

## **Villages in Shenzhen-typical economic phenomena of rural**

### **urbanization in China**

Recently, against the backdrop of speedy urbanization, urban construction, and constant expansion of urban land, the phenomenon of “Villages in the City” accompanied with fast industrialization and urbanization gradually arouses broader and broader attentions.

“The village in China” is a special kind of urban fringe. The study of the urban fringe in foreign countries mainly focuses on three facets as follows:

Firstly, natural scientists delegated by ecology, environmental science and geography scholars study the urban fringe from the evolvement of the natural landscape and ecological environment. In 1936, Harbert Louis, a German geographer, studied the urban regional structure of Berlin from an urban ecology aspect, and put forward the concept of the “urban zone” for the first time. Some scholars continue in this broad research on the form of the urban fringe, evolution systems, and the fringe effect (Captenter, 1935; Wiens, 1985; Delcourt, 1987; Holland, 1991; Hansen, 1992; F. Dicastr, 1992);<sup>i</sup>

Secondly, the economists and sociologists delegated by urban economists, agricultural economists and urban geographers, study urban-rural transitional zones, starting from the emerged problems resulting from the conglomeration of population, industries and distribution of all kinds of facilities in the urban-rural fringe (WehrWein, 1942; Golledge, 1960; Conzen, 1960; Anjana desal and Smita sea Cupta, 1987; Pacione, 1990);

Thirdly, scholars studying the urban-rural relationship examine the fringe, inner fringe, and urban fringe, based on the reality of urban expansion in mega-cities, which has expanded the study fields of urban and rural problems (Queen and Thomas; G.S. Wehrwein; R.G. Gollege, 1950; G.A. Wissink; R.T. Pryor).

Recently, the economic relation of urban-rural areas (Hughes and Hollans, 1994), the transition and management of urban-rural lands (Pond and Yeates, 1993; Canlas, 1993; Bhadra and Brandro, 1993; Ferguson and Khan, 1992; Sigh and Pandey, 1992; Gengoje, 1992) and relative study is gaining broad attention.

Although domestic urban fringe research has now passed through twenty years of research, urbanization in China is still in the process of speedy expansion, and the function, characteristics and spatial structures of fringe urbanization are changing. More and more “Villages in the City” will emerge in the near future, as a special kind of urban fringe.

Some domestic scholars have studied the phenomena, for example Li Junfu analyzed the forming systems of villages in the city from the urban land use perspective, and put forward the specific policy structure of land systems, the reconstruction of “from down to up” and the committee of villages as the main body; Wei Lihua analyzed the connotation and essence of villages in the city and regards these new villages as having transformed into immigrant settlements for those who can only afford low-income buildings, and so the villages are reconstructed by the villagers and their committees; Yan Xiaopei studied the reconstruction of Guangzhou from the coordination of urban-rural relations. Compared with the above study, research on the economic phenomena of villages in China is sparse. The thesis primarily analyzes the economic reality, especially the villages’ economic activities, and then brings forward the rational analyses and statements for the reconstruction of villages in China.

There are 241 villages in Shenzhen, and ninety-one villages are located in Shenzhen’s

Special Economic Zone. The total land area of villages in Shenzhen is 43.9 km<sup>2</sup>, taking up 2.2% of the total urban area. Sixty-seven villages are located in Luohu District, Futian District and Nanshan District, whose land area is more than 10km<sup>2</sup>, and takes up 6% urban construction area (168 km<sup>2</sup>).

From July to late October in 2004 and from August to late October in 2005, I went to Shungang Village, Huang Beiling Village in Luohu District; Huanggang Village, Shuiwei Village, Shangsha Village, Shawei Village, Shazhui Village, Xiasha Village in Futian District; Dachong Village, and Wanxia Village in Nanshan District to conduct research in the field.

Data and case study information about the thesis were collected from interviews in Shenzhen villages in 2004 and 2005. In addition, government officers, city planners, and academic researchers provided insight on the phenomena. Secondary data came from official publications, mainly Chinese statistical yearbooks of both the central and local statistical bureaus.

### 1 China's urbanization and urban growth

In the process of the reform and expansion in China, cities have experienced great changes, compared with the previous Maoist era (1949-1976) when the state emphasized national agricultural production and heavy industry. The result of reform was reflected in the concentrated capital investment in real estate development promoted by the urban land reforms, which have stimulated commercial redevelopment in the central city. As a result, the habitable environment of cities in China have changed dramatically and urban areas have substantially enlarged. From 1949 to 2000, the number of cities increased from 136 to 663. The urban land reforms, which created a market of long-term land leases, have propelled the low-cost agricultural land to be transferred from rural to urban land-use in order to expand the municipality land and obtain additional rental fees, resulting in the gradual decreasing of overall cultivated land (*Table 1*).

Table 1 The changes of Chinese cultivated land areas in different periods (1949-2003)

	1949-1957	1957-1961	1961-1966	1966-1969	1969-1979	1979-1999	1999-2003	1949-2003
Total variation	1393.0	-849.96	1226 . 93	-55.90	1943.12	-527.20	-580.78	2549.22
Variation per year	174.12	-212.49	245 . 38	-18.63	194.31	-26.36	-145.19	47.20

**Source:** Feng Zhiming, Liu Baoqin, Yang Yanzhao, "*Zhongguo gendi ziyuan shuliang bianhua de qushi: 1949-2003*" [A Study of the Changing Trend of Chinese Cultivated Land Amount and Data Reconstructing: 1949-2003], *Ziran ziyuan Xuebao* [Journal of natural resources], Vol. 24, No.1 (2005), p.35-44.

Shenzhen is the fastest growing city in the whole Pearl River Delta Region concerning economic development. Shenzhen's national gross product in the year 1980 was no more than 1,950 million, and by the year 2003, this number sharply increased to 286 billion, while the built area of the city was predicted to increase from 2 km<sup>2</sup> in the year 1978 to 480 km<sup>2</sup> by the year 2010. In the process of over-accelerated expansion of cities, many villages with large populations of villagers are quickly surrounded by the ever-expanding cities. In 1978, the percentage of non-agricultural lands (mainly in towns in Shenzhen) was 2.29 percent and this number grew to 23.84 percent by 1990 and by 2000 this number had reached 31.72 percent.

At the same time, the amount of cultivated land dropped from 23.95 percent in 1978 to 6.03 percent in 1990 and in 2000 it had dwindled to a mere 3.3 percent.<sup>ii</sup>

In 1980, a Shenzhen Special Economic Zone (SSEZ) was established. Urbanization in this area (especially in the Luohu District which had been primarily developed) was carried out at a fast pace. A large number of lands that had previously been collectively owned by the original villagers in Luohu District had been requisitioned by the government in a short time to meet the construction demand of this area.<sup>iii</sup>

Land was public property before the reform in 1978; land transfer and changing land uses were all administrative decisions, not economic actions. Since land was “free of charge”, no one could make any profit from land development or land transference. Property exchange and transference existed in rural areas where most of the residents owned their homes, but housing construction was for self-consumption rather than for profit.

Since the introduction of the market economy after reform, the economic value of land has been fully recognized in China. All land-related policies are based on the understanding that land is a primary economic element and should generate revenue for the government. The 1982 Constitution recognized two kinds of land ownership: urban land is the property of the state and rural land is collectively owned by villagers. With additional amendments, the 1998 Constitution was the first national document that legalized the separation of land ownership from land use rights; it also allowed the transference of land use rights. The State Council passed the regulation of urban land use rights in 1988 and enacted the regulation in 1990. The 1988 Constitution and the Regulation laid the foundation for land policy in the post-reform era. Although there is still no privately-owned land in China today, a land market has been created and land use rights entered the market, under the policy of separation of use rights from ownership.<sup>iv</sup> Land became a main source of profits for real estate companies, villages, individual farmers, and government of all levels as well. These interest groups thus emerged with the rebirth of land as a market force in China.

From the demand side, while wealthy foreign investors seek land for their projects, urban residents try their best to improve their own living conditions, and rural-urban migrants look for basic housing in cities. Under the pressure of high demand in these various types, land prices have skyrocketed.

The direct reasons for the existing phenomena of villages in Shenzhen now are the housing-rental market and a massive floating population. On the one hand, Shenzhen is a city with a substantial floating population, by whom a strong need for rental houses is generated.

Owing to their premium locations (convenient for commuting and travel) and lower rent compared with those of the houses in the city, rental houses in the villages become the preferred choice for most of the floating population and 63.7 percent of the population lease these premises in the villages. By 2003, the number of Shenzhen's floating population increased to 6.4 million, making up 80 percent of the total urban population, transforming the villages in Shenzhen into immigrant settlements for the floating population.

The rental markets in Shenzhen can be divided into three categories: revolving housing provided by the government, commercial houses in the third tier market and rental houses in “villages”. The government directly provides revolving houses for the floating population but only that only accounts for 0.8% of the rental market share. Among these houses a substantial amount of houses are specifically provided for civil servants and the registered population. While Shenzhen is a city with substantial floating population which generates a strong demand for rental houses, it is also a place where villagers have land use rights to housing

sites, enabling them to build private houses. Consequently these private houses become the corresponding supply, further stimulating a strong rental-housing market.

The phenomenon of migrants flushing into the cities can be explained by the "push - pull" theory, developed by E. G. Ravenstein. He suggests that migration from rural areas to non-rural areas and from rural areas to urban areas are the result of the pushing forces within the rural area and the pulling forces from the urban area. The main pushing forces within the rural area are: the emergence of a spare workforce, low income, unreasonable land system, and unfavourable farm product trading conditions. The pulling forces from urban area are: more employment opportunities, higher income, and better living conditions, etc. The strength of the pushing and pulling forces vary depending on different areas.<sup>v</sup>

The immigrant settlements in Beijing provide enough material that some scholars dedicate their complete studies to them. Approximately 57 percent of the city's migrant population resides in the four suburban districts (Chaoyang, Hadian, Fengtai, and Shijingshan), and another 18 percent in counties and districts further away, while only 25 percent live in the four inner-urban districts. However, a 6.4 million floating population lives in 91 villages in the Shenzhen Special Economic Zone. The villages are located in the city, even in the center of the city.

## **2 Limited interest cooperation**

In the dualistic community<sup>vi</sup>, besides the social and cultural differences between the group of "local villagers" and the floating population, there exists a subtle and complicated economic relation among them.

The main factor attracting the population flow from the rural area to the urban area is the pursuit of economic interest. When deciding whether to cooperate with local villagers or not, the primary consideration is interest. When the floating population does not have to depend on the internal resources of "villages", they tend to not cooperate with people inside "villages". Foster put forward the concept of "*image of limited good*"<sup>vii</sup>. He thought that the interest and opportunities in their lives are limited. If the opportunities of some people increase, then those of others will decrease. When the "village" becomes the provider of social welfare and opportunities, the villagers do not wish the interests of the "village" be shared by outside people.<sup>viii</sup>

A strict system of "villager certification" can protect the interest of villagers. "Villager certification" is a kind of unique phenomenon in the developed regions that occurred during the process of industrialization. It is a system that allows the village self-protection and control of the villager's interest after the economic strength of the collective organization has bolstered. Controlling the in-flux of the floating population and preventing "village" outflow are the core aims of this system.

There is a normative system in such "village certification" that has strict village residency policies:

### **2.1 The span of retaining village residency**

For example, people who married outside of the village can retain their village residency and have the right to share the benefits of the "village". This right is valid for three years. On the other hand, when people outside the "village" marry into the "village" or marries into the wife's family, the policy is such that that person needs to wait three years before they can share the admeasurements of the "village";

## **2.2 A restriction on re-entry into village residency**

For example, when an original villager changes his status from agriculture status to non-agriculture, he is restricted if he wants to re-enter into village residency;

## **2.3 Violation handling**

Villagers who seriously violate “village” rules (such as using illegal narcotics) will be deprived of all admeasurements and welfare and even be disqualified of village residency status.

These systems are established on villagers' written conventions and are strictly abided by the villagers. Few villagers will risk their residency status to violate these systems due to the consequence it entails and would prefer to retain village residency. In fact, this system is so well integrated into the system at this point that it is associated with salary, welfare, and education and employment opportunities. If a person is provided with “village citizenship”, he has priority access to employment, welfare, allowances and sharing dividends and other rights. If he loses his “village citizenship”, he will lose all benefits. A new-comer has a right to a portion of the share. For this reason, benefit distribution in the “village” is strongly exclusive. In the “village” married women are reluctant to leave the “village” and villagers are not willing to accept people from outside except by means of marriage, and they also reject those who wish re-entry after they have changed their residency status from rural to urban years before.

Village systems inside “villages” have their own specific social foundation and are affected not only by the isolation of family and village culture, but also affected by the collective ownership of village property and the rights and the welfare systems accompanying them.

At the beginning, the villagers passively accepted floating populations into the villages, but they quickly discovered the benefits that they could incur. Although the influx of a floating population makes the environment dirty and begets social anarchy, making villages more dangerous, the increase in income overrides the negative incentives to keep them out. Firstly, house and land rentals have become an important and steady income source, even allowing some villagers to purely rely on the income renting provides, affording them leisurely and comfortable lives. “Villages” in Shenzhen have become the settlements of a floating population who not only has changed the economic structure of the “villages”, but has also formed a complex and multivariate relational pattern with the villagers.

While on the one hand, antipathy, alienation, and even antithetic attitudes are shared between the two groups, simultaneously, during the process of interaction between economy and society, interdependence and sharing in a common profit aspect have more and more come into being, resulting in an informal common-interest community between them. Based on rational evaluation, by a tacit and spontaneous fashion, mutual benefit becomes the impetus to unite the two different parts making up the community. Both sides protect the interests of the other side to a certain extent in order to pursue their own interests. For instance, villagers manage to protect the resident validity of tenants during government inspections; similarly, tenants keep the secrets of their landlords. This cooperative approach normally is not by any means a formal agreement. And yet both sides have come to trust each other enough that in the “villages” of Shenzhen, villagers and the floating population commonly antagonize disadvantageous policies and pressures coming from government management systems, for the sake of protecting the interest and integration of their settler and migrant community.

Of course, with this integration of community comes a series of social problems, for

example, some managing policies about floating population cannot be effectively transferred through current social managing systems (joint-stock companies and resident committees) and therefore indirectly encourage floating populations to evade participation in urban society and by default its control and management. Furthermore, the restraining force of laws and moralities universally decrease in the “villages”, owing to indulgent protections of the other within the community. Consequently, “villages” in Shenzhen increasingly become a grey-belt that the government cannot control and manage effectively. The integration and community between villagers and the floating population therefore affords protecting criminal systems.

### 3 Informal economies in the villages

The term “informal economy” was first introduced in the context of economic activity in developing societies<sup>x</sup>. The phrase was used thereafter as an umbrella term to describe ways of making a living outside the formal wage economy either as an alternative to it or as a means of supplementing one’s income within it.<sup>x</sup> To Feige, the informal economy describes all unreported and unmeasured economic activity falling outside the scope of a nation’s techniques for monitoring the economy.<sup>xi</sup> For Portes, the informal economy refers to all income-producing activities outside formal sector wages and social security.<sup>xii</sup> To Tanzi, the informal economy is the gross national product that because of non-reporting and/or under-reporting is not measured by official statistics.<sup>xiii</sup>

There are two types of informal economies existing in the “villages” in Shenzhen. Firstly, the management activities of the informal economy are legitimate, but they have not gone through relative procedures from the departments of revenue, business administration, and quality control of government. For example, the villagers only pay a portion of the amount of the management fee (less than 10 percent rent income) to the collective joint-stock company, which acts as a self-management organization of “villages” and they do not need to pay extra taxes to the government. This informal economy includes four types as followed,

#### ***3.1 Tax evasion regarding incomes coming derived from villagers renting private houses***

Those who are familiar with the city recognize the extent of illegal construction in the “villages”. With the exception of a few of the most important boulevards such as Binhai Avenue, there are illegally-constructed buildings along many city streets and throughout the “villages”. The further one moves away from the main streets, the more of these kinds of buildings one finds. The high density of informal buildings in the “villages” provides a strong contrast to the surrounding environments. These illegal buildings serve mainly practical functions; most of the spaces are rented largely to the big floating population, except small spaces that serve as living quarters for original villagers (*Table 2*).

Table 2: Building area of the “villages” in Shenzhen

Districts	Building area of “villages” in Shenzhen (x10 <sup>4</sup> )	Building area of districts (x10 <sup>4</sup> )	The proportion of building area of “villages” to whole area of district (%)
Luohu	541	2456	22
Futian	571	3913	15
Nanshan	446	2054	22
Yantian	85	282	30
Total	1643	8705	19

Source: Shenzhen Urban Planning and Land Administration Bureau, 2004

A large amount of rural collectivities and families adopt the "land selling-housing building-renting" road map and their main income is from property rental and housing rental.

### **3.2 The part of tax evasion from property rentals by the joint-stock company**

The tax from property rentals (such as supermarkets, hotels, office buildings, etc.) by the joint-stock company, however, only makes up 10% of the rental income.

### **3.3 The part of tax evasion from commercial and service industries by the joint-stock company**

In the "villages" in Shenzhen, public security, conservancy, sanitation, and other public management services are supported by the collective joint-stock company. Moreover, the trades in the "villages" are registered as "individual enterprises" rather than "corporations". Consequently, these individual enterprises in the "villages" only pay sales tax to the "villages". However, other management fees (such as tax for individual income, tax for corporate income, etc.) should be paid to governmental departments by the enterprises in the city.

### **3.4 Streets vendors without business license**

Throughout the streets of the "villages" in Shenzhen, street vendors sell a variety of items from handmade gift materials to vegetables. Sometimes they stand in a specific place routinely, for example daily at one street corner. Others are itinerant, changing locations depending on the time of day or the day of the week, or simply canvassing from door to door. Unlicensed street vendors are less visible in the city than they are in the "villages" because there they are more likely to be penalized by the government. Their informal and itinerant business attracts clients from every spectrum of the local population, as well as further fields (*Chart 6*).

Another type of informal economic activities which seriously violate the laws which also exists in the "villages" is organized crime or crime rings, for example, illegal smuggling, drug trafficking, prostitution, mafia and gangs, and piracy and production of fakes, etc.

Periodically the Shenzhen Government monitors and attempts to alter the informal economy. But every time after a series of punishments, the activities may provisionally disappear, only to re-emerge when conditions appear again to be safe. This relation between the informal economy and formal economy is like twinborn bodies, when the government punishes the informal economy, then the formal economy changes from a prosperous to a languorous state, which has further negative repercussions on the incomes of villagers; this is the reason why leaders of "villages" and villagers will endure and even go so far as to protect criminal activities.

## **4 Policies on the reconstruction by the government**

Over the past twenty years or more, the Shenzhen Government has framed many policies, statutes and by-laws (*Table 3*), devised to guide, normalize and adjust the development of villages but yet fail to solve problems thoroughly regarding aspects of society, economy, and construction. Here, retrospection and evaluation of former policies and laws are briefly introduced.

There have been several crucial turning points during the development of "villages". One was instituting the red-circled lines of new villages at the beginning of 1986; the second was the expropriation of farmland traced back to 1989; the third is the urbanization of villages since 1992; and the latest was the reinforcement of management of illegal construction since 1999.

The explanation for the relatively ineffective legal enforcement in China is divided into two

major categories: one provides a cultural explanation, emphasizing that China lacks a tradition of the rule of the law,<sup>xiv</sup> while the other emphasizes the disjunction between the legislature and China's pragmatic needs.<sup>xv</sup> Moreover, interested parties' pursuit of maximum economic profit is another important reason for ineffective legal enforcement. The 1988 Constitution legalized the separation of land ownership from land use rights; it also allowed the transference of land use rights. Although there is still no privately-owned land in China today, land became a main source of profits for real estate companies, villages, individual farmers, as well as government of all levels.

Table 3: Primary regulations of land management in SSEZ (1982-2005)

	Year	Document
1	1982	<i>Provisions of farmland layout in Shenzhen Special Economic Zone</i>
2		<i>Provisions of Forbidding Illegal and Private Construction of House in Shenzhen Special Economic Zone</i>
3		<i>Interim Regulations of Building Land of Villagers in Cooperative in Shenzhen Special Economic Zone</i>
4	1983	<i>Supplementary Provisions of Forbidding Illegal and Private Construction of Houses in the Shenzhen Special Economic Zone</i>
5	1986	<i>Notice of Further Reinforcement of Farmland layout in the Shenzhen Special Economic Zone</i>
6	1987	<i>Interim Methods of the Management of Illegal Building and Land-Use in the Shenzhen Special Economic Zone</i>
7		<i>Notice of the Reinforcement of Red-Circled Land in the Special Economic Zone by the Shenzhen Municipal Government</i>
8	1988	<i>Decisions on Problems in Managing Illegal and Illegal-Use of Land and Registrations of Land by the Shenzhen Municipal Government</i>
9		<i>Notice of Prohibition of Private Construction and Land-Use in Access of Standards and Illegal Phenomena</i>
10	1989	<i>Provisions of Land Expropriation in the Shenzhen Special Economic Zone</i>
11		<i>Compensation for Land Expropriation and Removal in the Shenzhen Special Economic Zone</i>
12		<i>Urgent Notice of Forbidding Illegal Occupation of Land and Private Rentals in the Country</i>
13	1992	<i>Interim Regulations of Urbanization of the Country in the Shenzhen Special Economic Zone</i>
14		<i>By-laws of Registration of Real Estate in the Shenzhen Special Economic Zone</i>
15		<i>By-laws of House Rentals in the Shenzhen Special Economic Zone</i>
16	1993	<i>Management of Problems Caused by Property Rights of Real Estate in the Shenzhen Special Economic Zone</i>
17		<i>Detailed Rules of Implementing By-laws of House Rentals in the Shenzhen Special Economic Zone</i>
18		<i>Provisions of Management of Real Estate in Shenzhen</i>
19	1995	<i>By-laws of Supervising Framed Land in the Shenzhen Special Economic Zone</i>
20	1999	<i>Decisions on Prohibition Against Illegal Construction by the Standing Committee of the Shenzhen People's Representatives Meeting</i>
21	2001	<i>Provisions of Management of Illegal Private Houses Left Behind by History in the Shenzhen Special Economic Zone</i>
22		<i>Provisions on Management of Illegal Constructions of Production Operations Left Behind by History in the Shenzhen Special Economic Zone</i>
23	2004	<i>Decisions on Prohibitions of Illegal Construction and Land-Use by the Shenzhen</i>



		<i>Municipal Government</i>
24	2005	<i>Compendiums of Overall Layout of Rebuilding Villages (the Original Villages) in Shenzhen (2005-2010)</i>

Source: Edited by the author

### 5 Reconstruction of the villages

Since most houses in the "villages" are still considered somewhat new, reconstructing these villages will be at a great cost to the village's wealth, no matter by what means. Even calculated by cost price, the removal of 9.06 km<sup>2</sup> of constructed areas in the "villages" will cause 9.1 billion *yuan* loss in social capital and if calculated by market price, this number will reach 27.2 billion *yuan* (Table 4). "Village" houses can be used not only as low- or medium-income residences, but after proper renovations, some houses are suitable for some high-income residents. In the situation that Shenzhen's floating population is facing the problem of a housing shortage, large-scale transformation projects will remove all regular houses providing housing rentals, and of course, this is a waste. Transforming the "villages" into areas of high-grade dwellings will raise the rent and directly impact the business transaction costs of the city.

Table 4: Economic loss from the reconstruct of "villages" in Shenzhen

Lists	Private houses	Collective property	Total
Area (m <sup>2</sup> )	7,699,036	1,358,273	9,057,309
Cost ( <i>yuan</i> /m <sup>2</sup> )	0.1	0.1	0.1
Total cost (10 <sup>5</sup> <i>yuan</i> )	769,903.6	135,827.3	905,731
Market cost ( <i>yuan</i> /m <sup>2</sup> )	0.3	0.3	0.3
Total market cost (x10 <sup>5</sup> <i>yuan</i> )	2,309,719	407,482	2,717,193

Source: Reconstruction Research of "Urban Village" in Futian District, part1, Constituting Harmonious Futian District, 77

### 6 Conclusion

In "villages" that have already developed into cities, the gap between the "swiftness" of development of the SSEZ and the "slowness" of government initiatives have resulted in various social problems: from the previous illegal selling of land, illegal collaborative housing construction, to the later large-scale housing construction that disregards government regulations. The thorough urbanization of "villages" will be the end-result of development though this has proven to be historically a gradual developing process. In 2005, 52.53 hectares of land in "villages" was transformed, and 1.1481 km<sup>2</sup> of already built areas was removed, replaced by 1.9628 km<sup>2</sup> reconstructed areas, and new construction areas only makes up 0.8147 km<sup>2</sup>. According to *Compendiums of the Overall Layout of Rebuilding the Village (the Original Villages) in Shenzhen (2005-2010)*, the total controlled transformation volume in each district in Shenzhen in the forecasted five years are as follow (Table 5):

As places of a disadvantaged social group facing the possibility of being forgotten at any time, "villages" depend on the social networks it involves to obtain and protect its interest. Corporate communities are the most reliable and effective of these networks on which villagers can depend, and who's entering into city has irreplaceable social functions.

Table 5: Reconstructed areas of "villages" in Shenzhen forecasted for the next five years (unit:  $\times 10^5 \text{ m}^2$ )

		Luohu District	Futian District	Nanshan District	Yantian District	Bao'an District	Longgang District	Total
Total plot area demolished		30	40	80	30	410	300	890
Total floor area demolished		80	130	200	40	400	300	1150
Total floor area rebuilt		145	190	365	110	1030	750	2590
Including	Residential floor area	100	125	310	90	920	670	2215
	Working floor area	15	35	20	5	10	5	90
	Commerical floor area	30	30	35	15	100	75	285
Total floor area for integrate renovation		570	540	520	60	860	820	3370

**Source: Compendiums of Overall Layout of Rebuilding Village (the Original Villages) in Shenzhen (2005-2010)**

Two points especially need to be brought forward:

1) The transformation of "villages" should not only transform the living pattern of villagers, but also change the social morphology of "villages" while avoiding unilateral transformation limited to housing construction morphology. It should involve the transformation of social morphology such as the city accepting its floating population, especially its low-income floating population and provide employment opportunities and programs for villagers;

2) The transformation plan should reflect the specific situation in each because while villages share similarities they each have their differences. The scale of each transformation mode should be given rational regulations and control to maintain a healthy, coordinated and substantial development of social economy. What's more, improper transformation scales should be avoided as the resulting pressure on a city's infrastructure and impacts on city public finances and its city real estate market can be very injurious to its sustainability.

"Villages" are typical phenomena reflecting the great urban-rural disparities in Chinese cities. It is predicted that there are 0.85 billion people who originally live in rural areas flowing into cities. Among these people entering cities, 0.15 billion of them reside in areas built on expropriated land that was changed to resident status while another 0.7 billion people join cities by leaving behind their own homelands in search for temporary work, conducting business, and other economic activity. While these two sets of people have different destinies, in relation to the distance between their place of residence and the city, they usually end up in the same place, living in the same area in the city: one party is assigned the role of house owner, the other tenant. Such areas have come to be known as the "villages". Therefore, the essence of "village" problems is: how the city realizes the process of sharing the urbanization harvest with villagers who lose their land (the original villagers in Shenzhen) and villagers who leave their land (the floating population).

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