A Study on the Approaches to Participatory Urbanization and its Advantages

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SUMMARY

To avoid the defects of passive urbanization in the rapid urbanization process, the purpose of this paper is to put forward the idea of participatory urbanization, analyzing its advantages over passive urbanization and how such an urbanization method can be achieved. The methodologies employed for this paper include documentation and comprehensive analysis. There are two approaches to help peasants in the suburban area participate in the urbanization process: accelerating rural labor force transfer with the development of service industries and enhancing the capability of peasants to share value increments in their land under an innovative property rights arrangement and compensation method for requisitioned land. These arrangements can guarantee and promote peasants’ rights and interests, thereby bringing about remarkable economic and social benefits for the society as a whole. This research leads to the conclusion that urbanization should promote rather than violate peasants’ rights and interests. Participatory urbanization is preferred over passive urbanization in many aspects. As a policy recommendation, government should promote participatory urbanization in suburban areas.
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1. PASSIVE URBANIZATION AND ITS DEFECTS

Cities have various amenities and are highly civilized and productive. It is always considered that peasants are eager to migrate to cities with their own initiative. In reality, the phenomenon of passive urbanization has only appeared recently. Passive urbanization implies that peasants have to give up their rural lifestyle and migrate to cities before they are willing or well prepared to be urbanized. The reasons for peasants to be passively urbanized include: the adjustment of government administrative zones, urban sprawl, the construction of key projects and etc. (Zhang, 2006). Since the reform and opening up in 1970s, a large amount of cultivated land in the suburb of big cities has been expropriated by the central government as a result of urban growth. Accordingly, a large number of peasants lose their land and become urban residents unwillingly. The phenomenon of passive urbanization has become more and more prevalent, causing many serious problems to our society.

1.1 Passive Urbanization Violates the Property Rights of Peasants

Under current land tenure system in China, peasants own the land in rural areas collectively, and have use rights. If the government has to expropriate rural land for public interests, reasonable compensations have to be paid to peasants, ensuring and realizing their property rights. But there are obvious defects in our current land requisition system. First, the reasons for land requisition are not well defined, going far beyond public interests. Second, the compensations for land requisition are too low to cover the loss caused to peasants. Third, the procedures of land requisition are not standardized, neglecting peasants’ initiative and rights of participation (Li, 2004; Qian, 2004; Zhang, 2006). During the urbanization process, peasants’ property rights over land are violated rather than respected. An observation made by Mr. Chen Xiwen, director of the Office of Central Finance Leaders’ Group is often quoted “if the price disparity between agricultural and industrial products during the planned economy period cost peasants 600–800 billion yuan, the low price of land requisition since the reform and opening up has caused a loss of at least 2000 billion to them.”

1.2 Passive Urbanization Widens the Income Gap between Urban and Rural Residents

As a result of segmentation system between urban and rural areas, and the industrialization supported by rural areas, the dualist structure characterized by remarkable income gap between urban and rural residents has existed in China for a long time. According to the statistical data, in 2005 the per capita disposable income of urban residents was 10,493 yuan, while the per capita net income of rural residents was 3,255 yuan, less than 1/3 of the former (National Bureau of Statistics of China, 2006). Besides, it is estimated that about 2 million peasants lose their land each year (Yao, 2006). The recent 28-province survey shows that the
income of 46% of land-loss families has decreased since land expropriation, and the largest decrease is a remarkable 26% (Lian, 2004). The value increments captured from land acquisition from peasants to land sale to developers is used to finance urban development, such as infrastructure building, and ultimately leading to a wider income gap and further segmentation between urban and rural areas.

1.3 Passive Urbanization Makes Landless Peasants a Marginalized Group

When peasants lose their land during the passive urbanization process, they lose not only their key means of production but also their living security. Because of their poor economic status, they often receive little education or professional training. So it is very difficult for them to compete for jobs in secondary and tertiary industries. In addition, landless peasants are not treated equally as their urban counterparts due to the urban-rural dual system and limited central fiscal revenue, limited or even the non-existence of social security such as unemployment, medical and old-age insurance. As a result, landless peasants are striving arduously to survive in cities on the one hand, and excluded from the social security system on the other hand (Zeng, 2003), becoming a marginalized group separated from ordinary citizens and peasants.

1.4 Passive Urbanization Affects the Quality and Sustainability of Urbanization

According to the widely accepted Nonham’s urbanization curve, the urbanization process is accelerating in China at present (Wang, 2003). The urbanization rate increases about 1.3 percent each year recently, implying that over 10 million people are becoming urban residents each year. In despite of the rapid pace, the reality is that our urbanization process is not healthy and sustainable enough. Passive urbanization leads to the emergence of a large number of landless peasants and pushes them into cities without preparation, compelling them to face various difficulties and become a vulnerable group. This type of urbanization brings about panic and rejection of peasants, which will definitely affect the sustainability of urbanization in the future.

2. PARTICIPATORY URBANIZATION: ITS CONNOTATION AND ADVANTAGES

2.1 The Connotation of Participatory Urbanization

The idea of participatory urbanization is quite different from passive urbanization and all its obvious defects. Participatory urbanization implies that peasants can share the benefits brought by urbanization with their rights and interests guaranteed and promoted so that they are incentivized to be urbanized. Some key production elements such as land and labor are owned by peasants, so it is feasible and practical for them to share the benefits of urbanization with their land and labor. This paper mainly focuses on the participatory urbanization in the suburban area of cities, where passive urbanization is most probable to take place and conditions for participatory urbanization are favorable.
2.2 The Advantages of Participatory Urbanization

2.2.1 Participatory Urbanization can justly Distribute the Benefits of Urbanization

Passive urbanization violates the rights and interests of rural residents while promoting that of urban residents. In contrast, participatory urbanization intends to allow peasants to benefit from urbanization as equal citizens. Through participation in the urbanization process, peasants can have their income increased by virtue of land and labor, thus narrowing the income gap between urban and rural areas. They can also benefit from the improvement of habitation, civilization and so on. In a word, participatory urbanization can redistribute the benefits of urbanization between urban and rural residents, avoiding the situation where the benefits are all taken by urban residents.

2.2.2 Participatory Urbanization can Integrate the Production Elements from Urban and Rural Areas

Because of the dualist structure between urban and rural areas in the past, the flow of production elements was strictly restricted. Labor and capital in the rural area always flowed to the urban area, resulting in the continuous prosperity of the urban area and stagnancy of the rural area. With the weakening of this structure, some production elements such as capital and technology gradually flow to the rural area in search of new opportunities. At the same time, the rural area has vast land waiting to be constructed and surplus labor force waiting to get employed. Peasants are ready to receive capital, technology and employment opportunities brought by urbanization. Once the in-flow of capital and technology and the out-flow of land and labor are well combined in the suburb of cities through peasants’ participation, a market-oriented pattern of production elements allocation will be formed and the efficiency of production will be boosted.

2.2.3 Participatory Urbanization Respects and Protects Property Rights of Peasants

There is no doubt that a large amount of rural land has to be converted into construction land in the rapid urbanization process. Peasants’ participation in the urbanization relies heavily on their land, more precisely, their property rights over land. Consequently, in order to achieve participatory urbanization it is imperative to respect and protect peasants’ property rights over land. Peasants should also be allowed to exercise their right to know, right to speak out and right to share the value increments.

2.2.4 Participatory Urbanization is Conducive to the Building of Harmonious Society

Once peasants are capable of sharing the benefits of urbanization and their property rights are respected and protected, they will be eager to accept rather than reject urbanization, thus becoming more active in the urbanization process. This is very helpful to eliminate social problems and achieve a healthy urbanization pattern. Furthermore, this type of urbanization can maintain a balance between fairness and efficiency, while satisfying the strong appeal to
achieve urban-rural integration and harmonious society building. Economic benefits will be consistent with social benefits under this urbanization pattern.

3. THE APPROACHES TO REALIZE PARTICIPATORY URBANIZATION

Generally speaking, peasants can benefit from urbanization in various aspects including the improvement of their economic status and the elevation of their social status. This paper mainly concentrates on the economic status improvement by considering how to ensure them to share the economic benefits of urbanization.

3.1 Accelerating Rural Labor Force Transfer with the Development of Service Industries

The trend of suburbnization in some medium-sized and big cities has gradually led some industries and urban residents to move to the suburb. Relevant service industries are inclined to develop in the suburb along with suburbnization, such as logistics which serves manufacturing and retail services which serves urban residents. Service industries like these are mostly labor-intensive and require low level of skills, so they can provide suitable jobs to rural labor force. If peasants whose land will be expropriated are provided with early vocational training and given the priority of being employed, it will be much easier for them to get jobs in service industries in the suburb. The change of residential location involved in land requisition also facilitates the employment of peasants in service industries as the new residential location may be close to their work place.

When peasants get employed in non-agricultural industries after losing their land, they can get stable salaries and integrate themselves into urban society. There is no doubt that relevant service industries serving cities will expand with further urbanization, bringing more employment opportunities and higher salaries to peasants. They can benefit from urbanization with their non-agricultural jobs, realizing their participation in the urbanization process.

After the surplus labor force has been transferred to non-agricultural sectors, the number of peasants engaged in agricultural production will decline. It is very important to achieve scale of operation and modernization of agriculture. Besides, further urbanization creates more urban consumers and diversified needs for agricultural products. Peasants still engaged in agriculture can expand their production scale on the one hand, and develop new types of agriculture such as installation agriculture, eco-agriculture, agro-tourism on the other hand. Their income can be greatly increased. Not only some peasants turned into citizens but also those still working on farmland can benefit from urbanization.

3.2 Enhancing the Capability of Peasants to Share Value Increments in Land

Under current land requisition system in China, collectively owned land can be expropriated for public use after reasonable compensations paid to collective economic organization. In practice, the compensations for land expropriation are usually paid in cash which will be distributed to members of collective organization or managed by collective economic
organization. However, for the reason of absence of collective economic organization, the compensations for land requisition are usually squandered by the cadres of villages and towns. Even if they are distributed to each member, the compensations are often too low to sustain their life for a long term. So the innovation of compensation pattern is in urgent need.

It would be better to give real properties to collective economic organization as compensations instead of giving them cash payment. The collective economic organization could be converted into a collectively-owned joint stock company, which manages the real property to receive rents and distributes rents among the members of collective organization according to the compensation they should get. We strongly recommend to give commercial properties as compensations instead of land because of the scarcity of land. The compensation pattern of returning land usufruct practiced in some places is similar to the pattern brought forward here, but they are still different. First, the real property given as compensations will be used for commerce only and located in planned business district. Such restrictions make this scheme different from the unstipulated uses and locations under other land usufruct returning patterns. Second, the land on which commercial properties are built is state-owned rather than collectively-owned thus avoiding the confusion of ownership. Third, the compensation form has an alternative of property, not only restricted to the form of land.

This compensation pattern represents the innovation of compensation system of land requisition. First, a collectively-owned stock company instead of government of villages and towns receives the compensation. Collective economic organization rather than administrative organization acts as representative of property rights holder. Second, durative real property rather than unsustainable cash is given to peasants as compensation to provide more security. The rents from commercial property will continue to increase with further urbanization and development of tertiary industries. By virtue of their property rights over real properties, landless peasants can share the value increments brought by urbanization.

4. CONCLUSION

In the process of rapid urbanization, the pervasive land requisition intensifies passive urbanization, which causes serious problems to our society. After the analysis of the defects of passive urbanization, the idea of participatory urbanization is put forward in this paper and its advantages are analyzed. Two approaches are laid out as how to implement participatory urbanization. One of them is to develop industries serving the city in order to absorb surplus rural labor force and give them stable salaries. The other approach is to give collectively-owned stock company commercial properties as compensations for land requisition in order to produce rents which can be shared among members of the collective. Peasants losing their land can benefit from the employment opportunities in urbanization along with which salaries and rents will increase. Peasants continuing to cultivate farmland can also benefit from urbanization as a result of agricultural scale of operation and diversified consumption needs of urban consumers.

Some remote rural areas do not have suitable conditions for participatory urbanization yet. So this idea may only be applied to the suburb of medium-sized and big cities with favorable
conditions. Moreover, peasants’ participation in urbanization involves not only economic aspects but also social aspects such as the elevation of their social status and civilization which needs to be further explored by sociologists.

REFERENCES


BIOGRAPHICAL NOTES

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