

Chinese Cities, Indian Cities: a Telling Contrast

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China and India are the two demographic giants of the planet. They count together close to 2.5 billion inhabitants, representing more than 37 % of the world population (estimated at 6.6 billion people in 2007). They are about to become economic giants and are seriously shaking traditional power relations in the international arena. A New World Economic Order is in the making, as called for by the Non Aligned Movement since the Bandung Conference of 1955.

If the power of nations varies according to the economic policies adopted by their governments, its fundamental basis lies in their demography, in the numbers of inhabitants and available and active workers. History has many times demonstrated that the most populous countries are potentially the most powerful. And this power is also correlated to the territorial distribution of the population as we will observe in the cases of China and India. Economic comparisons between the two countries appear more and more frequently in specialized publications¹ but they rarely emphasize the role of cities in the development of these economies. The present article is an attempt to address this shortcoming by synthesizing available data and highlighting the differences and similarities between Chinese and Indian cities.

Urban growth

The most recent and most official statistics² can be used to make a first comparison, from the demographic viewpoint, between the two countries and their agglomerations.

In 1980 China had 999 million inhabitants, India 689 i.e. 310 million less. Fifty years later, in 2030, China and India will have approximately the same

¹ See for instance the compilation entitled « Chindia », BusinessWeek, New York, 2007

² UN Population Division, World Urbanization Prospects: The 2005 Revision. These statistics are the only internationally recognized data, accepted by all UN member states. They are elaborated in collaboration with national bureaus of statistics.

population, 1.45 billion. In 2007 China counts 1.332 billion inhabitants, India 1.135. The current gap between the two countries is therefore about 200 million. The demographic growth of India is much faster, due to a lack of family planning, than the Chinese one. The present growth rate of the population is estimated at 1.4% per annum in India, compared to a low 0.58% in China. China is getting older which presents risks in the medium term, similar to those that Europe has to face to maintain an inter-generational solidarity as the share of active population decreases.

In 1987 China and India had the same rate of urbanization, 25 %. In 2007 China is 42 % urban, India only 30 %. The rates of urban growth are 2.7 % per year in China (going down towards 2 %) and 2.35 % in India (going up towards 2.5 %). At the start of the reform, in 1985-90, the urban population of China was growing at the very high pace of 5 % per year.

If China has enormously urbanized during the last twenty years (in absolute terms the number of urban residents doubled, from 276 to 558 million), India has also followed the same universal trend, but at a slower pace (urban increase from 200 to 340 million). In 2030, according to UN projections, China should be 60 % urban and India 40 %. China is likely to reach the 50 % urban threshold by 2016.

The main features of the urbanization process

As far as the size of large cities is concerned, China and India are rather similar. The two countries have indeed the same number (7) of cities of more than 5 million people. In China they are in 2007: Shanghai (15 million), Beijing (11.1), Guangzhou (8.8), Shenzhen (7.6), Tianjin (7.2), Hong Kong (7.2) and Chongqing (6.5). In India, also in 2007: Mumbai (18.9), Delhi (15.8), Kolkata (14.8), Chennai (7.2), Bangalore (6.8), Hyderabad (6.4) and Ahmedabad (5.4). The parallelism is striking: the two big ports in the lead, followed by the two capitals... We should clarify that the figures in parenthesis correspond to the physical agglomerations (the only pertinent ones for international comparisons) and are not related to administrative boundaries which often include large rural territories (the Autonomous Municipality of Chongqing which gathers 32 million inhabitants over 82.300 km² - it is de facto a « small » province - would be, according to such an administrative definition, « the second most populous city in the world » (after Tokyo)!

It should be noted that the seven largest Indian cities are much better distributed on the national territory than their seven largest Chinese counterparts, all located in the coastal region with the exception of Chongqing. In India the hexagon Delhi – Kolkata – Chennai – Bangalore – Mumbai – Ahmedabad covers quite nicely the country territory. In China urbanization intensity focuses primarily on three Eastern corridors: those of the Bohai industrial region (Beijing -Tianjin – Tangshan) in the North, of the Changjiang/Yangtze delta (Shanghai – Nanjing – Hangzhou) in the Centre and of the Zhujiang/Pearl River delta (Guangzhou – Shenzhen – Hong Kong) in the South. We may add two secondary corridors: the Shandong peninsula and the Yangtze valley³. The extreme case of Shenzhen, a city whose population increased tenfold in twenty years, illustrates the boom of the Special Economic Zones and the magnitude of the migrations to the coastal provinces since the beginning of the economic reform in the 80s. The Pearl River delta economic zone, with 65 million people, would be as a separate country the world's 18th largest economy and its 11th biggest exporter, ahead of India⁴! According to "The Economist", it has enjoyed an astonishing average annual growth rate of 17 % for the past quarter century.

China has a large number (one hundred in 2007) of million plus cities, 140 cities above 750.000 inhabitants and 670 cities above 100.000 inhabitants while India counts only 35 million plus cities (known as metro-cities), 57 cities above 750.000 inhabitants and 400 cities above 100.000 inhabitants. The urban network of what should not be dubbed « useful China » (the coastal strip, 300 km wide, representing approximately 10 % of the country area but generating probably 75 % of its GDP) is dense and relatively balanced while India remains a country of big villages and medium-sized towns, spatially well distributed but poorly inter-connected.

Fundamental structural differences

A comparative analysis of the key urbanization factors is necessary to identify the structural differences between the two countries, because they give their respective urbanization processes specific and sometimes opposite physionomies.

³ See maps by Gilles Antier, IAURIF, Paris, 2007

⁴ The Economist, 30 June 2007, Special report on Hong Kong

History is important in both countries which are also places of very ancient civilizations. The history of Chinese urbanization is essentially endogenous⁵ (moving from the Yellow River to the Yangtze basin), in spite of two famous Northern dynasties, Mongol (Yuan) and Manchu (Qing). It is a fundamentally exogenous process in India (started in the Indus and Ganges plains but mostly determined by invaders coming from Central Asia in the 13th century to establish the Delhi sultanate, then by the Moghol empire as of 1526, and the British colonization from the end of the 18th century to the creation of New Delhi). In both cases the urban wave went from North to South.

After history, economy is the second explanatory factor of the urbanization processes, and in turn it can be partly explained by the urbanization dynamics. If the two countries had the same per capita income in 1987, the figure has quadrupled in 20 years in China and doubled in India. At present the GDP per capita (Purchasing Power Parity) in China is therefore approximately twice higher than in India, 7.600 against USD 3.800 in 2005. The Chinese take off has been much faster than the Indian's, particularly thanks to the dynamism of its cities linked to an enormous investment in infrastructure, and to the earlier start of the reforms. The annual growth rate averages 10 % in China, 8 % in India.

The specialization of China in manufacturing industries and of India in information and communication services should not overshadow the progressive diversification of the two economies and the growing share of high technologies in both GDPs. Chinese exports (USD 800 billion in 2006) represent 10 times Indian exports but the relative gap will probably diminish in the coming years.

Nothing differs more between the two societies than the role of the State apparatus. The State is strong in China (but shrinking, the central ministries have been downsized during the last two decades) and weak in India, both in the legislative and regulatory areas and in guiding public investment as well as in control and supervision of private and public companies. This is reflected by a policy of deliberate urbanization and municipal activism in China contrasting with the largely spontaneous urbanization in India associated with a liberal *laissez-faire* marked by a continuous and lengthy

⁵ See Biau, Daniel, China: 3000 years of urbanization, in *Urban Planning Magazine*, Shanghai, 2007

search for consensus on all urban matters (a British legacy? London never had a Master Plan...). However the federal Government of India seems to wake up for the last few years, not only to defend the interests of its large firms in international negotiations but also to help the states to better respond to the infrastructural needs of the same firms.

In fact if the quality of national, regional and municipal infrastructure has made a great leap forward in China, they are still under-developed in India. This is linked to the investment rate, very high in China (45 % of GDP) and still too low in India (25 %). Similarly Direct Foreign Investments are quite huge in China (USD 80 billion in 2005) while they are extremely targeted in India (6.6 billion in 2005). It is becoming more and more urgent for India to drastically increase its investments in infrastructure.

The political and fiscal decentralization is systematic in China, particularly since 1994, but much more uneven in India despite the 74th amendment to the Constitution passed in 1992. Paradoxically Chinese leaders remain rather quiet on this topic (China should be seen as a well unified country) while Indian politicians talk a lot of their almost philosophical belief in local virtues. But it can be noted – this is the best indicator of effective decentralization – that the income of local authorities⁶ are high in the large Chinese agglomerations (thanks to the sale of public land and corporate taxes) but depend from the uneven goodwill of the various states in the Indian Federation. The annual per capita income of municipalities averages USD 200 in Eastern China, more than 10 times the Indian equivalent figure.

Monetary or income poverty diminishes regularly in the two countries – this is why the world will certainly meet the Millennium Development Goals! But the poverty of living conditions, which has diminished at the same speed in China, persists in most Indian cities. This “housing poverty” is visible in urban densities, higher in India, and in the relative share of informal housing in the urban fabric (roughly 50 % in India, about 10 to 15 % in China). On the other hand social inequities, striking in India, are increasing in China, specifically between unregistered migrant workers and the official urban population.

⁶ See Mahadevia, Darshini, Urban infrastructure Financing and Delivery in China, Economic and Political Weekly, Mumbai, 17 March 2007

The recent launch, in 2005, of the National Urban Renewal Mission aiming at reducing poverty in 63 Indian cities, supported by a federal budget of USD 12.5 billion over 7 years, should be compared to the absence of any central Government subsidy to housing in China. The active role played by NGOs and CBOs in India, mainly in poor neighbourhoods, can on the other hand be contrasted with the influence of the Chinese Communist Party (70 Million members) in the appointment of all managers (in the public and private sectors) and the regulation of tensions. Two fundamentally different systems. This may compromise the Urban Renewal Mission if India tries to adopt – this is likely – the Chinese methods of heavy renovation (demolition-population transfer-reconstruction) rather than the international recommendations on the incremental upgrading of slum conditions with the participation of communities.

In recent years China has produced an enormous quantity of high-rise housing estates, targeting the expanding middle-class, built by public and private developers supported by municipal incentives (close to 10 million units annually). In the meantime the production of social housing by public agencies has not increased in India where there is an evolution towards high cost speculative housing. The Chinese miracle is indeed more this massive production of flats at USD 50,000 per unit – that respond to the demand thanks to the mobilization of often hidden family savings – than textile or washing machine exports. However this does not exclude the prohibitive prices (Western style and level) of luxurious apartments in the posh areas of all large cities.

Evident similarities, common interests

Although there are essential differences between China and India, there are also many convergences linked to the common challenges that the two countries have to face. The recent political and ideological rapprochements are more than smoke screens.

Chinese and Indian leaders both see their cities as the engines of innovation, growth and export in a globalized economy of which they draw maximum benefits. But they stay discreet about this shared vision for they need to take politically into account the well-anchored ruralist traditions and to show an interest for the hundreds of million of people who will continue to (over)populate rural areas during the next two or three generations.

They both intend to encourage the strengthening of local powers, more autonomous and dynamic in China but emerging progressively in India. The very important role of sub-national (regional) levels of government (Provinces in China, States in India), including in urban policy development and financial transfers, is of course essential in view of the immense size of national territories.

Acute regional disparities, insufficient natural resources (specifically in term of energy) and huge environmental problems (air and water pollution, energy intensive modes of production, obsolete heavy industries etc) constitute major constraints and threats that both decision-makers and population are beginning to be conscious of: China invests USD 40 billion a year to improve its living environment but pollution costs her twice that much by its impact on productivity, health and loss of human lives.

The rapid expansion of capital markets and mortgage finance, as the last missing element to ensure the full enforcement of the market economy, can be observed in the two countries, in a somehow chaotic but cautious way. Indian capital markets and financial institutions are generally seen as more efficient and transparent than their Chinese counterparts.

The fast development of technological competencies, mostly among the young generation, should be viewed as a real danger by industrialized countries (OECD members) due to the numbers of engineers and technicians put so far on domestic markets but who will soon look for international opportunities (including by staying home, see Bangalore). Already Chinese construction companies are winning public work contracts all over the world. However China and India are suffering a shortage of technical and managerial skills in many areas and will need to invest a lot in high education in the coming decades.

Finally the adherence to Western modes of consumption (private car, fast food, supermarkets, malls, modernist architecture, sky-scrappers...) with sometimes local adjustments (perceived as kitsch or ostentatious by the foreigners) contrasts with an unhidden national pride and among the middle and upper classes a sharp competitive spirit and an almost blind faith in the future and the unlimited prospects of Asian capitalism.

Brief comparison with the Western world

China and India demonstrate once again that cities are simultaneously cause and consequence of development, that there is a direct correlation between urbanization and socio-economic progress. In his masterful synthesis on city history⁷ Paul Bairoch tested and illustrated this law in many regions during various periods of time. And it emerges clearly out of our Sino-Indian comparison.

While Chinese urbanization has been traditionally self-centred, at least until the 19th century, its dynamics has completely changed since the 1980s. Its recent expansion can be compared with the process followed by the United States a century ago, between 1880 and 1930, i.e. with a concentration on coastal areas (East Coast and California in the USA, East Coast in China) and in a large inner employment basin (one could suggest a fascinating parallel between Chongqing and Chicago, and between Sichuan and the American Midwest). Obviously Shanghai is becoming the new New-York and Pudong intends to challenge Manhattan. The main difference is that US cities were working primarily for the domestic market and Chinese cities target in priority external markets (although the Chinese domestic market is also expanding fast). But the growth rate is similar. Traditionally introvert China has become extravert in a single generation.

The spatial development of India looks more like the one of continental Europe around 1800, with a hierarchised urban network, under developed pockets corresponding to the most rural regions and deficient infrastructure. In fact the Indian economy is an archipelago economy, made of high-tech islands surrounded by an under-equipped hinterland. Extravert until 1947 India became introvert during more than 40 years, until the reform of 1991 that initiated a vast liberalization process (a well publicized success of the IMF), still on-going.

Chinese and Indian cities appear to have in common the abolition of the centre-suburb dichotomy which constitutes a feature of both European cities (which have a rich centre) and American cities (where the wealthy live in suburbs). With some exceptions (e.g. Bangalore) Asian cities are becoming more and more multi-centred, due to the invisible hand of land markets and

⁷ Bairoch, Paul, *Cities and Economic Development, From the Dawn of History to the Present*, Chicago, 1988

the investors' strategies. A complex topic which would deserve to be further investigated... In-depth case studies are still lacking.

China and India are the new faces of capitalism. They have replaced Japan in the mind and fears of the Western hemisphere. Rightly so, for they clearly threaten rich countries by their dynamism and strategic positioning in the current globalization of the world economy.

As far as city management is concerned, the lessons emanating from our comparison are clear albeit not extraordinarily original: one must decentralize according to the well-known subsidiarity principle, invest more in urban and inter-city infrastructure, adopt modern cutting-edge methods and technologies (such as satellite based urban information systems), try to improve the living "quality" to make cities more attractive, promote metropolitan regions or urban corridors associating cities, towns and rural areas and favouring intra-regional synergies. Only then the current process of "glocalization" (more local politics, more global economy) would benefit more countries, in the North and the South. A lot remains therefore to be done at local and sub-national (regional) levels, including in OECD countries, at the time when the announced decline of nations-states becomes a tangible reality.

In China and India cities are the locomotives of the new growth models. In spite of some heavily loaded wagons they pull the economy in the right direction, and this is reflected not only in their foreign trade performances but also in the reduction of poverty and in a new yet insufficient concern for the environment. Urban specialists should devote more attention to the evolution of these booming cities. They are driving the current Asian revolution.

The old Chinese saying "if you want to be rich, you must first build roads" is once again confirmed in the 21st century.

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