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Preface

Urbanization is a centuries old phenomenon. Despite numerous attempts to capture various aspects of urbanization and its impact on human habitat, the thirst for knowledge of this complex process still remains a great importance among many quarters of human inquiry. This conference, with participants from the scholarly world, policy makers and planners, politicians, and NGO activists, is a modest attempt to contribute to the stock of knowledge and shed light on the critical policy issues of human habitat in urban settings in the context of global transformation. This effort by the International Research Foundation for Development signifies the historic moment of the Special Session of the General Assembly for an Overall Review and Appraisal of the Implementation of the outcome of the United Nations Conference on Human Settlements (Istanbul + 5), convened June 6-8, 2001, at the United Nations headquarters in New York.

Since the second half of the twentieth century, urbanization has become an alarming social process in the world, particularly in developing countries. While continuing the urbanization process in the already urbanized more developed world, three fourths of the total population lives in urban areas in Latin America and the Caribbean; one third of the population of Africa and Asia lives in urban areas. Urbanization is the most critical process and form of global transformation, which has mirrored uneven development between regions, within regions, and within countries. Polarization and fragmentation of human settlements in large urban agglomerations, both in the developed and underdeveloped world, is widely documented. The developing world presents a more precarious condition with exponential population growth unparallel to their economic and social progress. At the turn of the century, this unprecedented population concentration has brought forth tremendous challenges to its economic, political, and socio-cultural milieu of human settlements.

Contrary to the commitments agreed upon in Istanbul and the expectations left with civil society, except for a few scattered success stories, urban centers have become places of social exclusion in the face of global transformation resulting in urban poverty, overcrowding, unemployment, poor housing, lack of infrastructure, and insufficient services. Economic and social polarization has become a threatening reality for human lives in cities around the world. However, urban citizens are experiencing different living standards as structural dynamics vary vastly across the globe. The root causes of different forms of living standards associated with a variety of human settlement patterns and the dynamic characteristics of complex social organizations, remain uncovered. Proper diagnostic efforts must draw attention to the critical social transformation of our age.

In the phase of independence from colonialism, “the new urbanization, in new nations and old, reflects a basic transformation of human society. Nationalism is roughly coterminous with mankind; the nation state is increasingly the critical social container for all human beings”(Greer 1968, viii) and nation-state was the main pilot of social change (UNCHS, 2001). In the post-cold war era, nation-state has increasingly been pressured and subdued, and demanded a new role by the global transformation which contains complex paradoxical elements emanating from the interaction between forces of global-regional-national-local terrains of humankind. Scott Greer’s notion of the increasing societal scale, which he envisioned 40 years ago, is no contradiction to the contemporary form of urbanization.
From a policy research point of view, what is missing is the holistic conceptualization with a solid empirical grip to uncover a variety of forms of urbanization and its associated social organizations—institutional dimensions—in the context of global transformation. This is partly due to the fact that scientific and policy research on urban issues has been carried out largely through selected universities and governmental organizations on a single disciplinary or locational basis. This is quite obvious in African, Asian, and Latin American urban research. On the one hand, certain regions, countries, and most smaller urban centers have been neglected or less focused upon, while some mega-cities and metropolitan centers were given high priority in urban research. On the other hand, mega-cities and metropolitan centers were examined in isolation—not in an interlinked framework—and without deep analysis and comparison in the context of total global transformation.

Without having a comprehensive approach, it is impossible to harness insights into the paradoxical impact on local communities, democratic urban governance, creating sustainable urban development, and a proper balance between markets, governments, and civil society. It is in this context, the International Research Foundation for Development brought together a wide spectrum of civil society people and international leaders for this global dialogue. This professional gathering may be the initial foundation for a new hope of new inquiry into the urbanization process. Our specific goals are to: 1) mobilize the academic community, policy makers and planners, practitioners and leaders of NGOs to improve our understanding of urban development issues; 2) develop alternative approaches and policy plans to improve the quality of life in urban areas around the globe; and 3) link the efforts of diverse groups and build a coalition toward the common goal of continuing scientific discourse, and policy analysis for sustainable development and democratic governance of the human habitat.

The papers of this conference are organized under 12 major themes: Habitat Agenda and Urbanizing World; Urban Poverty Alleviation; Affordable Housing, Tenure and Good Governance; Globalization, Urban Transition, and Governance in Asia; Privatization of Service Delivery in Mega Cities; Urban Governance and Community Development; Urban Environment and Sustainable Development; Metropolitan Governance and Urban Political Culture; Post Conflict Reconstructions, Cities and Refugees; Urban Congestion and Land Use Planning; Gender, Race and Ethnicity in Cities: New Approaches; and Family and Human Habitat.

Though the papers presented under the above themes do not necessarily represent a full spectrum of the human settlement issues and analyses, these themes will provide a solid base for a continuing scientific discourse, and to formulate further in-depth comparative research to enhance our understanding of the urbanization process across the globe.

In conclusion, I urge all participants of this conference, as well as new members, to become active players in this professional endeavor. On behalf the International Research Foundation for Development, I would like to thank all of the regional networks, institutions, and individual members for their contributions.

Sincerely,

Neville S. Arachchige Don, Ph.D.
President & Chief Executive Officer, IRFD
1. Introduction

The $2 postal stamp in Figure 1 can be read in many different ways; as a marker of the transition towards a knowledge based economy; as an indicator of the increasingly significant role of information technology in underlying global development processes; as a terrifying symbol of social control and surveillance in high-tech authoritarian times; and as a celebratory icon of the new Millennium.

In this paper the stamp in Figure 1 is read as a symbol of the developmental city-state in a globalising era. It signifies (to us at least) the nation-state - hence the simple presence of a postal stamp to be read. Of all the world/global cities listed in league tables produced by analysts like Friedmann (1986), Beaverstock, Taylor and Smith (1999), Godfrey and Zhou (1999) or Short and Kim (1999), only two of these ‘cities’ issue postal stamps – Singapore and Hong Kong. In other words, the city-state has a broader range of powers and responsibilities than the other places analysts commonly deem global/world cities.

This stamp also signifies the spatially limited scale of the city…the absence of any large (identifiable) land mass on the stamp could be the result of neglect or the practicalities of image choice and selection. In our reading though, we view the swirling cloud cover and amorphous (unidentifiable) land at the edges of the globe as a sign of uncertainty/change/process/evolution that no city can ever hope to control. In other words Singapore is just a city – a tiny (647 sq. km) ‘dot’ of about 4 million (mainly Chinese) people situated within a swirling and turbulent sea of geopolitical and geoeconomic forces. Yet, while control is deemed an irrelevant objective, the developmental city-state of Singapore never misses an opportunity to convey how the small city must cope with and exploit (ride) global and regional systemic change in an aggressive and strategic fashion (Ho and So, 1997; Yeung and Olds, 1998; Yeung, 1999a; 2000a; 2001a). How can a city no larger than Surabaya in Indonesia, Ankara in Turkey, Cologne in Germany, Monterrey in Mexico, Montreal in Canada, or Boston in the United States ensure that economic and social development proceeds when there are no natural resources within the boundaries of the city, and no sources of intergovernmental transfer payments (or multilateral aid)? It does so by using the powers and capacities of the nation-state (in both material and discursive senses) to transform society and space within the city; all in the aim of embedding Singapore within the evolving lattice of network relations that propel the world economy. Existing space and social formations are purged, razed, flattened, cleansed, restructured, re-engineered: in their place ‘world class’ infrastructure/education/legal/financial/healthcare systems are developed, maintained and constantly refashioned. As the infamous architect Rem Koolhaas (Koolhaus and Mau (1995: 1011) put it in a reflective chapter of S/M/L/XL:

I turned eight in the harbour of Singapore. We did not go ashore, but I remember the smell – sweetness and rot, both overwhelming.

Last year I went again. The smell was gone. In fact Singapore was gone, scraped, rebuilt. There was a completely new town there.
Almost all of Singapore is less than 30 years old; the city represents the ideological production of the past three decades in its pure form, uncontaminated by surviving contextual remnants. It is managed by a regime that has excluded accident and randomness: even its nature is entirely remade. It is pure intention: if there is chaos, it is authored chaos; if it is ugly, it is designed ugliness; if it is absurd, it is willed absurdity. Singapore represents a unique ecology of the contemporary.

‘Creative destruction’ is the catchphrase in Singapore; it is a process that can be initiated with relative ease in a spatially limited area that is governed by a unified and well resourced government. Once global flows are grounded in the city, mechanisms are developed (via the powers of the nation-state) to reshape the nature of the networks Singapore is embedded within: to shift from being a simple repository for layers of foreign investment (as guided by networks of TNCs), to simultaneously becoming an active exporter of capital to potentially profitable sites around the region and the globe (hence the image of the globe in the stamp). The policy goal is to establish interactive economic relations with a broader range of economies so that Singapore can extract streams of profit from an extraterritorial terrain. As noted above, this terrain is the globe pictured in the stamp; a terrain that evolves and changes over time. The hands represent social intention to establish this terrain, and the dominant role of the state in guiding the relational transformational process. Finally, the cables, satellites and wires represent the technologies that Singaporeans will have to increasingly rely upon to establish, maintain and reshape this terrain.

The fact that city-states are globalising (both inwards and outwards) is not new, as will be detailed further in this paper. What is surprising, however, is that much of the literature on global cities has paid little attention to the complex interrelationships between global city formation and the developmental state, nor recognised the unique characteristics of the developmental city-state.

This lacunae in the global/world city literature is, to a large extent, explained by the dependency of the literature on empirical studies of two to three major global cities within large countries – London (in England), New York (in the United States) and, occasionally, Tokyo (in Japan) and Seoul (in South Korea). It is also explained by the Western base of most proponents and critics of the global cities/world cities paradigm. In such a context there is an urgent need to extend our existing global city research agenda to incorporate other varieties of global city formation, and to investigate, in historically and geographically specific ways, the processes through which these ‘other’ global cities are formed, transformed, and extended beyond their immediate urban territoriality (Olds et al., 1999; Olds, 2001).

This paper is conceptual for the most part. The main aim of the paper is to offer an alternative perspective to the dominant (indeed hegemonic) global city discourse produced by people like Saskia Sassen or John Friedmann. We do this by moving out of the empirical terrain of North America and Europe to Pacific Asia, to develop an exploration of the interrelationships between global city formation processes, the developmental state, and the unique characteristics of the contemporary city-state. That said, while this paper is conceptual in orientation, it is explicitly devised in a manner that reflects empirically derived knowledge about how Singapore ‘works’ - in terms of regionalisation programmes, industrial development, urban planning, public housing programmes, and transport policy.

We begin with a brief critical evaluation of two decades of global city research. Our main argument here is that much existing research has taken global cities to be passive recipients of global flows (i.e. the materialisation argument) and overlooked their important role as active facilitators and generators of some of these global flows (and therefore global networks). We then develop a theoretical perspective on the ‘global reach’ of developmental city-states. ‘Global reach’, in this paper, is defined as the complex processes through which a city articulates itself
into, and benefits from, participation in the evolving global space of flows. For cities to engender global reach (in the formation of extraterritorial terrain of network relations) they must have institutional will (political and non-political) and political legitimacy to initiate and sustain it through both material and discursive practices. These themes are elaborated by drawing upon (in a more implicit than explicit way) empirical research on regionalisation and urban planning vis a vis Singapore.

2 From The Global City to Globalising Cities

Forms of Literature

Discourses on the ‘global city’ and the ‘world city’ continue to be developed and circulated by academics in a variety of disciplines. Amidst the avalanche of writing on the topic, we now have access to a small number of detailed research monographs (e.g., King, 1990; Sassen, 1991; Abu-Lughod, 1999), several succinct chapters and articles that summarize associated concept(s) (e.g., Hamnett, 1994, 1995; Knox, 1995; Yeoh, 1999; Hill and Kim, 2000), and edited collections that interrogate the global/world city concept and its application in particular parts of the world (e.g., Knox and Taylor, 1995; Douglass and Friedmann, 1998; Lo and Yeung, 1998). We also have access to a plethora of individual articles and chapters that utilise the concept when examining issues such as: regional development and change (e.g., Castells, 1996; Soja, 2000), the impact of globalisation on the urbanisation process (e.g., Lo and Marcotullio, 2000); the reshaping of the nation-state in a globalising era (e.g., Brenner, 1998; Kusno, 2000; Taylor, 2000); the emergence of social cleavages at a variety of scales (Sassen, 1991; Hamnett, 1994, 1995; Castells, 1996); the impact of information technology on spatial development processes (e.g., Castells, 1996; Graham and Marvin, 1996); the spatialisation of network forms of capitalism (Castells, 1996; Sassen, 1998); the nature and impact of transnationalism in metropolitan/cosmopolitan contexts (e.g., Hannerz, 1992; Smith, 1997, 2001); and so on. Of course, the majority of these texts are derived (to a degree) vis a vis the ideas associated with influential authors such as Patrick Geddes, Peter Hall (1966), Stephen Hymer (1972) R.B. Cohen (1981), John Friedmann and Goetz Wolff (1982), and John Friedmann (1986). Tracing the lineage of such thinking also leads, in many cases, to the influential interdisciplinary writing of people like Fernand Braudel and Immanuel Wallerstein.

All of the literature noted above can be categorised into three main (overlapping) fields of knowledge:

1. characteristics of global/world cities;
2. processes creating global/world cities; and
3. governance issues and implications.

The first field of knowledge that is by far the largest in a relative sense, reflecting (amongst other things) positivist influences within disciplines such as geography and sociology. In terms of broad content the first and second fields of knowledge typically analyse the role of global cities in acting as ‘key basing points’ for transnational corporate headquarters. In doing so global cities (so it is asserted) become embedded within global circuits of capital (Friedmann, 1986), both facilitating and reflecting the material and symbolic power of global capital. To quote John Friedmann and Goetz Wolff (1982: 310), world cities have become tightly ‘interconnected with each other through decision-making and finance’, and they now ‘constitute a world-wide system of control over production and market expansion’.

Similarly, Saskia Sassen (1991: 3) suggests that:

A combination of spatial dispersal and global integration has created a new strategic role for major cities. Beyond their long history as centres for international trade and banking, these cities now function as centres in four new ways: first, as highly concentrated command points in the organization of the world economy;
second, as key locations for finance and specialized service firms, which have replaced manufacturing as the leading economic sectors; third, as sites of production of innovations, in these leading industries; and fourth, as markets for the products and innovations produced.

In short, global cities are posited to act as:

- command points in the organisation of the world economy;
- key locations and marketplaces for the leading industries of the current period, which are finance and specialised services for firms;
- major sites of production for these industries, including the production of innovations.

(Sassen, 1994: 4)

Given these externally driven dynamics (as posited by global city analysts) such cities have become associated with volatile economies, dense nodes of information and reflexive social networks, social polarisation, globalised property markets, social diversity (through migration in particular), cosmopolitanism, creativity, and considerable human suffering. Global cities are represented as the visible manifestation of the global economy; they are the products of a transitory world system that is articulated in a ‘cross-border network of some 30-40 cities’ (Sassen, 1998: 131; also see Godfrey and Zhou, 1999). Such transnational networks of capital, so it is argued, play a fundamental role in inscribing the identity of each and every global city in fundamental ways.

While these first two fields of knowledge generate some valuable insights, it is clear that world/global city discourses have emerged in particular disciplinary, epistemological, institutional geographical contexts, and historical contexts (Soja, 2000: 189-232). For example, Anthony D. King (2000: 266) notes:

with the invention of concepts of both the world and the global city, stemming largely from a dominant American academy based either in Los Angeles or New York (with regional offices elsewhere) new paradigms have been launched the result of which, in prioritizing so-called “economic criteria,” has focused (if not fixed) for a decade the attention of many urban scholars on perhaps 30 or 40 cities, all but three or four of them either in Europe or the United States (Knox and Taylor, 1995; Knox, 1995).

Global cities are written about as if they are the product of the steamroller known as ‘globalisation’; a monolithic and primarily economic force that drops from the ether to script unilinear urban histories of an increasingly homogeneous nature. As Michael Peter Smith (2001: 58) also notes in his book Transnational Urbanism:

The global cities thesis centrally depends on the assumption that global economic restructuring precedes and determines urban spatial and sociocultural restructuring, inexorably transforming localities by disconnecting them from their ties to nation-states, national legal systems, local political cultures, and everyday place-making practices.

In short economic characteristics (such as those outlined above) are common in dominant ‘global city’ and ‘world city’ discourses. And again, while such discourses do provide some valuable insights into the forces shaping urbanisation at a variety of scales, they also overwhelm more open ended and perhaps less economistic analyses. That said, some alternative discourses are now emerging: witness Janet Abu-Lughod’s insightful book New York, Chicago, Los Angeles: America’s Global Cities (1999). Abu-Lughod, while observant of the impact of macro-economic economic forces, and the utility of abstraction and modernist modes of analysis, also incorporates (in insightful ways) more fluid, grounded and situated modes of analysis. In doing so she highlights the ‘multiplexity’ (Amin, 1997; Amin and Graham, 1997) of contemporary global cities in a manner that cannot be conveyed in accounts derived out of data sources such as leagues of producer services firms or MNC/TNC headquarters.
Another key criticism, one that applies with respect to both (1) and (2) above, is the Anglo-American (and especially London/New York) bias of much of the global cities research and literature. As Godfrey and Zhou (1999: 269) note, ‘[T]he analytical bias inherent in world-city studies reflects and in turn perpetuates well-established Eurocentric views of the global economy under the guise of objective data’. From a related angle, Hamnett (1994), amongst others, criticises Sassen for generalising from the American (or NY/London/Tokyo) experience. In doing so Sassen (and others of course) effectively develops a social construct (The Global City) that enters and circulates within various discursive fields. Her global city becomes the global city, shaping numerous academic research projects, and some public policy formulation processes (for good and for bad we might add). While generating insights, debate and fame, the circulation of such a coherent global city discourse generates resource allocation bias towards highlighting commonalities between global cities, or possible global city status in terms of function, role, linkages, structure, problems, form and process (Markusen and Gwiasda, 1994; Amin and Graham, 1997; McNeill, 1999). But, as Amin and Graham (1997: 417) note:

The problem with paradigmatic examples is that analysis inevitably tends to generalise from very specific cities, both in identifying the changing nature of urban assets and highlighting normative suggestions for policy innovation elsewhere. What should be a debate on variety and specificity quickly reduces to the assumption that some degree of interurban homogeneity can be assumed, either in the nature of the sectors leading urban transformation or in the processes of urban change. The exception, by a process of reduction or totalizing, becomes the norm… (our emphasis)

Thrift (1997: 142-143) also highlights the implications of adopting a ‘one city tells all’ approach to urban studies; an approach that reflects the dominance of ‘representational’ theories of urban change (on representational theory see Thrift, 1996), the subtle effects of Eurocentrism in urban studies (McGee, 1995), and structurally influenced ‘globalist’ perspectives in urban studies (Hill and Kim, 2000: 2168, 2187). Furthermore, even arguments that reinforce the specificity of local politics in world city formation are structured in a way that assumes all world cities are embedded within a much larger national context, and that they are governed by overlapping ‘political units’ (e.g., Keil, 1998: 632; Hill and Kim, 2000). However, the resonance of this literature for Singaporeans cannot help but be limited – it is, after all, a Southeast Asian city-state, there is one level of government (i.e. the mayor is the prime minister!), and the urban population of 3.7 million is also the national population.

The totalizing discourses that dominate the analysis of the global city are particularly problematic when one moves from a concern with characteristics and processes to processes and governance. The second and especially the third fields of global cities knowledge are relatively weak in terms of both volume and content. Academics have devoted the majority of their resources to abstraction and theorisation about what a global city is, how it relates to the modern world economy, what life is like within the global city, and what kind of relational networks might exist between global cities. Yet, as Douglass (2000) and Hill and Kim (2000) point out, there are many unanswered questions about issues such as how global cities have ‘come into being’, and what is the ‘role of the state and national economy’ in globalising cities. More specifically, since the 1986 proclamation of the ‘World City Hypothesis’ by John Friedmann:

A question that loomed large but went almost wholly unanswered in the following body of world city research was straightforward yet complex: how does a city become a world city? Research on global cities seems to accept without question that a few cities, notably London, New York and Tokyo, are automatically first-rank global cities (Sassen 1991), while a host of others, such as Paris or Los Angeles, are included but possibly at a lower level, and still others are assigned to a vague secondary or tertiary status (Hamnett 1994; Friedmann 1986). (Douglass, 1998: 110; our emphasis)

Indeed it is this type of question that has greater purchase in public policy circles, with considerable potential for enhancing quality of life within globalising cities. That said, such issues cannot be understood unless one
grounds the analysis in a geographically and historically specific manner (Keil, 1998; Smith 2001). In other words the focus needs to be reoriented towards process (i.e. how are particular cities globalising at particular times). This point is particularly important when pursuing process and governance issues in Asia, a region associated with network forms of capitalism (often with ethnic dimensions) (Hamilton, 1991; Yeung, 1998a; 1999b; 1999c; 2000b; Olds and Yeung, 1999) resistance to the adoption of liberal economic and public policy prescriptions (that are so evident in global cities such as New York and London), and the presence of active and relatively powerful ‘developmental states’ (Appelbaum and Henderson, 1992; Evans, 1995; Woo-Cumings, 1999; Hill and Kim, 2000).2

From Governance and The Global City to Globalising Cities Through Governance

As noted above, the global city/world city concept has considerable policy relevance. Policy, program and project planning in numerous cities around the world is now being framed by goals to acquire, or reinforce, some form of global city status. In academic circles, associated concepts such as the post-Fordist city (Mayer, 1994) and the entrepreneurial city have also emerged (Harvey, 1989; Hall and Hubbard, 1998). The shift from government to governance is noted in multiple locales, as are the policy challenges of dealing with problems such as social polarisation, gentrification, transport congestion, and tensions over immigration (Harvey, 1989; Douglass and Friedmann, 1998; Sassen, 1994).

Global city discourses have also become associated with development thinking at supra-urban scales. For example, at the global scale the incorporation of global city thinking is evident in key policy documents such as the World Bank’s (1991) report Urban Policy and Economic Development: An Agenda for the 1990s; a seminal text that highlights the World Bank’s growing awareness of the significance of urbanisation and urban policy to national and international economic development activity. More recently the World Bank (1999, 2000), the Asian Development Bank (Stubbs and Clark, 1996), and the United Nations Centre for Human Settlements (UNCHS, 1996) have all released documents that provide evidence of the growing awareness of how cities, and especially global cities, facilitate economic development processes at both national, regional and global scales. As the World Bank (1999: 26; also see World Bank 2000b) notes:

With improvements in transport and communications, cities are now linked directly to international markets. This trend, coupled with increased intensity in the use of information, financial, and other services by all types of firms, means that cities face more exacting requirements as sites for high-quality services to producers and greater competition for foreign and domestic investment (Harris 1997; Sassen 1998). Urban areas sharing large regional markets (border zones and port cities, such as those surrounding the South China Sea) are becoming closely networked, sometimes developing interdependencies across national boundaries that are as close as, or even closer than, those with their own hinterland.3 By reducing the traditional market position of some cities and fostering the growth of others with different locational and production advantages, the liberalization of trade and financial flows is contributing to large spatial shifts of population and output. These changes imply that now more than ever, cities need to provide solid public services and a business-friendly environment to retain their traditional firms or to attract new ones, domestic or foreign.

At the national scale, countries as diverse as China, Thailand, the Philippines, Korea, Canada, and England are concentrating relatively more attention and resources on particular city-regions. Some, like China or Malaysia, are using cities to connect the nation to the global space of flows, while concurrently using such cities to propel social change (including the development of more reflexive citizens) in particular directions. Tim Bunnell (2002: 9-11; also see Bunnell, 1999), for example, highlights the role of the nation state in Malaysia as it spurs on the restructuring of Kuala Lumpur (through the development of projects like Kuala Lumpur Central City and the
Petronas Towers) so that Malaysia is (a) ‘put on the world map’ while also (b) connecting ‘the nation to global technological and cultural-economic sectors’ and (c) constructing a ‘national conception of information society’ (emphasis in original). Further up the Pacific coast, Chinese and Shanghainese officials are restructuring Shanghai (via sectoral and territorially defined development projects to propel regional (Yangzi River Delta) and national economic development processes (Olds, 1998; 2001).

At the urban and regional scale within large nations, governments around the world are on a drive to achieve world or global city status. From Africa to Europe (e.g., Berlin) to Asia (e.g., Kuala Lumpur), local governments are refashioning policies, programmes and projects in a manner that integrates metropolitan areas into the global space of flows in both material and discursive realms. The perception of a global space of flows has engendered a strategic and ‘entrepreneurial’ development strategy on the part of the local state, driven by the perception that cities and regions are engaged in rigorous inter-urban competition (Castells, 1989; Harvey, 1989; Lee and Schmidt-Marwede, 1993; Fainstein, 1994; Hall and Hubbard, 1998). In short, a ‘global city discourse’ has emerged in public policy circles, and this discourse is being used by political and business groups to ensure urban policy is formulated in a market-friendly environment (Machimura, 1998).

And finally, at the unique level of the city-state, we see the rapid reshaping of policies, programmes and projects in the context of an awareness of what global/world city status brings with it, and what might be required to become such a city…in other words, such city states are intentionally adopting some form of global/world city discourse as they reshape policies in the light of perceived insights generated by this discourse. For example, in late February 2000, the Hong Kong Special Administrative Region (SAR), arguably still a city-state, released a strategic planning document noting that Hong Kong ‘must clearly establish itself as one of the world’s truly great international cities and a leading city in Asia - Asia’s World City - as it has been termed’ (Commission on Strategic Development, 2000). The Chief Executive (Tung Chee-hwa) elaborated on his thinking on Hong Kong’s long-term vision in his 1999 Policy Address in association with this plan:

Hong Kong already possesses many of the key features common to New York and London. For example, we are already an international centre of finance and a popular tourist destination and hold leading positions in trade and transportation. These are all pillars of our economy. If we can consolidate our existing economic pillars and continue to build on our strengths, we should be able to become world-class. Then like New York and London, we will play a pivotal role in the global economy, be home to a host of multi-national companies, and provide services to the entire region. We have the thriving Mainland next to us. We are a melting pot for Chinese and Western cultures. We are a highly liberal and open society. Our institutions are well established. With such a strong foundation, we should be able to build on our strengths and develop modern and knowledge-intensive industries, erect new pillars in our economy and open up new and better prospects. (Commission on Strategic Development, 2000: 5)

It is clear from the full document that the Hong Kong government has been cribbing notes from Saskia Sassen’s books, as well as from publications by John Friedmann, Yue-Man Yeung, and a few others. Hong Kong is being framed by an urban and economic development discourse that posits the main role of the city to be that of nodal point in a globalising world economy; a socio-spatial formation that functions as a control centre ‘for the interdependent skein of material, financial, and cultural flows which, together, support and sustain globalisation’ (Knox, 1995: 236). Such development discourses have tangible material implications for they are being instituted in the city-state; a relatively small spatial unit that is managed by unified level of government.

In summary then, cities around the world, and especially in the Asia-Pacific region, are being proactively globalised by a myriad of policies, programmes and projects that are shaped by global/world city discourses. As Douglass (1998: 111) notes, the:
appearance of “world city” as the new shibboleth of global achievement has not been missed by governments in Pacific Asia…. In realising that the status of their national economies will be increasingly determined by the positioning of their principal urban regions, governments in Pacific Asia are actively intervening in the physical restructuring of cities in the new competition for world city prominence.

How the state actively intervenes to create a global city is the focus of the remainder of this paper. However, the discussion needs to be embedded in an awareness of the diversities of global/globalising cities that exist, not in terms of level on a hierarchy (à la Friedmann) and more in terms of state capacity and relational flows. In such a conceptual context, we draw out the main contours of three forms of global/globalising cities: hyper global cities; emerging global cities; and global city-states. In this analysis we devote particular attention to the of the global city-state, especially in a regional context associated with strategic ‘plan rational’ developmental states (Henderson, 1993; Woo-Cumings, 1999). The conjunction of the city-state with developmentalist policies and capacities both requires and enables this form of global city to be constantly reworked, and to generate an extraterritorial terrain of network relations.

3 Varieties of Globalising Cities
It is clear from this critical review of the global city literature that while much has been said about the attributes and characteristics of a global city, little attention has been devoted to the processes and governance of global city formation. The main proponents of global city research have ascribed the formation of global cities to their functional roles in global restructuring and international divisions of labour. To them, certain territorial entities emerge as global cities because of their capability in grounding the managers, coordinators, and servicers of the global economy in a nodal sense. Yet few studies in global city research have explained the sources and governance of the grounding process, or of the role of global cities in facilitating the formation of extraterritorial linkages via networks.

One key agent in all global city formation processes is the territorial state. Though recent studies of the formation of global city networks note that in an era of trans-state relations the nation state is becoming less relevant in understanding global city formation (e.g., Keil, 1998; Yeung, 1998b; 2001b; Taylor, 2000), the state, in its various institutional and spatial forms, continues to exert a critical influence on the processes and governance of global city formation. In his study of global city formation in Europe, for example, Brenner (1998: 27) argues that ‘[g]lobal city formation cannot be adequately understood without an examination of the matrices of state territorial organization within and through which it occurs’. Similarly, Douglass (2000: 45; our emphasis) recently expanded this argument by pointing out that ‘[t]he obscure nature of state-world city interaction is related to a larger mystery, namely, how centers currently identified as world cities actually became world cities’. We therefore need to pay more attention to the processes through which some cities emerge as global cities. In short, the role of state territorial organisation is particularly important in this research pursuit.

In the remaining part of this paper, we develop a typology of global cities. In developing this typology, we pay particular attention to the third type of global city – the global city-state - and examine some key features of its governance process. In doing so we hope to lay the ground for richer and more nuanced studies of global/world city formation; i.e. the process of becoming, versus the characteristics of being.

A typology of global cities
To begin, we reinforce our support for Keil (1998), Douglass (2000), and Hill and Kim (2000) that there are divergent pathways to global city formation, such that the global mosaic of cities comprises different varieties of global cities. The differences amongst established and emerging global cities are attributed to different historical and geographical contexts of emergence and path dependency, and different configurations of internal institutional capacities and discursive practices (by strategic actors).
Figure 2. A Typology of Global Cities

1. Hyper Global Cities

- Very well integrated into the global economy through both inward and outward flows
- Global city-regions
- Cities

2. Emerging Global Cities

- More reliance on inward flows from the global economy
- Global city-regions
- A/B Emerging global cities
- Cities

3. Global City-States

- Very well integrated into the global economy and experience direct influence
- Global city-regions
- Global city-state
- Cities
Figure 2 presents three types of global cities: (1) hyper global cities; (2) emerging global cities; and (3) global city-states. For clarity purposes, there is no attempt to map out all three types of global cities onto one world map.

(1) Hyper Global Cities
The characteristics of hyper global cities as New York and London are very well known today thanks to several decades of global city research. These global cities are comprehensively integrated (via networks) into a nested hierarchy of regional, national, and global economies. As portrayed in Figure 2, hyper global cities have strong embedded relationships with their immediate hinterland, the so-called ‘global city-region’. As argued by geographers from UCLA (e.g. Scott et al., 1999, Scott, 2001), these global city-regions have emerged as the fundamental spatial units of the contemporary global economy (the so-called ‘regional motors of the global economy’) though they have no formal and particularly coherent political presence on the national or international level.

Their rapid emergence is explained by the fact that globalisation has accentuated the importance of spatial proximity and agglomerations in enhancing economic productivity and performance advantages. Large global city-regions function as territorial platforms for firms to compete in global markets. These firms are embedded in the relational assets of these global city-regions (Storper, 1997; Scott, 1998). In particular, these global city-regions ‘come to function increasingly as the regional motors of the global economy, that is, as dynamic local networks of economic relationships caught up in more extended world-wide networks of inter-regional competition and exchange’ (Scott et al., 1999: 4). In Figure 2, these intense networks of flows are illustrated in the inner circle in which the global city is located.

Hyper global cities are not only embedded in their immediate global city-regions, but they also engaged in competitive and/or cooperative relationships with other (global) city-regions in their same home country. This dimension of inter-regional interaction is very important to our understanding of why few dominant global city-regions can co-exist within one country. Indeed Figure 2 shows only one dominant global city-region, although it has significant interaction with other regions in the same country (represented by various two-way arrows).

To a certain extent, the competitiveness of a particular global city-region is determined by its role and functions within global city networks that transcend specific regions and/or countries (Sassen, 1998). For example, the London is the only viable global city-region in the UK because it has developed such a strong momentum in serving as a strategic node in the global economy that it is virtually impossible for another city-region in the UK to compete. The same logic may be applied to understand the dominance of New York as a global city-region in the financial world of the US, San Francisco as a global city-region in the high-tech world, and Los Angeles and a global city-region in terms of cultural industries. All three global city-regions operate at different levels, and are embedded in disparate (albeit overlapping) geoeconomic networks that reach our across space. All three global city-regions owe their successes in becoming dominant global city-regions less to their interaction and flows within their home countries, than to their articulation into the global economy, particularly with other global city-regions. That said all hyper-global cities/global city-regions are critically dependent upon much larger national markets for their survival (Hill and Kim, 2000).

To sum up, hyper global cities and their regions are deeply integrated into the contemporary global economy. They are relational city-regions of the highest order, attracting and distributing unprecedented volumes of material and non-material flows. The transformation of these cities is also related to historical context (e.g. imperialism and transnational migration) and geographical context (e.g. national capitals and agglomeration advantages). Once set in motion, these hyper global cities and their hinterland regions gain certain momentum of further dominance and the logic of path dependency becomes increasingly important.4
(2) Emerging Global Cities

While some cities in today’s world economy are hyper global cities (and/or global city-regions), there are other cities that strive to become global cities. We designate these as emerging global cities. In seeking to do so, these cities draw in significant resources and inputs from their home countries, as well as multilateral institutions (in the case of developing country cities). As shown graphically in Figure 2, an emerging global city (A) has only limited relational linkages with the global economy (in a relative sense compared to hyper global cities). It is also much more dependent upon inward flows of capital, people, goods and services and information from the global economy. Instead of acting as a strategic node in the coordination (‘command and control’ in Sassen’s terms) of the global economy, emerging global cities act as coordination/channeling centres responsible for guiding or accepting inward transnational flows. Such a global city does not (or cannot) facilitate the export of significant outward flows to service the global economy, as often expected in dominant definitions of global cities (such as London). The flow arrows in Figure 2 are primarily unidirectional, representing inflows from the global cultural economy into particular emerging global city (A) before these inflows are further redirected and/or distributed further down the urban hierarchy in that country. Because these cities are emerging and striving to become global cities, there is more potential for competition from other urban centres in the same host country. City (B) in Figure 2, for example, may pose as a challenger to the aspirations of (A) to become a global city. This competitive condition, of course, does not apply to those developing countries dominated by one primate city (e.g., Bangkok in Southeast Asia).

The processes of emergence amongst these aspiring cities depends significantly upon preconditions in terms of endowments of institutional resources, economic linkages at different spatial scales, and political fabric. Nation states often deploy resources (and initiate regulatory changes) to develop these types of cities into global cities. The intention is to use these cities to enable the nation to ‘plug’ into the global economy. Such cities play a critical role for they act as the specific locales within a country where key actors and institutions analyse, represent, and associate with the global space of flows (see Amin and Thrift, 1992; Castells, 1996). This role is not a new one in the history of capitalism (Held et al., 1999). In today’s globalising and post-colonial era, however, what is significant is that many nation states in developing countries have engaged in unique discursive practices, and mobilised a disproportionate amount of material resources to ‘construct’ the global city. Malaysia’s Multimedia Super Corridor project and Shanghai’s Pudong mega urban development are two obvious examples from the Asia Pacific region (see Olds, 1995; 2001; Bunnell, 1999, 2002; Wu, 2000). In both cases, massive public resources have been poured into developing ‘show-case’ projects that theoretically qualify both Kuala Lumpur and Shanghai as global cities. Both cities compete for hosting the tallest buildings in the world (Kuala Lumpur’s twin Petronas Towers will soon be replaced by another building in Shanghai). Of course, the specific national contexts in the emergence of both Kuala Lumpur and Shanghai are quite different. But one common process in both emerging global cities is that there is a very strong political and institutional will to construct them as ‘national projects’. Whereas Kuala Lumpur has the personal favour of Prime Minister Mahathir, Shanghai’s interests are well represented by the sheer number of China’s top leadership who came from Shanghai (from President Jiang Zemin to Premier Zhu Rongji). Whether these emerging global cities will eventually converge in their characteristics and developmental pathways towards those hyper global cities may be a moot point. The critical condition is the sustainability of national efforts in developing particular cities to become global cities. The politics of governance in this case represents a reterritorialisation of state power from the national scale towards the urban scale. As suggested by Brenner (1998), the European experience shows that global cities are increasingly coordinates of reterritorialised state institutions and power in an era of globalisation. They are part of the attempt by re-scaled “glocal” territorial states to promote the global competitive advantage of their major urban/city regions.
(3) Global City-States
Third, the above national-urban convergence in the rescaling process is even more apparent in the third type of globalising city – the global city-state. To a large extent, city-states (e.g. Hong Kong and Singapore) are unique historical and geographical realities because the state is contained within a fully urbanised and spatially limited territorial unit. The national and the urban/local scales are effectively juxtaposed under what we call (somewhat awkwardly) the UrbaNational scale. Global city-states are clearly different from hyper global cities and emerging global cities because they do not have an immediate hinterland within the same national territorial boundaries.\(^5\) To a significant degree, broader regions (e.g., Southeast Asia) and more distant parts of the globe become their hinterland. The development of a terrain of extraterritorial influence emerges when global city-state functions like hyper global cities, both attracting in material and non-material flows, and in functioning as a command and control centre for the flows and networks that reach out to the regional (for the most part) and sometimes global scales.

Referring to Figure 2, it is clear that in global city-states, the (national) state has a virtually direct access to the global economy. State policies can be channelled to develop a city-state into a global city-state. This process implies that the city-state must be not only an attractive location for material inflows from the global economy, but also an origin of these flows to participate in the global economy. As defined in the introduction to this paper, the term ‘global reach’ best captures global city-state formation. It illustrates how a specific territorial organisation (e.g. the city-state) is able to extend its influence and relations in the global economy through encouraging both inward and outward flows of people, capital, goods and services, and information.

These global city-states are different from hyper global cities in at least two very important ways: they have the political power, legitimacy and will to mobilise strategic resources to achieve (national) objectives that are otherwise unimaginable in non-city-state global cities. This is the case because they are city-states; they are represented and governed by the state in all of its roles. Table 1 (adapted from O’Neill, 1997: 295, with permission) outlines the roles of the ‘qualitative state’ in a modern economy. When one recognises that the state in city-states plays all of these roles, that the territoriality of governance is miniscule in comparison to most nations, and that both hyper global cities and emerging global cities are governed in more complex, less coherent, and less strategic fashion, the unique nature and capacities of the global city-state becomes all the more evident.
## Table 1 Roles of the qualitative state in a modern economy

<table>
<thead>
<tr>
<th>A. Maintenance of a regime of property rights</th>
<th>F. Creation and governance of financial markets</th>
</tr>
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<tbody>
<tr>
<td>• maintenance of private property rights</td>
<td>• rules for the establishment and operation of financial institutions</td>
</tr>
<tr>
<td>• recognition of institutional property rights</td>
<td>• designation of the means of economic payment</td>
</tr>
<tr>
<td>• basic rules for the ownership and use of productive assets</td>
<td>• rules for the use of credit</td>
</tr>
<tr>
<td>• basic rules for the exploitation of natural resources</td>
<td>• maintenance of the lender of last resort</td>
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<tr>
<td>• rules for the transfer of property rights (between individuals, households, institutions and generations)</td>
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<tr>
<th>B. Management of territorial boundaries</th>
<th>G. Creation and governance of product markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• provision of military force</td>
<td>• regulation of the market power of firms</td>
</tr>
<tr>
<td>• economic protection through manipulation of:</td>
<td>• the selection and regulation of natural monopolies</td>
</tr>
<tr>
<td>• money flows</td>
<td>• the promotion and maintenance of strategic industries</td>
</tr>
<tr>
<td>• goods flows</td>
<td>• the provision of public goods</td>
</tr>
<tr>
<td>• services flows</td>
<td>• the provision of goods unlikely to be supplied fairly</td>
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<tr>
<td>• labour flows</td>
<td></td>
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<tr>
<td>• flows of intangibles</td>
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<td>• quarantine protection</td>
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<tr>
<th>C. Legal frameworks to maximise economic cooperation</th>
<th>H. Production and reproduction of labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>• establishment of partnerships and corporations</td>
<td>• demographic planning and governance</td>
</tr>
<tr>
<td>• protection of intellectual property rights</td>
<td>• provision of universal education and training</td>
</tr>
<tr>
<td>• the governance of recurring economic relations</td>
<td>• governance of workplace conditions</td>
</tr>
<tr>
<td>between:</td>
<td>• governance of returns for work</td>
</tr>
<tr>
<td>• family members</td>
<td>• social wage provision</td>
</tr>
<tr>
<td>• employers and workers</td>
<td>• supply and governance of child care</td>
</tr>
<tr>
<td>• landlords and tenants</td>
<td>• provision or governance of retirement incomes</td>
</tr>
<tr>
<td>• buyers and sellers</td>
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<tr>
<th>D. Projects to ensure social cooperation</th>
<th>I. Control of macro-economic trends</th>
</tr>
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<tr>
<td>• maintenance of law and order</td>
<td>• fiscal policy</td>
</tr>
<tr>
<td>• undertake national image making processes</td>
<td>• monetary policy</td>
</tr>
<tr>
<td>• other coercive strategies</td>
<td>• external viability</td>
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<tr>
<th>E. Provision of Basic Infrastructure</th>
<th>J. Other legitimation activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provision or organisation of:</td>
<td>• elimination of poverty</td>
</tr>
<tr>
<td>• transportation and communications systems</td>
<td>• maintenance of public health</td>
</tr>
<tr>
<td>• energy and water supply</td>
<td>• citizenship rights</td>
</tr>
<tr>
<td>• waste-disposal systems</td>
<td>• income and wealth redistribution</td>
</tr>
<tr>
<td>• assembly and conduct of communications media</td>
<td>• urban and regional development</td>
</tr>
<tr>
<td>• assembly and dissemination of public information</td>
<td>• cultural development</td>
</tr>
<tr>
<td>• land use planning and regulation</td>
<td>• socialisation</td>
</tr>
<tr>
<td></td>
<td>• enhancement of the environment</td>
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Second, and on a related note, global city-states are not constrained by the tensions inherent in national-versus-urban politics (or regional development politics) confronting so many developing, and for that matter, developed countries that aspire to ‘construct’ their global cities. In other words there are no intra-national regions or cities competing for material and non-material resources. The politics of city-building tends to be focused on the strengths and weaknesses of policy options rather than which territorial unit is deserving of attention.

How do global city-states acquire the capacity to spur on global reach? While there are a variety of factors to consider in such a discussion, it is clear that we must turn our attention to the building of institutional capacities in the global city-state. In particular, we consider two interrelated aspects of this process of building institutional capacities: developmentalism and political control.

To some ultra-globalists, globalisation leads to the end of the nation state (Ohmae, 1990; 1995; Hill and Kim, 2000). This view fundamentally distorts the transformational nature of the nation state in today’s global economy. Held et al. (1999: 55, 81) argue that the emergence of international regimes of governance has transformed the nature of global political economy such that national governments are increasingly ‘locked into an array of global, regional and multilateral systems of governance’, resulting in a world of ‘overlapping communities of fate’. The reconstituted role of the nation state in today’s global economy, however, does not necessarily diminish its role in governing its national space; the role of the state is simply being reshaped (O’Neill, 1997; Weiss, 1997). In the case of global city-states, the dialectical contest between the nation state and global forces is becoming even more apparent. Whereas a global city-state may serve the global economy well through its role as a command and control node, the nation state may have certain developmental objectives that run against the call for putting the global logic of capital above the local/national interests of citizens. To accomplish the sometimes contradictory objectives of caring for citizens and serving the global economy, the nation state in global city-states often takes on a developmental role. Developmentalism and the developmental state may sometimes be a historical legacy (e.g. in Japan and South Korea). They may also be a consequence of intense political struggles that ended with the dominance of one political power/coalition. Their emergence is therefore highly specific within particular historical and geographical contexts (see the case of Singapore in the next section).

To Leftwich (1994: 378-380), developmentalism entails at least six important components:

1. a determined developmental state;
2. relative state autonomy;
3. a powerful, competent, and insulated state bureaucracy;
4. a weak and subordinated civil society;
5. the effective management of non-state economic interests; and
6. repression, legitimacy, and performance

Or in Johnson’s (1982) original study of post-war development in Japan, the developmental state is characterised by several attributes (see also Wade, 1990):

1. the top priority of state action, consistently maintained, is economic development, defined for policy purposes in terms of growth, productivity, and competitiveness rather than in terms of welfare. The substance of growth and competitiveness goals is derived from comparisons with external reference economies which provide the state managers with models for emulation;
2. the state is committed to private property and the market, and it limits its interventions to conform with this commitment;
3. the state guides the market with instruments formulated by an élite economic bureaucracy, led by a pilot agency or ‘economic general staff’;
4. the state is engaged in numerous institutions for consultation and coordination with the private sector, and these consultations are an essential part of the process of policy formulation and implementation and

5. while state bureaucrats ‘rule’, politicians ‘reign’. Their function is not to make policy but to create economic and political space for the bureaucracy to maneuver in while also acting as a ‘safety valve’ by forcing the bureaucrats to respond to the needs of groups upon which the stability of the system rests, (i.e. to maintain the relative autonomy of the state while preserving political stability). This separation of ‘ruling’ and ‘reigning’ goes with a ‘soft authoritarianism’ when it comes to maintaining the needs of economic development vis-a-vis other claims and with a virtual monopoly of political power in a single political party or institution over a long period of time.6

At a national scale, a developmental state that satisfies these conditions has much greater capacity to effect global reach in the building of an extraterritorial terrain that is exploited in the aim of benefiting the city-state. For example, in Singapore a plethora of state-directed institutions, policies, programmes, and projects have emerged to spur on the outward investment process. This is in part because the historical underdevelopment of indigenous entrepreneurship in the private sector has convinced the state that regionalisation drives cannot be effectively taken up by private sector initiatives only.

The state has to take up the role and the risks of spearheading regionalisation in two specific ways: (1) the regionalisation of government-linked companies (GLCs) and companies set up by statutory boards and (2) ‘political entrepreneurship’ through which the state opens up overseas business opportunities for private capitalists and negotiates the institutional framework for such opportunities to be tapped by these Singaporean firms (Ho and So, 1997; Yeung, 1998c; 1999a; 2000a; 2000c). Today, the public sector and GLCs account for about 60% of Singapore’s GDP (Ministry of Finance, 1993: 39; see also Singh and Ang, 1998). As at 31 May 1999, the market capitalisation of first-tier public listed GLCs controlled by Temasek Holdings alone was S$88.2 billion or 25% of total market capitalisation of the Stock Exchange of Singapore. The share of Temasek Holdings in these GLCs amounted to S$46.5 billion or 13.2% of total market capitalisation (The Straits Times, 25 June 1999: 74). In the context of Singapore’s regionalisation policy, flows of outward foreign investment have been significant, especially in the Southeast and East Asian regions.

Focusing inwards, the political power and control of a developmental city-state distinguishes it from municipal governments in most global cities because it is able to bypass national-state/provincial-city politics typical in many global cities. In Singapore, for example, the statutory board responsible for urban planning (the Urban Redevelopment Authority)7 answers directly to the Ministry of National Development. The consequence of the intertwining of the national and the urban is that all urban planning policies, programmes and projects are suffused with the politics of nation-building in the post-colonial era (see, for example, Chua, 1996; Perry, Kong and Yeoh, 1997). More pragmatically, 100% of the country/city is planned by one authority, with every square centimetre of the city/island being managed in a strategic fashion.

Given the role of the state (as outlined in Table 1) vis a vis the limited size of the territory being governed, the global/world city formation process has been both rapid and unique. The juxtaposition of both national and city governance in the hands of the developmental city-state necessarily implies that it is also able to extend its control over most aspects of social and political life of its citizens. The net outcome of this control is that the state is able to mobilise social actors and tremendous resources to meet its national objectives (e.g. global reach). It is also able to eliminate major opposition to its developmental policies through social control and discursive practices. Under these circumstances, the (nation) state becomes the city and the city becomes the (nation) state. The global reach of the city-state becomes an institutional extension of the influence and relations of the nation state on a global scale.
It should be noted that not all actors in a city-state or not all city-states are willing and/or able to initiate and complete such processes of global city formation. Much depends upon existing political-economic and social-organisational processes and the capability of key actors (firms, state, and institutions) in exercising power to implement certain strategies that situate the city-state in a beneficial manner to the global spaces of flows.

4. Conclusion
To conclude, we would like to reiterate that there are varieties of global cities and differential pathways to global (or world) city formation. Their processes of transformation and development must be situated within historically and geographically specific contexts. Having said that, the existing literature on global cities seems to have focused too narrowly on a few ‘champion examples’, in particular London and New York. Furthermore the global city literature fails to shed enough light on the complex interrelationships between global city formation and the state. As Hill and Kim (2000: 2187-2188) note:

The globalist world city paradigm is seriously flawed because it fails to address the role of the state and national interest in the formation of all world cities. By equating Anglo-American market liberalism with international norms tout court, the world city paradigm bestows universality on a particular cluster of national interests and hazards turning into a world city ideology. The role of the state and national interest in the formation of Western market-centred world cities, like New York and London, must also be conceptualised….

Understanding Tokyo and Seoul necessitates a different conception of the world system from that of the underlying globalist world city argument. Tokyo and Seoul differ from New York in so many salient respects because these cities are lodged within a non-hegemonic and interdependent world political economy divided among differently organised national systems and regional alliances.

As Hill and Kim (2000) imply more generally, global cities should not be viewed as an idealised end-state phenomenon, but instead as the outcome of a wide range of processes, all of which are shaped by the state. Given the diversity of state roles and capacities around the world, we should therefore expect equally diverse urban formation and transformation processes.

The complexity in the global city formation process is particularly apparent in the context of the evolution and development of the global city-state. While hyper global cities as London and New York continue to be reinvented by a rich assortment of agents and forces, city-states such as Singapore and Hong Kong vigorously pursue relatively singular and focused UrbaNational developmental strategies. The implication of recognising the diversity of global cities is clear: there is no ‘cook book’ approach to global city formation just as there is no ‘model city’. Rather, global city formation processes are ultimately shaped by the state, and factors such as institutional capacity and political will, history and geography. Given this, the replicability of global city models is in serious doubt: calls for the attainment of global city status in many countries may be unfounded or unrealistic, thereby shutting down alternative development scenarios that have the potential to be more appropriate and achievable given the continued diversity of conditions across space and time.
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(Footnotes)
1 From this point on we will use the ‘global city’ term. While there are some people who attempt to differentiate between ‘global city’ and ‘world city’ we do not.

2 On a related note, Godfrey and Zhou (1999) highlight the problems with relying upon MNC headquarter data to delineate ranked hierarchies of global cities. Some national economies (esp those in the UK, the USA, Japan and Korea) are dominated by large vertically integrated MNCs (hence the relatively high rank of their cities as world/global cities. However, while economically dynamic, economies in some regions are associated with smaller firms and diverse interfirm networks. This implicitly underweights the economic importance of cities such as Hong Kong, Singapore and Milan for they are strongly shaped by the operation of such interfirm networks (see Perry et al., 1998; Yeung et al., 2001).

3 The footnote in the original states: “Gipouloux (1997), argues that: (cities’) “strategic importance now lies less in location than in capacity to master factors such as finance, production, and innovation....city functions, not city size, are important to economic position in the global economy” (p. 16).

4 This path dependency, however, also creates problems for the decline of certain global cities (e.g. Tokyo).

5 Even in the case of post-1997 Hong Kong Special Administrative Region (HKSAR), it remains a city-state with substantial autonomy. There are no free flows of capital, people, goods and services from other cities and/or regions of mainland China to HKSAR.

6 See also Johnson, 1982; Wade, 1990; Evans, 1995; Weiss, 1998; Woo-Cumings, 1999.

7 Details on the URA are available at <http://www.ura.gov.sg/>.
“Reforms and Re-forming Indian Metropolises:
The Arguments for Contextual Policy”

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The demographic, economic, and spatial conditions of Indian metropolises are being shaped by two significant new forces. On the one hand, the liberalizing reforms of 1991 already have and continue to substantially reform the economic geography of the nation, and all its constituent units. Some regions and metropolises have emerged as “winners”, while others clearly are “losers” in the new market-oriented regime. Therefore, the issue of urban development is fundamentally different in different metropolises. In Mumbai, a “winner” metropolis, management of growth with equity is the crucial issue; In Kolkata, a “loser” metropolis, attracting growth is the crucial issue. But, the second significant force—the ideological shift underlying the reforms—cannot distinguish between the differential effects of the changes already in place. As a result, the new national level metropolitan policy environment insists on the same set of goals—cost recovery and project replicability—regardless of context. In other words, the policy advice being advanced by international ideology (the much debated “Washington Consensus”) appears to be inflexible on the ground, and therefore is likely to fail in many places. This paper is a discussion of the problems and contradictions inherent in policy formation based on ideology rather than context and history.

First, a few words on India’s structural reforms. The process, which in general consciousness, began in July, 1991 was apparently precipitated by a shortage of foreign exchange reserves, down to about one billion U.S. dollars. The reaction of “opening the economy” when faced with a balance of payments crisis had some precedent in India, as in Latin America. It is now clear that the first steps towards liberalization were taken from the time Rajiv Gandhi became prime minister in 1985. There were important but small steps taken then (as the reforms were gradually overshadowed by political scandal). The reforms announced in 1991 went much further:

“The most striking achievement of the reforms [has been] that commercial considerations, rather than government mandates, are now the determinant in all investment decisions, including ownership, location, local content, technology fees, and royalty. The approval authority in the Directorate General of Technical Development in the Ministry of Industries has been eliminated. The Monopolies and Restrictive Practices Act has been amended... Controls on the import of capital goods have been removed, and the many regulatory bodies (have been) dissolved or reconstructed... States now compete with each other to attract new investments.” (Dehejia 1993, 88; my emphasis.)

My argument here is that these reforms, which have continued in scale and scope through governments of very different ideologies, have had, at least for the purpose of this paper, twin or two-fold impacts. I will begin by establishing that the “twin impact” argument is empirically grounded. Therefore, in the following section I briefly discuss the facts of interregional divergence (or the creation of “winner” and “loser” regions), followed by the facts of national urban policy, both after the reforms of 1991. These discussions will establish:

• That the differing patterns of industrialization and economic development demand different policy responses at the metropolitan level;
• That the national level policy (the Mega City Programme), guided by international norms, has prescribed a set of uniform boundary conditions focused on “cost recovery” and “project replicability”;
• That the metropolitan policy responses have not been identical, but have clearly moved toward greater involvement in the urban land and housing markets at the cost of slum improvement.
• That the uniformity of ideology is at odds with varying local needs, and is therefore likely to exacerbate problems, especially in the “loser” regions.

The New Industrial Geography
The material in this section is derived from my ongoing research on the patterns of industrialization in India after the reforms, and are taken substantially from Chakravorty (2000) and Chakravorty (2001). The detailed data underlying many of the conclusions drawn in the following paragraphs can be found in these two sources. Here, in order to keep the material brief, I have presented only one set of state level data (Figure 1). Let us begin by summarizing the regional conditions before the initiation of liberalizing reforms.

First, before the institution of reforms, regional inequality was on the rise. In income terms, using any measure of variation it is possible to show increasing regional inequality between 1960 and 1989. A summary measure of inequality, the coefficient of variation, showed increases in both its weighted and unweighted forms. The income ratio between Punjab (the richest state) and Bihar (the poorest state) rose from under 2.5 to over 3.3. Every high-income state, with the exceptions of West Bengal and Assam (both eastern states), had raised its income share.

Second, even before the reforms, the eastern meta region had generally declined—in income terms and in the share of industrial investment. Bihar, long the poorest state, had continued to do poorly, and West Bengal, once the most prosperous state, had declined to below-average levels. The western region, in the meantime, had raised its income share, and despite some decline in its industrial employment share, had improved or continued to hold its position in most spheres. The states in the northern and southern meta regions had mixed results, but both meta regions as a whole made significant gains in industrial capital and employment share.
Figure 1. Industrial Investment Distribution by State

After the Reforms

The western region, already the leading meta region before the initiation of reforms, has gained the most, and the two western states, Gujarat and Maharashtra, are individually the two top investment destinations (by quantity). Also, the two lagging meta regions—the rapidly declining east, and what had been the improving north in the pre-reform phase—are also the least able to attract post-reform investments. West Bengal and Bihar, the two largest states in the east, are also two of the least sought after investment destinations. But Orissa, another eastern state that had earlier been largely bypassed by private capital (the majority of the pre-reform investments were by the central government) has unexpectedly moved up to number three in per capita post-reform investment. Similarly, in the north, the lagging states of Uttar Pradesh and Rajasthan have attracted even less than their already meager share of capital; Delhi’s share has fallen off precipitously, and even prosperous Haryana has seen its share decline. Only Punjab has managed to hold onto and even improve its share position marginally. The position of the south region as a whole has barely changed, but within the region the data show significant gains in Karnataka, marginal gains in Tamil Nadu, and significant losses in Andhra Pradesh (earlier an above-average state), and Kerala (which had already been doing very poorly). Thus, at the state level it is easy to identify the states that have improved their positions significantly: Gujarat, Orissa, Karnataka, and Assam (from all four meta regions), and their opposite numbers, the states whose positions have worsened significantly: Maharashtra, Haryana, Delhi, Uttar Pradesh, Andhra Pradesh, Kerala, and West Bengal (again from all four meta regions). Among these, Maharashtra is clearly the most affected (though it is necessary to point out again that it is still a leading investment magnet), with losses in all sectors.

Only two of the top 10 districts from the pre-reform period have managed to remain in the top 10 in the post-reform period (these data are not shown here). These are Greater Bombay and Vishakhapatnam, both of which have lost share in the transition. Greater Bombay’s experience is illuminating: it was by far the leading district in the country in the pre-reform period (with 8.23 percent of the national fixed capital); after the reforms it is
ranked sixth, with 2.75 percent of the national total. Greater Bombay’s loss more than accounts for Maharashtra’s total loss; in fact, ignoring Greater Bombay, the rest of Maharashtra has actually seen an increase in its share of investment. At the same time, some pre-reform top ten districts have dropped out of the post-reform top 25 list altogether: these are Madras, Hyderabad, Lucknow, and Patiala, all urban districts, with the first three being the core of the fourth, fifth, and tenth largest metropolises in India. The ranking of districts in the manufacturing sector alone (comprising about one-third of the total investment in both pre- and post-reform phases) shows a similar turnover.

In general the metropolitan districts have declined. This is true for individual metropolitan districts and for all metropolitan districts considered together (again, these data are not reported here). Their share of investment has declined from almost 23 percent in the pre-reform period to under 18 percent in the post-reform period. Similarly, the share of urban districts as a whole (where urban districts are identified as those that are over 50 percent urban) has declined substantially—from just under 50 percent to about 32 percent.

Greater Bombay, Madras, Delhi, Hyderabad, Ahmadabad, Bangalore, Lucknow, and others have all declined; Calcutta has improved marginally but from an extremely poor position and still cannot come close to breaking into the top 25 list. Some suburban districts have improved substantially—such as Chengaianna and South Arcot (surrounding Madras), and Raigarh and Thane (around Bombay). But the most impressive performance has been by some non-metropolitan, even non-urban districts such as Bharuch, Jamnagar, and Dakshin Kannad.

A comparison of the Mumbai and Kolkata metropolitan regions is useful. I have already shown that the district of Greater Bombay has seen its preeminent position slip in the post-reform era, but that the suburban districts in the Mumbai metropolitan region have become very significant investment magnets. The industrial loss in Greater Bombay is not surprising—in fact, even in the 1980s this decline had been evident, and there was evidence of net out-migration from the district while the metropolitan region grew by over 40 percent in that decade. On the other hand, there has been little new industrial investment in the Kolkata metropolitan area; the city district has received some minimal investment in the entertainment and utilities sectors, but the suburban districts of Haora, Hugli, South 24 Parganas, and North 24 Parganas have received virtually no new investment. The only new industrial investments in the state are in the districts of Barddhaman (in large public sector steel plants) and Medinipur (in large joint sector chemical units). The Kolkata metropolis grew by about 23 percent over the 1980s, a rate lower than that of the state and the nation; the city and district of Kolkata grew even less, indicating significant amounts of net out-migration. In other words, the development issues in the two metropolises are fundamentally different: In Mumbai the primary issue is growth management, and the task of the planning apparatus is to manage the massive industrial and population growth in the suburban districts efficiently and equitably. In Kolkata the primary issue is growth attraction, and the task of the planning apparatus is to help create the conditions in which industrial and technological sector growth can become possible.

The Mega City Programme
The material in this section is taken from a project I completed earlier and is reported in detail in Chakravorty (1996). Understandably, no new urban policy was announced immediately after the start of liberalization. Neither did policy makers act on the report of the National Commission on Urbanization (1988), which was the first comprehensive national level urban policy statement. The detailed and comprehensive report stressed the economic and social importance of the four largest metropolises (Mumbai, Kolkata, Delhi, and Chennai) and suggested that these be declared national cities with Rs. 5 billion invested in each during the Eighth and Ninth Five Year plans. This investment recommendation was rejected by policy makers in the Planning Commission and the Ministry of Urban Development, which felt that large scale urban grants were incompatible with the New Economic Policy. Instead, in 1992, the Ministry and the Planning Commission initiated discussions on a new urban infrastructure financing scheme, called the Mega City Programme (MCP).

The Ministry felt that the primary goals of urban development in the new economic order should be cost recovery and replicability of projects. Each project should be evaluated on its own merits—in terms of technical
feasibility, revenue generation capability etc.—and should be financed as one item in a basket of feasible projects. Recognizing that cost recovery was not possible in certain sectors, the Ministry proposed that three types of projects be put forward for the MCP: (1) no cost recovery (waste management, drainage and sanitation etc.); (2) partial cost recovery through user charges and taxes (water supply, transportation, slum shelter, etc.); and (3) full cost recovery and surplus generation (housing, new area development, commercial complexes, etc.). The suggested proportion of investment in these three project types was in the ratio of 30:30:40. The financial stake of the central government would be 25 percent of the total programme cost, the state government would provide another 25 percent of the cost; and the remaining 50 percent would have to be raised from financial institutions such as HUDCO.

A Mega City programme outline highlighting these basic features was agreed upon in May 1993. On the basis of this outline the selected Mega Cities submitted their project lists over the following year (see next section). In March 1995 the Ministry clarified its position further, of which the following features are significant: (1) Funds would not be provided for power, telecommunication, rolling stock such as buses, education, health, and small projects that could be implemented with local funds; (2) Only projects of regional or city wide significance, ones that are not of limited impact, and cannot be undertaken within existing municipality/agency budgets, would be considered; (3) At the end of the Ninth plan period, a minimum of 75 percent of the total outlay should remain available as an infrastructure development fund on a continuing basis (MUAE, 1995).

The MCP is being implemented in five Mega Cities—Mumbai, Kolkata, Chennai, Hyderabad, and Bangalore. Originally the idea was to make the programme applicable only to cities with over five million population in the 1991 census. Hyderabad and Bangalore, both with populations between 4 and 4.5 million, were added later by the Planning Commission (after considering factors like estimated population in 2000, and urban growth rate). Delhi was not considered because its financing comes from a different account, the National Capital Region program.

Planning and implementation of the programme
Table 1 lists the sectoral spending allocations planned within the Mega City programme for the five selected cities. It is clear that the spending priorities for the five metropolises are significantly different. Also, the amount planned for varies considerably from metropolis to metropolis—from a low of Rs. 700 million for a single year in Bangalore, or a five year low of Rs. 1698 million in Chennai, to a high of Rs. 6080 million in Kolkata.

Table 1. Mega City Program Investment Planning

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mumbai (%)</th>
<th>Kolkata (%)</th>
<th>Chennai (%)</th>
<th>Hyderabad (%)</th>
<th>Bangalore (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>37.8</td>
<td>17.7</td>
<td>19.0</td>
<td>20.6</td>
<td>71.4</td>
</tr>
<tr>
<td>Commercial Dev.</td>
<td>16.4</td>
<td>16.3</td>
<td>42.0</td>
<td>10.7</td>
<td>----</td>
</tr>
<tr>
<td>Area Dev./Housing</td>
<td>10.1</td>
<td>28.1</td>
<td>3.2</td>
<td>2.3</td>
<td>----</td>
</tr>
<tr>
<td>Sanitation</td>
<td>6.6</td>
<td>13.3</td>
<td>35.6</td>
<td>37.1</td>
<td>14.3</td>
</tr>
<tr>
<td>Water Supply</td>
<td>26.2</td>
<td>19.9</td>
<td>----</td>
<td>24.2</td>
<td>14.3</td>
</tr>
<tr>
<td>Slum Improvement</td>
<td>0.5</td>
<td>1.8</td>
<td>----</td>
<td>1.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Other</td>
<td>5.4</td>
<td>2.9</td>
<td>5.4</td>
<td>4.1</td>
<td>----</td>
</tr>
<tr>
<td>Total (%)</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Amount:</td>
<td>4034</td>
<td>6080</td>
<td>1698</td>
<td>3985</td>
<td>700</td>
</tr>
</tbody>
</table>

Note: The “amount” is in million Rupees. The data for Mumbai, Kolkata, Chennai, and Hyderabad are planned Mega City program investments in the Eighth Plan (1992-1997); The Bangalore data are for the financial year 1993-94 only. Sources: BMRDA (1994); CMDA (1994); Kirloskar Consultants (1994); Government of Andhra Pradesh (1994); Government of Karnataka (1993).
In Mumbai the projects are divided into two types—one for which there will be some degree of cost recovery through taxes, duties, user charges, tolls etc., and the rest, which may be considered pure public investments. The projects with a cost recovery element include urban renewal, street lighting, bus service, water supply from Morbe dam, a diagnostic center, and bridge tolls. Excluding Navi Mumbai Municipal Corporation (which accounts for just Rs. 192 million of the budgeted total of Rs. 4034 million), 52.5 percent of the total investment is to be spent on “cost recovery” projects. Much of the cost recovery is to come from commercial development and transportation projects (though, interestingly, area development and housing do not figure prominently in the cost recovery list). Slum improvement is allocated less than one percent (BMRDA, 1994).

The CMDA in Kolkata has focused on area development/housing and commercial development as the cost recovery sectors. During the Eighth plan the CMDA hopes to recover Rs. 2040 million in the area development/housing sector (from an investment of Rs. 1700 million), and Rs. 1095 million from commercial development (after investing Rs. 990 million). The CMDA is clearly not expecting to apply user charges or tolls, since the combined cost recovery from these sectors is foreseen to be Rs. 40 million (the investment being Rs. 2290 million). As in Mumbai, the slum improvement sector is virtually ignored (with a mere 1.8 percent of the budget). (See CMDA, 1994.)

The Mega City plan in Chennai was prepared by a private sector consulting firm rather than by the MMDA. The plan makes a distinction between “remunerative” and “service” projects, with 70.4 percent of the total investment belonging in the former category. Remuneration is expected from bus/truck terminus/parking facilities, shopping-cum-office complexes, a large sewage renovation plant in Kodungaiyur, and some new town development. No money has been budgeted for improvements to water supply or slum areas (Kirloskar Consultants, 1995).

The Hyderabad Mega City plan, appears to be heavily slanted towards the sanitation and water supply sectors (with over 61 percent of the budget). Each HUDA project is classified as remunerative, cost recovery, or service—most closely following the ministry guidelines—covering respectively 46 percent, 25.9 percent, and 28.1 percent of the budget. Remuneration is expected from office, commercial, and shopping complexes, and water storage and supply; cost recovery is planned from sewerage improvements, hostels, and auditoria. Slum improvement is allocated one percent of the budget (Government of Andhra Pradesh, 1994).

The KUIDFC’s response on behalf of Bangalore was unusual. Instead of proposing a five or ten year investment plan (as the other Mega Cities had done), it offered a single year project list (for 1993-94). This list was worth Rs. 700 million, much of it concerned with transportation (including synchronizing traffic signals, improving street lighting and existing roads, creating an outer ring road, and purchasing 400 new buses). About 7 percent of the budget was to be spent on slum improvement through house construction and provision of basic amenities. The Bangalore report did not outline any cost recovery mechanism (Government of Karnataka, 1993).

The MCP, small as it is in comparison to the size of the Indian budget and economy, was an important first step in Indian urban policy. In the federal structure of the Indian constitution, urban development is a “State subject”. The maximum money previously invested by New Delhi on a city was Rs. 1 billion in Bombay for the Indian National Congress centenary celebration. This new policy direction is expected to achieve a number of goals: force fiscal discipline and accountability by tying money to specific projects, and not letting the money disappear into labyrinthine municipal or development authority budgets; create a rolling fund which will be available for infrastructure improvements continually; collect user charges at rates close to the marginal cost of service provision.
Cost recovery as a goal is unquestionably important and necessary, but the manner of proposed implementation is worrying indeed. First, in all the Mega Cities, the primary form of cost recovery appears to be through the delivery of area development and housing projects, and commercial development complexes. User charges and tolls are mentioned in some cases, but clearly these do not constitute either a majority or a significant fraction of the costs to be recovered. That is, faced with a new economic reality, the urban planning and development system in the Indian Mega Cities is responding by avoiding difficult choices. Instead of instituting realistic user charges for basic services (water supply, garbage removal, etc.), and providing cross subsidies for the economically weaker population, the development authorities are preparing to intensify their participation in an economic sphere best left to the private market. The provision of high and medium income housing, and commercial centers is done most profitably and efficiently by private developers; public agencies are simply continuing to use their leverage in land acquisition (often the most difficult part of urban real estate development) to become major players in the land market.

The issue of cost recovery from basic infrastructure goes to the heart of the question of equity; subsidies always benefit those who are able to use the subsidized items. Water costs are subsidized by 60 to 80 percent in the Mega Cities, at the same time that upper income groups use four to five times more water than slum dwellers on a per capita basis (Kundu, 1994). Middle and upper income groups pay about Rs. 10 to 12 per person per month for potable water delivered to individual residences; a bottle of cola, one of first products to come in with liberalization, costs about the same. Surely it is not technically and politically infeasible to extract the marginal cost of water supply from these income groups, and continue the subsidies for the slum population (who do not, in general, have residential delivery systems). As the Mega City implementation plans stand now, cost recovery from the provision of services is really not a goal; if it was, the question of equity would not have been as important.

Ideology and Context
But finally, and most significantly, one must question whether cost recovery is indeed the appropriate objective for all the metropolises. Recall the earlier discussion where I argued that the development goals in Mumbai and Kolkata were fundamentally different—growth management for Mumbai and growth attraction for Kolkata. If the goals are fundamentally different, it would seem incongruous that the approaches to the goals should be identical. That, in effect, is what the “cost recovery – project replicability” straightjacket formula does suggest. The formula is driven by an ideology that views the state and state actions as economically inefficient, public expenditure and public bureaucracies as generally wasteful. There are good reasons why this view has gained such dominance worldwide, and are captured in the much discussed idea of “Washington Consensus” (Williamson, 2000). I will not go into the details of this discourse here, but simply point out that this “consensus” is based largely on myths about the universal profligacy of the state (see Wade, 1990, on the role of the state in East Asia).

The major problem with “consensus”, and here I write in general terms, is that it rarely is the outcome of reasoned discourse among equals, but typically is the view of a dominant player individual or group; (in this case, it is the United States, whose record of urban management is hardly one to emulate). Hence we have the incongruous situation in which a rapidly growing region (Mumbai) and a rapidly declining region (Kolkata) are both asked to follow the same policy guideline of cost recovery. In this context it is useful to recall that, contrary to the now widespread state-pessimism, the National Commission on Urbanization (1988), a deliberative body composed of academics more than bureaucrats and politicians, had recommended that the major metropolises should receive massive new funds if they were to be competitive in the global economy. In making this recommendation they had followed the prevailing ideology of an earlier period in which the state was seen as an enabling entity, perhaps inefficient, but in the absence of other institutions of modernity, the critical player in development. This ideology had led to macro-level ideas like “big push” industrialization, infant industry protection, etc., and in spatial terms this ideology had supported concepts like growth poles and growth centers, and significant state intervention in pursuing goals of regional equity and balanced growth.
The old ideology had many failures: In many cases these programs created urban and metropolitan bias, turned the terms of trade in favor of urban areas and against rural areas, and deepened the urban and metropolitan focus of investments and development policy; Gigantic metropolitan areas emerged in the third world, larger than anything that had been seen in the first world. Scholars expressed concern about “overurbanization” (in relation to the fact that the west had never attained these levels of urbanization at such low levels of average income) and “parasitic metropolitanization” (that was draining the agricultural regions of resources). But the new ideology, too, has already had many failures and has produced negative growth and rising inequality in large parts of the world, including most of the transition economies, and much of Latin America and sub-Saharan Africa; urban poverty is now seen on an unprecedented scale and urban inequality appears to be on the rise in most parts of the world (see Cohen, 1990).

I do not mean to suggest that either of these ideological approaches is the correct one (for that would be face the same critique of painting with a broad brush), but that ideology and policy should be contextual. What works for Mumbai at a particular time in history at a particular moment in its development path may not work for Kolkata at the same time in history but at a different point in its development path. Cost recovery may indeed be appropriate in Mumbai; in fact, by setting more appropriate prices for urban services the cost recovery project may help manage development and cross subsidize essential services like water supply. In Kolkata, on the other hand, it may be more appropriate to invest in infrastructure first, so that the growth process can be revived; cost recovery may be appropriate later.
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Chakravorty, S. 2001. Industrial Location in Post-Reform India: Patterns of Interregional Divergence and Intraregional Convergence. (Mimeo.)
INTRODUCTION

Despite the difficulty of defining urban population and urbanization in China, it has been generally understood that China has experienced accelerated urbanization as a result of market reforms and opening up of the socialist economy over the past two decades (Pannell, 1995; Logan, 2001). When market reforms were initiated in 1978, China reportedly had an urban population\(^1\) of 172.45 million which accounted for 17.92 percent of the total population of the country (CSSB, 2000a, p. 95). The latest census in the year 2000 raised China’s urban population to 455.94 million and its percentage to 36.09 percent (South China Morning Post, 29 March 2001, p. 10). It remains unclear to what extent China’s increased urban population should be attributed to such arbitrary factors as administrative changes and modification of the urban definition. Nevertheless, an analysis of comparable statistical data since 1982 does show a noticeable trend in which the growth of urban population outpaced that of its rural counterpart. This trend of accelerated urbanization since the reforms has been unprecedented in the history of the People’s Republic. Within a time span of less than two decades, the share of urban population rose from 21 percent in 1982 to 36 percent in the year 2000. This stood in contrast with the pre-reform era when the share of urban population showed a marginal increase from 10.6 to 17.9 percent over the thirty years of 1949-78 (Ma and Cui, 1987, p. 388; Chan, 1994, pp. 245-246; Zhang and Zhao, 1998, pp. 357-358).

Because of its enormous population size, China’s accelerated urbanization over the last two decades and in the foreseeable future will have significant economic, social, and environmental implications not only for the largest developing nation itself but also for the globalizing world. With one fifth of the human population and about 15 percent of the world’s total urban population, China has more people living in cities and towns than any other country (Lo, 1987, p. 443; Pannell, 1995, p. 394). This huge number of urban population, currently accounting for only 36 percent of the Chinese people, has yet to claim its dominance in the nation and will likely expand to reach the majority of China’s population if the current trend of globalization and market reforms continues. The outcome of continued economic development in the 21st Century will therefore be a massive economic and spatial transition from the rural to urban sector involving perhaps another 400 million or more Chinese people. Such a massive rural to urban transition will pose great challenges not only to the Chinese decision makers but also to any one concerned over the sustainability of global development in general and human habitat in particular. How should China handle its future development of human settlements and urbanization? What policies should be adopted to facilitate and regulate rural to urban transition of the Chinese economy and population? What kind of human habitat or system of human settlements should be developed to accommodate the huge number of new urbanites? These are some of the most important questions to be answered by Chinese planners and others concerned over global development.

China’s accelerated urbanization in recent decades has also been a subject of considerable scholarly interests and heated debates (Ma and Hanten, 1981; Pannell, 1990 and 1995; Wei, 1995; Chen and Parish, 1996; Tang, 1997; Logan, 2001; Lin, 2001a and 2001b). At least three major corpuses of literature or three schools of thought have emerged as a result of continued scholarly inquiry and interpretations. First, there is the notion of large cities as the natural centers of economic growth, modernization, and urbanization. For years, the Chinese urbanization
strategy has been to “strictly control the growth of large cities, rationally develop medium-sized cities, and vigorously promote the development of small cities and towns” (Kirkby, 1985, p. 207; Ma and Lin, 1993, p. 583; Lin and Ma, 1994, p. 76). As China shifted its development strategy from the rhetoric of egalitarianism into realistic promotion of comparative advantages, a growing number of scholars have become critical of the policy to control the expansion of large cities. Researchers within and outside China have suggested that large cities function as the most efficient center of growth or most powerful driving engine for China’s national development because of the operation of such natural market forces as the economies of scale and agglomeration. Zhou and Yang, for instance, have compared industrial economic returns among Chinese cities of different size and found that large cities outperformed their smaller counterparts (Zhou and Yang, 1995). Similar findings have been presented in other studies (Wei, 1994 and 1995; Zhao and Zhang, 1995). Based on these findings, it has been contended that the existing Chinese urban development policy to control the expansion of large cities “is theoretically misinformed, historically inappropriate, and incorrect in practice” (Zhao and Zhang, 1995, p. 832). It was further advocated that “China should take full advantage of its large cities and pursue a large-city-led policy for its development” (Zhao and Zhang, 1995, p. 813). The arguments along this line of thinking may be conceptualized as a model of “urbanization from above” as the idea essentially represents an extension of the paradigm of “development from above” which advocates a growth pole or growth center strategy for the pursuit of efficient economic expansion (Hansen, 1981).

The second perspective focuses on the revitalization and explosive growth of numerous small towns in China since institutional changes were made in 1978. Fei Xiaotung, a leading Chinese sociologist, has maintained that the numerous small towns have actually played a role of great significance in China’s urbanization because they function as “storage reservoirs” to accommodate the enormous surplus rural laborers and prevent them from flooding the large cities that already suffered from congestion (Fei, 1986). The phenomenal growth of China’s small towns since the reforms has received great attention from scholars of the west (Kwok, 1982; Tan, 1986; Lin, 1993; Lin and Ma, 1994). The development of China’s small towns has been understood as primarily a bottom-up phenomenon facilitated by such forces as the spontaneous marketization of the rural economy, dramatic growth of township and village enterprises (TVEs), reduced state involvements in local economic affairs, and relaxed restriction on village-town migration (Ma and Lin, 1993, p. 584; Zhu, 2000). This pattern of urban transition based on small towns has been conceptualized as “urbanization from below” (Ma and Fan, 1994), an extension of the paradigm of “development from below” (Stohr, 1981).

Finally, there is the model of metropolitanism or extended metropolis enthusiastically advocated by McGee and Ginsburg (McGee, 1991; Ginsburg, 1990). The models of “urbanization from above” and “urbanization from below” have both seen urban transition as a city-based process shaped by the forces of agglomeration economies and comparative advantages. McGee and Ginsburg have argued that the city-based model of urban transition may not be the only option for Asian urbanization. It has been observed that a distinct process of region-based urbanization has been taking place in the extended metropolitan regions of many Asian countries in recent years as a result of economic restructuring, influx of foreign capital investment, and revolutionary advances in telecommunication and transportation. This process has led to the formation of zones of intensive urban-rural mixture and interaction located in the area surrounding and between metropolitan centers. These extended metropolitan regions have become the locales where foreign investment and time-space compression are based. The emergence of these regions is believed to present a viable option and alternative for urban transition of many countries not only in Southeast Asia but also in East Asia and China as well (Zhou, 1991; Pannell, 1995; Lin, 2001b).

Obviously, the complex mechanism of China’s urban transition has been and will continue to be interpreted in different perspectives just as different segments of the giant elephant being examined by the blind man. While
courageous efforts are made to search for paradigms and formulas to guide China’s continuing urban transition, there is a need to better understand in a systematic manner the dynamics of change experienced by China’s cities and towns. There is also a need to update our knowledge about recent urban developments undergoing in the rapidly changing Chinese transitional economy. Without a good knowledge of what has been taking place in the development and restructuring of human settlements in recent decades, it must necessarily be limited to interpret urban transition in China or recommend sensible policies concerning China’s future urbanization.

This study attempts to examine the structural and spatial changes of China’s urban settlements since 1949. The objective is to identify the general pattern of change demonstrated by urban settlements of different size and in different regions of the country. Specifically, this study attempts to address three inter-related questions that have important bearings not only for a better understanding of urban China but also for planning and policy-making. First, what has been the role played by settlements of different size in China’s urban development over the past five decades since the founding of the People’s Republic? How has such a role changed under different historical context? How have Chinese cities of different population size reorganized themselves in response to major political and economic changes? Second, where were Chinese cities, both existing and newly established, located and relocated? What have been the locational changes experienced by Chinese cities as a result of shifting spatial emphasis of national economic development? Have Chinese cities become increasingly disperse and accessible to the population of a wider geographical extent or remained concentrated in the developed region of the coast? Finally, what are the implications of the structural and spatial changes of Chinese cities for both our understanding of the dynamics of urban development and formulation of policies to facilitate future urban transition?

Systematic data recently released by the Chinese statistical authorities have provided an important base for the analysis of structural and spatial characteristics of China’s cities (CSSB, 1999; 2000b). Beginning in 1985, China’s State Statistical Bureau has published annually detailed statistical data for all officially designated cities in the country (CSSB, 1985). In 1999, the State Statistical Bureau’s Team of Urban Social and Economic Survey released systematic statistical data for Chinese cities for the years of 1949 to 1998 as an attempt to mark the 50th anniversary of the founding of the People’s Republic (CSSB, 1999). These officially released data on urban China are not free of discrepancy and errors. Indeed, they need to be used with extra caution and cross-checked with other information. Nevertheless, these systematic data represent valuable source of information for understanding the temporal and spatial changes that Chinese cities have undergone since 1949. These two sets of data, the annual statistical yearbooks on Chinese cities and the 1999 collected volume on the growth of Chinese cities during 1949-98, form the base for this study. As Fan (1999) has correctly identified, Chinese cities have over the past several decades experienced dramatic expansion in two simultaneous dimensions. Vertically, existing cities of different size have expanded both in population and land area. Horizontally, a large number of newly designated cities has been added to the existing system of cities. For a consistent and comparable analysis of the vertical expansion of Chinese cities, this study uses data from the annual statistical yearbooks on Chinese cities to analyze temporal and spatial changes of the SAME 295 cities in the country since 1984. This approach is adopted to avoid the distortion of administrative changes particularly the addition of new cities. For an analysis of the horizontal growth of the system of cities including the addition of new cities, this study is based on the volume of statistical data released in 1999 on the growth Chinese cities since 1949.

Before the pattern of urban development in China is identified, several important concepts require clarification. In this study, the concept of urban transition is used to denote a process of structural and spatial change in which the Chinese population shift their occupation from agricultural to non-agricultural pursuits and their residence from villages to cities and towns. Urbanization is understood as a process of economic, spatial, and social change through which the Chinese rural population acquire an urban way of life with or without a relocation of residence. The confusion revolving around the definitions of the Chinese urban population has been extensively documented
This study adopts the official definition of urban population which refers to the permanent residents of urban districts, streets, and resident-committees of cities and towns (CSSB, 2000b, p. 111). Statistical data on China’s urban population are available since 1982. Data for China’s urban population released before 1982 were based on the administrative boundaries of cities and towns. In this study, urban settlements refer to only those cities and towns that are officially designated as urban places. There were 667 designated cities and 19,184 designated towns in China in 1999 (CSSB, 2000a, pp. 347 and 369). Because of the lack of detailed statistical data on designated towns, this study concentrates on the analysis of the temporal and spatial pattern of the Chinese cities with an officially recognized urban status. The assessment of the structural changes of Chinese cities is based on a classification scheme that groups all Chinese cities into four categories according to the size of nonagricultural population in the city proper (shiqu feinongye renkou), namely “extra-large” (1 million people or more), “large” (0.5 to 1 million), “medium” (0.2 to 0.5 million), and “small” cities (less than 0.2 million) (CSSB, 2000b, p. 487). The spatial pattern is analyzed on the basis of a framework dividing the country into three zones, namely the east, central, and western regions.

STATE ARTICULATION AND THE CHANGING SYSTEM OF CITIES

As several studies have correctly noted, cities in China have functioned as both economic and administrative entities (Ma and Hanten, 1981; Lo, 1987; Pannell, 1990; Hsu, 1994). The growth and distribution of cities are therefore effectively shaped by not only market forces such as agglomeration economies that are common to other countries but also ideological commitments, political convictions, managerial considerations, and institutional as well as administrative settings that are unique to China (Pannell, 1982; Zhou and Yang, 1988; Yeh and Xu, 1990; Han and Wong, 1994; Xu, Ouyang and Zhou, 1995; Fan, 1999). If the “restless formation and reformation of geographical landscapes” in American cities were seen as being derived from the imperatives and contradictions inherent to the dynamics of a capitalist economy and society (Harvey, 1985; Knox, 1993), then the system of Chinese cities evolved over the past five decades since 1949 has been a spatial outcome of the constant articulation, reaction, and adaptation of the Chinese Communist regime in response to the changing political and economic circumstances.

Cities in China are official establishments that require administrative designation and fiscal commitment of the governments. Officially designated cities are included in state budgetary allocation. They enjoy state capital investment in the urban economy and resources allocated by the government for the development and maintenance of urban facilities. Designation of new cities or demotion of the existing ones has therefore become a means for the state to either speed up or slow down the pace of urban development in response to changing political and economic situations. To understand the dynamic of urban development in China, it is necessary to first analyze the changing number of designated cities. In general, cities in Communist China have gone through four distinct phases of expansion, contraction, stagnation, and explosion over the past five decades.

Initial Growth of Cities and Urbanization (1949-1961)

The initial period lasted from 1949 to 1961 and was characterized by a rapid increase of the number of cities and urban population. When the Communist took power in 1949, there were 132 cities with an urban population (defined as nonagricultural population in the city proper) of 27.4 million. Half of the cities were located in the eastern coast, more than the sum of those in the central and western regions. The rehabilitation and reconstruction of the national economy after the civil war greatly facilitated the pace of industrialization and urban development. The 156 key construction projects financed by the central government during the First Five Year Plan (1953-57) provided great impetus to the expansion of existing cities and creation of new cities, most of them were located in the Northeast and North China (Lin, 1999, p. 676). By the end of the First Five Year Plan in 1957, the number of designated cities dramatically increased from 132 in 1949 to 176. The success of the First Five Year Plan was
no doubt the result of original enthusiasm of the Chinese people to build a new nation. Unfortunately, this gave rise to unrealistic estimation, mis-management of the economy, and a development fever as the state under Mao launched the “Great Leap Forward” campaign to “catch up the US and overtake the UK in fifteen years”. The idea essentially followed a large scale military action mobilizing all available resources to make a once-for-all developmental strike so that China could break out of the vicious cycle of poverty and backwardness (Eckstein, 1977, p. 58; Lin, 1997, p. 34). The spatial outcome of this enormous campaign was a drastic growth of the number of cities from 176 in 1957 to 208 in 1961, reaching the climax for all years until 1980. At the same time, urban population expanded from 54 to 69 million, a net growth of 15 million people in cities.

Reduction of Cities and De-urbanization (1962-1965)
The “Great Leap Forward” campaign turned out to be a great disaster. Economic mismanagement, natural catastrophes, and ideological dispute with the former Soviet Union in the early 1960s combined to result in tragic casualty of 15 to 30 million people. This was followed by a period of economic readjustment beginning in 1962 when a large number of cities previously established were eliminated from the list of state budgetary allocation and the excessive urban population were either deported or “sent down” (xiafeng) to the countryside. During the years of 1961-65, the number of cities dropped from 208 to 168, urban population declined from 69 to 66 million, and its percentage in the total population reduced from 10.5 to 9.2 percent. This period appeared to fit the pattern of de-urbanization identified by Murray and Szelenyi (1984) and Chen and Parish (1995, p. 64).

Stagnation and Under-urbanization (1966-77)
The Great Proletariat Cultural Revolution that lasted from 1966 to 1976 was a period of revolutionary upheavals, power struggles, and domestic turmoil. In an attempt to relief the population pressure for urban employment and dissolve the destructive energy of the young revolutionary “Red Guards”, Mao launched the campaign of “up to the mountains and down to the villages” (Shangshan Xiaxiang) by which an estimated 12-17 million urban educated youths were forced to move out of the cities to resettle in rural villages or remote areas (Bernstein, 1977; Ma, 1977). Urban cadres, university professors, school teachers, artists, musicians, medical doctors, and other professionals in cities were also “sent down” (xiafeng) to the countryside to toughen their body and purify their soul. In the meantime, rapid industrialization based on a selected number of cities continued to be seen as essential to the expansion of military capacity and maintenance of national security. The result has been a rather unique pattern of industrialization without a parallel growth of urbanization (Ma and Hanten, 1981; Kirkby, 1985; Cannon, 1990; Chan, 1994; Lin, 1998). During the ten years of 1966-76, only 17 additional cities were designated, of which 16 were located in the central and western regions perceived to be strategically less vulnerable to potential military attack. Urban population in cities grew from 67 to 74 million, but its proportion in the total population dropped from 9 to 8 percent. The level of urbanization, defined as the proportion of the aggregate population in cities and towns in the total population, slightly declined from 17.9 to 17.4 percent (Ma and Cui, 1987, p. 388; Chan, 1994, pp. 245-246). This pattern fit nicely to the model of “under-urbanization” or zero urban growth identified by Murray and Szelenyi (1984) and Chen and Parish (1995, p. 65). This pattern remained unchanged until institutional changes were initiated in the late 1978.

Accelerated Growth and Rapid Urbanization (1978-present)
The final and recent period since 1978 has been characterized by a rapid surge of the number of designated cities as a result of both relaxation of state control over city designation and the operation of spontaneous forces of market reforms and globalization. The transition of power from the Maoist plan-ideological into the post-Mao market-regulatory regime has ushered in a new development strategy that values efficiency over equity, individual creativity over collectivism, and regional comparative advantages over defense or ideological consideration (Fan, 1995, 1997; Lin, 1997, 1999). Recognition of the inherent economic comparative advantages of the cities, particularly those along the eastern coast, has led the government to set up four Special Economic Zones in 1979 and designate...
14 coastal open cities in 1984. Along with the two coastal provinces of Guangdong and Fujian, these cites were given greater autonomy to attract foreign investment and practice free market forces. They were seen as catalysts of development, pioneers of economic reforms, and centers of modernizations (Yeung and Hu, 1992; Pannell, 1992; Wu, 1999). This new development strategy has created an environment favorable to the growth of cities. At the same time, the adoption of an output-link agricultural production responsibility system in the countryside has greatly raised productivity and released a large number of surplus rural laborers. Decollectivization has allowed a growing marketization of the agricultural sector and spontaneous industrialization of the countryside. Agricultural restructuring and rural industrialization have led numerous towns to flourish and mushroom all over the country. Rural development from below has provided tremendous impetus for the upgrading of towns into cities and expansion of small cities. In response to the growing demand for urban development, the Chinese government has since 1984 relaxed its control over the designation of cities. During the years of 1978-84, for instance, the Chinese government designated 78 new cities and redesignated 32 cities which were demoted earlier for political or economic reasons (Ma and Cui, 1987, p. 376). The combined outcome of the above three factors, a new development strategy in favor of cities, market driven rural industrialization, and relaxed state control over city designation, has been an explosive surge of the number of cities and urban population. The number of cities drastically rose from 193 in 1978 to 668 in 1998, an increase of 475 new cities in twenty years, far greater than the 61 new cities established over the previous three decades. Urban population in cities also surged from 79.8 million in 1978 to 217.7 million in 1998 and its share of the total population rose from 8.3 to 18 percent. Clearly, China since 1978 has been set on the path of rapid growth of cities and accelerated urbanization.

How has the Chinese system of cities reorganized itself as a consequence of the changing political economy of the nation outlined above? Tables 1 and 2 analyze the growth of cities of different size and different location over the past fifty years using 1978 as a watershed dividing the pre-reform and post-reform periods. When the People’s Republic was founded in 1949, the system of cities that the Communist regime inherited had only a few large cities (12 large and extra-large cities, see Table 1) although these large cities accounted for more than half (54 percent, see Table 2) of the total urban population in cities. The majority of these cities, both in number and population, were located in the eastern coast where modern urbanism was first brought into the Middle Kingdom by western colonial powers. This system of cities was reorganized by the Communist regime in two ways.

Table 1. Number of Chinese Cities by Size and Location, 1949-98

<table>
<thead>
<tr>
<th>City Size</th>
<th>Number of Cities</th>
<th>Annual Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra-Large (&gt;1mil)</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Large (0.5-1mil)</td>
<td>7</td>
<td>27</td>
</tr>
<tr>
<td>Medium (0.2-0.5mil)</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Small (&lt;0.2mil)</td>
<td>102</td>
<td>93</td>
</tr>
<tr>
<td><strong>Region</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Central</td>
<td>50</td>
<td>84</td>
</tr>
<tr>
<td>West</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>132</td>
<td>193</td>
</tr>
</tbody>
</table>

Table 2. Chinese Cities by Size and Location, 1949-98

<table>
<thead>
<tr>
<th></th>
<th>Non-agricultural Population in City Proper (Million)</th>
<th>Structure (%)</th>
<th>Percent Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Non-agriculturalPopulation in City Proper)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra-Large (&gt;1 million)</td>
<td>9.8551</td>
<td>29.9377</td>
<td>79.601</td>
</tr>
<tr>
<td>Large (0.5 – 1 million)</td>
<td>5.1468</td>
<td>19.9451</td>
<td>31.343</td>
</tr>
<tr>
<td>Medium (0.2 – 0.5 million)</td>
<td>5.4283</td>
<td>18.7147</td>
<td>62.723</td>
</tr>
<tr>
<td>Small (&lt;0.2 million)</td>
<td>6.9755</td>
<td>11.2691</td>
<td>44.094</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>18.9061</td>
<td>39.5439</td>
<td>111.631</td>
</tr>
<tr>
<td>Central</td>
<td>5.6816</td>
<td>27.2843</td>
<td>73.794</td>
</tr>
<tr>
<td>West</td>
<td>2.8180</td>
<td>13.0384</td>
<td>32.336</td>
</tr>
<tr>
<td>Total</td>
<td>27.4057</td>
<td>79.8666</td>
<td>217.761</td>
</tr>
</tbody>
</table>


First, large and extra-large cities enjoyed significant expansion whereas the growth of small cities was restrained. During the years of 1949-1978, the number of large and extra-large cities increased from 12 to 40 and their share of the total urban population expanded from 54.8 to 62.5 percent (Tables 1 and 2). For the same period, the number of small cities dropped from 102 to 93 and their share of the total urban population shrank from 25.4 to 14.1 percent. Large and extra-large cities enjoyed an annual growth rate higher than the average whereas small cities suffered from contraction (Table 1). This pattern of structural change has been the result of political and economic considerations. Politically, most of the large and extra-large cities corresponded with China’s 30 provincial capitals and special municipalities. They were developed as the most important political centers to maintain territorial integrity and social stability (Lin, 1999, p. 683). Economically, the centrally planned economic system established by the Maoist regime had to rest upon a hierarchical urban system integrated by vertical linkages and coordinated by large cities. Large and extra-large cities were developed as the most important centers of production for the planned economy and the state sector. They were selected by the state for concentrated investment in industrial production because of the advantages they had over other smaller settlements in terms of their economic infrastructure and agglomeration economies (Wu, 1967, pp. 56-59). For the same reasons, the contraction of small cities in the Maoist era had been the outcome of the socialist strategy that managed to jointly maximize industrialization and minimize urbanization costs. As a number of scholars have correctly noted, the approach adopted by the Maoist regime for urban development was essentially to preserve the limited capital for industrial growth in existing cities at the expense of both agriculture and urban consumption (Kirkby, 1985; Chan, 1994). This growth-oriented and urban-biased approach meant that the state could not afford to upgrade many rural settlements into the city status because such an upgrading might burden the state in the provision of urban services which in turn would jeopardize the grand pursuit of optimum industrialization.

Second, the system of cities under Mao had been re-arranged geographically. As revealed in Tables 1 and 2, the regions experiencing the growth of cities and urban population were the central and western interior. By comparison, the number of designated cities in the eastern coast remained unchanged for the entire period and the share of urban population held by the region had actually reduced by 19.5 percent (Table 2). The provinces that enjoyed considerable designation of new cities were all located in the interior or border region of the country. This pattern of spatial re-organization of cities can be attributed to the Maoist strategy of regional development which favored the interior over the eastern coast for both the reasons of the ideological commitment of spatial
equality and national security (Fan, 1995, 1997; Wei and Ma, 1996). In an hostile international environment, the eastern coast was perceived to be vulnerable to potential naval attacks (Cannon, 1990; Yeung and Hu, 1992). For the consideration of national defense, much of the state capital investment in the 1960s was concentrated in the “Third Front” located in the western interior (Naughton, 1988). It is thus not surprising that cities in the western region had demonstrated the highest annual growth rate while the eastern coast recorded a zero increase for thirty years (Table 1).

The trend of structural and spatial redistribution of cities identified above has been reversed since institutional changes were initiated in 1978. Whereas small cities suffered from contraction in the Maoist era, they have now become the most dynamic urban settlements among all with the highest annual growth rate (Table 1). The share of small and medium size cities in the total urban population has also shown a substantial increase at the expense of their large and extra-large urban counterpart (Table 2). Geographically, the eastern region has now demonstrated the highest growth rate in terms of the addition of cities (Table 1). Its share of the total urban population in cities has expanded at the expense of other regions to reclaim its loss in the Maoist era (Table 2). Obviously, this remarkable reversal has been inseparable from the three powerful forces identified in the foregoing section, including the state’s shifting development emphasis from the interior to the eastern coast, phenomenal growth of rural industries and small towns from below, and relaxed control of the state over the upgrading of towns into cities.

EXPANSION OF EXISTING CITIES

The Chinese system of cities evolved over the past five decades has been shaped by the articulation of the state through the means of investment strategy, administrative changes, and reclassification of urban population and urban settlements. Since the 1980s, however, the role played by the central state has experienced significant changes as the national economy started to “grow of the plan” (Naughton, 1995). The power of decision making has been decentralized as a means to arouse local enthusiasm. At the same time, the scope and scale of the state sector under central planning have been gradually reduced to make room for the growth of the private sector and operation of free market forces. The transition of the Chinese political economy from central authoritarianism to local corporatism and from plan to market means that the nature of cities as both administrative and economic entity will undergo profound transformation. Greater role will have to be played by natural and free market forces in the growth and distribution of cities. Even when administrative changes are to be made by the state, they will have to be made in response to the operation of natural and free market forces. To better understand the growth dynamic of the Chinese cities in the new era of market reforms and globalization, it is necessary to analyze the natural growth of cities without the distortion or “noise” of arbitrary administrative changes such as designation of new cities and elimination of the existing ones. Based on detailed statistical data gathered in China’s first urban statistical yearbook published in 1985 and the one published recently (CSSB, 1985; CSSB, 1997), Table 3 analyzes the expansion of the same 295 cities in the time span of 1984-96.
Table 3. Structural and Spatial Change of Chinese Cities, 1984-96 (%)

<table>
<thead>
<tr>
<th>City Size</th>
<th>Non-agricultural Population in City Proper</th>
<th>Built-up Area in City Proper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra-Large (&gt;1 million)</td>
<td>39.42</td>
<td>35.69</td>
</tr>
<tr>
<td>Large (0.5 – 1 million)</td>
<td>21.00</td>
<td>20.10</td>
</tr>
<tr>
<td>Medium (0.2 – 0.5 million)</td>
<td>23.12</td>
<td>23.38</td>
</tr>
<tr>
<td>Small (&lt;0.2 million)</td>
<td>16.46</td>
<td>20.83</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>49.57</td>
<td>49.70</td>
</tr>
<tr>
<td>Central</td>
<td>34.76</td>
<td>35.19</td>
</tr>
<tr>
<td>West</td>
<td>15.67</td>
<td>15.11</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Two important indicators were used to assess the natural expansion of cities, including non-agricultural population and built-up area, both in the city proper. Among the 295 cities existing in 1984, more than half of the population and land area remained in large and extra-large cities. Small cities only accounted for 20 to 25 percent despite their larger number. Geographically, cities in the eastern coast accounted for 45-49 percent of the population and land area of the 295 cities. Over the twelve years of 1984-96, these 295 cities experienced a considerable structural change characterized by the proportional increase of small cities and relatively decline of large and extra-large cities in terms of both non-agricultural population and built-up area in city proper (Table 3). The extent of spatial change in non-agricultural population was limited although the built-up area of the cities in the eastern coast demonstrated significant expansion which appeared to be a logical spatial outcome of massive infrastructure development there in order to attract foreign investment. Altogether, the expansion of the 295 cities existing in 1984 in the twelve years of 1984-96 was characterized by a proportional decline of large and extra-large cities, structural increase of small cities, and a strengthened dominance of cities in the advanced eastern coast. This pattern is consistent with the one revealed in the above section. Taking together, the results of analysis in this and the above section suggest that both the designation of new cities and expansion of existing ones since the reforms have occurred primarily in the small city category and in the eastern coast.

The analysis of Chinese cities thus far has concentrated on the structural and spatial changes of the urban population and built-up area. How about the urban economy? What have been the changing roles played by cities as economic centers of investment and production? A series of historically comparable economic data for the same cities recently published by the Chinese urban statistical authorities made it possible for a systematic assessment (CSSB, 1999). Tables 4 and 5 analyze the economic expansion of 220 cities existing in 1990 in three areas: fixed assets investment, utilized foreign investment, and gross domestic products. The picture unfolded clearly underscores the growing importance of larger cities, which is significantly different from the pattern identified in the above analysis of urban population and built-up area.
Table 4. Domestic and Foreign Investment in Chinese Cities, 1990-98

<table>
<thead>
<tr>
<th>City Size (Non-agricultural Population in City Proper)</th>
<th>Fixed Assets Investment</th>
<th>Utilized Foreign Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra-Large (&gt;1 million)</td>
<td>86.81</td>
<td>707.23</td>
</tr>
<tr>
<td>Large (0.5 – 1 million)</td>
<td>31.14</td>
<td>184.49</td>
</tr>
<tr>
<td>Medium (0.2 – 0.5 million)</td>
<td>53.61</td>
<td>340.65</td>
</tr>
<tr>
<td>Small (&lt;0.2 million)</td>
<td>15.00</td>
<td>113.22</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>117.58</td>
<td>874.60</td>
</tr>
<tr>
<td>Central</td>
<td>47.07</td>
<td>304.17</td>
</tr>
<tr>
<td>West</td>
<td>21.90</td>
<td>166.81</td>
</tr>
<tr>
<td>Total</td>
<td>186.55</td>
<td>1345.58</td>
</tr>
</tbody>
</table>

Source: Same As Table 1, pp. 383-388 and 407-412.

The roles played by cities of different size and location as the centers of domestic and foreign investment are assessed in Table 4. Among all cities, large and extra-large cities clearly stand out as the centers of capital investment favored by the post-reform state. Because of their inherent advantages of agglomeration economies, these larger urban settlements received more than 60 percent of all fixed assets capital invested in cities in the 1990s. Moreover, the share of fixed assets capital invested in the extra-large cities was raised from 46.5 percent in 1990 to 52.5 percent in 1998 (Table 4), suggesting that the extra-large cities have clearly been chosen by the Chinese government as the center of fixed assets capital investment. Geographically, over 63 percent of the fixed assets investment in cities were directed to the eastern region, more than the combination of the central and western interior. Such a lion’s share was further increased to 65 percent in 1998 (Table 4). This is hardly surprising given that all of the special economic zones, open coastal cities, and open economic regions were located in the eastern coast. Of all provinces and special municipalities, Shanghai identified itself as the single most important locale receiving the largest increase (6.92 percent) in fixed assets investment during the period of 1990-98. Clearly, Shanghai has recently been selected by the Chinese government as a new growth center apart from Guangdong and Fujian for concentrated development. Other locales that displayed a slight increase of fixed assets investment in the urban economy for the same period included provinces in the southeastern coast, the Beijing-Tianjin metropolitan region, and the southwestern interior.

In a manner similar to the distribution of fixed assets investment, utilized foreign investment displayed a tendency in favor of large and extra-large cities whose share of the total investment enjoyed a substantial growth at the expense of other smaller cities during the 1990s (Table 4). The spatial distribution of utilized foreign investment has been somewhat different from that of fixed assets investment, however. Although an overwhelming proportion of utilized foreign investment (94.5 percent) was located in the cities of the eastern coast, this proportion dropped significantly to 87.4 percent in 1998. This pattern suggests that, unlike the continued concentration of fixed assets investment in the eastern coast, foreign investment has started to disperse into the interior after its initial concentration in the eastern coast. This is evident when the changing distribution of utilized foreign investment in cities was mapped. Jiangsu Province stood out as the one experiencing the greatest increase of the share of utilized foreign investment followed by provinces along the Yangzi River and in the Shandong Peninsula. By comparison, the dominant position previously held by Guangdong and Fujian Provinces experienced a relative decline possibly because of the increase in labor cost and the growing inflow of foreign investment from countries other than Hong Kong. 5
The functions of cities as centers of production are assessed in Table 5. An analysis of the distribution of GDP among cities of different size and location highlights the importance of extra-large cities and cities in the eastern region. Of the total amount of GDP generated by Chinese cities, over 62 percent was contributed by large and extra-large cities. A comparison of GDP on a comparable per capita basis among the cities of different size also underscores the importance of large and extra-large cities (Table 5). The economic disparity among cities of different regions was even more striking. As listed in Table 5, cities in the eastern region held an overwhelming majority (64 percent) of the total GDP generated by the Chinese urban economy, more than the combination of those in the central and western interior. As for GDP per capita, cities in the eastern region were also well above their counterparts in other regions (Table 5). The tendency of spatial change over time has not been significant except a slight increase of the share of GDP held by the cities in the eastern region and a widened gap between the cities in the eastern coast and those in the interior in terms of GDP per capita. A closer analysis of the spatial redistribution of GDP among the cities of different regions has unveiled another dimension of spatial disparity between north and south China. Provinces in the southeastern coast enjoyed a remarkable increase in terms of the share of GDP generated by cities therein during the years of 1990-98. By comparison, GDP generated by the cities in many northern provinces declined proportionally. This pattern is consistent with an earlier study of China’s regional development since the reforms pointing to the shifting emphasis of the national production space from the north to the south (Lin, 1999, p. 680). Such a north-south contrast in the Chinese urban economy has been the complex outcome of the changing regional political economy in which the most vibrant element of growth has been associated with marketization and commercialization located in southern China. The pattern is not completely consistent with the pattern of utilized foreign investment for two reasons. First, despite its continued growth and dispersion, utilized foreign capital only accounted for only a small proportion of China’s capital formation and is therefore not the decisive force shaping the geography of China’s urban economy. Second, there is a time lag between capital investment and generation of GDP. The upward movement of the urban economy in the southeastern regions in the 1990s may well be the result of earlier concentrated investment of capital both domestically and from foreign sources. This pattern further illustrates the complexity of China’s urban economy the growth and distribution of which are not accountable by one single and quantifiable factor.

Table 5. GDP Generated by Chinese Cities, 1990-98

<table>
<thead>
<tr>
<th>City Size</th>
<th>GDP (Billion Yuan)</th>
<th>Structure (%)</th>
<th>Per Capita GDP (Yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra-Large (&gt;1 million)</td>
<td>344.14</td>
<td>1730.14</td>
<td>48.45</td>
</tr>
<tr>
<td>Large (0.5 – 1 million)</td>
<td>113.28</td>
<td>512.19</td>
<td>15.95</td>
</tr>
<tr>
<td>Medium (0.2 – 0.5 million)</td>
<td>188.11</td>
<td>1005.17</td>
<td>26.49</td>
</tr>
<tr>
<td>Small (&lt;0.2 million)</td>
<td>64.70</td>
<td>348.83</td>
<td>9.11</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>442.58</td>
<td>2314.84</td>
<td>62.32</td>
</tr>
<tr>
<td>Central</td>
<td>180.55</td>
<td>848.67</td>
<td>25.42</td>
</tr>
<tr>
<td>West</td>
<td>87.10</td>
<td>432.72</td>
<td>12.26</td>
</tr>
<tr>
<td>Total</td>
<td>710.23</td>
<td>3596.22</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Same as Table 1, pp. 323-328.
SUMMARY AND DISCUSSION
The on-going transition of the Chinese economy from plan to market has greatly speeded up the pace of urbanization. Because of the enormous population size involved, China’s accelerated urbanization in the new century and indeed the new millennium will have significant implications for food security, environmental sustainability, and social stability of the nation and the globalizing world. Important questions have been raised concerning how China’s hundreds of millions of rural exodus should be accommodated and what correct model of urbanization should be adopted by the Chinese planners and policy makers. Three competing paradigms have been suggested in the existing literature, including urbanization from above, urbanization from below, and metropolitanism. The formulation or selection of effective policy options must be, however, rested upon a thorough understanding of the dynamics of urban transition in different political and economic contexts.

This study examines structural and spatial changes of Chinese cities over the past five decades. Detailed analyses of the urban statistical data recently made available by the Chinese authorities for the period of 1949-98 have clearly identified two major phases of urban development before and after major institutional changes were made in 1978. In the Mao’s era, large and super-large cities were developed as the key notes of the centrally planned economy, bases of socialist industrialization, and centers to maintain social stability and national integrity. The imperative of optimum industrialization, particularly the need to minimize the cost of urban service provision, had led the Maoist regime to retain the surplus rural labor force in the countryside and block the upgrading of rural settlements into cities. Despite the rhetoric of limiting the growth of large cities and promoting the development of smaller ones, large and extra-large cities had dominated the urban hierarchy established by the Maoist regime. The strategic consideration of national defense, coupled with the interests in natural resource exploitation, had motivated the Maoist regime to promote urban development in the central and western interior at the expense of the eastern coast.

The demise of the Maoist regime in the late-1970s has ushered in a new political economy in which central authoritarianism gives way to local corporatism and greater room is made for market forces to play. A large number of towns have finally upgraded themselves into the small city category as a consequence of both rural transformative development from below and relaxed state control over city designation from above. The dominance of large and super-large cities in China’s urban hierarchy has been significantly reduced because of the emergence of numerous small cities to take up a growing share of the urban settlements and population. The reorientation of the development strategy toward the eastern coast has re-consolidated the dominance of the eastern coast in China’s urban development. Although small cities have played a growing role in the absorption of population and land development, large cities have remained the most efficient and productive economic centers for capital investment and production.

What, then, are the implications of this empirical study for our theoretical understanding of and policy making for China’s urban transition? At least three important points can be made. First, urban development in China over the past five decades has clearly been a direct outcome of state articulation. The importance of government policies, socialist institutions, and the urban administrative system in China’s urban development and urbanization has been extensively documented (Ma and Cui, 1987; Lo, 1987; Pannell, 1990; Hsu, 1994; Fan, 1999). However, the nature of such state articulation remains controversial and vague. A better picture has recently been unfolding itself with the continued release of systematic data in a longer time span. As this study has unveiled, structural and spatial changes of the Chinese cities over the past five decades have been shaped by the re-articulation of the socialist state whose functions were shifted from being interventional to regulatory. The peculiar system of cities under Mao in which large and extra-large cities enjoyed expansion at the cost of smaller cities was clearly the creation of a high-handed socialist state concerned over urban manageability and national security. In contrast, the explosive growth of numerous small cities since the 1978 reforms has been made possible primarily by the
relaxation of state control over local economic development rather than any increased intervention or direct involvement of the central government. If the current trend of state re-articulation or reconfiguration of the state apparatus continues, then China’s urban development will become increasingly dependent upon such divergent forces as local state corporatism, market economy, and globalization. From the standpoint of planning and policy making, future urban development and urbanization in China will have to count on the concerted efforts of not only the central state but also local entrepreneurial governments and foreign investors as well.

Second, the system of cities as it stands in China today is a complex result of changing political and economic forces in different historical contexts. In the Mao’s era, the creation of a centrally planned economy integrated vertically and in a top-down manner had given rise to the dominance of large and super-large cities in the urban hierarchy. This unbalanced system of cities polarized toward large and super-large cities has since the reforms been superposed by a large number of newly emerged small cities subsequent to rural transformative development from below. The result of superposition has been a new dual-track system of cities characterized by the co-existence of large and extra-large cities on the one end and small cities and towns on the other. This dual-track system integrates the legacy of earlier Maoist state socialism with the growing elements of market economy and globalization. Given China’s enormous population size and the transitional nature of its political economy, it is foreseeable that both large and small urban settlements will continue to grow simultaneously leading to a distinct Chinese pattern of dual-track urbanization. In view of the complex nature of China’s urban transition, the three competing paradigms of urbanization from above, urbanization from below, and metropolitanism appeared to be the models based on different elements of the ongoing processes of Chinese urbanization.

Finally, this study raises an intriguing issue concerning the multiple functions of cities as centers of economic development and population concentration. The results of data analysis in this study have shown that large and extra-large cities remain the centers of capital investment and production although small cities have taken up a growing share of the urban population. This pattern is distinct from the norm in many market economies of the west where the concentration of economic activities and population often go together (Timberlake, 1985; Ingram, 1998; Lin, 1994 and 2001b). The reasons for the Chinese deviant case are complex, including the relaxation of state control over the growth of small cities, high living expenses in large cities that discouraged the rural exodus, and the inflow of Hong Kong and Taiwanese investment which tended to be based more on pre-existing personal connections than on agglomeration economies (Smart and Smart, 1991; Leung, 1993; Lin, 1997; Hsing, 1998). Given the imminent accession of China into the World Trade Organization, it is foreseeable that the flow of multinationals into China’s large cities will create considerable employment opportunities and therefore increase the attractiveness of China’s large cities to the rural migrants. Moreover, the continuing transition of the Chinese economy from plan to market will make greater room for free market forces to play. It is therefore highly questionable whether the division of labor between large and small cities in production activities and population absorption can last to sustain the intrusion of global market forces. The pressing task for Chinese planners now and in the near future will be to make a systematic assessment of the roles that should be and could be played by settlements of different sizes and locations in terms of economic development and urbanization. Special attention will have to be paid to the growth of large and extra-large cities in the era of globalization. Only when the growth of the system of cities and towns is well understood and planned can the urbanization of the largest developing nation be accomplished in an economically viable, socially stable, and environmentally sustainable manner.
References


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Prior to 1982, urban population in China was defined as the population living in the urban administrative boundaries of cities and towns. Since 1982, China has adopted a modified version of the urban definition to refer to the permanent residents of urban districts and resident committees of cities and towns. This modification of the urban definition in 1982 did not result in major alteration of either the total number of urban population or its share in the total population, however. See China State Statistical Bureau, 2000b, p. 111. For detailed discussion of China’s changing urban definition, see Kirkby, 1985; Ma and Cui, 1987; Goldstein, 1990; Chan, 1994; Zhang and Zhao, 1998.

The four Special Economic Zones established in 1979 included Shenzhen, Zhuhai, Shantou, and Xiamen. In 1988, Hainan Island, previously part of Guangdong Province, was designated as the fifth and large Special Economic Zone. The locations of China’s Special Economic Zones are mapped in. For detailed discussions, see Yeung and Hu, 1992; Wu, 1999.

The designation of cities in China has been handled by the Ministry of Civil Affairs. In 1984, the Ministry relaxed its criteria for city designation. These relaxed criteria were approved by the State Council and disseminated in a 1986 circular titled “On Adjustment of Standards for City Designation and Conditions for City to Administer Counties.” For a detailed discussion, See Hsu, 1994, p. 516.

The concept of local corporatism was popularized by Jean Oi who highlighted the corporational role played by local governments in the massive upsurge of China’s rural industry since the reforms. See Oi, 1995, p. 1132.

It has been well documented that investment from Hong Kong tended to be concentrated in Guangdong Province because of geographic proximity and cultural affinity. See Smart and Smart, 1991, Leung, 1993, Lin, 1997, and Hsing, 1998. The growing importance of non-Hong Kong investment will naturally give rise to the decline of the dominant position held by Guangdong.

A recent study of China’s capital formation has revealed that utilized foreign capital investment only accounted for less than 20 percent of China’s capital formation. See Lin, 2000, p. 462; Even for the province of Guangdong, it has been estimated that foreign capital only accounted for about a quarter of its total construction capital investment in 1995. See Lin, 1999, p. 682.

The concept of “transformative development” was introduced by Philip Huang to refer to the phenomenal growth of the rural economy characterized by not only the dramatic expansion of total agricultural output but also the substantial improvement in labour productivity and per capita income since the 1978 economic reforms. See Huang, 1990, pp. 17-18.
Abstract

China is undergoing a period of rapid urbanization. Since the relaxation of the control on migration, tens of thousands rural peasants have moved into the nearby townships and cities. The emergence of ‘villages in cities’ has posed serious challenges for the municipal authorities. This paper aims to present the findings of an in-depth investigation on the rural migrant enclaves in Guangzhou, provincial capital of Guangdong province. It first reviews the relevant literature on urban development and migration. It reports on survey conducted between 1999 and 2000 in selected migrant communities with regards to their demographic, economic, social and spatial characteristics. It will look into planning mechanism through which both local authorities and migrants can work together in tackling the problems arising from migrant settlements. The solutions to address the problems relating to migrant settlements will be germane for China’s urbanization and urban development strategy. In the light of these discussions, this paper will inform research on urban governance in transitional economies.

Key words: rural-urban migration, human settlement, urban governance, China

1. Introduction

Housing the urban poor in developing countries is a challenging task and many scholars and professionals are attracted to work on it. In many developing countries, housing strategy was once dominated by a theoretical scheme, namely “social engineering”, which has then evolved to a humanistic one. And China would be the best example for illustration, as China is a socialist country whose social and economic institutions are different from most of the other developing countries. Though the reform of China has been implemented for more than 20 years, China’s marketisation and institutional transformation are still highly dependent on the global political and economic situation. Thus, it would be no doubt that a mixed economy may persist in China in the coming days. Under such situation, the state government may reinforce its current policy on the economy, that is macro monitoring, and concentrate her resources at the major infrastructure construction projects. Also, government of all levels will formulate policies/guidelines on standardizing market activities, such that guidance can be provided for the government herself to fit in the international market, to improve resource utilization and to guarantee sustainable development locally and nationally. Obviously, in the process of marketization, the government of China has been holding a leading role for a long time. Thus, it is not easy to define the housing strategy of urban poor in the metropolitan cities of China. Rather, showing the situation of housing the urban poor and targeting the temporary living population of Guangzhou and providing some policy recommendation are aims of the paper.

This paper begins with a brief review on the history and projects of housing the urban poor in developing countries as well as in city-state like Hong Kong and Singapore. A summary on related research in China and
Based on a field survey to the temporary living population in Guangzhou, this paper focuses on the analysis and recommendation on the short-term housing strategy for the urban poor in China. In this paper, the housing strategy would focus on the target population— the temporary living population in Guangzhou. By considering the residential pattern in the built-up area on one hand, and the conflicts between the housing demand and current land use, institutional transformation on the other hand, a policy package intending to raise the purchasing power as well as housing supply of the temporary living population is suggested. This research can also be served as a foundation for future research on the topic of migrant settlements.

2. Housing Projects for the Urban Poor in Developing Countries and state-city Hong Kong and Singapore

The first phase (from 1950s to 1960s)

Housing policy for the urban poor in developing countries during this period was like a mirror of their counterparts in advanced countries, namely “traditional policy”. It was prevailed in advanced countries and accepted by policy-makers of developing countries. The typical example of it would be that of America in the 1930s to 1970s as housing policy of US has the longest history in the twentieth century, and US is the most influencing country in the world. The traditional policy for housing the urban poor in America, according to Bish and Nourse (Bish and Nourse, 1975), included ten items: (1) Improvement of housing quality; (2) Public housing; (3) Rental interest subsidies; (4) Building code regulation; (5) Urban Renewal; (6) Income maintenance and the Negative Income Tax; (7) Labor market policies; (8) Black capitalism; (9) Manpower development and training programs; and (10) Labor market efficiency program, with public housing as the key issue of it. The policy was very successful in America, since it had solved the housing problem of millions of American families over the decades. Yet, culturally, it resulted in racial segregation that was beyond the field of economic measures (Bish and Nourse, 1975).

The supply of public housing in developing countries, however, took a different path. The majority of urban population in these countries were so poor that most of them could not afford the public housing provided by the governments, even when assistance from international donor agencies were provided. The negative aspects of public housing - such as inflexibility, inefficiency and counter-productivity - were magnified in these countries. Due to the financial difficulties, the ambiguous institutional arrangements, and the large poor population in urban areas, it seemed formalizing labors in the informal sector and reproducing the whole society were impossible if there were no distinction of sub-market and a multi-step strategy on marketization (Sumka, 1987; Lim, 1987).

The second phase (in 1970s)

The Basic Needs Strategy launched by the World Bank in early 1970s and the Declaration of Vancouver in 1976 labeled the second phase, by the U.N. Human Settlement program. The concept of “basic needs strategy”, according to Steinberg (1982), included different elements like the need for work, betterment of nutrition and heath, more opportunity for schooling, and housing improvement. Following this strategy, donations from the international agencies were classified into three types: (1) Site and services projects; (2) Core housing projects; and (3) Upgrading and provision of services (Sumka, 1987). They all showed a reorientation of housing policy from the traditional public housing to a self-help scheme. However, according to Nientied and van der Linden (1985), self-help projects implemented by World Bank were quite different from what Turner (1966, 1972 and 1976) had initially recommended in the late 1960s. Turner (1966, 1972 and 1976), the best-known promoter of the liberal approach has narrowed down the emphasis on only the use value of small-scale housing projects. The World Bank projects, however, usually placed the housing projects under the countries’ overall economic plans, which were relatively large in scale.
The third phase (since late 1970s)

The third phase began at late 1970s. At that time, some of the developing countries were facing serious inflation accompanied by income lag, such as Sri Lanka (Steinberg, 1982). The cost of housing projects in these countries rose rapidly. Because of the repayment problems of these projects, international donor agencies began to shift one step further to the new scheme, which was a mix of the self-help scheme and the “fair amount of intervention” from the governments.

The policy dialogue characterizes the strategy of the international agencies in this phase with the national governments for gaining financial assistance. The main objective of the international agencies is to promote institutional reform in these countries, by using housing projects as a facilitator. The international agencies believe that the governments and the people in these countries should solve their problems by relying on the existing resources and efforts of themselves. In projects with assistance, international agencies emphasize on two issues: firstly, the lower minimum physical standard; secondly, the affordability of the target group. Most of the problems related to the lower minimum physical standard in these countries are solved by technical measures, like localizing building materials, improving the efficiency of management, allowing a more flexible occupancy, and the recommendations for “traditional policies” mentioned above (Sumka, 1987; Lim, 1987; Ozo, 1986; Lee and Memon, 1988).

The problem of affordability, however, is an intriguing problem that the policy-makers and the consultants from donor agencies usually faced. For example, if the policy only consider the income index without paying attention to the diverse and complex daily activities and financial resources of the low income group, then the target group may not be able to enjoy the benefits brought about (Lee, 1985). Steinberg (1982) suggested that the unequal distribution of social wealth in the society had to be reconsidered, which consequently might lead to an institutional transformation or even an expansion of the developing countries in the global political and economic arena. Between 1980s and 1990s, progress of institutional change in the public housing and self-help-housing scheme were the focus of scholars despite whether the countries were developing or advanced. As knowledge in this field has been accumulated, it is aimed that some replicable models for the immediate future are to be established (Connely, 1986; Downs, 1992; Sumka, 1987).

To sum up, housing projects for the urban poor in the developing countries has shifted from public housing to self-help schemes. This is due to the general social and economic conditions, such as institutional constraints, corruption, a large pool of rural population, inflation, fiscal deficit, and the extremely poor conditions in rural areas.

Public Housing Projects of City-state in Hong Kong and Singapore

Unlike developing countries, housing projects of city-states like Hong Kong and Singapore are dominated by public housing. According to Wang and Yeh (1988), public housing in Hong Kong and Singapore, have housed 45 percent and 85 percent of the population (Goss, 1992).

Following the town-planning strategy of United Kingdom, public housing in Hong Kong and Singapore that was launched in the 1960s were incorporated into the strictly controlled new town development. During this period, public housing in Hong Kong and Singapore could be viewed as a political response to the twin issues of influx of population and the maintenance of social stability. As the rapid economic growth of the two city-states had ensured sufficient fiscal capacity for public housing, the large-scale public housing development had not lead to any serious inflation. Between 1970s and 1980s, new towns in the two city-states were better planned and had
played a significant role in the structural transformation of urban space, which left the two city-states able to maintain their flexibility and competitiveness in the world economy. Public housing projects were directed by the two city-states’ master plans. In Hong Kong, there were the Colony Outlining Plan (COP) in 1965, Hong Kong Outline Plan (HKOP) in 1974, and Territorial Development Strategy in the 1980s. In Singapore, there were the Statutory Master Plan (SMP) in the 1950s, and Singapore Concept Plan (SCP) implemented by HDB in the 1960s. The main difference between Hong Kong and Singapore in new town development lied on the type of developers - in Hong Kong, the development was almost a half-to-half mix of public sector and private sector; while in Singapore, it was solely dominated by the public sector. Thus, a better figure in social assimilation was achieved in Singapore.

3. Migrant settlements and metropolitan development

Many scholars have shown great interests in the housing, land market and policy issues of China in recent years (Kim, 1987; Dowell, 1993). However, studies focusing on the rural immigrants at cities of China, particularly case studies or surveys on the living conditions and planning strategy could rarely be found. Li and Fan (1999) published their report on migrants and labor market in Guangzhou as one of the recent attempts. One of the focuses of the project was on the subdivision of urban labor market caused by rural immigrants. In 1998, Li and Fan conducted a large-scale survey and had obtained more than 800 questionnaires. Another research on the area was done by Gu et al. (1999) which concentrated on the ‘rule’ of migration. In his study, a large-scale survey in the form of questionnaire (more than 2,400) was conducted in 8 cities of China.

Unlike the foreign ones, mainland Chinese scholars (mainly from the fields of population study, sociology, geography and planning) have been working on the topics of temporary living population in cities of China. Their study areas can be roughly categorized into three groups: (1) the definition and social role of rural immigrants in cities of China; (2) the settlements of rural immigrants in metropolitan cities; and (3) the administrative institutions and community management in China.

Definition and the social and economic role of rural immigrants in the cities of China

Under the social and population phenomenon, rural immigrants or peasant labors are being labeled as “the latest population issues emerging from the reform and opening up to the outside world” by many scholars working on the population issue (Wu, et al, 1995). The phenomenon of rural immigrants has became a problem with the promulgation of an ordinance by the State Council in 1984, which permitted rural population to hunt jobs or start businesses in cities and towns, given that they could manage to have their own grain ration (Ma, et al, 1994).

Viewing the recent overall impacts of rural immigrants or peasant labors on urban development, it is summarized that the effects brought are positive. The immigrants can not only ameliorate the “gerontalization” process, they can also complement the urban labour such that structural defects of the urban labor pool can be solved, and consequently upgrade the industries of metropolitan cities. However, a coin has two sides, negative effects are found in several social aspects, like problems on administration, assimilation of immigrants and local residents, etc. (Xiong, et al, 1998).

Studies on the settlements of rural immigrants in metropolitan cities

Viewing from the settlement of rural immigrants in the metropolitan cities of China, perhaps the most intriguing site is “Zhejiang Village” at the suburb of Beijing. The village is a large-scale (exceeding 100 thousand of population) immigrant settlement with prominent characteristics of a folk-based and handicraft economy. Wang...
(1995) conducted a detailed survey on “Zhejiang Village” in 1992. In this survey, Wang (1995) has spent more than a year to collect data on the make-a-living experience of the “Zhejiang Village” residents, and has then incorporated the data into his social mobilization and restructuring framework. A seminal work on the topic was by Ma and Xiang (1998) where they argued the flows of migrants from the rural to the urban area are closed related to native-place ties. Qiu and Chen (1999) have written a survey-based paper, by examining the land use pattern of the distinctive immigrant settlement.

According to a case study on Beijing conducted by Hao, et al, (1998; 1998a), administration problem of rural immigrants were mainly caused by the behaviors and administrative activities of the government, which included segregation of “vertical” versus “horizontal” administrative activities, incongruent of responsibility, power and profit. Around mid 1990s, some metropolitan cities in China (such as Shanghai and Guangzhou) began to adopt institutional reforms on urban management, like decentralization of administration. That means, more power was transferred to “districts”, “towns” and “streets” from the central government. Some scholars recommended to shift the current administration policy on temporary living population from “prevention-oriented” to “service-oriented”, emphasizing the role of community and removing the institutional constraints rooted from the segregation of “vertical” (or “line”) versus “horizontal” (or “block”) administrative system (Hu and Zhao, 1997; Huang, 1998).

4. Current housing reform and the formation of a housing-supply system in Guangzhou

Economic reform in China first started in the rural areas and then urban areas at the end of 1970s and mid 1980s. Major policies related to this paper in the 1980s include:
(1) Establishing and regulating the markets of productive elements as well as consumption products; increasing the proportion of the light industry;
(2) Guidance for a suitable demand level of consumption and accumulation of national wealth in the process of distribution;
(3) Promoting vigor of enterprises by clarifying the relationship between enterprises and government, and removing the unnecessary social burdens from the existing enterprises;
(4) Ensuring an acceptable increase of income for employees;
(5) Substituting the welfare distribution of housing, establishing land market, developing housing sector, and promoting marketization and monetary distribution of housing by a multiple strategy.

Aiming to extend the policies’ achievements of 1980s, the additional policies in the 1990s include:
(1) Further promote institutional reform, property clarification and capital restructuring of enterprises, encouraging a mixed economy with state owned, collective owned, foreign owned, private and personal owned businesses;
(2) In the process of production, encourage having a higher proportion of technique and capital, such that industries can be upgraded;
(3) Higher investment on infrastructure construction, and improving the overall competitiveness of the state as well as the local municipalities;
(4) Accelerating monetary housing allowance for employees, developing economical housing and fostering housing sector as a new pole of economic growth;
(5) Ensuring a steady and intensive development of the rural economy, improvement in the peasant’s living standard, and accelerate urban-rural coordination.
Taking the advantages of reforms, open-door policies and its own human culture, history and geography, Guangzhou has ensured fast economic growth and a more vigorous development of housing market when compared with most metropolitan cities in China (Wu, 1997; Wu and Yeh, 1999; Lo, 1994; Feng, 1999). Housing demand in Guangzhou was so high that the seemingly unaffordable commodity housing had an excellent performance in the housing market. The performance, no doubt, should be attributed to the overseas buyers, but to a larger extent, it should be attributed to the purchasing behavior of work units rather than individuals. Besides, the burgeoning of upper class, mainly the employers of private and personal business and managers served in foreign companies, had also raised the purchasing demand.

However, it should be admitted that when comparing with the high-income group, the improvement of housing for the medium and low-income was lagged behind. In the 1980s, the majority of the medium and low-income groups generally rented housing distributed by the working units they worked. Such housing was purchased by the working units in the housing market, or in some cases, through exchanges of land with developers. Starting from the mid-1980s, working units were encouraged to sell the flats to their employees. As discount was given to employees with reference to their posts, year of services, this type of selling was categorized as a kind of welfare distribution since employees could own their house at a lower price. This type of welfare housing distribution was named “the favorable housing policy”, and was still held in Guangzhou until 2000 (Figure 1).

In fact, as a response to a housing survey conducted in 1985 by the city’s housing authority, economic housing was introduced at late 1980s. Since then, the well-known “Difficulty-solving Project” (that is ‘Jie Kun Gong Cheng’, its aim is to solve the housing problems of permanent households with living areas below 2 square meters per person in 1980s, and below 5 square meters after early 1990s), and the “Living-in-Contentment Project” (namely, ‘An Ju Gong Cheng’, its aim is to solve the housing problems of permanent households with living areas lower than 7 square meters after 1997) have played a significant role in the economic housing development (Guangzhou Year Book, 1986-1999). On top of this, a new type of housing, namely “Low-priced Tenure Housing” (also ‘Lian Zu Fang’), aiming to solve the housing problems of the low-income permanent residents, was developed by the city government at Guangzhou in 1998. There were two different plans for this type of housing (one living room with one bedroom or one living room with two bedrooms), but both were rented out at a very low price.
(the rental price is about 1 RMB yuan per square meter a month in 2000). Up to 2000, over 2,000 units of low-priced tenure housing were built in Guangzhou. The introduction of “Low Price Tenure Housing” has alleviated the housing problems of the permanent residents, and it is wished that it could complement the formation of the housing-supply system in Guangzhou (Guangzhou Year Book, 1999).

Residents without permanent household registration in the city are classified as the “temporary living population” of that city. The term does not include people from overseas and does not have a time limit. Related ordinances to the temporary living population are:

* “The Administrative Ordinance of Floating Population in Guangdong Province” promulgated in 1998 (this ordinance allows the floating population with over 7 years of residence in Guangdong Province to apply for permanent household registration, given that other criteria are fulfilled) (The Ninth Standing Committee of Guangdong province Congress, 1999); and

Under these ordinances, “temporary living population” would therefore also include people living at Guangzhou for more than 7 years.

According to the Office of Comprehensive Management of Public Order of Guangzhou, there were 1.35 million of temporary living population at Guangzhou in 1999, among which 0.71 million lived in the central urban districts and 0.41 million rented tenure housings (The Office of Comprehensive Management of Public Order of Guangzhou City, 2000). The majority of them were agglomerated at the well-known “urban villages”1 of Guangzhou. At these villages, most of the former peasants still possess their rural household registrations and got rich either through receiving compensation for land acquisition from the city government or by investing on village-based cooperative companies and share the bonus. Also, it is common for these former peasants to build their own houses and rent out the extra rooms/floors. As a result, the average rent of tenure housing at urban villages are usually cheaper (around 10 RMB yuan per square meter per month) than that of the central urban districts (around 15 RMB yuan per square meter per month).

The implementation of law in urban “villages” areas is not as strict as in the normal urban districts. These allow the temporary living population from engaging in any kind of administrative procedures like applying a temporary living certificate, employment certificate, and proof of family planning. And it is for this reason that illegal employment becomes the prevailing problem in Guangzhou, especially at the village-township-owned and private enterprises. According to a survey conducted by the officials of six urban villages in 1999, only 4 among the 1,644 interviewees had an authorized certificate of employment (The Office of Comprehensive Administration of Public Order of Guangzhou City, 2000). This implied that almost all of the temporary living population had successfully hidden themselves away from the authorities.

In Guangzhou, there is a sector being identified as an informal sector (Sanyal, 1988) and finding a way to “formalize” it becomes an issue. To do so, it is necessary to define the term “informal sector”. According to the International Labor Organization, to distinguish between the “informal sector” and the “formal sector”, it is crucial to have the definition of capital and technical combination as well as the types of organization first (Sanyal, 1988). Though the informal sector may include illegal activities, most activities in informal sector have been proved to be positive and will not contradict the objective of strengthening the legal system of urban administration.

Aiming to improve the quality and effectiveness of administration, the Office of Comprehensive Management of Public Order of Guangzhou City has prepared a draft institutional reform. The reform aims to establish a service-
oriented administrative system by establishing a cooperated institution operated at city level and a service center responsible for serving the temporary living population. The goal of the reform is to monitor the financial status of institutional administration on one hand, and to lessen the time and money spent on the target population on the other hand.

5. The short-term housing strategy for the temporary living population in Guangzhou

Institutional reform and marketization of housing in Guangzhou, which have been implemented for more than 15 years, have achieved a tremendous success. Under which, the housing conditions of permanent residents have improved a lot. Yet, policy towards temporary population has not been formulated. In recent years, city construction of Guangzhou is accelerating, and urban planning will soon be applied to new construction of urban villages (Fang, et al., 1999). In other words, the new housing constructed by village-based developers or residents will be supervised and controlled more strictly. The environment favoring the majority of temporary living population may vanish soon.

Discount on housing provided by two large real estate developers in Guangzhou recently - like the relaxation of the housing sublet policy and the policy for vacant and in-stock housing - have created a prosperous and steady housing market (especially at the tenure market). Yet, the benefits of the low income, mainly the temporary living population, are not taken care of under the on-going piecemeal housing strategy. For example, it is not a must for tenants living in the urban village of Guangzhou to be able to find a suitable subletting housing nearby. Housing strategy for the temporary living population of Guangzhou is urgently needed.

In order to make a comprehensive recommendation, a field survey of urban villages in Guangzhou City was conducted at the end of 1999 and early 2000. In the survey, four sites, namely Xingang Street in Haizhu District, Jingxi Village in Baiyun District, Shipai Street in Tianhe District, and Shahe Town in Tianhe District (which are located near the city centre of the central city district where the temporary living population agglomerated) were chosen, and a total of 189 qualified questionnaires were obtained with the assistance of cadres of local authorities and acquainted individuals of temporary living population.

Table 1 shows the demographic and economic characteristics of the interviewees (the temporary living population). Among the 189 interviewees, 149 are from rural areas (78.8%) and 40 are from urban areas (21.2%). The interviewees are in average 27.6 years old and 89.9% of them belong to the four major categories of occupation, that is, workers (29.6%); individual employers (22.8%), personal services (22.2%); and technical services (15.3%). It is shown that the average monthly income of the interviewees in Guangzhou is relatively low, which is 831.22 RMB yuan compare to the 1,200 RMP yuan of the city’s average at 1998 (Guangzhou Statistical Year Book, 1999). Also, among the 43 individual employers and 140 employees, the average monthly net income of the employers and employees are 1054.10 RMB yuan and 762.76 RMB yuan respectively. Similar results were found by a survey conducted by Li and Fan in 1999. In the survey, the average monthly gross business income of the employers is 4,661 RMB yuan, and the average monthly income of the employees is only 817 RMB yuan.
Table 1 Demographic and Economic Characteristics of the Interviewees of Temporary Living Population of Guangzhou

<table>
<thead>
<tr>
<th>Sites of the Survey: Jingxi Village, Xinggang Street, Shipai Street, Shahe Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of the Interviewees: 189 persons</td>
</tr>
<tr>
<td>Average Age: 27.6 years old</td>
</tr>
<tr>
<td>Marital Status:</td>
</tr>
<tr>
<td>Married: 84 persons</td>
</tr>
<tr>
<td>Level of Education:</td>
</tr>
<tr>
<td>Primary School: 13.8%; Junior Middle School: 46.0%</td>
</tr>
<tr>
<td>School of Medium Specialty &amp; Technical and College: 12.2%</td>
</tr>
<tr>
<td>Occupation: Manager: 1.6%; Worker: 29.6%; Technician: 15.3%</td>
</tr>
<tr>
<td>Personnel Engaged in Service: 22.2%; Others: 8.5%</td>
</tr>
<tr>
<td>Source of Migration: Rural Areas: 78.8%; City or Town: 21.2%</td>
</tr>
<tr>
<td>Average Income in Guangzhou (183 persons responded): 831.22 RMB yuan</td>
</tr>
<tr>
<td>Average Income Before Coming to Guangzhou (43 persons responded): 408.66 RMB yuan</td>
</tr>
<tr>
<td>Average Yearly Remit to Family (139 persons responded): 2971.51 RMB yuan</td>
</tr>
<tr>
<td>Average Time Living in Guangzhou (186 persons responded): 3.61 years</td>
</tr>
<tr>
<td>Average Time Living in Current Residence (186 persons responded): 2.37 years</td>
</tr>
<tr>
<td>Average Times of Moving Home in Guangzhou (94 persons responded): 2.61 times</td>
</tr>
<tr>
<td>Distance from Residence to Workplace (166 persons responded):</td>
</tr>
<tr>
<td>Within 500 meters: 79 persons</td>
</tr>
<tr>
<td>1km-10 km: 35 persons; over 10km: 12 persons</td>
</tr>
<tr>
<td>Average Expenditure of Daily Food: around 10 RMB yuan (per person)</td>
</tr>
</tbody>
</table>

Source: The field survey conducted at the end of 1999 and early 2000 in Guangzhou.

In order to bring out the housing conditions of temporary living population, the survey of housing conditions on 500 households in the Guangzhou Statistical Yearbook (1999), is chosen as the reference point. Surveyed items, except the first one, in Table 2 (survey conducted by myself) and Table 3 (survey found in the Guangzhou Statistical Yearbook) are almost the same. The first item in Table 1 is “Living Area”, which is not equivalent to the “average living area per person” - as individuals of temporary living population usually share their houses (or rooms) with others - but the area the interviewees viewed as his (or her) space of occupancy or use. Also, the number of tenants of tenure housing in urban villages varies. And in table 2, the “Average Living Area” refers to the average area occupied by a member of the sampled household under the consideration of the permanent nature of the household. Due to the differences in defining the first item of both tables, comparison will be focused on the six items related to furniture and accessories, that is “Condition of Water-supply”; “Condition of Sanitation”; “Condition of Warming Furniture”; “Condition of Kitchen”; “Condition of Fuel Using”; and “Condition of Telephone Usage”. These items are chosen because on one hand, the interviewees can easily express themselves, and on the other hand the actual condition is reflected. After the comparison, it is obvious that a large gap exists in the housing condition of the temporary living population and the permanent residents of Guangzhou, especially in terms of standardization, comfort and sanitation of housing.
Table 2. Housing Condition of the Sampled Temporary Living Population in Guangzhou City

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage Share</th>
<th>Item</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Living Area (186 persons responded)</strong></td>
<td></td>
<td><strong>Condition of Kitchen (187 persons responded)</strong></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>14.29</td>
<td>None</td>
<td>23.28</td>
</tr>
<tr>
<td>Below 4m²</td>
<td>10.05</td>
<td>Single Used</td>
<td>50.79</td>
</tr>
<tr>
<td>4-6m²</td>
<td>6.35</td>
<td>Shared</td>
<td>24.87</td>
</tr>
<tr>
<td>6-8m²</td>
<td>5.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8-10m²</td>
<td>13.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-12m²</td>
<td>8.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12-14m²</td>
<td>4.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 14m²</td>
<td>36.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property of Ownership (178 persons responded)</strong></td>
<td></td>
<td><strong>Condition of Fuel Usage (187 persons responded)</strong></td>
<td></td>
</tr>
<tr>
<td>Work Unit Owned</td>
<td>27.51</td>
<td>Piped Gas</td>
<td>5.82</td>
</tr>
<tr>
<td>Tenure Housing</td>
<td>54.50</td>
<td>Tanned gas</td>
<td>69.31</td>
</tr>
<tr>
<td>Privately Owned Housing</td>
<td>11.17</td>
<td>Coal</td>
<td>5.82</td>
</tr>
<tr>
<td>Partially Owned Housing</td>
<td>0.53</td>
<td>Others</td>
<td>17.99</td>
</tr>
<tr>
<td><strong>Condition of Water-supply (187 persons responded)</strong></td>
<td></td>
<td><strong>Condition of Telephone Usage (187 persons responded)</strong></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>8.47</td>
<td>None</td>
<td>56.08</td>
</tr>
<tr>
<td>Single Used</td>
<td>39.15</td>
<td>Paid by Work Unit</td>
<td>0.53</td>
</tr>
<tr>
<td>Shared</td>
<td>51.32</td>
<td>Paid by Individual</td>
<td>31.75</td>
</tr>
<tr>
<td>Condition of Sanitation (187 persons responded)</td>
<td></td>
<td>Shared</td>
<td>10.58</td>
</tr>
<tr>
<td>None</td>
<td>13.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toilet with Bathroom</td>
<td>51.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toilet Only</td>
<td>15.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared Sanitation</td>
<td>18.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Condition of Sanitation (187 persons responded)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toilet with Bathroom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toilet Only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared Sanitation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Condition of Heating Facilities (187 persons responded)</strong></td>
<td></td>
<td><strong>Type of Architecture (176 persons responded)</strong></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>83.60</td>
<td>Single-occupancy House</td>
<td>2.12</td>
</tr>
<tr>
<td>Air-conditioned</td>
<td>11.11</td>
<td>Apartment</td>
<td>29.63</td>
</tr>
<tr>
<td>Piped Steaming Gas</td>
<td>1.59</td>
<td>One Bedroom</td>
<td>11.64</td>
</tr>
<tr>
<td>Stove</td>
<td>2.65</td>
<td>Two Bedrooms</td>
<td>9.52</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Three Bedrooms</td>
<td>6.35</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Four Bedrooms or more</td>
<td>1.58</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ordinary Storied Building</td>
<td>37.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ordinary One-storey House</td>
<td>25.93</td>
</tr>
</tbody>
</table>

Source: The field survey conducted at the end of 1999 and early 2000 in Guangzhou.
Table 3 Housing Condition of the Sampled Permanent Households of Guangzhou City in 1998

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage Share</th>
<th>Condition of Kitchen</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Living Area Per Person</td>
<td></td>
<td>None</td>
<td>--.--</td>
</tr>
<tr>
<td>Below 4m2</td>
<td>2.2</td>
<td>Single Used</td>
<td>95.4</td>
</tr>
<tr>
<td>4-6m2</td>
<td>7.8</td>
<td>Shared</td>
<td>4.6</td>
</tr>
<tr>
<td>6-8m2</td>
<td>13.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8-10m2</td>
<td>15.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-12m2</td>
<td>14.0</td>
<td>Piped Gas</td>
<td>36.6</td>
</tr>
<tr>
<td>12-14m2</td>
<td>13.4</td>
<td>Tanned gas</td>
<td>62.6</td>
</tr>
<tr>
<td>Above 14m2</td>
<td>34.2</td>
<td>Coal</td>
<td>0.8</td>
</tr>
<tr>
<td>Property of Ownership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Unit Owned</td>
<td>45.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure Housing</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Privately Owned Housing</td>
<td>6.0</td>
<td>Paid by Work Unit</td>
<td>12.6</td>
</tr>
<tr>
<td>Partially Owned Housing</td>
<td>45.4</td>
<td>Paid by Individual</td>
<td>77.6</td>
</tr>
<tr>
<td>Condition of Telephone Usage</td>
<td></td>
<td>Shared</td>
<td>--.--</td>
</tr>
<tr>
<td>Condition of Water-supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>--.--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Used</td>
<td>95.8</td>
<td>Single-occupancy House</td>
<td>0.4</td>
</tr>
<tr>
<td>Shared</td>
<td>4.2</td>
<td>Apartment</td>
<td>87.8</td>
</tr>
<tr>
<td>Condition of Sanitation</td>
<td></td>
<td>One Bedroom</td>
<td>7.2</td>
</tr>
<tr>
<td>None</td>
<td>2.4</td>
<td>Two Bedrooms</td>
<td>24.6</td>
</tr>
<tr>
<td>Toilet with Bathroom</td>
<td>78.2</td>
<td>Three Bedrooms</td>
<td>44.0</td>
</tr>
<tr>
<td>Toilet Only</td>
<td>12.8</td>
<td>Four Bedrooms or more</td>
<td>12.0</td>
</tr>
<tr>
<td>Shared Sanitation</td>
<td>6.4</td>
<td>Ordinary Storied Building</td>
<td>8.6</td>
</tr>
<tr>
<td>Condition of Warming Furniture</td>
<td></td>
<td>Ordinary One-story House</td>
<td>3.2</td>
</tr>
<tr>
<td>None</td>
<td>36.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air-conditioned</td>
<td>63.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piped Steaming Gas</td>
<td>--.--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stove</td>
<td>--.--</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The field survey conducted at the end of 1999 and early 2000 in Guangzhou.

A short-term housing strategy for the temporary living population in Guangzhou is formulated as below:

1. Encourage contract employment, include the labour with temporary living status in the social insurance net and at the same time keep them away from illegal employment;
2. Ensure to have a representative with temporary living status in the enrollment process to guarantee them a reasonable level of income in respect of those with permanent household registration;
3. Encourage house purchasing among the temporary living population by further relaxing the “blue-chop” household registration policy and providing a more flexible and favourable mortgage policy;
Encourage employers to provide tenure housing for their employees in view of the tight budget and limited choice in the housing market of the temporary living population;

Remove all unnecessary expenditure imposed in the transaction process of housing market. Monitor the housing market, especially the tenure one, to ensure efficiency;

Ensure a livable environment and sanitation for tenants by setting basic standard and conditions, such as having furniture and accessories for tenure housing, and encourage owners to innovate their houses;

Encourage the development of multi-storey apartments near or within the current urban village demarcations, taking into account the needs of the low-income tenants, their marital status, their life cycle and their income and expenditure patterns;

Ensure the areas where the temporary living population agglomerated are socially, economically and ecologically balanced. This can be done by providing more green space, adopting an appropriate proportion of permanent residents to temporary living population, encouraging capital and technical restructuring of street-based, town-based and village-based economy, and quicken the pace of institutional reform.

Unlike the housing problems of the temporary living population in America or other developing countries, those in Guangzhou have not been developed into a cultural process or a long-standing immigrant settlement. The situation in Guangzhou is similar to “Zhejiang Village” in Beijing, with both have prominent folk-based characteristics and are spatially distinctive from the central city district. The main difference is: urban villages in Guangzhou were suburb settlements near the city centre demarcated into the central city district. Therefore, in the process of policy-making, focus should be placed on the overall economic issues, which are in line with the master planning of the city and the redevelopment of urban villages. Studies on the demographic and economic characteristics, income and expenditure patterns, and housing consumption of temporary living population should be conducted rather than identifying a sub-market for the temporary living population in Guangzhou.

In September 2000, the Guangzhou City Government has adopted a plan for renewing and constructing the “Urban Village “ (The City Government of Guangzhou City, 2000). The scheme has classified urban villages into three categories (according to the proportion of agricultural land in the village), with each relates to a different set of measurement. The criteria for classification are as follows:

Category A: no agricultural land left;
Category B: a small proportion of agricultural land left, and the village locates at the major urban construction area;
Category C: a large proportion of agricultural land left and the village does not locate at any major urban construction area.

The three respective measurements of urban villages in Guangzhou are:
Category A: To have institutional transformation such that an urban registration system is formed and limited companies are set-up to take over the village-own collective economy;
Category B: Government or any other institutions resume the agricultural land in accordance with the need for construction. Urban registration system and urban administration institution should be set-up if the village finance permits;
Category C: No change and restore the original institutions and mode of administration.

Concerning housing settlement, this plan encourages to renew old villages and construct apartments. Real estates that belong to the state-owned land system will get a certificate from the government. Land use changes are encouraged and policies favoring such move will be adopted. Based on the beneficiary-pay principle, the amount invested on construction will be collected from the village-owned collective economy and the villagers.
Obviously, the plan will impose a negative impact on the temporary living population as most of them are living in the ‘cheaper housing’ targeted for clearing. As the plan is made to deal with the complex social and economic problems in Guangzhou, it will be more constructive to examine the policy-making procedure rather than comment on the plan itself. It is known that some of the urban villages in Guangzhou have a long cultural history, yet it is also known that if the current spatial pattern does not change thoroughly, it will be known for its unhealthy living environment. So it is time to solve the problem by a package with social, economic and urban planning measures. It is hoped that some special-design tenure apartments can be constructed along with the demand of the housing market - in which the housing demand of the temporary living population are considered. Such strategy may initiate a better investment incentive of the village economies, employers, villagers, and the temporary living population.

6. Conclusion

In this paper, the housing strategy of developing countries and of city-states in Hong Kong and Singapore are briefly introduced in the first two parts. The differences are mainly caused by the domestic, historical, social, political and economic differences on one hand, and pressure of globalizing the economy on the other hand. However, the case of China is different as she is at the phase of transition that is from a central-planned economy to a market-based economy. The elements of the two systems may coexist for a long time so that housing problem in China’s cities cannot be evaluated simply by economic indices (such as price and national income).

Theoretically, it is not hard to solve the housing problems of the temporary living population in Guangzhou as compared to other cities facing similar challenge. Due to the fact that the temporary living population is living within the delimitation of the central city district, their housing problem becomes an obvious contradiction to the fundamental restructuring of urban space. A short-term housing strategy for the temporary living population is proposed in the last part of the paper. The strategy can be used as a part of the policy package for the temporary living population on one hand and has potential to benefit more people on the other hand. For urban-rural coordinate development in China, Guangzhou has adopted the national policy on controlling rural immigrants from flooding-in metropolitan cities while taking into account of the local socio-economic characteristics.

Economic globalization has, as demonstrated in this study, deeply affected the national and local politics and social dimensions. Global economic restructuring requires localities to adjust and adapt effectively. The relationship between the state, market, and society has been reorganized. This affords a good opportunity to review the notion of governance, not only the formal relation between different level of government should be review, the emergence of civil society and public participation for conflict resolution are also looming large in the horizon.

Acknowledgements:

The author would like to thank financial support from the CRCG funding (10202606) from the University of Hong Kong and from the Hong Kong Baptist University (Grant Ref: FRG/97-98/II-51) awarded to Professor Simon Zhao. We are indebted to the assist by Professors Xu Xueqiang and Yan Xiaopei of Zhongshan University. Yao Y.M. of Center for Urban and Regional Study, Zhongshan University actively assisted at different stages of this project.
THE DISTRIBUTION OF 'VILLAGES IN CITIES'
IN GUANGZHOU
References:

‘Villages in City’ - Urban Governance and Migrant Settlements...

References in Chinese

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Documents and Statistics Reference in Chinese


1 “Urban Village” of Guangzhou refers to the administrative units that were being demarcated into the central urban districts in late 1980s but still maintained the rural administrative system (Zhang, 1998).
“A Mixture of Plan and Market: Inner City Redevelopment in Beijing During 1990s”

Ke Fang & Yan Zhang
MIT Department of Urban Studies and Planning

Abstract

1. Introduction
The inner City of Beijing1, “an unparalleled masterpiece of urban planning” is facing crises, especially where the true magic of this ancient city lies—thousands of traditional hutongs (lanes) and siheyuan (courtyard houses). Since 1990, many historic neighborhoods have been settled by bulldozers to make way for large modern commercial complexes in the name of Old and Dilapidated Housing Redevelopment (ODHR). During this large-scale redevelopment process, local residents have either been forced to relocate to the city outskirts where infrastructure is inadequate, or to stay in the slums which in fact remain untouched. This process as many critics said would make Beijing indistinguishable from other hastily developed cities around the world. Based on the investigation of 37 ODHR projects that occurred during 1990s and 27 suburban settlements where concentrate relocated families, this paper has a review on the urban redevelopment of Beijing in the past ten years and seeks to discover what happened in this process and what are the underlying forces resulting in the prevailing large-scale redevelopment as Beijing started moving from a central planed economy to a market economy.

2. Problem
Large-scale Wholesale Clearance
The principal way of ODHR is large-scale wholesale clearance5, i.e. to tear down old courtyard houses and cut trees, then to replace them with giant shopping malls, dense high rise office buildings or luxury apartments (Fang & Zhang, 1998). ODHR requires a minimum size of 40,000 square meters where exist normally over 1000 local families calculated by the average density of the inner city (Abramson, 1997). Some of ODHR projects are even larger than 1,000,000 square meters such as “Bank Street ODHR Project” in the West District.

Between 1990 and 1998, the ODHR demolished about 4.2 million square meters of traditional houses in the four districts that constitutes the old city. The majority of those demolished buildings is traditional “Beijing courtyard houses” which can be dated back to 600 years ago and provides Beijing local residents an unique traditional living pattern and a livable social-economical environment which nourishes many local small businesses, especially those traditional ones. The listed buildings that spread around the inner city can not survive in this large-scale wholesale clearance, either. Exposed by local reporters, dozens of listed buildings were destroyed during the past 10 years (Fang, 2000).

Since more and more inner city neighborhoods were replaced by great amount of new buildings with “modernist” style, many local residents and tourists criticized that the traditional urban fabric and old landscape, the major character of Beijing will disappear very soon.
This large-scale demolition also dramatically increased the cost of the ODHR. According to the estimation of Beijing Housing Authority in 1998, it took 8000-10000 yuan (equal to $1000-1250) to clear the land of one square meter, which was 60%-70% of the total cost of the project. This high cost, apparently, pushed developers to break the zoning restrictions to earn much more return, which resulted in a worse new living environment and more intense pressure to the infrastructure as well. As a matter of fact, almost all ODHR projects approved after 1993 broke the zoning. In some cases, FAR (Floor Area Ratio) was twice or third times than the permission from the zoning (Ke, 1998).

Social Distress
Initially, local residents welcomed the ODHR as a way to improve the poor housing conditions and obtain houses with central heating, running water and flushing toilets. However, as the program sped up, more and more residents found they were not the beneficiaries from this process that the government promised and they once assumed.
The first issue is relocation. Many ODHR projects raised the percentage of non-residential buildings. Even among those few residential buildings, most were catering to high-income families. Estimated from the official statistics on ODHR, about 500,000 local residents have been forced to leave their home during the past 10 years. Among them less than 1/3 families finally could return to the inner city by paying market rate and more than 2/3 had to be relocated in suburbs. As the number grew, relocation sites available became more distant and inconvenient. Displaced residents saw their daily commuting time tripled from one to three or four hours, and their new districts did not have adequate schools, hospitals, buses and other services.

Since most of job opportunities for those local people and their social network existed in the city, many local families lost their livelihood once they moved to new housing in suburbs. Especially for those seniors who comprised one fourth or fifth of relocated population and have lived in the old neighborhood for a long time, living at a middle or high rise apartment in undeveloped suburb is totally a nightmare.

Moreover, by the end of 1999, about 32,000 families (110,000 people), have been displaced but have not been resettled. Some have waited up to five years. They have to live with friends or relatives or rent their accommodation from market.

Large-scale redevelopment by the ODHR also brought many negative externalities to this capital, such as more traffic jams and more serious air pollution in the inner city where China Central Government is located. According to a research in 1998 by China Academy of Environmental Science (Li, 1998), the inner city that comprises only 5% of the total administration area of Beijing accommodates more than 50% traffic flows of the whole city in the daytime. This result almost negated whatever relief from congestion might have been achieved by the hard effort on Beijing’s infrastructure development in the past years.
3. Analysis
The history of Old and Dilapidated Housing Redevelopment (ODHR)
When the communists came to power in 1949 and chose Beijing as capital of China, they took a “revolutionary”
view of the “feudal” heritage passed on to them. Soviet experts advised the new regime to follow the model of
Moscow and turn Beijing from a consumer city into an industrial city. For the next four decades, the old city
wall and some neighborhoods in the inner city were demolished to make way for new function of the city (Wu,
1999).

<table>
<thead>
<tr>
<th>Year</th>
<th>China</th>
<th>ODHR in Beijing</th>
</tr>
</thead>
<tbody>
<tr>
<td>86</td>
<td>Experiments on Housing &amp; Land Reform</td>
<td></td>
</tr>
<tr>
<td>88</td>
<td><em>Amendment on the Constitution</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Land Administrative Law (LAL1988)</em></td>
<td></td>
</tr>
<tr>
<td>90</td>
<td><em>Interim Regulations on the Sale and Transfer of Land Use Rights</em></td>
<td>ODHR was launched</td>
</tr>
<tr>
<td></td>
<td>over the State-owned Urban Land in China (IR90)</td>
<td></td>
</tr>
<tr>
<td>92</td>
<td>Deng Xiaoping’s pro-reform address</td>
<td></td>
</tr>
<tr>
<td>93</td>
<td><em>Notice on Strengthening the Macro-control on Real Estate Market</em></td>
<td>Allocation first, bid later</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>94</td>
<td>Fiscal reform</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(tax sharing on land transaction)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Real Estate Administration Law (REAL94)</em></td>
<td></td>
</tr>
<tr>
<td>95</td>
<td>Government Budget Cut</td>
<td>Notice on further accelerating the ODHR program</td>
</tr>
<tr>
<td></td>
<td><em>Prohibition on new commercial real estate projects</em></td>
<td>(District Govt. was granted the power over “ODHR”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>approval)</td>
</tr>
<tr>
<td>98</td>
<td>Active Fiscal Policy</td>
<td>First collective lawsuit on ODHR by local residents</td>
</tr>
<tr>
<td>99</td>
<td><em>Land Administrative Law (LAL1999)</em></td>
<td>Celebration Projects to 50th Anniversary of P. R.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China,</td>
</tr>
</tbody>
</table>

Table 1: Timeline of China’s Land reform and ODHR in Beijing

This redevelopment was limited by political campaigns and lack of money due to the planned economy system
where urban housing was a welfare undertaking of the government. Under the principle of “production first,
life second,” little investment was channeled to the housing sector of the city, causing a severe chronic housing
shortage for local residents. Meanwhile, the population of the inner city continued to grow, through natural
increase and the influx of new workers to meet the object of making Beijing an industrial center. Urban houses
deteriorated. More and more infill shelters were built to accommodate multiple families in the courtyard house
previously meant for singly family use.

Although Beijing Municipal Government carried out several housing redevelopment projects from 1973 to 1989,
the housing investment to the inner city neighborhood was still insufficient.

Since the late of 1980s, China has been transforming from a central planned economy to a market economy(Chen,
1999). During this transformation, the real estate market was introduced into the urban redevelopment process.
After several experiments on land and housing reform achieved compelling success in the late of 1980s, two
significant laws were passed by the National People’s Congress in 1988: Amendment on the Constitution
(Constitution1988) and Land Administrative Law (LAL1988). These amendments have been seen as a landmark
heralding the formal establishment of a real estate market in China (but it may be a real estate market that is
significantly different from any other). In the early 1990, the central government issued a new legislation, which
was entitled Provisional Regulations on the Granting and Transferring of the Land Use Rights over the State-
owned Lands in Cities and Towns (PR1990), allowing the government of cities to sell developers the right to use
land.
The land reform of China provided Beijing Municipal Government the policy breakthrough needed to raise the money for large-scale redevelopment in the inner city. In April 1990, a new program was launched by Beijing Municipal Government with the name of Old and Dilapidated Housing Redevelopment (ODHR). The land value of the inner city suddenly became evident, which attracted many investors from Hong Kong, Taiwan and other areas in Asia-pacific area. Especially in the spring of 1992 when Deng Xiaoping called for speeding up the pace of reforms, the real estate market of Beijing boomed dramatically that accelerated the ODHR (See Figure 3). By the end of 1993, two years after the ODHR was launched, the government had approved the sale of 147 parcels for ODHR involving 1,577 hectares with 8.46 million square meters of housing. By the end of 1999, the number of approved ODHR projects rose to 279, among them 123 were under construction and 33 were implemented though.

A Mixture of Plan and Market
Through the ODHR program, the market elements were introduced into the urban redevelopment process of Beijing. However, as the real estate market was emerging, the newly introduced market mechanism did not replace the mechanism of the planed economy but rather was grafted into the existing institutional framework.

On the one hand, it is no doubt that the ODHR program is a government-controlled process. The government initiated this program and even made plans for it every year. The government also provided ODHR subsidy, tax-cut, various types of regulatory relief and special policies that used to be carried out in the planed economy before 1990.
On the other hand, the ODHR actually turned into a real estate program, almost from the day when it was initiated. For example, the major financial solution of ODHR is not the government budget but selling the allocated land to attract the investment from the real estate market. In addition, those who carried out the ODHR have already been independent corporations although they are still owned by the government. Stimulated by the booming real estate market, ODHR developers intended to increase the scale of profitable commercial schemes as much as possible by reducing the low-profit affordable housing which was the original goal of ODHR.

Apparently, although the ODHR had good intentions to improve the wretched conditions of local residents, it provided an unprecedented opportunity for local government and local real estate companies from managing urban land on the market for the first time in 50 years.

“Allocation first, bid later”: Local Interest vs. Central Power
Before the land reform in 1990 in China, urban land was owned by state and was allocated by the municipal government to users free of charge. However, according to the PR1990 9, all the land for new development should be leased by paying premium; while land for Government institutions, military, public facilities or others uses prescribed by law could be allocated without charges. This clause later was accepted by Real Estate Administration Law (REAL1994) passed in 1994 and the Land Administrative Law (LAL1999) passed in 1999 by the National People’s Congress.

However, in Beijing’s 1992 Implementation Guidelines of “PR.”, the provision about the allocation was changed to “…land for Government institutions, military, public facilities or other uses prescribed by Beijing government could be allocated without charge.” Then in September 1993, one month after the State Council issued a document to stipulate that all the land should be bid except for four land uses above, Beijing Municipal Government issued a special policy of “Allocation first, granting later” for the ODHR, which allowed ODHR developers to obtain the land free first, and pay premium after the project was done several years later. What’s more, in June 1994, Beijing municipal government granted district governments the right to allocate parcels to ODHR projects. By doing so, the municipal government and district governments were granted the power to allocate urban land to ODHR program free even though it was forbidden by the central government and the law.

The government explained that “if developers have to pay premium to obtain the land, the speed of ODHR program will be impeded.” However, the motive underlying these policies is that local governments, especially
those district governments whose fiscal budgets normally are very tight, do not want to share local revenues from ODHR, with higher levels of government. This shielding of revenues has been made possible by decentralization of budgetary control in the fiscal reform from the late 1980s.

As a result of those local regulations or policies, ODHR developers saved a huge amount of money on land cost. Meanwhile, although the policy demands the developer “should” pay the premium after the project is done, in fact, once the developers gain the land, they always find varies excuses to postpone or negotiate the fee, acquiescing with local government. Moreover, another behind-the-scene story is that some land meant for ODHR use will later be approved to transfer to other profitable uses, under lobbying and pressure from the developers. In this process, the government-owned real estate companies earn huge amounts of money from the free land received from the government in the name of ODHR project.

In return, those ODHR developers are commanded to provide housing for officials or local public facilities e.g. roads. This accounts for the major sources of local governments’ off-budget revenues that are outside the purview of central government control.

Monopoly: ODHR developers vs. other developers

When ODHR program was initiated in 1990 there were only about 30 city government-owned real estate companies (GORECs) or district GORECs but no joint venture or private real estate company. Therefore, dozens of city-owned and district-owned real estate companies were commanded to carry out the ODHR program.

As a lower branch of the government, conventionally, the GOREC’s major function was to carry out the upper government construction plans. After the project was completed, they passed them on to the corresponding municipal or district governments for allocation and management. However, since the economic reform from the late 1980s to the early 1990s, there has been an on-going process in those government-run enterprises to separate administration functions from business functions. These formerly government-owned construction enterprises sub-branches of governments have gradually been restructured to become real estate development companies, presumably functioning like other private or joint venture companies in the real estate market. In other words, although they are still owned by government and government appoints their CEOs, they are required to be financially independent. Therefore, as the real estate market was formed, profit, certainly became the fundamental goal of those companies while they initiate projects on their own as well as fulfill government plans (Zhang, 2000).

At the same time, triggered by the promising market, many new real estate companies, such as joint ventures, private companies, non-local GORECs, joined the real estate market after 1993. By 1998, there were more than 700 real estate companies registered in Beijing. However, restricted by the local government, all ODHR projects are still assigned to local GORECs. This means the land sales in the inner city are monopolized by some local developers which have special relationship with the municipal or district government. Since almost all of available parcels have been allocated to ODHR developers by municipal and district government by 1995, other developers have to buy the land from ODHR developers if they want to develop commercial buildings in the inner city.

Some ODHR developers did not do any construction on the site after they obtained the allocated land for ODHR. Normally, they sold the land or sublet the project to other developers on market rate. Without any investment, those ODHR developers can earn 2500-4000 yuan per square meters (equal to 300-500 dollar per square meters), referring to the land price in 1995 in Beijing. Some ODHR developers sold the land after they demolished all the old buildings and relocated all residents at very low cost. They asked the buyer to pay for the relocation and they earn the market price of land and the difference between the buyer paid and what the developers actually paid to local residents (see Table 2).
Table 2: The Cost and Benefit of an ODHR Developer in a Case
Unit: million yuan (1 dollar = 8 Yuan)

<table>
<thead>
<tr>
<th>Paid by ODHR developer</th>
<th>Paid by Buyer</th>
<th>Obtained by local residents</th>
<th>Obtained by ODHR developer</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>120</td>
<td>7</td>
<td>113</td>
</tr>
</tbody>
</table>

Secret Allocation Process: Local Government and ODHR developers vs. Residents
Before 1990, although residents were often neglected in the urban development process, those involved in the urban redevelopment projects did receive gains in housing programs because of the social welfare system in the planned economy. When China began moving to market economy, the legislator was aware that it was crucial to ensure the market fair, equitable and competitive by establishing reasonable administration processes.

Based on the urban development experience of China and other countries or areas, such as Hong Kong, Singapore and the US, the LAL1988, PR1990 and REAL 1994 regulate the processes of land allocation and land granting. Below are some key points:

* Before the government allocates or leases the land to the developer, “the applicant of the land should negotiate with the person the current user of the land about the relocation and compensation issues.” The government can not approve to allocate or grant land to the developer until the developer and existing users have a mutual agreement.
* Except four special projects, the real estate projects can not be allocated any land free of charge. They can be granted land by paying premium on market rate.
* The parcel for granting should be sold by public tender or auction. Especially for those high-profit real estate projects such as luxury hotel, office building, shopping mall or apartment, public tender or auction is a must.
* For the public interests, the municipal government can take the land back from the current user by paying appropriate compensation.
* Before the government grants or allocates a parcel to a new land user, the certificate of the old land user should be taken back and cancelled.

However, during the ODHR program in Beijing in 1990s, as ODHR program became a developer’s business, the local residents gradually were seen as barriers to increasing profit. Beijing Municipal Government revised those legal processes by issuing local regulations.13 Local residents were totally excluded from the decision-making of ODHR. The relocation plan and the compensation was decided by the local government and ODHR developers. Residents didn’t discover their homes would be demolished until they saw a notice stuck on their wall, giving two weeks to leave. Below are some key points of ODHR process:

* The ODHR project is approved and the land is allocated by the district government first; then when the construction started, local residents were noticed their homes would be demolished in two weeks and they must agree on the relocation plan that was made by government and developers.
* The land for ODHR is still allocated although the developer should pay land premium after finishing the project is finished.
* Except one parcel, almost all land premium for ODHR projects were paid by secret negotiation between government and developer, not by public tender or auction.
* Through relocation and demolishing old buildings, current residents lose their right of land use virtually, and the ODHR developers gain the land without paying any compensation.
In addition, since the parcel was allocated to an assigned ODHR developer before they pay premium, the price of land can not be tendered or auctioned. Finally, it was decided through the secret negotiated between the government and the government-owned companies, which comes to an end with some compromise and is often far below the market rate.

Figure 5: The Legal Urban Redevelopment Process in China and the Process of ODHR in Beijing

Huge Property Transfer behind Demolishment
Mixtures of planed and market economy, the ODHR program resulted in a “growth machine” formed by local governments and local developers. This led to the rapid urban redevelopment in the inner city of the enormous sums of money involved.

For example, a total of 1.8 billion yuan14 was spent in relocating 3,328 families whose homes were demolished from 1998 to 1999 in ODHR projects along Ping An Avenue where there are many traditional neighborhoods.15 This equals to 540,000 yuan per family. According to author’s investigation, only 14 per cent received subsidy in cash ranging from 100,000 to 400,000 yuan while the remaining 86 per cent were offered apartments in distant suburbs for which they had to pay rent, even though a third owned their original houses in the inner city.

A document called “Special Revelation” presented at the National People’s Congress in March 1999 by delegate Hu Yamei, indicated that, about 130 billion yuan (16 billion dollars) of public and private money disappeared into
private accounts of developers and local governments during ODHR between 1990 and 1998. This consisted of 58.67 billion yuan in compensation that should have been paid to those displaced families according to the law but went to local developers; 36.6 billion yuan that should have been paid in compensation to private owners of demolished houses; and 43.45 billion yuan as the difference between the market rate of land and what the developers actually paid.

1. Conclusion
With the emergence of real estate market since 1990, Beijing’s economy led to reshaping of its inner city. The ODHR program, which was initiated by the government and carried out by local government-owned real estate company has become a wholesale clearance redevelopment, which not only ignores the culture value of the historic environment, but also induces many economic, social, and environmental problems.

In essence, during China’s transitional economy in 1990s, as the new market element has been introduced into the existing institutional framework, the market and non-market elements are mixed and often time mismatched in Beijing’s urban redevelopment process. More specifically, since the introduction of real estate markets through housing and land reforms, local government and developers have built a growth machine to capitalize the state and private properties. Due to the lack of appropriate constraints, perverse incentives have been emerging and growing in urban development process. In most cases the local communities’ interest and historic value have become victims.

Notes:
1 The inner city of Beijing is normally called as “old city of Beijing” or “old Beijing” that has been the nation’s capital for more than 700 years. It is an area of 62.5 square kilometers built round the Imperial Palace of the Yuan, Ming and Qing dynasties (1271-1911). The former city wall was destroyed during 1950-1970, making way for the Second Ring Road.
2 Liang, Sicheng, 1951, p519.
3 During 1990-1999, there were 279 ODHR projects approved by Government, among which 123 were already implemented while only 33 were finished.
4 The editorial of Architecture Review, Dec 1997
5 Local residents called ODHR program “Three Clearings”, because it clears all old buildings, clears all old trees and clears all local residents.
6 FAR (Floor Area Ratio) is used to reflect the building density.
7 From 1995, there have been already some petitions, mass protests and court actions initiated by local residents to against the ODHR program.
8 Normally, new housing developments happened in the periphery where the factories were located, mostly invested by state industry sectors but not by housing sector of the city. The former was powerful in central planed economy of China and had sufficient housing budget.
9 According to the PR1990, all the land for development should be leased through negotiation while land for infrastructure and other public facilities should be allocated without charge, and three methods for leasing land-use-right are negotiation, invitation for bid (tender), and auction.
10 According to the Benchmark Price which was made by Beijing Land Authority in 1993 and 1995, the premium of parcels in the inner city is: 3200-5400 for office or shopping use, 3000-4600 for apartment use, 2000-2700 for residential use. The unit is yuan per square meters and one dollar equals to eight yuan.
11 For example, in a ODHR meeting in the municipal government on 01/12/00, among the 10 projects approved, only one is a housing project.
As part of such processes, US$ 15.7 billion of public money has disappeared into the pockets of developers and corrupt officials. With the new land uses, the GOC developers can either seek cooperation with or simply transfer the land to other developers, mostly foreign or joint ventures.

Since the legislation system in China is still developing, an accomplished fact is there are many incompatibilities and conflicts within and between the law and local regulation. However, local officials normally only obey local regulations.

One dollar equals to eight yuan.

According to the investigation by the author, more than 15 collective suits, one of which involved 11,800 residents, were brought from 1995 to present against the municipal or district government on the relocation compensation. However, up to now, none of the residents won but some residents insisted on appealing to the Supreme Court of China.

References
“Urbanization and its Impact on Seoul, Korea”

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I. INTRODUCTION

Seoul, the capital of Korea, has been a central city of the nation over 600 years, since the city was selected as a capital of Chosun Dynasty in 1394. Although the first settlement was appeared in the Neolithic period within the present city boundary, and the present city site was regarded as a very important site to occupy the Korean peninsula during the Three Kingdom period, Seoul became a central city for political, economic, social and cultural aspects of Korea only in the late 14th century.

During the Chosun Dynasty, Seoul has not been changed much in all aspects. Only from the last 19th century after opening the gate to the world, the city adopted modern technology and started to be transformed in vertically and horizontally. Built-up area expanded to the outskirts over the wall through the Japanese occupation period, however the city was not started urbanization in the modern sense yet.

With the economic development in the late 1960s, the number of population in Seoul was increased and urbanization and changing the infrastructure of the city were accomplished. Remarkable changes of socio-economic structure with the rapid growth of population gave an experience of rapid transformation to the city. Such a transformation, however, made many problems in the infrastructure for the convenient life of citizens. Therefore, the government has devised and implemented various policies and programs for the decentralization over 20 years.

The city government planned the future plan in the city of Seoul for better environment to the citizens and started to make an effort for the balanced development. From this statement, the past and present situation of the city of Seoul were examined and the future plan for the sustainable environment based on the result is discussed in this paper.

GROWTH AND TRANSITION OF SEOUL

1. The Influx of People to Seoul

The historical background of Seoul as a capital and central city of Korea over 600 years have made a record of the primacy in quality and quantity of all aspects. The city of Seoul was not grown much during Chosun Dynasty (1392-1910) in quality and quantity, because the major part of city perceived and called as the old Seoul (Hansung) among Koreans was surrounded by the wall. The wall played the role as a constrained element
not only for spatial expansion of the city and but also making a discrimination regarded as “persons in capital” between people who lived inside the wall and those outside the wall. Therefore, Seoul was kept the primacy in the nation and most part of the outside area of the wall except near the Gate to the city remained the open space.

Since the city of Seoul had an experience of modernization in the late 19th century, the spatial structure in land use patterns has been changed in the first half of the 20th century. Japanese occupation(1910-1945) and the Korean War(1950-1953) disordered the traditional society and destroyed the infrastructure of the city and spatial arrangement. After the emancipation from the Japan, people from the abroad returned to Korea and large number of returned people stayed in Seoul rather than hometown. This fact made the rapid growth of population in Seoul.

As a result from such a trend, 8.4% of total population in Korea excluded people living in the present North Korea resided in Seoul with primacy index of 1.37 in 1949 (Table 1). However, the Korean war was the major reason to make decreasing number of population in Seoul with the primacy index of 0.85. Table 1 shows the high population growth rate of 55.3% for 1955 and 1960. It is mainly because evacuated persons returned to Seoul after the war and refugees from North Korea stayed in Seoul.

Just before the first five-year economic development plan was started, Seoul was a half size of the present city area and population was recorded only 23.7% with 2,445,402 persons of the population in 1999. With the accomplishment of the five-year economic development plans emphasizing on the secondary industry, the economic structure as well as the distribution of population and intra-migration from rural area to the urban area in Korea started to be changed. Such a tendency had an influence on the changes of population in Seoul as shown in Table 1. Especially the population growth rate was recorded the highest rate of 59.2% during 1966-1970 and shown the highest primacy index with 1.53 in 1970 in the history of the city. Since then, the growth rate of population reduced continuously, while the percentage of living in Seoul among Korean increased gradually till 1990.

Korea became an urbanized country recorded 65.4% in 1985, and the city of Seoul living 9.6million persons, 23.8% of total population, already became a giant metropolis with the primacy index of 1.39. Most of increased population is caused by immigrants from rural areas and other cities. Rapid increase of population in Seoul made lots of changes in socio-economic structure in the city as well as citizens’ life. In fact, transformation of the city has accomplished with the remarkable economic development, sharp increase of population and changes of social structure since the late 1960s. Such a transformation brought many disamenities and problems for urban life.

The city government, therefore, has planned and implemented various decentralization policies and programs to counteract the persistent and relentless concentration trends of population and economic activities into Seoul. New towns near Seoul were constructed and tax deduction policies for people and businesses who moved from Seoul to the new towns or other areas in Kyonggi province.

As a result, a marked slow-down in in-migration into Seoul was followed by on-set of out-migration into the outlying suburban areas. The population of Seoul was decreased 381,360 in number with – 3.6% of growth rate from 1990 to 1995. The percentage of population living in Seoul and the primacy index are also dropped into 22.9% and 1.21 each. Even though the population was increased from 1995 to 1999 with growth rate of 0.9%, the percentage of population among nation and the primacy index of Seoul were decreased. In 1999, Korea is recorded the high urbanization rate with 88.3% and 10,321,449 persons with 21.7% of total population lived in the city of Seoul indicating with 1.16 of primacy index.
Table 1. Changing Population in Seoul (1949-1999)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population in Korea (A) (persons)</th>
<th>Urban Population (%)</th>
<th>Population in Seoul (B) (persons)</th>
<th>Growth Rate (%)</th>
<th>(B)/(A) (%)</th>
<th>Davis Primacy Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949*</td>
<td>20,188,641</td>
<td>1,693,224</td>
<td>8.4</td>
<td>1.37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>21,526,374</td>
<td>28.5</td>
<td>1,574,868</td>
<td>-7.0</td>
<td>7.3</td>
<td>0.85</td>
</tr>
<tr>
<td>1960</td>
<td>24,989,241</td>
<td>29.1</td>
<td>2,445,402</td>
<td>55.3</td>
<td>9.8</td>
<td>1.09</td>
</tr>
<tr>
<td>1966**</td>
<td>28,181,096</td>
<td>28.8</td>
<td>3,470,880</td>
<td>41.9</td>
<td>12.3</td>
<td>1.36</td>
</tr>
<tr>
<td>1970</td>
<td>31,465,654</td>
<td>41.2</td>
<td>5,525,262</td>
<td>59.2</td>
<td>17.6</td>
<td>1.53</td>
</tr>
<tr>
<td>1975</td>
<td>34,706,620</td>
<td>48.4</td>
<td>6,889,502</td>
<td>24.7</td>
<td>19.8</td>
<td>1.51</td>
</tr>
<tr>
<td>1980</td>
<td>37,436,315</td>
<td>57.3</td>
<td>8,364,379</td>
<td>21.4</td>
<td>22.3</td>
<td>1.43</td>
</tr>
<tr>
<td>1985</td>
<td>40,448,486</td>
<td>65.4</td>
<td>9,645,932</td>
<td>15.3</td>
<td>23.8</td>
<td>1.39</td>
</tr>
<tr>
<td>1990</td>
<td>43,410,899</td>
<td>74.4</td>
<td>10,612,577</td>
<td>10.0</td>
<td>24.4</td>
<td>1.35</td>
</tr>
<tr>
<td>1995</td>
<td>44,606,199</td>
<td>85.7</td>
<td>10,231,217</td>
<td>-3.6</td>
<td>22.9</td>
<td>1.21</td>
</tr>
<tr>
<td>1999</td>
<td>47,542,573</td>
<td>88.3</td>
<td>10,321,449</td>
<td>0.9</td>
<td>21.7</td>
<td>1.16</td>
</tr>
</tbody>
</table>

* The data could not get from the statistical yearbook, because the Korean war was occurred in 1950. So, we used the data in 1949.
** The detailed data in 1965 was only estimated data in the statistical yearbook. So we used the data from 1966.


2. Changing Boundary of the City

Seoul has been greatly expanded in physical term (Figure 1). Seoul(Hansung-bu) in Chosun Dynasty was about 250km² including 16.5km² of the walled city and 234.1km² of its surrounding area. When the Japanese changed the administrative districts in 1914, Seoul was recorded to the smallest area in over 600-years history with 36.2km². During the Japanese occupation period, the city boundary changed two times — in 1936 and 1944. In 1936, the city area was expanded to 134km² and only 2km² of area was added to the city in 1944.

After the emancipation from the Japan, the city area was annexed the large area throughout changing city boundary in 1949, 1963 and 1973. In 1963, the newly annexed area to the city was much larger than the existed area, and the total city area was reached to 596.5 km². Changing boundary in 1949 and 1973 was occurred somewhat naturally to annex built-up areas, while changing boundary in 1963 was accomplished by the city government to rearrange the spatial structure and to prepare for the future of Seoul. The city boundary was not changed except readjustment of administration district in some regions after the annexation of northwestern part in 1973. The area of Seoul in 1999 is 605.5 km².

Besides the old core area, the walled city, most of the annexed area were former rural areas and were easy to convert into the city landscape such as well-plotted streets, parks and sites for homes, schools and hospitals. The channel of Han river has been changed with the development of new residential areas. Until the 1950s before the urbanization in Seoul, the built-up area was distributed inside the wall and its near area(figure 2). Once the urbanization was started in Seoul, built up area were mainly expanded to the north and to the southwestern part of the city in 1960s. The Kangnam area, which is most modernized area at present time, was remained empty and open space until the city government planned and accomplished the development plan for those areas.
After the channel of Han River was changed and the newly development of residential area in the southeastern part of Seoul, the built-up area was very rapidly expanded into the Kangnam area. Such a tendency of expanding built-up area toward outskirts of the city has been continued over time. In the late 1980s, however, urban redevelopment policy was implicated in the old part of the city. Soon after, urban skyline started to be changed with high-rise and dense apartment complexes and business buildings by replacement from single story houses in old residential areas, squatter areas and low-dense apartment areas. Such a tendency made the present urban landscape in Seoul.

3. The Socio-Economic Changes in Seoul

As we mentioned earlier, Japanese occupation and the Korean war made disorder the Korean traditional moral, perceived mentality and society. In addition to this, economic development, and changing consuming behavior, leisure activities, quality and quantity in education and labor force structure played a role for transforming the social structure. Moreover, increasing commuting time because of urban expansion and traffic congestion and changing transportation system give an additional motive to transform the socio-economic structure in Seoul. Especially, philosophical phenomena of people and the society became to decline in community values, and is often replaced by more individualistic and materialistic values. But, people's awareness and concern regarding quality of life, better environment and amenity, as well as their desire to participate in finding solutions to social problems are getting increased.
With such a socio-economic changes, the transition of industrial structure in Seoul reveals several aspects (Table 2). Firstly, the tertiary industry has grown whereas the secondary industry has declined over the years. Secondly, manufacturing was regarded as an important industry and percentage of participants in the secondary industry was recorded around 30.0% in 1980s. Such a higher employment rate in the secondary industry was dropped in 1990s. It is because automation of factory and restructuring in employment led to increase workers in management and to decrease workers in production. Management strategies of manufacturing industries are composed of the inbreeding of new technologies, automation of production process, on-the-job training, diversification, increased reliance on temporary workers and foreigners, and foreign investments (SDI, 1993: 15). Thirdly, major industries in Seoul are apparel, printing and publishing, electricity and electronics, machinery, etc. Finally, there is a tendency that the tertiary industry such as IT, Internet, consulting, insurance, finance, etc. is much concentrated in the city after the economic crisis. Moreover, labor-intensive industries have expanded relatively, as design activities, the production of quality goods, and technology-oriented spin-offs have tended to concentrate in Seoul.

Table 2. The Employment Structure of Seoul (1971-1999)

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Industry</th>
<th>Secondary Industry</th>
<th>Tertiary Industry</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>44(5.7)</td>
<td>93(12.0)</td>
<td>635(82.3)</td>
<td>772(100.0)</td>
</tr>
<tr>
<td>1970</td>
<td>27(2.2)</td>
<td>287(22.9)</td>
<td>938(74.9)</td>
<td>1,252(100.0)</td>
</tr>
<tr>
<td>1975</td>
<td>26(1.3)</td>
<td>508(25.4)</td>
<td>1,465(73.3)</td>
<td>1,999(100.0)</td>
</tr>
<tr>
<td>1980</td>
<td>21(0.9)</td>
<td>721(30.2)</td>
<td>1,649(68.9)</td>
<td>2,391(100.0)</td>
</tr>
<tr>
<td>1985</td>
<td>27(0.9)</td>
<td>840(28.7)</td>
<td>2,059(70.4)</td>
<td>2,926(100.0)</td>
</tr>
<tr>
<td>1990</td>
<td>21(0.5)</td>
<td>1,351(30.0)</td>
<td>3,132(69.5)</td>
<td>4,505(100.0)</td>
</tr>
<tr>
<td>1995</td>
<td>22(0.4)</td>
<td>1,159(23.1)</td>
<td>3,833(76.1)</td>
<td>5,014(100.0)</td>
</tr>
<tr>
<td>1999</td>
<td>15(0.3)</td>
<td>847(19.0)</td>
<td>3,601(80.7)</td>
<td>4,463(100.0)</td>
</tr>
</tbody>
</table>


4. Relation with Adjacent Area

The spatial structure of Seoul Metropolitan Region had been transformed during the period of sharp increasing population and rapid economic growth. During the 60’s, mass in-migration from rural area resulted in gradual expansion of the residential areas to accommodate the increased population in Seoul. In 1971, the national government established green belts around the city boundary to limit urban sprawl and preserve the natural environment (Figure 3). The green belts policy made somewhat control the spread of urban development, and an inner-saturated pattern within the city boundaries was appeared more densely. During the 1970s, the expansion of urban area was continued with leapfrog development across the green belt into rapidly grown satellite cities around Seoul, as a result from the redistribution of population into Seoul metropolitan region.

The strategy to make slow down the growth of Seoul has an intraregional component to foster Seoul and Kyonggi province as a polycentric metropolitan region, and an interregional component to promote the development of other region located in a certain distance from Seoul. The Growth Control Management Plan (1997-2011) for the Seoul Metropolitan Region involves maintaining green belt areas and includes three zones reflecting different degrees of land use control. These three zones are overconcentration restriction zone, growth management zone and nature preservation zone (Figure 3).

Most satellite cities such as Bucheon, Anyang, Seongnam, Guri, Gwangmyung, Osan, etc, located in the south of Seoul have grown rapidly. However, these satellite cities have still been influenced by the central function of...
Seoul, and their sharing the urban functions with the city of Seoul was not accomplished as much as population redistribution. As a result, satellite cities are wholly dependent upon Seoul for their major urban function (Lee, 1995: 234-235)(Figure 4). A major impetus to ignite the metropolitanization process was the operation of two suburban electronic railways -- between Seoul and Incheon, and between Seoul and Suwon -- in 1974, for commuting and leading rapid development along the corridor. Therefore, Seoul Metropolitan Region has begun to show dispersion tendencies since the late 1970s at the intra-regional level.

The city of Seoul has experienced an absolute decline of jobs in manufacturing and decreasing share of the total population in Seoul Metropolitan Region, while population and jobs are gradually increased in the Kyonggi province. In spite of the further decentralization of employment in manufacturing toward outer rings of Seoul Metropolitan Region, shifting population from Seoul to satellite cities is merely residential purpose and then approximately half a million suburban residents continue to commute to Seoul for the purpose of socio-economic and cultural activities. Therefore, such close interactions between Seoul and its satellite cities catch policy attentions and entail many region-wide planning problems (Kwon, 1995: 188).
PROBLEMS FACING THE CITY OF SEOUL

1. Insufficiency of Infrastructure

Urban infrastructure has played an active role in determining land use patterns that its importance in city planning cannot be emphasizing enough. It can be employed to allow or sometimes to prevent the concentration of people, buildings, and economic activities within a city. The quality and conditions of infrastructure have also an influence on both willingness to live in the city and the living cost. It is by the provision of infrastructure that city government has to intervene in the working of the urban economy. Large parts of urban infrastructure consume valuable land, and of which location would change the price of land.

In the realm of urban infrastructure, it is of critical importance to recognize that people differ in what they want, and what in fact they get as taxpayers. For instance, widespread dissatisfaction was expressed among Seoul citizens on the lack of parks and open space, recreational facilities, and parking lots. There are drawbacks, however, in what is called “planning with people”. Public hearings and inquiries may cost money and time. Therefore, high standards of professional skill are required to put people’s participation into operation.
In recent years, locating basic urban infrastructures involves many problems such as night soil and sewage treatment plants, solid and liquid waste disposal sites, crematoriums, etc. People are extremely reluctant, resisting against accommodating the so-called ‘aversion facilities’ in their neighborhoods. It is because the residents deeply concerned about the risk of bad odors, dirty, water pollution, and traffic congestion caused by heavy trucks. Moreover, the community image is apt to be spoiled, and eventually result in declining property values. This was particularly true in the case of establishing public cemeteries and crematoriums (Kwon, 1995: 193).

In fact, one of the hottest potatoes between the city government and local residents is the building of ‘cemetery park’ providing total service such as columbaria, crematoriums, funeral services, etc. in these days. From the late 1990s, there is a tendency that funeral culture is changing from buried culture to cremation culture by civil movement. As a result, many people want to be cremation rather than buried. But only two crematoriums located near the city of Seoul and their capacities are limited not to handle people’s request. That is why the city government is trying to build a new park providing total services related to funeral in one of green belts areas in the city. The city government, however, could not decide the place yet because of repulsion by the local residents against this plan. Even the city government could not host the proper public hearing on this matter yet. And trouble with local residents about the burning rubbish place is another hot issue every year.

2. Existing Spatial Structure of Seoul Metropolitan Region and Its Problems

The present spatial structure of Seoul Metropolitan Region is represented the accumulation of concentration in the past existing urban corridors, related to the Seoul-Inchon corridor, Seoul-Suwon corridor, CBD, and subcenters of urban. In 1980s, Kangnam area, the southern part of Seoul, was developed as a new subcenter in Seoul, not to disperse the urban function in Seoul but to reinforce the functional connection in CBD. Therefore, the whole urban spatial structure of Seoul Metropolitan Region is showed the deforming shape in transition period.

The structure concentrating to the existing corridor brings to excessively disordered sprawl of housing and urban functional facilities into outskirts and suburban areas of Seoul, and to forming inefficient low-dense land use patterns. Therefore, it is difficult to find out the solving countermeasure for unequal urban land use problems.

Seoul Metropolitan Region is ideally called a giant industrial complex system consisting of co-related industrial areas in total. The industrial system in SMR, however, naturally possesses structural limitation caused by inadequate and inefficient reciprocal action among industrial activities. So It is urgently needed to reorganize the spatial structure in SMR.

Because each of most urban areas except Seoul in SMR has been developed a somewhat unique functional city based on major characteristics of the city such as residence or manufacturing, these suburban cities having weak structural problem in urban industrial base are dependent on Seoul. From this statement, it is an urgent problem for these cities to establish self-sufficient urban economic and social base by constructing compound industrial base.

3. Lack of Social Welfare

When the five-year economic development plans were accomplished in the beginning, people worked very hard because most of them only thought the economic development for the nation not for themselves. They never concern enjoying leisure, organizing labor union, raising wages, etc. They really sacrificed themselves to the economic development. However, people started to consider the quality of life and wanted to enjoy social and cultural life for a certain time. Seoul citizens, in fact, would like to spend time for their own life with pleasant mind and in good health.
The government also started to consider the social welfare from the early 1980s when the five-year economic development plan was renamed and changed its major concern on introducing social welfare system like medical care and insurance and pension system mainly. Five working days concept, organization of labor union, paid vacation system, etc. were also applied to the Korean society. Yet, operating these systems not only in Seoul but also in Korean society is not good in progress, although the central government and local government, especially after operating local autonomy in Korea, have made an effort to find financial support and raise the level of social welfare in all aspects. However, still facilities for handicappers and elderly persons are far behind to reach their satisfaction, and policies to care for them as well as persons in low-income class also need to be considered firmly.

4. Urban Transportation and Environment

Like most modern cities in the world, the transportation problem of Seoul is becoming serious with the increase of automobiles. The automobile became a popular transportation mode from 1970s, although it was introduced into Korea in the late 19th century. Once the automobile, especially private cars, became a part of important transportation mode in 1980s, it gives the most profound impact on the urban environment. The growth rate of registered private cars has been much larger than registered motor vehicle in Seoul except for 1998-1999 (Table 3). In 1980s, the growth rate was recorded about 60%, and persons per registered private car were continuously dropped to less than 20 persons. Private cars are shown over 50% of total registered motor vehicle in Seoul from 1980s. Especially in 1990s, the percentage of private cars among total is reached to over 70%. This means, traffic congestion in Seoul is caused mainly by private cars and is getting severe. However, the road capacity has increased at annual rate 0.3 percent during the same period.

One feature of the traffic situation in Seoul is that the traffic volume is always heavy, even though automobile growth rate in Seoul is declined to under 5 percent in recent years. Poor public transportation facilities and traffic congestion result in increased commuting time and increased commuting costs for employees demanding higher wages. Raising wages affect on production costs and thus might decrease productivity.


<table>
<thead>
<tr>
<th>Year</th>
<th>Registered Motor Vehicle (A)</th>
<th>Growth rate (%)</th>
<th>Private Passenger Car (B)</th>
<th>Growth rate (%)</th>
<th>Persons per Private Passenger Car</th>
<th>(B)/(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>206,722</td>
<td>-</td>
<td>99,544</td>
<td>-</td>
<td>84.0</td>
<td>48.1</td>
</tr>
<tr>
<td>1982</td>
<td>253,647</td>
<td>22.7</td>
<td>127,942</td>
<td>28.5</td>
<td>69.1</td>
<td>50.4</td>
</tr>
<tr>
<td>1984</td>
<td>377,220</td>
<td>32.8</td>
<td>209,710</td>
<td>63.9</td>
<td>45.3</td>
<td>55.6</td>
</tr>
<tr>
<td>1986</td>
<td>521,521</td>
<td>27.7</td>
<td>304,902</td>
<td>45.4</td>
<td>32.1</td>
<td>58.5</td>
</tr>
<tr>
<td>1988</td>
<td>778,940</td>
<td>49.3</td>
<td>493,573</td>
<td>61.9</td>
<td>20.8</td>
<td>63.4</td>
</tr>
<tr>
<td>1990</td>
<td>1,193,633</td>
<td>53.2</td>
<td>823,731</td>
<td>66.9</td>
<td>12.9</td>
<td>69.0</td>
</tr>
<tr>
<td>1992</td>
<td>1,569,399</td>
<td>31.5</td>
<td>1,126,683</td>
<td>36.8</td>
<td>9.7</td>
<td>71.8</td>
</tr>
<tr>
<td>1994</td>
<td>1,932,233</td>
<td>23.1</td>
<td>1,427,705</td>
<td>26.7</td>
<td>7.6</td>
<td>73.4</td>
</tr>
<tr>
<td>1996</td>
<td>2,168,182</td>
<td>13.1</td>
<td>1,627,929</td>
<td>14.0</td>
<td>6.4</td>
<td>75.1</td>
</tr>
<tr>
<td>1998</td>
<td>2,198,619</td>
<td>1.4</td>
<td>1,653,149</td>
<td>1.5</td>
<td>6.2</td>
<td>75.2</td>
</tr>
<tr>
<td>1999</td>
<td>2,297,726</td>
<td>4.5</td>
<td>1,679,727</td>
<td>1.6</td>
<td>6.1</td>
<td>73.1</td>
</tr>
</tbody>
</table>

As shown in Figure 5, in 1999, the transportation modes in Seoul were bus, subway, private cars, taxi, and others. These modes share to transport people from places to places by subways of 33.8%, buses of 28.8%, private cars of 8.6% and taxies of 19.6%. After the introduction of subway line 1 in 1974 to solve the problem of traffic congestion on surface transportation and increasing travel time, subway has been an increasing share of the transportation demand each year, and now plays an important public transportation mode of the city.

Owing to factors such as the efflux of various pollutants and vast energy consumption, the human environment has been extensively polluted, and a global civilization of mass production and mass consumption, poses critical problems involving the very survival of mankind. The exact same situation happened to Seoul. Increasing population, motor vehicles and electronic equipments, and changing fuel are involved in the environment problems of the city. With the development of technology, the more people try to improve the quality of life, the more environmental waste and pollutants it produces.

THE STRUCTURAL CHANGE IN SEOUL FOR THE 21st CENTURY

1. Centralization and Decentralization

Centralization and decentralization have occurred in the same spatial boundary, so-called the Seoul Metropolitan Region, and changes in one subsystem would inevitably generate repercussions in the rest of the system. Decentralization at one level of the system often triggers centralization at different levels and/or in other parts of system. The decentralization of international financial transactions into a bipolar system triggered hyper-concentration in Seoul. If Seoul becomes decentralized, the potential power to attract business and other urban functions will inevitably increase. Then, new concentration to the city will undoubtedly come again. The effort by the government towards decentralization should take into account its “self-defeating” nature.

In the late 1980s, the housing shortage problems give a pressure on the development in new area to the government and city planners. Following the development of the Green Belt in Gaepo, Goduk, Mokdong, and Madeul plain on the outskirts of Seoul, five large-scale new town development projects are planned for the vicinity of Seoul.
They are Bundang, Pyungchon, and Sanbon to the south, Ilsan to the northwest, and Joongdong to the west of
Seoul. The total population of five new towns is expected to reach to 1.2 million, with a total area of 294 km². All
of these new towns are located within 20km and one hour’s commuting distance from the central business district
of Seoul. Accessibility to Seoul from the new satellite cities is improving by the construction of an intraregional
transportation network such as newly constructed or enlarged roads and an electric railway system. Thus, this new
town policy seems to be a departure from the policy of decentralization and growth control in Seoul.

And as shown Figure 6, population in outer Seoul was much more than those in Seoul until the early 1960s, just
before the economic development was occurred. With the economic development and in-migration to Seoul, the
population of Seoul was increased and exceeded the number of population in outer Seoul. However, as a result of
decentralization policy or other reasons, the number of population in Seoul was recorded less than the population
in outer Seoul in 1999.

Since 1980, the number of workers in manufacturing in outer Seoul has outnumbered that in Seoul. Such a trend
is continued till the present time. The percentage of manufacturing employment in outer Seoul is recorded 32.2,
while that in Seoul indicates 11.6%. As a total, the Seoul Metropolitan Region contained 43.8% of nation-wide
manufacturing employment in 1999(Table 4). Although the government made an effort for the decentralization
of economic activities, Korean capital has been organized and remained around Seoul since the beginning of its
industrialization. And it seems it does not need to be changed.

Figure 6. The National Share of Population in Seoul, Outer Seoul and
the Seoul Metropolitan Region, 1949-1999

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>291,679</td>
<td>445,242</td>
<td>470,565</td>
<td>267,925</td>
</tr>
<tr>
<td>(A)</td>
<td>(33.9)</td>
<td>(22.1)</td>
<td>(15.6)</td>
<td>(11.6)</td>
</tr>
<tr>
<td>Outer Seoul</td>
<td>104,335</td>
<td>478,678</td>
<td>972,800</td>
<td>743,734</td>
</tr>
<tr>
<td>(B)</td>
<td>(12.1)</td>
<td>(23.8)</td>
<td>(32.2)</td>
<td>(32.2)</td>
</tr>
<tr>
<td>Seoul Metropolitan Region</td>
<td>396,014</td>
<td>923,920</td>
<td>1,443,365</td>
<td>1,011,659</td>
</tr>
<tr>
<td>(A+B)</td>
<td>(46.0)</td>
<td>(45.9)</td>
<td>(47.8)</td>
<td>(43.8)</td>
</tr>
<tr>
<td>The Others Region</td>
<td>465,027</td>
<td>1,090,834</td>
<td>1,576,451</td>
<td>1,295,409</td>
</tr>
<tr>
<td></td>
<td>(54.0)</td>
<td>(54.1)</td>
<td>(52.2)</td>
<td>(56.2)</td>
</tr>
<tr>
<td>Total</td>
<td>861,041</td>
<td>2,014,754</td>
<td>3,019,816</td>
<td>2,307,068</td>
</tr>
<tr>
<td></td>
<td>(100.0)</td>
<td>(100.0)</td>
<td>(100.0)</td>
<td>(100.0)</td>
</tr>
</tbody>
</table>


A.2. Tradition and Globalization

No doubt, Seoul is one of the large cities in the world with a population of over 10 millions, the capital of the Republic of Korea and a historic city that has been in existence over 600 years. It also has been implied many dimensions. The city is an iconography of the nation and is a reflection of the wealth, organization, and power of political entity. The city government tries to make Seoul in the 21st century as a comfort place for living, and national and international business activities, having futuristic and progressive amenities as well as an ecologically sound environment and warm courtesy for the citizens and the foreign visitors.

Once Seoul has a long and deep culture and tradition, globalization of culture in Seoul is one of aspects which Koreans should consider seriously. When Seoul had a 600th birthday as a capital of Korea, the series of events celebrating the birthday was expressed the contemporary resurgence of nationalism. The city of Seoul had considerably been reconstructed by its “Sixth Centennial Celebration Project” in terms of the cultivation of various cultural spheres, a re-emphasis of the historical continuity from old Seoul to contemporary one and the inauguration of numerous community-oriented activities to preserve historical heritage and traditional culture (Seoul Metropolitan Government, 1995c). The project highly focused on tracing the historical roots of Seoulers and constructing local consciousness facing a massive tide of global forces.

To revitalize Seoul Metropolitan Region, redirection of the policy from growth control seems inevitable. The goal of regional balance should still be pursued, but the policy should be in the form of indirect economic measures encouraging regional growth in the provincial areas. The economies of agglomeration of Seoul Metropolitan Region should be maintained as long as feasible to support competitiveness of industry in world markets. At the same time, regional balance should be pursued in the form of decentralized concentration by encouraging the growth of large cities, rather than forcibly dispersing growth from Seoul to the backward regions. The global functions of Seoul need to be developed further so that it can serve as a gateway to the world for South Korea and play a global role to match that of the global cities of the world.

Globalization became the reality since the 1990s. In the late 20th and early 21st centuries, many nations might go through industrial restructuring to accommodate a new international division of labor. In consequence, there will
be a large increase in international trade and in cross-border movements of labor and machinery, Foreign Direct Investment, and other forms of international cooperation. Although Korea had an economic crisis in 1997, the comparative competitiveness of South Korean industries might be contested in world markets near future with the compressed economic growth.(Y. Kim, 1998)

This general trend has reflected in Seoul, which account for 33.5 % of national total FDI inflows in 2000. Among service industries, hotel, finance, trade, retail and wholesale, and insurance sectors are recorded 49.2 % of FDI inflows to Seoul in 2000(Table 5). The Seoul economy has been internationalized at a fast pace. The inward FDI flow in Seoul, which have increasingly on services over manufacturing industries, have multiplied in the past decade. The internationalization of the Seoul economy has been enabled both by global pressures to open up the market and by local initiatives seeking for the advancement of international competitiveness.

Table 5. Foreign Direct Investment in Seoul (1985-2000)

<table>
<thead>
<tr>
<th></th>
<th>Foreign Direct Investment (U$ million (%))</th>
<th>National Share 2000 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>13.7 (3.8)</td>
<td>36(17.1)</td>
</tr>
<tr>
<td>Services</td>
<td>332.9 (95.9)</td>
<td>174.0 (82.9)</td>
</tr>
<tr>
<td>hotel</td>
<td>300.5</td>
<td>21.6</td>
</tr>
<tr>
<td>finance</td>
<td>17.1</td>
<td>60.7</td>
</tr>
<tr>
<td>commerce and trade</td>
<td>0.2</td>
<td>26.0</td>
</tr>
<tr>
<td>retail and wholesale</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td>insurance</td>
<td>0.2</td>
<td>46.6</td>
</tr>
<tr>
<td>Other</td>
<td>0.1 (0.3)</td>
<td>0.5 (2.4)</td>
</tr>
<tr>
<td>Total</td>
<td>346.8 (100.0)</td>
<td>210(100.0)</td>
</tr>
</tbody>
</table>


3. Multi-centered Urban Structure

Seoul has consistently maintained a single core structure since its foundation, but the structural transformation of urban activities has tended to accelerate the emerging multi-centered city during the last two decades. It is founded throughout the spatial analysis of population distribution, employment structure, land values and commuting patterns to support emerging subcenters in Seoul (Lee, 1997:311).

For the 21st century, the city government made a plan for the spatial structure of the city of Seoul with four different hierarchies for urban center system. These are CBD, four subcenters, eleven regional centers and fifty-four district centers (Figure 8). The city was divided into five zones and each zone has one subcenter except the West-North Zone. Urban old center is still existed as a major central business district, which locates in Chongro-gu. The traditional landscape from 600-years history of the city and the modern landscape of political, socio-economic and cultural functions are coexisted in the old center of Seoul. Four subcenters are Youngdungpo in West-South Zone, Youngdong in East-South Zone, Yongsan in Central Zone and Chungyangri in East-North Zone. And the Susack in West-North Zone will be developed as one of five subcenters after the year of 2011. These subcenters share the function with CBD to absorb the inflow of transportation and urban centrality to the center.

And then, regional centers are Mia, Sanggye and Mangwoo in East-South Zone, Yeonsinne, Shinchon and Gongduk in West-North Zone, Zamsil, Cheonho and Sadang in East-South Zone, Mokdong, Daerim in West-South Zone. Although these regional centers are lower hierarchy than subcenters, they have complement relation
with subcenter in each zone. The function of district center in each zone is the central place of local autonomy district for living. In some cases, the local autonomy district has the two district centers.

According to the planning proposal of urban spatial system, the central structure in Seoul made the multi-center system to reinforce the functional cohesion of CBD and subcenter by increasing the efficiency of urban land use. In each zone, however, the different structural hierarchy and the diverse density of land use patterns are shown.

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**Figure 8. Multi-Centers in Seoul for the 21st century**


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**B.4. Sustainability in Seoul**

Sustainability became one of most important keywords for the development discourse in the 1990s and it is also regarded as an important keyword for the 21st century. Development, so-called ‘economic growth’ in Korea, was reappraised because it undermined ecological stability, and it destroyed the quality of people’s livelihoods. In the market economy, the principle of organization for the relation to the nature is maximized the profit and capital accumulation. Seoul, as one of the mega-cities in Korea, has been a massive consumer of resources and has generated many problems about waste and pollution.
There is the growing public concern for the urban environment and ‘green’ issues in Seoul, as global warming was caused by urban activities involving transport, the heating system, and the fuelling of production processes. The government is under pressure to reinforce emission control. The planners are asked to behave like environmental watchdogs and to design land use pattern based on ‘Compact City’ concept. Moreover in the future, the use of telecommunication is regarded as substitute of travels and the information technology is useful for conservation of materials and energy.

As with the urban environment itself, the growth of Seoul made a tremendous impact on the surrounding countryside. Excessive demands of Seoul dwellers for leisure and recreation activities generate many social, cultural and ecological problems in the countryside. Resort areas and golf courses require a great deal of land consumption, and whose construction causes apparently environmental disruption. Space-eating by graveyards is another visible nuisances. Especially, existing public cemeteries and private tombs, and increasing private graveyards year by year are becoming serious problems in the Kyonggi province, in terms of sustainable environment.

Leaving hometowns in rural area make people keep loosing ties with localities, and new generations grown up in urban areas are limited to their perception of the nature. Juvenile delinquency and violence may be increased without special care. This is why it is so important to provide them as many opportunities as possible to have a good access to rural areas or nature (Kwon, 1994: 265). To maintain a sustainable environment for our descendents, the city government, planners as well as Seoul citizens should consider other persons’ benefit and make an effort with cooperation each other.

CONCLUSION

Seoul, possessing traditional and modern landscape, is a global city rather than just the capital of Korea over 600-years history. Although the settlement within the present city boundary was occurred from the Neolithic era, the city has been an experience of political, economic, social and cultural transformation since the city of Seoul became an international city with open policy in the late 19th century. In fact, the city of Seoul has been a central city of the nation having experienced the transformation in the quantity and the quality of the city, especially with the economic development.

To maintain the sustainability with comfort and efficient city of Seoul for the residents and visitors in the 21st century, the city is needed the renovation of urban structure and urban management reform, and the citizens also should equip themselves with different behavior and a civic consciousness. For example, the policy for separate collection of wastes and the regulation for the restriction of pollutants should be accomplished more strongly. Residents and administrators should support the NGO activities related to the environment. As a partial method to solve the land shortage problems and to keep Green Belt, social movement for cremation and restriction of building resort areas should be supported by administrators, planners, and local residents. The planners should make the city or regional plan keeping the traditional and modern landscape as well as maintaining the harmony with natural environment. And the planning proposal for the future should include construction of the efficient transportation system and economic and housing development plans in direction to strengthen socio-economic functional linkages of the region, consider multicentric spatial structure, and enhance its living environment.
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I. The Background of the Study

By all indications, the Asia-Pacific Region, especially the East Asia has become the fastest economic growing area in the world. In 1992, the percentage of East Asia’s GNP is that of 20.7% of the world total, more than doubled that of 7.0% of 1960. Its trade volume constituting 22.6% of the world total is estimated to reach as high as 33% by 2010. East Asia is thus undoubtedly become the new center for world economy. In addition, trade volume within the Region is also increasing rapidly. The percentage of intra regional trade volume to that of the total trade volume was 38.4% in 1980, grew to that of 42.9% in 1987, and further mounted to that of 49.2% in 1992, depicting the fact that economic integration within the Region is accelerating. (CIECD: 1995—2~3)

Since Taiwan is located in the center of Asia Pacific Region, its distance to nearby five major international ports amounting to 53 hours in average is the shortest in comparison with Hong Kong’s 64 hours, Shanghai’s 78 hours, and Singapore’s 124 hours. In terms of flying time, the distance between Taiwan and seven major cities along west Pacific is also the shortest. Its average 2.55 hours is much shorter than Hong Kong, Singapore and Shanghai’s 3.05 hours, 3.25 hours and 4.55 hours respectively. (CIECD: 2000—8) Such an excellent and strategic location make Taiwan not substitutive in terms of promoting investment and trade in Asia Pacific Region, especially for Southeast Asia countries and Mainland China.

Studies also showed that during 1960—1990, Taiwan’s production factors’ growth rate is that of 3.76, ahead of that of 3.65 of Hong Kong and 1.19 of Singapore, ranked as the highest in Asia. However, among high value-added industries, Japan, Europe and US are still leading the way. As to intermediate industries, Taiwan is in abreast with that of South Korea; and in terms of low value-added industries, Taiwan is confronting competition from Mainland China and other Asian countries. (CIECD: 2000—2)

Given the aforementioned, the government is fully recognized that it is imperative to develop Taiwan into a “Global Transshipping Management Center” to respond to the ever-growing demand for rapid and efficient transshipping. As many scholars has pointed out that during the 1960s, the kind of transshipping is that of port
to port, in 1970s, it has been shifted to point to point, it has further changed to door to door type since 1985 and starting 1995, desk to desk transshipping has become into scene. In this conjunction, Global Logistics Center, Intermodal transportation will become future tendency. In other words, “value” and “speed” both will dictate the competition power of harbor cities. Due to glorious records created by Kaohsiung as an international harbor in the past and the rapid growing Shanghai along with China’s open policy and newly developed Pudong’s role in regional/world economy, this study intends to review and explore both cities’ developmental processes from globalization perspectives.

I. Kaohsiung

1. The Kaohsiung Harbor:

Kaohsiung is Taiwan’s principal commercial port and the fourth largest container port in the world. Handling over 70% of Taiwan’s container business and more than 60% of Taiwan’s total international trade volume, Kaohsiung port serves both as gateway to and from Taiwan as well as hub for transshipments throughout the Asia-Pacific region. Kaohsiung Harbor Bureau was established in December 1945 after the War. (Yu: 2000—3) Prior to 1955, Kaohsiung Harbor was focusing merely on the enhancement of facilities, cleaning up the shipping route, etc. Beginning 1958, The Bureau instigated a twelve-year expansion project, reclaimed 544 hectares of land. In 1980, Chungtau Commercial area was completed with 27 new deep-water berths and 2 shallow-water berths. In the following years, Kaohsiung Export Processing Zone, ChienCheng Fishery Harbor, Industrial Park along the Sea, Oil Processing Plant, Shipyard Plant and four container centers were constructed consecutively. By 1975, 100,000 ton vessels can easily access the port. In 1984, the under harbor tunnel to connect Kaosiung city and Chichin was completed. In order to cope with the growing container business, the fifth container center consisting 8 deep-berth was established in 1999. With its completion, the loading capacity of Kaohsiung harbor grew 1,400,000 TEU and above annually. (Kaohsiung Harbor Bureau: 2000)

Due to numerous factors, Kaohsiung harbor is well suited for development as an Asia Pacific Shipping Center, a transshipment center, and logistic center. These include strategic location, natural port advantages, mild weather, modern facilities, direct links to world wide ports, relatively low shipping costs, extensive and well-developed adjacent regions, and sufficient container capacity.

1. Ideal location: (Kaohsiung Harbor Bureau: 2000—8)

As stated above, centrally located among six of the region’s other leading ports (Kaohsiung, Singapore, Hong Kong, Manila, Shanghai, and Tokyo), the average navigation time between Kaohsiung and these ports is only 53 hours.

2. Superior Harbor: (Kaohsiung Harbor Bureau: 2000—8)

The port of Kaohsiung encompasses a 26.8 km2 area, with an average draught of 16 meters. The Number One and Number Two harbor entrances are navigable by ships of 30,000 and 100,000 DWT respectively. The port area can accommodate as many as 153 vessels simultaneously, with 18 km of navigation channels, 116 wharves, and 26.2 km of waterline. The tide within the port holds to within 0.75-meter range. Average temperature throughout the year is 25C.

(1) Excellent Facilities: (Kaohsiung Harbor Bureau: 2000—8)

High quality services including container equipment, storage yards, refueling, water supply, etc. are provided.

With the aforementioned, it is expected that the port of Kaohsiung’s principal functions should include: (Kaohsiung Harbor Bureau: 2000—11)
Key international container port providing comprehensive services to meet the demands of a global marine transshipment center.

Base for re-export trade and value-added production for export.

Multinational international port and port facilities.

Transit hub for the Asia Pacific region.

Principal window for Taiwan’s container traffic.

Southern Taiwan’s principal port of entry for bulk and liquid cargo.

Southern Taiwan’s Principal port for general cargo.

Engine of industrial and commercial prosperity for Kaohsiung city and its vicinity.

It is dire clear that in addition to competition from the outside, Kaohsiung Harbor is facing the need for fundamental changes in its business model. These include wide range reform of port management structures and the changing competitive needs for businesses providing peripheral port services. To meet such challenges, the Harbor is committed to take the following measures: (Yu: 2000—3)

1. Quickening the pace of implementation of administrative management measures to lower customer costs and raise operational efficiency.

2. Strengthening emergency preparedness to ensure port staffs are well equipped to handle all emergencies.

3. Maintaining open communication channels to ensure port staff voices are heard and staff rights are protected.

4. Establishing the International Logistic Center to grow and add further value to the transshipment business currently done at the Port of Kaohsiung.

5. Increasing port internationalization and continue implementing advanced information technologies.

In line with recent government initiatives which emphasizing goal-oriented policymaking and strategic implementation of administrative responsibilities, the Kaohsiung Harbor Bureau has recently launched several key reforms, such as: (Yu: 2000—3)

1. Increased Billing Efficiency: Payment notification for harbor services is now forwarded to customers by e-mail rather than through the post.

2. Tourism Development: Facilities for tourism and recreation are under construction and plans are in place to introduce dinner harbor cruises to ensure the port’s position as a tourist destination.

3. ISO-9002: Efforts have been taken to ensure Kaohsiung harbor passes all follow-ups ISO-9002 post-certification audits.

4. Implementation of the “5S”: The port of Kaohsiung is committed to create a work environment that is safe, systematized, and silent to support the staffs in providing the highest quality service to ensure consistently high levels of customer satisfaction and global recognition.

5. Support The Ministry of Transportation & Communications (MOTC) efficiency initiatives to strengthen service delivery and foster a proactive approach to customer service.

Above and beyond the five aforementioned initiatives, the Bureau also continues to implement previous forward-looking plans and projects, underscoring commitment to performance as a service-driven commercial enterprise.

a. Current Plans of Kaohsiung Harbor:

The port of Kaohsiung currently encompasses five container terminals as stated above. All are at the service to handle a comprehensive range of logistics services promptly and accurately. With an annual handling capacity of 10 million TEU, the port of Kaohsiung is able to handle shipments quickly and effectively—be they imports,
exports, or transshipments. Also supporting both the port's daily business and the bid for Asia Pacific hub business are the updated facilities, equipment, and supporting software. All work in tandem for the benefit of the customers.
The Mission for Kaohsiung Harbor in 21st century is said to be an Asia Pacific marine operation and transshipment center. In order to become one of the most welcomed ports of the world and the most satisfying port to the shipping companies, the main management philosophy will be that of integrated but authorized, professional yet serviceable, the best also excel on service all the time. (Kaohsiung Harbor Bureau: 2000-7)

To effectuate such goals, concrete steps taken so far include: (Kaohsiung Harbor Bureau: 2000-32~33)

(1). Liberalization of Operations in Kaohsiung Port:
A. Such privatization initiatives as the followings are adopted:
   a. Lease container terminals to private operators: To date, 22 container berths have been leased to ten international shippers stevedoring corporation; including Evergreen, Wan Hai, OOCL, APL, Yang Ming, Hyundai, Hanjin, Maersk, Sealand, NYK, and Lein Hai.
   b. Construct new container terminals on a build-own-transfer (BOT) or joint venture basis.
   c. Lease grain silos No. 71 & 72 to the Far Eastern Warehousing Co., Ltd.
   d. Open to competition various port service businesses, including piloting, refueling, tug operations, mooring & unmooring, water supply, and so on in order to improve service efficiency and quality.
   e. Open non-infrastructure operations to private company bid.
   f. Cargo-handling operations have been deregulated in accordance with reform measures. From 1 January 1998, the Bureau approved a total of 25 private cargo-handling contracts (16 firms will handle container operations and 15 will handle general & bulk cargo (with 6 handling both)). The result has been overwhelmingly positive, improving the efficiency and competitiveness of the port.

B. Rationalization of Port Services Hiring Procedures:
Many well-attended meetings were held between the Harbor Bureau and private sector companies interested in taking part in port services contracts. A negotiating session running into ten rounds finally hammered out a
consensus agreement with the port’s Stevedore Union to resolve the latter’s outstanding issues and permit hiring by private companies. The new system, launched on 1 January 1998 ensures that the hiring system used now in Kaohsiung Port is systematic and fair, and in line with international practice.

C. Reduction of Operations Costs for Shippers:
   a. i. Leased container berths may be shared by more than one shipping company.
        ii. Shipping companies may install their own handling equipment or purchase such
   b. from the Harbor Bureau.
   c. As of 1 September 1997, a regime of flexible rates has been in effect to simplify and lower port fees.

Built at cost of NT$4 billion, construction on the Cross-Harbor Tunnel began in May 1981 and was opened to traffic three years later in May 1984. Consisting of a series of interconnected submerged tubes, the tunnel connects Container Terminal No. 3 to the Chunghsing Commercial Port Area on Chichin Island via a 440-meter wide, 14-meter deep fairway. The entire tunnel measures 1,500 meters in length, including 720 meters under harbor waters. The Cross-Harbor Tunnel provides two vehicle traffic lanes and one motorcycle lane in each direction.

(3). Offshore Shipping Center and Shipments Between Taiwan and Mainland China Through Hong Kong:
(Kaohsiung Harbor Bureau: 2000-30)
The Offshore Shipping Center at Kaohsiung Port began its function on 19 April 1997. At present ten ships per month ply the route between the ports of Kaohsiung, Xiamen, and Fuzhou.

On 1 July 1997, foreign shipping companies were formally allowed to run service between Taiwan and Mainland China with cargo destined for a third country port. Under new regulations, cargo could now enter and leave Taiwan for a third country without requiring ship transfer. The resulting transit, handling, and other costs saved are further enhanced by the prospects for ROC shippers to build offshore cross-straits business into a growing share of the Mainland China cargo handling market.

(4). International Logistic Services: (Kaohsiung Harbor Bureau: 2000-31)
The port of Kaohsiung has developed into a cargo handling powerhouse in the Southeast Asia region, owing to its seat as one of the world’s largest container ports, serving a pivotal role as transshipment center for the Asia Pacific region, continually upgrading operational facilities and services, and being blessed with excellent natural conditions and links to extensive global transport networks. Most of the world’s leading international shippers have either set up dispatch centers in leased port warehouses, establish dedicated logistic center nearby, or partnered with local firms to set up facilities.

(5). Transformation of the Export Processing Zones:
At the initial stage of the establishment of the Export Processing Zones (EPZs) the four main goals were attracting industrial investment, promoting foreign trade, creating job opportunities, and introducing modern industrial technology.

Thirty-five years have passed since the first Export Processing Zone (EPZ) was established on December 3, 1966. During the long years of its growth, the EPZ has been expanded from one to three and the original three pieces of sandbank and/or dried fields in the Central Islet of the Kaohsiung Harbor, Houchin of the Nantze District, and the Tantze of Taichung City have been developed into the industrial parks of Kaohsiung, Nantze, and Taichung Export Processing Zones. The EPZs have not only created job opportunities but have also earned a great amount of foreign exchange for Taiwan.
Looking ahead, the EPZs have to change with the times. Products must be upgraded via technological automation. To meet the challenge and make the EPZs become science-and-technology-based parks, the EPZ administration has to work harder in the following areas: 1. promote office automation, 2. improve data processing equipment, 3. review and revise the relevant laws and regulations as needed, and 4. enhance public service. In other words, future directions of EPZs have to be shifted to the followings:

- Accelerate upgrading industries by recreating a sound investment environment;
- Upgrade technological level by strengthening research and development;
- Balance trade development and keep pace with business information;
- Foster cordial relationships between the labor and management by strengthening communication and coordination;
- Prevent from industrial pollution by enriching the environmental protection facilities.

3. Harbor-City Relations:
The 21st century promises to be a new dawn for the oceans and for global shipping. The Port of Kaohsiung is working in close cooperation with Kaohsiung municipal authorities to remold Kaohsiung City into a true “city on the sea”. Kaohsiung Port is on track to becoming a multi-purpose port. While plans are still largely on the drawing board, it is fully realized that success, in addition to implementing appropriate port functions, will rest on close coordination with the needs of Kaohsiung City and its citizens (An area of 153.6 km² and 1.4906 million population) to ensure that the harbor dovetails neatly into overall municipal planning work. The Harbor recognizes that its fate, prosperity, success, and reputation are all tied intimately to that of its neighbor, Kaohsiung City. Much still remains to learn from one another and share together so that the port and city of Kaohsiung becomes much greater than the sum of its two parts. (Yu: 2000-3) The following measures have thus been taken:

(1). Old Port Area Redevelopment: (Kaohsiung Harbor Bureau: 2000-37)
With increasing demands for quality of life, Kaohsiung city residents have requested that the harbor area host more water-oriented recreation facilitation facilities. The Kaohsiung Harbor Bureau responded by mapping out plans for old port’s (Penglai, Yencheng and Lingya) redevelopment that will change these three areas into joint recreation and commercial districts. Together with Kaohsiung’s Love River area, Shousan, and the Chitsin Coastal Park, these three old port areas will quickly find a role in upgrading quality of recreation in the Kaohsiung area.

(2). Facility Development Project: (Kaohsiung Harbor Bureau: 2000-38~40)
   a. Kaohsiung Export Processing Zone (KEPZ) Warehouse and Transshipment Development Project:
The 210 hectares project site, being a free-trade zone, is scheduled for completion in July 2000. With spaces for warehousing, re-exporting, and development of value added production facilities, it is hoped that Taiwan’s international competitiveness can be accelerated.

   b. Unified Sea-Land-Air Transportation Program:
The program leverages the Port of Kaohsiung, the Kaohsiung International Airport, and the well-maintained network of highways and railways feeding the area to establish a powerful transportation hub with a highly advanced EDI network, simplified customs-clearance system, and upgraded service infrastructure.

   c. The Second Freeway Construction project:
The existing North-South Freeway extends for a total of 373 Km, from Keelung to Kaohsiung. The southern end is planned to be extended directly to the entrance of Kaohsiung Port. The Second freeway, running from Keelung to Pingtung, is currently under construction. When completed, it will extend for 333 km, with an additional 68 km of branch roads. In addition to link directly from the First Freeway, a branch road, East-West Expressway and provincial Highway No. 17 running directly to Kaohsiung Port may also access the Second freeway. Lower transportation costs and higher transportation efficiency through the Taiwan network can thus be expected.
d. Plans for Integrated Rail Cargo Transportation:
Once completed, the high-speed rail network servicing Western Taiwan will free current rail lines to service principally for mid/short-run passenger traffic and cargo. The various branch lines running to and within Kaohsiung Port can therefore be synchronized with sea and road cargo lines to form a comprehensive transportation system. This integrated system will deliver lower cost and greater efficient services for port customers.

e. Kaohsiung Multifunction Commerce and Trade Park Project: The 580 hectares project is scheduled to be completed in three phases by 2005. The Park will host numerous functions ranging from container loading, distribution and marketing, warehousing, transshipment business, finance, insurance, telecommunications service, R & D, to recreation.

f. Tainan Science-Based industrial Park project:
Covering a total of 638 hectares, the Park will be completed in two phases-in 2003 and 2009, respectively. Most businesses sited in the park will involve in high technology segments, including R & D and production of IC's, high precision equipment, and agricultural biotechnology.

g. Tidal land reclamation project (South-Star project):
The project will be completed in three phases. Phase 1 will reclaim 1010 hectares by 2008, to accommodate high technology and harbor-related industries. Phase 2 will reclaim 1491 hectares by 2010 for the South International Airport project. Phase 3 will reclaim 1685 hectares by 2020, slated mainly for aerospace-related companies’ use.

h. Intelligence Transportation Systems, ITS

<table>
<thead>
<tr>
<th>Table 1. Development Phases for Kaohsiung Multifunctional Economic and Trade Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Phase</td>
</tr>
</tbody>
</table>
| First Phase: 1999-2001 | °High-technology manufacturing facility  
°Automated warehouse distribution and marketing facilities  
°Employee service center in warehousing and re-exporting area  
°Shipping trade and management center  
°Professional technique training center  
°Information port / information service center  
°Software research & development center  
°Financial service center  
°Enterprise office building  
°International convention center  
°World-trade display center  
°Large-scale shopping center  
°International tourist hotel  
°Commercial port area  
°Port building |
| Second Phase: 2001-2003 | °Culture display and commercial facility  
°Large-scale shopping center  
°International tourist hotel  
°Comprehensive industry and commercial office building |
| Third Phase: 2004-2005 | °International tourist hotel  
°Comprehensive office building and business hotels  
°Commercial port facilities  
°Coastal development area  
°Employee and general residential communities |

4. The Future Direction:

(1) Heading toward becoming the Asia-Pacific Region’s “Transshipment Management Center”:
It is trust that the port of Kaohsiung situating at the hub of Asia Pacific trade routes, with its high quality facilities, and being part of the economic and trading dynamo, Taiwan, will become an even more important port for transcontinental traffic between Asia and North America, Europe/Mediterranean, Australia, and the Middle East.

As a matter of fact, it is hoped that a series of port and city plans stated above will rezone the Kaohsiung Port into

(2) Seeking for Affiliate Harbors: (Chart 9)
In anticipating the ever-growing container business in the Region, besides the improvement of the existing port and its related facilities, Kaohsiung harbor is also looking for affiliate harbors. An Ping Harbor, Ma Kung Harbor and Pu Tai Harbor are thus picked up as the three affiliate harbors of Kaohsiung Port. (Kaohsiung Harbor Bureau: 2000-41~43)

a. An Ping Harbor:
An Ping is located on the southwestern coast of Taiwan. The harbor has a channel of 7.5 meters in depth navigable by ships up to 6,000 DWT. An Ping is currently undergoing renovation to accommodate ships up to 20,000 DWT and is silt to be developed as a multifunctional harbor, with 24-hour operations and routes connecting to Southeast Asia, Northeast Asia, Mainland China, Hong Kong, and Taiwan’s Offshore Islands. The port will also incorporate water recreation and commercial facilities in order to link it even more closely to lives of its neighbors in the Tainan municipal area.

b. Makung Harbor:
MaKung is situated in the Penghu (Pescadores) Islands to the southwest of Taiwan island. The harbor can handle ships of up to 5,000 DWT. It is planned to divide the port into a commercial harbor, fishery port, shipyard, and port expansion area.

c. Pu Tai Harbor:
Pu Tai Harbor that can accommodate ships up to 5,000 DWT is located along the western coast of Taiwan. At present, there are five 7.5-meter deep wharves to accommodate passenger cargo ships serving offshore islands and coastal shipping. It will be developed into a domestic commercial port in the future.

III. Shanghai

l. Shanghai City & Its Master Plan:

Located at the door of Yangtze River of eastern China, Shanghai, a city covers an area of 6,340 square miles and comprises by 13,000,000 population has had a long history of important economic, trade, and industrial base connecting to outside world ever since the 19th century. Its strategic location and viable economy has won herself the name of “Paris in the Orient” long before Hong Kong came into scene.

The preparation of the Comprehensive Plan of Shanghai has been started as early as 1950’s. The successive versions of which have reflected the cultural, economic, and political context of the corresponding historical periods as basic urban planning paradigm shifts as well. During the formation stage of the Plan, China has invited experts from the former Soviet Union to work together with the team from the Construction Ministry. The State Council has approved the Master plan of Shanghai in 1986, the thereafter revision is under way. (Shanghai Urban Planning & Design Research Institute: 2000-5)
In China, the middle of the 1980s witnessed two great events: Deng Xiao ping’s important talk after his inspection trip to the South was published; and the Party 14th Representative Assembly’s decision to open and develop Pudong as dragon head along the Yangtze River and then quickly build Shanghai into one of the international centers of finance and trade. Since then a great constructional surge has soared to unprecedented heights in Shanghai. (Shanghai Society for Urban Studies: 1999)

As natives of Shanghai always are proud of telling their visitors that “small changes take place every single year, big changes occur every three years.” Within a short period of 10 years, the Nanpu Bridge and the Yangpu Bridge have come into their proud existence, spanning the Huangpu River beautifully. In the meantime, high rises are springing up everywhere in all distinctive features and numerous blocks in gardens view with each other in showing ingenuity and originally. According to rough statistics, in Shanghai, there are now as 2,000 tall buildings constructed or being constructed. The Bund, with a history of over one hundred years and the symbol of Shanghai, has its sightseeing promenade greatly extended in the reconstruction. It now looks much more majestic. On the east of the Huangpu River there now stands a 468 meter high television tower, which has established in 1994 and already been put into operation. The long expected metro and the grand overpass have been completed in succession. All of these constructions have filled Shanghai, an international metropolis, with even greater grandeur and fascination.

To be more specific, from 1991 to 1995, there are ten major projects that have been accomplished: i.e. Nanpu bridge (1992), Yangpu bridge (1994), inner road system, Yhaochien port, and electricity engineering, Putong gas engineering, water supply engineering, telecommunication engineering and sewerage engineering system. Another ten major projects have been completed during 1996-2000. i.e., deep-water container port, the second international airport, international/domestic telecommunication engineering, outer freeway and tunnel engineering, No. 2 Subway system, Yui-an tunnel engineering work, Putong Railway system, Putong Sewerage system, East-west Corridor road system and Tzmingisland Tunnel engineering work. (Shanghai Society for Urban Studies: 1999)

To highlight what has been accomplished in Shanghai in post-reform era, the followings are especially worth mentioning:

(1) The urban renewal:
In Shanghai, since 1960’s, redevelopment plans for Fan Gua Long, Ming Yuan cun, and Shi Min cun, has led the way followed later on by some other 23 old built-up areas renewal. Since the reform and opening up, the redevelopment has been speeded up and adopting the measures of introducing foreign investment, land leasing, readjustment of industrial land use in the downtown and etc. And the preparation of the renewal plan for 3.65 million m2 poor-conditioned settlements of huts and sheds provides the planning basis for district renewal work. (Shanghai Urban Planning & Design Research Institute: 2000-12)

(2). Development of new areas:
New area development plans in Shanghai has strong links with the urban economic and social development. During 1950’s, eight industrial quarters including Peng Pu and Tao Pu were planned in the inner suburban area of Shanghai. From the end of 1950’s to 1960’s, five satellite towns were planned and developed. In 1970’s, parallel with the industrial development, Bao Shan Steel Mill and Jin Shan Petro-chemical complex plans were drawn up. In 1980’s, in line with the reform and opening-up policy, Cao He Jin New technical Development Zone, Hong Quio Economic & Technical Development Zone were planned and developed. (Shanghai Urban Planning & Design Research Institute: 2000-15) The Hongqiao Economic and Technological Development Zone, an area of 0.65 square kilometer with a total gross space of over one million squares, is comprised with office towers, hotels,
apartment buildings, commercial and service facilities and foreign consultants as well. (Shanghai Society for Urban Studies: 1999) A World Trade Center with 260,000 square meters of floor space rose in the southwest has added much vitality to the Zone besides the newly developed Cubei New Area. In 1990’s, the focus of new area development has transferred to Pudong New Area, Lujiazui Financial and Trade Zone, Waigaoqiao Free Trade Zone, Jinqiao Export Oriented Processing Zone and Zhangjiang High Tech Park are planned and developed. As a result, more and more new buildings thus flourish on the skyline of Shanghai.

(3). The plans of historic cultural conservation and the scenic spot for tourism:
Historic cultural conservation and the scenic tourist spot are important components in city planning. She Shan Scenic Tourism Area is designated as national scenic area. The Dian Shan Lake Scenic Tourism Area is planned and developed under the prerequisite of environment protection. The three islands of Chong Ming, Chang Xin and Heng Sha in the north are planned as future holiday resorts for Shanghai citizens. (Shanghai Urban Planning & Design Research Institute: 2000-21) The outstanding historical architectural ensemble in the Bund, Yu Yuan Garden (1994); Shanghai Municipal Administration Building (1994), the People’s Square (1998), and the historic cultural famous towns including Song Jiang, Zhu Jia Jiao and etc. all form parts of the historic cultural feature of Shanghai. Besides, Shanghai Museum (1994), Shanghai New Library (1996), Shanghai Grand Theatre (1997), and Jin Mao Building (1998) were constructed and opened to the public.

More specifically speaking, (Shanghai Society for Urban Studies: 1999)

a. The renovation of the Bund completed in 1993 is worth to be noted here. It actually includes three projects: reconstruction of the flood detention wall, street widening and waterfront green space. The renovated Bund provides more traffic lanes and presents picturesque surroundings. In addition, to keep abreast with an international city image, Shanghai is building her Bund Visiting Tunnel in 2000. The Tunnel, with ED 7.48m and ID 6.67m, stretches from the public green at west of Shanghai TV Tower, the Pearl of the East, to the Bund at Nanjing Road East, claiming a total length of 646.7m. It takes only 2.5-5 minutes for closed carriages driven by unmanned locomotive to travel across the Hangpu River at the highest rate of 5,280 passengers per hour.

b. To make Lujiazui the real financial center, Lujiazui Waterfront Promenade was completed in 1997. With a total stretch of 2,500m long and 50-170m wide, the promenade is a landscape project integrating flood prevention, traffic and sightseeing.

(4). The Improvement of the city’s transportation system:
The increasing urban growth of Shanghai set a higher demand on the city’s traffic system. Shanghai’s traffic planning set forth from simple road system, right of way control red line to comprehensive traffic system planning. The urban road and traffic plan, the railed mass transit system plan and the corresponding implementation scheme done have further and more improved the Shanghai Comprehensive Traffic Plan. (Shanghai Urban Planning & Design Research Institute: 2000-24) To name just a few,

a. The West-East Elevated Road (Yan’an Elevated Road) was completed in 1999.

b. The Inner Ring-Road was built in 1994.

c. Line 1 of Shanghai Metro began construction in 1990 and was put into operation in April of 1995.

d. Line No. 2 of the Shanghai Metro was also completed in 2000.

e. Shanghai Light Rail Pearl Line was just completed in 2000 and put into operation.

f. In order to connect Minghang to Highway No. 4 at Xidu, Fengpu Bridge was constructed in 1995. As an important section of the north-south expressway, the bridge serves as a shortcut from Fengxian/Pudong South to Shanghai.

g. Besides Fengpu Bridge, there are three major bridges constructed over the past few years to connect Pudong and Shanghai-Nanpu Bridge was completed in 1992. Yangpu Bridge constructed in 1994. Xupu Bridge was built in 1997.
h. To cope with the ever-growing traffic volume, Grade Separation of Far East Avenue and Shanghai Xin Zhuang Overpass were completed in 1999 and 1998 respectively.

i. Besides the old Hongqiao airport, Shanghai Pudong International Airport was just completed in 1999.

j. To function not only as the center of Yangtze Delta Area but a regional center covering Chiangsu, Jejiang, besides Shanghai-Nanking Expressway, Shanghai-Hangzhou Expressway (Shanghai Section) was built in 1998.

2. Pudong New Area Master Plan:
Pudong New Area is an administrative district of Shanghai. It is located on the eastern side of the Hangpu River, facing across the River the bustling shopping street of Nanjing Road and the Bund. Pudong New Area covers an area of 522.75 square km and composes by 1,560,000 populations. (Shanghai Pudong: 2000) In order to meet the requirement of the Party Central Committee and the State Council on development and opening up Pudong New Area, the Pudong New Area Master Plan has been complied. Due to rapid economic development since 1990’s, her annual average GDP growth reached 20%. In 1999; her GDP growth was that of 16%, which amounts to RMB$800 billion, exceeded the total generated by Shanghai. By the end of 1999, there are altogether 5,942 investment items coming from 67 different countries that have poured into Pudong. Of which, 98 are ranked among the 500 world largest enterprises, amounting to a total of 181 items. (Shanghai Pudong: 2000)

As a focus and epitome of China’s reform and opening-up drive in the 1990s, the development of Pudong is an opening wedge in the task of building Shanghai into one of the international economic, finance and trade centers. It also serves as a locomotive for economic regeneration on Yangtze River Delta and in Yangtze River Valley.
A Waigaoqiao Tax Free Zone
B Jinqiao Export Processing Zone
C Zhangjiang Hi-Tech Development Zone
D Sunjiang Modern Agriculture Zone
E Kangjiang Industrial Park
F Minshing High-Tech Development Zone
G Xinghuo Development Zone
H Jingsunzui Industrial Development Zone
I Lujiazui Financial Center
J Hungchiao High-Tech Development Zone
K Tsachochin High-Tech Development Zone
L JiaDing Industrial Park
M Mingxing Industrial Development Zone
N China Textile Hi-Tech Development Zone
O Songjiang Industrial Park
“Building a Modern Socialist City in an Age of Globalization: the Case of Shenzhen Special Economic Zone, People’s Republic of China”

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INTRODUCTION
This paper examines the evolving role of urban planning in directing development in the first Special Economic Zone established by socialist China as the first step of opening her door in an era of rapid globalization. Once a tiny rural town facing the capitalist mega city Hong Kong, the Shenzhen Special Economic Zone (SSEZ) (Figure 1) has grown in an astounding speed since its establishment in 1980. It is the place where the first land auction took place in 1987; where the first overseas bank established its presence in 1982; and where the first post-1949 Chinese stock came into existence in 1983. More than 13,000 enterprises including 150 global enterprises have invested in it. About 64 per cent of new and high technology enterprises are joint ventures (CAUPD, 2000, p.6). This tremendous economic growth and rapid pace of integration with the world economy have intrigued many researchers. It is the objective of this paper to examine the roles of various actors in influencing development and planning in Shenzhen in an age of globalisation. This paper is divided into two main parts. The first part attempts to deliberate on major issues necessary for a better understanding of developments in SSEZ. Three issues are examined: political and economic transition, integration with the world economy and urban planning. The second part analyses in detail how different actors affect the planning (rhetoric) and development (realities) of the SSEZ over time. The historical account is conveniently divided according to the three Master Layout Plans formulated to cope with new developments in the SSEZ. The paper ends with some concluding remarks.

UNDERSTANDING “GLOBAL-LOCAL” NEXUS IN THE SSEZ

Three Major Variables to be Discussed
Shenzhen Special Economic Zone was first set up in the late 1970s by the Chinese Central Government to resolve socio-economic problems encountered by the centrally administered system at that time. Its establishment symbolises a transition, a shift from the past. Furthermore, Shenzhen was meant to be one of the few ideal testing grounds for the importation of foreign capital and scientific technology and an integration with the world economy. Finally, this transformation began in a rural setting and so required the aid of urban planning. This requires a better understanding of the role of urban planning in the spatial transformation of a region. In sum, the development process in the SSEZ has three inter-related aspects: economic and political transition, increasing integration with the world economy and planning the urbanisation of a rural region.
Political and Economic Transition

Some scholars have applied the transition theory to make sense of the market-oriented transformation of socialist economies including China. As privatisation proceeds, they argue, the market will be installed and democratisation will take place (see Thomas, 1998). Nee (1992), for example, argues that reforms in China can be seen as a transition process in which the economy proceeds from the bureaucratic and command co-ordination towards a market economy, and this transition is characterised by a decentralisation of command and by the infusion of market mechanisms. Informed by this perspective, many researches aim at providing a general picture of different types and scales of marketisation including the types of capital, labour and land and property markets (e.g., Dowall, 1993; Wong and Zhao, 1998; Wu, 1999; Zhu, 1999a). This perspective has special appeal to students of Shenzhen, since it is usually considered as one of the most well-developed markets in China (see the debate between Leaf [1998] and Zhu [1996]).

While highlighting the increasing roles of market forces in shaping the development of the politico-economy, this market transition perspective tends to consider administrative commands as largely irrelevant for understanding and interpretation. This certainly is debatable. Researches (e.g. Zhu, 1994; Tang, 1998) have recently found that the market mechanism is much less developed than what this perspective could deduce and that the state still plays a vital, or even dominant role in urban development at the current stage of reform. Some findings even point to the increasing importance of the local government in accounting for the observed urban expansion. This phenomenon has nothing to do with the privatisation of property rights (Shue, 1995; Tang and Chung, 2000; Wu, 2000).

This recognition of the importance of the state and the local government has led to a few applications of other theories to understand reforms in China. Oi (1995), Unger and Chan (1996), and Walder (1994), for instance, have applied the concept of corporatism to characterise the Chinese state and the local government. Corporatism, as originally conceived in Western Europe, denotes a specific form of political exchange among the state, the capitalist, and the union and business organisations. Unger and Chan (1996) argue that there exhibits in China several features that favour the development of a corporatist structure. Oi (1995) focuses on the application at the local level by even coining the concept of local state corporatism. But, as Yep (2000) has argued emphatically, corporatism exists in form but not in essence in China. Business organisations there do not function as effective communication vehicles between state and society. Also, the existence of heterogeneity among managers hinders collective exchange, if not bargain, with the state. In other words, one has to be more cautious in applying the concept of corporatism to China.

The other is to apply the concept of developmental state to China. The concept came from the Japanese development experience of a close interaction between the state and the economy. Then it was applied to theorise the development experience of the ‘Four Little Tigers’ of South Korea, Taiwan, Singapore and Hong Kong. Recently, Xia (2000) argues that instead of facilitating the market only and maintaining a strong state capacity, China has in fact developed into a dual developmental state. The duality is illustrated by the institutionalisation of the People’s Congress and the Provincial People’s Congress so that they have achieved relative autonomy and identity, distinguishing themselves from other institutions of the state and the Party. Admitting that the developmental state does exist in China, Zhu (1999b) applies the urban regimes theory to understand the development of localism and pro-growth alliance in Shenzhen (see also Xia, 2000: 178-207). Local governments such as Shenzhen are interested in adopting a development strategy that stimulates growth and to expand the revenue base. Under severe competition, the Shenzhen government plays a key role of blending government, market and other non-state actors to form pro-growth coalitions. Tacit agreements are used to subsidise local enterprises in exchange for their tributes in one way or another. In particular, land resources have been a major factor in formulating informal local urban regimes, during the systematic transition towards a socialist market economy.
The application of the urban regimes theory to Shenzhen shows that there are interactions between the local government, on the one hand, and production enterprises and property developers, on the other. However, the ‘business’ interests, in the form of state-owned enterprises, are diverse due to various levels of administrative subordination. The coalition between local government and local industries is so heterogeneous that it is difficult to generalise. This heterogeneity requires a lot more elaboration and research to capture why and how various alliances are formed. More importantly, other than stimulating economic growth and expanding the revenue base, the Shenzhen government also controls the local economy and society for the Central Government. This was an assigned task since its first establishment as a special economic zone. The state’s thinking, intention, programmes and actual actions are important variables to the formation of local alliances. For instance, today’s Shenzhen would be very different if the Central Government did not set it up in 1980 and Deng Xiaopeng did not launch a southern tour to the SSEZ in the early 1990s. Moreover, Sum (1998), in her application of the regulation theory to East Asia, reminds us that the economy is also politically regulated and embedded. This is especially relevant to China, where the Central Government is still influential in organising economic activities. In other words, it is necessary to understand interactions between local government and business and citizens in Shenzhen in the larger context of state practices, and regional and global development.

These research findings suggest that the dramatic development observed in Shenzhen is substantially influenced by the decisions and actions of Central Government and local government in the context of politico-economic transition. We therefore need an analytical framework that is flexible enough to capture the mechanisms at work, including the Central Government. We need a framework which describes the state’s interactions with others though it no longer regulates a local economy and society, such as the SSEZ, all from the centre.

Global-Local Nexus

Being the testing ground for the importation of foreign capital and science and technology, Shenzhen has undoubtedly been integrated with the world economy since its establishment. Levels and types of foreign direct investment utilised and its distribution into various economic sectors and the consequent spatial transformation in Shenzhen are well-documented (Wang and Chiu, 2000; Wu, 1999; Yeh, 2000). However, the understanding of the integration of the SSEZ with the global economy is complicated by the fact that the SSEZ represents a dual transition: a transition from a closed economy to the one integrated with the world economy; and a transition from a centrally administered economy to the one with more relative autonomy.

Olds’ findings (1997) suggest that it is necessary to really unmask the dynamics of the global-local nexus in a local setting. There are many dimensions of globalisation, not just economic but also include political, military and culture. Foreign investment might turn out to consist of a mosaic of contractual arrangements between independent enterprises. There are a lot more institutional building involved in attracting foreign investment. For this matter, the state needs to protect Shenzhen from the trampling of foreign capitals, if not imperialism. Undoubtedly, defensive measures in the form of foreign investment regulations and ordinances or anti-cultural imperialism campaigns would be implemented. And the state is required to relate all these issues with others not directly related to globalisation such as equity and ethnic problems. All these economic, political, cultural, military dimensions cannot solely be handled at the level of the nation-state. The input of the local government is necessary. There would be a division of labour among different levels of the state apparatus to deal with foreign consultancy and the production of technical knowledge, the mosaic of contractual relationships, the design and implementation of foreign investment regulation, the distribution of the benefits and costs of foreign investment, and etc. The particular global-local nexus that Shenzhen experiences depends on how the globalisation issues are conceived, comprehended and assessed, individually and interactively, by the state and Shenzhen government and its inhabitants.
One may investigate the global-local nexus using the network approach as suggested by some scholars (for instance, Xia, 2000: 214-180). Latour (1993) has advised us to step back and ask an even more fundamental question: where does local begin and global end? If local refers to the summation of practices of actors in a defined ‘locality’ and global is the way discrete locales are integrated into ‘long-distance’ networks (that allow the ordering of distant events from a centre), an understanding of the global-local nexus amounts to a tracing of the networks as they extend through space and time. The networks are neither local nor global, but rather more or less connected (see Murdoch, 1995: 749-50). The many dimensions of globalisation and their constitution at different levels mentioned earlier can be represented by a network with the state as the centre. The advantage of this approach is to recognise that the less connected networks between Beijing, the centre, and Shenzhen are equally important to affect urban actions as foreign direct investment. This recognition allows us to avoid downplaying the central-local relations as well as assigning exaggerated explanatory power to foreign capitals. Löfgren’s (2000) study of the response to global challenge from a small city, Trondheim, Norway is a case in point. Tornheim has adopted many strategies, which differ from those of entrepreneurialism and boosterism as identified in the globalisation literature. Instead, the strategies depend more on changing national and regional policies. In other words, the effects of globalisation on Shenzhen’s development could not be understood without paying attention to many governmental practices, including those initiated from the Centre. They may be better grasped with the concept of network as a process.

Planning the Urbanisation of a Rural Region
The SSEZ was built on a greenfield site in a basically rural setting in South China with only two major urban settlements. One was Luohu that was the main customs checkpoint on the border between the mainland and Hong Kong, and a major entrance for Western and Chinese people traveling across the border via the Kowloon-Canton Railway. The other was Shenzhen Old Town serving as a stopover place for cross-border travelers (Yeh, 1985a). There were several small market towns scattered around serving nearby villages. Urban population were 27,366 (Zheng, et al., 1981) in 1978, representing 40 per cent of the total population. Before 1978, the zone was predominantly agricultural in nature with 60 per cent of population classified as rural, and farming constituted almost 70 per cent of the aggregate output value of industry and agriculture (Shenzhen Statistics and Information Bureau, 2000). With everything lacking, the zone required a lot more physical construction. Its spatial planning was construction-biased at the early stage of development. The attraction of foreign investment to the zone, however, means that urban planning has to accommodate the demands of foreign investors. Some of these might be new to, if not in contradiction with, the old system. To accommodate them required the introduction of a new concept of urban development and planning, which might be alien to the old system. The outcomes all depended on the contention among relevant actors, whether local and foreign.

In comparison with the abundant research on land development in Shenzhen (e.g., Tang, 1998; Zhu, 1994, 1999a, 1999b), only a few address its urban planning (e.g., Sun, 1991, 1997; Yeh, 1985a) and most of them are largely out-dated. Some more recent researches on Chinese urban planning reforms in general (e.g. Leaf, 1998; Ng and Tang, 1999a; Yeh and Wu, 1999) might have touched on the situation in Shenzhen, but their elaboration cannot be a substitute for a proper in-depth analysis. Others identify, besides the state, the presence of many more actors in urban development such as unregistered floating population and foreign investors and consider it necessary for urban planners to take up the roles of facilitators of non-state projects (Khakee, 1996: 130) and mediators of different interests (Yeh and Wu, 1999: 221). In the end, urban planning serves the objective of promoting economic growth in a transitional economy. Evidence suggests that these conceived new roles exist in form rather than in essence. A regulatory system that recognises the rights of autonomous agents is still not in place yet.

Besides, Tang (2000), informed by Yiftachel (1998), argues that there is the dark side of urban planning: it is used by the state to control the economy and the society. It would be interesting to see how formulation and
implementation of the master layout plans in the case of Shenzhen have been contemplated, established, evaluated and monitored by the state right from the very beginning. As argued earlier, the state has many concerns, one of which is to balance the development of Shenzhen with those of other regions. Although it is necessary to entertain the demand of foreign investors, the state must contain their demand with a certain limit that is more widely acceptable by other social groups and regions. Again, the central state and its control through urban planning must be an important component of a decent analysis of urban development in Shenzhen.

THE CASE OF SHENZHEN

As a special economic zone, the master layout plan of the SSEZ has to obtain approval from the municipal government, local people’s congress, provincial authority and finally, the State Council for approval. The State Council had the right to make adjustments regarding major policy issues formulated in draft master plans. As a result, the Central Government might exert influence over local development whenever it considers appropriate. In any case, the Central Government has played a very important role specifying the exact nature of the SSEZ from the very beginning (Ng and Tang, 1999b). Table 1 outlines the different stages of development of the Shenzhen Special Economic Zone (SSEZ). In China, the calculation of total land use is based on population size including basic population, service population and their dependents. Since the SSEZ was built almost from scratch, it was difficult to forecast the development of the basic sectors and major projects, the Central Government, therefore, had to rely on targeted rather than forecasted population. Three Master Layout Plans have been made in the history of the SSEZ. Table 2 lists the land use targets in the three Plans. In the following, we will investigate major forces influencing development and planning in the SSEZ.

1980-1985: From a Border Town to the First Special Economic Zone

Building a Special Economic Zone to Attract Foreign Investment: The First Master Layout Plan of the Shenzhen Special Economic Zone (1982)

Once a sleepy border town, Shenzhen was chosen by the Central Government as the first Special Economic Zone in China to attract foreign investment for its modernization endeavour. Planning played an important role in directing its subsequent growth and development. In the first draft “Master Layout Plan of Shenzhen” made in August 1980, it was planned “to develop Shenzhen into an industry-led modernized SEZ at the border, based on the integration of agricultural and industrial development” (Gu, 1998, p.89). The boundary of the zone would be 327.5 sq.km. and the city planned area: 49 sq.km. Planned population by 1990 would be 300,000 and long term planning target 600,000 (op cit., 1998, p.89). However, the Central Government rejected this modest blueprint because the Hopewell Group from Hong Kong approached Beijing and suggested the development of Futien into an area (32 sq.km.) with 700,000 population (Lin, 1983; Yeh, 1985a). In July 1981, the Central Government demanded that SSEZ should be developed into a large industrial city and a multi-function new town specializing on commercial, agricultural, residential and tourist activities. The Central Government also ordered the formulation of a Shenzhen Social and Economic Outline Plan (SSEOP) to integrate economic development in Shenzhen and direct its physical development.

With the help of the local economic planning commission and the city planning department, the Municipal Party Committee drafted the SSEOP in November 1982. According to various sources (Chiu, 1986; Shenzhen Museum, 1999; Wong, 1985), the SSEOP specified that:

- Shenzhen would become an economic entity embracing tourism, manufacturing, agricultural production, commercial and real estate development.
- Industrial growth was accorded top priority, focusing on high-tech and capital-intensive activities.
- Agriculture in Shenzhen will provide food for the growing population in Hong Kong and Shenzhen.
### Table 1: Master Layout Plans in Shenzhen Special Economic Zone (SSEZ)

<table>
<thead>
<tr>
<th>Year</th>
<th>Planning Document</th>
<th>Boundary of (km²)</th>
<th>Planning Area (km²)</th>
<th>Planning Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>City and Town Development Plan</td>
<td>Bao’an county was turned into Shenzhen Municipality: 2,020</td>
<td>10.65</td>
<td>Short term: 100,000, Long term: 200,000-300,000</td>
</tr>
<tr>
<td>1980</td>
<td>Draft Master Layout Plan</td>
<td>SSEZ: 327.5 Built-up area: 60.0</td>
<td>49.00</td>
<td>Short term: 300,000, Long term: 600,000</td>
</tr>
<tr>
<td>1982</td>
<td>Shenzhen Socio-Economic Outline Development Plan (SSEODP) and the First Master Layout Plan</td>
<td></td>
<td>110.00</td>
<td>1985: 250,000, 1990: 400,000, 2000: 800,000</td>
</tr>
<tr>
<td>1986</td>
<td>Second Master Layout Plan</td>
<td></td>
<td>123.00</td>
<td>1990: 600,000, 2000: 1,100,000</td>
</tr>
<tr>
<td>1989</td>
<td>The Comprehensive Report on Modifications of the Second Master Layout Plan</td>
<td></td>
<td>150.00</td>
<td>2000: 1,300,000-1,500,000</td>
</tr>
<tr>
<td>1993</td>
<td>Bao’an and Longgan Counties were turned into Districts for better planning and co-ordinated development. A new Master Layout Plan is warranted.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>Modification of Master Layout Plan started.</td>
<td></td>
<td>170.00</td>
<td>2000: 1,500,000-1,700,000</td>
</tr>
<tr>
<td>1995</td>
<td>Municipal Government approved the Outline for Modifying the Shenzhen Master Layout Plan</td>
<td>urban land use: 100 m²/capita</td>
<td></td>
<td>2010: within 5,000,000</td>
</tr>
<tr>
<td>1996</td>
<td>Draft Third Master Layout Plan</td>
<td>Planning Area: 2,020 (SSEZ)</td>
<td>2000: 4,000,000-4,200,000 (1.73-1.8 million in SSEZ)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Built-up Area: 2000: 380 (SSEZ: 130)</td>
<td>2010: 4,300,000-5,100,000 (1.8-2.2 million in SSEZ)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2010: 480 (SSEZ: 160)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>Third Master Layout Plan approved by the State Council</td>
<td></td>
<td>Same as above.</td>
<td></td>
</tr>
</tbody>
</table>
Table 2: Planned Land Use Distribution in the Shenzhen SEZ

<table>
<thead>
<tr>
<th>Land use</th>
<th>1st Master Outline Plan</th>
<th>2nd Master Plan</th>
<th>3rd Master Plan (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land area (in sq km)</td>
<td>% of total area</td>
<td>Land area (in sq km)</td>
</tr>
<tr>
<td>Residence</td>
<td>20.0</td>
<td>20.41</td>
<td>22.35</td>
</tr>
<tr>
<td>Industry</td>
<td>15.0</td>
<td>15.31</td>
<td>18.48</td>
</tr>
<tr>
<td>Warehouse and storage</td>
<td>6.5</td>
<td>6.63</td>
<td>5.33</td>
</tr>
<tr>
<td>Public and community facilities</td>
<td>13.0</td>
<td>13.27</td>
<td>13.84</td>
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<tr>
<td>Public utilities</td>
<td>4.0</td>
<td>4.08</td>
<td>2.48</td>
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<tr>
<td>Tourism</td>
<td>4.0</td>
<td>4.08</td>
<td>11.70</td>
</tr>
<tr>
<td>Open space</td>
<td>11.0</td>
<td>11.22</td>
<td>14.21</td>
</tr>
<tr>
<td>External communications</td>
<td>4.0</td>
<td>4.08</td>
<td>11.33</td>
</tr>
<tr>
<td>Road and public squares</td>
<td>14.0</td>
<td>14.29</td>
<td>17.73</td>
</tr>
<tr>
<td>Commerce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government, institution &amp; community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>6.5</td>
<td>6.63</td>
<td>0.82</td>
</tr>
<tr>
<td>Total</td>
<td>98.0</td>
<td>100.00</td>
<td>122.76</td>
</tr>
</tbody>
</table>


The First Master Layout Plan of Shenzhen (Figure 2) was made after the completion of the SSEOP. It was expected that the SSEZ would be transformed from a predominately agricultural county to a city where industry and tertiary activities were leading economic sectors to propel growth and employment opportunities (Table 3). Industry was expected to expand and tourism would boom and 9,000 hotel rooms were planned to accommodate 1.4 million projected tourists by 2000. The general planning strategy was to create an environment conducive to foreign investment in industry, housing, tourism; and to maximize the utilization of land and other natural resources to build urban infrastructure to attract foreign investment (Yeh, 1985a). Ten industrial districts with a total area of 15 sq.km. were identified: Futian, Bagualing, Shahe, Houhai, Shekou and Nantou for a variety of industries and Shangbu (electronics), Shuibei (machinery and hardware) and Liantang (textiles) (Chiu, 1986). According to this Plan, Shenzhen would be developed into a linear city with a planned population of 250,000 in 1985; 400,000 in 1990 and 800,000 in 2000. The SSEZ was divided into three zones (Table 4). Endowed with rich natural resources, the region was planned for tourist and residential development. Yantian, now a container port, was then identified as a fruit growing and fish-breeding ground. The middle region was the major focus of urban development whereas the western region would basically be an industrial region.
Table 3: Major development targets of the Shenzhen SEZ

<table>
<thead>
<tr>
<th>Indicators</th>
<th>SEZ in 1980</th>
<th>Planned targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1985</td>
<td>1990</td>
</tr>
<tr>
<td>Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>94,100.0</td>
<td>250,000.0</td>
</tr>
<tr>
<td>% Non-agricultural</td>
<td>57.6</td>
<td>84.0</td>
</tr>
<tr>
<td></td>
<td>80,000.0</td>
<td></td>
</tr>
<tr>
<td>% Non-agricultural</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVIAO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Rmb million yuan)</td>
<td>76.7</td>
<td>1,280.0</td>
</tr>
<tr>
<td>% GVIO</td>
<td>66.0</td>
<td>94.0</td>
</tr>
<tr>
<td>% GVAO</td>
<td>34.0</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td>99.0</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41,000.0</td>
<td>125,000.0</td>
</tr>
<tr>
<td>% In agriculture</td>
<td>39.0</td>
<td>16.0</td>
</tr>
<tr>
<td>% In industry</td>
<td>22.0</td>
<td>32.0</td>
</tr>
<tr>
<td>% In services</td>
<td>39.0</td>
<td>52.0</td>
</tr>
<tr>
<td></td>
<td>32.0</td>
<td></td>
</tr>
<tr>
<td>Per capital output (Rmb Yuan)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVIAO</td>
<td>905</td>
<td>5,555</td>
</tr>
<tr>
<td>Other targets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Built up area (in sq. km.)</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td>No. of housing units</td>
<td>60,500</td>
<td>100,000</td>
</tr>
<tr>
<td>No. of factories</td>
<td>69</td>
<td>200</td>
</tr>
<tr>
<td>No. of tourists (‘000’)</td>
<td>500</td>
<td>900</td>
</tr>
<tr>
<td>No. of hotel rooms</td>
<td>2,500</td>
<td>5,500</td>
</tr>
</tbody>
</table>

Notes:
GVIAO: Gross Value of Industry and Agricultural Output
GVIO: Gross Value of Industrial Output
GVAO: Gross Value of Agricultural Output
Table 4: Major functions and the target population of planning districts in the First Master Layout Plan

<table>
<thead>
<tr>
<th>Regions</th>
<th>Planning districts</th>
<th>Major functions</th>
<th>Usable land (sq km)</th>
<th>Target population ('000')</th>
<th>Population density (persons/sq km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern</td>
<td>Shatoujiao</td>
<td>Commerce, residence</td>
<td>2.60</td>
<td>30</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td>Yantian</td>
<td>Fishery, agriculture, industry</td>
<td>5.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dameisha &amp; Xiaomeisha</td>
<td>Tourism</td>
<td>1.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eastern</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Luohu</td>
<td>Commerce, residence, industry</td>
<td>2.00</td>
<td>110</td>
<td>55,000</td>
</tr>
<tr>
<td></td>
<td>Shenzhen Town</td>
<td>Commerce, residence, industry</td>
<td>4.00</td>
<td>40</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Liantang</td>
<td>Industry</td>
<td>3.00</td>
<td>15</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Reservoir District</td>
<td>Tourism, residence</td>
<td>4.40</td>
<td>30</td>
<td>6,800</td>
</tr>
<tr>
<td>Central</td>
<td>Shangbu</td>
<td>Industry, residence, warehouse</td>
<td>10.00</td>
<td>60</td>
<td>6,000</td>
</tr>
<tr>
<td>Western</td>
<td>Futian New Town</td>
<td>Comprehensive</td>
<td>30.00</td>
<td>300</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Chegongmiao</td>
<td>Comprehensive</td>
<td>6.00</td>
<td>25</td>
<td>4,200</td>
</tr>
<tr>
<td></td>
<td>Xiangmihu</td>
<td>Tourism</td>
<td>2.10</td>
<td>1</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>Agronomic Institute</td>
<td>Scientific education and research</td>
<td>4.00</td>
<td>4</td>
<td>1,000</td>
</tr>
<tr>
<td>Western</td>
<td>Shekou Industrial Zone</td>
<td>Mainly industry</td>
<td>2.30</td>
<td>50</td>
<td>21,700</td>
</tr>
<tr>
<td></td>
<td>Shahe</td>
<td>Mainly industry</td>
<td>12.00</td>
<td>40</td>
<td>3,300</td>
</tr>
<tr>
<td></td>
<td>Houhai</td>
<td>Comprehensive, education</td>
<td>6.00</td>
<td>30</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Xili Reservoir</td>
<td>Tourism</td>
<td>3.00</td>
<td>3</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Chiwan Port District</td>
<td>Industry, port, supporting base</td>
<td>5.00</td>
<td>30</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>Nantou</td>
<td>Industry, comprehensive</td>
<td>6.10</td>
<td>32</td>
<td>5,200</td>
</tr>
</tbody>
</table>


Realities: A Centrally-Owned Special Economic Zone

In the first two years of its existence, overseas investment made up about 40 per cent of the capital construction investment (Table 5). However, the investments were largely into real estate development and the amount experienced steady decline then (Wong, 1985; Chiu, 1986). Inadequate physical and legal infrastructure deterred many potential investors: only three of the 10 planned industrial districts were completed and ready to host industries in 1985 (Wong, 1985). One of them was the Shekou Industrial District which was set up by the State Council in 1989 and is owned by the China Merchant Steam Navigation Company (CMSNC), under the Ministry of Communication. Another one was Shangbu, where one sq. km. of land was allocated to the Ministry of Electronic Industry and several additional pieces of land were allocated to other central departments. Since not much foreign investment was attracted to these industrial districts then, the Shenzhen Government had to turn to domestic sources of investment. To attract investment from the central ministries, tax exemption and free land tracts were offered. In 1984, enterprises of more than 24 bureaux and departments from the Central Government had committed investment in Shenzhen, either operating factories or building industrial estates.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FA of CCI</th>
<th>FA of CCI in SSEZ (%)</th>
<th>State Outstanding Investment %</th>
<th>Servicemen from Overseas %</th>
<th>Domestic Loans %</th>
<th>Securities %</th>
<th>Local Government Investment %</th>
<th>Fund raised Locally %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>315</td>
<td>90.4</td>
<td>38.6</td>
<td>50.6</td>
<td>70.6</td>
<td>9.8</td>
<td>7.7</td>
<td>11.3</td>
</tr>
<tr>
<td>1991</td>
<td>279</td>
<td>90.8</td>
<td>37.7</td>
<td>49.7</td>
<td>71.6</td>
<td>10.4</td>
<td>12.1</td>
<td>13.4</td>
</tr>
<tr>
<td>1992</td>
<td>485</td>
<td>92.7</td>
<td>41.7</td>
<td>57.4</td>
<td>10.4</td>
<td>8.6</td>
<td>10.2</td>
<td>15.4</td>
</tr>
<tr>
<td>1993</td>
<td>886</td>
<td>94.4</td>
<td>47.8</td>
<td>63.0</td>
<td>21.6</td>
<td>15.6</td>
<td>8.6</td>
<td>19.6</td>
</tr>
<tr>
<td>1994</td>
<td>1,413</td>
<td>95.0</td>
<td>51.2</td>
<td>62.0</td>
<td>21.4</td>
<td>16.2</td>
<td>10.2</td>
<td>24.2</td>
</tr>
<tr>
<td>1995</td>
<td>2,691</td>
<td>93.2</td>
<td>50.0</td>
<td>60.0</td>
<td>20.8</td>
<td>15.6</td>
<td>13.0</td>
<td>28.8</td>
</tr>
<tr>
<td>1996</td>
<td>1,816</td>
<td>95.3</td>
<td>50.6</td>
<td>61.0</td>
<td>20.0</td>
<td>15.6</td>
<td>10.0</td>
<td>30.0</td>
</tr>
<tr>
<td>1997</td>
<td>5,167</td>
<td>92.8</td>
<td>54.3</td>
<td>64.0</td>
<td>17.6</td>
<td>14.4</td>
<td>9.7</td>
<td>15.7</td>
</tr>
<tr>
<td>1998</td>
<td>3,951</td>
<td>92.8</td>
<td>57.5</td>
<td>63.0</td>
<td>17.2</td>
<td>13.6</td>
<td>10.2</td>
<td>22.0</td>
</tr>
<tr>
<td>1999</td>
<td>4,316</td>
<td>97.0</td>
<td>51.0</td>
<td>60.0</td>
<td>17.0</td>
<td>12.0</td>
<td>11.1</td>
<td>31.9</td>
</tr>
</tbody>
</table>

### Notes:
- **Total FA of CCI:** Total Financial Appropriation of Capital Construction Investment in Shenzhen Municipality
- **FA of CCI in SSEZ (%)**: The percentage of Shenzhen SSEZ’s Financial Appropriation of CCI in total FA.

### Sources:

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*Note: The breakdown of total capital construction investment is slightly different between the 1990s and the 1990s as indicated in Shenzhen Statistics Factbook.*
Nevertheless, the SSEZ achieved a high rate of economic growth between 1979 and 1985. As indicated in Table 6, Shenzhen surpassed almost all its economic and production targets set out in the plans. The zone’s GVIO by 1985 was more than two billion yuan, almost doubling the target. Within a period of six years, GDP of the SSEZ expanded more than 18 times to reach Rmb 2.7 billion. The most dramatic change was the sharp decline of the share of agriculture and the growing importance of the secondary sector including industry and construction. Tertiary sectors also became an important economic activity. However, the aim to transform Shenzhen into an industrial city was not fully realized because it was construction rather than industry that primarily added to the increase of the secondary sector (SUPB and CAUPD, 1986).

In 1985, total fixed asset investment in Shenzhen Municipality reached Rmb 3.3 billion and 83 per cent of this was for building and expansion of capital construction. Although the SSEZ was built to attract investment, most of the capital construction investment came from domestic sources, including credits from Chinese state banks and investment from domestic enterprises. Hence, the SSEZ became highly susceptible to China’s fiscal and credit policies. For instance, when the Central Government adopted very stringent fiscal and credit policies to cool down the overheated construction programmes, the amount of fixed asset investment in Shenzhen shrank to Rmb 2.4 billion.

The construction programme and the setting up of industrial zones had led to rapid population growth. Between 1980 and 1985, permanent residents had increased 217.7 per cent per annum and temporary population increased 40,000 per year (SUPB and CAUPD, 1986, p.6). In 1985, population reached 470,000, over half of these were temporary residents who were not considered in either the master plan or SSEOP. In 1985, the SSEZ’s built up area reached 48 sq.km., more than doubled the planned target. Rapid growth of the SSEZ had led to many urban problems: inadequate infrastructure provision and public facilities; traffic problems in Luohu and Shangbu (SUPB and CAUPD, 1986) and pollution problems as a result of industrialization.

By 1985, the SSEZ was facing new challenges, again not unrelated to Central Government policies. In 1984, the Central Government decided to open another14 coastal cities to attract foreign capital and advanced technology. Although the SSEZ was promoted by the State Council to become a “window”, not just a “laboratory” of China with national significance (Shenzhen Museum, 1999), internal competition for foreign direct investment put pressure on the SSEZ to upgrade its infrastructure and urban environment. 1984 also saw the signing of the Sino-British Joint Declaration that confirmed the return of colonized Hong Kong to the China mainland in 1997. Hence, the SSEZ had to reconsider its role in the wider regional context. Hence, by 1986, the local government decided to build an export-oriented economy that would lead to dramatic increase of foreign direct investment and international trade.

1986-Early 1990s: Industrial Take-off to Economic Restructuring
Second Master Layout Plan of SSEZ (1986): Building an Export-oriented Industrial Zone
The Chinese Academy of Urban Planning and Design together with the Planning Department started to formulate the second master layout plan in late 1984 and the first draft was completed in 1985. In May 1986, the Shenzhen Urban Planning Committee was set up to refine the draft plan. The Second Master Layout Plan of the SSEZ (Figure 3) was not approved by the provincial government until 1989 but the Central Government never approved it. The plan aimed at developing the SSEZ into an export-oriented economy spurred by overseas investment (SUPB and CAUPD, 1986, p.5). From 1986 to 1990, the SSEZ would experience growth of its export-oriented economy and by the end of 2000, the Zone would become a modernized, outward-looking metropolitan city with industrial, port, trading and tourism development. Shenzhen would join Hong Kong and Guangzhou to be the three key cities in the golden triangle of the PRD (Table 6).
Table 6: Major development targets of the SSEZ outlined in the second master plan

<table>
<thead>
<tr>
<th>Indicators</th>
<th>SEZ in 1985</th>
<th>Planned targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990</td>
<td>1995</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>469,800</td>
<td>600,000</td>
</tr>
<tr>
<td>Temporary</td>
<td>237,900</td>
<td>200,000</td>
</tr>
<tr>
<td>% Temporary</td>
<td>50.6</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Industrial development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVIO (Rmb 10,000 yuan)</td>
<td>200,869</td>
<td>630,000</td>
</tr>
<tr>
<td>No. of industrial districts</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Employment in industry (10,000 person)</td>
<td>11.45</td>
<td>11.45</td>
</tr>
<tr>
<td>Per capital output (Rmb Yuan)</td>
<td>55,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Land area of industry (km²)</td>
<td>18.48</td>
<td>18.48</td>
</tr>
<tr>
<td><strong>Planned Capital Construction Investment (Rmb 10,000 yuan)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>175,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Commercial buildings</td>
<td>53,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Office buildings</td>
<td>55,340</td>
<td>20,000</td>
</tr>
<tr>
<td>Tourism</td>
<td>41,325</td>
<td></td>
</tr>
<tr>
<td>Public buildings of residential districts</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Culture &amp; Entertainment</td>
<td>7,250</td>
<td>7,550</td>
</tr>
<tr>
<td>Sports</td>
<td>7,500</td>
<td>13,000</td>
</tr>
<tr>
<td>Education</td>
<td>10,490</td>
<td>8,740</td>
</tr>
<tr>
<td>Health</td>
<td>9,500</td>
<td>10,000</td>
</tr>
<tr>
<td>Urban streets</td>
<td>32,690</td>
<td>16,580</td>
</tr>
<tr>
<td>Elevated intersections</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Pedestrian flyovers</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Parking lots</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Regional roads</td>
<td>12,384</td>
<td></td>
</tr>
<tr>
<td>Expressway</td>
<td>25,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Railway</td>
<td>6,300</td>
<td>15,000</td>
</tr>
<tr>
<td>Port &amp; docks</td>
<td>34,200</td>
<td>22,000</td>
</tr>
<tr>
<td>Water supply</td>
<td>6,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Drainage</td>
<td>4,763</td>
<td>1,000</td>
</tr>
<tr>
<td>Electricity</td>
<td>25,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Post &amp; telecommunication</td>
<td>29,640</td>
<td>2,968</td>
</tr>
<tr>
<td>Shenzhen International Airport*</td>
<td>20,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Others</td>
<td>30,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>631,382</td>
<td>508,550</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>168,038 (Rmb) &amp; 4.47 billion (USD)</td>
<td></td>
</tr>
<tr>
<td><strong>Other targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Built up area (in sq. km.)</td>
<td>48</td>
<td>60</td>
</tr>
<tr>
<td>Total floor area of residence (10,000 sq m)</td>
<td>408</td>
<td>758</td>
</tr>
<tr>
<td>No. of factories</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:
GVIO: Gross Value of Industrial Output
*: CCI for the airport should include additional USD 250 million.

The SSEZ would shed its agricultural activities to Bao’an district and focus on industrial and service sector developments. Major economic sectors would include industry, commerce, trade, tourism and finance. Major industries would include capital- and technology-intensive industries, electronic industries, machinery, food, high-end construction and building materials, electrical and textile industries. A total of 18.48 sq.km. of land in 15 planned industrial districts was assigned for the building of 2,000 to 3,000 factories. Industrial output was planned to grow by an annual increase of 16 to 18 per cent. From 1986 to 1995: the SSEZ planned to have Rmb 1.7 billion and USD 4.5 billion investment.

Six major planning principles were adopted (SUPB and CAUPD, 1986, pp.4-5):

- Strategic planning of land use, transport and communication development to enhance Shenzhen’s hub functions and as the window of China to the outside world.
- Developing self-sufficient urban clusters with different characters in the linear city, with green belts as buffer zones.
- Adopting planning standards which are suitable for the needs of the SSEZ.
- Being flexible to accommodate future changes.
- Focusing on balanced and comprehensive development.
- Developing the SSEZ into a place with characters.

The Second Master Layout Plan had to address a number of issues bequeathed from the development of a “centrally-owned” special economic zone. As different bureaux and departments have set up their own “factories” or “communities” in the SSEZ, their “autonomous” management and development had led to segregation of “communities” and very often, uncoordinated spatial development. Polluting industries were also a problem. A related issue was about traffic congestion problems within and between urban clusters. Planners then also realized that Shenzhen should not copy from Hong Kong the form of high-density urban development and should develop its own characteristics. Nevertheless, the SSEZ should consider better coordination and planning with the Hong Kong Special Administrative Region. The SSEZ also designated three major conservation areas: Chegongmiao Mangrove Nature Reserve, Nantou Litchi Forest, Dapengwan Waterfront Beach.

Table 7 shows the planned uses of different urban clusters in the SSEZ. Within the 327.5 sq.km. of the SSEZ, 160 sq.km. or 76.8 per cent of the Zone was built up areas. Five self-contained urban clusters with green belts in between were identified. This multi-centred structure aimed at mimimizing commuting and the green belts could serve as green lungs. The eastern cluster remains basically for residential and tourist development though Yantian became a designated port. The Louhu-Shangbu became mixed-uses districts. Futian was officially designated as the future administrative, financial and commercial centre of the city. The western clusters such as Shahe has the Shenzhen University and Huaqiao Cheng, a China Travel Services owned property which was designed by a Singaporean consulting Corporation called Dadi. Nantau cluster contains several industrial districts, including the science park. Regionally, SSEZ had to improve connections with Hong Kong and the PRD. New custom checkpoints were introduced at Huanggang and other facilities to accompany the HK-ZH-GH highway (SUPB and CAUPD, 1986).
Table 7: Major functions and target population of planning district in the Second Master Layout Plan of SSEZ

<table>
<thead>
<tr>
<th>Clusters</th>
<th>Major areas included</th>
<th>Major functions</th>
<th>Located in which administrative district</th>
<th>Land area (sq km)</th>
<th>Target population ('000')</th>
<th>Population density (persons/sq km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern</td>
<td>Shatoujiao</td>
<td>Commerce, residence Port, industry Tourism</td>
<td>Shatoujiao District</td>
<td>65.0</td>
<td>50</td>
<td>769</td>
</tr>
<tr>
<td></td>
<td>Yantian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dameisha &amp; Xiaomeisha</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Luohu</td>
<td>Commerce, residence, industry and warehouse</td>
<td>Luohu District</td>
<td>74.2</td>
<td>180</td>
<td>2426</td>
</tr>
<tr>
<td>Luohu &amp; Shangbu</td>
<td>Liantang</td>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shangpu district</td>
<td>Administration, industry and residence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futian</td>
<td></td>
<td>Major functions: international finance, trade, commerce, convention center and tourist facility Other functions: comprehensive development of industry, residence and tourism</td>
<td>Shangpu District</td>
<td>68.8</td>
<td>400</td>
<td>5814</td>
</tr>
<tr>
<td>Shahe</td>
<td>Huaqiang Cheng</td>
<td>Culture, tourism, industry and residence Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experimental University</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nantou</td>
<td>South China Sea Oil industry supporting base Science Park Shenzhen University Nantou Town Maowan Port Qianhai Industrial Reserve</td>
<td>Mainly industry High-tech industry Education Industry, comprehensive Port, industry Mainly industry</td>
<td>Nantou District</td>
<td>108.1</td>
<td>220</td>
<td>2035</td>
</tr>
<tr>
<td></td>
<td>Shekou Industrial Zone</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shekou Town</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chiwan Port</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

However, all these good planning ideas were constrained by the planned population figure, defined by the Central Government. The State Council set an upper limit for the zone’s permanent population: 800,000 in 2000 which the local government had to follow. While the local government had tried to control the number of incoming population, between 1979 and 1984, the SSEZ had experienced an annual increase of 217.7 per cent in permanent residents and more than 40,000 people flew into the zone as temporary residents each year (SUPB and CAUPD, 1986, p.6). To cope with the rapid increase of the population, substantial investment was made in social, education and other urban services: 179 residential districts were planned for the growing population; Rmb 11.4 billion would be spent to build urban and commercial infrastructure. The infrastructure built would cater for 1.5 million population whereas the transportation system would serve a population of 2 million.

**Realities: Economic Restructuring, Deindustrialization…**

When industrialization was underway in Shenzhen, the introduction of a land market, the transfer of land use right, in 1987 had led to a boom of property development and increased extra-budgetary capital for the local government to improve infrastructure and implement development plans. However, much of the land had been given free of charge or at considerably low prices to various state enterprises before the land reform. 76.8 sq.km. (49.5%) of the 155 sq.km. of usable land were given away or leased out by 1987 (Shenzhen Municipal Government, 1997; Zhu, 1994). From 1988 to 1990, another 26.6 sq.km. was taken up by land users (Zhu, 1994). From 1991 to 1996, the figure was doubled to 48 sq.km. and 64 per cent of which occurred between 1991 and 1993 when property development was overheated in China (Shenzhen Real Estate Markets Yearbook Compiling Committee, 1998). The ratio of occupied land to total usable land resource was 49.5 per cent in 1987 and was increased to 66.7 per cent in 1990 (Zhu, 1994). According to Li and Wang (1998, p.41), usable land amounted to less than 200 sq.km. and 110 sq.km. of which are leased out. If land leasing continued at a rate of 5 sq.km. per year, land will then be used in 15 years time. Land hoarding is also a problem in the SSEZ. In 1996, 18 sq.km. of land in SZ was hoarded and not readily accessible to the real tenants. According to Wang (1998, p.142), the problem of levelled but not developed land was 200 sq.km. and eroded land alone was 170 sq.km. Planning therefore has to justify existing uses or it would be very difficult to resume land for infrastructure development.

The rise of the land market has led to economic restructuring in the young Special Economic Zone. In 1988, industrial land occupied more than 20 sq.km, exceeding the planned target in the Second Master Layout Plan. The amount was increased to 25 sq.km. (Shenzhen Municipal Government, 1997). However, very quickly economic restructuring, rising land and production costs and regional competition phased out traditional industries and industrial land declined to 14.12 sq.km. in 1994. In 1992, Bao’an and Longgang Districts were designated as the new industrial sectors in Shenzhen. High-tech industries started to gain prominence in the 1990s. Since 1991, the tertiary sector has become the largest beneficiary of capital construction investment, receiving over half of the total capital construction investment.

The economic restructuring process had been coupled with rapid population growth. From 1986 to 1989, total population in the SSEZ experienced 30 per cent annual growth and increased more than two-fold to reach one million, much higher than the original target of 800,000 for the year 1990. Since 1987, the number of temporary residents has outgrown the permanent ones. Although the Government modified the plan with new targets: 800,000 permanent population in 2000 and 7,000,000 temporary population. The growth of temporary population between 1990 and 1999 expanded to 1.15 million, 65 per cent higher than the planned figure.

Population growth had exerted pressure on spatial development. Development intensity increased in Luohu and Shangbu. To ease development pressure at this cluster, planners assigned residential projects to Futian and Nantou, resulting in a sharp increase of traffic between clusters. However, as secondary road networks were not well developed then, moving people around became a major problem in the 1990s. There were also problems of
fresh water shortage and environmental problems (Shenzhen Municipal Government, 1997; Ng, forthcoming).

The changing regional context also challenged planning in the SSEZ. In 1994 alone, 52 million people and 7 million vehicles crossed the border at the 12 checking points between Hong Kong and Shenzhen (Shenzhen Municipal Government, 1997). In 1987, the central authority decided to deepen the open policy by announcing more special economic zones including Hainan Province, and in 1990, Shanghai became an open city. In response, Shenzhen local government, under the approval of the State Council, set up two tax-reducible zones at Futian and Shaotoujiao in an effort to attract international mobile capital. During the early 1990s, SEZs were attacked by political conservatives who were concerned with coastal-inland disparities (Sklair, 1992; Shenzhen Museum, 1999). To counteract the attack, Deng, Xiaoping and Jiang, Zemin made several trips to Shenzhen in 1992 and 1994 to show the reformists’ support for the SSEZ and urge the local government to restructure its economy (Shenzhen Museum, 1999).

However, planners have also realized that in the course of modernization, the wider streets have lost their vitality; higher buildings lack “human scale”; expanded road spaces have lost their functions as social spaces for the people to meet…. Many have advocated a restructuring of the city to create a strong urban image and open spaces championing local culture and identity (Liu and Zhang, 1999; SSEZ Daily, May 16, 1999).

Early 1990s- :From a Special Economic Zone to a World Class City

Building Shenzhen into a World Class City: The Third Master Layout Plan (2000)

In 1989, Shenzhen merged planning, land administration and housing development and management into one single bureau. Planners can utilize 5 per cent of the land revenue as planning fees (Wang and Li, 2000, p.26). Planners in Shenzhen had initiated the formulation of the Third Master Layout Plan in 1993. The whole process took seven years to complete when the State Council finally endorsed the plan in 2000 (Figure 4). As a result of economic restructuring and industrialization of the two districts outside the SSEZ, the Third Master Layout Plan covers the whole municipality, not just the SSEZ. The planning area is enlarged to 2,020 sq.km. The Third Master Layout Plan mapped out an urban development strategy focussing on land use, transportation planning, heritage conservation, environmental protection and planning for tourism, public utilities and infrastructure. Major issues addressed include the following (Shenzhen Municipal Government, 2000, p.2):

- Formulating a spatial layout for the future development of the municipality;
- Utilizing land effectively, solving the problem of idle land, protecting farm land and ecological areas;
- Developing Futian Central District into a new CBD in the course of building Shenzhen into a world class city;
- Providing adequate and affordable housing and improving the living environment for residents;
- Providing high-standard and well-developed urban infrastructure, public utilities and other urban facilities to facilitate international economic cooperation;
- Creating a beautiful urban landscape with pleasant open spaces;
- Creating an environment to reflect “modernity” and “civilization” by building large cultural, sports and entertainment facilities to attract international or regional visitors; more creative urban landscape such as symbolic buildings, squares and street furniture; and by protecting both natural and human environment contextual to local culture (Figure 5).

The basic strategy is to develop Shenzhen into a modernized economic zone and a world city with a prosperous economy, a stable and safe society, an amiable environment, a rational spatial layout with comprehensive infrastructure provision. Shenzhen is to be developed into a city with the “environment of Singapore and efficiency of Hong Kong” (Shenzhen Municipal Government, 2000, pp.1-2) (Table 8). The city aims to become a regional centre of finance, information, trade, commerce, transportation and tourism as well as high-tech development and R&D centre in southern China. It will develop a modernized economic structure led by high-tech and other
advanced industry, supported by modern service sectors such as logistic, finance, information, trade and commerce, and well-developed urban agricultural sector. Socially, the city will control population size, improve the quality of human resource; utilize technology and education to enhance development; and nurture modern urban culture. Environmentally, pollution and soil erosion will be controlled; new land development will be limited; and nature reserves and heritage will be protected. It is planned to turn Shenzhen into an environmentally and ecologically model city in the Pearl River Delta and in China. At the regional level, Shenzhen will coordinate with Hong Kong its land use and transportation planning and development.

Table 8: Major development targets for Shenzhen Municipality outlined in the 3rd master plan and the “Ninth Socio-Economic Development Plan” for Shenzhen Municipality

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Shenzhen in 1994 or 1995</th>
<th>Planned targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2005</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (million)</td>
<td>335.5*</td>
<td>400</td>
</tr>
<tr>
<td>Population with Permanent</td>
<td>94.0*</td>
<td>130</td>
</tr>
<tr>
<td>Household Registration</td>
<td>241.5*</td>
<td>270</td>
</tr>
<tr>
<td>Population with Temporary Residence Permit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Urban Construction Land</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land area for urban construction (sq km)</td>
<td>299.5*</td>
<td>380</td>
</tr>
<tr>
<td>Land area for urban construction per capita (sq m)</td>
<td>89*</td>
<td>95</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP (Rmb 100 million)</td>
<td>796</td>
<td>1650</td>
</tr>
<tr>
<td>Primary sector (%)</td>
<td>1.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Secondary sector (%)</td>
<td>52.1</td>
<td>34.5</td>
</tr>
<tr>
<td>Tertiary sector (%)</td>
<td>46</td>
<td>65</td>
</tr>
<tr>
<td>GDP per capita (Rmb 10,000 yuan)</td>
<td>2.34</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Industrial Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial land use area within the SEZ</td>
<td>14.00</td>
<td></td>
</tr>
<tr>
<td>Bao’an</td>
<td>34.80</td>
<td></td>
</tr>
<tr>
<td>Longgang</td>
<td>35.30</td>
<td></td>
</tr>
<tr>
<td>Gross Value of Industrial Output (Rmb 100 million)</td>
<td>900</td>
<td>1750</td>
</tr>
<tr>
<td>% of high tech output value in GVIO</td>
<td>20.5</td>
<td>35</td>
</tr>
<tr>
<td><strong>Other targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed capital investment (Rmb 100 million)</td>
<td>275</td>
<td>420</td>
</tr>
<tr>
<td>Export &amp; Import Value (USD 100 million)</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td>Income per capita for residents (Rmb 10,000 yuan)</td>
<td>1.1</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: * 1994 data

The spatial division of labour in the Shenzhen Municipality is as follows (Shenzhen Municipal Government, 2000):

Agricultural development (Articles 13, 14):
Agricultural reserves are demarcated and encroachment of urban activities strictly prohibited;
Agriculture will concentrate geographically on Bao'an and Longgang Districts
Value-added, corporatized and export-oriented farming is strongly encouraged.
The SSEZ will mainly expected to host high-tech companies and their headquarters. Industrial land uses will be at the port areas in the east and west, particularly in Nanshan (Article 28).
Economic restructuring has led to a reduction of industrial land within the SSEZ. Only 14 sq.km. or nine per cent of the total land area is allocated for industry in 2020. Except those pollution-free industries which generate employment, former factory sites in central areas should be moved out to make room for residential, financial, commercial and administrative uses (Article 28).
The tertiary sector will become the leading sector with transport, commerce, trade, tourism and finance as the main economic pillars.

Shenzhen Municipality is divided into three urban clusters: eastern, central and western to enhance SZ as a regional service centre (Table 9). The Eastern cluster consists of a high-density industrial town in Shatoujiao; major port development in Yantian and tourism and related services in Da-Xiaomeisha. The central cluster consists of Luohu-Shangbu and Futian, which will become a new landmark to demonstrate the “modernity” and world city image of Shenzhen. The Western cluster, the traditional industrial zones, will be upgraded for high tech industrial development. The Shenzhen Bay High-Tech Industry Zone comprising the Science Park and three other industrial areas is set up. Ecologically sensitive areas north of the SSEZ are demarcated for protection. According to the Third Master Layout Plan (Shenzhen Municipal Government, 2000) the Shenzhen-Hong Kong Economic Coooperation Scheme is in place to facilitate cooperation with Hong Kong (Articles 54, 55, 57, 58, 60, 64), tourism (Article 65), electricity supply (Article 81) and custom checkpoints planning (Article 110). Conservation policies are in place to protect surface and ocean water, air quality and ecology, to control noise levels, to alleviate social erosion caused by excessive land development and to protect natural ecological environment (Article 73).

The designing principles (Article 41) adopted are as follows:
Maximize the physical setting to create a city fronting the sea with mountains as the backdrop;
Respect local history and culture in shaping urban spaces;
Build a world city with creativity and character;
Build a humane society with a strong sense of community.

While the Third Master Layout Plan stresses the importance of Shenzhen into a world city with local characters, the Plan is severely constrained by the centrally defined population projection and urban land per capita. While the current population have exceeded 4.3 million and the total population may have reached 6 million if those without temporary residence permits are included, the Central Government instructed that total population should not exceed 4.3 million by 2010 (Shenzhen Municipal Government, 2000, Article 10). It is because population projection is tied in with the amount of urban land to be constructed. The Central Government disapproved the 1997 draft plan which had a target of 520 sq.km. of urban land. As a result, the land use target was reduced to 480 sq.km. As population projection by 2010 is to be 4.3 million and the average total land use per capita is set to be between 105.1-120 sq.m., hence the total land use envisaged will be less than 480 sq.km. While this helps meet the targets of the Central Government, there is a possibility of under provision of infrastructure, public utilizations and social services in the future.
Table 9: Development strategies, restructuring and target population of major urban clusters in the 3rd master plan

<table>
<thead>
<tr>
<th>Cluster(s)</th>
<th>Districts</th>
<th>Development strategies</th>
<th>Proposed land area for urban construction (sq km)</th>
<th>Target population ('000')</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern</td>
<td>Shatoujiao</td>
<td>Economic restructuring, reduce population density, urban sub-center in the eastern cluster</td>
<td>14.78</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>Yantian</td>
<td>Port development, growth pole of eastern cluster, control land use irrelevant to port</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dameisha &amp; Xiaomeisha</td>
<td>Municipal tourism and related service center in the east</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>Luohu</td>
<td>Strictly control development density and population, industrial relocation, improve traffic &amp; provision of services, improve environment</td>
<td>74.42</td>
<td>1,150</td>
</tr>
<tr>
<td></td>
<td>Shangbu</td>
<td>Most important area of urban image, industrial relocation, high-end residence, control development density, environment protection (e.g., Mangrove Reserve and Greenbelt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Futian</td>
<td>Industrial relocation, residential reserve for Luohu in the long run</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liantang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nanshan</td>
<td>Huaqiao Cheng</td>
<td>Municipal tourist service center, national tourist attractions, high-tech industry, low density and high-end residential development</td>
<td>71.7</td>
<td>470</td>
</tr>
<tr>
<td></td>
<td>Science Park</td>
<td>High-tech industry &amp; research</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shenzhen University</td>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nantou Town</td>
<td>Redevelopment &amp; concentration of tertiary sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shekou</td>
<td>Industry, residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nanshan Commercial &amp; Cultural Center</td>
<td>Trade, commerce, culture, high-end residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chiwan Port</td>
<td>Port</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mawan Port</td>
<td>Port</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qianhai</td>
<td>Industry, warehouse</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Part of South China Sea Oil industry supporting base</td>
<td>Industry</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Realities: An Economics-driven Special Economic Zone After all…

The SSEZ has moved towards high-tech industrial development as a result of economic restructuring. High-tech industries gained prominence and experienced a phenomenal growth rate and by 1999, high-tech industry recorded an output value of Rmb 82 billion, which made up 40.5 per cent of the gross value of industrial output, and six times the figure in 1990 (CAUPD, 2000). After the onset of the Asian financial crisis, the Shenzhen Government has put in a lot of money to boost infrastructure development to stimulate the depressed market. Shenzhen has also become a regional retailing centre. In 1999, the SSEZ’s retail sales reached Rmb 47 billion, one third of which was believed to be contributed by Hong Kong residents (Mingpao, October 20, 2000).

Even with all the rhetoric about natural and heritage conservation, Shenzhen is after all an economics-driven city. For instance, the Futian Mangrove and Birds Nature Reserve is the only state nature reserve located at urban fringe in China. In order to construct the seafront boulevard and other development projects, this nature reserve is shrinking and bird species are disappearing (Wang, 1998). This was queried by the Shenzhen People’s Congress and the Shenzhen Environmental Protection Bureau and so the highway developer decided to build a soundproofing wall to separate the nature reserve from the busy traffic.

Nevertheless, Shenzhen has changed dramatically in the past two decades. A city of immigrants, Shenzhen was seen as a place for making quick money in the 1980s. Unbounded by traditions, people in Shenzhen are open minded and have developed an assimilative culture. The first generation immigrants have established their business and families in Shenzhen, which they now call home. A sense of belonging has gradually developed among the elite groups and they have the aspirations of participating in the development and planning of their city (Wang and Li, 2000, p.26).

CONCLUDING REMARKS

The modernization of Shenzhen is still history in the making. The unfolding of this bold experiment in a transitional economy, a reforming socialist city trying to join the globalizing economy has shed much light on the glocalization process. While eager to join the new international division of labour, local development within a socialist city is still strongly influenced by the Central Government. This is well illustrated by the case of Shenzhen. The early failure to attract foreign investment forced Shenzhen to look inward to the powerful bureaux and departments at the Central level for capital investment. This has serious implications for consequent developments in the SSEZ. More importantly, the Central Government has defined the population size and the amount of urban land to be constructed in the SSEZ. This makes it very difficult for a rapidly growing economy which is heavily influenced by regional changes to come to terms with. While planners may have great ideas in planning a modern socialist world class city, constraints imposed from the Central Government may render their plans unrealistic and not feasible at all. Building a modern socialist country is not just a challenge for the local municipal government. More importantly, the Central Government probably has to appreciate the uniqueness of local cities and let go some of the basic parameters which stifle local ability to cope with changes flexibly.
“Japan’s Metropolitan Renovation Programs in the Age of Decreasing Population: Future Scenarios for Tokyo and Osaka Metropolitan Regions”

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I Introduction
Contributions of geographers, urban planners and social scientists to the study of Tokyo and Osaka large metropolitan are many. Recent achievements include the followings: the analysis of regional structure, and history of planning of Tokyo Metropolitan Region(Nippon Toshigakkai, 1992), similar work on Nagoya(Nagoya Daitoshiken Kenkyukai, 1993), and comparative urban studies on Tokyo and Osaka(Economic Research Institute, Osaka City University, 1990; Takahashi and Taniuchi, 1994). World city concepts have also been applied to Tokyo to interpret its social and structural transformation (Machimura, 1994) and as urban development strategy to vitalize the city concerned(Kansai Kuko Chosakai, 1992). Yada has illustrated his vision and further explains the national and regional axes in the grand design of the latest national land plan/scenario(1999). National Land Agency has also commissioned a study to research the aging society in various parts of Tokyo Metropolitan region(1997), pointing out the vitality of the aged to participate and to contribute to society. The author has been concerning with the world–city concept as urban development strategy for various Asian cities (Okuno, 1992 and 1995) and also conducted comparative study on port-city development and strategy in the Asia-Pacific in the 1990s(Okuno, 1999).

Large metropolitan regions in Japan are confronted with many issues like congestion problem, need to improve the residential environment, preparing the disaster preventive program, restructuring the region to lessen long-hour commuting. Moreover, in the present era of the global competition and collaboration, these regions have to strengthen their own conditions in order to work out the functions smoothly and make contribution to national development. On the basis of understanding in the No. 5 of the National Land Development Plan, or better known as “Grand Design of National Land for the 21st Century (adopted in March 1998),” in which “renovation of large metropolises” and three other strategies have been stated. The three others are creation of various kinds of natural habitats in small cities and hilly areas, unfolding of numerous regional axes to promote regional independence, and formation of multiple international exchange zones. Renovation programs for large metropolises are aimed to recover humanity; to regenerate safe, comfortable and richer living space; and besides, in order to create a vital economy for the nation and to carry out high-order urban functions smoothly, the metropolitan areas are to be repaired, renewed, or used more efficiently. Concrete measures are as follows: (1) to realize the urban living which convey feeling of affluence; (2) to clear wooden and congested built-up area and prepare for disaster; (3) bettering the urban environment and amenities; and (4) restructuring of urban structure.

In March 1999, the published “Fifth Capital Region Kihon Keikaku(Master Plan)” indicates that big urban problems such as over-congestion, over-dependence of the single-pole structure at central Tokyo still remain. In order to obtain comfortable living and urban restructuring, renovation program in large metropolitan areas need to be implemented. Moreover, in March 2000, the “Fifth Kinki Region Kihon-Seibi-Keikaku(Master Development Plan) was issued. In the Keihanshin(Kyoto-Osaka-Kobe) metropolitan area, renovation program is needed to promote new growth in, and to spread socioeconomic effects within, the region, and to revitalize the urban space for safe and comfortable living.
In this way, the renovation program has got its ground in the policy directives. In the coming chapters, built-up areas in the late last century will then be reviewed, the possible changes in the early next century be estimated, and directions for urban built-up areas be projected, and implementation measures be assumed. Thus the renovation programs as discussed as follows show one of the many paths that metropolitan regions in Japan will take. Further and detailed studies are needed to deepen the discussion and to meet coming changes in human activities.

The study areas for both metropolitan regions are defined as follows. The boundary of Tokyo built-up areas, allowing to obtain observations of structural directions, is defined to be the 50-kilometer ring, therefore, all the city districts, townships and villages within this fringe will be included. Within this fringe, there is also the belt area of important urban nodes, and plan for important infrastructure development such as the Capital Region Chuo-Renraku Highway(Map 1). On the other hand, the Keihanshin Region will contain Osaka, Kyoto, Hyogo, and Nara prefectures, with the centers at the three cities, namely, Osaka, Kyoto and Kobe, and the built-up areas inside are surrounded by Kansai Inland Belt Axis.

II  Historical Development of the Built-up Areas

Historical development of the built-up areas in the two metropolitan regions in the late 20th century will be briefly discussed.

In the second-half of 20th century, Tokyo urban built-up areas became the locomotive of the national development, and experienced rapid and large increase in population and urban functions. On the other hand, this situation led to the formation of single-polar national land structure, long commuting time for residents in the metropolitan region. During the period of rapid urban growth, a large number of young population from other parts of the country migrated and resided here, this trend has become very small now but still continues. Commuting has occurred as the largest job concentration has still been mono-centered at central Tokyo, and the suburbs only acted as residential towns and no more. With the growth in Japan’s economy as background, business and service functions have been concentrated and aggregated at central Tokyo. The heavy(ju-ko-cho-dai) industries have been developed along the waterfront, and machinery industry in inland area, and there exists a transformation in industrial structure. Tokyo has made itself a rather developed public transport network.

Keihanshin Region has led the industrial economy of the nation from before the World Wars to the period of rapid growth in 1960s. Looking back to the Meiji modernization period, the three cities with different characteristics have been formed, that is to say, Kyoto with its history and culture, Osaka with its industrial economy, and Kobe with its port and trade. In the period of rapid growth, she acted as the center for West Japan, and experienced industrial concentration, vast population increase, and expansion of urban ring outward. Compared to Tokyo, this region is a local characteristic of tripolar structure and relief factors, in a way it has proximity between workplace and home, but as a whole region, it is overcrowded and only attains a low level of residential environment. Since 1960s, the Kansai economy has been experiencing downward trend towards a style of “branch-status economy”. After the burst of bubble in sectors of real estate and securities in early 1990s, its economy has got weaker and faced structural decline such as getting smaller employment base. Young population in the region move away, and the total population of the region remains stable now. Some townships in the urban fringe experience depopulation.

III  Projecting into the First-Half of 21st Century

What will happen to the fate of these two largest metropolitan regions in Japan in the coming decades? Trends are projected as follows.
Built-up areas in Tokyo may experience stagnant growth due to minimal growth in in-migration and aging process. Moreover, due to variation in personal values, urban activities will follow the same multifarious patterns. In the globalization of economy and other activities, Tokyo, aiming at maintaining and developing its “world city” function, has no other choice but to implement the renovation program to respond to challenges in its urban structure, and transform the region to one enabling people to participate in activities. Estimates of the population decrease are as follows: 33 700 000 persons in the year 2010, 26 300 000 in 2050 (a decrease of 7 400 000), and that the aged population over 65 years of age reach a percentage of over 30% in 2050. Telework commuting will become a more common form of life. There will be various options in household or housing styles, changes in community, innovation in information and communication technologies and corresponding changes in industries. The global environment issue related to energy consumption may get worse. Global competition gets stronger. And earthquake prevention measure in particular is important for the region as at least one large-scale earthquake is projected to take place from now to 2050.

Keihanshin may experience further decline if she is not in hurry to develop attractions, or establish her comparative advantages in comparison to other blocs. Further decline in resident population may lead to fiscal stress for local municipalities. Responding to leisure needs, Keihanshin Region may have advantage in developing urban tourism and other visitor industries. The region has also to adopt energy-efficient and “junkan-kata shakai” (resource-recycling society) development in order to alleviate the global environmental problem. According to estimate by National Institute of Social Security and Population Problems, the whole nation will experience depopulation since the year of 2005. The population of Keihanshin Region (4 prefectures) will meet its peak at approximately 18 400 000 persons in 2005, and then decline to 14 900 000 persons in 2050, which means a decline of 3 500 000 or 19% from its peak. Overcrowded built-up areas and suburban areas without convenient railway transport will suffer greater decrease than average. Uncertain factor such as taking foreign population is a policy option. The region is slow at restructuring her employment base and utilizing the opportunities from the IT revolution. It is projected that the baby boom children immediately after the war will reach the age of 65 to 69 in 2015, and their first generation off-spring at 2040, so adding weights to the age percentage. In 2050, approximately one-third of the region population are elderly people. Needless to say, that will put pressure to social welfare programs and their funding. However, if the elderly are allowed or enabled to make contribution in normal work and social activities, and bestowed responsibilities in production sector, things may happen otherwise. A new form of society enabling the aged people to participate and contribute seems to be the response.

With the IT revolution, a lot of net ventures come up, telework commuters and SOHO (small office, home office), e-commerce and innovation in the production and distribution sectors take place. Community businesses grow in number. The industrial structure tends to change to the direction from less number of types and large-scale to that of more types, small-scale and high-quality production. Keihanshin Region has to nurture and develop her leading industrial sector in international arena, and get into the world-city league with environmental improvement and adjustment, otherwise the region’s employment will be reduced and decline will speed up.

IV Directions of Change and Future Scenarios

4.1 Tokyo Region

In the coming half-century, social and economic conditions will undergo changes, and people’s attitudes and lifestyles will make corresponding changes. Tokyo Region has to implement renovation program in order to play its role in the world arena, and at the same time to establish itself a truly affluent and comfortable living place. Besides, she has to develop further the loop-shaped road network, its railway network, the third capital airport project, and the belt of nodal cities.
The scenario of Tokyo Region will be to maintain her vitality as a global “economic center,” make the overall urban activities efficient, and contribute to environmental issue, besides, to allow her residents enjoy the high quality of life that includes rich living environment and historical culture. The image is summarized in the expression MetroECOplex where ECO means Environmental, Cultural and Cosmopolitan.

Tokyo Region tends to reorganize the whole built-up area into an aggregation of many smaller areas, each with its characteristics and independent of each other. Functionally, these areas can be divided five types, namely, (1) leading area for international vitality (central Tokyo); (2) area for vitality creation (Tokyo waterfront); (3) wide interlinked area (loop-shaped nodal urban area); (4) independent area with its own characteristics (inland central); and (5) nature-friendly residential area (periphery). (Refer to Map 3).

4.2 Keihanshin Region

Facing a number of unfavorable conditions, Keihanshin Region has to integrate herself and put all her efforts into vitalizing the metropolitan region along the axis of industrial regeneration and creation. In the regeneration process, Keihanshin Region has to demonstrate the integrative power of the cities and towns which have been developing with different legacies, and at the same time, to create new characteristics and vitality, and then to compete and collaborate with large number of major cities in the world. In this sense, Keihanshin Region, in terms of inter- and intra- regional relationships, has to collect or attract people of different cultural backgrounds, and to create new vitality for the urban. The scenario is named as Multi-Cultural CityPlex.

Perspectives of this program include active industrial innovation, revitalization of the central cities, strengthening the integrative power by interurban competition and collaboration, and improving the quality of life. In addition, utilizing the region’s characteristics to its maximum, which mean small- and medium-enterprises, university and young talents, pioneer spirit, rich historical and natural surroundings is important.

Future scenarios of Keihanshin Region can be seen in Maps 4 and 5. The broad issues include the following: (1) nurturing nodal city groups, and reorganizing the regional structure for further collaboration and competition; (2) strengthening the three city centers and collaboration between the three cities; (3) regenerating the Bay Area as the new frontier of strength in the 21st century; and (4) formation of environmental infrastructure by conservation and utilization of mountains and hilly areas, waterfront and riverbanks, and creating an environmental axis.

V Renovation Programs

5.1 Tokyo Region

The major perspectives are based on efficient investment, parallel progress of hardware and software development, local and resident-led initiative, and flexible and long-term programming. Programs will be to put emphases on developing the five types of “areas.”

The 1st type of areas are for playing a key role in the international vitality. Cultural, educational and international functions are to be strengthened at nodal points, and varieties of housing and living-support are to be made available. Foreigners with different nationalities will be able to live along together. Infrastructure to allow more walking and inclusion of environmental factor will be introduced.

The 2nd type of areas are for creating new vitality. Emphases are on redeveloping the waterfront and riverbanks as environmental infrastructure and allowing easy public access to this “green and blue corridor.” Land use transformation will be done gradually to enable new industries, research and development, residential and living, marine life and recreation functions to be set up there.
The 3\textsuperscript{rd} type of areas are for wide collaboration nodal function. They are aimed for strengthening the transport, information network within the wide urban area; and promoting proximity between workplace and home by local activities, community business creation, telework, and a new working style or lifestyle. Nurturing of urban and living culture with its own characteristics and pride will be an important part in the program.

The 4\textsuperscript{th} type of areas are for setting up their independent characteristics. Directions include improvement in housing stock and better residential environment, better transport access, SOHO and telework, local initiative, and emerging of more “area” development with competitive edge and characteristics.

The 5\textsuperscript{th} type of areas are for nature-friendly residential purpose. Directions include utilizing low-energy consumption system, recovery of farm or forest land, leisure and open space, and developing nature-friendly residential space and lifestyle.

All over the region, transport and information infrastructure are seen to be important. And environmental infrastructure development is given similar weight.

Measures taken to implement the innovation programs include software and hardware inputs. (1) Emphasis on civic center development, local initiative and citizen participation. (2) Restructuring of built-up areas to meet various kinds of social change in Tokyo region. The green areas are to be retained and nature be recovered. Stock of negative nature are to be transformed into quality stock by regeneration programs for built-up areas. (4) Quantified measurements to evaluate renovation progress are to be introduced.

5.2 Keihanshin Region

Selected References


Globalization has generated vigorous debates over urban development and redevelopment in the past two decades. Globalization here refers to the intensified level of development in trade, finance and technology on a global scale, the integration of an ever growing number of nations into the global economy, and widening, deepening and speeding up of worldwide interconnectedness on all aspects of contemporary social life (Held, et al, 1999). Urban researchers and policy makers all agree that cities are the forefront of global effects and influences. But there is no agreement on not only questions over the nature and scope of globalization and the effects of globalization on cities but also questions over the kind of policy responses to globalization. These disagreements are often divided into two major groups along the ideological and political line. One is the global-neoliberal approach, while the other the comparative approach.

Global Neo-liberal Approach

The global neo-liberal approach is associated with such claims as the single global free market, withering nation-states, and the global city. The global neo-liberal approach, first of all, takes it granted that the Anglo-American economy is the universal model. It overwhelmingly emphasizes global capital movement from the view of technological fetishism and the invisible hand of market competition, while downplaying the role of nation-states and politics. Neo-liberalism is, in this approach, used as almost synonymous as economic globalization. This global-neoliberal approach is taken by a wide range of disciplines and policy making—from economics, sociology, political science, geography, sociology, urban studies and urban planning to urban policy making not only in Anglo-Saxon countries but also other international institutions like the IMF, the World Bank, the World Trade Organization (WTO), United Nations, and the Bank for International Settlements (BIS).

Neo-liberalism. The central value of neo-liberalism is the notion of market competition – competition between nations, regions and between individuals. The mid 19th century economic liberalism, which had aimed to establish a self-regulated market by using free trade and free market competition, became suddenly popular in the 1980s via the Chicago school of economics. Thatcher and Regan administrations concerned declining their national competitiveness and decided to take neo-liberal policies to overhaul the postwar regulated economies so as to enable the supply side to compete freely and globally. Deregulation, privatization and financial liberalization thus began with a clear policy and political interest. Ideological justification for such policies was said that higher incomes for the rich and higher profits would lead to more investment, better allocation of resources and therefore more jobs and welfare for everyone (George, 1998).

Yet it is the Clinton administration and the American new economy that made neo-liberalism more ideologically influential globally in the 1990s. The post-war capitalist regime that the French Regulation School labeled fordism – industrial capital accumulation based on a balanced power of the state, capital and labor – ended in the 1970s (Aglietta, 1987; Boyer, 1996). The new phase of American capitalism, which Michel Aglietta called the new regulation regime based on finance capital, was on the way in the 1980s (Aglietta, 1998). In the following decade the Clinton administration finished the last touch of this regime transition by making much closer relationships
with American financial capital. The Keynesian welfare state was dismantled. Social compact between labor and capital continued to be dissolved. As finance capital took the main road in the US economy, excessive rights of individualism and relentless consumer culture and culture addressing individual choices and identity politics replaced the postwar collectivist approach to social and economic justice. New economy — that the US economy based on the exuberant stock market growth and IT related dot-com service industry was called — embodied much of neo-liberalism — excessive reliance on market competition and turned the US to a financialized society where stock market values came to dominate social values. Less than 10 percent of American households owned stocks in the early 1960s. This figure grew to nearly 50 percent by the early 2000 (Uchitelle, 2001). Transnational transactions on bonds and equities involving at one end, US residents, rose from 6.9 percent of US GDP in 1975-79 to 221.8 percent in 1998—more than twice US GDP—before declining to 189 percent in 1999 (Therborn, 2001: 98).

The dawn of the millennium have, however, begun with a serious qualification about the dominant role of finance capital and credibility of the American new economy. When stock values of NASDAQ fell lower than 50 % of its peak value in 2000, illusions of the new economy was over (Fallows, 2000; Schiffrin, 2000). The old economy — manufacturing — was re-evaluated and boosted its value in stock market. The impact of IT has no doubt changed economy and society as substantially as the new technology always did. But rosy pictures drawn by IT enthusiasts (Kelly, 1998) have never been realized. The network economy that e-commerce was to replace the old economy has never developed beyond “virtual network.” IT has not changed the basic way that business is done in the US (Shapiro and Varian, 1998). The business cycle of boom and bust that new economy proponents suggested to end hasn’t disappeared from the US economy, either. The legacy of the new economy left rather an intensification of American social and economic characteristics — more conspicuous consumerism (Cross, 2000) and a growing wealth and income inequality between the poor and the rich (Reich, 2000). The deregulated economy didn’t bring economic efficiency nor improved services to the consumer but simply transferred wealth from the public purse to private hands or to move wealthy from the bottom of society to the top (Galbraith, 1998).

The single global free market and weakened nation states. Many urban researchers take the face value of neo-liberal claim on the borderless economy. Global market proponents like Kenichi Ohmae and William Greider simply advocate and forecast the impact of globalization as desirable and ideal or formidable and inescapable forces. Their global market argument generates the notion of powerless nation-states. Peoples everywhere are understood to be increasingly subject to the disciplines of global marketplace and in which “traditional nation-states have become unnatural, even impossible business units in a global economy” (Ohmae, 1995: 5).

The emergence of a single global market and the principle of global competition are celebrated as the harbingers of human progress (Ohmae, 1990; Held, et al., 1999: Greider, 1997; Strange, 1996). They also assume, without examination of individual countries, that other economies of the world have adopted neoliberal policies or converged on the universal model of Anglo-American capitalism. They are believers of economic and technological determinism.

Proponents of the global free market fail to see the powerful role of the government, particularly the American federal government that played the role of a strong defender and promoter of American interests. When American unleashed industries, particularly the financial industry, began to roam globally in search for high return from short-term loan investment, they soon faced the wall of regulated economies in the world economy. The American industry and government launched into a free global market campaign to knock the regulated economic walls down (Gowen, 1999; Gray, 1998; Sanger, 2000). The US government preached, through foreign policy, to sell to other nations a twin set of US products—democracy and free market. The US foreign policy became the primary tool to put forward the globalization of the American neo-liberalism. The IMF and the World Bank upon which
the US government traditionally had a strong political influence also worked together to reinforce and globalize American neo-liberalism (Bhagwati, 1998: Wade, 2001).

Political, ideological and economic forces coming from the US cleared the way for the global march of the Wall Street financial institutions. Marxists, who link the US to the concept of a hegemonic power, call the US “American imperialism” (Panitch, 2000). Others call the US “hyper nationalist”, or “hyper culturalist” as the US imposed its values on other nations (Jameson, 2000; Freedman, 2001).

Many countries were allured to adopt American neo-liberalism in the 1990s, if not in the 1980s. Many developing countries also opened up capital markets to global investors and resulted in disastrous consequences of the 1997 Asian financial crisis. In the wake of the Asian crisis and the end of American new economy, many countries have begun to qualify influential American neo-liberal policies.

The global city. Global city proponents claim that globalization converges the world’s major cities on the same urban form. The global city is understood to emerge to replace powerless nation-states and occupy the increasingly important business place for global capital. The global city thus presupposes neo-liberal assumption of the single global market and withering nation-states mentioned above. Saskia Sassen argues that “the globalization of manufacturing activity and of key service industries has been a crucial factor in the growth of the new industrial complex dominated by finance and producer services” (1991: 328) and “it is this combination of a new industrial complex that dominates economic growth and […] that is centered in major cities and contains the elements of a new type of city, the global city” (338). Multinationals are attracted to the global city as they use the global city as “basing points” and “organizing nodes” in the spatial organization of international production and markets” (Friedmann, 1986).

As a result, “New York, London and Tokyo are converging on a similar urban model due to the new functional role they play in the globalization process (Sassen, 1991: 4). Overall, global city proponents assume a convergence in economic base, spatial organization and social structure among the world’s major cities (Knox and Taylor, 1995).

Global city proponents make arguments on the basis of assumed effects of globalization on cities. They lack comparative and empirical studies. There is a huge gap between a global city projection based on generalization of New York City and the reality of other cities like Tokyo, Paris, Berlin, London, Hong Kong and many other cities of the world. Global city proponents presuppose, like global free market proponents, that the world’s major cities have become the centers of international finance and business services and have been deregulated so that global firms around the world can do business with each other (Sassen, 1999). The world’s major financial centers like Tokyo and Frankfurt have been surely deregulated, but not for global, particularly American, financial capital’s profit maximization. These financial centers are, under global competition pressure, deregulated to primarily protect national and regional interests. National and regional (for instance, EU) politics play the important role in deregulating financial markets. Yet global city proponents downplay such roles as national and regional politics and interests.

Global city proponents also talk about cities as if cities were nation-states under globalization. They see cities being capable of dealing with policy and rule makings for global capital investment directly. But no city in the world makes a foreign policy. Cities are subunits of nation-states and don’t enter foreign and international relations. Economic determinism keeps global city proponents from comprehending the role of nation-states and politics.
Comparative Approach

The strong role of the state. Globalization and neo-liberalism don’t go hand in hand from the perspective of varieties of capitalism. Japan, Germany, and perhaps many countries of East Asia and the EU have been outward looking, dependent on exports to the world market but have not adopted neo-liberalism. They have gone through deregulation and financial liberalization in the past decade primarily through bilateral trade treaties, international organizations like the WTO and regional organizations like the EU. Yet, as John Gray distinguishes between market societies and social markets, “many countries of Asia and the EU still retain social markets that are embedded in society and subject to many kinds of regulation and restraint” (1998: 1). Their economies are not wide open to the world market and maintain systems of domestic protection. They are highly regulated and constrained by the state and stakeholders such as labor unions and industry and trade associations (Streeck, 1998; Muramatsu, 1998; Loriaux, 1999; Dore, 2000; Wade, 1990; Albert, 1991; Kim, Muramatsu, and Pempel, 1995; Woo-Cumings, 1999; Vedrin and Moisi, 2001; Therborn, 2001)). The system of social protection has led the Western European welfare states and East Asian developmental stats to maintaining their more egalitarian income distribution over the past twenty years, whereas US inequality has risen sharply.

Regionalization. As comparativists who emphasize varieties of capitalism first see different capitalist societies (Albert, 1993; Berger and Dore, 1996; Boyer, 1996; Dore, 2000; Coates, 2000), they see the global economy as primarily consisting of divergent national systems rather than the borderless, liberal, global economy (Hirst and Thompson, 1996; Berger and Dore, 1996; Hollingsworth and Boyer, 1997; Boyer, 1996 and 2000; Dore, Lazonick, and O’Sulliban, 1999; Dore, 2000). In contrast to neo-liberalism that interprets an international economy as the result of market forces, the comparative approach sees an international economy as the outcome of the political bargaining among national governments. Governments are primary architects of internationalization (Gilpin, 1987; Weiss, 1998). As comparative researchers see globalization and neo-liberalism as separate issues, they see institutionally different national and regional economic systems shaping urban development policies. Urban policies are then primarily the outcome of local, national and regional politics. There is no independent city in the world without a nation. Urban policy are only linked to globalization through national politics and policies.

Geography plays the important role in the comparative approach. It is geography that has led to emerging regional alliances along the line of geographical proximity. Comparativists argue that contemporary globalization is not unprecedented today and that the single global market projection is essentially a myth which conceals the reality of the world economy that increasingly evolves in the direction of three major regional blocs – such as the European Union, Asia-Pacific and North America – in which governments remain powerful in regulating international economic activity (Hirst and Thompson, 1996; Berger and Dore, 1996). Globalization is essentially regionalization. Comparativists see forces behind regionalization as political, but not market forces.

Examining Tokyo’s policy response to globalization in the comparative framework of varieties of capitalism, this paper links Tokyo’s urban development to Japan’s developmental capitalism where the state policy, manufacturing and politics play the far more crucial role than the global market competition logic. As a result developmental urban development, Tokyo represents a far more egalitarian city based on the versatile economy and manufacturing technology innovation than New York, which, as the result of neo-liberal urban development, represents the monolithic economy of international finance and business services accompanying an ever widening social inequality.
Developmentalism

Bureaucratic legacy. Japan’s developmentalism is rooted in its history. Japanese capitalism began by confronting Western mercantilist powers in the mid-19th century. Japan’s historically strong legacy of the state bureaucracy took charge of directing and organizing the economy to promote national development (Benedicts, 1967; Morishima, 1981). The then technologically backward Japan depended upon Western technology for its industrialization. Yet Western technology was readjusted to serve Japan’s interests and Western economic liberalism was rejected (Sakakibara, 1993). Japan’s different circumstances – under-developed industrial capital and the state’s pre-occupation of the nation building against Western imperial powers – led Japan to a historical twist, state-centered capitalism. As a result, the bureaucracy eventually formed a developmental philosophy that the economy could be used to promote national development.

Policy networks. The state led the post World War II economy through industrial policy with a clear vision of economic reconstruction. The state reorganized and established the financial system as a policy tool so as to serve industrial policy, while subordinating stock market to state policy. The Japanese state invented its own policy networks that involved all stakeholders – labor, capital, small business, regions and cities – at hierarchically organized and centralized policy making levels. The state invented the policy networks not because of policy efficiency but because of the state’s historical interest in national development that required social mobilization. The policy networks came to create an environment where stakeholders learned to accommodate each others’ interests and the state coordinated stakeholders’ interests into its policy goal of national development. The policy networks simultaneously bound the developmental state to society and provided channels for continuous negotiations over goals and policies (Okimoto, 1989). It is these policy networks that enabled the Japanese state to maintain so-called “embedded autonomy” that Peter Evan described as the developmental state’s power that combined bureaucratic insulation with intense ties to society (Evan, 1995).

Manufacturing technological innovation. Manufacturing technology innovation was central to state industrial policy that had a clear goal of upgrading Japan’s technological levels in the post WW II era (Johnson, 1999). Japan’s technology innovation policy initially began with consultation meetings with stakeholders – representatives from industrial capital, labor, media, and academy. The policy was, for the consensus building purpose, circulated and coordinated through Ministry of International Trade and Industry (MITI)’s policy network before it was finally legislated. Then MITI implemented the policy through its policy networks – Small and Medium Sized Enterprise Agency, Ministry of Finance, the Bank of Japan, policy implementing state and public banks, trade and industry associations, and the Ministry of Home Affairs that represented cities and regions.

MITI directed technology innovation policy to large manufacturing corporations, expecting them, through policy incentives, to move to the policy direction that the state desired.2 Technology innovation policy dovetailed a national development plan that incorporated industrial and regional policies along with other land-use and infrastructure policies into an overall long-term, national development.

Frontier technology policy. Frontier technology policy is the latest technology innovation and industrial policy to date. The idea to create frontier technologies began in 1998 from the Economic Council on Competitiveness, an advisory body to Prime Minister Obuchi. State structural reform that intended to shift policy-making power and process from the bureaucracy to politicians gave prime ministers more policy-making power in the 1990s. Obuchi’s Economic Council was such an ad hoc policy making body.
The Council consisted of representatives from ministries, capital, labor, media, and academy. It recommended a technology development plan for both national development and Japan’s global competitiveness on the basis of telecommunication, information, and biotechnology (MOF, 1999). The plan developed into the “Rebirth Plan in 2000” by the following Prime Minister Mori’s advisory body. Then the “Rebirth Plan” was succeeded to newly established cabinet offices, the Council on Science and Technology Policy and the Council on Economic and Fiscal Policy in the early 2001.

The Council on Science and Technology is made of 15 members. — Prime Minister, related ministries, labor union representative, university professors, corporate presidents and other organizations. The Council finalized the second basic plan for science and technology” in 2001 (Council on Science and Technology Policy, 2001). The plan emphasized the creation of new technologies in four frontier areas: life science, environmental technology, telecommunication (IT), and nanotechnology. The means to reach this goal was, the plan suggests, cooperation between government, industry and universities. It recommended the use of the Technology Transfer License Organization (TLO) program and regional policy called “intelligent industry cluster” (Ministry of Land, Infrastructure and Transport, 2001) and “research park projects” (National Land Agency, 2000) for regional development. Local governments are encouraged to move to frontier technologies by using their already existing intelligent industrial clusters and research parks projects (Council on Science and Technology, 2001).

Reforming the developmental state. The developmental state is much under attack today after a decade-long sluggish economic growth in the 1990s. The Japanese state’s ability to resolve the conflicting imperatives of state autonomy and embeddedness appears to have weakened over time as the bureaucracy has gradually strengthened with the party system and has come to play a role in party politics through the electoral system and public works. This politicization of the bureaucracy has weakened the capacity of coordinating stakeholders’ interests and making a balanced policy. Policy has been often segmented, and lacking in coherence and grand vision (Sakakibara, 1998; Muramatsu, 1997; Hill and Fujita, 2000).

The Japanese began reforming its own structure and its relations with society and industry. Yet there was consensus about what to reform. The public wanted the political reform that would end political corruption and regulate politicians and election funds. Politicians wanted less bureaucratic power in policy making. Business organization pushed privatization, deregulation, and financial liberalization. By the early 2000, the most urgent reforms the Japanese wanted were, however, eventually made one by one from the electoral system to state restructuring and to the political system. The state also deregulated the economy to some extent, relegated more rule-making power to the industry and non-profit organizations, and decentralized state policy-making power to cities and regions.

Yet none of reforms was driven directly by neo-liberalism. All reforms have been driven by domestic contradictions. Reformers and policy makers don’t seem to weaken state power in policy-making and policy coordination for an overall national development. The newly established Prime Minister’s Cabinet office, the Council on Economic and Fiscal Policy makes and coordinates an overall reform and economic policy making today. None of Council members advocates pure neo-liberalism. The Council’s policy concerns the creation of more jobs by further reforming the fiscal and economic structure (Council on Economic and Fiscal Policy, 2001).

Policy making has surely changed from bureaucrats to Prime Minister’s Office. But the policy making process hasn’t drastically changed. MITI’s industrial policy was initially made by representatives from various stakeholders. So are Prime Minister’s Council’s policies. Prime Minister’s Council’s members cover representatives from all stakeholders and approach policy making from national development. Importantly, Councils’ representatives from the industry still come from manufacturing (Council on Economic and Fiscal Policy, 2001).
The policy implementation process has not changed much, either. The state still expects large manufacturing corporations to play the leading role in implementing new frontier technologies. All major electronics corporations like Sony, Toshiba, Fujitsu, Hitachi, and NEC have begun nanotechnology research in their R&D centers in Tokyo. Other large manufacturing corporations in glass, textiles, and pharmaceutical industries have also gone into life science, nanotechnology, and gene technology. Even trading companies like Mitsubishi and Mitsui are moving to nanotechnology (Nikkei Net, June 18, 2001).

The Japan’s developmental state’s reform could be interpreted that Japan is adjusting its century-old developmental philosophy to the new global environment rather than abandoning developmentalism and replacing it with neo-liberalism.

TOKYO AS TECHNOLOGICAL INNOVATION CENTER

The Division of Responsibility Between the City, the Industry and the State

The state divides responsibilities between the city, the industry, and the state in technology innovation. The state provides an overall policy framework mentioned earlier and infrastructure – education, public technology and science research centers, transport and communication networks. The industry is responsible for leading the actual technology innovation. The industry occupies overwhelmingly large chunk of Japan’s R&D spending – 80 percent. Largest R&D spenders belong to manufacturing – big corporations like Sony, Fujitsu, Toshiba, Toyota, and Honda, and small and medium sized firms (Science and Technology Agency, 1998). Japan is among the top group countries in high R&D spending in OECD countries throughout the 1990s (OECD, 2000; Porter, Stern and Council on Competitiveness, 1999).

The industry’s responsibility for leading technology innovation also comes its necessity to keep its work force. Large manufacturing corporations – and other big firms in other sectors – take responsibility for employment stability and play the quasi-public role. The state also expects corporations to maintain social compact with employees. Corporate responsibility for labor as fixed cost has led corporations to relentless in-house innovation in technology, organization and production engineering. Corporate approach to technological innovation is collective and holistic, involving teams, divisions, the entire corporate community, and suppliers. Two-thirds of corporate innovation is done in applied technology. Applied technology innovation is based on “incremental continuous improvement” rather than “breakthrough. Corporations take advantage of accumulated knowledge and skills of their trained employed. They attribute innovation to social relations rather than to individual creativity. Individual rewards for creativity and entrepreneurship hardly exist.

Tokyo, as the city, takes responsibility for technology innovation in the small business sector and has nothing to do with big corporations. Tokyo’s small businesses share over ninety percent of Tokyo’s industry with less than 20 employees (TMG, 2000a). Tokyo plays the role of tools and mortars in implementing national industrial and innovation policies. Yet, the state’s highly institutionalized and centralized industrial policy start with localities like Tokyo. Tokyo systematically surveys and collects data on the small business industry sector finds a new trend. Tokyo’s survey research results are then sent to the state. The state makes white paper on the industry and disseminate information gathered from all over Japan, gets feedbacks from localities, make a policy and implements it.

Tokyo’s centrality in technological innovation. State policy making requires constant communications and consultations between the state and large manufacturing corporations. They need to be closer to the state.
They are headquartered in Tokyo accordingly. Leading firms in machinery, electronics, and auto industries are headquartered in Tokyo. If not headquartered, they locate their R&D centers in Tokyo. Japan’s half corporate R&D centers are concentrated in Tokyo.

Japan’s corporate innovation system emphasizes shortening lead-time between applied R&D and commercialization. This requires integration of command, research and the actual production. Head offices, R&D centers and mother plants that do the actual production for testing and pilot production need to be located in a geographical proximity. Head offices are concentrated in the heart of Tokyo, while R&D centers and mother plants are overwhelmingly concentrated in and around Tokyo (Fujita and Hill, 1998).

Tokyo’s industrial districts complete the corporate innovation network. R&D centers and mother plants need prototypes of new parts and new process engineering technologies for experiments and testing. The creation of such prototypes requires specialized small producers. Tokyo’s industrial districts fill this corporate need. Tokyo’s Ota industrial district that is specialized in metal and machinery technology provides corporate R&D centers with any prototype necessary for corporate experimentation and testing (Seki, 1994; Nishiguchi, 1994; Fujita and Hill, 1998).

The corporate innovation network and industrial districts create the innovative environment that encourages new industries and new firms to be incubated. Tokyo is the place where new industries and new firms are constantly created. Large manufacturing companies have been the major source of new start-ups. They have been spinning off their divisions as independent firms, creating new firms. Today, they are spinning off IT related divisions and R&D divisions. Unlike the US where IT related companies are established by new entrepreneurs, Tokyo has turned existing companies to move to IT industry. Fujitsu, for instance, has spun off Internet and other high-tech growth divisions, creating 10 start-ups (Nikkei Net, March 16, 2001). Other corporations have followed suite. Employees of large manufacturing firms have also left their companies and gone into business by themselves. The role of large manufacturing firms in creating new firms can also be attributed to corporate collective innovation culture. The collective reward system encourages a group of engineers and managers to go to venture businesses as a group. Besides large manufacturing firms, small and medium-sized firms are another source of emerging companies. Employees of small firms are encouraged to go into business alone as small business owners don’t want to grow big.

Tokyo’s innovative environment eases corporate experimentation in new technology areas by themselves or jointly with other competitors. Hitachi, NEC and IBM have, for instance, jointly developed the free Linux operating systems, alternative to Microsoft and provided free LINUX CPU to their Internet users, particularly Tokyo’s start-up in Internet businesses (Nikkei Net, October 28, 2000). Tokyo firms are now launching into new frontier technology areas. Auto, electronics, machinery and precision industries are applying their accumulated technology and knowledge to nanotechnology and biotechnology areas.11

Spatial Organization

Innovation-led spatial change. Technological innovation and globalization lead to Tokyo’s spatial organization. Japan’s outward looking trade and FDI in the global economy over the past several decades surely escalated Tokyo’s urbanization and triggered an urban sprawl to Tokyo’s surrounding areas and beyond. As Tokyo’s manufacturing competitiveness in the global economy shifted from mass production to flexible specialization in the 1970s, large-scale manufacturing plants first left Tokyo. Back offices also followed. Pressed with global competition, manufacturing corporations turned their factory sites in Tokyo to R&D centers and mother plants or pilot plants for the creation of prototypes of new products and testing new products. The rest of factory sites opened up for commercial and housing.
It is more technological innovation than global competition that led the small business sector to its spatial restructuring. It was the microelectronics technology that enabled small manufacturing firms to transform themselves from subcontractors to flexible producers. Computerized machines helped small firms turn their workshops to design shops and prototype making shops (Fujita and Hill, 1998; Seki, 1994). Less competitive small firms left Tokyo or disappeared.

Spatial division of labor. The spatial division of labor was then established between Tokyo and surrounding areas, while the international division of labor was simultaneously made between Japan, East Asia and elsewhere in the world. High volume production was done in Japan’s region and abroad. Pilot production and testing were done in Tokyo’s surround areas. New product development was done in Tokyo. Tokyo kept the role of innovation by keeping corporate R&D centers, mother and pilot plants, and several industrial districts where small flexible producers were concentrated. Industrial hollowing out that plagued other cities of the world was out of sight.

Policy-led spatial change. State policy played the crucial role in Tokyo’s spatial change and restructuring as well. The state projected industrial policy and global strategy simultaneously. State policy targeted the upgrading of Tokyo’s industrial structure to higher stages, while pushing low valued production outside Japan. State policy made it clear that technological innovation was the only way for Tokyo’s industry to survive in Tokyo.

The versatile economy. Tokyo fills its space with the versatile economy. The versatile economy makes Tokyo a highly dynamic place and at the same time a place potential to generate technological innovation. The versatile economy has played the vital role in the past as technological innovation has overwhelmingly come from intersections between the industry mix. Tokyo expects new technologies to emerge out of the versatile economy, pulling Tokyo a decade old economic downturn. The Tokyo economy comprises of wholesale and retailers, services, manufacturing and finance. The service industry consists of the wide range of business services, personal services and public services (See Table 1). Percent distribution by industry hasn’t much changed in the past three decades in the number of establishments, jobs and Tokyo’s GDP (See Table 2 and 3). And Tokyo plans to maintain the same industrial distribution next 15 years (Table 5). Tokyo shows no sign of becoming an international finance and producer services center that global neo-liberals expect the world’s major cities to be moving to.

Small businesses. Small businesses make up the versatile economy. Of Tokyo’s 713, 000 firms, small firms comprise 90 percent with less than 20 employees (TMG, 2000a). Large firms with more than 300 employees share only 0.3 percent. The rest fall in the medium-sized category with the labor force of less than 300. Small and various businesses spread across Tokyo.

Small businesses tend to cluster by the industry line and form their own industrial districts. There are several industrial districts in the central Tokyo. Manufacturing industry districts include Eastern part (Sumida, Koto) for machines and knit clothing, Southern part (Ota, Shinagawa and Meguro) for also machines, Shibuya for fashion district, Central area for publication (Fujita, 1991). They have transformed in the past several decades according to market and technological changes. Yet, global competition didn’t fair all industry districts evenly. Shibuya’s fashion district rose more competitively attracting international designer shops, while Sumida’s knitwear industry declined, losing its competitiveness to China.

Place-based organized sector. Tokyo’s small businesses are highly organized along the industry and trade line as well as neighborhood bases. They are organized into industry and trade associations, cooperative unions, local chapters of the Tokyo chamber of commerce and industry, downtown retail trade associations, and neighborhood business associations. Some of their organizations started spontaneously from necessity to protect their own
interests. But many are policy related organizations that the state and TMG organized them in order to incorporate into policy networks. The high degree of organization in the small business sector, along with developmental policy networks mentioned earlier, keeps large corporations from swallowing small fish.

Mixed land use. The versatile economy might be attributed to the lack of zoning and could indicate Tokyo’s policy failure. Yet Tokyo Metropolitan Government (TMG) actively used the lack of zoning to develop the mixed land use and projected a small-scale urban development policy. When small industrial workshops were much under attack for their noises and smells from neighborhood residents during strong environmental movement of the 1960s and 1970s. TMG remapped and reallocated small industrial workshops within a small neighborhood area so that they cloud coexist with residential housing. TMG also advanced a policy of combining work and living place by placing industrial workshops at the bottom floor of a newly built public housing complex. In the next three decades, small industrial firms eventually transformed themselves into sophisticated prototype producers and were able to keep their workshops in Tokyo’s extremely high priced neighborhoods.

Blurred class consciousness. TMG couldn’t, however, have developed the mixed land use if neighborhoods had been class segregated. Tokyo’s socially integrated neighborhoods didn’t develop strong class action to keep other classes and groups from coming in. Ronald Dore wrote about the absence of any class consciousness in Tokyo’s downtown 50 years ago (Dore, 1952). Government officials, corporate executives, factory workers, and mostly small businesses in retail shops and craft shops, or the rich and the poor, lived side by side then. Fifty years later, Tokyoites still live in mixed neighborhoods. Class integration at the neighborhood level can be explained by less household income inequality among families in Tokyo’s neighborhoods. Japan is not exceptional in Japan. According to the World Bank’s data on the world’s social inequality, Japan’s Gini index was 24.9, while Germany’s was 30 and the US’ was 40.8 (The World Bank, 2000: 282-3). Although Japan’s Gini index in household income grew by 0.04 point between 1979 and 1989, Japan is still far more egalitarian society than American society. (See Table 4).

New Industry Clusters

Old technology matters. The information technology is today generating new industry clusters in several places in the central and suburban Tokyo. Over 10,000 IT related firms belong to such new industry clusters (Ministry of Land, Infrastructure and Transport, 2001). Videogame software, Internet business services, animation, multimedia and software game consoles are some of such new industry clusters. These new industry clusters didn’t just pop up. They have emerged out of and between existing old industrial districts. Videogame software industry clusters have, for instance, emerged out of traditional industrial districts that were specialized in toys, movies, and animation. These clusters include the east side of Tokyo (Sumida, Koto and Katsushika wards), the central part (Akihabara, Ginza and Akasaka, and the ring of the Imperial Palace moat), the Yamanote-line North, the Yamanote-line South, and the Chuo-line (Suginami ward, Musashino city, Koganei city and Kunitachi city. The application of new technologies of IT and digital technology has turned some of traditional industries to the videogame software industry.

Soft-hard mixed technologies. Tokyo’s video game software industry is also closely linked to hardware industry. Tokyo’s global shipments of videogame software and game consoles are divided evenly in value terms. The both sides stimulate each other. Sony’s DVD Playstation1 and Playstation2 as well as Nintendo’s Black Boy, for instance, escalated demand for videogame software programs and animation. Software companies have also helped Sony and Sega to further develop.

A rapid technological change in the hardware side was supported by Tokyo’s innovation environment. PlayStation2
Globalization and Urban Redevelopment...

is the result of Sony’s collaboration with Toshiba. Toshiba’s processing technology has helped Sony to advance PlayStation2. Toshiba, Sega, and smaller video machine makers are then linked to Tokyo’s machinery district, Ota. Small flexible producers in Ota play the crucial role in innovation in hardware, providing prototypes of new product parts. Production of DVD players in high volume is not done in Tokyo but outside of Tokyo and Japan. SOHOs. As Tokyo’s dot-com companies began with small offices or in home offices, they have come to be called “SOHOs”. According to TMG’s survey on IT related sohos, two-thirds of Tokyo’s soho entrepreneurs began their business in their 30s. Over 70 percent of them are now 40s and 50s (TMG Bureau of Industry and Labor, 2001). They came from IT services, manufacturing, computer makers, finance industries like Mitsubishi Bank. They are particularly concentrated in the central Tokyo for several reasons. They work with other sohos. Tokyo’s survey shows about 53 percent of sohos work with other sohos. They also want to be closer to their customers, who are mostly business organizations. They want to be closer to subway stations or other transportation means availability. They tend to find small rooms in vacant hotels and where-houses. They have also expanded into declining downtown commercial areas.

Technological innovation takes a lead in renewing Tokyo’s spatial transformation in a less dramatic and continuous pace. TMG now picks up this process and incorporates into future policy agenda in order to support and facilitate sohos. TMG provides, on the Net, sohos with information on office space availability in Tokyo.

About 1,300 Internet related sohos were found in 23 wards in 2000. Sixty percent of sohos were in central Tokyo – Chiyoda, Chuo, Minato, Shinjuku, and Shibuya. 40 percent of the sohos in the central area are burgeoning in the area called “Shibuya Bit Valley,”¹³ which covers, the Shibuya Station as the central core, Akasaka, Aoyama, Harajuku, Shibuya, and Ebisu between Minato and Shibuya wards (Yukawa, 2000). Shibuya Bit Valley attracts sohos because this area has the concentration of music and movie studios, arts and performance production companies, program planning companies, and think tanks.¹⁴

Traditional Industry Districts

New technology matters. Tokyo’s traditional industrial districts are contributing to new industry clusters and new technologies, while transforming themselves by adopting digital technology and new business environment. IT enthusiasts claim that IT would bring the networked economy to the American society and would revolutionize the way Americans do business as computer nerds, places and people were all linked through IT and that trust would emerge from the network economy (Kelly, 1998).

Yet industrial districts of Japan (and elsewhere) have already developed business networks and trust without the Internet (Sabel, 1989; Fujita and Hill, 1998). The industrial networks and trust in industrial districts have emerged out of long-term business relationships. That computer networks generate trust among network players is an alien idea in Tokyo’s industrial districts. The Ota’s case, one of Tokyo’s machinery industry districts, suggests the other way round. Because of trust and networked relationships, Ota’s firms have developed their digital networks. The Ota Small Business Center, a third sector consisting of Ota’s firms associations and the Ota-ward government, has created its own digital network, O-Net and opened the web site on the Internet (O-Net, 2001). The O-net links Ota firms to Tokyo’s policy networks and other small business related organizations in Japan. The O-net has also set up a web site for “International Call” that any member company can put an ad on the O-Net to sell products or make joint ventures. International Call links Ota member firms to global business organizations.¹⁵ Yet the digital network is only one of Ota’s many ways of doing business. Ota’s many firms keep the traditional way of doing business as well. They value a face-to-face contact and sharing work in physically tangible ways that a virtual network can’t make up for.
Multiplied networks. Ota has 73,471 manufacturing firms, which employ 824,986 people. About 80 percent of the firms are very small with less than 10 employees and 95 percent of the firms employ less than 30 (METI, 2000). These Ota’s small firms have horizontal networks with other firms within the district and vertical networks with corporate mother plants and R&D centers that are located outside the district (Fujita and Hill, 1998). These networks are now on the Net. As many now do product development in cooperation with universities and research institute like Tokyo Institute of Technology and Keio University to get basic research for applied technology development, they are linked to research universities. And the Ota Small Business Center now runs the TLO program on the Net, providing evaluation of basic research from universities and disseminating information to Ota’s firms16 (Nihon Keizai Shim bun, June 3, 1999; Ota City Industrial Promotion Organization, 2001).

Tokyo’s strategy to develop new technologies much depends upon Tokyo’s machine industry district like Ota as has been in the past. Nanotechnology, environmental technology and other new technologies all require vigorous experiment and testing. It is still in the early stage to tell, but prototypes of new parts for new products in the new frontier technologies will be made in Ota as Ota has helped technological transition from one to another higher stages in the past. National policy focus on the new frontier technologies are also stimulating corporate commitment in more R&D centers not only in existing industrial framework but also the intersection of several industries such as pharmaceutical, electrical, and material industry for gene technology. Ota is closely linked to the growth of more R&D centers in Tokyo.

Organic Tokyo’s Industrial Base

Tokyo’s industries reorganize themselves periodically triggered by technological change and global competition, creating new technologies, new industries and new products. This dynamic movement doesn’t happen only in the manufacturing sector. It is the existence of the versatile economy that enables mixing and combining companies across different industrial sectors. When manufacturing industry moved to new areas such as microelectronics in the 1970s and IT in the 1990s, the whole Tokyo area became an organic living, transforming other industries and vanishing distinction between industries to mix them. Organic movement slowed down in the 1990s, being less able to absorb the unemployed coming from restructuring firms and declining industries. Organic, but not rigid, movement has also enabled the existence of small and large companies without the latter swallowing the former. Organic living is Tokyo’s industrial culture, allowing small and large, old and new, coexist.

EMBEDDED URBAN DEVELOPMENT POLICY

Holistic Industrial Policy

National industrial policy becomes the core of Tokyo Metropolitan Government’s urban development when Tokyo implements industrial policy at the local level. Although industrial policy is made through much coordination between the central state and TMG, TMG faces immediate politics of small businesses to implement national industrial policy in its urban context. As seen earlier, Tokyo’s small businesses consist of placed-based industry networks and highly organized industry associations. As they play the crucial role in TMG’s policy network, they can be formidable interest groups. TMG’s industrial policy surely rewards the winners of new growing industries as state policy does. But TMG has yet to integrate all these industry associations and industrial districts for potentially disastrous political consequences and a bureaucratic concern for even policy distribution. Developmentalism focuses producers as they create employment. Yet TMG’s producer focus is not the same as neo-liberalism’s supply side economy. The neo-liberal supply side policy suggests that the supply side’s effects will be trickled down to less fortunate sectors of the economy. Neo-liberal philosophy is that the rich get richer, but the poor can also gain. Developmental ideology is that the supply side is responsible to lead and improve the
economy and society as a whole. Small firms cannot make profit at the expense of their fellow firms, employees, suppliers, customers, and communities.

TMG directs its industrial policy to particular areas such as new growing industry clusters, depressed industrial areas, and declining downtown shopping centers. TMG’s industrial policy follows market logic by supporting new growing industries and yet emphasizes narrowing gaps between the growing and the declining industries by making investment in depressed areas. A policy that “winners take all” never happens in TMG. The new IT clusters in Akihabara area and the Tama area are, for instance, targeted to further development of IT (TMG, 2000b and 2001b). TMG picks Akihabara because it is a depressed area with a relatively higher unemployment than the rest of Tokyo and because IT industry is also concentrated. TMG plans to revitalize Akihabara as an “Electric Town” by using empty public land around the Akihabara Station (TMG, 2001b). Using empty public land doesn’t require gentrification and changing social composition of Akihabara. And Akihabara’s urban redevelopment project is not at hands of private urban development projectors. Developmental policy oriented urban development makes much difference from market based urban development.

TMG’s IT focus is linked to state policy on urban revitalization and national technology development. State policy on urban revitalization plans to revitalize urban centers by application of IT, making use of unused public land, and rebuilding the old housing (Council on Economic and Fiscal Policy, 2001).

The traditional machinery districts of Tokyo’s south (Ota, Shinagawa and Meguro) and east (Sumida, Koto) are picked up for revitalization with IT. Policy support consists of technology innovation and deployment, loans, subsidies, and consultation besides information provision about financial assistance sources, market trends, leasing fiber-optic network, and office space availability for sohos.

Many national policy makers and economists claimed that the economic downturn in the 1990s was caused by bank’s unperfoming loans. Without solving bank loan problem, the economy wouldn’t recover. By contrast, TMG’s policy makers are keenly aware that the real problem lies in the fact that Tokyo hasn’t generated new enterprises fast enough to absorb the unemployed from bankrupt small businesses, industrial restructuring and failed financial and real estate sectors in the 1990s. They often point out the number of bankruptcy outnumbered the number of emerging enterprises in the mid 1990s. Tokyo’s industrial policy emphasizes, therefore, business areas potential to create new jobs (TMG, 2000c). Some of TMG’s policy makers might be advocating the Japanese version of neoliberalism. And they are also admires of American entrepreneurialism in Silicon Valley and New York’s Silicon Alley, which are tied to Nasdaq . Yet, they are not promoting market competition alone. They want to create more new entrepreneurs through policy assistance. TMG hasn’t left the creation of new jobs in market alone.

Institutional Supporting Systems

Technological innovation support. Tokyo’s some small firms are world-class and have much resource in R&D. But most small businesses are not. TMG’s Bureau of Industry and Labor deals with an overall policy making and implementation to make sure Tokyo’s industry follows the new technological direction. The Bureau of Industry and Labor works with the Small and Medium Enterprise Promotion Agency and the Tokyo Metropolitan Industrial Research Institute to provide technology innovation. The Tokyo Metropolitan Small Business Promotion Agency provides, through its 47 branch offices in Tokyo, loans to new joint start-ups equipped with new products and technology, groups of small firms developing information networks, and joint R&D by small firms. The Tokyo Metropolitan Industry Research Institute has four branch institutes geographically spread in Tokyo and provides small businesses with technology deployment, R&D assistance through testing and experiment (Tokyo Metropolitan Industrial Research Institute, 2001).
The Bureau of Industry and Labor now focuses on the national TLO program to help small and medium firms create new technologies. Only 5% of Japan’s corporations target at basic research, while about 53% of university research focuses on basic research (Ministry of Public Management, Home Affairs and Posts and Telecommunications, 2001). But universities tend to leave the result of basic research un-commercialized. They lack know-hows and resources to apply patents and licenses. The TLO is to fill this task. Tokyo actively applies the TLO program to small and medium firms to create new start-ups and more jobs. Tokyo expects the concentration of more than 50 universities in the Tama area can be a catalyst to Tokyo’s small businesses (TMG, 2000b). TMG has set an office to promote TLO in the Tokyo Metropolitan Industrial Research Institute. This office mediates between universities and small businesses to promote joint R&D projects (TMG Industrial Research Institute, 2001).

Consultation support. Tokyo’s industrial districts and small businesses have been always exposed to global competition. High bankruptcy rates plague small businesses. TMG’s consultation support attempts to counteract the fate of small businesses. TMG provides small businesses with comprehensive consultation services. TMG directs its particular focus to the creation of new start-ups and nurturing entrepreneurship. TMG works with Tokyo’s Chamber of Commerce and Industry and other small business organizations. TMG’s consultants are certified public consultants who passed the national consulting examination. Certified public consultants act as brokers between the ward governments and small businesses (Fujita and Hill, 1998). They also do research small businesses systematically on the regular base, disseminate information about best innovation practices, and provide management advice about new technology deployment, marketing, and networking Tokyo-wide.

Financial support. Tokyo has a highly institutionalized financial support system to small businesses within state policy frameworks. Loans are directed to technology upgrading, start-ups, and R&D in new products and new technologies along TMG’s technology policy line—such as environment, medical and social welfare, recycling and information (TMG Bureau of Industry and Labor, 2001a). Loans are applied at TMG, TMG’s designated banks and other public organizations. Besides the usual national policy links, TMG provides small businesses with “Collateral Loan Obligation” (CLO) program. The new Governor Ishihara initiated the CLO program to assist small businesses in 2000 by intending to create a bond market to small businesses. The CLO program covered a total value of 68 billion yen and supported 1,700 small firms between 2000 and 2001. The loans were provided by city banks. TMG created “Sparkling Business Network” to disseminate information on about the CLO on the Internet.

TMG also provides financial assistance to venture businesses that are yet not listed in Tokyo stock market (TMG Bureau of Industry and Labor, 2001b).

New Participative Industrial Policy Making

TMG’s industrial policy created its own policy networks over decades. Policy-making was highly institutionalized with the network that connected both the public and private sector. TMG’s basic industrial survey targeted small businesses were made annually by Tokyo’s research institutes in cooperation with other industrial and trade associations such as Tokyo Chamber of Commerce and Industry. Survey results were made as reports and white papers and disseminated to all related policy makers, administrators, and small business sectors. TMG’s industrial policies were made on the basis of meticulously investigated surveys.
TMG began the new approach to industrial policy making in 1999 when the new governor Shintaro Ishihara was elected and the central government began to decentralize its policy making power to local governments. The new governor established the Industrial Policy Making Office in the Bureau of Labor and Economic Affairs in June 1999 and intended to change Tokyo’s traditional way of policy making (TMG, 2000b). The governor, a staunch critic of the bureaucracy, intended to change not only TMG’s policy-making process but TMG’s bureaucratic structure. Initially, several staff who came to the industry policy office from various departments of TMG drew a vision to make Tokyo’s industrial policy.

The industrial policy making office opened the home page on the Internet and started to solicit from the public ideas and projects for Tokyo’s industrial promotion on the Net (and any other means of communications – fax, telephone). They put solicited ideas and projects on the Net and opened up information to the public and invited debates. Then they consulted officials in planning and economic affairs in Tokyo’s wards, cities, towns and villages. After holding policy meetings with and having feedbacks from individuals, industrial and trade associations, neighborhood organizations, public and private think tanks, universities, and Tokyo’s wards, cities, towns and villages the public, they made a final draft entitled, “Tokyo Metropolitan Government’s industrial promotion vision for 2000” (2000b), a year later, July 2000. It contained such proposals as industrial development by local small businesses and shop owners and the effective use of industrial districts.

Tokyo’s new industrial policy making involved the public for the first time. But what Tokyo’s the industry policy making office came up in the vision was surprisingly the same as traditional industrial policy. This demonstrates TMG’s traditional policy making was much closely tied to Tokyoites needs without the direct involvement of the public.

Urban and Community Planning

Developmental orientation. Tokyo links its industrial policy to urban and community planning to deal with problems of declining communities, aging society, and recycling society. TMG’s policy makers are keen for the creation of new industries and new products to meet what Tokyo’s aging society requires, but not for the economic growth itself. Tokyo expects Japan’s recently enacted long-term care legislation for the elderly promotes social welfare related industries by NPOs in communities. Tokyo also expects strict environmental regulation stimulate the development of new environmental protection technologies and energy savings, the growth of the recycling industry, and the creation of more jobs. TMG has banned diesel engine trucks from entering Tokyo for its policy of zero emission. TMG’s policy has, one way or another, encouraged Toyota and other car makers to produce hybrid cars for energy saving and clean air.

Autonomy and state policy coordination: The case of Chiyoda-ku. Tokyo’s cities and towns are now, under the newly legislated law that they can make their own town planning, experimenting their autonomy. Chiyoda-ku (city), one of Tokyo’s old downtown areas, began its own town planning by establishing a third sector organization, Chiyoda-ku town planning corporation”, in 1999 (Chiyoda town planning promotion corporation, 2000). The new organization consisted of mostly city officials in urban planning and other departments, university professors and some corporate representatives.

Chiyoda-ku geographically covers Kasumigaseki (the government office building area), Marunouchi, Otemach and Yurakucho (the global business and finance area), Ochanomizu and Zimbocho (the book shop district and the universities and other higher education institutions area), and Akihabara (the electric and computer shops area). Chiyoda officials were concerned with declining several commercial areas like Kanda and Akihabara in Chiyoda-ku. The new organization was to make a proposal to Chiyoda city government concerning how to revitalize declining commercial areas. The organization established a committee to make a proposal. The committee was
made of all university professors in Tokyo and Yokohama. It proposed that the city promote sohos for revitalization. Sohos that the committee recommended were linked to neighborhoods. Sohos in Akihabara were, for instance, to link to the digital technology and the art industry in the area. Akihabara’s facilities like “Town Planning House Akiba” could be used as an incubation place to support IT related sohos, venture sohos, and students sohos by providing them with office space, consulting services about taxes and resources, and meeting rooms equipped with digital technology. Sohos in Marunouchi and Ohtemachi were to link business service firms in the area. The committee also recommended the use of national and Tokyo’s industrial policies and programs like TLO.29

A small neighborhood based urban planning has also begun. Waseda neighborhood, a declining downtown commercial area, uses, for instance, e-commerce and the Internet for community revitalization. Waseda neighborhood links a community planning to anti-earthquake disaster measures, environment protection and social welfare services to the elderly. Other local communities are increasingly using urban planning to generate more new jobs in their neighborhoods. Tokyo’ policy support to local communities includes financial, technological, management, and IT network making assistances.

Tokyo’s cities, communities and neighborhoods can now make their town and community planning on their own. The state provides numerous programs and policies cities and communities can choose from. The autonomy urban planning takes place within developmental and institutional framework.

CONCLUSION

Tokyo’s urban development policy is embedded in Japan’s developmental capitalism. Globalization hasn’t pushed Tokyo’s urban development in the direction of global neo-liberalism. Tokyo’s developmentalism shapes Tokyo’s economic base that emphasizes manufacturing technological innovation, spatial organization that accommodates the versatile economy and new and old industrial districts, and social structure that pronounces social integration and egalitarian outlook. Tokyo’s urban development reflects Japan’s national and institutional framework. There is no sign that Tokyo converges on a single common global model.
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Endnotes

1 Austrian born economist Frederick von Hayek argued in his book, “The Road to Serfdom” (originally published in 1944), that liberalism that releases the creative energy of individuals is alternative to state economic planning that inevitably leads to totalitarianism (1994). His ideas were popularized by his student, Milton Friedman.

2 MTI established close relationships with large firms like Nippon Steel and NKK in steel and chemical industries in the 1960s and 1970. MITI expected them to lead innovation in the heavy industry. Industrial policy accompanied small business policy through its Small and Medium Sized Business Agency and urban and regional policies for large metropolitan areas and regions through Ministry of Home Affairs and National Land Agency’s comprehensive national development plan. Metropolitan urban policy led relocation of large-scale factories away from Tokyo, while regional policy led to the establishment of new industrial cities that attracted the heavy industry from metropolitan regions. The state also built advanced industry and technology research centers in cities throughout Japan to promote and disseminate new industrial technology. Cities played the brick and mortar role in implementing industrial policy at the local level, building industrial parks and other infrastructure.

Followed was industrial policy that the state focused on a knowledge incentive society by application of computers in the 1980s. MITI targeted at large corporations like NEC, Toshiba, Toyota and Fujitsu in assembly and processing industries for policy implementation. Regional policy was implemented under Technopolis Plan that major local cities were expected to be the center of local science and technology centers (Fujita, 1988). Metropolitan cities were directed to create new industries and new products.

There was no clear-cut and coordinated industrial policy in the 1990s. The 1990s was the era of state restructuring that intended to break half century old policy making ties between the LDP and the bureaucracy. Confusing and restructuring state was unable to present a well-coordinated industrial policy. During this period, MITI simply carried out previously legislated industrial policies. Then national technology development policy came in 1996. The policy came from Prime Minister’s ad hoc advisory committee. The policy targeted at the creation of new technologies and industries with a collaboration among the state, industry and academy. The Technology Licensing Organization (TLO) program later developed to implement national technology development policy in 1998. The TLO program was to facilitate the process between transferring basic research from universities to the industry and commercializing basic research for new technology, new industry, and new product. The MITI’s role here was to implement the TLO program in cooperation with Ministry of Education. The MITI’s initial policy-making power moved to Prime Minister’s office.

3 The Council on Science and Technology Policy consisted of prime minister, related ministers, university professors in science, technology and engineering, the Nobel Prize winner, and corporate presidents (Council on Science and Technology Policy, 2001).

4 Intelligent industry cluster policy began in 1986. It covers 26 project sites around big regional cities. It, for
example, covers Hamamatsu Lake Intelligent Cluster Center that focuses on development of mechatronics and optical-electronics

5 There are 42 research park and science city projects in Japan (National Land Agency, 2000).

6 Some critics argue the demise of the developmental state (Nakatani, 1998; Shaede, 2000).

7 The state began to reform trade and financial structures from international pressures and other electoral and political systems from domestic pressures. The end of the postwar LDP ruling regime in 1993 worked as the catalyst of Japan’s reform. A short-lived 10 prime ministers for a decade all attempted to reform Japan’s political and economic systems.

8 Companies, universities and government organizations in the Osaka area have also launched a research group to study nanotechnology. The group consists of 91 major corporations—including Matsushita, Takeda, NEC, and Sumitomo Chemical, Osaka University and Kyoto University, and local government-affiliated research bodies. The head office is located in the Osaka Science Technology Center (Nikkei Net, April 12, 2000).

9 Toray Industries, a textile manufacturer, has, for instance, set up a team to combine nanotech and biotechnology in search for new materials. Showa Denko, chemical company, has begun producing carbon nanotubes, a new type of carbon material that is $\frac{1}{10,000}$ the thickness of a standard of hair (Nikkei Weekly, February 26, 2001).

10 The small business is defined as a firm with less than 4 in services and retail trades and with less than 20 in manufacturing and other industries (TMG, 2000).

11 Precision firms like Olympus Optical and Precision System Science are moving to the biotechnology area by inventing a device to separate DNA from protein and a DNA extraction machine (Nikkei Weekly, April 23, 2001; Ito, 2001). Furthermore, Hitachi and Yamanouchi, a pharmaceutical firm, have made an alliance to develop a genetic-drug research (Nikkei Weekly, May 26, 2001). And Sony, NEC, Dai Nippon Printing, Toppan Printing, Hoya, and other 4 firms have set up a consortium to develop next generation semiconductor-manufacturing equipment for fabricating semiconductors (Nikkei Net, June 13, 2001).

12 Comparison on Gini index by country is very difficult as uniform factors and statistics are hard to find. Yet according to existing comparative data on Gini index, Japan is relatively an egalitarian society. According to the World Bank’s data on the world’s social inequality, Japan’s Gini index was 24.9, Germany 30, and the US 40.8 (The World Bank, 2000: 282-3).

13 Shibuya Bit Valley is a literary translation of “Shibuya.”

14 Sohos have begun to organize themselves to have access to low cost telecommunication system, better tax and health insurance system. One of such organizations is the Shibuya Bit Valley Association made of 2000 voluntary Internet related members. It publishes its own journal, SOHOSTYLE.

15 It is also linked to the global small business information network (run by METI’s Small Business Agency), the global management center trade information network (run by the Global Commerce Consortium), TradeMatch (by a British information provider, Import-Export Bulletin Board (by American Journal of Commerce), and World Access Network Direct (O-net, 2001). Oat’s industrial district was the networked economy without the Internet. It now compounds its network economy by the digital technology.
Government institutionalized technology transfer from universities to the private sector in 1998. Technology Licensing Organization (TLO) bridges through the patent system between universities that do basic research and the private sector that develops basic research results for commercialization. The patent fees are returned to universities and researchers.

The Headquarter Office for Revitalization on Cities was created within the Prime Minister’s Office with relevant ministers as members. This soon-to-be cabinet office focuses on urban revitalization projects such as promoting recycling capabilities, urban center creation with IT, securitization of real estate, and more active use of the PFI (private finance initiatives) program for public projects.

The IRI consists of 245 researchers, of whom 23 Ph.Ds. Its branch institutes provide assistance for precision processing technology, electronic technology, IT, environmental technology, X ray applied technology, apparel and knit related technologies. Each branch institute’s specialty is linked to the industry of an area where it is located.

TLO was partly stimulated with the American practice of cooperation between industry and universities for commercialization of new products, particularly in IT Government innovation program connecting between universities and starts-up companies is a long term national strategy for industrial technology development throughout 2010 (MITI, 1999).

But behind these big corporations are Tokyo’s industrial districts that play the crucial role in technological innovation.

Tokyo Metropolitan Small Business Promotion Agency in TMG provides consultation services about loans, customer problems, purchasing machines, taxation, employment law changes, patents, marketing, management, seminars and information on market trends (Tokyo Metropolitan Small Business Promotion Agency, 2001).

Tokyo Multi-Media Crafts-Shop in Teleport Center run by the Tokyo Metropolitan Small Business Promotion Agency and a private company, Time 24 Corporation, offers seminars and curriculum on entrepreneurship. The Tokyo Media-Port Academy in Teleport Center managed by Time 24 Corporation and a public sector organization, the Tokyo Media-Port Conference, make incubator rooms available, to “creators” – such as designers, producers, and artists. The incubation rooms are wired and equipped with soft and hard technology peripheries. The Creative Support Center managed by Tokyo Fashion Town Corporation makes available the color library, the video library, and business working rooms to fashion designers and coordinators at a low cost (TMG, 1999b).

Tokyo Metropolitan Small Business Promotion Agency, Tokyo Southern Small Business Promotion Center, Tokyo Eastern Small Business Promotion Center, Chamber of Commerce and Industry, and other small business organizations.

The CLO program is organized as follows. Bank loans to small firms are pooled in a bank and transferred to a trust bank. The trust bank further transfers a pooled loan to a special purpose corporation that issues bonds to investors. As a result, investors are not making investment to individual firms but a group of small firms.

Annual interests on the loans are 3.14%, while investors can expect a return of 1.13%. The maturity date is April 10, 2003. Dai-ichi Kangyo-Fuji Trust & Banking was used as the trust bank for the securitization (Nihon Keizai Shimbun, March 20, 2000).
These city banks include Tokyo-Mitsubishi, Tokyo Tomin (People’s) Bank, Bank of Yokohama, Industrial Bank of Japan and Tokyo based credit banks.

It has the web (http://www.kigyonen.metro.Tokyo.jp).

METI’s (formerly MITI) venture business support program is quite extensive, covering large corporations. By contrast, TMG has just begun a similar program and so far supported a few cases like Micro Talk Systems that develops wireless RFID system, M and S Fine Tech that develops photo mask for liquid crystal panels, and other two firms (TMG Bureau of Industry and Labor, 2001).

Other national programs include Management Organization (TMO), Private Finance Initiative (PFI), and NPO.
Introduction

Rapid urbanization and urban growth in developing countries, especially in Asia, have generated considerable governmental concerns and scholarly attention (e.g., Kasarda and Parnell 1993; United Nations 1996). This issue is important to governments, as it is associated with uneven development, intergovernmental relations, social problems, and sustainability. Having difficulty coping with urbanization and urban growth, many developing countries have attempted to control urbanization and the growth of large cities. Former socialist countries, under the influence of socialist ideology, also intended to control urbanization and the growth of large cities, as evidenced by the notion of “under-urbanization” and anti-large-city policies.

With liberalization and globalization, the capacity of the state controlling urbanization and urban growth has been declining. Moreover, large cities are centers of economic growth, political power, and international connections; they provide jobs and income opportunities. Urban governments are being transformed from providers of public goods to developmental and entrepreneurial states that actively promote urban growth and attempt to capitalize from globalization (Hall and Hubbard 1998). In former socialist countries, economic reforms have empowered growth-oriented local governments of former socialist countries, and transitional cities have become centers of change. Cities such as Shanghai, Seoul, and Taipei are striving to move up in the global urban hierarchy and become “global cities” (Lo and Yeung 1996). Correspondently, many scholars have emphasized planning and governance of cities to cope with the challenge of globalization.

The Chinese government attempted to limit the population growth of cities. During certain periods under Mao and the influence of socialist ideology, China implemented a policy of controlling migration and urbanization, while promoting industrialization (“industrialization with controlled urbanization”) (Lin 1998; Zhou and Ma 2000). When reform spurred rural-urban migration but cities were troubled by problems of shortage common to socialist economies during the late 1970s and early 1980s, China officially announced an urbanization policy to control the size of large cities (with non-agricultural population over 500,000) (Wei 1994). However, with the liberalization and globalization of the Chinese economy, Chinese cities have been undergoing unprecedented growth and restructuring. Millions of rural migrants have flooded into both large and small cities. A better understanding of Chinese cities in transition is necessary to cope with rapid urbanization and the growth of large cities in China.

This paper attempts to examine population growth in Chinese cities through a case study of Hangzhou. We will first overview the development process and the extent of growth in Hangzhou. While acknowledging common factors underlying urban growth in Western countries and China, we highlight the significance of China’s reforms and globalization in the growth of Chinese cities. We will also illustrate the challenges of growth in Hangzhou, and discuss the implication for habitat agenda.
Development, Urbanization, and Urban Growth

Located in the Yangtze Delta (Figure 1) and established in the Qin Dynasty (222 BC), Hangzhou is one of the traditional capitals of China, and was praised by Marco Polo (the Yuan Dynasty) as one of the greatest cities in the world. The city emerged as an important commercial center in China after the construction of the Great Canal in AD 610 (the Shui Dynasty), which connected Hangzhou, the center of China’s grain production and commercial activities in southern Yangtze Delta, to the political centers in the north. Hangzhou’s prominence rose further during the Tang Dynasty, and the city reached its pinnacle during the Southern Song Dynasty (AD 1138-1276) when it became the national capital due to both its prosperity and strategic location. In the latter part of the Southern Song Dynasty, Hangzhou became the most populous city of the world (Ma and Mao 1992). Like many other major cities in coastal China, modern industries, such as textile, electricity, and food processing industries, were established in Hangzhou in the late 19th- and early 20th- centuries. The construction of Zhegang Railroad in the 1930s connecting Hangzhou to Shanghai, the emerging economic center of China, brought a new wave of industrialization and modernization to Hangzhou. Over the years, Hangzhou has become known for its beautiful natural landscapes (e.g., the West Lake), historical heritages, handcrafts, and cultural products such as silk, tea, fan, scissors, Chinese medicine, and Chinese traditional painting.

Figure 1. Location of Hangzhou

When the People’s Republic of China (PRC) was founded in 1949, Hangzhou had 624,800 people, including a non-agricultural population of 474,800 (HSB 1989). During the 1950s, with the recovery of the Chinese economy and the implementation of new industrialization programs, population in coastal cities, including Hangzhou, increased (Figure 2). In 1957-58, with the initiation of the “Great Leap Forward,” and influenced by the Soviet-model of industrialization, Hangzhou proposed to build the city into an industrial city centered on heavy industry. Since then, steel, oil refinery, auto, shipbuilding, paper, and heavy chemical factories were established (e.g., Hangzhou Steel, Hangzhou Oil Refinery, Hangzhou Glass, and Hangzhou Paper), despite the fact that Hangzhou’s strength was in light industry and Zhejiang province lacks energy and raw materials for heavy industry. The construction of these new factories and the recovery of established industries led to the growth of urban population in Hangzhou during 1957-1960—a phenomenon coined as “spurious urbanization” by Zhou and Ma (2000). In 1960, Hangzhou had a population of 969,300 (ZSB 2000).

Figure 2. Population Growth in Hangzhou, 1950-1998.

However, from the early 1960s to the early 1970s, Chinese cities, Hangzhou not excluded, faced economic stagnation and unrest. Due to defense consideration, almost no major investment projects were allocated in Hangzhou. The central government considered Zhejiang the First Front and therefore the most vulnerable to foreign invasion. Due largely to the failure of the Great Leap Forward and the Great Famine in the early 1960s, economic stagnation forced Hangzhou to strictly control rural-urban migration, and even sent urban residents to the rural areas. From 1968 to the end of the Cultural Revolution in 1976, Hangzhou sent 113,600 youth to the countryside (Hangzhou 1981). With economic stagnation and the strict control over migration, Chinese cities recorded little growth or even decline in population. The population of Hangzhou declined to 945,500 in 1970, 23,800 less than in 1960.

With the fading of the “Cultural Revolution” and the normalization of U.S.-China relations in the early 1970s, the perceived international threats to China eased and the state began to slowly shift its emphasis of investment from the interior to the coastal region. Hangzhou’s economy also began recovery, and some new enterprises were established because of its favorable location and its role as capital of Zhejiang province. But with the strict policy of controlling migration, population growth in Hangzhou remained slow, especially compared with the reform period (Figure 2).
In the late 1970s, the number of migrants in large cities increased, due to the return of many urban youth who were previously sent to the countryside. Population of Hangzhou increased from 1.01 million in 1977 to 1.05 million in 1978 and 1.11 million in 1979. Non-agricultural population increased from 759,900 in 1977 to 787,300 in 1978 and 850,500 in 1979 (HSB 1989). Such a growth placed a heavy burden on Chinese cities, which at that time were still suffering from the shortage of jobs and urban services -phenomena common to socialist cities. Under such a circumstance, China formalized its national urbanization policy as “strictly controlling the size of large cities, rationally developing medium-sized cities, and vigorously developing small cities” (Wei 1994).

Under the influence of the national urban policy, cities in China, including Hangzhou, stressed the control of urban population and built-up area. The Master Plan of Hangzhou 1981, approved by the State Council in 1983, set up control objectives of a 1.15 million population in 1985 and 1.2 million in 2000. Urban (non-agricultural) population was projected to be 950,000 in 1985, and 1.05 million in 2000 (Hangzhou 1981). As one of the most important historical and “tourist-attracting” cities in China, the State Council emphasized the strict control of population growth in Hangzhou. To control population growth, several measures were taken, such as the restriction on industrial allocation, the organization of functional districts, the development of seven satellite towns, and strict control policy in industrial allocation and migration. Since the population objectives were the basis for the planning of other activities (e.g., urban spatial organization, land for future growth, and infrastructure), these control objectives had tremendous impact on the overall plan of Hangzhou.

**Urbanization and Urban Growth during the Reform Period**

Urbanization and the growth in Chinese large cities have been accelerated since the mid-1980s since China launched comprehensive urban reforms and broadened open door policies. Rural-urban migration has become a major source of the growth of large cities in China, and all Chinese cities have surpassed their year of 2000 population control objectives set up by their master plans made in the early 1980s. For example, total population in Shanghai reached 13.3 million in 1990, surpassing the control objective of 13 million for the year 2000 established by the Master Plan of Shanghai and sanctioned by the State Council in 1986.

Like other Chinese cities, Hangzhou also entered a stage of rapid population growth (Figure 2). In 1985, the population of Hangzhou reached 1.25 million, including a non-agricultural population of 1 million, which easily surpassed the control objectives set up for that year by the Master Plan of Hangzhou 1981 (Hangzhou 1981). The control objective for total population for the year 2000 was actually surpassed in 1983 (1.2 million), and the objective for non-agricultural population was surpassed in 1988 (1.07 million) (ZSB 2000). In 1990, total population of Hangzhou was 1.35 million and its non-agricultural population was 1.16 million. According to the 1990 census, residential population in Hangzhou reached 1.47 million. Such rapid population growth was beyond the expectation of urban planners and administrators in Hangzhou.

With deeper market reforms and globalization, the population in Hangzhou grew more rapidly in the 1990s. In 1995, Hangzhou had a total population of 1.44 million, and a non-agricultural population of 1.21 million. Hangzhou also registered a temporary population of 290,000 -much larger than that in 1989 (200,000) (Project Team 1997). In 1996, with the annexation of six townships from suburban counties, the city registered a population of 1.67 million and a non-agricultural population of 1.26 million. Those figures substantially surpassed the population control objectives for the year 2000 set up by the Master Plan of Hangzhou 1981, and also surpassed one of the boldest projections of total population for Hangzhou in 2000 during the 1980s (1.48 million) (Chen 1988). Meanwhile, the built-up area of the city also increased rapidly. The city expanded dramatically towards the east, the north, and the northwest, with massive construction underway in the south side of the Qiantang River. Consequently, the spatial structure of the city changed substantially.
How can we come to grips with such a rapid growth of urban population in Chinese cities? Previous studies have emphasized agglomeration economy, push-pull factors, urban bias, and global capitalism, as argued by neoclassical economics, dependency, world system, and human capital theories. In the following, we attempt to provide a balanced view by discussing important factors contributing to the rapid population growth of Hangzhou. Our analysis highlights the functioning of multi-mechanisms, and holds that it is not a singular factor underlying the substantial growth of Chinese cities. More specifically, we emphasize China’s transitional process, especially reforms and globalization, while acknowledging common factors of urban growth, such as agglomeration economy.

China’s economic reforms, especially decentralization and marketization, have stimulated economic growth and provided means through which migration to the cities becomes the reality. Earlier reforms of China emphasized decentralization, in an attempt to reduce the central control of decision-making and to provide benefits and incentives to localities. The introduction of new systems in product pricing and exchange, taxation, employment, production management, and urban services have provided local states and agents considerable power in decision making. With reform in the 1990s, many bureaucratic coordination organs and vertical control instruments have been removed, and the market has gradually taken over as a major determinant of allocative decisions. Moreover, as a result of decentralization and marketization, the state has become more entrepreneurial and technocratic than its predecessor, and places economic growth at the core of state functions. Consequently, market mechanisms and guidance planning have replaced mandatory planning of orthodox socialism, and the government has less oversight and is often unwilling to control industrial allocation and urban growth.

Reforms have changed the policies of the government towards urban growth and control in Hangzhou. For example, during the 1980s, Hangzhou encouraged the relocation of industries from the city to suburban satellite towns by maintaining their salaries and living stipends. Family members of relocated workers were given employment priority in those towns. These policies, to a certain extent, increased the population residing in satellite towns, but did not slow the rate of urban growth in Hangzhou. With the continuation of reforms, the government of Hangzhou--especially the mayor, (economic) planning commission, and taxation bureaus--has emphasized economic growth and local spending. Rather than developing satellite towns, the government has implemented a series of preferential policies to attract investment to the city.

Reforms have dramatically reduced the instruments Hangzhou can use to limit industrial allocation and its urban growth. The household registration system, which was a major instrument of the government to exert job and migration control, has been largely disbanded. Employment and living are largely beyond the control of government policy, which paves the way for rural migrants to work and to live in Hangzhou. With this said, the city occasionally requires migrants to get its permission. The development of housing, food, and land markets provides life essentials for the migrants, which further diminishes the control of the state. Consequently, migrants do not have to rely on the city government for jobs and living, and can stay in the city even without the permission of the government. Meanwhile, Hangzhou has de-emphasized population control and relaxed the control over household registration. Those changes can be best evidenced by relaxing migration policies of the Office of Population Control in Hangzhou, which was eventually shut down by top administrators of the city.

China’s open door policy and globalization have had huge impacts on the population growth of Hangzhou. China has dramatically restructured Mao’s policy of self-reliance and attempted to stimulate its economic growth through foreign investment and trade. China’s opening up to the outside world has been facilitated by the globalization of economic activities, economic restructuring in Asian NICs, and the interest of overseas Chinese. Open areas enjoy lower taxes for foreign investment, higher foreign exchange retention rates, lower tariffs on import goods,
tax breaks for exports, and more decision powers in management. In the early 1990s, China deepened economic reforms by easing restrictions on foreign investment in the service sector, further reducing tariffs, and opening up domestic markets. Besides the favorable open door policy of the central government, Chinese cities have also initiated numerous local policies to attract foreign investment, especially by simplifying approval procedure, subsidizing through local revenue, and providing infrastructure support. The process of “open door” in China, however, is spatially uneven, with a strong focus on the coastal cities. Preferential policies have also been granted to Shanghai and the Yangtze delta, bringing a wave of globalization specifically to this region. Hangzhou and other cities in the Yangtze Delta, with preferential policies, active local governments, easy access to the international market, and good infrastructure conditions, have become the new focus of foreign investment in China.

Hangzhou was opened up in the mid-1980s. Foreign direct investment (FDI) in Hangzhou increased from US$ 9.1 million in 1985 to US$ 53.7 million in 1996 (HSB 1999). Numerous multinational enterprises, such as Motorola, Siemens, and Toshiba, have invested in Hangzhou. Since the late 1990s with the rise of the new Mayor, Chou Baoxing, Hangzhou has been pushing hard for globalization and growth, and is worried about being marginalized by Shanghai, China’s emerging global city. Xiasha Economic and Technological Development District, with a planned area of 27 km$^2$, was among the first group of development districts in China designated for foreign investment. More recently, a new college town is under construction within the district, which is expected to reside 1.2 million students alone. The development of this district also stimulates rapid population growth of Xiasha Township, which has a land area of 105 km$^2$ and is under the management of the district administration commission. Moreover, the Binjiang District is planned to occupy an area of 70 km$^2$ to attract domestic and foreign investments. The city hall is expected to relocate to this area, in an attempt to provide better services to developers and new residents. Hangzhou also emphasized the globalization of the tourism industry and serving international tourists by constructing numerous hotels and theme parks, which also increases the built-up areas. Those development policies and the southern and eastern expansion of the city were beyond the consideration of the Master Plan of Hangzhou 1981. In fact, the 1981 plan limits the development of areas in east Hangzhou for protecting suburban agricultural land, and areas surrounding the Qiantang River in order to protect the environment.

Meanwhile, Chinese cities are also undergoing spatial expansion and the restructuring of urban land use as a consequence of reforms and globalization. Shortages in urban land, relocation of industries, and the demand for housing have prompted the expansion of large cities and the formation of sub-centers. Patterns of urban land use have been restructured to facilitate economic growth and to satisfy the demand for housing. The emergence of land markets and the demand for land have also made land development profitable for local states, working units, and developers. The “city leading county” system, under which central cities administrate surrounding counties, provides cities some power in annexing land from suburban counties. Consequently, the administrative areas of large cities have increased to accommodate rural migrants and decentralization of industries previously located in downtown areas. In 1996, by annexing three townships from Xiaoshan County and three townships from Yuhang County, the administrative area of Hangzhou increased from 430 km$^2$ to 680 km$^2$, an increase of 58.2 percent. These annexations also increased a population of 192,700, with 94,600 from Xiaoshan and 98,100 from Yuhang.

The suburban areas (or urban periphery) of large cities in particular have been experiencing rapid growth and changes. Suburban districts of Hangzhou recorded fast growth in population, while population in the city core has declined (Li et al. 1998). Pannell (1992) suggests that suburbs may be better than locations inside the built-up areas of the city as land acquisition, site preparations, building construction, and production preparation cost less in such locations. Chinese authorities and developers have used suburban areas as the major areas for urban expansion and for the relocation of industries from the central cities. In addition, suburbs have loose government control, and landlords and developers welcome migrants. Consequently, parcels of agricultural land have been
transformed into urban land for industrial, commercial and residential development. Hangzhou’s suburban areas, especially inner-suburbs, have experienced the most rapid population growth. According to the census, the population in Lingyin of Xihu District, for example, increased from 7,852 in 1982 to 39,780 in 1990, an increase of 406 percent.

**Challenges to Sustainability and Planning Responses**

Unanticipated rapid growth has created new problems for Chinese cities, and is challenging the issue of sustainability. Rapid growth requires more land for urban development and industrial allocation. Hangzhou has been struggling to provide urban spaces for the rapidly increasing urban population. While per capita output in Hangzhou is high, per capita urban land in Hangzhou has been among the lowest in large cities. In 1998, population density in the city district (shiqu) was 2,517 persons/km² - among the highest in Chinese cities and provincial capitals (SSB 1999). The inner city has severe shortage in public space, transportation land use, and residential space. The relocation of industries from the central area of the city and the development of new districts have subsequently increased urban built-up areas. As a result, considerable agricultural land and water bodies have been lost to urban and industrial development. Moreover, many new constructions were poorly regulated, and in turn wasted a substantial amount of land.

Rapid growth and the need for more urban spaces forced Hangzhou to seek land from suburban counties by annexation through its administrative power and the support of provincial and central governments. Hangzhou has been arguing the importance of the city to the development of Zhejiang province, and rationalizes its demand for more land. In 1996, the city successfully annexed six townships from two counties, which, however, has intensified its relationship with suburban counties. Facing the danger of losing more land to Hangzhou, suburban counties have been leasing the land adjacent to Hangzhou to developers, often without the consideration for planning and future growth. Hangzhou is struggling to provide more land for future development, suburban agriculture, and conservation.

Population growth and urban land expansion have put tremendous pressure on urban infrastructure and housing the poor. Severe congestion has become a big problem in Chinese cities, including Hangzhou. The situation is even more serious during the annual Spring Festival and other holidays. Hangzhou has allocated tremendous investment in improving urban infrastructure. This includes a railway station built in 1991, the improvement of almost all of the major roads in the city, two new bridges across the Qiantang River, and the construction of a new international airport. However, many newly developed residential areas lack necessary services such as libraries, parks, and sports facilities. Hangzhou and its suburban counties lack coordination in water supply, waste management, transportation, communication, and real estate development. The booming economy of Hangzhou has pushed up housing prices, which skyrocketed in the late 1990s and early 2000s. The rise of property values makes many urban residents live in poor housing conditions, and government support is needed in providing housing to low-income workers.

Urban growth has also intensified environmental problems in Hangzhou. The sizable urban population has placed a great pressure on the capacity of the West Lake, despite the efforts of the local government to reduce pollution. Massive construction and increasing automobiles have also polluted the air of the city. Industrial pollution, especially resulting from steel work, refinery, construction, textile, silk, and chemical industries, has been a serious problem for Hangzhou. Many small industries are located all over the city, and require restructuring and relocation. In fact, residents of Hangzhou were deeply concerned with the environmental problems of noise, air pollution, water pollution, waste, and the lack of green space in the city (Project Team 1999). Residents were also concerned with crimes, parking, poorly regulated construction, messy roads, and the conservation of natural and historical resources. While the government has attempted to solve environmental problems partly caused by rapid
growth and poor management, many regulations are still not well implemented, and urban residents generally lack self-consciousness in protecting and improving the urban environment.

Hangzhou has been continuously making efforts to deal with rapid population growth and revising the original plan approved by the State Council in 1983. In 1984, China’s economic reform shifted its emphasis from rural reforms to urban reforms, and the growth rate of Chinese cities increased rapidly in the following years. Hangzhou was approved by the State Council as one of the fourteen coastal cities in China opened up for foreign investment and trade - a major policy change beyond the consideration of the plan of 1981. To attract foreign investment and compete with other coastal cities, Hangzhou established an open district (i.e. Xiasha Economic and Technological Development District) for foreign investment. Meanwhile, the success of economic reforms stimulated the growth of urban economy and the increase of migrants in the city, forcing the city to reconsider the population control objectives, to increase urban land, and to improve urban infrastructure.

Those changes forced Chinese cities to revise the master plans developed in the early 1980s. In 1984, one year after the State Council approved the Master Plan of Hangzhou, the People’s Government of Hangzhou asked Zhejiang province to permit the city to revise the original plan. In November 1984, the Provincial Party Standing Committee approved the request for revision. With considerable efforts of urban planners in Hangzhou, a revised plan was produced in 1986. After public exhibition and further improvement, in November 1991, People’s Congress of Hangzhou approved the revised city plan. On May 13, 1992, the plan was submitted to the Provincial Government of Zhejiang for approval.

Macro conditions underlying the planning of Chinese cities changed substantially again in the early 1990s. In 1992, Deng Xiaoping toured Southern China and pushed for more radical economic reforms. Corresponding to the change of macro conditions, the Party Committee of Hangzhou and the People’s Government of Hangzhou decided to accelerate the economic growth of the city, specifically by establishing and expanding development districts. The State Council approved the establishment of four national-level development districts in Hangzhou: Hangzhou Economic and Technological Development District, Hangzhou High-Tech Development District, Xiaoshan Economic and Technological Development District, and Zhijiang Tourism and Vocation District. These new developments dramatically increased urban built-up area and changed urban spatial structure, making the plan of 1981 and its revision in 1986 obsolete.

Hangzhou started another round of planning revision in August 1993. The Master Plan of Hangzhou (1993-2020) was distributed in March 1994 for discussion. The plan set up the objectives of total population for Hangzhou 1.45 million in 1995 and 1.5 million for 2000, and urban population of 1.22 million and 1.31 million in 1995 and in 2000, respectively. However, more activities detailing the plan were not taken, as Hangzhou was still in the process of annexing land from suburban counties, which could once again greatly change the plan of the city.

Since the late 1990s, large Chinese cities have been successful in gaining control of land from suburban counties, which have provided more space for urban growth and subsequently required planning to guide the construction. In April 1996, Hangzhou succeeded in gaining control of six townships from Xiaoshan and Yuhang counties, which provided more space for urban development. Hangzhou started a new round of urban planning in June 1996, and again planners worked industriously to finish the project. The Master Plan of Hangzhou (1996-2010) was evaluated by experts from the Ministry of Construction, and was exhibited to the public for suggestions. In November 1997, Hangzhou finished revising the Master Plan, and a full document was produced in March 1998. The plan set up population objectives of 1.76 million in 2000 and 2 million in 2010; these figures are obviously considerably higher than the population objectives in the plans of 1981, 1986, and 1993. The plan also substantially increased the planning area to include suburban counties, and dramatically increased the spaces for urban development.
In late 1990s, a new leadership emerged in Hangzhou and Zhejiang province. Mayor Chou Baoxing and the new leadership proposed bold reforms in an attempt to stimulate economic growth and transition in Hangzhou, and position the city in the globalization and information age. A series of local initiatives were launched, such as “infoport,” “going west,” “expanding east,” and “Qiantang River age.” The revised plan was criticized for its conservativeness, and the Bureau of Urban Planning was under pressure to re-revise the plan before being submitted to the Ministry of Construction for approval. In early 2001, Hangzhou succeeded in annexing entire counties of Xiaoshan and Yuhang, and another round of efforts to revise the plan were once again started.

**Implications for Habitat Agenda and Conclusion**

This paper has shown the rapid growth and changes taking place in Hangzhou, which have constantly shaped and reshaped planning activities. China’s urbanization policy controlling the growth of large cities was a defensive policy responding to the rapid growth of cities and the problems of shortage. It had considerable impact on the planning of Chinese cities in the early 1980s. However, economic reforms have brought profound changes to the roles of the state, regions, and global forces. While the state remains important, the control of the central state over the Chinese economy has declined, and the government no longer monopolizes the resource allocation process. As economic reforms deepen --especially decentralization and the dismantling of orthodox socialist institutions-- the ability of the Chinese government to control large city growth has declined substantially. The implementation of controlling policy has become less effective.

On the other hand, the central state has to strengthen the growth of cities, which are the major tax contributors to the state coffers and can more effectively participate in the international division of labor. This is evidenced by the vigorous development of Shanghai’s Pudong district and the drive to build Shanghai into a global city. Reforms and globalization have created a growth-oriented environment, and empowered localities and global investors in pursuit of growth, which corresponds to the change of governance in developed societies from managerialism to developmentalism/entrepreneurialism and public-private partnership. Urban governments of China have become less committed to controlling urban population. Consequently, Chinese cities have recorded dramatic population growth and land expansion, and created new problems in the cities.

Rapid urbanization and urban growth have challenged planning and governance of Chinese cities. Chinese planners have been slow in adapting to reforms and globalization, and are still widely using traditional approaches of urban planning and design. Although great improvements have been made since the late 1970s through the increase of personnel, funding, and decision power, current urban planning approach in China still partially follows the Soviet mode, emphasizing physical planning, project allocation and urban design. Urban planning is often isolated from planning implementation and urban management, and plans, such as that of Hangzhou, have to be revised constantly. Poor coordination exists among different ministries, departments, bureaus, and their branches. While planning has had many positive impacts on the growth and management of Chinese cities, considerable efforts are needed to make planning act as an effective guidance for urban development and growth management.

The complexity and rapid change of Chinese cities have necessitated further reform and strengthening of urban planning and management institutions. Reform of the urban planning system and improvement of urban management are urgent issues in China. While we do not have a panacea for planning Chinese cities, we believe that more consideration of social, cultural, and environmental conditions and more attention to local factors should be pursued by planners. Additional efforts should be made along the lines that improve the transparency and fairness of government policy and also encourage people’s participation in the planning and decision-
making processes, including the participation of international agencies. The central government should develop frameworks for planning institutions and planning approaches. It’s also critical to improve urban geographic information systems for cities, so that urban planners and managers are better informed of considerable urban growth and change.

The problems in urbanization and large city growth also lie on the dualism of the Chinese society and the lack of blueprints for reforms. China is still largely a segregated society, evidenced by the dualism between cities and the countryside, between agricultural and nonagricultural populations, and between the coastal and interior regions (e.g., Wei 2000). Further reforms in urban public finance, administrative systems, and urban-rural relations are also necessary to improve the planning and management of Chinese cities. Many urban government units deal with urban development and planning issues, such as land administration and environment protection agencies, but are in general not well coordinated with each other. A formal city-suburban county system should be set up to lesson the problem of insatiable demand of cities over suburban land. Management of suburban land and environment has to be strengthened as well. Many must work for the overall goal of making Chinese cities and regions more competitive, sustainable, and livable.

References

