

Urbanizing China

A reflective dialogue

Managing Cars in China

Four Cases

- Bidding to Drive: Shanghai' Auction
- Superficial Fairness: Beijing's Lottery
- Price as a Policy Signal: Gauging the Public
- Purposeful Policy Leakage: Non Local Vehicles

Question

Are these patterns also true to other domains?

housing, education, energy, environment,
health,...

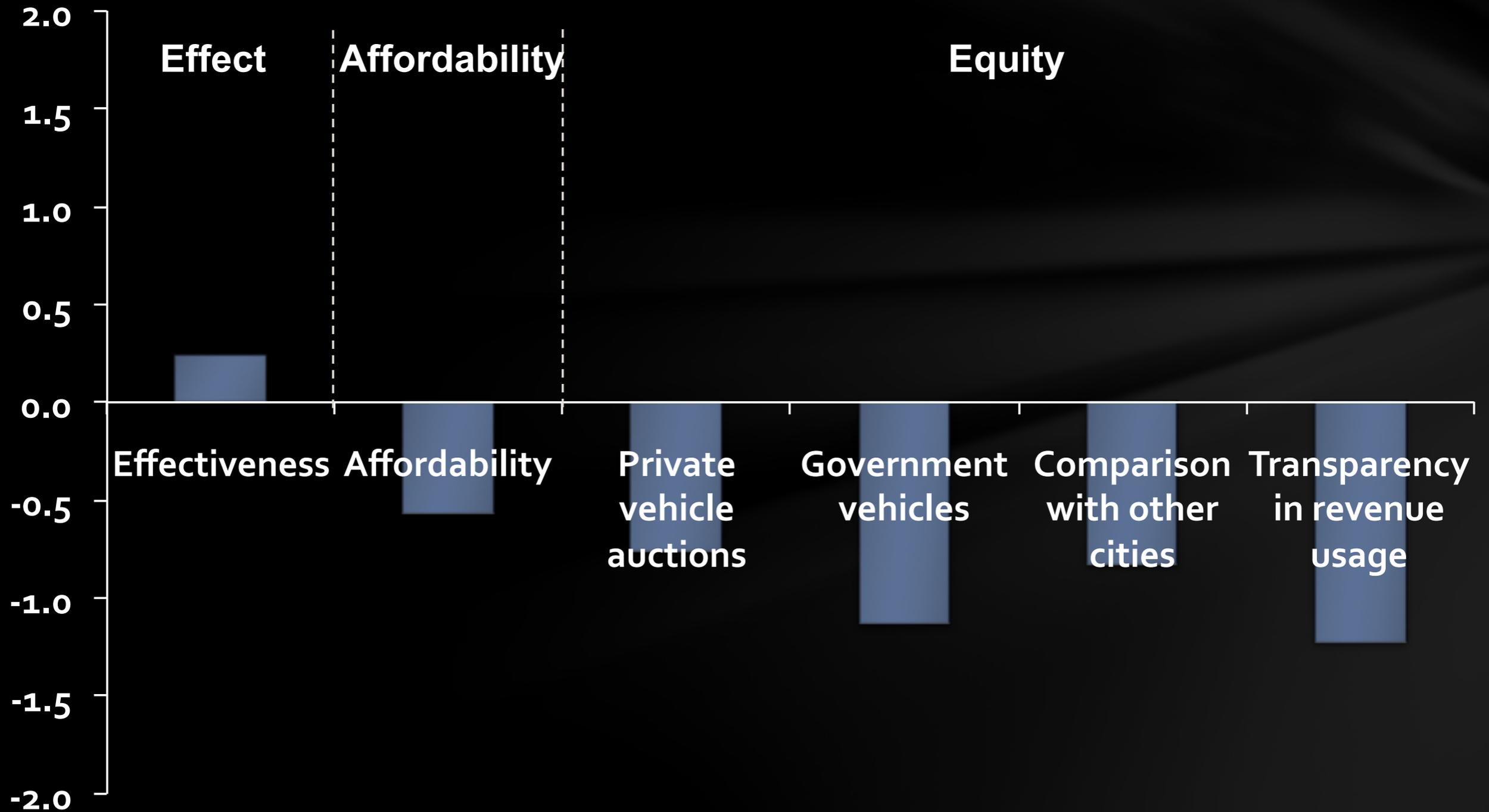
Please offer examples.

Overall Acceptance

Fully unacceptable ←————→ Fully acceptable

Core policy drivers

Strongly Positive



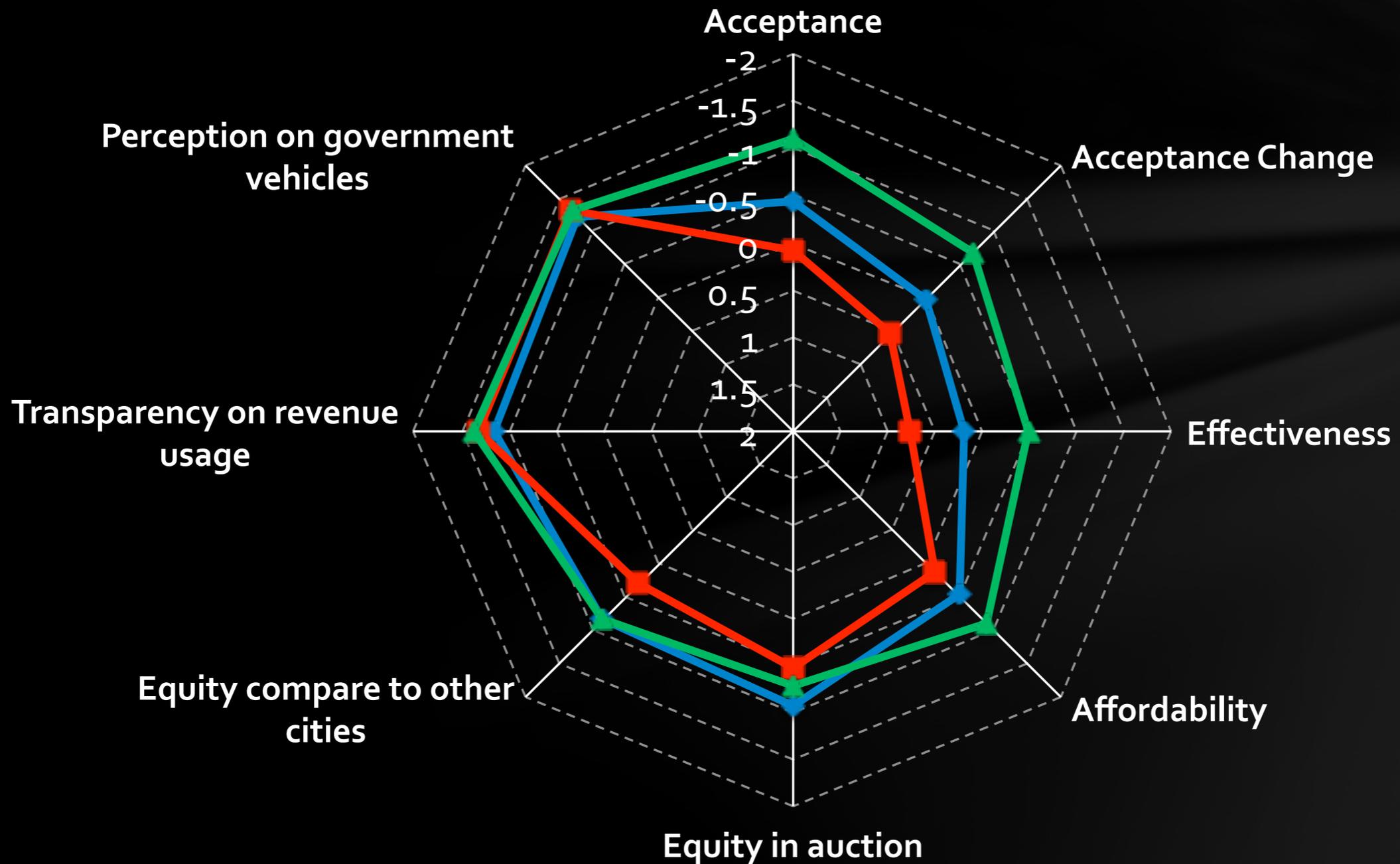
Strongly Negative

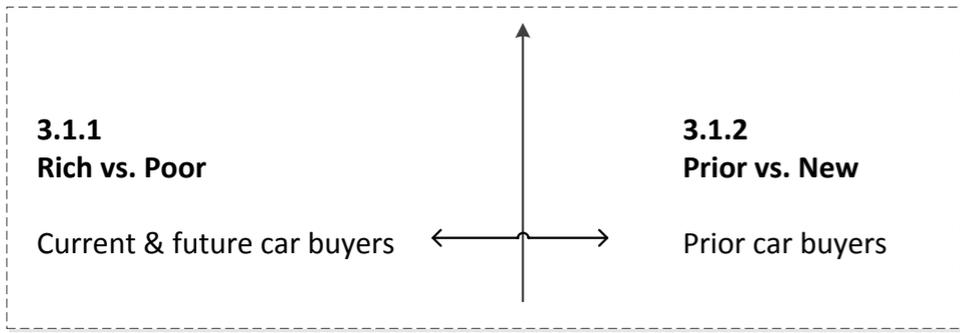
Car Owners (18%)

vs.

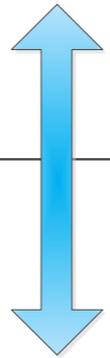
Non-Car Owners (72%)

Shanghai License (80%) vs. Non-local License (20%)





CAR OWNERS



NON-CAR OWNERS

Future car owners

3.1.3 Revenue Transfer
Resource redistribution

3.1.4 Space
Inner vs. Outer City

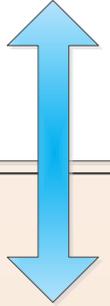
LOCAL



MIGRANT

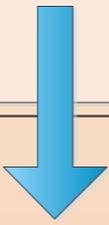
3.2.1 Local vs. Migrant
Different social class

PRIVATE



PUBLIC

3.2.2 Government Vehicles



LOOPHOLES

- 3.3.1 Corruption
- 3.3.2 Information Asymmetry

Shadow Price of Beijing license



Policy making in China is Easier?

- Fewer regulatory constraints
- Stronger government power
- Richer resources
- Elite-driven
- Lack of public participation

Authoritarian decision making

- Straightforward
- One-directional

?

Do governments gauge the public opinions?

- Lack of mechanism
 - Formal public participation
- Consequences
 - Implicitly gauging public opinion
 - No feedback / ignore feedback
 - Over react
 - Drama

Mechanism of Quota Decision Making

$$\text{Quota (t)} = 1.354 \text{ RoadArea} + \\ 0.808 \text{ Quota (t-1)} + \\ 40.4 \text{ Price (t-1)} + \dots$$

Supply →

Quota →

Price

Bidding Price as a Signal for Policy Adjustment

Beijing's Lottery Policy

- Effectiveness:
Extraordinary
- Efficiency: Disaster
- Equity: Superficial

Purposeful Policy Leakage

Legitimacy and Intentionality of Non-Local Vehicles

Consequences of leakage

- Effectiveness
- Revenue
- Traffic management
- Fairness
- Trustworthiness of government

Effectiveness

vs.

Openness

- Congestion Management

- Shanghai as a global center

City State vs. City in a Region

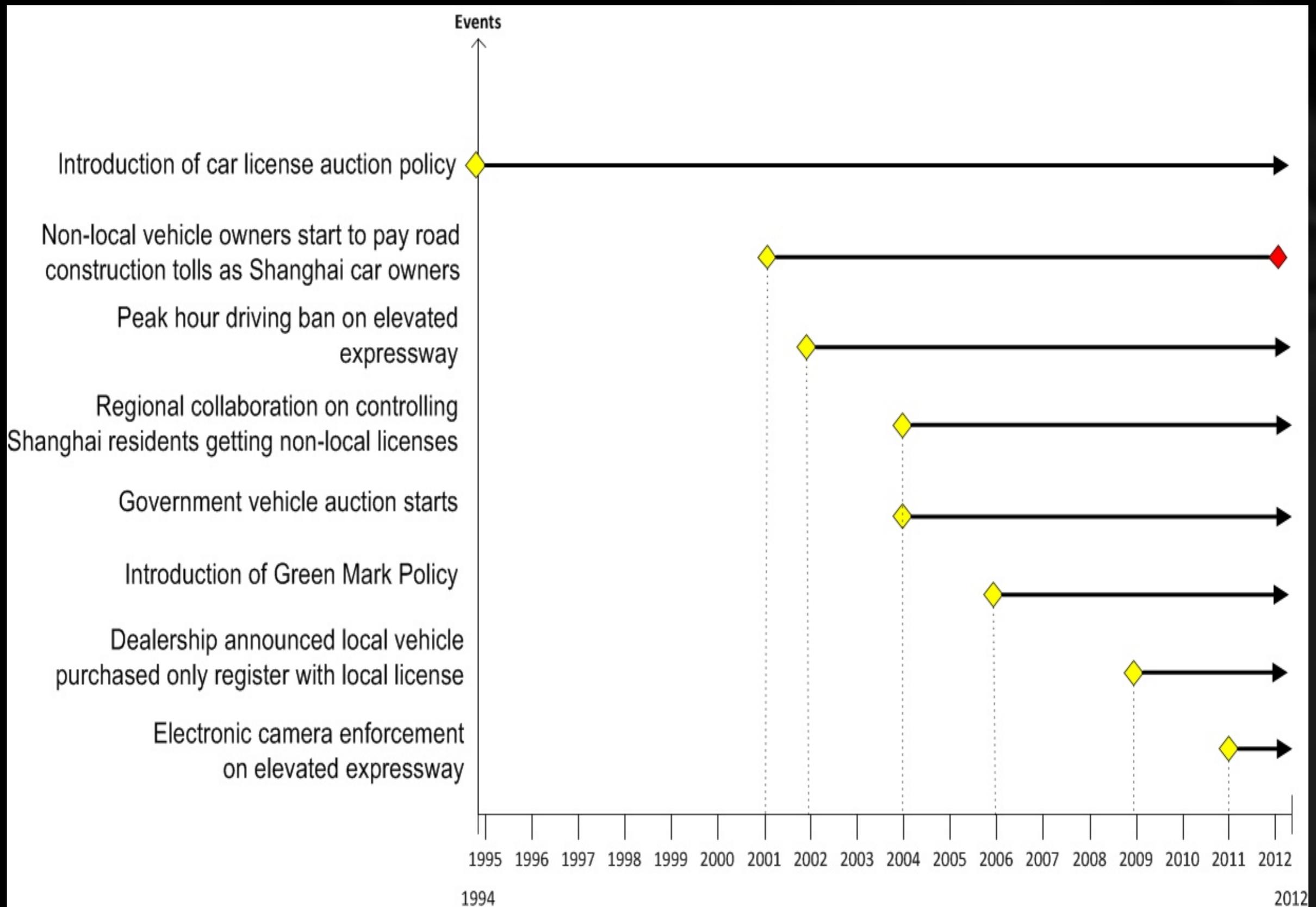
- **Singapore**

- No domestic car industry
- City-state
 - Closed system with no non-local vehicle problems

- **Shanghai**

- Car as pillar industry
- City of region
 - Open city allowing non-local vehicles entering

Government Response: Timeline



Legitimacy and Intentionality

	Government	Public
Legitimacy	<ul style="list-style-type: none">• Mixed signals• Choice to restrict but not completely ban confers implicit legality	<ul style="list-style-type: none">• NLL seen as reasonable reaction to policy• But inconvenient and lower status
Intentionality	<ul style="list-style-type: none">• Intentional in general• Unintentional on specifics	<ul style="list-style-type: none">• Maintain current choice• Potentially more NLL

Shanghai's Policy on Non Local Vehicles
Reserved, Gradual and Strategic

Four Cases

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China's Transportation Policy Making

1. Cocktails of state + market combinations

Embracing the market?

	Shanghai	Beijing
Long term policy intervention	From early stage motorization	Late + Sudden
Intervention strength	Strong	Strong
Maximum quota	Yes	Yes
Allocation mode	Auction	Lottery
Allocation mechanism	Price based bidding	Time based queuing
Efficiency and equity	More efficiency	More equity
Consequences	Less distortion	Queuing → Price or Power
Financing ability to pay vs. willingness to pay	Mixed of both	Neither
Market and state	State + market	State only

2. Tougher tradeoffs

Tougher tradeoffs

- Multiple goals: often conflicting
- Congestion management and city openness
- Efficiency and equity
- Interests of different groups
- Public sentiments and sensible policy choices

3. Devolution of decision making

Devolution of decision making

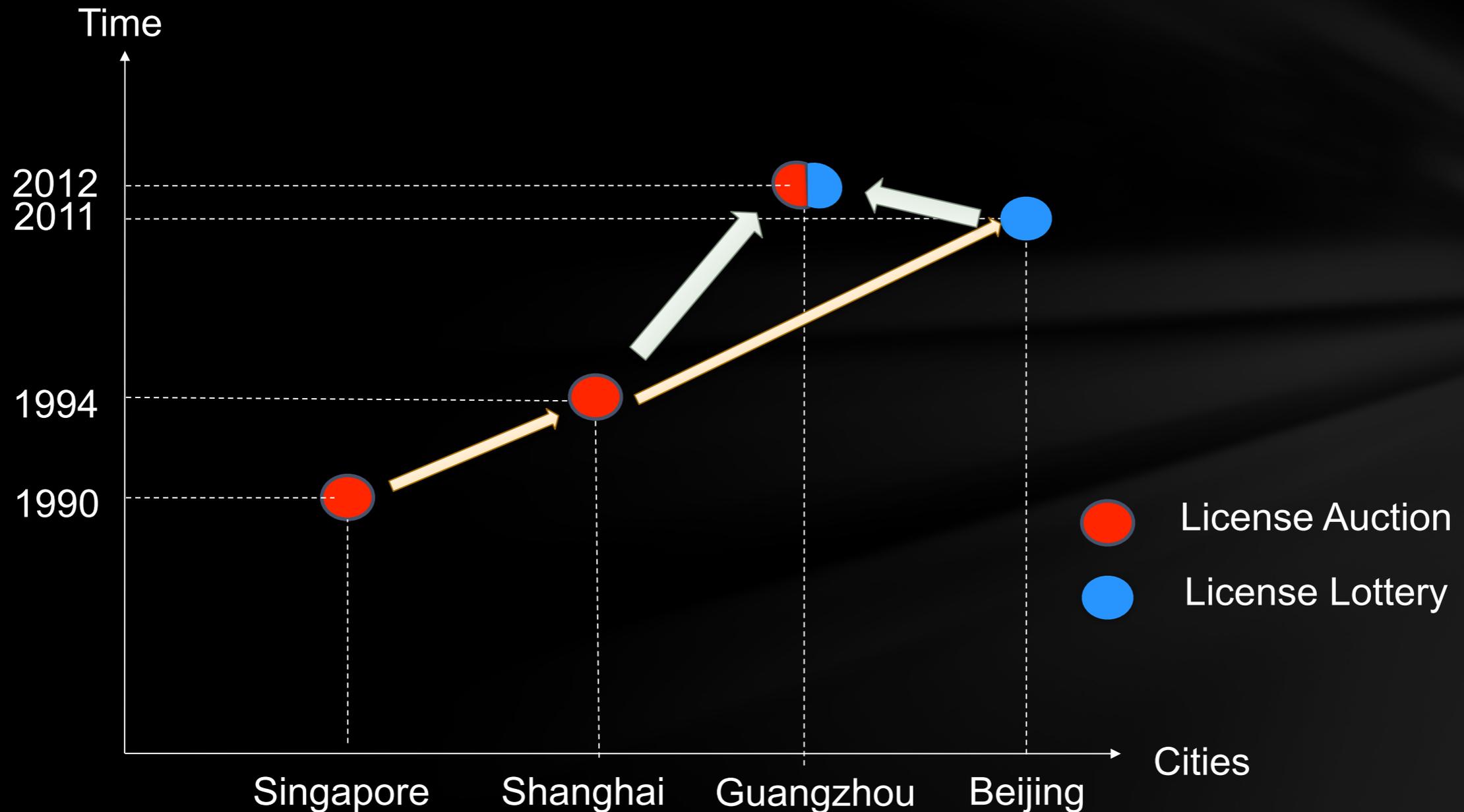
- Experiments in Shanghai and Beijing
 - Significant
 - Significantly different
- 600+ Cities: Each Experiments its Own Transportation Policies
- Tolerance and Encouragement of Diversity and “Try and Error”

Highly centralized politically

Highly decentralized economically and administratively

4. Policy Learning, Transfer and Mobility

Policy transfer



Zhao, J. and Z. Wang (2013) An Interview Based Survey of Transportation Policy Transfers in China, working paper

Policy Experiment and Transfer

Pilot, Evaluate, Codify, Disseminate and Scale up...

Formation of Transport Policy Market

Image removed due to copyright restrictions. Table listing the mechanisms behind the transport policy market.
Source: unknown.

Broader Policy Transfers

- Singapore → Shanghai
 - Car industry
 - City state vs. city in a region
- Shanghai → Beijing?
 - Bidding vs. lottery
 - Control use vs. control ownership
 - SH+BJ → Guangzhou/Xi'an → 3rd cities
- China → World?
 - China → other developing countries
 - China → western cities
 - Local context vs. generic human nature

*Borrowing from
the west*

*Experimenting
within*

*Exporting
knowledge?*

5. Policy Design ~ Behavioral Response

Policy Design ~ Behavioral Response

Increasingly two-way interactive rather than simply top-down command and control

Shanghai

- Embracing market
- Gauging the public
- Learning and adjusting
- Regionally collaborative
- Strategic about leakage
- More open towards migrants

Grand but nuanced

Increasing sophistication in China's policy making

Subtleties in Bold Design

Question

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Please offer examples.

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