

Book Review

China's Urbanization and the World Economy by Fan Zhang, Cheltenham: Edward Elgar Publishing, 2014, 256 pp.

China, characterized by a rural-based agricultural society until the 1970s, has experienced rapid urbanisation since economic reforms were introduced in 1978. This process has brought 51% of the roughly 80% people who were living in the countryside in the late 1970s to the city by 2011. Expansion of the cities in China during the first 10 years of the 21st century has taken place at a speed and scale never before witnessed in modern history. As a consequence, it has begun exerting great influence in the world economy by creating huge demand for raw materials, capital goods and consumer products. This well-articulated book by Fan Zhang not only analyses rapid urbanisation but also its impact on the living styles of the people.

Fan Zhang's book elucidates the rationale for urban development, and the consequences it has generated worldwide. It has brought vital aspects of China's urbanisation into a clearer picture where players with diverging interests, such as markets and states, interact and are intertwined. With a good economic growth forecast for China up to 2030, the book probes the costs and benefits of China's urbanisation on the nation and rest of the world. The most interesting thing about the book is its attempt to connect the domestic and international aspects of China's urbanisation by approaching the topic broadly. Supported by examples and real cases, this original research by a Chinese economist has maintained its indigenous flavour by locating the analysis on sound empirical examples.

The first part deals with the domestic aspect of China's urbanisation, which I consider as the highlight of the entire book. Urbanisation is a complex on-going process, which involves numerous elements that bring together the interests of agents. The different elements and agents are identified and discussed accurately by Fan Zhang. In doing so, Zhang has successfully brought together a fine collection of timely topics, such as rural-urban migration, land and housing market, local public finance, housing construction in the past three decades. In Chapter 2, Zhang highlights the importance of the government's role in developing urban China as he regards urbanisation as the joint responsibility of the central and local governments.

By taking account of the role of the central and local governments, Zhang presents a thorough assessment of China's urbanisation. In Part One, Zhang

makes a powerful argument that China has a strong government but a weak society. Based on this observation, the author recommends a more balanced role of the state so as to allow the other institutions in society to grow. Zhang also studies the rationale for rapid urbanisation by analysing the land system and local public finance. Zhang thus suggests a revisit of the current rural land requisition system for urbanisation to be sustainable in the future.

Part Two of the book examines the impact of China's urbanisation on the rest of the world. Chapter 10 is a projection of the impact it has had on the global market until 2030. While China's urbanisation has created huge demand for raw materials and capital goods, Zhang argues that its impact on global consumer goods market is not yet significant. He believes a large part of China's domestic market, especially the consumer goods market, will be powerful enough to alter the current structure of global products and services market.

In Part Three, the final section, Zhang offers recommendation on how to deal with China's urbanisation. While Zhang points out that urbanisation can be a remedy to prevent China from falling into the middle-income trap, he also highlights urbanisation challenges the country will face in the foreseeable future. These developments offer China and the world tremendous opportunities, as well as unprecedented challenges. China's urbanisation is expected to present the world economy a second push after the first one which came following China's adoption of the export-oriented development strategy. The elegant presentation style in addition to the logical sequencing of the chapters makes the book an interesting read. The author should be congratulated for bringing together such a valuable account of inter-related societal issues. His ability to articulate the relationship between the central and local governments is impressive. The book also cleverly pieces together the progressive advancement of the hardware — the physical development of cities' infrastructure, and the software — the rights of citizenship (e.g. education and healthcare) to reflect the inclusive nature of the governance structures. Among others, social equality, especially income disparity between urban and rural dwellers, is a topic that has continued to attract urgent attention of policy makers.

Overall, this is a fine book as the conceptual and methodological pillars anchoring most of the chapters are based on robust empirical evidence. However, I highlight some aspects of the book that could be improved if a revision is expected in the future. First, it will be helpful to go beyond the current broad-based approach to examine the structure of urbanisation and distribution of urban population. Oversized metropolitans such as Beijing and Shanghai, and medium- and small-cities/towns are two sides of the same coin as both sides are essential for a comprehensive understanding of

China's urbanisation process. Second, although the importance of central-local government relationships is noted, how local governments manage cities using the discretion and autonomy offered by the central government is not adequately discussed. Sub-national governance structures in China are largely hierarchical where the central government initiates by setting the guideline while local governments specialise on the implementation aspect. The discretion enjoyed by local governments in the implementation of policies merits a mention in the book. Finally, the recommendation to relax the current *hukou* system (household registration system) may be premature. Unless the socioeconomic gap between dwellers in urban and rural locations are narrowed, the flood of migrants will only trigger social problems. As the saying goes, Rome was not built in a day and it will definitely take more time before the current *hukou* control can be terminated. Indeed, a series of trial-and-error interventions will occur before a more effective policy can be developed.

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