

## Chapter 9

# Conclusion

**Abstract** This chapter draws conclusions from the evidence which has been put forward in the previous chapters, and also offers some suggestions for future research in this area.

**Keywords** Monocentric structure · Polycentric structure · Residential segregation · Housing security system

During the twentieth century, China has undergone great social and economic changes—from a traditional society to a modern society, and from a planned economy to a market economy. The shift from a planned economy to a market economy over the past two decades has undoubtedly been the most significant of these changes. Its influence on Beijing’s urban structure has been so large in scope, so deep in degree, and so rapid in speed that the past two decades have witnessed the greatest transformation to have taken place in China over the past 100 years. In this section, I shall draw conclusions from the evidence which has been put forward in the previous chapters, and will also offer some suggestions for future research in this area.

First, each stage of Beijing’s urban development in the twentieth century had a different stimulus. Economic growth was the most crucial factor to affect the rapid development of the city after China changed from a planned economy to a market economy. During the period of the planned economy, China established the state-ownership of land. In the absence of any land market, the state was the sole authority which could assign the right to use land. Meanwhile, the “Welfare-oriented Housing System” (WHS) provided urban residents with accommodation as welfare in kind: there was as yet no housing market in China. When the country transformed itself into a market economy, a series of reforms were put into effect in the field of urban development. Among those, the most influential was the liberalization of the urban land and housing market. As soon as these markets opened, land prices began to play an important role in reshaping Beijing’s urban structure, and profits became the critical impetus for the redevelopment projects within the old city proper. Urban planners have the power to

influence the transformation of existing urban structures for the better—but only if they understand how cities have been built as they are. In the case of present-day Beijing, planners should not focus on the history and culture of the city alone: they should also draw on the discipline of economics.

Second, Beijing's monocentric urban structure, a fundamental feature of the city, has aggravated the difficulties of protecting the Old City. This structure, formally established in the Master Plan of Beijing (1958) during the early stages of the People's Republic of China, has been a continuous threat to the Old City, particularly after China opened its urban land market in the 1990s. This is because the monocentric urban structure concentrates the main urban functions within the old city proper, thus causing intense competition for land in this area. As shown in the economic analysis in Chap. 5, due to the high cost of land in this area, many developers have broken the relevant restrictions of scale and floor area ratio (FAR) in their redevelopment projects in order to maximize their economic profits. Furthermore, when Beijing is increasingly becoming a global investment destination in recent years, its monocentric urban structure has reinforced the competition for land within the old city proper. In other words, this monocentric urban structure has intensified the conflict between the protection of Beijing's Old City and the intent to make profits from its redevelopment.

Third, for many years, the planners of Beijing have been continuously shackled by the historic urban structure of the city. When they are designing a new master plan for the city, they always emphasize the importance of the symmetry and hierarchy that is reflected in the original layout of the Old City. Thus, in all previous master plans, the various "sub-centres" were designed to enhance the historic central axis, as well as to retain the central position of the Old City itself. Take the Master Plan of Beijing (2004–2020) as an example. Although it aims to establish a "polycentric" structure for the city, the various "sub-centres" have been arranged either on the historic central axis or symmetrically around the suburbs of the city, with the Old City still at the centre. My analysis shows that the crux of the problem is the high cost of land within the old city proper, and the fundamental solution, therefore, would be to replace the current monocentric urban structure with a polycentric one. This would reduce the demand for land within the old city proper, which would in turn lead to a stabilization of land prices there. From this point of view, because it still takes the old city proper as the centre of the city, the "polycentric" scheme proposed in the *Master Plan of Beijing (2004–2020)* will therefore be less effective in reducing land prices in this area.

Fourth, in addition to the competition for land within the old city proper, a series of institutional shortcomings has also contributed to the destruction of Beijing's courtyard houses and its Old City. While the institutional culture of the government departments was still rooted in the planned economy, profit-seeking real estate developers could adjust to market principles more quickly. One example which illustrates the government's lack of experience when dealing with profit-maximizing developers is the way in which they have given into the developers' demands for larger scale and thus more profitable redevelopment projects within the old city proper, even if these violated the master plan of the city. These

shortcomings have been amplified by institutional barriers, including a lack of communication between government departments which has, in turn, diminished their power to enforce the preservation of the “Historic and Cultural Conservation Districts” (HCCD).

Fifth, socioeconomic status—household income, be more exact—has become the main cause of the residential segregation in present-day Beijing. Residential segregation has a long history in Beijing, and such residential segregation was racially motivated in the Qing Dynasty (1644–1911): the Manchus lived in the Inner City and the Han People lived in the Outer City. After China adopted a planned economy in 1949, Beijing’s urban housing was characterized by a homogenous type of residence; but since China gradually changed to a market economy after 1979, residential segregation has gradually reappeared. This time, however, the segregation is a result of changes in socioeconomic status. Over the past two decades, particularly in recent years, the global economy has exacerbated social polarization, and the income gap between rich and poor families has widened. Housing affordability by different families has had a strong impact on the inhabitants’ choice of residence, and upon residential location, and has thereby separated the poor families from the rich. As a result, unlike the situation in historical Beijing and in many Western cities, where ethnic attributes were an important factor in the development of social segregation, it is, rather, the difference in socioeconomic status (household incomes) between rich and poor which has become the main cause of the residential segregation which exists in Beijing today.

Sixth, the housing difficulties faced by low-income families cannot be resolved by the housing market alone. My book has shown that the “Welfare-oriented Housing System” (WHS) under the planned economy resulted in urban housing being undersupplied. As progress continued towards a market economy, the Chinese government addressed this problem with a series of reforms, but these reforms have generally moved urban housing towards greater reliance on market forces. In today’s China, many cities, including Beijing, have come to view the real estate industry as one of the pillars of the urban economy. There is also an underlying confidence that the housing market will solve all housing problems automatically. However, according to international experience, even under a market economy, the residential difficulties which are experienced by low-income families need dedicated solutions. From a societal perspective, China should avoid shifting from one extreme—a “Welfare-oriented Housing System” (WHS)—to another one—a completely liberalized housing market. Although Beijing’s municipal governments have set up “low-rent housing” and “affordable housing” schemes, they are far from satisfying the housing demands of the low and medium–low income families. It will thus be necessary for the municipal government to improve its housing security system in order to diminish the increasingly serious trend towards residential segregation.

Seventh, the economics-based theories need to be revised when applied to Beijing. After China opened its urban land market, Beijing’s urban structure has been transforming into a pattern similar to the general models, such as the urban land use model by Alonso. However, it is still difficult to apply these general

models *directly* to Beijing's Old City, where some particular factors must to be taken into account, including the low FAR, which is a crucial prerequisite for the protection of Beijing's traditional townscape and, at the same time, constrains the economic profits made by developers from the redevelopment projects. The economic analysis in this book, rather than developing a general model, gave a more realistic explanation of how such determinants have come to exert extensive influence over Beijing's Old City. The general models may be applied to Beijing only when taking these special circumstances into account. In addition, theories describing the urban social structure attribute residential segregation in American cities mainly to ethnic differences. The analysis in this book, however, turns its focus on the socioeconomic status, because, as it was shown in the discussion, different from the situations in the American cities, household income has been the main reason behind the residential segregation in Beijing since the 1990s.

Finally, I shall discuss possible directions for further research. Cities have many functions, and these functions manifest themselves in different types of urban land use. The residential function is one of the very basic functions of a city, and residential use normally occupies the largest proportion of the land in a city. However, the residential function is not the only one. Other functions, such as industrial and commercial, are manifested in urban space as well. As Heikkila said, "location, location, location"—every developer knows that location is the most important determinant of real estate values, "but location is clearly relative" (Heikkila 2000: 81), i.e. different types of land uses in a city mutually influence each other. In this book I have chosen to examine the residential space as the main focus of this dissertation on the evolution of the urban structure of Beijing, a plausible next step, however, would be an analysis which includes the industrial and commercial space. As for urban residential structure, in the past two decades, great changes have taken place not only in Beijing but also in some Eastern European cities. Beijing could benefit from the experience of these cities. I shall leave an analysis of this question from a comparison between Chinese cities with Eastern European cities to the future as another possible next step of my research.

## Reference

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