

A Study of Economic Growth Path with Government Promotion under New Urbanization

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Abstract: In the traditional urbanization, the government plays a leading role on economic growth, and it leads to a lot of serious problems such as the unreasonable city planning, environmental pollution and so forth. Those issues have become a threat to economy, so the paper analyzes the main problems of government-oriented economy during traditional urbanization and then proposes some new methods for government driving economy in new urbanization.

Keywords: new urbanization, traditional urbanization, economic growth path, government promotion.

INTRODUCTION

Urbanization is the outcome of social development, and traditional urbanization mode has been used after industrial revolution. According to Chinese scholars' study, traditional urbanization takes the government as leading and industries as impetus to realize rural-urban migration and transformation from agriculture to the second industry [1-3].

The so-called new urbanization is relatively for traditional urbanization. It regards scientific development concept as guidance and takes new industrialization and informatization as the driving force to achieve coordinated development among population, industry, society, resources, ecology, rural-urban and so forth. Therefore, it is a sublation and sublimation of traditional urbanization [4].

Many scholars believe that urbanization level was highly correlated with economic development level. For example, Northam (1975) considered that there existed a rough linear relationship between the urbanization and economic development, namely the higher economic development level represented the higher urbanization level [5]. Chenery (1988) adopted regression analysis method to prove that there are the corresponding production structure, labor allocation structure and urbanization level to the per capita GDP [6]. Paul Belloc (1991) putted forward the difference of urbanization and thought 60% to 70% of this variance can be explained by economic differences and the other 30% - 40% could come from industrialization level and factors [7]. The above studies show the urbanization level has a positive relationship with economy, and

economic growth plays a promoting role on urbanization. The government is the denominator for promoting economy in China's traditional urbanization. This leading role is good for economy at a certain level, but its own defects have a bad influence on economy and urbanization. Therefore, the government should change its role and its economic growth path in new urbanization.

THE DEVIATION OF ECONOMY GROWTH PATH CAUSED BY GOVERNMENT'S DRIVING IN TRADITIONAL URBANIZATION

The government to boost economy growth may bring some problems such as unscientific programming and management, extensive resources use and others in traditional urbanization. The above issues are the direct consequence of administration function's offside, malposition and absence. Firstly, the absence of government function means the functions which should be performed have not been fulfilled. Secondly, the offside function stands for that the government beyond their duty and has too much intervention in microeconomic operations. The main deviations are showing in the following points.

Unscientific planning resulting in unreasonable urban construction

Under the abduction of performance and benefits, government proposes the excessive goals and unreasonable urban planning frameworks due to lacking foresight. China's urban construction has the problems of pursuing short-term performance and bind competing with each other.

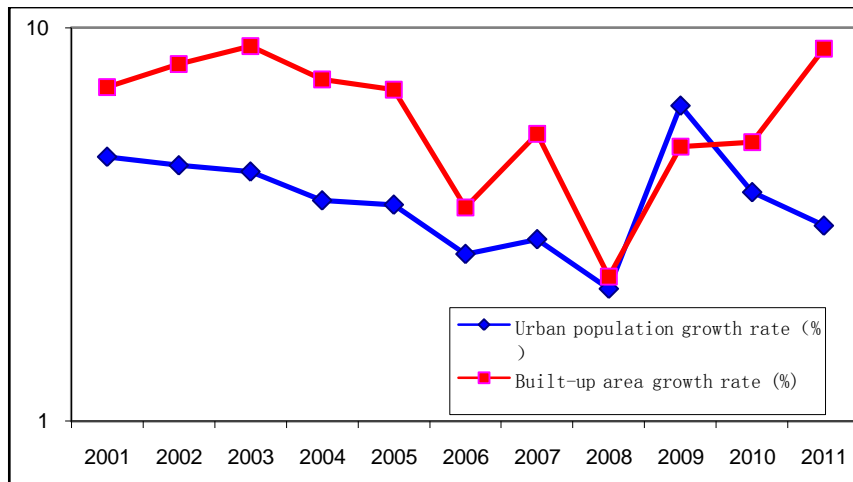


Fig-1: The growth rate of urban population and urban building

(Data: China's urban construction statistical yearbook from 2001 to 2011, Ministry of Housing and Urban-rural Development of The people's republic of China)

Firstly, some regions are unrealistic to build international metropolis, metro, eco-city and college town, and those development zones take up a lot of cultivated land. In traditional urbanization, the government puts too much attention to the expansion of city's scale and overlooks its ability to absorb population. Such a behavior often causes that the land urbanization is much faster than population urbanization (see Fig. 1).

Secondly, local government continues to carry out prestige projects such as building civic center, luxury exhibition center, boulevard, big venues and so on. However, basic living house and other livelihood projects for people are extremely missing. At present, the relevant departments have proposed the policy of improving people's life projects, but the responses and effects are not significant.

Thirdly, unscientific urban planning leads to the low efficiency of city construction. Therefore, China's city building wastes a lot of human, physical and financial resources with the vicious cycle of "construction-demolition-building". This cycle not only results in a low efficiency and benefit, but also even damages the government's image among the masses.

Fourthly, there exists a large of idle or inefficient land in some towns. China's current urban-rural construction lands are about 24 million hectares (about 360 million acres and approximately 60 times for increasing land every year). China has 12700 idle lands about 950000 acres by the end of 2012, while the proportion of unused lands for more than two years is 57.3% [8]. In addition, Chinese population density of built-up areas is relatively low. Since 2001, China's city built-up areas expand by 50%, while the urban population only increases by 26% [9]. It indicates that

China's land urbanization is growing nearly twice as fast as population urbanization and the population density of urban built-up areas has been declining since 2001.

Excessive government intervention

From China's last decades' urbanization experiences, we can find that the government's impacts are everywhere. The government-led investments do have a positive influence on providing employment opportunities and at the same time, it also produces many problems such as the excess capacity on industries. On the basis of chasing administrative rights and performance, the government uses the preferential land policies to introduce investments instead of adopting auction and listing.

The above actions have brought the following hazards to China's economic growth. First, it results in a huge loss of state-owned lands and a decrease of local governments' revenue, and then weakens local governments' infrastructure investment and damages the basic investment climate. Second, the behavior stimulates the investors' low-cost expansion and abnormal investments, and can lead to companies' improper asset structure and increase business risks, too. Third, it causes many bad actions such as "enclosure" and "speculation", and then those poor behaviors seriously harm the benefits of farmers and countryside collective economy organization. Fourth, it brings the corruption phenomenon and a chaotic land market.

Over pursuing government performance but ignoring social management

In the progress of traditional urbanization, the government's unreasonable behaviors and policies (e.g., paying more attention to pursuing performance and

intervening market, the neglect of social management and public service functions) make it is possible to gradually expose the hidden social problems.

To begin with, the government ignores the management of floating population. China's urbanization rate is generally calculated according to the resident population including peasant-workers who live in the city more than six months. During 1978 to 2012, the gap of urbanization rate between resident and registered population increases from 1.5% to 17.3% because of household registration system (see Fig. 2). China has 234 million migrant workers and their family

members, and the government does not give enough guiding and supporting for them. For this reason, migrant workers and their family couldn't enjoy the basic public services (e.g., education, employment, medical, pension and security housing, etc.) as registered urban people.

Secondly, the segregation and contradictions among different social stratum are increasing with the growing wealth gap between urban and rural regions. The government prefers to turn a blind eye to this series of questions, and this choice seriously affects social harmony.

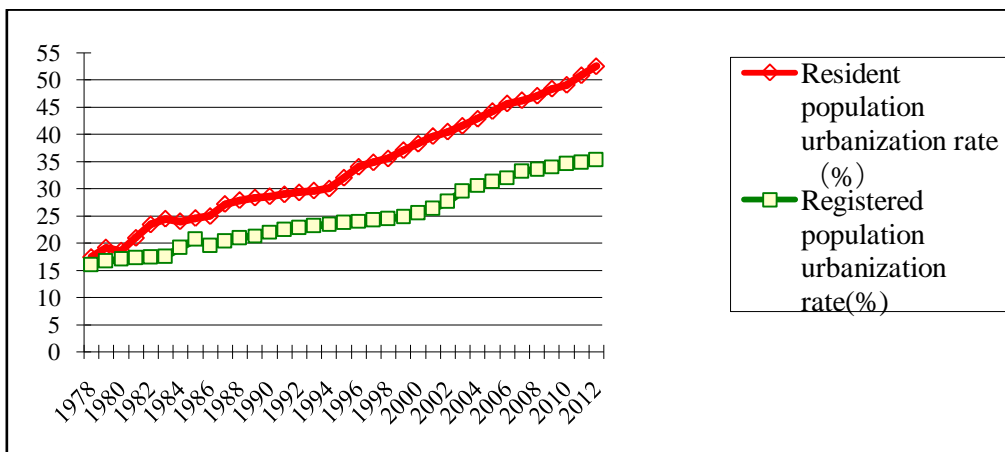


Fig-2: The development situation of resident and registered population
(Data: Chinese city statistical yearbook from 1978 to 2012 edited by China Statistics Press)

Thirdly, “urban disease” becomes an important problem in China along with the urbanization. It includes traffic congestion, housing shortage, and environmental pollution and so on. These problems are caused by the wrong way of the administration to press for economic growth in the traditional urbanization.

Urban environmental degradation caused by extensive resources utilization

The government ignores the coordination of economic and social function because of their excessive pursuit of GDP growth. And this neglect leads to low efficiency of resource utilization, environmental damage etc and affects sustainable development [10].

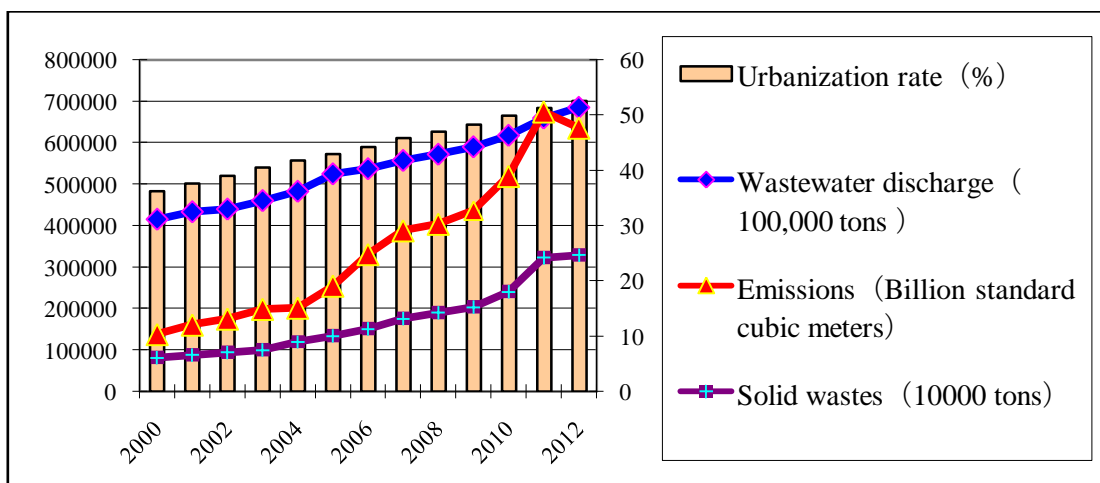


Fig-3: The status of China's urbanization rate and environmental pollution
(Data: Environment Statistical Yearbook from 2000 to 2012, Ministry of Environmental Protection of the People's Republic of China, <http://www.mep.gov.cn/zwgg/hjt/>)

To begin with, the government introduces many enterprises with serious pollution for blind chasing GDP expansion, and those policies make environmental pollution situation getting more serious with growing urbanization rate. Environmental issues have been a significant limiting factor to China's economy. The growth rate of exhaust emission is the fastest, rising from 13.8145 trillion standard cubic meters to 63.5519 trillion standard cubic meters during 2000 and 2012. Chinese total wastewater discharge is 68.48 billion tons in 2012, and the industrious solid waste increases from 0.82 billion tons in 2000 to 3.29 billion tons in 2012 (see Fig. 3).

Second, the degree of land's intensive utilization is decreasing. According to the survey, the per capita construction land in China's 644 cities has reached 133 square meters. The cultivated land resources per capita of some developed and developing countries are several times more than China and their per capital building land is only 82.4 to 83.3 square meters [11].

Third, China has the situation of water shortages and its average water availability is lower than one fourth of world average. Based on related statistics, about two thirds of Chinese city have serious water shortage and the total water deficit is 60 billion cubic meters. In addition, industrial water is often wasted enormously and used in a low efficiency as enterprises haven't been aware of the importance of saving water. Currently, Chinese industry water-reusing rate is only 20% to 40% [12].

Fourth, China has a low efficiency in energy utilization. Besides, its renewable technologies and clean energy technologies are relatively lagging, and it also lacks the independence of designing and manufacturing major energy equipments. For those reasons, China's current energy efficiency is just 33% that lowers ten percent points than developed countries [13].

ECONOMY GROWTH PATH UNDER GOVERNMENT DRIVING IN NEW URBANIZATION

Since the founding of new China, an important feature of China's urbanization is more "government-led" than "natural evolution of market". For the two forces (government and market) on adjusting economy, the former takes a leadership and dominance role in China [14]. This pattern has brought a series questions that the paper mentioned earlier. Thus, China must change its urbanization mode. In order to realize this transformation, China should give full play to the government's influence of regulation, supervision and guidance, and should pay more attention to strengthen markets' driving force to urbanization.

Speeding up the reform of household registration system

In 2012, China's urbanization rate is 52.57% and non-agricultural people ratio is 35.29%, which the urbanization rate is for almost 17 percentage points higher than non-farm urbanization rate [15]. This huge gap shows that the large influx of urban resident population hasn't got the cities' registered permanent residence.

This phenomenon leads to the emergence of inner-cities' new "dual structure". For eliminating this phenomenon, the government should achieve the residence conversion of floating population and guarantee their social security. Those measures can dispel migrant workers' worries and increase their incomes and consumption, and then it can stimulate the potential of domestic demands, especially people's consumption potentials.

Reasonably guiding an orderly transfer of agricultural population

Local governments should investigate the number of migrant workers, comprehensive carrying capacity and people-absorbing capability in their cities, and then according to this survey results to find out their cities' resources environment carrying capacity and public facilities capacity, and next can formulate and implement a scientific development plan to realize the ordering transfers of rural people.

For small-medium cities and towns, local governments should focus on improving the public services and actively achieve the concentration on industry and population. For metropolises, they should lead the population, industry and function of central area to evacuate to the suburban towns or surrounding areas. For the megalopolis such as Beijing and Shanghai, it is necessary to implement the limitation of total population owing to the huge and growing external peoples.

Establishing an unified national residence permit system

The government should take the "residence administrative regulations" to standard and improve the resident certification system as soon as possible. These regulations should guarantee the following requirements. Firstly, the residence application should gradually move from "covenant-lite" to "no threshold" and forbid it pegged with education, professional title, police certificate. Secondly, if they are voluntary, the transient population with fixed residence can apply for urban inhabitancy card. Thirdly, the holders have rights to enjoy the same welfare as the local registered people. Those welfares include voting rights, employment rights, compulsory education, skill training, temporary

relief, basic medical insurance, basic endowment insurance and unemployment insurance.

Except that basic protection, the government should implement other social security and public service (e.g. housing security, social assistance, etc.) according to their actual situation. Based on the above requirements and combined with the holders' working age, holder age, stable income, payment of social security, tax situation and so on, the government can determine whether he (or she) can get the local household. It is notable that the residence permit only is a transitional measure and this transition period should not be too long. China should consider realizing the transformation from residence permit to unified household registration in next decade.

Clearing policies linked to household registration

First, the government should conduct a comprehensive clean-up on the policies tied to domicile. Currently, more than 20 items rights and welfare have been linked with census register, such as democratic rights, employment opportunities, children's education, social security, family planning, purchase house and car, job placements of retirees conscripts and so on [16]. The government also needs to cancel the different standards according to the household registration and develop a unified rural-urban standard. If there are ripe conditions, local governments should adjust the relevant policies and regulations as soon as possible. On the contrary, they should implement this measure step by step and put forward a schedule on decoupling.

Second, China should prohibit local governments continuously to publish policies related to household registration and the prohibition scope should beyond the defined regulation to social security and various public services. Local government should not also put forward the policies of limiting peasant-workers' citizenization to fundamentally eliminate the discrimination against migrant workers.

Accelerating the reform of relevant supporting system

Through the above elaboration, we can find that a lot of benefits are connecting with the household registration. Therefore, the government should promote the reform of census register with the corresponding supporting mechanism (e.g. land, employment, birth control, education, social security, etc.) at the same time. First, they should certify and empower for rural migrant population's contracted lands, forest, homestead and other rural assets. Besides, the property is permitted to mortgage; transfer and inheritance on condition that the holder has a clear ownership, complete tenure and secure usufruct. Meanwhile, the government should incorporate agricultural migration people into urban social security system. Those social

securities (pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, city residents, public rental housing, etc.) need to be gradually opened for resident transient population.

Adjusting industrial structure and developing service industry vigorously

China has large excess capacity in secondary industry, but the third industry (i.e., service sector) is relatively lagging behind developed countries. The main reason for the sluggish growth of China's economic in recent years is the changing of factor supply. For example, the growth of iron and steel, nonferrous metal and chemical industries are slackening or even shrinking for the rising factors costs on labors, lands, energy and others. Therefore, it is necessary to adjust the proportion of secondary industry (i.e. increasing services' share on GDP). The new urbanization will promote the development of tertiary industry, and then will impel the transformation and upgrading of China's industrial structure.

The government needs to adjust the industrial structure and develop service industry from the following aspects. First, there should vigorously promote the reform of services management system. The government should relax the condition and fields of market entry and reasonable private funds for encouraging the services' management reform. There also needs to create a fair market for service industry. Second, with the refined social division of urban labor, the industries such as financial services, information consulting, real estate service and intermediary services are flourishing.

Furthermore, the government should priority support the modern services and other services (finance, insurance, information, logistics, legal services and consulting services) that is closely related to the people. The government also should pay more attention to reforming and upgrading the traditional services (trade, accommodation, cater, transportation and so on) to improve its productivity and service level to realize the transfer from traditional service to modern service.

Perfecting basic facilities construction

New urbanization will continue to expand the number and scale of city and require a better infrastructure on roads, drainage, electricity, telecommunications, waste handing and so forth. To improve those basic installations will stimulate the development of current downturn industries and produce a vast new investment demands. For instance, it can expand the demand for real estate, building materials, decoration, household appliances, and greatly relieve the overcapacity pressures on metallurgy and building materials.

The government should fully play the role of good planners, system guarantor, and executor in the new urbanization. First, it is necessary to combine the cities' comprehensive development and the refurbishment of existing infrastructures. Local governments should reasonably plan and design the city on the basis of its existing infrastructures. Those measures include putting emphasis on planning and construction of roads and parking lots; establishing and improve the facilities on drainage, heating and gas supply; strengthen the intensive treatment of sewage and rubbish. Second, the government should refine the corresponding management and supervision system for standardizing and protecting infrastructure to give the related departments and residents a legal basis on maintaining the infrastructure. Third, the government should still establish an effective mechanism to provide a channel for residents' suggestion.

Resident should focus on concerning government policies for improving cities' infrastructure and have a civic consciousness on it. This civic awareness includes offering advice for urban infrastructure construction and exercising their rights in a correct way. Citizen also should consciously safeguard the basic facilities and stop the destroy behaviors for it and then those equipments' life could be extended.

Huge capital investments are required to improve urban infrastructure. It is difficult to improve it and may even derive some more complex social conflicts if only depending on the government's investment and borrowing. Hence, it is necessary to adapt diversified investment. Learning from foreign experience, there are two significant points about diversity. First, the government should fully develop its corpus function and issue government bonds, and then can concentrate folk idle funds to maintain its subject position.

In a word, the urban infrastructure construction should under the government's leading let the enterprise, individuals, society wide to participate. To this end, the government needs to maintain the steady development of economy and change their consciousness and value on the infrastructure's influence on people's life.

Strengthening environment protection

In the rural-urban transformation progress, the rural natural ecological environment is replaced by modern ecology environment and the development of industry and commerce damages rural natural environment. Hence, local governments must lay emphasis on rural environment before severely destroyed. This phenomenon is related to the safety and health of people in their charge, so solving the problem is the guarantee of people's basic survival and health.

First, local governments should avoid or reduce the introduction of high-polluting business for decreasing the risk of environmental damage. Meanwhile, they should reasonably plan the placement of polluting industries and minimize its destruction for environment. Second, it is necessary to establish a stringent environment change monitoring mechanism. The grass-roots environment protection departments should play close attention to the change of the area's environment for solving problems immediately and thoroughly. They should be also strict with the emissions of polluting factories and avoid their excessive emissions. Third, local government must increase the economic and administrative penalties on enterprises which exceeded discharging pollutants. Finally, the government should establish the supervision and reporting mechanisms for citizen to know the areas' environment situation and properly handle the pollution hazard reported by populace through the above policy.

CONCLUSIONS

Traditional urbanization matches with industrialization and nowadays the industrialization is gradually replaced by the newly industrialization, so traditional urbanization should transform into new urbanization step by step. In other words, the government should correspondingly convert its measures on promoting economy. This paper first analyzes the deviation of government's boosting economic growth in traditional urbanization and finds four aspects performance on its wrong ways (unscientific urban planning, transitional intervention, ignoring the social management and damaging rural-urban environment). Therefore, the paper gives the new ways on the government driving economy in the new urbanization according to the above conclusions. Those new methods include accelerating household registration system reforming in new urbanization system, vigorously developing services, perfecting urban infrastructure and strengthening the environment protection.

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