Urban Geography

Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/rurb20

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Published online: 15 May 2013.

To cite this article: C. P. Lo (1994) ECONOMIC REFORMS AND SOCIALIST CITY STRUCTURE: A CASE STUDY OF GUANGZHOU, CHINA, Urban Geography, 15:2, 128-149, DOI: 10.2747/0272-3638.15.2.128

To link to this article: http://dx.doi.org/10.2747/0272-3638.15.2.128

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ECONOMIC REFORMS AND SOCIALIST CITY STRUCTURE: A CASE STUDY OF GUANGZHOU, CHINA

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Abstract: This paper examines the impact of the 1978 economic reforms on the socialist nature of the Chinese city, using Guangzhou, one of the most open cities in China, as a case study. Despite a reorientation of Guangzhou's role as a trade center and port, labor is still predominantly engaged in the secondary sector with a strong emphasis on heavy industry. Tertiary activities have only recently attained an equivalent level of importance during the early Communist period and exhibit a noticeable dearth of the more advanced forms of tertiary activities, such as finance, insurance, and real estate. The spatial structure of the city of Guangzhou has developed according to a State-approved Master Plan with socialist influences and has evolved into three interdependent linear clusters separated by agricultural land and linked by west-east-running highways and railroads. Residential differentiation is based on occupation types which are related to the land use in the city. The city planners continue to practice the socialist method of planning, including standardization, city-size control, and application of the neighborhood unit concept. The economic system of the city is still firmly based on public (state sector) production. Guangzhou exhibits the characteristics of a city in transition from a planned system to a market-oriented economy and highlights the political-ideological conflicts of urban development in post-reform China.

This paper examines the impacts of China's post-1978 economic reforms on the socialist nature of its cities. A major feature of the economic reforms is the transformation of China from a highly centralized planned system to a new market-oriented system with decentralized administrative power.

The term "socialist city" (Sotsgrod) was first used by the Soviet planner N.A. Miliutin in the late 1920s to refer to a specific city plan that could achieve the socialist goal of providing all citizens equal access, based on minimal outlays of travel time and effort, to all the material, cultural, and welfare goods and services (Miliutin, 1974). French and Hamilton (1979a) brought forth a discussion of the concept of the socialist city in a volume of collected essays focusing on cities in the Eastern European countries. They asked the question: "Is there a socialist city?" (French and Hamilton, 1979b). Their focus was on the internal structure of the city. In other words, are cities in the communist countries fundamentally different in form from those in their capitalist counterparts, particularly in the Western cultural context? It is generally believed that because of the differences in the means of control and the mode of production between the communist and capitalist systems, the urbanization process and the internal structure of the cities developed in the two systems are quite different.

The socialist city is the product of a planned economy with a high degree of centralization in decision making. The state has complete control over land ownership, land use, the degree and direction of industrialization, capital investment in all
sectors and at all levels of the economy, rents, wages, prices, and even movements of population (French and Hamilton, 1979b). From the political-ideological point of view, the principle guiding the socialist character of urban development is the quest for equity or social justice. Therefore, a socialist city should reflect a selfless and classless society in its spatial structure. There should be a reduction in the stratification of residential land use. The spatial ordering of the functions should be rational: industry and residence should be physically separated from each other by green belts, yet close enough to each other to minimize work travel, while service functions are rationally distributed so as to facilitate equal access by all.

Fisher (1962), after observing Eastern European cities, summarized the basic elements of socialist urban planning as follows: (1) establishment of norms for housing or “living space,” (2) city-size control according to the ratio of employed urban population to the total urban population, (3) rearrangement of the city center for political, cultural, and administrative functions, and (4) application of neighborhood unit concepts by dividing the city into self-contained “micro-districts” or residential neighborhoods to ensure “urban uniformity.”

Obviously, the form of the socialist city will change over time. Murray and Szelenyi (1984) hypothesized that as the socialist economy advanced and standards of living improved, urbanization would intensify and a new petty bourgeois class emerge. Socialism and capitalism would then converge. The socialist city would become more and more like its capitalist counterpart.

Although the socialist city was modeled after cities in the former Soviet Union and Eastern European countries, some of its major features were observable in the cities of Communist China in the pre-reform (1949–1979) period. The Soviet influence to economic development was strong during the early period of Communist rule in China when its First Five-Year Plan (1953–1957) was formulated. This plan’s objective was to carry out socialist industrialization as a means to improve the Chinese people’s living standard, and, just like the former Soviet Union, China regarded heavy industry the only way toward industrialization (Liu et al., 1987). Under such a policy, China restricted consumption and promoted development of heavy industry in cities (Wang, 1993). The tertiary sector was regarded as nonproductive and its development was restricted. Cities were categorized into “producing” or “consuming” types according to the extant degree of industrialization at the time of Communist takeover. Those cities classified as “consuming” had to be structurally transformed into “producing” ones by the development of industry, in particular heavy industry (Lo et al., 1977; Liu et al., 1987, p. 287). The impact of such a policy is far-reaching. Henderson (1987), in comparing China with the United States in the proportion of employment in the tertiary sector, found that in China in 1981 only 4% of the total labor force and 14% of the total nonagricultural workers were in commercial undertakings, while the United States had already recorded corresponding figures of 14% and 23% as early as 1900.

The main difference between Chinese and Soviet urban development policies in practice lies in China’s stronger emphasis on balanced development of the rural and urban areas, or minimizing the differences between town and country. This explains the de-urbanization sentiment of the Chinese policy makers and the low level of urbanization in China. In 1950, the proportion of urban population was 11.2%. By 1990, this had increased to only 26.4%, much below the world’s 46.1% (Wang, 1993).
To the Chinese communists, a socialist city "plays an important role in leading the rural collective economy" and, as Liu et al. (1987, p. 284) observed:

"cities are convergence points for the working class, which represents new productive forces and new ways of life, and they play a vital role in consolidating the worker-peasant alliance and leading other social strata to take the socialist road."

In other words, urban development should be based on the level of agricultural production. A city should be self-sufficient in grain.

Recent events have seen the downfall of Communism with the break-up of the Soviet Union and the "democratization" of the Eastern European countries. Although China remains the stalwart of Communism in the world today, it has, under the leadership of Deng Xiaoping, adopted an "open-door policy" and carried out a series of pragmatic economic reforms since 1978; these measures have greatly impacted its population in both the rural and urban areas. Amid all these reforms, Deng continues to stress the need to preserve the socialist character of China—largely by emphasizing state ownership of the major means of production and adherence to the four principles (Marxism-Leninism-Maoism, the leadership of the party, the socialist road, and the people's proletarian dictatorship) (Lee, 1986). He labeled this hybrid system "socialism with Chinese characteristics" in contradistinction to the Western form of Communism. The bloody crackdown on the pro-democracy student movement in Beijing on June 4, 1989, confirmed Deng's determination to fend off attacks on Communism at all costs.

This research selected the city of Guangzhou (Canton) as an example to study the impacts of the 1978 economic reforms on its socialist city structure. Guangzhou, the capital city of Guangdong Province, is located on the Zhu Jiang Delta in South China, the most rapidly growing region of China after the implementation of the open policy since 1978 (Yeung, 1993). Because of its historic port function and its population's long preoccupation with commerce and trade, Guangzhou was condemned as a consuming city by the Communists and had to undergo transformation into a "producing" city during the early 1950s. The result of the transformation was a drastic reduction of the commercial labor force from a ratio of 8.61 persons per capita in 1957 to 4.8 persons per capita in 1978 (Xu, 1986). To conform to the principles of a socialist city, Guangzhou's city plan also underwent changes: the clearance of slums and the development of a spacious wooded square in the center, the creation of green spaces (parks), and the construction of housing in the outskirts of the city (Lo et al., 1977).

After the Third Plenum of the Eleventh National Congress of the Chinese Communist Party in 1978, when the open policy and the market-oriented economic reforms were announced, Guangzhou has emerged economically as one of the most important cities in China. At the first level, it combines with the British Colony of Hong Kong (to be reverted back to China in 1997) and the Shenzhen Special Economic Zone to form a center of international exchange with the highest growth rate. At the second level, it is a regional (interprovincial) city for South China. At the third level, it is also a provincial central city (Wang, 1993). All these came about as a result of the official designation in May, 1984, of Guangzhou as one of the 14 open coastal cities (yunhai kaifangshi) in China. Guangzhou has revitalized its former role as a commercial...
center and a trading port, which once again promotes economic activities in the tertiary sector. Guangzhou has therefore benefited greatly from a policy of economic reforms. Guangzhou also is fully exposed to the Western influences brought in from Hong Kong. Is Guangzhou still a socialist city? This paper attempts to answer this question by examining recent changes in its economic and spatial structure, and to relate the findings to the policy of urban development in post-reform China.

POLITICAL IMPLICATIONS OF ADMINISTRATIVE BOUNDARY CHANGE

The administrative boundary of Guangzhou City (Shi) has changed several times since 1949, each time reflecting changes in the policy of socialist city administration and population growth (Fig. 1). The change of the administrative boundary is an effective means used by the Chinese government to control the conversion of rural land into urban areas. It is also a means to maintain the balance between the urban and the rural components in the city in accordance with the policy of maintaining an agricultural base for the city. It is a major characteristic of the Chinese city that a significant portion of the city is used for agriculture.

During the early 1950s, the city of Guangzhou comprised mainly urban (cheng qu) and suburban (jiao qu) districts. In 1949 the city was divided into 28 districts, of which 22 were urban districts and six were suburban districts. Since then, these districts were consolidated. In 1958, Chairman Mao pressed forward his policy of urban communization. Guangzhou was to be divided into eight communes, with four communes for the city districts and four communes for the suburban districts. For practical reasons, such a plan was never fully implemented. In July, 1960, the old system of dividing the city into urban and suburban districts was restored, and the city was divided into four urban and three suburban districts. In addition, some neighboring rural counties (xian) also were placed under the jurisdiction of Guangzhou for the first time. This was the beginning of the system of “city administered county” (shixiaxian), a measure used by the government to give the city full control over the growth of a rural county. In 1975, four more adjacent counties in the Zhu Jiang delta were placed under the jurisdiction of the city of Guangzhou.

In 1982, after the implementation of the economic reforms, the jurisdiction of Guangzhou City included four urban districts, one suburban district, one district for Huangpu port in the east, and six rural counties, which were increased to eight in 1983. On January 7, 1988, drastic change in the administrative boundaries of Guangzhou took place with the approval of the State Council. By removing four rural counties from Guangzhou’s jurisdiction, the city was to administer eight districts and four rural counties. The change also removed the distinction between urban and suburban districts and emphasized the difference between “district” (qu) and “county” (xian). Such changes were necessitated by the rapid economic growth of some rural counties and the proliferation of small towns in these counties stimulated by the economic reforms. This administrative pattern remained unchanged at the time of writing. On the whole, the city has expanded westward and southward and, in more
Recent years, has expanded predominantly eastward (Fig. 1). The above account of administrative change illustrates the meticulous government control over the growth of the city of Guangzhou.

The names of the eight districts and four rural counties are shown in Table 1, together with their area and population. By this definition, the total area of the City of Guangzhou in 1989 was 7,434.6 sq. km. and its total population was 5.85 million, of which 3.54 million (60.5%) were found in the urban districts. The official city proper of Guangzhou comprises eight districts. However, the Bai Yun District, which occupies over 65% of agricultural population and is located to the north of Liwan, Dongshan, Tianhe, and Huangpu urban districts, is a mountainous area more rural than urban in nature (Table 1). It was dropped from this study. The actual city proper of Guangzhou is made up of the seven urban districts as shown in Figure 2.

**CHANGES IN THE ECONOMIC STRUCTURE OF GUANGZHOU**

An important criterion of the socialist city in China is industry-based productivity. The following section analyzes the changes in the economic structure of the city
TABLE 1.—THE LAND AREA AND POPULATION OF THE CITY OF GUANGZHOU BY ADMINISTRATIVE DISTRICTS, 1989

<table>
<thead>
<tr>
<th>District or county</th>
<th>Land area (km²)</th>
<th>Agric. pop. (%)</th>
<th>Non-agric. pop. (%)</th>
<th>Total pop.</th>
<th>Pop. den. (per km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>1,443.6</td>
<td>18.63</td>
<td>81.37</td>
<td>3,543,943</td>
<td>2,455</td>
</tr>
<tr>
<td>Yuexiu</td>
<td>8.9</td>
<td>0.12</td>
<td>99.88</td>
<td>486,164</td>
<td>54,625</td>
</tr>
<tr>
<td>Dongshan</td>
<td>17.2</td>
<td>0.33</td>
<td>99.67</td>
<td>539,851</td>
<td>31,387</td>
</tr>
<tr>
<td>Haizhu</td>
<td>90.4</td>
<td>9.16</td>
<td>90.84</td>
<td>676,373</td>
<td>7,482</td>
</tr>
<tr>
<td>Liwan</td>
<td>11.8</td>
<td>0.37</td>
<td>99.63</td>
<td>550,204</td>
<td>46,627</td>
</tr>
<tr>
<td>Tianhe</td>
<td>108.3</td>
<td>20.34</td>
<td>79.66</td>
<td>310,398</td>
<td>2,866</td>
</tr>
<tr>
<td>Baiyun</td>
<td>1,042.7</td>
<td>65.17</td>
<td>34.83</td>
<td>687,493</td>
<td>659</td>
</tr>
<tr>
<td>Huangpu</td>
<td>121.7</td>
<td>28.02</td>
<td>71.98</td>
<td>153,164</td>
<td>1,259</td>
</tr>
<tr>
<td>Fangcun</td>
<td>42.6</td>
<td>39.42</td>
<td>60.58</td>
<td>100,630</td>
<td>3,293</td>
</tr>
<tr>
<td>County</td>
<td>5,990.8</td>
<td>79.31</td>
<td>20.69</td>
<td>2,310,322</td>
<td>386</td>
</tr>
<tr>
<td>Huaxian</td>
<td>961.1</td>
<td>74.81</td>
<td>25.19</td>
<td>492,410</td>
<td>512</td>
</tr>
<tr>
<td>Conghua</td>
<td>1,974.5</td>
<td>85.95</td>
<td>14.05</td>
<td>418,414</td>
<td>212</td>
</tr>
<tr>
<td>Zengcheng</td>
<td>1,741.4</td>
<td>82.97</td>
<td>17.03</td>
<td>648,292</td>
<td>372</td>
</tr>
<tr>
<td>Panyu</td>
<td>1,313.8</td>
<td>75.39</td>
<td>24.61</td>
<td>751,206</td>
<td>572</td>
</tr>
<tr>
<td>Total City</td>
<td>7,434.4</td>
<td>42.57</td>
<td>57.43</td>
<td>5,854,265</td>
<td>787</td>
</tr>
</tbody>
</table>


between 1949 and 1989, based on the data published by the Statistical Bureau of Guangzhou City (Guangzhoushi Tongjiu, 1989).

The city proper of Guangzhou has grown in population from about 1.4 million in 1949 to about 3.5 million in 1989 or 144.5% in 40 years. While the trend of population growth has been upward, the actual growth of population fluctuated from period to period, and the growth curve for the total population shows an elongated S-shape (Fig. 3). The total population grew rapidly between 1949 and 1960, most probably because of in-migration and a high natural increase rate during the early period of Communist rule. The population growth remained stable and showed some decline between 1961 and 1978, probably the result of the vigorous promotion of birth control. Since 1979, one year after the reform, the total population has grown faster again. Much of this growth is the result of population in-migration. In recent years, in-migration to Guangzhou has intensified. Most of these migrants originate from other parts of Guangdong Province (Li, 1993).

The population in the city districts consists of two components: agricultural and nonagricultural. The growth curve for the nonagricultural population resembles that of the total population. Although agricultural population has declined continuously since 1979, its rate of decline is slow. This trend conforms to the policy of maintaining an agricultural base in the city.

The decline in agricultural activities in the city is reflected in the labor force composition (Fig. 4). In 1949, the percentages of labor force engaged in primary,
Fig. 2. The main urban districts of Guangzhou and their population densities, 1989.

secondary, and tertiary activities were respectively 35.58, 20.59, and 43.83. In 1988, these percentages had changed to 12.19, 44.16 and 43.65 respectively. The sharp drop in importance of primary activities accompanied by a steady rise in the labor force engaged in the secondary activities is noteworthy. The labor force in the tertiary sector remained stationary, although it fluctuated wildly in the early period of Communist rule and then declined continuously until 1978 when it began to pick up again. This pattern reflected the early Communist policy of restricting consumption and encouraging industrialization in the city. If we examine the contribution of each sector to the value of Gross National Product (GNP) (Fig. 5), the wild fluctuations and the opposite trends of the secondary and tertiary sectors are obvious. Only since 1987 has the tertiary sector caught up with the secondary sector. Even then, its percentage was no greater than that in 1949. Today, both secondary and tertiary activities share equal importance in employment and GNP value in the city’s economy.

The nature of tertiary activities has undergone changes in recent years. Tertiary activities consist of ten groups: (1) geological prospecting; (2) transport and telecommunication; (3) commerce, food catering, wholesale and retail; (4) land and housing management and public services; (5) medical, sports, educational and social welfare; (6) education, culture, arts, and radio-television; (7) scientific research and technical services; (8) finance and insurance; (9) government, political party, and community services; and (10) others. In Figure 6, changes in the labor force engaged in six major groups of tertiary activities for the period 1978–1988 are shown. Not surprisingly, the labor force engaged in the commerce and services groups has increased rapidly. The growth is particularly strong for the commerce group. On the other hand, the finance and insurance group, a more advanced form of tertiary activities in the capitalist world, has the smallest number of workers engaged in it.

Fig. 5. Changes in the composition of GNP in the urban districts of Guangzhou, 1949-1988. Source: Guangzhou Shi Tongjiju, 1989, p. 36.

Fig. 6. Changes in labor force engaged in tertiary activities by types in Guangzhou urban districts, 1978-1988. Source: Guangzhou Shi Tongjiju, 1989, p. 110.
Light and heavy industries are included under secondary activities. In 1949 the Gross Value of Output (GVO) for light industry for the city districts was 181.8 million yuan, but by 1988 it had increased to 15,521 million yuan, standardized at the 1980 price level, exhibiting an increase of 8437.4% in 39 years. Two general classes of light industry are recognized, based on the types of raw materials used in the process: agricultural and nonagricultural. In 1949, only 25.5% of light industry made use of nonagricultural raw materials. By 1988, the figure had increased to 60.25%, indicating increased sophistication of light industry in Guangzhou. The most important types of light industry in Guangzhou are textiles, consumer electronics, and appliances.

In absolute Gross Value of Output (GVO) terms, heavy industry is less important than light industry. In 1949, it was 22 million yuan, increasing by 1988 to 6,828.7 million yuan, standardized at the 1980 price level. This represents an increase of 30939.5%. Therefore, in relative terms, heavy industry has increased about 3.6 times faster than light industry. In 1949, the GVO of heavy industry accounted for only 10.8% of the city's Gross Value of Industrial Output (GVIO), but by 1988, this figure had increased to 30.6%. Clearly, despite the importance of light industry, heavy industry has not been neglected and has been strongly emphasized even after the economic reforms of 1978. Three broad groups of heavy industry are recognized: extractive, raw materials, and manufacturing. In 1949, the percentages comprised by each group were 1, 42, and 57, respectively. In 1988, the corresponding percentages became 0.77, 36.16, and 63.07. Therefore, manufacturing industries that are less raw-material oriented have assumed increasing importance. The specific types of heavy industry of importance in Guangzhou are metallurgy, chemical engineering, and construction materials.

Agriculture, which is the major component of the primary sector, fluctuated wildly from a high of 11.61% of the Gross Value of Industrial and Agricultural Production (GVIAO) in 1950 to a low of 2.22% in 1960, then rose again to 5.08% in 1968, and declined to 4.46% in 1988 (Fig. 7). Being located inside the city districts, agricultural activities tend to be market oriented. The sowing area for food grain showed a decline from 1,223,108 mou (82,495.8 hectares) in 1949 to 496,730 mou (33,503.3 hectares) in 1988, or a decrease of 59.4%. However, productivity increased from 122,836 tons in 1949 to 164,595 tons in 1988, which represents an increase from 0.1 tons/mou (or 1.48 tons/hectare) in 1949 to 0.33 tons/mou (4.89 tons/hectare) despite a dramatic decline in the sown area. On the other hand, market gardening crops, notably vegetables, have shown increases both in sown area and productivity in recent years. Vegetable production increased from 93,618 tons in 1949 to 752,167 tons in 1988, or an increase of 703.4%. The corresponding increase in productivity was from 0.72 tons/mou (10.7 tons/hectare) to 1.19 tons/mou (17.6 tons/hectare), much higher than that for food grain.

In terms of GVIAO, it is clear from Figure 7 that light industry, which accounted for over 60% of the total value in recent years, dominates, followed by heavy industry (about 32%) and agriculture (about 4%). Despite its importance, light industry has not yet returned to its previous level of importance during the early period of Communist rule (being as high as 80% in 1949). The trend lines drawn on Figure 7 show clearly the upward trend of heavy industry, while both light industry and agriculture exhibit declining trends. Thus, contrary to general expectations, the policy of emphasizing the
development of heavy industry continues to be upheld even after the 1978 reforms.

Finally, an analysis also was carried out on the composition of ownership types in industry in terms of the Gross Value of Industrial Output (GVIO) for the city districts. Five types of ownership, namely, (1) state-owned, (2) capitalist-owned, (3) collective-owned, (4) other economic ownership types, and (5) individual ownership in cities, towns, and villages, were distinguished. The importance of each type changed according to different political philosophies of economic development. From 1949 to 1957, the capitalist ownership declined and state ownership increased, while collective ownership began to appear. From 1957 to 1971, although state ownership continued to dominate, collective ownership increased in importance. Capitalist ownership disappeared by 1957. From 1971 to 1981, state ownership showed some decline, while collective ownership increased slightly and individual ownership began to emerge. From 1981 to 1988, the trend continued: state ownership declined and collective ownership increased. As a result of the economic reforms of 1978, a new economic ownership form—joint ownership with a foreign entity—appeared and became important. Individual ownership at the city, town, and village levels also increased in importance as a result of the government policy promoting the development of "village-town enterprises." Despite all these changes, in 1988, over 64% of the GVIO in the city districts was owned by the state and about 24% of the GVIO was owned by "collectives." The state ownership or "ownership by the whole people" (quannin suoyouzhi) is regarded as a higher form of socialist public ownership, while "collective" ownership (jiti suoyouzhi) is a transitional form between the private and the state ownership of means of production (Tang and Ma, 1985). Clearly,
Table 2.—Changes in National Income per Capita* in the Urban Districts of Guangzhou, 1949–1988

<table>
<thead>
<tr>
<th>Year</th>
<th>National income per capita (yuan)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>531</td>
<td>+350</td>
</tr>
<tr>
<td>1969</td>
<td>659</td>
<td>+24.1</td>
</tr>
<tr>
<td>1979</td>
<td>1277</td>
<td>+93.8</td>
</tr>
<tr>
<td>1988</td>
<td>2825</td>
<td>+121.2</td>
</tr>
</tbody>
</table>

*aAdjusted for inflation
*bThe official exchange rate of yuan in 1988 was about 2.8 yuan for US$1.00
Source: Guangzhou Shi Tongjiju, 1989.

Public ownership of the means of production continues to be upheld in Guangzhou after the economic reforms. Not surprisingly, individual and joint ownership of industry with foreign capital participation accounted for only a very small percentage (about 11%) in 1988.

The change in the economic structure observed in Guangzhou city after the economic reforms has produced an increase in the real income of its population. After adjustment for inflation, the national income per capita has increased from 118 yuan in 1949 to 2,825 yuan in 1988 (Table 2). By examining four roughly equal 10-year periods, one can see the tremendous increase (350%) in national income per capita during the 1949–1959 period when the Communists first took over China and successfully completed the First Five-Year Plan (1953–1957). The second great increase (121.2%) in national income per capita occurred in the 1979–1988 period after the implementation of economic reforms (Table 2). Much of this increase was caused by a revival of tertiary activities, particularly in the commerce, food catering, wholesale, retailing, warehousing, transportation, and telecommunication groups.

In summary, the 1978 reforms have caused the economic structure to be split equally between secondary and tertiary sectors. In the secondary sector, light industry dominates, although heavy industry has become increasingly important in recent years. In the tertiary sector, only consumptive activities, such as food catering and retailing, have become important. The more sophisticated forms of tertiary activities, such as finance, insurance, and real estate (FIRE), commonly observed in cities of countries with advanced economies, are lacking. In this light, Guangzhou is still a highly industrialized (productive) city by the socialist criterion.

Changes in the Spatial Structure of Guangzhou

Another important aspect of the socialist city is its city plan and spatial structure. The objective of the planners is "to create an optimum living environment where enhanced productivity, social justice, and maximum satisfaction of the inhabitants would be attained" (French and Hamilton, 1979b).
In the early period of the Communist takeover in the 1950s, Guangzhou underwent some changes in its city plan. In the old city district of Guangzhou, the once-crime-infested slum area near the Haizhu Bridge was cleared, and a large circle of open space planted with trees and shrubs was created as the Haizhu Square at the waterfront of the Zhu Jiang (Lo et al., 1977). But the narrow and overcrowded streets of the Old City District, which corresponds partly to the Yuexiu and Dongshan districts, were difficult to redevelop (cf. Figs. 1 and 2). Most of the new development at that time occurred on the outskirts of the old city core as organized clusters (Fig. 1). These clusters were built to accommodate industries, warehouses, or external transportation facilities (Xu, 1985). Some of these clusters were located far from the old city core area if they required a large piece of land. Other clusters, such as the railway terminus in its north, were developed immediately adjacent to the old city core. A major guiding principle for development during the early period was prevention of encroachment of nonagricultural uses on productive cropland. A policy of decentralized development therefore was established.

In the early period, the directions of development were westward and southward. As the Zhu Jiang, which flows through the city from west to east, was silted up, the port function of Guangzhou had to be shifted eastward and the district of Huangpu was made the outport for Guangzhou (Fig. 1). In the period prior to the reforms of 1978, the spatial development of the city of Guangzhou was poorly planned and coordinated. Despite the decentralization policy, the Old City District and its environs, with their concentration of commercial and industrial activities, were still the most important economically.

The economic reforms policy has benefited Guangzhou greatly because of the official emphasis on markets and openness to foreign investment. The city planners determined that Guangzhou should be developed into a "multi-functional economic center of South China," with the following five areas of emphasis (Guangzhou Shi Guihuaju, 1989):

1. foreign trade, taking advantage of Guangzhou's location near the coast of the South China Sea and proximity to Hong Kong and the productivity of the Zhu Jiang delta;
2. light industries, with the traditional specialization in food processing, food canning, textiles, and consumer electronics for the domestic and international markets;
3. transportation hub of the South, taking advantage of Guangzhou's excellent break-of-bulk position in terms of water, land, and air transports;
4. commerce, focusing on retailing of agricultural goods and food catering (restaurants), for the domestic market; and
5. tourism, taking advantage of its natural and cultural features.

Based on these considerations, a "Master City Plan of Guangzhou City" was developed and approved by the State Council on September 18, 1984 (Guangzhou Shi Chengshi Guihuaju, 1985). The Master Plan conformed to the national policy of "strictly controlling the growth of large cities, rationally developing medium-sized cities, and actively developing small cities" (Liu et al., 1987). The Master Plan for Guangzhou dictates that the direction of development for Guangzhou should be eastward toward the Huangpu District (the outport of Guangzhou), following the
northern shore of the Zhu Jiang. The spatial structure of the city should be developed in the form of “linear clusters.” There are three functionally separate clusters aligned from west to east.

(1) The Old City District of Guangzhou, comprising the densely populated urban districts of Yuexiu, Liwan, and Dongshan, requires renewal and strict control over industrial use. The development focuses on commercial, service, financial, and informational activities.

(2) The Tianhe District is to be developed into a research and cultural center with emphasis on education, sports, and scientific research units. This is an area to absorb excessive population from the Old City District as well as in-migrants from areas outside the city. Housing and commercial development needs to be strengthened.

(3) The Huangpu District is the outport of Guangzhou, where the Guangzhou Economic and Technological Development (GETD) Zone was established to attract foreign investment in industries. This also is where industries from the Old City District will be relocated. Port facilities and heavy chemical industries will be developed in this district.

These three clusters are separated from each other by extensive green belts of cropland and vegetable plots. To facilitate the movement of goods and people between these clusters, they are linked by modernized west-east-running highways in addition to the waterway (Zhu Jiang) and the railway. This particular configuration gives rise to the term “linear clusters” to describe the resultant spatial structure.

Two satellite towns in the rural counties—namely, Xinhua Zhen in Hua Xian, located 31 km to the north, and Shiqiao Zhen in Punyu Xian, located 20 km to the south—also are planned for development to absorb the excess population from Guangzhou as a measure to conform to the policy of controlling the growth of large cities.

The Master Plan stresses the importance of the development of internal and external highway and railway systems as well as the improvement of port and airport facilities as the essential infrastructure to support Guangzhou’s intended functions. Urban renewal of the old city area also has been planned for implementation in stages with the financial support of foreign investment. Air and water pollution caused by industries as well as traffic congestion, all in the Old City District, are immediate problems to be solved. But in accomplishing all these objectives, the plan stresses a guiding principle that “a people’s city should be built by its people.” This means that Guangzhou should rely on its own financial and human resources to complete the construction required by the Master Plan. On the whole, the Master Plan is a well-conceived plan that provides the infrastructure essential to the economic development of Guangzhou. It mixes pragmatism with socialism. The linear development, green belts, and functionally separate clusters are socialist in conceptualization. The emphasis on foreign trade, light industry, commerce, and tourism—all consumptive activities—would have been difficult to accept ideologically by the Communist leaders before the reforms.

To see how this Master Plan has shaped the city, a land use map (Fig. 8) was produced based on the data obtained from the Planning Department of Guangzhou.
(Guangzhou Shi Chengshi Guihuaju, 1985), a photomap of the city produced in 1990, a SPOT image of Guangzhou acquired for December 11, 1988, and field survey carried out by the author in July 1990. The map showed that the two clusters recommended by the Master Plan had taken shape. The best developed is the Tianhe Cluster where the Sports Complex and the railway station have been well established. A new west-east-running highway (Tianhe Lu-Zhong Shan Dai Lu) has been constructed to supplement the Huangpu Dai Lu (Huangpu Highway) to its south. The Tianhe cluster therefore is effectively linked to the Old City core to the west and the new Huangpu cluster to its east.

The second cluster that has taken shape is the Huangpu Cluster in the extreme east. The focus of development, however, has been on the Guangzhou Economic and Technological Development (GETD) Zone located on a triangular strip of land (9.6 km²) at the mouths of Zhu Jiang and Dong Jiang. This zone is designed to become a modern industrial city, with the aim of attracting foreign capital to start up industries under preferential treatment. The zone contains the Huangpu New Port (a container port), which provides twelve 20,000-tonnage deepwater berths for ships. There also is a freight transport railway branch from the port to the Guangzhou-Shenzhen-
Kowloon (Hong Kong) railway to its north. Hotels, schools, residences, office buildings, and recreational and sports facilities also have been built in the zone.

The most important area of the city of Guangzhou is still the Old City District, where a mixture of residential, commercial, and industrial uses is found. The importance of this district is witnessed by the location of the city government offices in the northern edge of the Old City. The old center also attracts many tourists. Modern hotel development tends to occur along the “ring road” in the northern part of this Old City. Many of these hotels are joint ventures with foreign corporations. Along the western waterfronts of the Zhu Jiang inside this Old City District, industries and port facilities are located. These are much older industries and facilities than those in the Huangpu region. However, the development of this Old City District into a modern business core of the city is difficult. Urban renewal of the slums (typified by the congested areas of Liwan District) will be expensive.

The high density and mixed land use have given rise to spontaneous development in the Old City District. The cityscape of the Guangzhou old center, as viewed from the Television Tower in Bai Yun Shan, shows that there are many high-rise buildings protruding haphazardly from a sea of old buildings (Fig. 9). To maximize the use of the land for transportation, many overpasses have been built above the streets. The development of the city form in this old center is in a state of flux and is extremely unbalanced. Thus, the city’s appearance is not very socialist.

Industrial land use, apart from the single concentration of modern industries in the Huangpo cluster in the east, is highly scattered and tends to be located along rivers (most notably, the Zhu Jiang) and railroads. This reflects the importance of cheap transport as a locational factor (Fig. 8).

Another aspect of the spatial structure of the city is its social area pattern—the pattern of residential areas in the city and its relationship to the socioeconomic characteristics of the population. In capitalist cities, mainly those in the United States, residential segregation by economic status, family status, and ethnic status usually occurs (Murdie, 1969). Recently, research completed by Yeh et al. (1990) on the social areas of Guangzhou revealed that residential segregation by occupation occurred. Four groups of people by occupation can be recognized in a Chinese socialist city: the cadres, the intellectuals, the factory workers, and the farmers. In the city of Guangzhou, their spatial location can be represented in a generalized model (Fig. 10).

The cadres occupied a belt in the suburb immediately adjacent to the Old City District in the northeast. The intellectuals (including professors and students) were found in two prominent areas—one in the north and one south of the Zhu Jiang, corresponding to the sites of the universities. The factory workers were more widely scattered throughout the city, with a concentration in the Huangpu cluster. Finally, the farmers occupied the greenbelt areas in between clusters, as well as the outer edge of the city. This pattern of social areas arose because of workplace-related residence. Consequently, the pattern of social areas corresponds well with the distinct functions of the three clusters in the Master Plan. However, one group is missing from this social area pattern: the emerging group of workers engaged in tertiary activities. Logically, such a group is expected to be found in the old city area (labeled as high density mixed-use area in Figure 10). The study by Yeh et al. (1990) did not include this group—probably
because it is small, but most importantly it is undifferentiated from the four “normal” social groups. Under the socialist system, there is an absence of merchants, managers, and financial service workers. The recent interest in private housing development promotes the emergence of another social group: the realtors.

Housing is the major source of inequality in the socialist system within and among different occupation groups. The cadres are obviously in a better position to obtain higher-quality housing than other social groups. Economic reforms have brought about the development of private housing as a means to solve the housing shortage problem in the city (Fong, 1988). The state also shifted the responsibility of housing provision to the work units (enterprises or administrative institutions). However, commercial housing, as this type of private housing is called, can be expensive and highly variable in quality. This factor will further aggravate the inequality of housing among different social groups (Wang, 1993). Because of Guangzhou’s proximity to Hong Kong and Macau, commercial housing also is developed for sale to those “overseas” Chinese who can afford the high price and are interested in its potential as a form of investment.

Finally, one should note that the “micro-district” or “residential neighborhood” is still being used by Chinese government officials for planning and administration. Each district in the city is organized into a number of “residents committees” by population size. This is a socialist practice for effectively monitoring how people live.
Fig. 10. A spatial model of social areas of Guangzhou city. 1) High density mixed-use area, 2) cadres area, 3) workers area, 4) farmers area, and 5) intellectuals area. Source: Yeh, Xu, and Hu, 1990.

in the city. In 1988, there were 1,051 "residents committees" in the eight urban districts of Guangzhou, averaging about 3,000 persons per committee (Guangdong Sheng Minzhengting, 1989).

DISCUSSIONS AND CONCLUSIONS

This analysis of the socialist character of the city of Guangzhou produces some generalities on post-reform urban development in China: (1) the continued concentration of industry, both light and heavy, in the city; (2) a productive agricultural base for a city; (3) the low level of finance, insurance, and real estate activities; (4) balanced rural and urban development with emphasis on rural industrialization and small town development; (5) gradual emergence of a new social class: retailers, managers, realtors, and financial service workers; (6) a greater degree of population migration to cities; and (7) the freedom given to the city by the state to formulate a Master Plan to meet the specific needs of the city.

Recent studies by Henderson (1988) and Wang (1993) confirmed some of these generalizations from the Guangzhou case study as the outcome of the post-reform national urban development policy. Both drew attention to the concentration of industries, particularly heavy industries, in large cities. Wang (1993) pointed out that the main force of change has been the market mechanism advocated by the economic reforms, but this is still placed within the framework of the planned system. The
decentralization of administrative power since the 1980s resulted in all provinces and municipalities having to redraw their spheres of jurisdiction, as has been done in Guangzhou, to protect their own markets. As a result, there is a low level of intercity trade. The previous unified commodity allocation market has been replaced by separate markets, both large and small. Each city has attempted to be as productive and self-sufficient as possible, so that it can produce a wide range of goods, mostly for local consumption. This explains why industries continue to concentrate in cities after economic reforms. Big cities are more efficient than small cities in both industrial and agricultural production because of their better infrastructure. The cost of production is distorted by the fact that there are still no fully developed labor and land markets in Chinese cities. As a result, the land cost and labor cost are the same irrespective of the size of the city, which explains why large cities have more industries than small cities. Such a trend will continue, and the concentration is increasing (Henderson, 1988).

The main obstacle to continued economic development in China after the reforms is the continuation of the practice of management through administrative order, a legacy of the traditional planned economy, which interferes with the functioning of market mechanisms. Government blends with enterprises, resulting in continued persistence of state-owned and collective-owned enterprises in cities such as Guangzhou. In other words, the economic system in the city of Guangzhou still is based firmly on public means of production, despite the economic reforms.

The reforms have brought about a national emphasis on small town development as a means to balance the development of the rural and urban areas. The economic reforms have so improved agricultural productivity in rural areas that there is a large surplus of rural labor interested in migrating to the cities. The development of small towns in rural areas was designed to ease this pressure of rural-to-urban migration (Kwok, 1982). This form of urban development, which involves upgrading counties (xian) to towns by administrative change, is known as “bottom-up urbanization” (Yeung, 1993). The four counties administered by the city of Guangzhou are examples of this form of urbanization. However, despite small town development, major cities such as Guangzhou have experienced a massive influx of migrants from economically less advanced regions of China in recent years (Li, 1993).

Economic reforms have changed the economic and spatial structures of cities in China. However, despite the emphasis on markets and decentralization of administrative power, all these changes have to be implemented within a more tolerant form of socialism sanctioned by Deng Xiaoping. Guangzhou’s economic structure continues to reveal its importance as an industrial center, and the growth of heavy industry in recent years reminds one of the need to maintain the productive (basic) functions of a socialist city. On the other hand, tertiary (nonbasic) activities, particularly the consumptive types such as retailing and food catering, also have shown signs of growth. There is a dearth of the more sophisticated types of tertiary activities in the finance, insurance, and real estate areas, but judging from the trend of development in commercial housing, foreign joint ventures, and trades, this group will become important and eventually will transform the social class pattern in the city.

In terms of spatial structure, a Chinese city is still required to have a socialist city plan. Guangzhou has developed into an elliptical city aligned west-east along the river Zhu Jiang. It reminds one of Miliutin’s Sotsgorod (“socialist city”), which is linear in shape and comprises parallel belts of housing (with services) and industrial plants.
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separated by a green belt (Miliutin, 1974). Guangzhou’s Master Plan reflected a
number of socialist planning influences in the development of the three functionally
separate but interlinked clusters. The planners believed that their Master Plan had
revealed best the socialist economic and cultural character of the city after the reforms
(Guangzhou Shi Chengshi Guihuaju, 1985).

The least socialist part of Guangzhou is the Old City District, which is highly mixed
in land use. However, this is the most important area for tertiary activities. Much ad
hoc and spontaneous development has taken place here, which gives it a capitalistic
appearance.

A social area analysis conducted for Guangzhou revealed an occupation-work-
place-related grouping of social classes, reflecting the fact that the provision of
housing to workers is still the responsibility of the work units. Commercial housing
has been developed, but the cost is so high that not many people can afford it. There is
also no incentive for those people who are housed by their work units to buy, because
they enjoy low rent and are guaranteed tenure for life. The Chinese government now
advocates housing reforms in which individuals are encouraged to buy their own
houses so that the government can be relieved of the heavy burden of providing
subsidies to housing (Wang, 1993). The social area pattern will be changed only after
China has followed through with its housing reforms. It will be further changed if the
nonbasic service group of workers in finance, insurance, and real estate increases in
size. The emergence of a new petty bourgeoisie class will increase residential
differentiation in the city.

The socialist planning practices, as enunciated by Fisher (1962), remain
unchanged. City size is under control and equal standards (norms) are applied to
provide services to residential neighborhoods. The neighborhood unit concept con-
tinues to be used in planning. Therefore, while the external form of the city is
undergoing changes, its underlying process of planning is still adhering to the socialist
rule of equal accessibility and standards for all. Only in some special zones, such as
the Guangzhou Economic and Technological Development Zone in Huangpu, where
foreign investments are to be attracted, a different planning standard is used. On the
other hand, corruption is now a major problem in China, which tends to distort social
justice.

Guangzhou is now in transition from a closed socialist economy to a more open
market-oriented one. The market mechanism promised by the reforms has not played
out its role fully within the framework of the socialist planned system. Being
constrained by the need to adhere to the national policy of the four principles and the
legacy of the traditional planned system, Guangzhou will have to emphasize both its
basic and nonbasic functions in the hope that they can be merged and conformed with
a socialist city plan. This case study of Guangzhou provides insights into the political-
ideological conflicts of economic reform policy to urban development in China.

NOTE

1The author wishes to acknowledge the financial support from the American Philosophical Society, which
makes possible his field work in Guangzhou. The field assistance given by Professor Huang Guang-yiu and
Mr. Chen Yong-qin of the Department of Geography, Zhongshan University, is gratefully acknowledged.
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