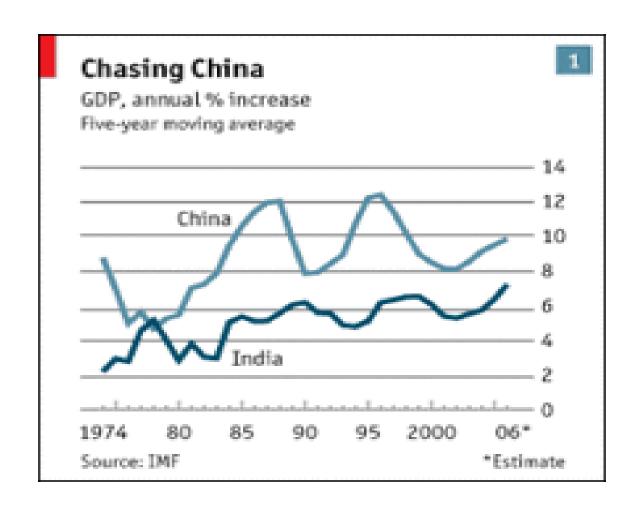


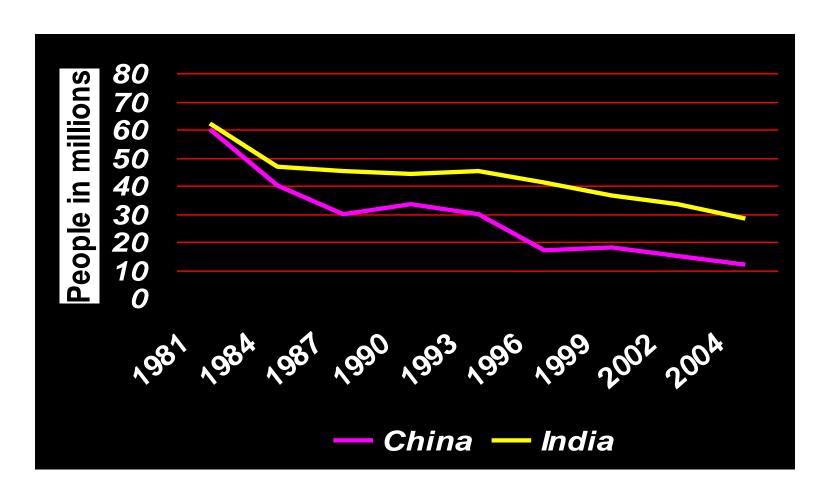
Overview

- Present a "New" Perspective on Urban-Based Development in India and China
- Suggest that the Perspective Actually isn't so new
- Speculate about some of the Capital formation and social Issues Involved

I. Chinese and Indian Growth: What is New? Higher Growth

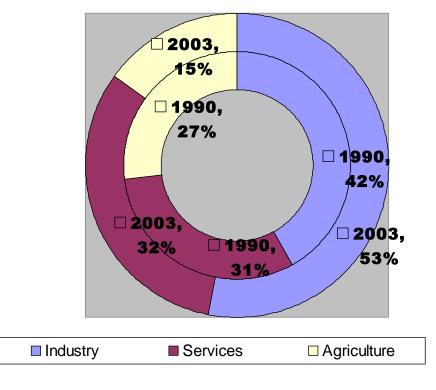


Chinese and Indian Poverty: What is New: Much less Poverty.

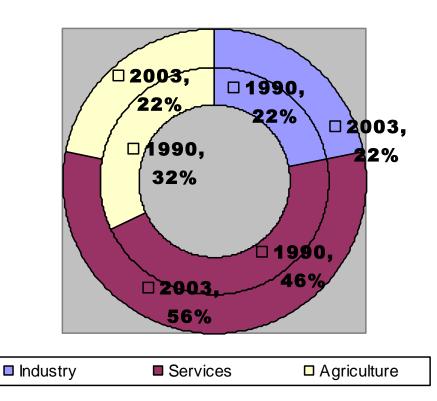


Chinese and Indian Growth: What is New? Urban Economic Growth

India GDP 1990 and 2003



China GDP 1990 and 2003



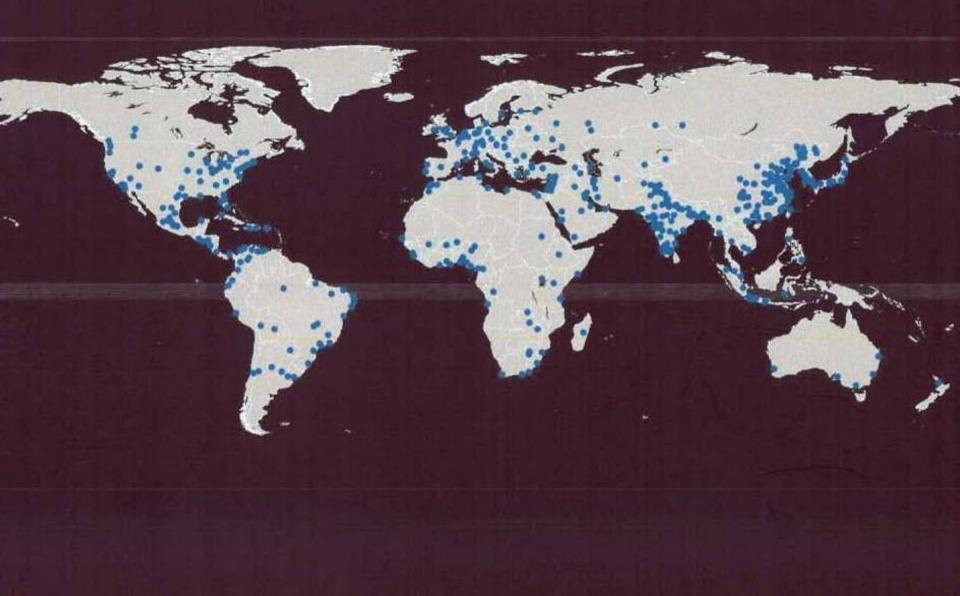
 Indian and Chinese Urbanization in a World Context

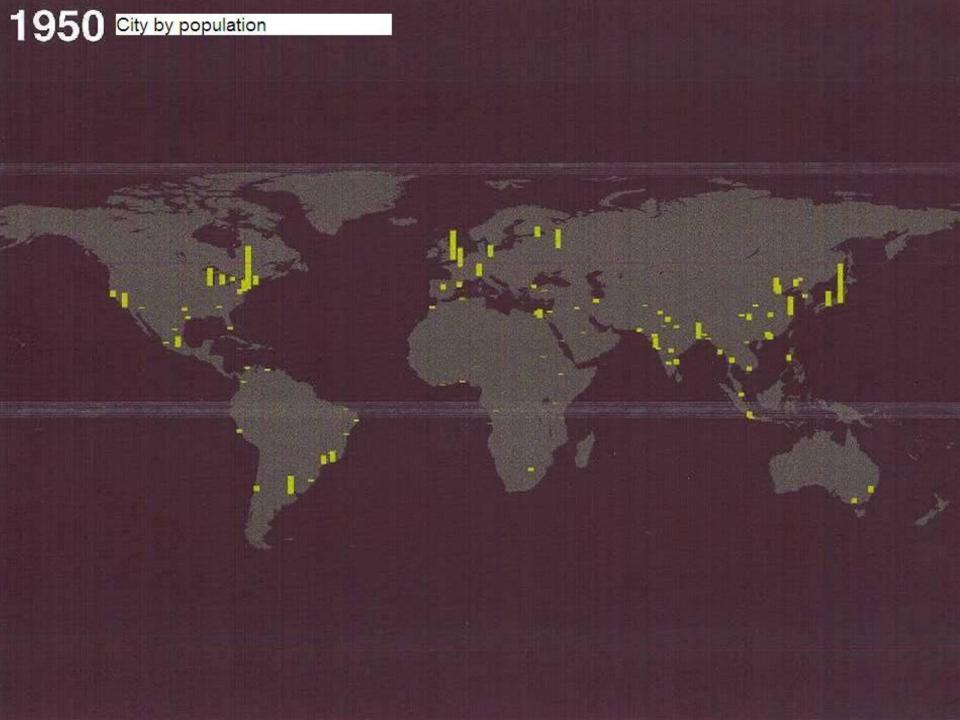


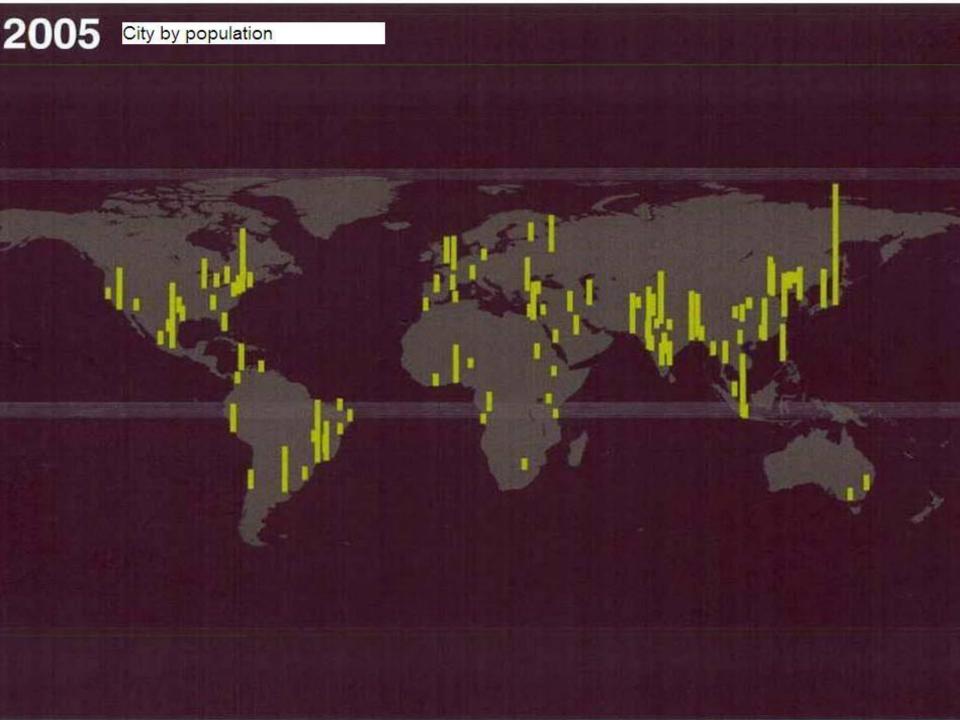
Cities over 1 million 1950



Cities over 1 million **2015**











First, consider the perspective of the old regime:

"Urban bias is the main explanation for why poor people stay poor in post-colonial countries." Michael Lipton 1984

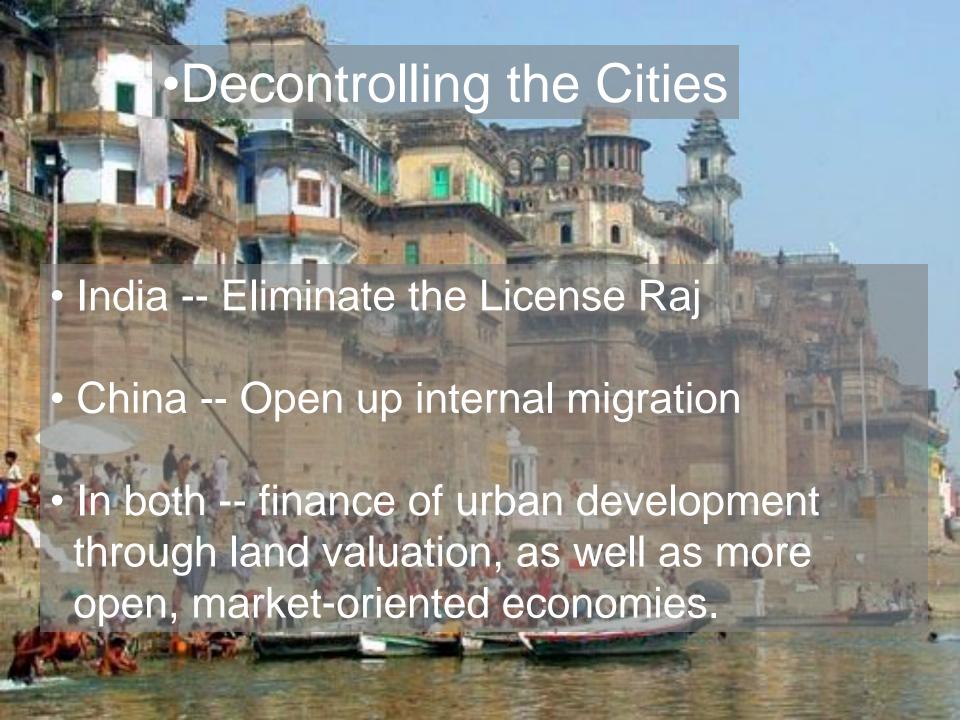
•What Changed?

- Cities became drivers of higher growth...but starting points and processes different.
- Starting Point: In India encroached infrastructure and inner city slums; China no encroachments and slums on periphery;
- Processes: China no land market; India highly regulated one. China controls people, India property.

How Did it Change? Urban Policies Prior to Reform

In India, urban bias addressed by the "License Raj." That is, attempts to disburse development to smaller cities.

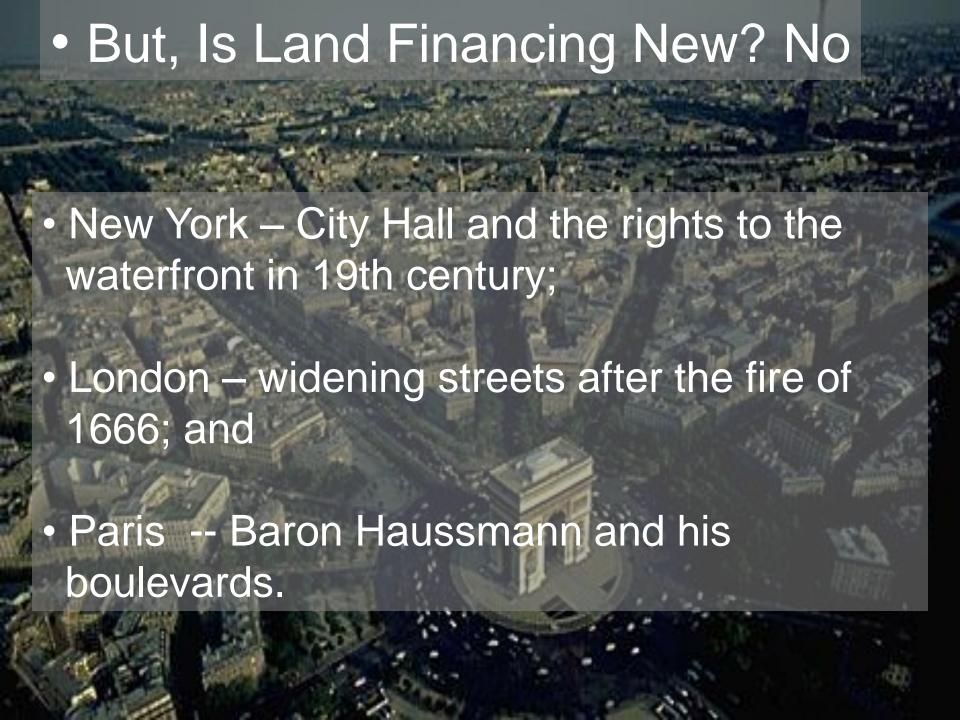
 In China, urban bias addressed by internal passports, "hukou." Proscribe migration to cities.





 They opened up and unshackled their cities. Policy-makers no longer tried to stop the "parasitism" of bourgeois urban life.





III. Ultimately, it was recognized that Cities mattered



What Works?

In principle, China has had more success – much higher growth, more rapid urbanization, better and greater improvement in urban conditions...

... but much better starting point – half of Mumbai's population are still slum dwellers – also China is a less litigious and more corporate-oriented society.

In the end, both have worked, but the question is: How to move forward?

Moving Forward with Urban Capital Formation

- Land use has to change to reflect spatial valuation – maintaining status quo kills productivity gains and therefore growth;
- Increasing land values have intensified pressures to redevelop land.
- The question is how can this be done equitably?



- In principle, either the Chinese or the Indian approach can work:
- Negotiating with Community as to their rights and compensation, as in India (sometimes); or
- Using a formula to dictate compensation terms, as in China.

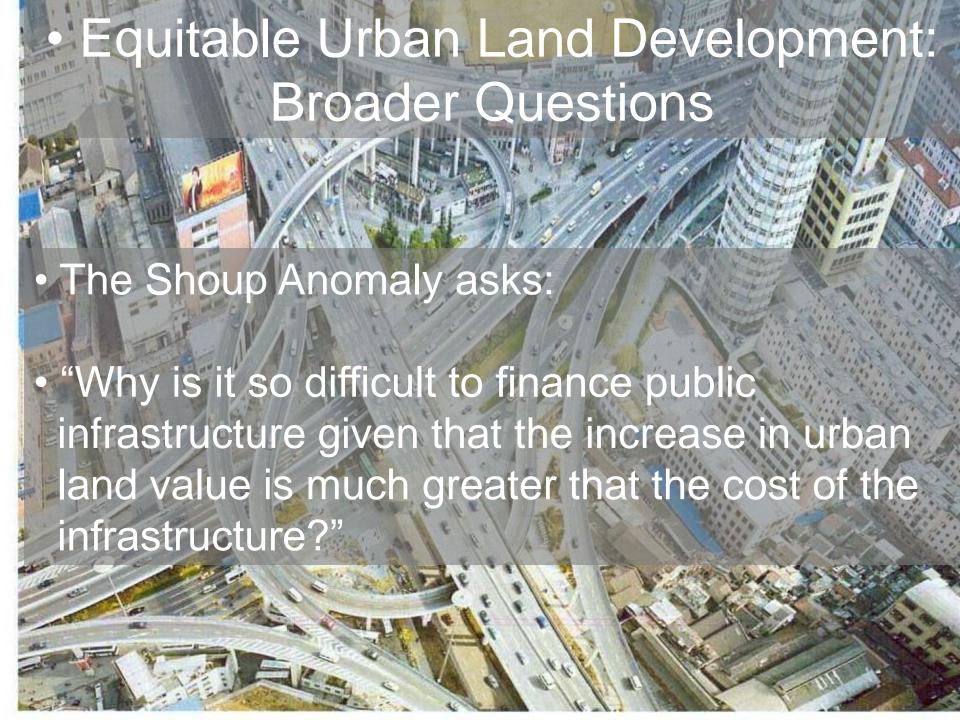
Equitable Urban Land Development: Broader Questions

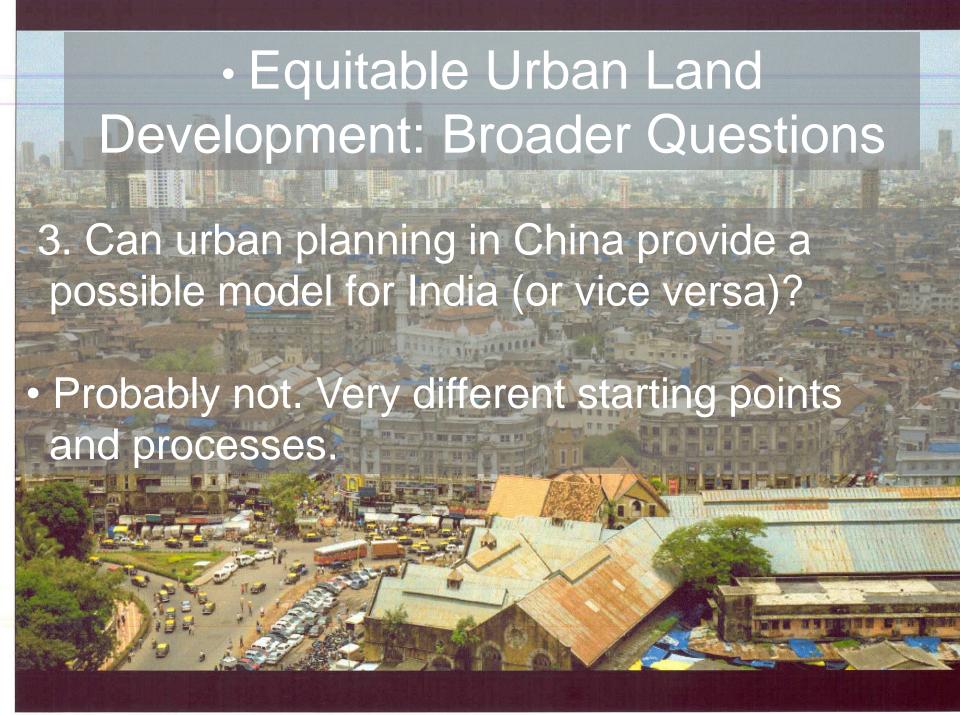
- 1. Are Indian and Chinese cities growing at the expense of the agrarian sector?
- No, higher levels of income cannot be achieved without urbanization, but...
 need to target poverty in rural areas too.

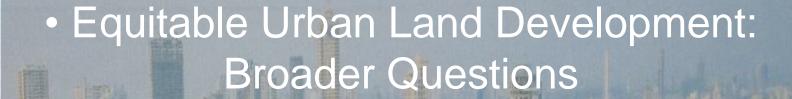
Equitable Urban Land Development: Broader Questions

• 2. Can urban capital in these countries sustain long-term growth or is it excessively connected with fiscal speculation?

Yes, growth can be sustained, but it might well be linked with speculation – witness the sub-prime crisis.







 4. Are the urban poor likely to accept the current social contract that governs their lives in Indian and Chinese cities?

 Trickle down from very fast growth versus longer term social justice? A fascinating philosophical question.

Conclusion

- There are no simple answers and basic approaches that will work everywhere – the Shoup Anomaly applies widely -nevertheless:
- Transparency is essential;
- Participation is costly, but it offers more benefits than just better cooperation; and
- Understanding the value of long-term assets such as land as well as the problems posed by absence of markets for these assets is important.