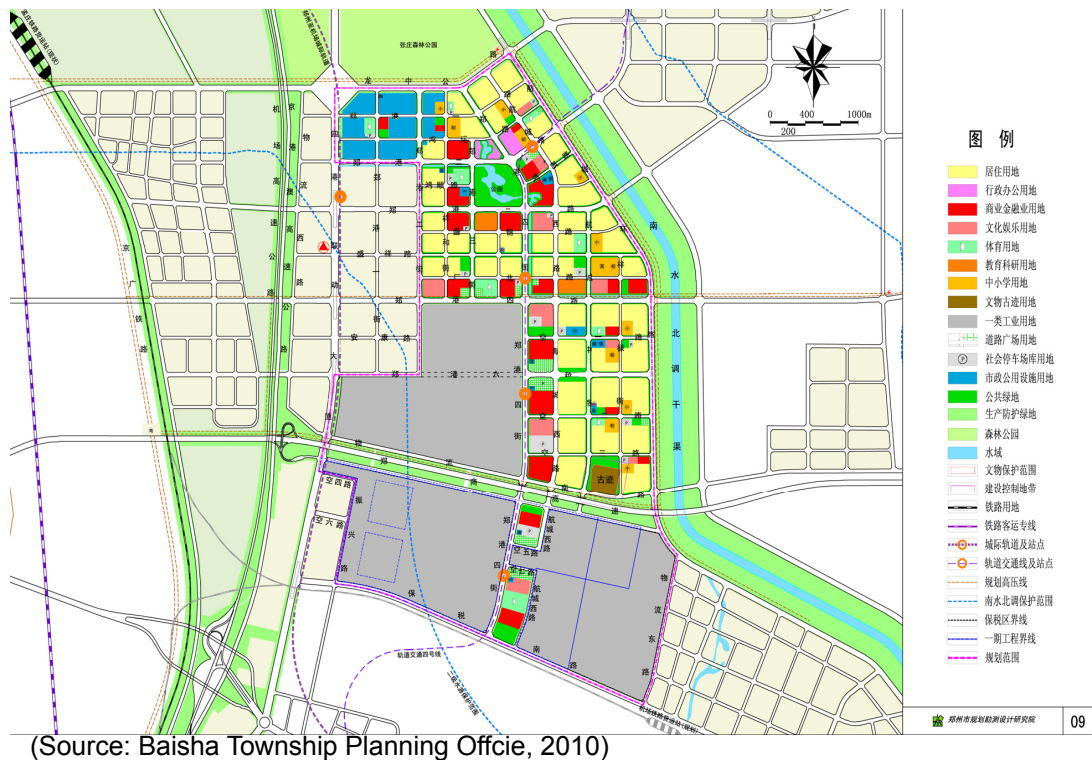
The township government of Baisha decided to make the development of the Foxconn project as the core task of the overall town plan during the period of 2008 to 2018, because the Foxconn project is a key opportunity for the economic development of Baisha and it will occupy a large land area for construction. Thus, the township government made the specific arrangements for the Foxconn and its related industries under Baisha's overall town plan. The total construction area for the Foxconn project would be 10.9 k m².

Picture 7.7 illustrates the location of Foxconn in Baisha town, and the grey area in the picture is the industrial zone and the yellow area is for the accommodation of employees, R&D, and business and commercial area. Pictures 7.8 and 7.9 illustrate the specific plan for the project.

Picture 7.7: the location of Foxconn project



Picture 7.8: The arrangements of land plots



Picture 7.9: the code of each plot



(Source: Baisha Township Planning Office, 2010)

As illustrated in the picture 7.8 and 7.9, the grey plots in picture 7.8 (or plots E, H and G in picture 8.9) are planned for the industrial land use of Foxconn project. The entire land for factories construction is "L" shaped. Plots H and G are tax-free zone and the area is 2.7 square kilometers, which means that the factories located in this area can produce and export their products without paying any tax. The plot E is planned for other supported or related enterprises of Foxconn Group, and it will occupy 1.5 k m² of the construction area (Baisha Township Planning Office, 2010).

The living zone is composed of the plots A, B, C, D and F, and the total area of the living zone is 2.3 k m², which plots are planed for the development of skills training schools, R&D institutions, accommodation of workers, the relocation of peasants,

housing development, business offices, and commercial development. To be specific, in the picture 7.8, the yellow plots are planned for living areas, the red parts are for business or commercial land use, and the blue plots are planned for the R&D and skills training institutions.

The whole project is composed of two phases. According to the detailed town plan, the first phase will focus on the plots of E, H, G and F (as shown in picture 7.9) and the construction of first phase should be completed before the May of 2013. The second phase of Foxconn project includes the development of plots A, B, C and D, which is planned to be completed by the year of 2018. In addition, according to the agreement between the Baisha township government and the Foxconn group, the plots F, G and H project are arranged for factories and accommodations of Foxconn group and the construction should be completed before the October of 2013.

As the Foxconn is the important leading enterprise, the plan tries to make this area into the largest industrial cluster of electronic manufacturing in Henan province and the comprehensive living and commercial area so as to promote the development of agglomeration in industries and population. Document 5 demonstrates the conception of the specific plan of the Foxconn project under the framework of Baisha's overall town plan.

Document 5: The Basic Conception of Foxconn Project Specific Plan

- The whole plan aims to divide two main function zones but meanwhile keeps perfect interaction between them [.....]
- The industrial zone aims to create the industrial cluster in electronic sector based on the external effect of leading enterprises;
- Integrations of living, commercial, business and R&D aims to provide a convincing and livable environment for the residents; and, also aims to provide a necessary service and support for the industrial development.

Source: the Handbook of Foxconn Project Specific Planning, 2010

However, the incompatibilities between the land management and town planning systems make that Baisha face a series of challenges to make this plan on paper into reality. And, as the Foxconn project is a typical large industrial project, the incompatibility between the land management system and the town planning system has been found in all the four steps of the land development process. Compared with the development of the Suigou project, the incompatibilities between the land management and the town planning systems show both similar and different characteristics and impacts. First of all, many development projects have been delayed because that the overall land-use plan was not consistent with the town plan. In addition, the lack of annual land-use quota seriously restricts this ambitious plan of promoting industries and population agglomeration geographically. In addition, the shortage of “back-up land” is another key challenge which hinders the township

government from implementing this town plan. Last but not least, the cultivated land conversion for the construction of Foxconn project needs to be approved by the national land management department. The following parts will demonstrate these challenges in details.

7.4.4.1 Incompatibility between the Overall Land Use planning and the Overall Town plan

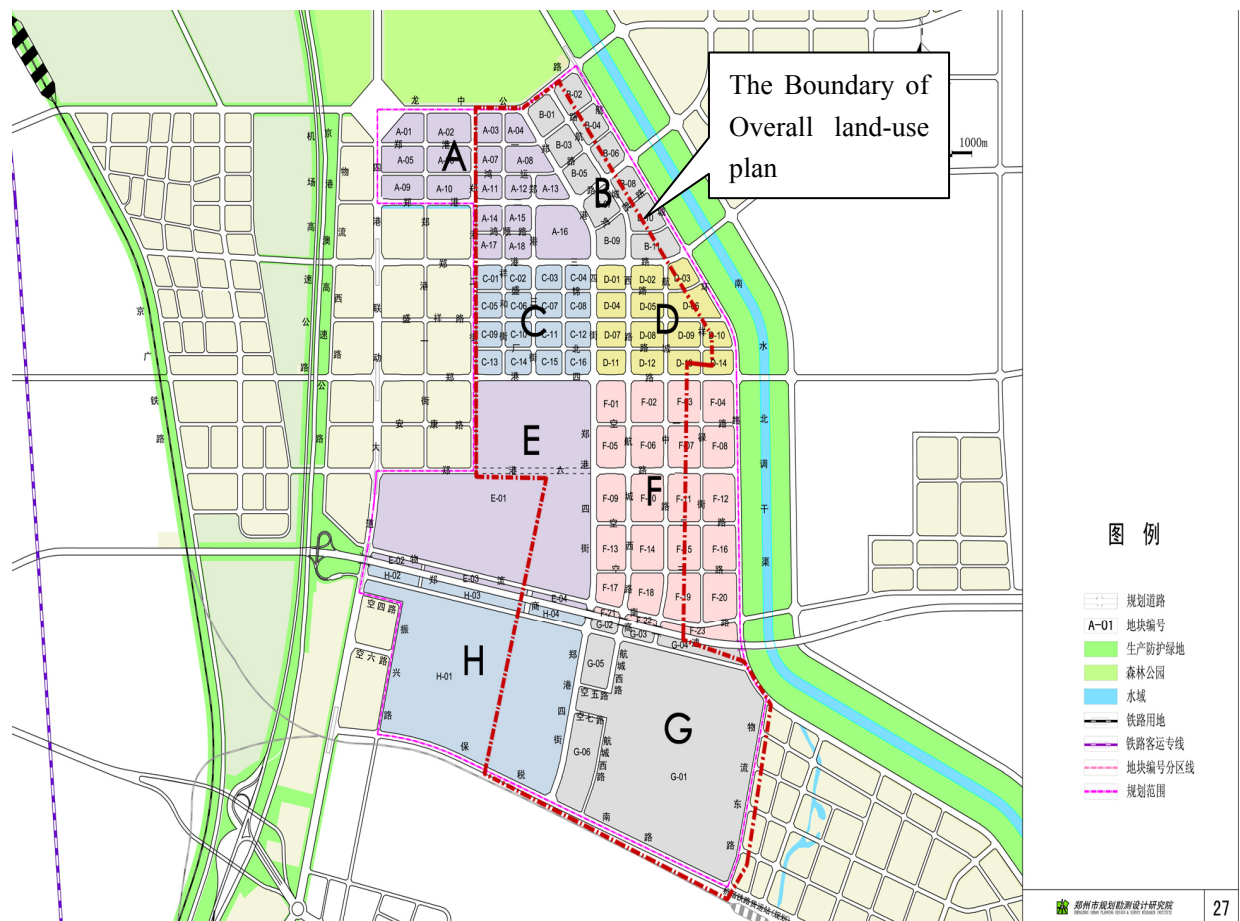
Similar to the development of the Suigou project, the total construction land use area defined by the overall land use plan is smaller than that defined by the overall town plan; this has become both a challenge and an impediment when attempting to carry out the specific plan of the Foxconn project. Yet for the Foxconn project, the land management authority promised to offer a compromise to some extent, which is different to the case of the Suigou project.

As mentioned previously, the total construction land use area defined by the overall town plan of Baisha during period from 2008 to 2018 is 12.9 k m². And, the overall town plan has arranged 10.9 k m² of construction land use area for the development of the Foxconn project. Specifically, the first phase of Foxconn project will occupy around 6.5 k m² of land, which includes the 4.5 k m² of land area on which to construct the factories of the Foxconn Group and other manufacturing enterprises, and 1.7 k m² of land area for constructing employees accommodation housing and

facilities. Moreover, the second phase of the Foxconn project includes the development of retailing sectors, commercial housing and R&D institutions, which will also need not less than 4.4 k m² of land. However, the total construction land area defined by the overall land use plan is only 7.5 k m² during the term of 2008 to 2018, which land area is 3.4 k m² smaller than that defined by the overall town plan. According to Mr. Wang, the Deputy Town Chief of the Baisha, *“the town planners estimate and calculate the new added construction land area of overall town plan based on the local economic and population growth rate. But, in practice, the overall land use plan is becoming the real hand to control the scale of our industries and economies”* (Interview, 2010).

Picture 8.10 illustrates the overlapped map of the overall land use plan and overall town plan. The black line is the boundary of the overall land use plan, which means that all of the nonagricultural construction must be within the scope and boundary of the land-use plan.

(Picture 7.10: Overlapped map for overall land-use plan and overall town plan)



(Source: Baisha Township Planning Office, 2010)

Picture 7.10 clearly shows that the scope of the total construction land area is smaller than that defined by the overall town plan, and the boundary of the overall land use plan and town plan can not coincide with each other. For the town plan, the development land plots A, B, D, F, E and H have been cut down by the overall land use plan. In particular, as the first phase of Foxconn project is comprised of the plots H, G, E and F, the reduction of construction land area in plots H, E and F means that the first phase of the Foxconn project can not be implemented in accordance with the plan.

Mr. Zhao, an official of the Planning Office, complains that:

“The scope of overall land-use plan does not match with our town plan. Even the boundary of land-use plan can not coincide with the road network of the town plan in many areas. Especially, the plots H and E were originally planned for constructing the factories of the Foxconn project. The cut down of construction land area in these plots directly impedes the development of the Foxconn project” (Interview, 2010).

Similarly, Mr. Wu, the Vice Director of the Township Planning Office, also comments that *“the land-use plan is the **real ‘baton’** for the local development. Without land, any town plan would be nothing but a piece of paper hanging on the wall”* (Interview, Zhang, 2010). In these circumstances, I raised a question regarding *“is it possible for the town planning office to change, or adjust, the specific development plan of the Foxconn project so as to ensure the land use for factories construction? To be specific, is it possible to make plots A or C (instead of plots H and E) for factories construction?”* Mr. Wu answers that:

“It is impossible for the town planning office to change the plan, because that the plots A, B and C are hilly areas. These areas are not suitable for the large workshops construction. Moreover, the plots E, H and G are near to highly efficient transport infrastructures. The Zhengzhou-Xian national expressway crosses the plots E, H and G [as illustrated in picture 8.10], which makes these plots are convenient for

the transportation of manufacturers' goods. So plots E, H and G are the most ideal places for constructing factories" (Interview, 2010).

In other words, for the township planning office, the designing of land use structure is based on the local geographical and economic characteristics, and they can not adjust the land use structure of the Foxconn project.

Against this background, the township government of Baisha had to negotiate with the provincial government in order to obtain a greater total construction land use quota and revise the overall land use plan. Different from the case of Suigou industrial park, the land management authority promises to increase the total development land use quota and revise the overall land use plan. This was done because the Foxconn Group is a large enterprise, and its investment in Baisha town has more influence upon the decision-makers at the provincial level than those of small (or medium) size enterprises. For example, Mr. Wu, the vice director of the Baisha township planning office, said that:

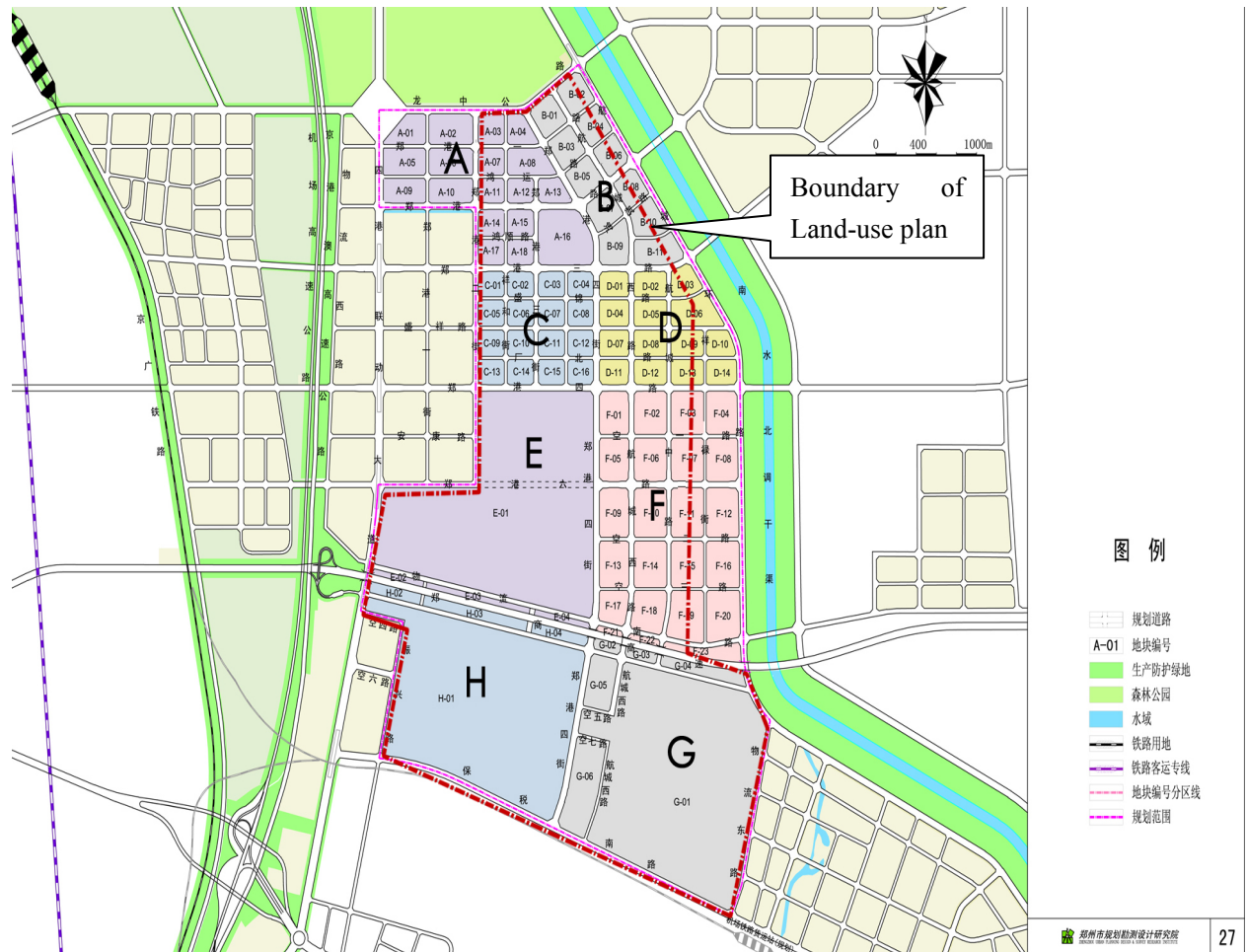
"Suigou industrial park is a relatively small project, and the enterprises that invested in it are all small and medium size enterprises. But the Foxconn is a very large enterprise, so it has more power to influence the Henan provincial government and provincial land management department to make a compromise. The big economic benefits and opportunities brought by Foxconn project finally made provincial

government request that the provincial land management authority to revise the overall land use plan of Baisha” (Interview, 2010).

Therefore, as the Foxconn project is “an extremely significant industrial project not only for Baisha, but also important for the whole Zhengzhou city-region or even the whole Henan province”, the provincial land management department decided to make compromises to some extent (Wu, interview, 2010).

After a series of complex negotiations with the municipal and provincial land management departments, the overall land use plan of Baisha was finally been revised and the total land use quota for the construction land use area has increased to 9.4 k m². Picture 8.11 illustrates the new revised overlapped map of the overall land use plan and town plan, which shows that the plots E and H are completely covered by the scope of the construction land use area of the new overall land use plan. However, the Baisha township government also had to accept some conditions for the revision of its total construction land use area. The increase of Baisha’s total construction land use quota meant that other townships (or towns) must decrease their total construction land area. Therefore, Baisha had to provide compensation funds (around 12 million RMB in total) to those townships (towns) whose construction land use quota was cut down by the provincial land management department.

Picture 7.11: Overall land-use plan and Foxconn project Twon Plan



(Source: Baisha Township Planning Office, 2010)

Although, the overall land use plan has been adjusted by the land management department, the construction land area is still 1.5 k m² smaller than that defined by the overall town plan. The revised land use plan still can not coincide with the town planning. As illustrated by picture 7.11, the some areas of plots A, B, D and F have still been cut by the land use plan. Thus, the Baisha township government hopes to further revise the overall land use plan and make the scope of construction land area can cover the plots A, B, D and F completely. However, the request for the further

adjustment of overall land use plan has been rejected by the Municipal Land Management Department. In other words, the land management authority refuses to compromise further with the Baisha township government.

As the plots A, B, D and F are arranged for the development of skills training schools, retailing sectors and R&D institutions by the town planning, this incompatibility between the town plan and the overall land-use plan will obviously have negative impacts on the development of the Foxconn project.

The major impact is that the reduction of the development land area in plots A and B has constrained Baisha from developing a series of service sectors, such as R&D institutions, skills training institutions and consulting centers, which aimed to provide technology and intelligent supports for its Foxconn and other manufacturers. Mr. Zhou, the Business Manager of Foxconn Group, stated as follows:

“Foxconn plans to set our technology centre and training organizations in plot A and B. And some of our partners, who are R&D institutions, are also interested in investing in this area. The R&D institutions that are located near to manufacturing workshops geographically can create better conditions for technology innovation and production improvement. But now, we have to set some of our institutions in other towns of Zhengzhou, because the construction land area of plot A has been cut down” (Interview, 2010).

The township government tried to make Baisha become a key manufacturing industrial cluster in the Zhengzhou city-region. These technology, training and R&D sectors can establish close vertical cooperative relationships with manufacturers, so as to improve the innovation efficiency of products (Interview, Liu, 2010). Thus, it is important for the township government of Baisha to arrange some plots of land which promote the development of R&D institutions, because these can bring long-term benefits for the industrial development in Baisha (Interview, Liu, 2010). However, the reduction in construction land area in Plots A and B constrains Baisha's efforts to make a larger scale and more highly efficient industrial cluster. In other words, in the views of my interviewees, the R&D institutions and other intelligent service sectors will play an important role in improving the technology innovation and production efficiency of Foxconn and the other the manufacturing enterprises in Baisha. In particular, for the township government, these high-end service sectors are crucial for the upgrading of local manufacturing industries in the future, so as to improve the local economic competitiveness in the long-term. Therefore, the reduction of the construction land use area in plots A and B impedes the development of the industrial cluster in Baisha.

However, the land management authorities hold the different points of view. For the land management, the primary target is protecting the cultivated land, promoting the

rational and effective use of land. Mr. Sun, the Vice Director of the Baisha Land Management Office, pointed out that:

“The economic development is the top concern for the local governments and their town planning; but, for us, the top concerns are protecting the cultivated land, ensuring the food security, protecting the environment and making rational arrangements for the land use. We certainly understand that the local industrial growth is important for local development, but the cultivated land protection and food security are equally as important as the development of industries” (Interview, 2010).

In other words, for the views of the land management organs, the township governments have weak motivations to protect the cultivated land and ensure food security. Thus, land management authorities need to protect the cultivated land and promote rational land use in a compulsory way.

Moreover, as the total land-use quota is allocated by central government downwards to the various levels of local government. For the aspect of personnel supervision, the higher levels of land management organs also have the right to appoint and remove the leaders and officials at its next lower level. So the formulation of an overall land-use plan is strictly followed by its next upper level of plan. As Mr. Xu, an official of the Baisha land management office, explained:

“Baisha land management office is a branch of the provincial land management department; we follow the administrative orders and tasks that are assigned by the upper level land management authorities. For the overall land-use plan, it is directly responsible to its upward level of authorities. Before we make the overall land use plan, we will contact with the township governments and understand their basic intentions about development directions of the town. We will try to make the construction land area of the overall land use plan cover the key areas they want to develop. But we can not ensure that the scope of construction land area covers every plots in the overall town plan” (Interview, 2010).

His statements show that the township government of Baisha has little influence over the compilation of the overall land use plan. Once the overall land use plan is made and approved by the land management department, it is difficult for the township government to apply for a revision of the plan.

7.4.4.2 The Shortage in the Annual Land-Use Quota

Under the background of developing large industrial project, the lack of annual land use quota becomes another challenge in the development process. As mentioned before, for the township government of Baisha, the whole Foxconn project will be constructed in two phases. According to the detailed town plan, the first phase of Foxconn project is planned to be completed by the May of 2013, and it covers the

area of 6.0 k m². And, the first phase project includes the plots of E, H, G and F (as shown in picture 9). Among all these four plots of land, the plots H, G and F are the core areas for the first phase of this project, which are planned to construct the factories and accommodations of Foxconn Group. In addition, the construction of plots H, G and F must be completed by the October of 2013. according to the agreement. This means that the township government of Baisha should obtain at least 1.61 k m² of land-use quota annually for completing both of the detailed town plan and the agreement. However, the annual land-use plan from 2008 to 2018, made by the land management authority, has resulted in many constraints on the implementation of town planning. According to the annual land use plan, the annual land use quota is around 1.10 k m² on average. In other words, until the year of 2013, the total construction area of the Foxconn industrial park will not exceed 4.40 k m², which still means there is a gap of around 1.60 k m² in the land use quota in order to complete the first phase project.

When Baisha faces with a large industrial development project, such as Foxconn, the township government certainly demands a much larger annual development land use quota during a certain period of time than that demanded by the township government does when it is faced with the development of the relatively small industrial projects (Yang, Interview, 2010). In addition, the investments of a large leading enterprise will attract and drive the mushrooming of other related industries in Baisha town, so the rapid growth of other related industries also means the larger demands of the annual

development land use area during a certain period of time (Yang, Interview, 2010). For the views of the Baisha township government and its planning office, the implementation of the detailed plan for the Foxconn project's construction has been seriously constrained by the annual land use quota management strategies. For example, the Vice Director of the Baisha Township planning office, Mr Zhou also states that:

“The Lack of annual land use quota definitely impedes the implementation of our detailed town plan. We have specific plans and schedules for the construction of each land plot. The annual construction land area and development schedule defined by detailed town plan is based on the situation of the market. For example, in recent years, some large and leading manufacturers, such as Foxconn, began to move their factories from south-east coastal cities to Baisha. And, many other related enterprises are also interested in transferring and investing in Baisha. But, if we lack the annual land use quota, the detailed plans are difficult to be completed on time and the constructions have to be seriously delayed” (Interview, 2010).

When I asked the officials of the Baisha township government whether they have explained their difficulties regarding the lack of the land-use quota to land management organs, Mr. Zhou replied that *“we had reported this situation to the municipal Land Management Bureau, but they told us that the land use quota of 1.10 k m² is already the maximum number”* (Interview, 2010).

Under this circumstance, the township government had to concentrate on using the limited annual land use quota to construct the plots of F, H and G. For the overall town pan, the area of plots H and G are 1.35 k m² respectively; the plot F occupies 1.5 k m²; and, the plot E is 1.8 k m². In other words, Baisha township government focus on fulfilling the land use of the detailed town plan in plots F, H and G in order to ensure that they could fulfil the agreement on schedule. However, on this way, the township government does not have land-use quota allocating for the construction of plot E, which is for the investment of supported and other related enterprises of Foxconn according to the town plan. In other words, the starting of development of plot E had to be postponed to the year of 2014 by township government, and the completion of plot E would be around 2015. Thus, as the plot E area cannot be constructed on schedule, many related enterprises on the industrial chain of Foxconn chose to settle in other towns in the city region of Zhengzhou (or even in other cities). For example, Mr. Luo, the owner of a manufacturing enterprise and a private investor, said that:

“The main production of our enterprise is lithium batteries; and, our enterprise has always had cooperative relationships with Foxconn group. We used to plan to invest in plot E of Baisha, because setting our factories in Baisha would be more advantageous geographically and it would be more convenient for us to cooperate with Foxconn. But, the plot E will not be constructed until 2014, and this will delay our production and business. So we decided to invest in the other nearby

towns of Baisha” (Interview, 2010).

Normally, the private enterprises always tend to choose to invest in a place where they can obtain ensured and immediate returns. Thus, if a town has adequate annual land use quota, it would be easier for this town to obtain more investment from private sectors. As the Town chief, Mr. Yang stated: *“It is difficult to sign investment agreements with private sectors on the one hand, and tell them that they can not begin their business until four or five years later on the other hand”* (Interview, 2010). In addition, because of the fierce competition for investments among various towns and cities, the land has become one of the most crucial resources for those local governments to strive for investment. Some other towns in the Zhengzhou city-region or nearby, which had a surplus land-use quota, also tried to seize the opportunity of Foxconn project and attract the investments. Under this circumstance, many enterprises, which are related to Foxconn, chose to invest in those towns that could immediately provide the developed land with infrastructures (Interview, Yang, 2010).

According to the *Working Review for Foxconn Industrial Park Project* (2011), there were 16 enterprises that were signed a letter of intent to invest with Baisha township government in 2008, but at last 6 of those enterprises finally had chosen to invest and locate in other places by the year of 2010. In other words, the township government of Baisha had lost at least 6 potential investors. Document 7 lists these potential

investors who changed their intentions and decided to invest in other places.

Document 7: The List of Enterprises which changed their Investment location

- Yuran Group Co.Ltd. / Electronic manufacturing sector / was due to be constructed in 2010
- Wanhai Group. / Electronic manufacturing sector / was due to be constructed in 2010
- Dongliyuan Co. Ltd. / Electrical engineering sector / was due to be constructed in 2011
- Sanyang Co. Ltd / Transport sector / was due to be constructed in 2011
- Shandong-Sihai Group /Electronic manufacturing sector / was due to be constructed in 2011
- LongXin Co. Ltd / Hi-tech R&D / was due to be constructed in 2011

Souce: the Handbook of Foxconn Industrial Park Planning, 2011

The Mr. Wu, the Vice Director of the Baisha Township Planning Office pointed out that:

“For our planning, the plot E is an important part of the whole plan, because we plan to construct the plot E as the industrial area for the supportive and related industries of Foxconn. That is to say, those related enterprises in plot E can make the whole Foxconn Industrial park become an integrated industrial cluster. It is obviously a big loss for us when these enterprises choose to invest in other places”
(Interview, 2010).

Therefore, the lack of the annual land use quota not only weakens the capacity of the Baisha township government to attract investment, but also impedes Baisha's efforts to develop an industrial cluster.

However, the land management authorities voiced different views. According to the Zhengzhou Land management Bureau, they have already allocated the largest amount of annual land use quota to Baisha in recent years. As a result, the municipal land management organ refuses to further allocate the annual land use quota. To be detailed, Mr. Sun, an official of the municipal Land Management Bureau explained as follows:

“The total land use quota of Baisha during the period of 2008 to 2018 is 9.4 k m², which means that the average annual land use quota should be around 0.94 k m². For the usual practice, the variations of annual land use quota will not exceed the 5%. That is to say, the annual land use quota of Baisha should be only vary from 0.85 k m² to 0.99 k m² for each year. But, we allocate around 1.10 k m² of annual land-use quota to Baisha in recent years, because we understand that the Foxconn project is very important for Baisha. This is already the largest amount of annual land use quota that we can allocate to them. It is impossible for us to make further compromises” (Interview, 2010).

Moreover, the officials of the Zhengzhou Municipal Land Management Bureau

emphasize that the annual land conversion quota system is one of the most significant methods to realise the sustainable utility of the land and ensure the stability of the cultivated land area. Specifically, the annual land use quota actually defines the maximum area of the cultivated land that can be converted for construction usage per year (Sun, Interview, 2010). In other words, the annual land use quota system, together with the new cultivated land conversion approval policy, have formed a doubly-secure mechanism to ensure the stability of the annual outputs of agricultural products. For example, an official of the Zhengzhou Land Management Bureau, Mr. Yuan, states that:

“it is not enough for the land management organs to manage the use of the land if we merely rely on the overall land use planning, Because, the leaders of township governments may only consider the GDP growth rate in his own term of office, instead of having a sustainable view for using the land. If we do not have annual land quota system, every township governments might use as much of the total land use quota as he can within his term of office. In other words, the total land use quota defined by a certain term of overall land use planning may soon be used up and the successive town chiefs may have to ask for greater construction land use quota for the economic development”
(Interview, 2010).

Thus, according to land management organs, the annual land use quota system plays a significant role in controlling the annual maximum area of cultivated land conversion

and balancing the speed of the total construction land use quota consumed in different years.

7.4.4.3 The “Dynamic Equilibrium Principle” and Town Planning

In addition to the lack of annual land use quota, the “Dynamic equilibrium principle” also constrains the implementation of town plans in Baisha. The “Dynamic equilibrium principle” means that any conversion of cultivated land for non-agricultural development must be compensated with the same area and quality of land for farmland usage, so township governments always need to arrange some “back-up land” in their land use plan to compensate for the occupation and conversion of cultivated land for their non-agricultural development. The so-called “back-up land” is normally composed of various kinds of the unused land (or blank land), such as wasteland, marshland, barren hills and other vacant land that that can be reclaimed and cultivated for the farmland compensation.

Picture7.12: The Back-up land in Overall land-use plan



(Source: Baisha Township Land Management Office)

For the overall town plan and land use plan of Baisha, the total construction land area is 9.4 k m², and total area of cultivated land that needs to be converted is 6.39 k m². According to the specific development plan of Foxconn project, the first phase of the Foxconn project is the priority area for development, which includes the land plots of E, H, G and F (as shown in picture 8.9). As mentioned before, the total

planned construction area of the Foxconn's first phase is 6.0 k m², which includes 4.45 k m² of cultivated land.

In other words, to complete the overall town plan, the total area of back-up land, which can be reclaimed for farmland compensation, should be at least 6.39 k m² (or above) in the territory of Baisha town. And, even if developing the first phase of the Foxconn project, Baisha also needs at least 4.45 k m² of back-up land. However, the total area of back-up land in Baisha is only around 1.14 k m² according to the estimations and calculations by the local Land Management Office (Land Use Planning Instruction

Paper for 2008 to 2020, Land Management Office, 2010). As illustrated in the overall land-use plan (picture 8.12), the white part in the planning picture shows the area and position of back-up land in Baisha, the total area of which is far from enough to compensate for the conversion of cultivated land.

The shortage of back-up land means that Baisha township government faces challenge when carrying out their town plan and annual development. For example, in the year of 2009, Baisha could implement 1.10 k m² of non-agricultural construction according to the annual land use quota allocated by the Zhengzhou municipal land management bureau (Baisha Township Planning Office, 2010). And, the cultivated land that needs to be converted for construction usage was 1.01 k m² in 2009 solely, which meant that the back-up land of Baisha will be completely used up before 2010 (Baisha Township Planning Office, 2010). In other words, as the total area of back-up land in Baisha is only 1.14 k m², the total back-up land is even insufficient to meet the demands of the cultivated land compensation for the first two years of land conversion and development. Mr. Wang, the Deputy Town's Chief of Baisha, pointed out that:

“On the one hand, as a core town located at the urban peripheral of a central city [like Zhengzhou], the rate of industrialization in Baisha is relatively higher compared with other small towns in Henan province; on the other hand, ensuring the food security and output of agricultural products are the main concerns of the Central government and provincial government, so the basic farmland and other cultivated land in

Baisha also occupied a large area [22.13 k m² in total] of land. Under this circumstance, how can we have enough back-up land?” (Interview, 2010).

To implement the town planning and ensure the construction of plots H, G and F, the township government of Baisha has to seek an alternative way to deal with the problem of back-up land shortage. Although, the “Dynamic equilibrium principle” stipulates that any conversion of cultivated land for non-agricultural usage must be compensated with the equal area and fertility of back-up land, this principle also allows township governments to obtain back-up land in another way. For the “Dynamic equilibrium principle”, the national land management department allows those township government that are lacking in back-up land to request other townships (or towns), who have enough back-up land, within the same province to compensate the converted farmland for those land users, in order to ensure that the total quantity and quality of cultivated land in the territory of a certain province is not decreased.

However, in practice, seeking help from other townships (or towns) is always a tough task for the townships that are lacking in back-up land. Under the background of accelerated industrialization and urbanization, the land is a scarce resources for the most of the cities, townships and towns (Wen, 2004; Zhang, 2005). Thus, there are fewer and fewer townships (or towns) are willing to use their own back-up land to help other towns to compensate for the cultivated land conversion. Moreover, it is usually a

complex and time consuming process for the townships, which are lacking of back-up land, to seek the help from other townships. According to Mr. Wang:

“It is not easy for Baisha to find back-up land in other townships. We have spend several months and negotiated with at least 5 townships in Henan province for the farmland compensation” (Interview, 2010).

Moreover, even if some other township governments promise to compensate the farmland by using their back-up land, those township governments who are resorting to assistance need to pay a large amount of fees and funds in return. In addition, those township governments also need to afford the expenses of improving the soil fertility, if the quality of newly reclaimed back-up land is lower than the converted cultivated land. Mr. Hu, an official of the Baisha Township Financial and Economic Office, states that *“the exact price for buying back-up land is varies from case to case. But, normally, the price is always ranging from 40,000 to 60,000 RMB per acre. And, if the soil condition of their back-up land is poor, we even have to expend more funds to improve the soil fertility” (Interview, 2010).*

After a series of complex negotiations and bargaining, Baisha township government finally has signed contracts with other three towns (Yanling town, Songzhai town and Liuyang town) in Henan province to use their back-up land to compensate for the

cultivated land conversion. Mr. Wang states that *“according to the contracts, they promise to provide 3.15 k m² of back-up land for us to compensate the converted farmland, but this amount of back-up land is not enough for the needs of the Foxconn project. If we want to complete the whole project, we still need around 2.23 k m² of back-up land. So, in the next year [the year of 2011], we still need to find some other townships and negotiate with them for the further assistance”* (Interview, 2010).

In addition to the time consuming and difficult task of repeating the negotiation, the fees paid for the back-up land is also a burden for the township government of Baisha. Specifically, through the bargaining, the price for providing back-up land is 32,000 RMB per hectare. It means that the total fees for 3.15 k m² of back-up land is 151.2 million RMB (Yang, Interview, 2010). This amount of money has directly aggravated the fiscal pressure of the township government. Mr. Wang, an official of the Baisha township government, comments that:

“To accelerate the industrialization of Baisha, the township government must make a large amount of local state fiscal investment to promote the development of infrastructures; provide the public services and facilities; and, improve both natural and physical environments. All of this necessary spending leads to a big financial deficit for the township government. So the spending on buying the back-up land from other townships, or towns, has no doubt brought a new burden for the township fiscal budget” (Interview, 2010).

The interviewee's statements about the financial pressure also have also been verified by the documents. According to the Annual Fiscal Report of Baisha Township Government (2010), the total fiscal budget of Baisha is 229 millions RMB in the year of 2009, which includes the 168 millions RMB of fiscal revenue and 61 millions RMB of the special development allotment provided by the Zhengzhou municipal government. In 2009, the financial deficit of the township government has reached to 75 millions RMB (Zhengzhou Municipal Financial Bureau, 2010).

However, on the other side of the coin, the officials of the Land Management Office provided another perspective to explain the "Dynamic equilibrium principle" and the challenges that Baisha faced. They emphasize that this "Dynamic equilibrium principle" aims to ensure that both the quantity and quality of cultivated land in the scope of a certain province are not declined. For example, Mr. Guo, an official of the Zhengzhou Land Management Bureau, states that:

"Normally, the fees for buying back-up land from other townships are always composed of: reclaiming the wasteland; enhancing the fertility of the wasteland; constructing necessary agricultural infrastructures (such as roads and water conservancy facilities); and, some 'gratitude fees' for your back-up land providers in many cases. But, the dynamic equilibrium principle is an essential and crucial policy to ensure the agricultural outputs and food security" (Interview, 2010).

Thus, it means that the township governments who expropriate the cultivated land must invest a large amount of funds to ensure the back-up land have the equal (or higher) output level of agricultural products.

In addition, the officials of the Land Management Department also recognize that the “Dynamic equilibrium principle” has a potential risk for those towns that use their own back-up land to assist Baisha for farmland compensation. Because of the rapid industrialization in Henan province, those towns who are ‘selling’ their back-up land to Baisha may also face a large industrial development project (like the Foxconn project) in the future (Yang, Interview, 2010). If those towns do not have enough back-up land, they will also face the same difficult problems as Baisha faces today. Mr. Yuan, an official of the Land Management Department, points out that:

“Frankly speaking, those towns who are ‘selling’ their back-up land are ‘quenching their thirst by drinking poison’, because that the accelerated urbanization in Henan means a decrease of back-up land. Five years ago, the price for ‘buying’ back-up land was only around 15,000 to 25, 000 RMB, which is 50% lower than the price today. So, if those towns [who are selling their back-up land today] do not have enough back-up land in the future, they may have to pay a higher price” (Interview, 2010).

Therefore, for the land management organs, the “dynamic equilibrium principle” may not really solve the problems of a back-up land shortage in a certain province. As the industrialization and urbanization in Henan province accelerates, more and more industrialized towns will have to face with the aggravated back-up land shortage in the long-term.

7.4.4.4 The Approval of Cultivated Land Conversion When Face with Large Project Development

Similar to the development of the Suigou industrial park, obtaining the approval for cultivated land conversion is also the challenge for Baisha when trying to develop the Foxconn project. However, when faced with the development of a large industrial project, the characteristics and impacts of this cultivated land conversion policy are different to those found in Suigou’s case.

As mentioned previously, according to the detailed development plans of the Fxconn project, Baisha should implement 1.20 k m² of non-agricultural development in the year of 2009. And, the cultivated land that needs to be converted for development usage is 1.01 k m² in 2009 (Baisha Township Planning Office, 2010). In the year of 2010, the township government should carry out 1.18 k m² of non-agricultural development for Foxconn project, and there was around 0.88 k m² of cultivated land that need to be converted for the development usage (Baisha Township Planning

Office, 2010). As the Land Management Law 1998 stipulates that the conversion of cultivated land exceeding 0.35 km² must be approved by the national land management department, this means that the township government of Baisha has to submit the application for the cultivated land conversion to the national land management department. Furthermore, according to the law, the township government must obtain the approval for cultivated land conversion before the start of construction.

However, for the township government, it is even a more if a complex and time-consuming process to obtain the approval for cultivated land conversion from the nation land management department than it was from the provincial land management authority. To be detailed, the process of the application and approval of the cultivated land conversion always needs around three months. For example, Mr. Wang, the Vice Town Chief of the Baisha, stated as follows:

“When developing the large industrial project [such as the Foxconn project], the land development area is much larger than small or medium size industrial projects. So, there is larger area of cultivated land needs to be converted for the non-agricultural development usage. Applying for the approval of the cultivated land conversion from the national land management department is usually takes longer period of time than obtaining the approval from the provincial land management authority” (Interview, 2010).

As such, the development schedule defined by the detailed plan of the Foxconn industrial project could be delayed by this policy for cultivated land conversion.

As a large industrial project, the investments of Foxconn Group will bring large economic benefits and crucial opportunities for both Baisha town and Zhengzhou city. Thus, to ensure the construction of the Foxconn project on schedule, the township government of Baisha had to employ more construction teams than the original plan to accelerate the progress of development. To be specific, the township government employed 12 construction teams, which included a total of 3,700 workers and technicians, for the construction of Foxconn projects (Baisha township government, 2010). The number of construction workers employed by the township government was almost 60% more than the amount they had originally planned to employ (Baisha township government, 2010).

Under this circumstance, the Baisha township government had to incur larger than anticipated costs for the construction of the Foxconn industrial project. An official of Baisha Township Government, Mr. Zhou comments that:

“As we employ more workers, we have to spend more of our budgets [than the original plan] for the construction of the Foxconn project. No doubt, this expenditure has brought further pressure for the fiscal budget of the township government” (Interview, 2010).

Therefore, for the Foxconn project, the policy for the approval of cultivated land conversion could delay the development of the project, and this made the township government employ more construction teams to accelerate the progress of the construction, further aggravating the fiscal burden of the township government.

7.5 Conclusion

As the rapid decrease in cultivated land and the overheating of the economy during the 1980s to 1990s, China's central government had adjusted its land use planning system, which aimed to concentrate the power to control and manage the land use into the central governments and provincial level governments. However, the power to make and approve town planning is controlled by various levels of local governments. In particular, for the township level governments, they have the power to make local overall planning and specific planning, and these only need to be approved by county level (or municipal level) governments. The case study of Baisha town's development in the recent years demonstrates the incompatibilities that resulted between current land use planning system and town planning system.

The land development process of industrial projects generally includes four main steps, which are: (1) defining the total development land area, location and main industries based on the overall town plan and land use plan; (2) defining the development sequence, time schedule and specific arrangements based on the detailed town plan and annual land use plan (annual land use quota); (3) the local governments must reclaim the same area of blank land to compensate for the conversion of cultivated land, and; (4) they must obtain the approval of cultivated land conversion.

In the different context of the industrial projects, the incompatibilities between land management and town planning systems have demonstrated different characteristics and impacts. When faced with the relatively small industrial projects, such as the Suigou project, the incompatibilities between the land management system and the town planning system are showed in the first and fourth steps of the land development process. For the development of the Suigou project, the total development land use area defined by the overall land use plan is smaller than that defined by overall town plan, which made the second phase of Suigou project had to be cancelled by the township government. In addition, the new policy for the approval of cultivated land conversion has delayed the implementation of the detailed plan of Suigou industrial park. And, the delay of the construction of the Suigou project made Baisha lose many lose many potential investors.

When faced with a large industrial project, the incompatibilities between the land management system and the town planning system have demonstrated both similar and different characteristics and impacts to those found with the relatively smaller industrial projects. As one of the largest industrial project in Henan, the land development area of the Foxconn project is over 6.0 k m², and the total employment opportunities it were over around 90,000. For the development of Foxconn project, the total construction land use area that determined by the overall land use planning is much smaller than that defined by the town planning. Because the Foxconn project was important for both Baisha and Henan province, the provincial land management

department made some compromises and revised the overall land use plan. But the revised overall land use plan still impeded the township government from achieving its original development target of the Foxconn project which is set by the town planning. Secondly, for the development of the Foxconn project, the vertical allocation of the annual land use quota could not meet the demands of the annual construction land area defined by the town planning. Without an adequate annual land conversion quota, the township government of Baisha lost many supported and related enterprises that planned to invest in the Foxconn industrial park. In addition, according to the *Dynamic Equilibrium Principle*, the provincial level governments have to ensure that the total area of the cultivated land does not decline. To implement the town planning for the Foxconn project, the township government of Baisha had to negotiate with other towns (or townships) in Henan province in order to “purchase” extra back-up land. Last but not least, similar to the case of the Suigou project, the application and approval of cultivated land conversion from the national land management department delayed the implementation of the detailed town plan for the Foxconn project. To ensure the construction of the Foxconn project remained on schedule, the Baisha township government chose to spend larger fiscal budgets to employ more constructions teams.

Although the larger industrial projects have more influences on the decision-makers and could persuade the land management authority to make some compromises, the township governments will face more challenges than they would when developing a

relatively smaller industrial project. For the Foxconn project, the incompatibilities between the land management system and the town planning system are visible in all the main steps of the land development process. In other words, against the background of larger industrial projects' development, there are increased tensions between the land management and town planning systems.

CHAPTER 8

Analysis of the Findings

8.1 Introduction

This chapter aims to analyze the findings provided by the previous chapters so as to answer the key research questions of this dissertation, namely: what are the incompatibilities between the current land management system and the town planning system? How do these incompatibilities influence the development of manufacturing industries in the core towns of Henan province? And, what are the reasons for this incompatibility between the current land management system and the town planning system?

The first section of this chapter will identify and generalize the incompatibilities between the land management system and town planning system which is demonstrated by the findings. The second section will focus on analyzing the impacts of these incompatibilities upon the growth of industries which is promoted by the township governments in Henan's core towns. Then, the third section will analyse the reasons why the two systems are incompatible with each other, and the analysis of this section will be demonstrated in two perspectives: the characteristics of the two systems and the central-local relations. Finally, in the last section, the conclusion will summarize the contents of this chapter.

8.2 The Incompatibilities Between Current Land Management System and Town Planning system

Based on the statistics of Henan province in chapter seven and the case study of Baisha town illustrated in the last chapter, the incompatibilities between the town planning and land management systems have been fully demonstrated. This section aims to classify and generalize these incompatibilities illustrated in previous chapters.

There are four incompatibilities between these two systems, which can be classified and generalized as follows: the incompatible total development land use area; the incompatible annual land use quota; lack of back-up land for the compensation of cultivated land conversion and the incompatibility between the new land conversion approval policy and the town plan.

8.2.1 The Incompatible Total Construction Land Use Area (Quota)

The total construction land areas defined by the overall town plan and the overall land use plan tend to be incompatible with each other. The statistics of Chapter 7 clearly show that, for most of the core towns in Henan province, the overall land use plan has defined a smaller total construction land use area than that of the overall town plan during the last two planning terms (1998 to 2008, and 2008 to 2018). In addition, the total construction land use area defined by the overall land use plan is around 22% smaller than the average total construction land use area defined by the overall town

plan during the period from 2008 to 2018.

Furthermore, the case of Baisha has also demonstrated this incompatibility. During the period of 1998 to 2008, the overall town planning defined that the total construction land use area of Baisha would be 7.6 K m². However, the total land use quota allocated by the land management organ for Baisha was quite different – it was only 5.1 K m², which is an area 2.5 k m² smaller than that defined by the overall town plans.

A similar situation can also be found when core towns are faced with the development of large industrial projects. Although, the large projects always mean significant opportunities which can make the land management authority offer a compromise, the findings also demonstrate that the total development land area defined by the overall town plan and the land use plan of Baisha are incompatible with each other. According to the overall town use plan of Baisha from 2008 to 2018, the total land use quota allocated by the land management authority is 3.5 k m² smaller than that demanded by the township government.

Therefore, the findings show that the contradiction in the total construction land use area defined by the overall plans is one of the incompatibilities between the town planning system and the current land management system.

8.2.2 The Incompatible Annual Construction Land Use Area (Quota)

The amount of the annual construction land use quota allocated by the land management authority tends to be smaller than that demanded by the town plans, especially when core towns face a relatively large industrial project. For example, as illustrated in Chapter 7, among all the 18 towns in Henan province, there are only 3 township governments that planned for the same area of annual construction land with that defined by land use planning, whereas 15 towns planned to develop a larger area of land than that allocated by the land management authority.

In the case of Baisha, the author also found specific evidence to show that the annual land use quota decided by the land management authorities cannot meet the demand of the town plans. For the development of the Foxconn project, the first phase should be completed by the year 2013, and it covers an area of 6.0 k m². To complete the construction of the Foxconn project on schedule, the township government should obtain at least 1.61 k m² of land-use quota annually. However, according to the annual land use plan, the annual land-use quota is less than 1.1 k m². In other words, until 2013, the total development area of the Foxconn industrial park will not exceed 4.40 k m², which still means a gap of around 1.60 k m² of land use quota required to complete the first phase of the project. Thus, the annual land development land use quota defined by the land management authorities is incompatible with that defined by the town planning.

8.2.3 The Lack of Back-up Land for Compensating the Cultivated Land Conversion

For many rapidly-industrializing core towns, the “dynamic equilibrium principle” is incompatible with the implementation of town plans. On the basis of investigation, the author found that, among all the 18 towns in Henan province, there were 11 towns that needed to purchase the back-up land from other towns in 2008, and the total area of purchased back-up land was around 1.21 k m².

Moreover, for the case of Baisha, the author also found an incompatibility between the lack of back-up land and the implementation of the town plan. The total planned development area is 7.8 k m², which includes 6.39 k m² of cultivated land. In other words, the total area of back-up land for farmland compensation should be at least 6.39 k m² in the territory of Baisha town. However, the total area of back-up land in Baisha is only around 1.14 k m² according to the estimations and calculations done by the local Land Management Office, meaning that the back-up land of Baisha is far from enough to meet the demands of cultivated land compensation.

Therefore, to implement their town plans, the governments of the rapidly-industrializing core towns have to purchase the back-up land from other towns.

8.2.4 Incompatibility between New Land Conversion Approval Policy and Town Plan

The secondary statistics analysis of chapter seven show that over 80% of the applications have been approved by the land management departments under the reformed policy of the cultivated land conversion approval, and only a few core towns have experienced the rejection of their plans for cultivated land conversion. However, the findings of my case study suggest that the new policy for examining and approving the cultivated land conversion is still incompatible with the implementation of the detailed town plan.

According to the findings of case study, this more strict new policy of cultivated land conversion management makes that the core town governments always have to wait longer time than was previously the case to gain the approval for cultivated land conversion.

For the smaller areas of cultivated land conversion (less than 0.35 k m²), the application should be submitted to the provincial land management authority and the process of examination and approval usually requires around four to eight weeks. If the core towns face a large industrial project and the land conversion exceeds 0.35 k m², the governments of core towns may even need around 12 weeks to get the approval from the national land management department.

Under this circumstance, the implementation of a detailed town plan has been delayed by the new policy of cultivated land conversion approval. In other words, the new land conversion approval policy is not compatible with the town plan.

8.3 How these incompatibilities Influence the Development of Industries in the Core Towns of Henan province

As discussed in the literature review chapter, the industrialization in this thesis refers to the growth in the quantities of manufacturing enterprises; the increase of manufacturing sector output values (GDP values); and the increase in employment in the manufacturing sector.

The incompatibilities between the town planning system and current land management system have impacted the industrialization in two main ways. First of all, these incompatibilities have not only constrained the scale of industries, but have also impeded the optimization of industrial structure. Secondly, the incompatibilities between the two systems have raised the costs of industrialization in the core towns of Henan province. The following parts will demonstrate these two aspects based on the findings of the case study.

8.3.1 Constraining the Development of Industrial Scale and Structure

For the incompatibilities between the two systems, the most direct impact on the industrialization of core towns is the constraint of the industrial scale, which impeded the growth of the manufacturing sector GDP and the employment opportunities.

The evidence has been found in both the Suigou development projects under the Baisha overall town plan (1998 to 2008) and the development of the Foxconn project under the Baisha overall town plan (2008 to 2018).

The overall town plan of Baisha (from 1998 to 2008) arranged enough development land area for the development of the Suigou industrial park project, but as the township government had to comply with the overall land use plan, the second phase of the Suigou project was cut. The reduction of the construction land use area directly contained the scale of industries in Baisha. Mr. Wang, the Deputy Town Chief of Baisha, stated that:

“The overall land use plan is like a compulsory frame for the local industrial scale. Our Baisha town had lost around 10 potential manufacturing investors and about 1,600 employment opportunities; and around 1.8% of GDP growth rate” (Interview, 2010).

Therefore, the reduction of the industrial scale has further constrained the increase of employment opportunities and the GDP growth rate in the manufacturing sector.

Similarly, as illustrated in the last chapter, the incompatibility between the two systems almost made Baisha lose 2.4 k m² of construction land use area with which to construct the factories of the Foxconn group, which almost led to the abortion of the whole project. If the project was cut because of the incompatibility between the two systems, then Baisha town would have lost over 180,000 employment opportunities in the secondary sector. Although the overall land use plan (from 2008 to 2018) has finally been revised and the key industrial project, the Foxconn project, has been constructed at last by the township government of Baisha, they still lost 1.5 k m² of industrial development land use compared with that defined by the original overall land use plan (2008 to 2018). In other words, the scale of industries also has been constrained during the period of 2008 to 2018.

Moreover, the incompatibility between the annual land use plan and the town plan also impedes the growth of the industrial scale in core towns. As demonstrated by the findings, for the construction of the Foxconn project, the annual development land use quota defined by the land management authorities is 0.4 k m² smaller than that demanded by the town planning. Therefore, the township government will not have adequate land use quota to complete the construction of the industrial area on schedule, an area which is for supportive and other manufacturing enterprises related to Foxconn. Under this circumstance, there are many manufacturing enterprises that have chosen to invest and locate in other places. As illustrated by the documents in

the previous chapter, there are 6 potential manufacturer investors (who had signed letters of intent to co-operate with Baisha) who changed their minds and chose to invest in other places by the year 2010. The town chief of Baisha, Mr. Tang, pointed out that:

“Lack of annual land use quota constrains the expansion of our industrial scale, so we [Baisha] lost many potential manufacturers. We the township government estimates that Baisha has lost around 13,000 employment opportunities in the manufacturing sector”
(Interview, 2010).

Therefore, the findings demonstrate that the lack of an adequate annual development land use quota has constrained the scale of industries in core towns, which has also hindered the growth of employment and the GDP data in the manufacturing sector.

In addition, for the development of the Suigou industrial project, the new policy of cultivated land conversion approval has made the process of converting cultivated land into non-agricultural development become very strict and time-consuming for the township government. The findings of the previous chapter show that many potential manufacturing investors felt uncertain about the land conversion approval and the industrial parks' construction delays. As such, Baisha town lost at least 4 important manufacturing investors in 2008, and the growth of industries was impeded by the incompatibility between the two systems.

As Fujita (2002) pointed out, the expansion of industrial clusters can produce a “snowball effect” to further gather more related firms to this location, so as to grow and reinforce the cluster effect and make the industries grow further. Constraining the growth of the industrial scale not only directly impedes the current development of industries, but also has a further negative influence on the development of industrialization in the future. To be specific, constraining the growth of industries prevents the core towns from taking advantage of economies of scale. The growth and concentration together of a certain group (sector) of enterprises allows other enterprises (which provide supplies or services) to grow larger. So, it will be economical or cheaper for certain services to be provided which may be new or may replace the imported services. As a result, more manufacturing enterprises will be attracted to invest in this cluster, because the enterprises in the cluster can access to the cheaper and varied services (Evans, 1984). In addition, the increase and agglomeration of a certain sector of enterprises also creates a larger skilled labour pool in some core towns. Since there are a number of enterprises or industries which need labour with similar skills, the core town with the existence of this skilled labour pool could become the favoured location for the enterprises of a particular sector. In other words, the existence of a skilled labour pool can reduce enterprises’ training costs (Evans, 1984). Therefore, the constraining of the industrial scale has resulted in negative influences upon the further growth of the numbers of enterprises in the future.

Moreover, as mentioned previously, the township government set that “optimizing the industrial structure” and “making Baisha become a key manufacturing cluster in Zhengzhou city-region (or Henan province)” as two of the important targets for both of Baisha’s overall town plans. However, the findings show that the reduction of construction land use area hinders the core towns when optimising the industrial structure, and hence impedes the further development of industrialization for the long-term.

For example, the second phase of the Suigou industrial project has been cut because of the reduction in the total construction land use area. Electric and electronic products’ manufacturings are the leading industrial sectors of Baisha. In particular, the Xuedian and Yangzhuang Industrial parks focus on developing the electronic bicycle manufacturing enterprises. The Suigou industrial park focuses on electric devices’ manufacturing sectors such as batteries’ manufacturers, which aim to serve a closely supportive and cooperative role for the other two industrial parks. As mentioned previously, Mr. Wei, an owner of an enterprise in Xuedian industrial park, told the author that cutting the second phase of the Suigou project raised the costs of his production, which made his enterprise have to afford around 9,500 RMB in extra transport costs per month. Similarly, for the development of the Foxconn project, the incompatibility between the overall town plan and overall land use plan led to a cut in the construction land use area in the northern part of Baisha, a land plot that was

planned for the development of the R&D institutions of the Foxconn Group and other related and supportive enterprises that had long and close cooperative relationships with Foxconn. Thus, these R&D departments and other related enterprises had to invest and locate in other towns of the Zhengzhou city-region. According to the interviewees, this separated distribution of industries will not only raise the costs of manufacturing enterprises, but will also make the R&D institutions be inconvenient to communicate and cooperate with the manufacturers. In other words, the incompatibility between the current land management and town planning systems also creates a hindrance for the core towns when trying to form an efficient and healthy industrial structure.

For an industrial cluster, the healthy industrial structure of a cluster usually contains three components: 'the leading enterprises'; 'the supportive enterprises' (that are served as the providers for the related supplies and services); and 'essential economic foundations', such as high quality infrastructure, skill training and R&D departments (Waits, 2000, p.17). For the geographical concentration of industries, a healthy industrial structure always serves as the dynamic business environment to attract more enterprises to invest and locate in the area, because 'it becomes a mutually reinforcing system where benefits flow backwards and forwards throughout the industries in the cluster' (Porter, 1990, p.39). The healthy industrial structure is a key element for the development of industrialization. Thus, for the core towns of Henan province, the distorted industrial structure, which is caused by the

incompatibility between the two systems, constrains the continuing agglomeration and growth of manufacturing enterprises, therefore impeding the development of industrialization.

8.3.2 Raising the Costs of Promoting the Industries Development in the Core Towns

The incompatibilities between current land management system and town planning system also have raised the costs of for promoting the industrialization in the core towns.

The “Dynamic Equilibrium principle” requires that any conversion of cultivated land must be compensated by the back-up land (blank land) in order to ensure the area and quality of cultivated land is not reduced. Owing to the relatively high level of industrialization and urbanization, most of the core towns in Henan province do not have enough back-up land (unused land) to compensate for the conversion of cultivated land. Thus, to expropriate the cultivated land and implement the town plans, many core towns have to “buy” back-up land from other towns, but this has resulted in a heavy financial burden for the township governments that were faced with a back-up land shortage. Normally, as my interviewees discussed in chapter 8, the price is always between 20,000 to 40,000 RMB per acre. For the Foxconn project of Baisha alone, the total fees for buying back-up land were 151.2 million RMB, which created a

heavy pressure on the fiscal budget of the township government. For most of the rapidly industrializing areas, the local governments are struggling with a large fiscal deficit and budget difficulties. As illustrated by the documents previously, the financial deficit of the township government reached 75 million RMB in the year 2009, which is equal to 11.7% of Baisha's total GDP. As Mr. Yang, an official of the Baisha township government, states:

"Every year, we the township government need to arrange a specific amount of funds for buying back-up land from other towns. This no doubt aggravates the financial deficit of Baisha. Actually, the township government is even on the edge of bankrupt" (Interview, 2010).

Core towns, as the key industrial towns, the incompatibilities between the town planning system and the current land management system have brought extra financial costs for promoting the industrialization.

In addition, those towns that have sufficient back-up land and "sell" their back-up land to those rapidly-industrializing core towns will also face similar challenges in terms of a lack of unused land (back-up land) for cultivated land compensation. In the long-term, the unused land will decrease in most of the towns because of the rapid industrialization and urbanization in Henan province. In this regard, those towns that "sell" their back-up land today may have to "buy" the unused land elsewhere at a much higher price in the future. Therefore, most of the core towns of Henan province

could become involved in a vicious circle: “selling” their back-up land, then if there is a local industrial development, they lack the back-up land and so must “buy” the land elsewhere to use for cultivated land compensation.

Similarly, the incompatibility between the approval of the cultivated land conversion and the implementation of the town plans also increases the costs for the core towns when promoting the industrial projects. As waiting for the approval of the cultivated land conversion delays the implementation of town plans, the township government have to spend their extra fiscal budgets to employ more construction teams to ensure the completion of the industrial project on schedule. In other words, the construction costs for the development of industrial projects are raised by the incompatibility.

In other words, the extra financial costs and fiscal burdens for the core towns will commonly exist in the townships or towns of Henan province in the long-term. Located at the bottom-level of China’s administrative hierarchies, the tax base and other financial resources of the township governments are much less than those of the provincial or municipal level governments (Ouyang, 2006). However, the township level governments have a wide range of responsibilities to promote local economic development. For the developing countries that began their industrialization later, the state is always served as a significant power to promote the development of industries (Gerschenkron, 1962). Similarly, in China, the local governments play a key role in driving the economic growth through public sector investments in service facilities, improving

local infrastructures and promoting the local physical environments (Wu *et al*, 2007; and Chien, 2008). Particularly, for the core towns, they are served as the key nodes for attracting the investments and the concentrating the industries. Thus, the public expenses of core towns are usually at a high level. The extra fiscal burden and aggravated financial deficit will weaken the capacities and potentialities of the core towns to promote the industrial growth in the long-term.

To sum up, if constraining the expansion of the industrial scale and hindering the optimization of the industrial structure are considered as the “direct” impacts, the raising costs is the “indirect” impact on the development of industries in core towns. According to the findings, the extra costs raised by these incompatibilities include both the financial cost and the social cost. As the vice town chief of Baisha, Mr. Wang, stated: *“Promoting the development of industrialization is a complex job, but the incompatibility between the two systems will always make the complex job of industrial park development become more complex for the core towns”* (Interview, 2010). Under the current land management system and town planning system, the governments of core towns have to face varied new challenges and problems. The incompatibilities have made the development of industries in core towns become more “expensive”, and the township governments need to pay a higher price to achieve the targets of industrialization.

8.4 The Reasons that Cause Incompatibilities Between Land Management and Town Planning Systems

The reasons that cause the incompatibilities between the land management system and town planning system are complex, and the reasons are rooted in the unique context and background of China. Therefore, there is never one single reason which leads to the contradictions between those two systems. This section aims to understand the in-depth reasons through multi-dimension analysis.

Based on the findings of this research, the reasons for the incompatibilities between the land management system and the town planning system can be analyzed and demonstrated in two dimensions: the characteristics of the land management system and town planning system; and, the central-local relationships and state governance.

8.4.1 The characteristics of land management system and town planning system

In China, the characteristics and nature of the town planning system are fundamentally different to that of the land management system. On the one hand, the current town planning system is basically characterized as being geared towards the market-oriented economy, and the fragmentation of the planning process; however, on the other hand, the current land management system tends to focus on agricultural land protection, and characterized as centrally-planned and typical top-down process.

Against the background of economic reform in 1978 and the rapid globalization, the town planning system of China increasingly transformed the town planning system facing to the market-oriented economy. As discussed in Chapter four, there is a wide range of literature that has studied the changes and features of China's town planning system.

First of all, the town plans show the feature of pro-growth, which makes that the town plans can sensitively grasp the opportunities of the market and respond to the trends of market (Wang and Yang, 2005). With the development of China's planning education and abundant practical experiences, the town planners are becoming increasingly professionalization. And, a series of pro-growth urban economic principles have been widely employed in the town plans of China - for example, "agglomeration development of industries", "regional innovation" and "polarization development". Under this pro-growth town planning, preference will be given to "the newly emerging interests instead of the status quo" (Zhu, 2007). In other words, the planners and planning organs of China tend to be very responsive when faced with new trends in the market, especially when Henan province face with the opportunities of labour-intensive manufacturing industries transferring from the coastal region to the central region.

As demonstrated in the previous chapter, the case of Baisha shows that the overall town plan has promptly and actively responded to the trend of manufacturing

industries transferring from the coastal region to the central region. For example, the township planning office of Baisha has sensitively made the Suigou industrial development park plan under the framework of Baisha overall town plan (from 1998 to 2008), so as to grasp the market opportunities of manufacturer transfer and promote the development of local electronic industries. Moreover, in the overall town plan from 2008 to 2018, the town planning organs of Baisha had planned 6.0 k m² of land development area for manufacturing industrial land usage, which is around 65% of the total construction land area defined by the overall town plan. Thus, the overall town plan from 2008 to 2018 has provided possibilities and foundations for the development of the Foxconn project in the future. In addition, as mentioned before, the Suigou project development plan tried to connect Suigou with the other two existing electric manufacturing industrial parks of Baisha in order to form industrial chains. Similarly, the overall town plan (from 2008 to 2018) also plans the land plots for R&D and other related and supportive industries. As Mr. Yang, the chief planner of the Baisha township planning office points out *“for the two overall town plans, they not only arrange enough spatial area for the development of manufacturing industries, but also try to optimize the industrial structures and realize the agglomeration development. It means that both of the plans aim to create good conditions and environments for the growth in the long-term”* (Interview, 2010). In other words, the town plans show features of pro-growth and are responsive to seize the market opportunities.

Secondly, the cities/town planning has become a fragmented process. In particular, the procedure for the formulation and approval of town plans is fragmented. The town plans of lower level local hierarchies (their level is lower than the provincial capital level) only need to be submitted and approved by its next upper level of government; and, normally, the higher level governments will not be using strict criteria when granting an approval. The fragmented town plan formulation and approval process can make the planning organs and decision-makers maintain a more smooth and efficient communication which has enhanced the effectiveness and practicability of town planning (Yang, 2006). Moreover, the short and simple approval process means that the town plans quickly respond to the rapid changes of the market (Sun, 2004).

The findings of Baisha's case also demonstrate this point of view. For example, the detailed plan for the first phase of the Suigou project was quickly formulated and approved. In particular, the approval process of the detailed town plan of the Suigou project was only around one week. As mentioned in the last chapter, my interviewees pointed out that this simple and short approval process of the town plan meant that Baisha could “quickly respond to the market” and “quickly begin to implement the plan”. In addition, because of the fragmented making and approval process, the planners of Baisha can establish and maintain smooth communications with the Zhengzhou municipal government. Thus, the overall town plan of Baisha (from 2008 to 2018) has been integrated into the overall plan of the Zhengzhou city-region. Moreover, the overall town plan (from 2008 to 2018) was also quickly approved by the

Zhengzhou municipal government, so it has served as the important foundation for the township government to promote their industrial development strategies (such as the Foxconn project).

Last but not least, the devolved and fragmented process of town planning formulation can make development policies be better tailored and better targeted (Wu, 2007; and Liu, 2009). The local government officials, staff and planners always have a greater knowledge about the local economic context, and they also have better access to the local latest statistics and can make sufficient investigations (Wang, 2000; Zhao, 2002). In other words, the devolution of town planning has provided the necessary conditions for towns, or localities, to flexibly and accurately respond to the various market opportunities and challenges.

For the town plan of Foxconn project, the local planners were more familiar with the specifics of the whole project. Thus, the calculation of the annual construction land use area was also based on: the growth of industries in the corresponding year; the demands of public service facilities and infrastructures; the growth of other supported industrial sectors and the increase of population in the corresponding year. According to Mr. Yang, the chief planner of Baisha Township Planning Office,

“The annual development progress is carefully calculated by our planning technicians. To form a successful and efficient industrial chain or cluster, the detailed planning needs to ensure that the

leading industries and their supported facilities and other related industries are not only in the right place, but are also there at the right time” (Interview, 2010).

Thus, the annual development land use area, which is defined by local planners, tends to be propitious to promoting the development of the Foxconn project.

In other words, the town planning is market-oriented and tries to seize and face to the opportunities of market trends. The town spatial size and structure tend to be the projections, or the direct influences of the market force, rather than being based on administrative-orders.

However, the emerging of the current land management system had a very different context to that of the town planning system, which makes that the current land management system had a series of contrasting characteristics when compared to the town planning system. In fact, the land management system during the period of the 1980s to 1990s can be described as “decentralized” and a “negative regulatory model”³. But this decentralized land management system has been widely criticized for its failures in cultivated land protection (Lin and Ho, 2001; Wang, 2001; and Sun 2002); and, also be criticised that lower levels of local governments expropriate

³ Patte (1973) argues that for a decentralized management model, the maximum responsibility in land-use planning matters has fallen to local government units, and the central state reserves some power but often delegates most of the powers to local state bodies. Strachan (1974) argues that The negative land regulatory methods are established on the basis of the assumption that “the market can allocate land fairly and that restrictions should be absolutely minimal and as local as possible”.

farmers' land without proper compensation; and, wide spread of corruption that is related to the land leasing (Wu, 2002; Lin and Ho 2005; and, Liu, 2006).

Against this background, in recent years the land management system has been adjusted by national government, and the current land management system is becoming a more and more “centralized” and “positive regulatory model”. For positive regulatory approaches, Strachen (1974) pointed out three key assumptions “that somehow both individual and public interests can be accommodated, that a better (more efficient) use of land is possible, and that governmental direction will result in more efficient land-use patterns”. In other words, the regulation of the state is necessary, because it can intervene the market in order to promote the efficient use of land – meaning the protection of agricultural land, the control of the sprawl of the cities (or towns) and an improvement in the compact land use (Dawson, 1974). In addition, from the perspective of centralized land management, Patte (1973) described that under the centralized model, the national level government will have strong and direct participation in land management, and the centralized management model tends to be strict and based on administrative orders.

For the overall land use plan of Baisha, the total development land use area is based on the land use quota which is top-down allocated level by level. Similarly, the annual construction land use quota is also allocated by the upper level land management authorities. In other words, the vertically managed and centrally planned are important

characteristics for the current land management system, which mean that the land, as one of the key resources for economic development, is allocated by top-down administrative orders instead of being allocated through market principles. In addition, as the case of Baisha demonstrated, the right of cultivated land conversion approval has been centralized into the provincial and national level, which shows that the higher level state (national and provincial) plays an increasingly positive regulatory role in land management.

Under this circumstance, the devolved and fragmented process and market-oriented town planning system will be difficult to avoid the contradictions with land the management system. In other words, the incompatibilities between the two systems can be interpreted as the outcomes of the different characteristics between the town planning system and the current land management system.

As mentioned before, the town planning is characterized as pro-growth and tends to promptly and actively grasp the opportunities of market. Thus, both of the Baisha overall town plans (from 1998 to 2008, and, from 2008 to 2018) have planned abundant development land areas to cope with the market trend of manufacturing sectors transferring, and this pro-growth arrangement provides physical and spatial foundations for the development of industrial projects in the future. However, the total construction land area defined by the overall land use plan is based on the administrative-orders from the upper level. The land management organs consider

little about market trends and local development strategies. As illustrated in previous chapter, the interviewee, Mr. Zhang, stated that:

“The land management authorities very rarely negotiate with us [the town planning office] before they made the overall land use plan. We [the town plan office] even have no chance to fully express our options to the land management authorities” (Interview, 2010).

In other words, the contrasting characteristics make that the town planning system and land management system have different attitudes towards the market. Moreover, it lacks of effective communication channels between the town planning organs and land management organs to negotiate, understand and bargain with each other. According to Wehmann (2010), ‘dialogue and negotiation’ is the essential principle for the planning for the uses of land. As different attitudes towards the market, the town planning organs and land management organs hold the different perspectives on the uses of land. Without the effective communication mechanisms or channels, the different perspectives between two departments make the land development become more exclusive to other interests and focuses of land uses. Therefore, the overall land use plan will be unavoidably contradicted with the overall town plan.

Secondly, against the background of market-oriented economies and globalization, the regions, cities and towns can be viewed as “the nodes of various flows”, and these flows include: the labour flow, investment flow, technology flow and information flow

(Gu, 2000). With the development of modern transport and telecommunication technologies, the labour, investments and information flow increasingly rapid among those different nodes (Gu, 2000). Therefore, for the different cities and towns, the market is fast changing and higher level states are harder to predict. For the fragmented town planning system, the development policies can be better tailored and the local planners always tend to be more familiar with local economic and market context. All of these features mean that the annual construction land use area defined by the township planning office is based on the fast changes of the market. In contrast, the formulation of land use plan and the allocation of land quota are based on the administrative orders from the upper levels of land management authorities. The decision-makers and planners of the provincial and municipal land management authorities are far from the township levels in both the administrative hierarchy term and geographical terms. Thus, compared with the town planning system, the vertical organization structure and central-planned model meant that the land management system had a strong rigidity, instead of flexibility. In addition, because of different characteristics in organizational structure, the town planning and land management systems have different levels (or extents) of the knowledge about the local details. Facing to the local realistic conditions and details is also one of the most important principles for the formulation of the plans concerning the land uses (Dahn, Yun and Luo, 2005). The decision-makers and planners of land management departments is far from the township levels both in geographical term and administrative hierarchical term. It is difficult for the land use plans made by the land management organs cope

with the specific economic (and social) conditions and contexts. As a result, the annual construction land use area defined by the land management system is unable to become compatible with that defined by the township planning office.

Last but not least, because of the fragmentation of the town planning process, the right of town planning approval is held by the next upper level government, and in particular, the detailed town plan for the industrial park development only needs to be approved by the township government. The quick approval of the detailed town plan can make the local government begin the implementation of the plan. However, under the current centralized land management system, the right of cultivated land conversion approval has been concentrated in the provincial and national land management authorities, which makes the approval process very complex and time consuming. This always delays the implementation of the detailed plan of the industrial projects. In other words, the centralized cultivated land conversion process has difficulty keeping pace with the fragmented and decentralized town plan approval policy.

To sum up, the contrast between the characteristics of the town planning system and the current land management system can be viewed as a crucial element regarding the incompatibilities between these two systems. The town planning system tends to be more market-oriented, yet the land management system focuses on the “control”. In the practice of land development process, town planning organs and land

management organs lack in negotiation, mediation, and communication. In addition, these two systems have different levels of sensitivity towards the market and different degrees of knowledge towards the local details. Therefore, the market-oriented, decentralized and flexible town planning system is difficult to coordinate with the administrative-orders based, centralized and rigid land management plan in the rapid industrialization of the core towns.

8.4.2 The Central-Local Relationships and China's State Governance

The incompatibilities between the town planning system and land management system can be further interpreted from the perspectives of the relations between national government and local governments and the governance strategies of China. On the one hand, the various levels of local governments are empowered to make their own local development directions and formulate local town plans, especially, for the sub-municipal level governments, the town plans only need to be approved by its next upper level governments (Wu, 2009). The town planning is a key tool for township governments to translate their own local development goals and targets. However, on the other hand, the land management system is vertically-organized and centrally-planned in order to manage the land from the national and provincial level downwards to the township levels. Based on this vertical management model, the power of land management is centralized in the national and provincial levels of government. In other words, the land management system plays a significant role for

national and provincial governments to realize their strategic objectives and goals.

For the local governments, there are two main goals and objectives, which are to enhance the local competitiveness and promote the local GDP growth rate. First of all, due to the rapid development of globalisation and the shift in the China's economic system from a planned economy to a market economy, economic resources are able to be circulated and allocated freely in the nationwide (and worldwide). In addition, a series of administrative reforms and the decentralization in the mid-1990s (characterised as neo-liberalism) has led to the rise of localism and it has become one of the main strategies to promote the economic development of China (Zhang, 2007). As Harvey (1989) pointed out, the capital or the investments tend to have a high degree of mobility and is more sensitive to small variations between places under the current background of globalization and localism. In this context, competition between compelled cities (or towns) for the important economic development resources (such as investments, labour, information and the central support policies) is also increasingly fierce. In particular, for the towns of the central region, the competition for the industrial transfer from the coastal region has become more and more intense in recent years. Local governments try to marketing their cities with "entrepreneurship" and make efforts to improve the competitiveness of their cities, so as to attract investment and other resources to flow to their cities (Wu, 2009). Even the so-called "public relations" are often an important method used by municipal governments to compete for investment or other development resources. In many

cases, the important officials of the local governments must be skillful enough to communicate with investors personally in order to persuade them to carry out local investment. For the Foxconn project, the Zhengzhou municipal and Baisha township governments attached a great importance upon public relations with the Foxconn project. To persuade this important investor, *“the mayor and townchief had even gone in person to the general headquarters of Foxconn Group in Guangdong province for negotiation”* (Interview, Zhang, 2010).

The second key objective for the local governments (at sub-provincial levels) is to achieve as high a GDP growth rate as possible. The performance of the township governments' leaders are always evaluated by their success or failure to promote the GDP growth rate (Chien, 2008). Normally, the higher the GDP growth data that a local leader has achieved during his term of office, the more possible it is for that local leader to gain promotion. In other words, local leaders in China strive and compete in order to achieve the economic growth targets imposed from above.. In many literatures, such as Wang (2007), Zheng (2006) and Wu (2009), this GDP growth rate based evaluation system for the local leaders and cadres has been defined as “GDPism”. In Henan province, the leaders and cadres of township governments also take the GDP growth rate as one of the core objectives. For example, the town chief of Baisha, Mr. Wang, states that:

“We [the township government] attach great importance to the growth of GDP, because promoting the increase of GDP data plays the core

role for local development. We will try our best to meet the requirements of the GDP growth targets assigned by upper level government. Maybe, the GDP growth is not everything about the development, but without GDP growth, there would be nothing"
(Interview, 2010).

In this context, the township level local governments try to realise these two main objectives. As previous chapters demonstrated, with the devolution of town planning, township governments can set local development directions and formulate local town plans. Moreover, the local governments also have the power to appoint and remove the leaders and cadres of local town planning organs. Chien (2008) pointed out that as officials of China are appointed by their superiors, so they are accountable to the local governments, instead of being accountable downwards to voters. In other words, the town planning organs are completely under the leadership of local governments. Thus, the bottom-up and fragmented town planning system has become one of the most important tools for township governments to translate those two key objectives into physical realities.

For the overall town planning, as the statistics in chapter 7 showed, most towns and townships tend to formulate "large" overall plans and set ambitious local development targets. For the overall town plan of Baisha (from 1998 to 2008), as illustrated in the last chapter, the township government also set its ambitious targets, for instance, these key targets include "the annual average GDP growth rate is over 9%" and

“making Baisha become a important manufacturing industrial cluster in Zhengzhou city-region”. It needs to be noted that, during the period of 2000 to 2010 (11th and 12th National Five-Year Plan), the central government set the annual average GDP growth rate target of China at 7.8%, which meant that the GDP growth target set by the Baisha township government was 0.8% higher than that defined by the central government. In addition, for the overall town plan (from 2008 to 2018), the township government of Baisha set even more ambitious targets, for example, “the annual average GDP growth rate is over 9.5%” and “making Baisha become a leading manufacturing industrial town in Henan province”. The central government has set the annual GDP growth rate of China at around 7.5% during the period of 2010 to 2015, which means that the target of GDP growth rate set by Baisha is 2% higher than that set by the national government. Under the guidance of the township government’s ambitious targets, the total construction land area defined by the overall town plan is also larger than the total development land use quota that was allocated by the overall land use plan. A larger overall town plan always means a higher GDP growth rate. In addition, a large overall town plan also shows the determination of the township governments to promote the rapid development of local economies during the future planning term, so it offers the township governments more advantages for attracting investments and helps the town competes for bigger total land use quota from upper level land management organs against other towns. As Mr. Wang, the Baisha town chief, states:

“The ambitious town plan can demonstrate that we the township government attach a great importance to the local economic development. This could give the potential investors strong confidence and make the superior leaders provide more land conversion quota for our local economic development. More land conversion quota and more investments mean a more rapid economic growth rate” (Interview, 2010).

This hunger for the GDP growth rate and to enhance the local competitiveness also can be found in the detailed town plan of the industrial development projects. In Henan province, most of the township governments are keen to develop industrial projects in order to promote the GDP growth and local employment. To compete for manufacturing investments, the cadres of township governments always launch a series of favourable policies that compete for investments - for instance, Baisha township government set tax-free zones in their Foxconn industrial project planning. The township governments and their planners also need to make proper physical environment and town designs, for example, make reasonable arrangements for villagers' relocation and provide efficient infrastructures and public service facilities.

Moreover, the township governments also try to obtain a greater annual development land use quota from the provincial level land management authorities, so as to implement their industrial development plans on schedule and compete to retain potential investors. Mr. Zhao, an official of the Baisha Township Planning office, comments that:

“Making proper town designs and providing supportive policies are definitely important, but obtaining more annual land use quota is even more important. The competition between different towns in Zhengzhou city region, or even in Henan province, is increasingly fierce. If you do not have immediate or adequate annual land use quota, the investors may choose to build their factories in neighbouring towns who have the immediate land available. To some extent, the amount of annual local GDP growth rate is decided by the annual land quota” (Interview, 2010).

Therefore, the two key objectives of township governments, namely to compete for investments and to promote the GDP growth rate, are embodied in the town planning system. The town planning system plays a key role for township governments to implement their goals in local development.

However, the central government has different objectives when compared with lower local governments. Besides promoting economic growth, the central government is increasingly focusing on agricultural land protection and sustainable land utilization.

Although the total land area of China is ranked third in the world, the cultivated land per capita of China was less than 0.24 acres in the year 1992, which was ranked 127 of all 193 nations in the world. The most famous slogan used to remind people to cherish China's agricultural land is: Our country feeds over 22% of the world's

population by using only 6.8% of the world's cultivated land. However, as the industrialization and urbanization accelerated, the cultivated land of China steadily shrank during the 1980s and 1990s. In this context, ensuring food security is one of the top concerns for China's central government, and protecting cultivated land has become a fundamental national strategy. As mentioned previously, the Land Management Law 1998 clearly outlined that a basic principle of land use is to particularly cherish and give a rational use to the land as well as to give true protections to the cultivated land. Thus, the central government tries to implement its objective of cultivated land protection through the land management system.

Against this background, the central government determines to strengthen its regulatory power over the local governments. Although the rising of localism and decentralized governance have become a significant trend for China's post-reform period, centralizing the national level regulatory power, the counter-trend of localism, is playing increasing role for the national level government to balance local developments and achieve its strategic objectives.

Jessop (1999) pointed out that localism and re-centralism are "intertwined process", and they are interacted with each other. Centralisation and its counter trend, the devolution, need to be viewed as a "reaction to the new trends rather than as a survivor of earlier patterns" in the face of globalisation (Jessop, 1999, p. 26). In recent years, the central government has adjusted the land management system, and made

the current land management system become centralized under the leadership of the central government. These adjustments of the land management system need to be viewed as the central government tries to respond to the new challenges and problems of industrialization and urbanization led by the fragmented powers of local governments, instead of understanding them as survivors of a former centrally-planned economic system during Mao's period. When the local governments distorted the national strategic policies and try to seize their local interests, the national level government will always tend to make reactions and try to achieve more consolidated regulatory power at the top level (Xu and Yeh, 2010). In China, the previous decentralized land management system was not effectively protecting cultivated land and maintaining sustainable land use during the last two decades. Thus, the regulatory power structure is more fragmented, the national level government tends to be more possible to strengthen the centralised control at the top-level (Xu and Yeh, 2010, p 19).

For the local states under the provincial hierarchy, the leaders and key officials of land management authorities are vertically appointed and removed by their upper level land management authorities, instead of by the local governments. In addition, the upper level land management authorities also directly examine and evaluate the performance of lower level land management authorities. The local governments have no right to intervene in the affairs and decisions of land management. In other words, the land management organs of each hierarchy are accountable to the central and

provincial governments, ensuring that the objective of central government can be realized in each local level.

For the practice of land management, the cultivated land protection is always the top focus for each policy. As my interviewees demonstrated in chapter 8, the making of both overall and annual land use plans are based on the actual conditions of cultivated land, the output of local agricultural products and the situations of cultivated land maintenance and compensation. Different to the town planning organs of township governments, the cadres of land management organs mainly focus on how to strictly maintain the cultivated land, instead of considering promoting the local GDP growth rate or enhancing local competitiveness. As Mr. Sun, the director of the Baisha land management office, pointed out:

“We the land management authorities make the cultivated land area as big as possible, and make the development land use area smaller; on the contrary, the town planning office makes the development land use area as big as possible, but makes the cultivated land area smaller”
(Interview, 2010).

For the land use planning, the defining of cultivated land areas is based on a series of quality standards, for instance, the fertility of a certain cultivated land plot and the annual average outputs of grains, whereas the town plan focuses on making a large construction land area and a reasonable spatial structure so as to promote the growth

of industries. The formulation of land use plans and town plans are based on different grounds and perspectives, so it is highly possible that the township governments and land management organs will have different specific arrangements for the same plot of land. Therefore, the different objectives between township governments and central government lead to the contentions for the total and annual land use areas (quotas).

In addition, the land management organs aim to maintain the stability of the cultivated land area and avoid a sharp decrease in cultivated land over a certain period of time. In this regard, any conversion of cultivated land for construction usage must be approved by provincial or national land departments. Yet, as the township governments focus on achieving a higher GDP growth rate in a certain year, they always hope for a simpler and easier cultivated land conversion approval policy. Thus, the township governments and land management organs have contrasting comments and discussions towards the new policy of cultivated land conversion approval.

Last but not least, the “dynamic equilibrium principle” implemented by the land management organs also aims to realise the so-called “zero net loss of cultivated land”. On the one hand, under the dynamic equilibrium principle, the township governments need to allocate a part of their fiscal budgets to compensate for the cultivated land conversion so as to maintain both of the quantity and quality of the cultivated land. In particular, when the core towns face rapid industrialization and the lack of back-up land, the township governments will expend more of their budgets to

“buy” the back-up land from other towns. However, on the other hand, to improve the development of industrial parks, the township governments need to construct high quality motorways, basic service facilities and other infrastructures. In other words, the local state fiscal investments in fixed assets play an important role for the township governments to enhance their local competitiveness in order to attract investments. As Mr. Sun, the deputy director of the Baisha land management office stated *“we just try to make the township governments allocate larger shares of fiscal budgets into cultivated land protection and sustainable development, instead of spending all the money on improving local hardwares and GDP growth”* (Interview, 2010). Thus, the core issue regarding the contradictions between land management organs and township governments is how to balance the allocation of fiscal budgets. The different objectives make that the township governments and land management organs hold contrasting views about the use of the budget.

Therefore, the incompatibilities between the land management system and town planning system can be interpreted as being the result of the contradictions between the different objectives of central government and township governments. In Henan province, promoting the development of industrialization and economic growth, and protecting the cultivated land and enhancing the output of agricultural products are the two key themes. On the one hand, through the block-authorized city/town planning system and the devolution of powers, the various levels of local government (which are below the provincial level) can play a dominant role in promoting the

industrialization and economic development. On the other hand, the land management system, which is characterized as having a vertical and top-down formation, has become one of the most important tools for the central state to protect the cultivated land so as to ensure the agricultural outputs.

Under the background of accelerated industrialization and globalization, local economic activities have become more organised and promoted by the local states. With the devolution of the state powers, the objectives of the local governments are partially different with that of the national government, thus a series of conflicting interests are contested and balanced between the central and local levels. If we see the local governments can successfully seize the real power to control the land development during period from the 1980s to 1990s, the most recent findings suggest that the central government has a definite advantage when competing with the lower levels of local governments concerning the usages of land. In other words, the relationships between town planning system and land management system are continuously shaped by the competing central-local objectives, interests and power relations.

To sum up, the state of China is not a singular and unitary entity. On the contrary, the Chinese state governance needs to be viewed as a complex and conflicting systems, and the conflicting objectives among different hierarchies are continuously interacting with each other (Lin and Ho, 2005). As a basic economic activity, land development

process is increasingly involved, and deeply rooted, in the contesting interests and power relations between the central and local hierarchies.

8.5 Conclusion

In this chapter, the findings of the previous chapters have been analysed and discussed in detail. To sum up, the current land management system and town planning system are incompatible with each other; and, these incompatibilities can be summarised as four aspects: firstly, the incompatible total construction land use areas (quota) defined by town planning and land management systems; secondly, the incompatible annual construction land use areas (quota) defined by town planning and land management systems; thirdly, the “dynamic equilibrium principle” of the land management system being incompatible with the implementation of town plans, and fourthly, the new policy for the approval of cultivated land conversion is incompatible with the implementation of the town plans.

In addition, on the basis of the analysis, the main impacts of these incompatibilities have also been recognized in this chapter. The incompatibilities between the land management and town planning systems impact on the development of industrialization both “directly” and “indirectly”. For the “direct” impact, the incompatibilities between the two systems have constrained the growth of the numbers of the manufacturing enterprises and have decreased the employment of

manufacturing sectors. Moreover, these incompatibilities have also impeded the industrial clusters when they attempted to form a more healthy industrial structure. The constrained industrial scale and unhealthy industrial structure will impede the further growth of industries in the core towns. Regarding the “indirect” impact, the township governments of core towns have to spend extra fiscal budgets and allocate extra periods of time when they try to promote the development of industries. The incompatibilities have raised the costs for the core towns when promoting the development of industrial projects, which makes the industrialization become more expensive and time consuming.

Through the analysis, the reasons that lead to the incompatibilities between the town planning system and the land management system have been revealed. The contrasting characteristics between the town planning system and land management system are the first reason for causing the incompatibilities. The town planning system is a market-oriented, block-authorised and fragmented formulation and approval process; however, the land management system tends to be a centralized model and a typical top-down process. Although the different characteristics do not necessarily lead to the incompatibilities, the findings and analysis argues that lacking of effective dialogue and communication channels makes that the different perspectives on land uses can not compromise and bargain with each other. In addition, the town planning organs and land management organs has different degrees of local knowledge. Land management authorities are difficult to cope with the specific local conditions and

details. As a result, there are few unified actions and little cooperation between the town planning and land management systems; whereas, there are massive conflicts and tensions in the practice of the land development process.

Moreover, the different objectives between central government and local governments further explain why the land management system is incompatible with the town planning system. For the township governments, their objectives are to enhance the local competitiveness and promote the GDP growth rate; whereas for the central government, ensuring food security and protecting cultivated land are their primary concerns. The accelerated flows of capital and the devolution of powers led to partially separated interests between the central level and township level governments. Land, as one of the most important and basic resources, is increasingly becoming the focal point of conflict among various levels of state power and stakeholders.

CHAPTER 9

Conclusion

9.1 Overview and Implications of this Research

This research aims to investigate whether China's current land management system and town planning system are compatible with each other when they are faced with accelerated industrialization in the core towns of Henan province. To conclude the main contents and contributions of this research, it is necessary to revisit the hypothesis and research questions here. **My research hypothesis is:** the current dual systems of land management and town planning generate many contradictions; they are not compatible with each other; and the incompatibility between the current land management system and town planning system has impeded the industrialization of the core towns in China's Henan province. **The research questions are:** (1) Are the current land management and town planning systems compatible with each other? If not, what are the incompatibilities between the current land management system and town planning system? (2) How do these incompatibilities influence the development of manufacturing industries in the core towns of Henan province? (3) What are the reasons that causing this incompatibility between the current land management system and town planning system?

To test my hypothesis and answer the research questions, this thesis firstly begins with the literature review. The theoretical framework of this thesis is established through reviewing the existing literature. The theories and literature include town planning and land management, state governance, and the industrialization. The literature about the natures, characteristics and key trends of town planning and land

management has been revisited by this thesis. Moreover, for this thesis, the discussions concerning the state governance have provided a broader theoretical context to understand the activities of central and local states. The existing literature about the industrialization serves as the theoretical background for the rapid urbanization and industrial development of China.

After China's economic reform, the various levels of local governments became increasingly empowered to set their own local economic development strategies and make local city/town plans. The city/town planning authorities in each hierarchy are under the leadership of the corresponding level of local governments. For the land management system, the land market was established in the 1980s, various levels of land management authorities were block-organised and under the administrative leadership of the local government at the corresponding level. However, in recent years, the central government adjusted the land management system and strengthened the control over the land development. First and foremost, they altered the administrative structure of the land management system from block-organized structure into vertically-organized structure. Secondly, the central government emphasised that the formulation of the overall land use plan and annual land use plan must strictly comply with the plan made by the land management authority of the next higher level hierarchy. In addition, only the central and provincial level land management authorities have the right to approve the usage conversion of cultivated land. Lastly, any usage conversion of cultivated land must be compensated by the

same area and quality of newly reclaimed cultivated land.

Following the demonstrations of town planning and land management policies, this thesis provides the background of Henan province and its core towns. In recent decades, the transfer of labour-intensive industries has accelerated the industrialization and urbanization of Henan province. The core towns increasingly served as key nodes to attract the labour-intensive manufacturing industries and investments. However, Henan is also the largest agricultural province of China. For a long period of time, maintaining the cultivated land and ensuring the outputs of agricultural products were the compulsory tasks for Henan province. Under this circumstance, Henan province strictly implements the land management law and cultivated land protection policies.

The secondary data analysis and the case study are the two research strategies chosen by this research. In the secondary data analysis, the researcher has collected and compared four groups of statistics concerning the implementation of the key policies of the land management and town planning systems.

The case study of Baisha includes two sub-cases, which are the development of the Suigou industrial project and the Foxconn industrial project. The Suigou industrial park is a relatively smaller industrial project, whereas Foxconn is large leading industrial project for Baisha and even for Henan province. Through the practice of the

land development process of these two industrial projects, the specific interactions between land management and town planning systems have been examined, and a series of incompatibilities and their impacts upon the growth of industries have been found in the development of both projects. When faced with the development of these two industrial projects, the symptoms of these incompatibilities and the corresponding impacts demonstrate both similarities and differences. Therefore, based on analysing the secondary data and the findings of the case study in chapter 9, the answers to the research questions are summarised in section 10.2.

The case studies and findings of this research have three theoretical implications. Firstly, the planning concerning the uses of land is conceptualized as 'tool for allocating the various functions of the land' (Hubacek, Jeroen and Bergh, 2006). For the aspect of town planning, it increasingly becomes more 'market-oriented', instead of focusing on 'control' (Yiftachel and Alexander, 1995; and, Wu, 2007). For the aspect of land management, the 'negative regulatory model' is shifting to 'positive regulatory model' (Healey and Rosenberg, 1989). Two principles are crucial for the planning: namely, the dialogue among different key actors; and, being realistic towards the local conditions and details (Wehrmann, 2010).

The case studies have demonstrated that, for the town planning of Baisha, the land use structures and patterns aims to face to the trends of market and support the growth of economy. In the implementation and practice, the formulation and approval

process of the town plans are 'fragmented', which makes the town planning can flexible respond to the repaid changes of market trends and cope with details of local conditions. In other words, the town planning of China is no longer merely focus on the 'control', but increasingly become more 'market-oriented', which is implicated with arguments about trends of current town planning. On the contrary, the focus of land management is given to the protection of the agricultural land. The implementation of land use planning is characterized as administrative-orders based and vertically-organised. Thus, the land management model of China is typically 'positive and centralized regulatory model'. In the land development process, there is no effective communication, or 'dialogue', mechanism between these two different systems for key actors to express their concerns and focuses about the uses of land. In addition, the vertically-organised land management system is difficult to cope with the local conditions and details. As a result, the land management and town planning systems are compatible with each other.

The second implication is the theories about state central-local governance. Many authors, such as Havey, (1989) and Brenner (1999), point out that the globalization makes the rising of localism, but the re-centralism is intertwined with the trends of localism. On the one hand, devolution makes the local states become the most active promoters for the economic growth, instead of the national state (Havey, 1989; Brenner, 1999; Clark, 2000; and, Chien, 2008). On the other hand, the central government tried to re-assert its regulatory powers over local levels, which aimed to

avoid the “zero-sum games” (Whitehead, 2003).

The case studies show that the rising of localism also can be found in Baisha and Henan. With the globalization and devolution, the key objectives of local governments are enhancing local competitiveness and promoting GDP growth rate. The town planning system has become an important ‘tool’ of the local governments to realise their objectives. However, the case study also reveals that, in recent years, the re-centralism is intertwined with the rising of localism. Ensuring the food security increasingly becomes one of the top concerns of China’s central government. Through a series of reforms, the central government of China has centralized powers of the land management. On this way, the vertically-organised land management system serves as the ‘tool’ of the central government to re-assert its regulatory power over the bottom-levels of the local states, so as to achieve the goals of cultivated land protection. In other words, the case of China’s land management system has provided a new example for the theories about the re-centralism. The state central-local governance has become one of the key reasons for the relationships between town planning system and land management system.

Thirdly, to examine how the impossibilities between those systems impact the industrialization, this research also employs the industrial agglomeration theory to view the growth of industries. The findings of this research suggest that the incompatibilities between the town planning system and land management system

has constrained the scale of the industries and distorted the industrial structure. Thus, the incompatibilities between these two systems impede the long-term industrial agglomeration and development.

9.2 The Answers to the Research Questions

In answer to the first research question: “what are the incompatibilities between the current land management system and the town planning system”, four incompatibilities have been found by the research. First of all, the total construction land use area defined by the overall land use plan is incompatible with that defined by the overall town plan. In Henan province, the total construction land use area defined by the overall land use plan tends to be smaller than that demanded by the overall town plan of the core towns. Even for the development of a large or key industrial project, the compromise made by the land management authority is quite limited, and the total construction land use area defined by the land management authority is still much smaller than that demanded by the core township governments. Secondly, for the core towns of Henan province, the annual construction land use quota (area) allocated by land management authorities cannot meet the real needs of town plans, which aim to promote the development of industrial projects. Thirdly, the “dynamic equilibrium principle” is incompatible with the implementation of town plans. Henan’s core towns that are undergoing rapid industrialization always lack back-up land for the compensation of converted agricultural land when their township governments try to implement the town plans to promote the development of industrial projects. Last but

not least, the new policy for the cultivated land conversion is incompatible with the implementation of town plans. The new cultivated land conversion policy has made the application and approval processes become very strict and time-consuming for the township governments when attempting to carry out their town plans.

“How do these incompatibilities influence the development of manufacturing industries in the core towns of Henan province?” is the second research question. To summarise, the impacts of these incompatibilities include two aspects. Firstly, the incompatibilities have directly constrained the growth of the industrial scale and have impeded the optimization of industrial structures. In particular, because of the “snowball effect” of a cluster, the constrained industrial scale and distorted industrial structure will impede the further agglomeration and growth of industries. Secondly, these incompatibilities have also raised the costs of promoting the industrialization. The incompatibilities have caused a heavy fiscal burden and forced township government cadres to spend more time tackling the challenges of negotiations. In other words, the development of industries in core towns has become more “expensive”, and the township governments have to pay both higher financial and social costs to achieve the targets of industrialization.

Lastly, the answers to the third research question – “what are the reasons for the incompatibilities between the current land management and planning systems?” – can be summarised as two dimensions. For the perspective of the characteristics of two

systems, the characteristics and natures of the town planning system are fundamentally different from that of the land management system. On the one hand, the town planning system is basically a market-oriented, decentralised management model and is becoming more pro-growth. On the other hand, the current land management system is characterised by a typical top-down process, a centralised management structure and administratively-orders based. The contrasting characteristics between the town planning and land management systems directly led to the contrasting routines of work, different attitudes towards the capital and investments. Lacking of mutual communication mechanism makes different perspectives on land uses can not effectively negotiate and understand with each other. Thus, in the practice of land development process, there are few unified actions and cooperation between town planning and land management; instead, there is massive conflicts and tension.

Moreover, the analysis based on the dimension of central-local relationships and state governance provided further understanding of the reasons for the incompatibility between the two systems. On the one hand, the key objectives of local government are to strengthen local competitiveness so as to attract more investments; and to enhance the growth rate of GDP in order to get more promotions or rewards. As the devolution of power to local governments for deciding local development goals and strategies, the town planning is a key tool for township governments to translate their own local development goals and targets; in particular the town plans only need to be

approved by its next upper level of government. However, on the other hand, the central government has different objectives from those of lower levels of local governments. In recent years, the central government has increasingly focused on cultivated land protection and sustainable land utilisation. Thus, the current model is vertically organized and centrally planned to manage the land from the national and provincial level downwards to the township levels. In other words, the land management system plays a significant role for national and provincial governments to realise their strategic objectives and goals. The different key objectives between central and local governments are fiercely contested and cause conflicts in the process of land development, and these differing objectives have led to the incompatibilities between the current land management system and town planning system. Therefore, the incompatibilities between the town planning and land management systems are actually rooted in and shaped by the contesting goals, interests and power relations between central and local governments.

To sum up, my research questions have been answered and the hypothesis of this research has been proven true.

9.3 The Contributions of This Research

There are few studies that specifically examine how the current land management system performs at the township level, and furthermore, the existing literature ignores to investigate whether (and to what extent) the town planning system can coordinate

with another key system, the current land management system, in the practice of land development.

The first contribution of this dissertation is that it shows how the current land management system operates at the township level, and it demonstrates how the town planning systems and the land management system interact with each other in the land development practice at township level. There are four main incompatibilities between the China's town planning system and current land management system which have been identified by this research. In other words, this research finds out a series of challenges for China to realise the coordination between land management and town planning systems.

Secondly, the research also further finds out the outcomes, or impacts, of these four main incompatibilities for the core towns of the central region which are experiencing rapid industrialization. Much of existing literature has observed and recognized some key trends of China's industrialization and economic development in recent years (Zhang and Song, 2008; Wang, 2008). For example, the labour-intensive manufacturing sectors are increasingly transferring from the South East coastal region to the cities and towns of the central region. As a result, the various levels of local governments of the central region seize this opportunity and exert great efforts to attract investments to promote industrialization (Ma, 2008; Zhao, 2010; Zhang and Li, 2011). However, the findings of this research reveal that the incompatibilities between

the town planning system and land management system have impeded these key trends of China's industrialization in recent years. The land development institutional incompatibility is becoming a counter force for the trends of industrial transfer and the trends of rapid industrialization in the central region of China.

The existing literature has solely discussed the characteristics of town planning and land management respectively. And, for the literature concerning the state governance, there are two trends have been recognised: namely, the localism and the centralism (Havey, 1989; Clark, 2000; Jessop, 2002; Chien, 2008; Xu and Yeh, 2010). Yet, there is little literature that examines the specific links and relationships between these two systems and the state governance. This thesis discussed the specific links between these two systems (town planning and land management systems) and the state governance (central-local relations) under the unique background of China's rapid industrialising and urbanising regions. The findings and analysis reveal that the characteristics of the town planning system of China are actually rooted in localism, and the characteristics of the land management system are closely linked with centralism. In addition, it also demonstrates how the township governments and central governments try to achieve their own objectives through these two systems.

Fourthly, most of the previous studies have discussed that, during the period of the 1980s to 1990s, the local governments (especially the municipal-, county- and township-level governments) successfully bypass the central state and seize the "real

power” of the land development so as to maximize their local interests (Zhang, 2004; Lin and Ho, 2005; Hsing, 2005). However, the findings of this research show that the central government of China is in an advantageous position in recent years, when contesting with the local governments concerning the arrangements of land usage. Therefore, this thesis suggests that, for the last three decades, the relationships (or interactions) between the China’s town planning system and land management system have been continuously shaped by the contesting central-local interests, goals and power relations.

Finally, land has various functions and values, but also has the essential feature of the scarcity. Dialogue and communication are considered as the important principle for balancing different uses of the land. However, for the case of China, the balance of various functions of the land is based on the competition and conflicts of different state actors, instead of the negotiations among various stakeholders. Thus, this research may provide a useful perspective to understand the land development process. As the country with largest population, promoting economic development and improving the living standards are crucial for China; however, ensuring relative high level of food-sufficient rate is also significant for both of China and the world. The current China’s institution of land development, which is composed by town planning and land management, is not able to realise the balanced development amongst the multiple goals of stable and rapid economic and employment growth, and the protection of the environment and resources. To sum up, for the land development process, the tension

and conflicts should be constrained and mediated by the efficient communication and cooperation channels, so as to change the whole institution of land development in the direction of harmony, inclusiveness and sustainability.