



*Canfei He earned his Ph.D. degree in geography from Arizona State University in 2001, and then moved to the University of Memphis, Tennessee, where he taught as an assistant professor. In August 2003, he returned to China as an associate professor in Peking University's College of Urban and Environmental Sciences, and was promoted to full professor in 2009. In addition to his academic duties at Peking University, Dr. He has served as associate director of the Peking University–Lincoln Institute Center for Urban Development and Land Policy since 2007. He is also the associate director of the Economic Geography Speciality Group of the China Geographical Society.*

*Dr. He's research interests include multinational corporations, industrial location and spatial clustering of firms, and energy and the environment in China. The World Bank invited him to write a background paper on industrial agglomeration in China for the World Development Report 2009: Reshaping Global Economic Geography.*

*Dr. He has authored four academic books and his work is published widely in English journals including Regional Studies, Urban Studies, Annals of Regional Science, International Migration Review, Eurasian Geography and Economics, Post-Communist Economies, and China & the World Economy. Dr. He also serves on the editorial board of three journals: Eurasian Geography and Economics, International Urban Planning, and China Regional Economics.*

## Canfei He

**LAND LINES:** *How did you become associated with the Lincoln Institute of Land Policy and its programs in China?*

**CANFEI HE:** I learned about the activities of the Lincoln Institute of Land Policy's recently established China Program from one of my colleagues at Peking University in 2003 soon after I returned from the United States. At that time, the Lincoln Institute was working in China on a number of specific programs, and I became involved in several associated research projects.

My official relationship with the Institute began with the establishment of the Peking University–Lincoln Institute Center for Urban Development and Land Policy (PLC) in October 2007. The Institute had been exploring a more long-term partnership with Peking University for some time, and as those discussions progressed, my previous contacts offered opportunities for me to serve as a liaison between the two institutions. I was nominated by Peking University to serve as the associate director with its director, Joyce Yanyun Man, who is also a senior fellow of the Lincoln Institute and director of its Program on the People's Republic of China. Over the past two years or more, I have been helping to develop the center and coordinate its work with other partners at Peking University, as well as serving as a research fellow of the center.

**LAND LINES:** *Why are urban development studies so important in China?*

**CANFEI HE:** China's urbanization during the past three decades has been remarkable. As an overwhelmingly rural population in 1978 when reforms began, China is now 45.7 percent urbanized, and the country is projected to be 60 percent urbanized by 2020. This means that China's cities will need to accommodate more than 100 million new urban residents in this decade.

Market forces, local forces, and global forces are all conspiring to influence the pattern of China's urbanization and development. Accompanying large-scale and rapid urbanization are revolutionary spatial, structural, industrial, institutional, and environmental changes in an incredibly brief span of time. The multiplicity of these driving forces makes the study of urban development in China both complex and challenging. The next wave of urbanization will have far-reaching implications for the country's future development, and thus there is a critical need for more high-quality, objective research on the subject.

**LAND LINES:** *What are some of the most unusual aspects of urban development in China?*

**CANFEI HE:** China's current urban development is quite different institutionally from that of most Western countries. Urbanization in China has occurred at the same time that its economy has become market-oriented, globalized, and decentralized. Whereas most Western urbanization occurred in a period of greater economic isolation, China's urban development has been directly influenced by international investment and global economic trends.

A second factor is China's *hukou* system of personal registration that limits the mobility of its people in part by linking their access to social services to the location of their registration. This system thus presents an institutional barrier that inhibits rural-urban migration despite ongoing reforms.

Regional decentralization is another important aspect that, combined with the state and collective ownership of land, has allowed local governments to play a distinct role in China's urban development. Land acquisition fees resulting from the sale of multi-decade leases for the use and development of state-owned lands have generated enormous revenues, and have been a critical source of municipal financial resources for urban infrastructure investment. This fee-based revenue, in turn, creates incentives that have promoted even more intense urbanization. On the other hand, the major planning role afforded to local governments in China means that

urban planning practice lacks consistency across the country's diverse regions, and is often hostage to local interest groups.

China is facing increasing global challenges and pressures from many sources including multinational corporations, nongovernmental organizations, global environmental standards, and rising energy prices. These challenges may increase the costs of urban development, but at the same time they may encourage a more sustainable process of urbanization.

**LAND LINES:** *How do you approach urban studies in China through your own research?*

**CANFEI HE:** China's urbanization goes hand in hand with its industrialization, and foreign investment has played a significant role in the country's growth. Urbanization demands labor, land, capital, and technology, as well as supporting institutions. Consequently, there are myriad approaches to studying urban development in China that focus on a particular factor or set of factors.

My own research interests fall within the capital and institutional approaches. Specifically, I investigate industrial agglomeration and foreign direct investment in Chinese cities by highlighting the institutional environment of economic transition. Investigating the elements driving industrial agglomeration in different cities and understanding the locational preferences of foreign and domestic firms are crucial for designing coherent and focused urban planning policies.

For instance, my research on foreign direct investment in real estate development and the locational preferences of international banks found that local market conditions and regional institutions largely determine the locational preferences of multinational services. This type of observation can be of use to planners and politicians in China seeking to foster the growth of the service industry.

With the increasing emphasis on global climate change and acknowledgement of the environmental impacts of China's first 30 years of reform and development, I am also becoming more involved in research on the environmental impacts of

urbanization, including energy consumption and carbon emissions. China has made a commitment to reduce its CO<sub>2</sub> emission by 40–45 percent per unit of GDP by 2020, relative to 2005. This means that building low-carbon and energy-efficient cities is another goal on the already lengthy list of challenges that includes servicing, housing, and employing the country's millions of future urban dwellers.

**LAND LINES:** *Given this ongoing international dialogue, how can China best learn from Western urbanization experiences?*

**CANFEI HE:** We recognize that there is much to learn from the West, including alternative approaches to land policy, housing policy, transportation policy, environmental policy, suburbanization, and the development and planning of megacity regions. China has the benefit of using the West's experience as a roadmap to help it avoid many of the problems that have arisen in Western cities, such as urban sprawl and gridlock. That economic, political, and geographic diversity offers a wealth of reference points for China's cities that should not be ignored and can help China avoid problems that have plagued many Western metropolises.

However, it is necessary to research the applicability of particular international experiences, considering the uniqueness of China's history and culture. Too often analyses of Western urbanization are presented as a blueprint for China, when in fact institutional, economic, and political differences mean that, for one reason or another, those solutions are impractical or unfeasible.

**LAND LINES:** *Why is China's urbanization and urban development so important to the West?*

**CANFEI HE:** China's urbanization will be one of the most important dynamics of the twenty-first century, not only for China but also for the West and the rest of the world. Millions of newly affluent consumers and empowered global citizens will exert significant new demands on the world's finite natural resources in several ways.

First, with the United Nations Millennium Development Goals, China and the world committed themselves to halving the number of people living on less than \$1 per day by 2015. Given China's large number of rural poor, the country's urbanization and economic development will be instrumental in meeting this important goal, as well as in achieving other goals such as those related to education and improving children's health. Only cities have the institutional reach and financial capacity to meet these goals on a large scale.

Second, much has been made of the gulf in understanding between China and the West in recent years. Urbanization and urban development will help to integrate China further into the global community, but it may also create more opportunities for cultural friction. The West has a vested interest in seeing that China urbanizes in an atmosphere that encourages openness and intercultural exchange.

Third, history demonstrates that urbanization entails a much greater demand for energy and other resources as living standards rise and as consumption and dietary patterns change. It has become a cliché to say that "as China goes, so goes the world," but China's urbanization and its related environmental impacts will have direct implications for the West and the rest of the world.

The recent memory of \$150 per barrel of oil shows that this future demand is likely to put great stress on international energy markets and the global economy. This latent demand also has broad implications for China's CO<sub>2</sub> emissions and for global climate change. The United States and China are key to any real hope of keeping the increase in average global temperatures less than 2 degrees Celsius warmer than preindustrial levels, as proposed at the recent climate conference in Copenhagen. Whereas the high level of development in Western countries means that changes happen incrementally, China's rapid urbanization offers hope to limit the world's future emissions by making significant changes now as the country develops. **L**