

Activities in China

Lincoln–Peking University Joint Center

In October 2007 Peking University Provost Lin Jianhua and I signed an agreement to establish the joint Lincoln Institute of Land Policy–Peking University Center for Urban Development and Land Policy. Lincoln Institute and Peking University established this joint center to provide support for education, training, and research in urban economics, land policy and management, property taxation, local government finance, and urban and regional planning. The mission of the center is to study land, urban, and fiscal policies; to disseminate results from its studies and research; and to facilitate education, training, policy analysis, and research involving scholars, policy makers, and practitioners.

The center's education program will be composed initially of short-term training programs for scholars, graduate students, government officials, and practitioners; conferences, workshops, symposia, and roundtables; and programs to disseminate knowledge and information through traditional and Web-based publications. The research program will consist of fellowships, research projects initiated through requests-for-proposals or negotiated with partner institutions, and the center's own research activities.

The center's director is Joyce Yanyun Man, who also directs Lincoln's China Program. The vice director is Associate Professor He Canfei, a member of the Department of Urban and Regional Planning in Peking University's College of Urban and Environmental Sciences. The center will occupy its offices and begin operations in early 2008.

Book on China's Urbanization

Lincoln Institute recently published *Urbanization in China: Critical Issues in an Era of Rapid Growth*, edited by Yan Song and Chengri Ding, both long involved in our work in China. Reflecting the major areas of emphasis in the China Program, the volume provides a balanced analysis of urbanization trends and challenges. The discussions and commentary enhance our understanding of the issues China faces and help to inform policy decisions in three key areas.

Urbanization. China's urbanization has paralleled the growth of its economy. Based on urban transitions of other coun-



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tries, China is likely to experience its fastest increase in its urban population share over the next decade. Predictions of the annual increase in China's urbanized population range from 15 to 20 million persons per year.

International experience and current government policy suggest that urban growth will be concentrated in small- and medium-sized cities rather than in China's current megacities. Such growth will require continuing high levels of annual public and private investment in infrastructure, such as electric power, telecommunications, and intercity transport, as well as in housing.

Land policy. The growth rate of developed urban land will exceed the growth rate of the urban population because the population density of new urban development is lower than that of existing urban development when incomes are rising. Conservative projections indicate that China's developed urban area will grow twice as fast as its urban population—if a city's population doubles, its land area will triple.

A key issue is the administrative allocation of urban land among alternative uses. China's emphasis on economic growth has led to a dramatic overallocation of new urban land for economic purposes. For example, this volume reports that the area of land set aside for economic development zones in urban areas exceeds the area of all other currently developed urban land.

Funding local governments. Urbanization produces very large increases—up to 100 fold—in urban land values relative to agricultural land values. Recent policies in China provided farmers a small share of that gain as compensation for the expropriation of their land. Local governments retained the largest share to finance infrastructure and urban development. The share distributed to farmers needs to increase.

However, continuing to have local governments use part of the increase in land value to finance the costs of urbanization is economically sensible and is a form of value capture. Providing additional revenue sources to local governments is now a priority, and China is committed to implement a property tax to help meet this need. 