Land-use Planning in 'One Country, Two Systems': Hong Kong, Guangzhou and Shenzhen

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ABSTRACT This paper studies the political economy of urban governance and land-use planning mechanisms in the 'one country, two systems' of mainland China and the Hong Kong Special Administrative Region (SAR). It is argued that the market economy of Hong Kong had, over the years as a British colony, established an efficiently-run regulatory system of land-use planning. The current land-use planning mechanisms are biased toward economic growth as a result of its executive-government-led and business-interests-dominated political structure. The challenge for Hong Kong as a relatively autonomous SAR, therefore, is to incorporate the social and environmental dimensions in planning for territorial development within a wider regional context as a result of economic and political integration with China. In mainland China, the reforming socialist planned economy has now embraced privately and foreign-owned enterprises though the Communist Party and the government have retained strong political control. A 'dual' land-use development system operates under an economic-growth-oriented development strategy. On one hand, government authorities who are land owners, land managers, and the largest land users as they own most of the economic enterprises, may not, for various reasons, follow the planning intentions when formally allocating land for development projects. On the other hand, illegal construction and land uses are widespread, suggesting that the formal land-use planning system is ineffective, if not irrelevant, in controlling development. Part of the explanation lies in the absence of a genuine land market where legitimate persons with land-use rights can buy and sell land within a planning framework generally agreed by the community. Unless Chinese cities strive to establish formal land-use planning processes to prepare plans with the participation of various actors to reflect their needs, and establish urban planning mechanisms that have teeth in controlling development, urban planning will continue to be marginal in local governance.

Introduction: Genesis of 'One Country, Two Systems'

Hong Kong reunited with mainland China as one country on 1 July 1997. However, China has promised, under the concept of 'one country, two systems', to keep the capitalist system in Hong Kong running for at least 50 years. During the 156 years of the colonial history of Hong Kong, China had at least two major political transformations: the collapse of the Qing Dynasty and the birth of the Republic of China in 1911; and the eventual defeat of the Nationalist Party, which founded the Republic of China, in a bloody civil war after the surrender of the Japanese in the Second World War, and the establishment of the People's
Republic of China (PRC) by the Communist Party in 1949. The PRC pursued a closed-door and self-reliant development strategy in the first few decades. Her economic links with the colony of Hong Kong were minimal, and China basically served as an agricultural hinterland of the export-oriented economy.

However, in 1978 the PRC adopted an Open-Door Policy and started to reintegrate with the global economy. Hong Kong, under British rule, then began to gain the status of a regional financial centre. Coupled with the colony's trading relations with overseas markets, Hong Kong became a window for China to view the world. The city of Hong Kong has acted as a bridge to reintegrate China with the rest of the global economy. Economic restructuring within Hong Kong and the relocation of low value-added and labour-intensive industries to southern China to tap cheaper land and labour resources have also facilitated the transformation of the once basically agrarian economy of the Pearl River Delta (PRD) in southern China to an industrial one.

To facilitate the reintegration of China with the global economy and to attract foreign investment, Special Economic Zones (SEZs) were designated in 1979. One of the first four SEZs was established immediately north of Hong Kong in Shenzhen. In 1980, greater power was delegated to Guangdong (a province immediately north of Hong Kong) and Fujian (a province facing Taiwan) to manage their economies. In 1984, special power was granted to 14 coastal cities to make better use of foreign capital, and one of these cities was Guangzhou, the capital of Guangdong Province. The opening up of China via the setting up of SEZs, open cities and later economic regions such as the PRD Open Economic Region in 1985 has attracted substantial foreign investment. Between 1980 and 1993, foreign investment totalling US$19.3 billion was made in the PRD, and 80% of this came from Hong Kong (Construction Commission of Guangdong Province, 1996, p. 5; see also Ho & So, 1997, pp. 249–255). In other words, long before the political reunification of Hong Kong with China in 1997, the economy of Hong Kong was already integrated with the economies in southern China. In particular, Hong Kong investments have played an instrumental role in facilitating the development of housing and land markets in China (Liu et al., 1994, pp. 24, 36).

Paralleling these dramatic political and economic developments are changes in land-use planning. The latter has just regained importance after the reforms in China (Ng & Tang, 1999), while Hong Kong is searching for a new role and direction after the economic and political transition (Planning Department, 1996a, 1996b). Will the two urban planning systems move towards integration as in the case of economic growth or will 'one country, two systems' remain? It is thus both interesting and meaningful to compare the land-use planning mechanisms in these two systems in China: the reforming socialist system in mainland China, and the post-colonial market economy in the Hong Kong Special Administrative Region (SAR). In this paper, it is argued that the political economies of the two urban governance systems help to explain the specific features of the land-use planning mechanisms. Given the regional variations in the pace and reception of reforms within China, two cities in southern China are chosen to compare with Hong Kong: the Shenzhen SEZ and Guangzhou (see Figure 1). Shenzhen is selected as it is immediately north of Hong Kong and has developed close economic ties with Hong Kong since its establishment. Guangzhou, while a coastal city having considerable economic links with Hong Kong, is also a provincial capital and hence is more representative of cities in mainland China.
Following this introduction, the next section outlines the conceptual framework focusing on the political economies of urban governance in the ‘one country, two systems’ and their impacts on the land-use mechanisms. The third section compares and contrasts the three land-use planning systems in terms of plan administration, hierarchy of plans and development control. The final section summarizes the arguments and draws some conclusions on the relationships between the political economy of urban governance and land-use planning and the similarities and differences of the land-use planning systems in Hong Kong, Guangzhou and Shenzhen.

The Conceptual Framework

Urban Governance and Land-use Planning

While there is a growing number of comparative urban studies (Appelbaum & Henderson, 1992; Stoker & Mossberger, 1994; McGee & Robinson, 1995; Booth, 1996; Healey et al., 1997), very few compare socialist and capitalist urban development.\(^1\) And, among the latter, very few cover land-use planning mechanisms.\(^2\) Therefore, there is no convenient theoretical framework that can be borrowed to compare the three Chinese cities. However, the general literature on managing cities provides some useful concepts for this research. There is a wealth of literature documenting that management of society, including urban space, is increasingly not the sole responsibility of government (e.g. Jessop, 1995; Mayer, 1995; Tickell & Peck, 1995). Rhodes (1996) even argues that governance is not synonymous with government. “Governance signifies a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed” (pp. 652–653). In this paper, urban governance refers to the processes and methods of governing urban areas. It is argued that urban planning as one of the major tools of city management and governance is shaped not just by government, but also by socio-economic and political forces within a particular society (Goldsmith, 1980; Banerjee, 1993; Fainstein, 1994; Jessop, 1995; Stein, 1995). Therefore, one can also expect great variations in urban planning mechanisms among different local settings (e.g. Amin & Thrift, 1995; Painter & Goodwin, 1995; Pickvance, 1995; Goodwin & Painter, 1996). This paper attempts to examine how the political economies of urban governance dictate the nature and roles of land-use planning mechanisms in developing urban spaces in the three Chinese cities.

The Case in ‘One Country, Two Systems’

Figure 2 tries to present the relative positions of the ‘two systems’ of urban governance in mainland China and the Hong Kong SAR along two axes: the economy, and the administrative status of the city under study which, to a certain extent, determines its political autonomy. In mainland China, the once centrally-planned economy now has tried to incorporate market mechanisms. However, the market in mainland China is far from mature and the ‘mixed’ economy is still skewed towards a resource-constrained one. In other words, enterprises are, most of the time, prevented from supplying more outputs due
Figure 1. Locations of Hong Kong, Guangzhou and Shenzhen.

to their inability to secure more inputs (Tang, 1994, p. 394). Nevertheless, since the economic reforms, considerable decision-making power has been decentralized to city-level governments, especially the SEZs and open cities including
Guangzhou, the provincial capital of Guangdong. Yet the degree of autonomy and the maturity of the market in the SEZs and Guangzhou are still not comparable to the post-colonial market economy of the Hong Kong SAR.
**Hong Kong SAR.** In capitalist Hong Kong with a ‘laissez-faire’ economy, the former colonial government had relied on impressive economic growth and development to maintain its legitimacy in the eyes of the general public. The polity had been described as an “inter-corporate and British-related ‘club’ politics” (Davis, 1977). In fact, the power structure embodied “the Good, the Wise and the Rich” (Harris, 1988, p. 7). It is only in recent years that trade unions and labour organizations have had representatives in the Legislative Council, the law-making body.

Before the return of the sovereignty of Hong Kong to Chinese rule, the British colony resembled a city state. The government claimed to have practised a ‘minimum intervention but maximum support’ economic policy. In reality, even up to this date, the government has exercised strict control over the supply of land, regulated the financial sector and jointly with the Chinese government monitored immigrants from China (Schiffer, 1983, 1991; Castells, 1986, Castells *et al.*, 1990). In other words, the government has played an important role as “an owner of a factor of production (land) and a creator of wealth” (Schiffer, 1991, p. 181). As the biggest landlord in Hong Kong, the government has relied heavily on land sales as a major source of revenue. Throughout the 1980s and early 1990s, land-related revenue amounted to about one-third of the total revenue (Ng & Cook, 1997, pp. 5–6). However, the government is also the land-use planner and one of the major ‘developers’ in the territory. It is argued that the vested interest of the government in land sales has led to an economic-growth-oriented land development strategy which emphasizes making the most profitable use of limited land resources under the disposal of the government, rather than a balanced and comprehensive development strategy that pays equal attention to social and environmental issues (Ng & Cook, 1997, p. 6). Therefore, one may argue that policy and decision making in the territory are largely the responsibilities of bureaucrats under the heavy influence of business interests.

Given the pivotal role of the land- and property-related markets in the economic development of Hong Kong, rules and regulations regarding land-use
planning and management have gradually been established. These rules and regulations define the rights and obligations of those involved in the development process, with the aim of reducing uncertainties. As a result, one may argue that a formal regulatory land-use planning system is in place in Hong Kong. However, as discussed elsewhere, these regulations are pro-economic growth and biased towards the interests of property-related industries rather than those of lay people (Ng, 1995). Nevertheless, with the democratization process in the small territory, land-use planning is increasingly a contested terrain. The government published a Town Planning White Bill in 1996 which suggested changes to increase public participation in the making of statutory local plans. Yet whether the bill, which has been under heavy attack by the development industry, will be passed after the political transition remains to be seen.  

Furthermore, under the ‘one country, two systems’ arrangement, Hong Kong now faces a new challenge. Although Hong Kong has been promised a ‘highly autonomous’ status by the PRC, ‘one country’ is put before ‘two systems’. Given Hong Kong SAR’s equivalent status to the centrally administered municipalities such as Beijing, Shanghai and Tianjin, Hong Kong is now part of a larger urban system. So, the once relatively autonomous Hong Kong now has to rethink its relationships with mainland China. Given the city’s economic integration with southern China, its land-use development can no longer be considered as independent from that in mainland China, especially in the PRD. The working relationships between the Hong Kong SAR and the central government and other levels of government will probably change in the coming years.

Mainland China. Interestingly, when compared with Hong Kong, the cities of Guangzhou and Shenzhen have been learning to be more autonomous since China’s adoption of economic reforms in 1978. Before the open-door policy, the Chinese state resembled a ‘police state’ practising the total administration of society and the economy (Tang, 1997). A city’s development depended on investment decisions made by the central state, and the local government role, at best, was to provide information to facilitate site planning (Ng & Tang, 1999). However, by the end of the 1970s, it was recognized that total administration of the economy and society was neither possible nor practical. Strict control by the central state had led to a shortage economy which stifled economic growth. Reforms were introduced covering a wide range of areas from enterprise reforms, the introduction of extra-plan elements to the economy, decentralization of administrative functions to local government, financial and tax reforms, and the open-door policy which allowed foreign direct investment. The introduction of these reforms has changed the role of cities. Instead of being undifferentiated entities whose destinies relied on investment decisions of the central government, cities are now seen to possess ‘central functions’ imperative to the efficient and effective organization of economic activities at various levels. To boost city government’s revenue, urban land reform has been introduced to allow the sale of land-use rights by local governments (Ng & Tang, 1997, pp. 4–6). In the Shenzhen SEZ and Guangzhou, foreign investments have also been encouraged, which has further complicated the construction and development process.

Unlike Hong Kong, where land sales by the government have occurred since the birth of the colony in the 1840s, a land market did not exist in the traditional
centrally-planned economy. In other words, Chinese cities now have to face the challenge of establishing rules and regulations regarding urban land property rights, land disposal, share of land revenue, city planning and land management, etc. (Institute of Finance and Trade Economies et al., 1992) over a span of less than 20 years, compared with the experience of Hong Kong which has had more than a century to mature. The difficulties of implanting effective and efficient laws regulating land-use planning and development are considerable given the nature of the Chinese state and the planned economy.

Land in Chinese cities is owned by the state, but used (and transacted) by governments and enterprises of different levels and origins. The local governments are now responsible for land sales, the returns from which may be used for infrastructure provision. Furthermore, local governments are owners of some enterprises which may be major sources of government revenue. Similar to Hong Kong, the vested interests of the local governments have led to a pro-economic growth development strategy and the city governments are quite ready to repeal the city plans for development projects to go ahead in order to boost revenue. Since the government retains strong political control over the population, a civil society hardly exists in the cities of Shenzhen and Guangzhou. This is unlike Hong Kong, where a democratizing civil society has begun to realize the importance of land-use planning in the city's development and has tried to play a role in its making. In other words, while the city governments of the Shenzhen SEZ and Guangzhou have attained more autonomy in local governance, their power is not checked by the general public. So, those rules and regulations which try to protect the rights of the economy from unreasonable state encroachment have not been well developed. This gives rise to a 'dual' land-use development system and only a small number of development projects actually go through the formal regulatory planning mechanisms. Many developments take place outside the control of the formal land-use planning mechanisms; this is a result of a general lack of respect for the set rules and regulations by society as a whole and the widespread existence of corrupt practices.

Table 1 summarizes the characteristics of the political economy of urban governance and land-use planning in the three cities.

**Land-use Planning in Hong Kong, Shenzhen and Guangzhou**

Given the economics-biased development strategy in Hong Kong, urban planning is very often narrowly defined as land-use planning because economic planning is a taboo in a 'laissez-faire' economy and social planning is the territory of other government departments. These help explain the pro-status quo nature of urban planning in Hong Kong (Ng, 1995). Land-use planning is not superior to other aspects of policy and has to operate within the market system.

The local governments of Shenzhen and Guangzhou play a dominant role in the formulation and implementation of city plans. The municipal governments only need to work within the macro socioeconomic and land utilization plans made by the central government in planning their cities. Since these cities also pursue an economic-growth-oriented development strategy, land-use planning is often side-stepped when the city plan is not instrumental in boosting economic development. As will be seen in the following analyses, elaborate land-use
Table 1. Urban governance in ‘one country, two systems’

<table>
<thead>
<tr>
<th>The political economy of urban governance</th>
<th>Post-colonial capitalist system (Hong Kong SAR)</th>
<th>Reforming socialist market economy (Shenzhen SEZ and Guangzhou)</th>
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<tbody>
<tr>
<td>• Market-led economy with well-established market rules and regulations</td>
<td>• Planned economy introducing market mechanisms</td>
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<td>• Executive government-led polity to promote the private economy</td>
<td>• Increasing foreign investments*</td>
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<td>• Democratizing civil society</td>
<td>• Most of the economic enterprises are intervened one way or another by the government</td>
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<td>• Facing the new challenge of working with higher-level government</td>
<td>• State-dominated polity under the strong control of the communist party</td>
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<td></td>
<td>• Civil society hardly exists</td>
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<td></td>
<td>• Shenzhen SEZ: heavily influenced by central government policies and foreign investors</td>
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<td></td>
<td>• Guangzhou: more under the influence of the provincial and city governments, and also foreign investors</td>
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<td>Land-use planning</td>
<td>• Formal regulatory planning system biased towards economic growth although increasingly challenged by a democratizing society</td>
<td>• Immature and weak market development and the strong state constituted the existence of a ‘dual’ regulatory system in land development. Since not all development projects go through the formal land-use planning system, land-use planning is quite irrelevant to guide physical/land-use development. Widespread illegal land development can be found</td>
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*In Shenzhen, 91% of the fixed capital investment in 1994 was made in infrastructure and real-estate development. Of the 91%, 15.9% was foreign investment (Shenzhen Statistics Bureau, 1995, pp. 289, 291). In Guangzhou in 1994, 23.5% of the fixed capital investment in the primary, secondary and tertiary sectors was made by investors from Hong Kong, Macau, Taiwan and other foreign countries (Guangzhou Statistics Bureau, 1995, p. 162).

plans have been drawn up in Shenzhen and Guangzhou. However, whether these plans play a role in facilitating actual development on the ground is questionable.

It is impossible to compare every aspect of the land-use planning systems in the three cities. The following will only briefly compare plan administration, the hierarchy of plans, and development control mechanisms. As can be seen in the following paragraphs, while the three cities all have their respective planning authorities that are responsible for making different types of plans, the importance of these plans in guiding actual developments on the ground varies. In Hong Kong, where the land market has coevolved with the planning system, the plans have become an important tool for the government to allocate and determine land uses for public and private developments in the land market. Although the government’s economic growth oriented development strategy means that land-use plans are biased towards the economic interests, well-estab-
lished procedures and legislation are in place to provide a formal regulatory planning system to guide the development process. However, in China the land market is only emerging and the land development processes are heavily interfered with by local governments which, as discussed earlier, play conflicting roles as land owner, land developer and users (as a result of the ownership of many of the economic enterprises) and land manager (planner). In the face of economic reforms and the open-door policy, most of the coastal cities in China have adopted an economic-growth-oriented development strategy. As a result, these governments, including those in Guangzhou and Shenzhen, are interested in development rather than development control. A ‘dual’ system in urban land development has resulted.

Plan Administration

The Planning, Environment and Lands Bureau (PELB) in Hong Kong, together with the high-level Land Development Policy Committee chaired by the Chief Secretary for Administration, provide policy guidance to the Planning Department which is responsible for land-use planning in Hong Kong. In addition to planning, the secretary for Planning, Environment and Lands also oversees the operation of the Buildings Department, Drainage Services Department and Lands Department. A government-appointed Town Planning Board, which is serviced by the Planning Department, also exists to make statutory local plans and to approve development applications.

Plan administration systems in Shenzhen and Guangzhou are different. Unlike the Planning, Environment and Lands Bureau in Hong Kong, plan administration in Guangzhou is separated from land management, which is the responsibility of the Land Administration and Housing Management Bureau. The Planning Bureau in Guangzhou is directly under the supervision of the municipal government. However, it is also guided by the Construction Commission. The Guangzhou Planning Bureau (PB) is responsible for city planning and design, surveying, construction and land-use management, etc. (Ng & Xu, 1996, p. 22).

In Shenzhen, land planning and land management functions are grouped together under the Shenzhen City Lands and Planning Bureau (SLPB) which is responsible for the formulation and implementation of sectoral development plans, city plans, infrastructure system plans and implementation, land resumption and management, real-estate development and ownership, surveying, development control, natural resources management, and any duties assigned by the City Planning Commission and the City Land Management Committee (SLPB, 1996, p. 1). The portfolio of the SLPB includes executive and operative functions and, therefore, is quite different from the PELB in Hong Kong.

Hierarchy of Plans

Table 2 compares the hierarchy of plans in the three cities.

Hong Kong. A three-tier hierarchy of plans can be found in the Hong Kong SAR. The highest level is a territorial development strategy (TDS) containing strategic long-term development options guiding the general directions of spatial growth for the territory. Under the TDS are five sub-regional plans for the
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<th>Hong Kong (3-tier hierarchy)</th>
<th>Guangzhou (3-tier hierarchy)</th>
<th>Shenzhen (6-tier hierarchy)</th>
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<td>Sub-regional plans</td>
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<td>Outline development</td>
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main urban area (Metroplan) and the New Territories (four plans). Sub-regional plans are prepared to translate the territorial development goals into more specific planning objectives. The third tier is local plans, which include the statutory outline zoning plans and development permission area plans; and the departmental outline development and layout plans. Except for the formulation of the statutory plans, which is governed by the Town Planning Ordinance and hence requires a certain degree of public involvement, the rest of the plans are done administratively and it is not mandatory for the government to involve the general public in their formulation.⁴ All the development strategies and plans are made with reference to the Hong Kong Planning Standards and Guidelines which are defined by the government.

**Guangzhou.** A three-tier hierarchy of plans is also found in Guangzhou. As specified in Article 6 of the 1989 City Planning Act (1990), city plans should be based on national economic and social development planning. The Guangzhou comprehensive city plan is based on the long-term socioeconomic plans of Guangdong and the PRD and the Guangzhou Land-Utilization Plan. The comprehensive city plan includes the designated function, development goal and size of the city, the standards and criteria for the main construction items and land-use zoning for the transportation, water-space and open-space systems, as well as for specific sectors and short-term construction (City Planning Act, 1990, Article 19). The planning horizon for the comprehensive city plan is 20 years.

The second tier of plans is the district plan, and according to Article 18 of the City Planning Act (1990), it is "compiled on the basis of the comprehensive city plan, in order to further control and define the use of land, the scope and capacity of each plot, as well as to coordinate various items of infrastructure and
public amenities and facilities”. The city is now divided into more than 40
districts and some of the district plans have been prepared.

The lowest hierarchy of plans is the detailed plan, which stipulates land-use
requirement, building density and height, the general layout of all items to be
built within the urban region, etc. (City Planning Act, 1990, Article 20). Cur-
cently, most of the completed detailed development control plans are found in
the urban fringe areas (Ng & Xu, 1996, p. 13). It should be noted that plans in
Guangzhou are all made administratively and there is no provision for citizen
participation in their formulation. Furthermore, according to the Institute of
and regulations for any development, urban planning agencies mainly rely on
the ‘Temporary Regulations for Urban Planning Quotas and Standards,’ pre-
pared by the State Construction Commission in 1980”. However, the Regulations
only provide standards for housing-related development. It is also reported that
23 government agencies have drafted land-use standards for their industrial
enterprises (Institute of Finance and Trade Economics, 1992, p. 222). The present
authors have not been successful in identifying the standards that planners in
Guangzhou use in making the above plans. In interviews conducted in a field
trip to the city in March 1997, urban planners alluded to the fact that the
standards used are confidential and are not made known to the general public.

Shenzhen. The hierarchy of plans in Shenzhen resembles a hybrid of those in
Hong Kong and Guangzhou. Shenzhen has a six-tier hierarchy of plans.5 The top
level of plan in Shenzhen is the ‘City Development Strategy’ (CDS), which is
similar to the scope of the ‘Territorial Development Strategy’ in Hong Kong. The
CDS has to consider the urban system plan in the PRD and the role of Shenzhen
in the regional context before mapping out a sustainable development strategy
for the city. Under the CDS is the city comprehensive plan, which also stresses
coordinated development in Shenzhen within the regional context, and tries to
integrate socioeconomic and environmental development, long-term planning
and short-term construction projects. Similar to Hong Kong, there are subre-
regional plans in Shenzhen. Three subregional plans are made in Shenzhen: one
for the SEZ and one each for the Bao’an and Longgan administrative districts.
Subregional plans are basically about land utilization and construction projects
made according to the comprehensive city plans, the socioeconomic develop-
ment strategy and physical characteristics in the subregions.

The fourth tier is the district plans, the boundaries of which are defined
according to the spatial distribution of city functions laid out in the city
comprehensive and subregional plans, rivers, roads and administrative
boundaries. The district plans define land-use principles and the nature of use
for various plots and provide guidelines for the preparation of statutory plans
or detailed plans. Unlike the city of Guangzhou but similar to Hong Kong, there
are statutory plans in Shenzhen. The formulation of statutory plans in Shenzhen
is based on the comprehensive city plan, the subregional and district plans.
Statutory plans are first made for important areas such as the city centre,
renewal areas, recently-developed lots, public open spaces or social amenity
areas, etc. It is interesting to note that, similar to the practice in Hong Kong,
statutory plans in Shenzhen have to be approved by the City Planning Com-
mission, which is composed of heads of various bureaux and of experts. Unlike
plans made in Guangzhou, here the City Planning Commission should, after its
initial examination, exhibit the statutory plans for 30 days for public consultation.

The lowest tier of plans in Shenzhen is the detailed blueprint. The latter specifies site coverage, plot ratio, open space ratio, population, height of buildings and space between buildings, transport and infrastructure requirements, car parks and urban design, etc. Similar to Hong Kong, Shenzhen has its own Planning Standards and Guidelines.

Development Control Mechanisms

The existence of an elaborate hierarchy of plans made by established planning authorities does not necessarily reflect the importance of city planning in local governance. The relative importance of the role played by urban planning in local governance can only be ascertained by examining in detail how development unfolds in a particular city.

As discussed earlier, the fundamental difference between the political economies of mainland China and the Hong Kong SAR lies in the relationships between the governments and the economies. In mainland China, the ‘mixed’ economy represents a reforming centrally-planned economy with the introduction of market mechanisms. The city governments have intervened in one way or another in many of the urban economic enterprises. Also, the city governments manage land resources, the largest users of which are economic enterprises. Hence, the development process is heavily influenced by the state. Given the fact that local authorities are given the responsibilities of financing local construction and development, they are eager to attract foreign investments and promote economic growth. As a result, many of them are interested in development rather than development control.

In the case of Hong Kong, the ‘mixed’ economy is largely a market-led one. While the government may have developed a close working relationship with the private business sectors, the state, at best, can only provide a framework to guide physical development. In other words, unlike the city governments in mainland China, the government of the Hong Kong SAR has to work in partnership with the private sector in the development process. Hence, while the city governments of Hong Kong, Guangzhou and Shenzhen all play the sometimes conflicting roles of land owners, land managers and land developers, the cases of Guangzhou and Shenzhen are complicated by the fact that the governments, as the owners of many economic enterprises, are also the biggest land-users. Unlike the entrepreneurs in the Hong Kong SAR who have to obtain land in the market regulated by the government, the city governments in Guangzhou and Shenzhen can simply allocate land for the development of their own economic enterprises.

As a fair and healthy land market does not exist in cities in mainland China, the emerging ‘private’ business interests have to use various ‘guanxi’ (relationships) to obtain land from the state-dominated land market. Those who cannot afford to expend a fortune in establishing good ‘guanxi’ with the government officials may end up obtaining land on the ‘black’ market, such as directly from peasants. Others simply occupy land illegally. Local-government agencies may tolerate the existence of these ‘illegal’ land-uses through the collection of ‘fines’. This not only helps to boost government revenue; illegal land-uses may also contribute to local economic growth, which is regarded as the most important
development objective in post-reform China. All these situations have led to
growing development control problems in Guangzhou and Shenzhen and sug-
gest that city plans may be irrelevant in guiding actual development on the
ground.

 Hồng Kong. All land in Hong Kong, except the site of St. John’s Cathedral in
Central, belongs to the government. Land ‘sale’ is the leasing of land-use rights
for a certain period. In fact, land leases which restrict uses, building heights,
development intensity, design and disposition and other conditions on individ-
ual lots are important means of development control. This was especially true
before land-use planning was widely practised in the territory. For instance, it
was only after the enactment of the 1991 Town Planning (Amendment) Ordin-
ance that land-use planning and development control were extended to the
rural parts of the New Territories.

Local statutory plans provide a framework for development control by the
government. The practice as provided in the Town Planning Ordinance is that
“uses always permitted under a zoning on an outline zoning plan are listed
under ‘column 1’ of the ‘notes’ attached to the plan while those which require
planning permission from the Town Planning Board are listed under ‘column
2’” (PELB, 1991, p. 35). If planning permission for a particular development is
required, a planning application has to be submitted to the Town Planning
Board. Within two months of the receipt of the application, the Board may grant,
with or without conditions, or refuse to grant, the permission applied for. If the
applicant is aggrieved by the decision, a review can be requested in writing to
the Board. If the applicant is still not satisfied with the result of the review, an
appeal can be lodged to the Appeal Board, the decision of which will be final.
The Appeal Board is also appointed by the government.

However, it should be noted that there is no provision in the Town Planning
Ordinance specifying how decisions should be made by the Town Planning
Board on development applications. Similarly, the criteria used by the Appeal
Board are not publicly known.

While the Planning Department in Hong Kong has no enforcement power in
the urban area, the 1991 amended Ordinance allows the Planning Department to
carry out enforcement actions in the New Territories. ‘Enforcement notice’ and
‘reinstatement notice’ can be served on unauthorized development. If the
unauthorized development is not discontinued, the person commits an offence
and “is liable to a fine of HK$500,000 and a fine of HK$50,000 for each day
during which the offence is proved to have continued” (Planning Department,
1995, p. 29). The fine for the second and subsequent convictions is double that
for the first conviction. The planning authority can also enter the site of
unauthorized development and take actions to stop the uses.

Hence, one may argue that the statutory plans are effective regulatory means
in controlling or facilitating development while a certain degree of flexibility is
also allowed in the development application system.

Development control in mainland China: an overview. Unlike Hong Kong, where
most of the land transactions take place in the market, land transactions in
mainland China are mainly in the form of either administrative allocation or
compensatory transfers, including land distributed through negotiation, tender

Unlike Hong Kong, where land lease is a major means of development control, land transaction in China is only one of the steps in a typical development process. In theory, the development control system in China allows for many checks and balances in the development process. For instance, when a person or a work unit wants to carry out a capital construction project, the project needs the approval of the economic planning agency. Then, according to Article 30 of the City Planning Act, a ‘permission report’ by the urban planning authority on the selection of a particular site for a construction project is essential when approval for construction is sought. When the project is approved and has secured funding, the person responsible for the development project should apply to the city planning authority for a land-use permit, to ensure that the specific location, boundaries and conditions of the project meet the city planning authority’s requirements. With the land-use permit, the development organization can apply for a piece of land from the land management authority. Furthermore, development work must have a building and construction permit for planning and design from the city planning authority, to ensure that the development meets the requirements specified in the city plans (Article 32 of the City Planning Act). However, the criteria for granting the above permits are not specified and the relevance of the land-use plans in the making of the related decisions is not known. In other words, discretionary power can be exercised in the development control process.  

While the importance of the plans in determining land-use development cannot be ascertained, the seriousness of illegal construction and land-uses suggests that urban planning is not very effective in local governance. The following will examine the specific cases of Guangzhou and Shenzhen.

Guangzhou. In Guangzhou, the Urban Planning Bureau is the planning authority. Land allocation is carried out by the Land Administration and Housing Management Bureau. In the recently-published Urban Planning Regulations in the City of Guangzhou (Guangzhou City Government, 1997), Article 46 specifies that illegal construction should be handled by the city planning authority which approves the project. The higher-level city planning authority is responsible for dealing with projects that are illegally approved. Projects not approved by any planning authority are the responsibility of district- or county-level city planning authorities. According to the Regulations, significant illegal construction or illegal construction in important localities should be examined by the Urban Planning Bureau in the city of Guangzhou. All relevant government departments should assist in stopping illegal construction. As stipulated in Article 48, funding should be stopped for illegal construction projects and utility supplies should be cut and registration for various activities cancelled.

In the case of illegal construction projects which affect land-use planning but can be remedied, a time limit should be imposed for correction (Article 54). A penalty should also be imposed on the work unit or person responsible for the illegal construction (50–80% of the market value of the project or one to two times the construction cost), the design unit (3–5% of construction cost) and the implementation unit (5–15% of the construction cost) (Article 54). If the concerned parties do not stop the illegal construction, the Urban Planning Bureau can stop the work and charge all the costs to the unit or person.
undertaking the illegal construction (Article 55). If the concerned parties refuse to pay, the penalty amount may be increased by 3% per day. The aggrieved party can appeal to the next higher level of planning authority for a review within 15 days of the notification. If the parties concerned still feel aggrieved, the case can be put to court within 15 days of the notification of the review results.

However, as mentioned before, not all of the detailed development control plans have been completed in Guangzhou. As a result, planners have to rely on the broad planning intentions stipulated in the comprehensive city plans and district plans. So, much discretionary power can be exercised by the planners in controlling development. As the whole plan formulation and implementation process is done within the government, there are no checks and balances to ensure that development control is done properly and that the interests of general public have been protected (Ng & Xu, 1996). After all, the Urban Planning Bureau is only one of the bureaus in the municipal government. Similar to other capital-hungry municipal governments, the city government, for the sake of development, may be tempted to approve a development project before a plan is made to ascertain its appropriateness. For instance, it was reported that, in 1993 alone, 56.8 km$^2$ of land were allocated for development (Zhang & Wu, 1994, p. 24). In the same year, it was reported that a branch of the Urban Planning Bureau approved the construction of 140 shops occupying more than 30,000 m$^2$ of land in the western part of the Dongjiao Park, which violated the Park Management Regulation of the State Council (Zhang & Wu, 1994, p. 29).

In the Baiyun (White Cloud) Mountains scenic areas, over 4000 mu (1 mu = 0.067 ha) of agricultural land had been built upon without going through the proper development control process (Zhang & Wu, 1994, p. 30). All these suggest that although the rules and regulations are in place to curb illegal construction, enforcement of these regulations is difficult, especially in the pro-economic-growth climate in the city of Guangzhou. The situation in the Shenzhen SEZ is no less problematic.

Shenzhen. According to the Legal Administrative Handbook of the Shenzhen City Lands and Planning Bureau (SLPB, 1996, ch. 12), the Land Development Monitoring Office in the SLPB, the Land Development Monitoring Teams in the branches of SLPB and the management offices are responsible for handling illegal construction. The division of labour among these three levels of land-management agencies is also clearly set. For instance, the Land Development Monitoring Office in SLPB will deal with illegal construction projects or illegal changes of land uses or plot ratio involving land areas over 1000 m$^2$ when they are within the SEZ, or over 3000 m$^2$ for those outside the SEZ. For illegal construction involving a land area of less than 1000 m$^2$, the branch offices can make their own administrative decisions on the penalties.

However, as in the case of Guangzhou, illegal construction work is widespread in the city of Shenzhen. From 1992 to the end of 1996, a total of 15,000 illegal construction cases had been handled (Jian, 1997, p. 34). It is reported that, in the first six months in 1997, 70,000 square metres of illegal land uses and 120,000 square metres of illegal construction had been cleared in Shenzhen (Jian, 1997, p. 32). This did not mean that illegal construction or illegal land-use would disappear in the city. In fact, Jian (1997) reported that the CLPB faced a lot of resistance in clearing illegal land-use. In the past, illegal constructions were ad hoc and small-scale phenomena. Today, illegal land uses are large scale. Many
of the illegal construction works are serviced by water supply, electricity, etc. Some even have telephone lines and street numbers. Illegal buildings (48 two-storey ones) can be found in the green belts separating the fast and slow transportation routes (Jian, 1997, p. 33). Jian (1997, p. 32) further reported that when the CLPB tried to clear an illegally-constructed shopping mall in the southern part of Shenzhen, the ‘angry’ shop operators detained the deputy head of CLPB’s sub-branch in the Luohu District. The deputy head was ‘released’ and the clearance continued only after the deputy mayor of the city of Shenzhen went to his rescue. Otherwise, the illegally-constructed shopping mall would probably have stayed and become the eyesore of the city.

Some of the illegal land uses in Shenzhen resemble squatter areas in other third-world cities. The Bijia Hill in the Futian District is a case in point. Illegal and temporary structures in the scenic Hill have been occupied by the ‘floating’ and unemployed population in Shenzhen. Places soon become rubbish collecting points, small workshop areas, and even crime spots. Jian (1997, p. 33) noted that, ever since 1990, the land management agencies have cleared the area at least twice a year and, every time, at least 300 people are deployed for the clearance. The costs involved are over one million yuan. However, illegal construction work in Bijia Hill has not decreased. Recently, almost 10,000 m² of trees were cut down to make way for a ‘Three Birds Market’ (Jian, 1997, p. 33).

Conclusion

This paper argues that as the political economies of urban governance differ in the ‘one country, two systems’ of mainland China and the Hong Kong SAR, major differences can also be observed in the land-use planning mechanisms. In Hong Kong SAR, the economy is skewed towards a free-market economy. In mainland China, the economy is skewed toward the centrally-planned model. The executive-led government of Hong Kong owns and manages all the land, and land-use planning in the city tends to be biased towards economic interests. The local governments in China also dominated the predominantly state-owned urban land market. However, unlike Hong Kong where a formal system of land-use regulations are obeyed and enforced to guarantee the proper functioning of the market, rules and regulations for the nascent land market are not well established. There is a ‘dual’ system of land development leading to development projects not regulated by the land-use planning system. In fact, plans seem to serve as advertising functions for cities to attract foreign investment in an era of economic reforms and open door policy, rather than as an effective means to guide development.

It is obvious that land-use planning in Hong Kong can further be developed from the basis of the present efficiently-run planning system. However, the traditional partnership between the public and private sectors in land development could perhaps be expanded to include the community elements. With the publication of the Town Planning White Bill and the initiation of a project called ‘Sustainable Development in the 21st Century’ by the Planning Department, Hong Kong has come to a point when the whole development philosophy needs to be reviewed to see if the economics-biased land-use planning strategy should continue, or whether social and environmental dimensions should be incorporated in the urban planning process. Furthermore, Hong Kong also faces the challenges of developing an effective regional planning approach with China.
Nevertheless, land-use planning does have an important role to play in urban governance in the Hong Kong SAR.

The political economy of urban governance in China, however, means that land-use planning has only a marginal role to play in the land-development process. In the current situation in rapidly growing cities like Shenzhen and Guangzhou, plans are not effective in determining land uses in the formal land-development process. Worse still, plans are often disregarded and many illegal construction works and land uses can be found throughout the cities. One of the reasons is that plans do not reflect the needs of the economy and the community, including the floating population who squat in various parts of the cities. Another reason has to do with the government-led land disposition mechanisms. Administratively-controlled land transactions should be reformed, and a land market which allows freedom of transaction among legitimate owners of land-use rights should be established (Institute of Finance and Trade Economics et al., 1992). The situation where the government is the land owner, land manager and land user is not desirable as the government can allocate land to economic enterprises without paying attention to the planning intentions. Land transactions in a market, however, should be regulated within a planning framework which is acceptable to the city as a whole. Unless and until land-use development follows planning intentions which are generally agreed by the local community, city planning cannot claim to be successful. This, of course, requires urban planning mechanisms which have teeth in controlling development. In other words, there is an urgent need to strengthen the legal concept among the people, and to ensure the enforcement of laws and regulations to boost the role of urban planning in local governance.

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Notes

1. Hugh Stretton’s works (1976, 1978) seem to be the classic on this topic.
2. There are exceptions such as Khakee (1996), Ng & Xu (1996) and Roberts & Chan (1997).
3. In January 1998, to the disappointment of many concerned professional planners, the Government of Hong Kong gazetted a three-page amendment to the Town Planning Ordinance. It is not clear, at this stage, if the Administration is still going to revamp the Town Planning Ordinance as suggested in the 72-page draft Town Planning Bill.
4. However, with the democratization process taking place in recent years, the government has adopted a practice of consulting the general public when different plans are being formulated. Public consultations were carried out in the formulation of the Metroplan and the Territorial Development Strategy.
6. This is an oversimplification of the complex land disposition mechanisms in China which warrant further research. Please see Institute of Finance and Trade Economics et al., 1992; Zhu, 1994; Keng, 1996; Yeh & Wu, 1996; Ng & Tang 1997; Tang, 1998.
7. According to Booth (1996, p. 5), there are two distinct families of development control: discretionary and regulatory. Discretionary systems of development control are built on a
tradition of case law and a belief that it is impossible to predict all the circumstances in advance (Booth, 1996, p. 5). Hence, the decisions regarding a particular development may be different from what has been specified in the plan. However, it should be noted that in Booth’s discussion, the discretionary action is formally accorded to particular actors by laws or regulations. This is not the case in China.

8. Published official statistics on the number of applications made, the criteria based on which these applications are judged and how many of them differed from the types of land uses specified on the plans, seem to be non-existent. One valuable source of information is a survey done by Sun & Tang (1997) on selected development applications in Shanghai between 1980 and 1990. It was found that about 50% of the approved land-use applications were in contradiction to the original planning intentions.

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