

Part I
Introduction to the
New Chinese City

Three Challenges for the Chinese City: Globalization, Migration, and Market Reform

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China has a special place in the sociological imagination, particularly at this juncture of history. As the clock has ticked into a new millennium, China's connections to an ancient past remind us of the continuity of time. Our sense that this civilization is poised for a new leading global role turns our thoughts to the future, to transformations that are barely begun, but to which China now seems irrevocably committed. The weight of tradition and the promise of change combine to make this a remarkable moment. A century from today, we suspect, people will take for granted that this nation was being reshaped at this time, that a new, more dynamic society was being forged in the coastal zones of East Asia.

China has set out on a path whose destination is unknown. We certainly can chart the major changes of the past two decades, when the Cultural Revolution was brought to a close (in 1978) and the revolutionary ideology of Chairman Mao's red book was supplanted by a pragmatic leadership more concerned with economic performance than with political purity. The government's encouragement of joint ventures with foreign investors, combined with the availability of a vast, low-wage, and underutilized labor force, boosted exports of consumer products to the West to phenomenal levels. Work units, even large enterprises in the state sector, were gradually released from central planning controls and given incentives to increase productivity and to seek profitability. Slowly, the workforce began to shift from the traditional state sector to enterprises that mixed private, cooperative, and state ownership in new combinations. Bonuses, which soon became half or more of workers' net

wages, were instituted to reward successful work units; the days of a standard, low salary for just about everyone were only a memory. Standards of living rose sharply for both rural and urban residents in the coastal zones. And relaxation of a wide variety of restraints on mobility (from controls on work unit recruitment methods to the end of the system of grain rationing that provided for only authorized city residents) made it possible for large numbers of migrants to move into cities and their surrounding hinterlands. China's cities grew again in tandem with economic expansion: the best estimates show the country evolved from only 12 percent urban in 1950 (and not much more than that at the end of the Cultural Revolution) to close to 30 percent in 1993 (Chen and Parish, 1996).

Something Old, Something New . . .

In fact, the debate over where China is headed – and how fast – is the core question for China scholars. There is no support for the exuberant optimism that led some economists to expect the former socialist countries of the Soviet bloc to be able instantly to create effective market institutions. There is agreement, instead, that China has taken a slower course, that its current status should be called “partial reform” rather than radical marketization. Within this consensus, sociologist Victor Nee (1996) takes the strongest position, predicting a process of displacement of state sector enterprises (representing the centrally planned economy) by the private sector (representing a free market economy). His theoretical imagery envisions these two sectors as remaining separate, one shrinking while the other grows; at the point sometime in the future that the economy becomes predominantly private, reform will have been completed. Nee has been most interested in the ramifications of this process in the stratification system, and especially in the allocation of income. The state sector, he has argued, organizes income inequality mainly along lines of bureaucratic authority. Especially, he emphasizes, it rewards Party membership. The private sector, in contrast, rewards skills, especially education. His model therefore implies that the structure of income inequality will shift over time alongside – and as an indicator of – the shift toward a market economy. Party membership will lose value, while education gains value.

This same logic shows up in other domains. For example, Guthrie (1996) argues that managers with more experience and contact with Western firms, and in more competitive sectors, will be the first to adopt modern industrial management methods, and that these will diffuse throughout the economy as market reform progresses. If we extend this model to the housing sector, we find the current official government view of housing reform: that allocation of housing as a collective good must be replaced by the treatment of housing

as a market commodity. In conformity to this principle, apartment rents have been raised from nominal levels to more substantial amounts, and residents have been encouraged to purchase their homes outright (a conversion that now has been extended to more than 50 percent of the housing units in some cities). Housing provision, too, is being marketized. Real estate development firms have been created with the mission of building for a profit; land that was formerly simply allocated for new projects is now bought and sold. The result, potentially, is a new process of urban development and housing allocation, the replacement of a socialist city by a market-driven form.

As always, there is an alternative view. Many China scholars, and perhaps the majority, perceive a strong continuing state presence in what others think of as the market economy. One apt characterization is Zhou's (2000) account of the state and market sectors as two interpenetrated spheres. Work units and other actors in the state sector increasingly find good reasons to take market processes into account – if only, as when the army decides to build and sell trucks as a way to finance arms purchases, to share in the fruits of the private sphere. And at the same time, ostensibly “private” transactions often have a strong public connection, as witnessed by the occasional show trial and punishment of high officials who used their insider status to turn a private profit. It would be a mistake to think of this interpenetration mainly in terms of corruption, however. The fact is, in China it is the state, the Central Committee of the Communist Party, that decided to embark on the path of market reform, and the concrete choices made at every step of the way are marked by the state's continuing intervention. It is the persistence of the Communist Party's rule that naturally implies the persistence of an economy where private interests are interpenetrated with public agencies.

Hence, for example, being a member of the Communist Party, or working for an enterprise with strong connections to the authorities, continued in the early 1990s to be associated with earning more (Bian and Logan, 1996), or with getting allocated a larger or better equipped apartment (Logan et al., 1999). The great transformations of the political economy notwithstanding, traditional ties to influence continued to count.

A central question for research on the new Chinese city is, therefore, how new is it? To be more precise: what aspects of the current explosive urbanization should be interpreted as outgrowths of pre-existing processes of planning, control, and distribution – characteristic of socialist China – and what should be understood as the urban impacts of emerging market processes?

The same question arises in the case of the East European countries that have undergone market transitions in this era. Summarizing research on these changes for the purpose of analyzing their urban impacts, Harloe (1996) emphasizes that the free market was not born whole in 1989. “The transformation now taking place in the former state socialist nations is

path-dependent,” he writes (1996, p. 10), “it is shaped by cross-nationally (and subnationally) variant historical legacies and current conjunctures. Rather than some simplistic and immediate process of abolition of the economic, political and social structures of state socialism and their replacement by those of an idealized Western capitalism, we see a conflictual and contradictory complex of social actions in which differing groups deploy what resources they have available to secure their position in the new order.”

We must be careful not to be misled by use of the term “privatization” to describe the market reforms being undertaken in East Europe or China. As others have emphasized (Walder, 1996), what is at stake is not simply “ownership” but “property rights” over the use of land, the built environment, and future development, a set of social relations involving control, extraction of profit, and investment. China created a very complex system of property rights in the guise of “socialism,” and there is an equally complex set of transformations under reform.

Comparison with urban patterns in East Europe also reminds us that we must be cautious in our view of what was specifically “socialist” about the pre-transition situation. Szelenyi (1996) argues that there were distinctively socialist patterns, not necessarily according to the designs of socialist planners, but due broadly to “the consequences of the abolition of private property, of the monopoly of state ownership of the means of production, and of the redistributive, centrally planned character of the economic system” (p. 287). These features included under-urbanization (relative to capitalist systems at the same industrial level), low levels of spatial differentiation, unusually low density in central areas, and few signs of socially marginal groups. Old neighborhoods were allowed to deteriorate, while new construction was focused in high-density blocs in peripheral zones. Similar observations could be made about urban China through the 1970s.

There are, of course, great differences between the Chinese and other socialist experiences. Market reform in China was introduced by newly ascendant members of the old regime, rather than by an entirely new governing coalition, and it was implemented in the context of economic expansion rather than collapse. Szelenyi (1996) believes the economic crisis in East European cities has temporarily blocked some potential effects of privatization. These include new rural–urban movement, and a substantial increase in diversity of use of urban space, with small shops, markets, new marginality, crime, and deviance. Szelenyi envisions also suburbanization and urban decay, as inner city areas suffer crime and environmental problems that render gentrification undesirable. To some extent, the Chinese experience – where the economy has expanded rather than contracted – offers a test of his view. On the other hand, the stability of political control may explain why China has not experienced some of the other expected consequences of the transition, such as the social, ethnic, and nationalistic movements, and collective action

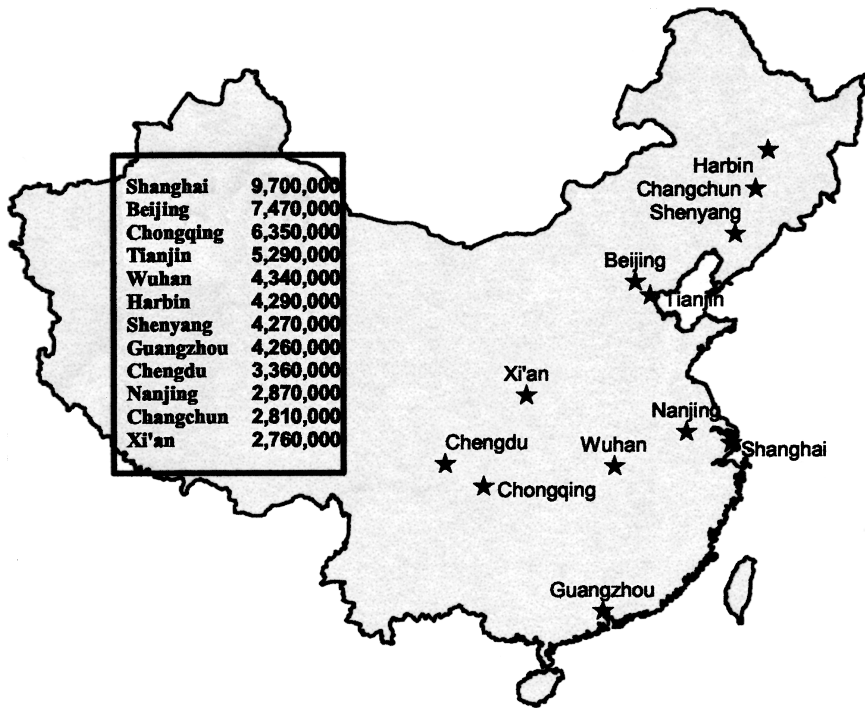


Figure 1.1 Twelve largest Chinese cities (showing non-agricultural population in 1999) (Source: *Statistical Yearbook of China*, 2000)

on issues of housing privatization, that occurred in East Europe. Such mobilization is still under wraps in China.

China's Urban Pattern

China is unusual even in the Third World for its historically lagging level of urbanization. Its older urban centers (like Nanjing and Beijing) used to have a primarily administrative function. A limited number of treaty ports (such as Shanghai, Wuhan, Tianjin, and Guangzhou) became industrial and trade entrepôts after the mid-nineteenth century, and these cities grew through large-scale migration through the early twentieth century. A map of China (figure 1.1) shows that the dozen largest cities are highly concentrated along the coast. These are major cities, indeed, with populations in the millions. Still, at the time of establishment of the People's Republic (1949), China was largely a rural nation.

Early investments by the socialist state in industrial development were concentrated in cities and satellite towns, resulting in a gradual rise of urban population. Zhou and Ma (2000) point out, however, that much greater changes occurred in response to subsequent policy shifts (see also Lin, 1999). First was a wave of mass urbanization: 8.3 million new urban residents per year during the Great Leap Forward of 1958–60. Then, due to food shortages associated with the failure of the Great Leap and a national defense strategy (Third Front Construction) of dispersing industry from the coastal cities to the interior, China experienced a sudden de-urbanization. During the Cultural Revolution millions of peasants were recruited into urban industry, but this movement was counterbalanced by “sending down” millions of urban youths to the countryside. Hence by the end of the Cultural Revolution in 1978 the level of urbanization was still only around 17 percent. Even now, with more than thirty cities of over a million population, the nation’s urban system is tilted toward smaller places, with 375 cities of less than 200,000 population (Jankowiak, 1999).

Increasing urbanization since that time has been accompanied by other sorts of changes in the urban pattern. Chief among these is suburbanization – decentralization of population and economic activity to the periphery of cities. Between 1982 and 1990, despite overall population growth, the core areas of major cities like Beijing and Shanghai declined by about 3 percent, while inner suburbs grew at a rate of 40–60 percent (Zhou and Ma, 2000, p. 214). Suburbanization results in part from the displacement of permanent city residents out of core areas due to urban renewal activities by the state. Also, work unit investments in new housing vastly increased in the reform era, and these are often located in inner suburbs because of the availability and price of land. Another factor has been the infusion of migrants from the countryside, who are restricted by government policy largely to peripheral zones (a phenomenon discussed in more detail below).

Suburbanization has also been stimulated by changes in the valuation of land. As central locations became more valuable, there were large profits to be reaped from moving out of core areas, especially by large industrial work units that were under pressure to leave the city for environmental reasons and that could take advantage of newly available suburban locations. Suburban land prices, in contrast, were artificially depressed, because land rights were held collectively by villages, and villagers valued not only the cash transaction but also the possibility of gaining urban residency rights and new housing in return for agricultural land.

The trend of urban development can also be seen in the rising levels of investment in the built environment. In Shanghai, for example, Zhu (2000) documents these dramatic changes between the period 1953–78 and 1979–95: investment in fixed assets rose from 8.6 to 40.6 percent of total output, and investment in housing rose from 0.4 to 7.4 percent of total output.

Housing construction soared from 18 million to 86 million square meters in the later period. (For an overview of reforms in the housing sector itself, see: Wang and Murie, 1996; Logan et al., 1999.)

Two chapters in the first section of this book (chapters 2 and 3) summarize and comment on these changes. Duo Wu and Taibin Li describe Shanghai's rapid growth in the 1990s in mostly positive terms, noting the successful redevelopment of the old center alongside the creation of a new and expanded city. They applaud the increasing reliance on market mechanisms and the more limited role of government. Their analysis nonetheless concludes with a number of concerns for planners: the inadequacy of public infrastructure, estranged human relationships, and poor adaptation of migrants to city life. By contrast, Yan, Jia, Li, and Weng emphasize the emerging costs of the metropolitan transition – from new social inequalities to environmental damage. They are especially critical of the lack of coordinated plans on the part of government, and they argue for stronger and more comprehensive social planning mechanisms to counteract these costs. It is important to note that both of these evaluations come from a Chinese perspective, and they reflect a discussion that rages behind closed doors about the character of the new Chinese city. What is at stake is the balance between state planning and market forces, a very sensitive topic given the regime's overall commitment to abandon central controls.

Global Impacts on the Chinese City

As much as in Western market societies, China's urban development depends upon (and its development options are limited by) the country's global connections. This is not a new phenomenon; indeed, most of China's major coastal cities developed under foreign influence after the mid-nineteenth century. Shanghai grew mainly to the north of the confines of its old walled city, with extensive French and English zones that were actually governed by the consuls of those countries. Not until the end of the Second World War, when the Japanese were expelled, was modern Shanghai fully under the control of Chinese authorities. Several of China's major cities therefore always have had both a Chinese side and a global one.

An important indicator of global connections is foreign direct investment, which grew exponentially after 1991 (having recuperated from the effects of the 1989 Tiananmen repression), reaching a total of \$16 billion in 1996 (Wu, 2000, p. 1361). Since 1993 foreign investors have been allowed to develop commodity housing for the domestic market, and real estate soon accounted for more than a third of the value of new contracts signed for foreign direct investment. Thus they play a strategic role in urban renewal, replacing older residential neighborhoods with mixed residential/commercial projects. Their

chief advantage in this realm is their ability to provide large upfront capital investments, while local government is relatively land-rich and cash-poor. Hence, as in the West, localities have found themselves competing for outside investment.

Foreign investment is one feature of the emerging “global cities” of coastal China. Sprawling Beijing, the nation’s capital, lies to the north, with the port city of Tianjin only a short drive away on the new divided highway that connects the two cities. Shanghai, arguably the new economic power center of China, lies near where the Yangtze River completes its journey through such major cities as Wuhan. In the south, where Guangzhou was once the key trading center and Hong Kong was maintained by the British as a kind of international free market city, there is a confusing new lineup. Here within a short distance of one another are Macao (retrieved from Portugal), Zhuhai (a free trade zone created alongside Macao to attract foreign investment), and especially Shenzhen (the newly established city of millions, created as an experiment in international trade and investment). Hong Kong, of course, remains the big city of this Pearl River Delta region. But surprisingly, the bulk of new growth is in the rural towns that lie in the hinterlands of these cities.

Yixing Zhou (chapter 4) proposes that China’s first “world city” – a center with the size, economic power, and international weight of cities like New York, London, and Tokyo – will be a regional urban agglomeration of Hong Kong with the Pearl River Delta. This is a very special case, because it involves a very high density of transactions across borders in a relatively limited regional space. The operation of this “Greater China” network (Sum, 1997), involving China, Hong Kong, and Taiwan, hinges on the efficiency of complex transborder networks of actors.

China’s Communist Party Central Committee stimulated investments in this region by deciding in 1979 to adopt special policies toward development in Guangdong and Fujian provinces (reforms that were extended later throughout the country). Many enterprises were transferred from central to provincial control, there was a shift from fixed to variable, negotiated prices for products, local governments were allowed to retain 70 percent of surplus foreign currency earnings, and wage reforms were introduced at the enterprise level. Further, Special Economic Zones (SEZs) were established in Shenzhen, Zhuhai, Shantou, and Xiamen. Offering cheap land and labor, common cultural tradition and language (Cantonese and Fujianese), and counting on established personal and kinship connections, officials at the county and township or village level had great success in soliciting investments, first from Hong Kong and later (after 1988) from Taiwan.

Alan Smart (chapter 6) suggests that the *de facto* regional integration that has evolved in this case, despite coexistence of quite different political economic systems on either side of the border, offers new insight about how global connections are carried out. The border itself, he points out, creates

opportunities for manipulation of exchange. It now allows unfettered movement from Hong Kong to China, but restricts Chinese access to Hong Kong. The low-wage labor market and ambiguous character of market reform on the Chinese side provides openings for creative opportunism by entrepreneurs with subcontracting ties to Hong Kong. Other mechanisms for taking advantage of the border have even stronger elements of social transgression (from maintaining second wives on the Chinese side to paralegal real estate deals). Up to now, reliance on cooperation and trust, or what Smart refers to as “muddling through” (using informal and under-regulated institutions to manage exchanges), has been successful. But it is unclear whether the real mechanism has been a temporary convergence of interests (allowing outside investors to give up a share of their profits to local Chinese elites in exchange for stable returns). What will be the longer-term relationship between the Pearl River Delta region and the global system?

Part of the answer depends upon Hong Kong itself. Sum (in chapter 5) points out that there have been fierce debates in the past five years about Hong Kong’s development strategy, partly inspired by the collapse of Southeast Asian bubble economies in the late 1990s. As textile and other industries were relocated in South China, the performance of Hong Kong’s service and property sectors has become more crucial. How can these be sustained? Sum describes two alternatives that have emerged, to develop as an industrial site at high levels of technology, or to aim to be a world service and financial center.

Another part of the answer depends upon competition with other regions. Zhou (chapter 4) suggests that Shanghai will eventually surpass Hong Kong due to its more favorable geographic location with respect to the Chinese hinterland. What could also make a difference, of course, is the central government’s willingness to continue to promote Shanghai. It is not simply by chance that the former mayor of Shanghai has now risen to the top of the central government elite. Analyzing the relative success of Hong Kong, Shanghai, Beijing, and other contenders for world city status in China opens a window on the interaction of domestic and global forces in urban development.

More can be learned by exploring these interactions in detail within individual cities. Our interest here is primarily in the impacts of globalization on the process and form of urban development. Thus we highlight the ways in which the locus of decision-making has been altered under these conditions. The key innovation – and one that derives as much from the Beijing-led decentralization of governmental power as from globalization – is the emergence of the municipality as the key player in urban development. And with new priorities: a large share of local government revenues now is drawn from urban renewal and real estate projects in which the municipality (or its district governments) is a partner.

Zhengji Fu (chapter 7) and Alexius Pereira (chapter 8) study these changes in Shanghai and Suzhou. Fu analyzes the specific constellation of local and global forces at work in Shanghai across six historical periods (beginning in the nineteenth century). Like Sum and Smart, he focuses on three categories of actors, representing foreign capital, the national government, and local elites. In the commercial city of the nineteenth century, he suggests, the central government was entirely absent, and development was managed by a dominant foreign faction in alliance with local elites. The socialist era, in turn, was unique in its exclusion of foreign capital and the dominance of national-level planners. In the current reform period, for perhaps the first time, all three play a significant role. There is a convergence of interests in developing the financial and services sectors, as symbolized in the creation of the Pudong development zone. Fu outlines the pattern of deal-making that has taken place around Pudong, and he concludes that the key roles are played by a coalition of local authorities and global capital – both of which seek growth more aggressively than does the central government.

This notion of a shifting triangle of power is illustrated again in Pereira's study of Suzhou. In this city, the national governments of Singapore and China contracted to collaborate in the creation of a vast new industrial zone. The project drew nearly \$4 billion in foreign direct investment by 1999, vastly reshaping the character of Suzhou (formerly best known for its gardens and canals). But despite these successes, there were weaknesses in the inter-organizational network through which investment was conducted – in particular, the failure of the Beijing government to involve Suzhou municipal authorities in the project. Indeed, Suzhou initiated its own development zone in 1997. Pereira shows how these strains, combined with the Southeast Asian financial crisis of the late 1990s, led Singapore to withdraw from the project.

Market Reform and the Urban Development Process

Besides opening the country to new international influences, market reform has vastly reorganized the exercise of state power within China. Lin (1999, p. 673) summarizes the changes in terms of decentralization, concluding “that decentralization of decision-making has favored local governments, that the capacity of the central state has been eroded, and that the state system has become increasingly fragile or fragmented such that the central state can no longer monopolize local developmental affairs. . . . The combined result of decentralization, marketization and globalization has been a new central–local relation in which local governments and enterprises no longer play a passive and obedient role.” Decentralization was not altogether altruistic: one motive for the national state was to shed its subsidies of local expenditures

(Wu and Yeh, 1999). But soon after giving fiscal responsibility to municipalities, the state also gave increased authority for land use planning. The 1989 City Planning Act made all urban land development subject to the control of the municipal planning authority.

The process of land development within cities has shifted too, including new market features. In the socialist era, development proceeded on a project-specific basis, pursued by a work unit in accordance with its commitments in the overall economic plan. Land was provided without charge (except for the costs of relocation and site preparation), and needed resources were allocated by the state.

There is now a mixed, or dual-price, system. This was first introduced in the SEZs in 1987, when the municipality of Shenzhen sold a 50-year lease to a local public company (though the price was negotiated behind the scenes: Zhu 1994). The notion of paying for use rights was originally applied only to foreign firms. Later, a dual land market emerged, and some land is now leased to users at some version of a market price (based on negotiation, tender, or auction), while other land is administratively allocated at well below market prices. This gap creates incentives for those who control the land to sublet it, as in joint ventures, and there has emerged a black market in leased land. The consequent "unregulated land conversions" take the land development process partly outside of formal channels, into the realm of informal agreements (Wu and Yeh, 1999, p. 379).

As has turned out to be true for many municipalities at the present time, the Shenzhen authorities controlled land, but did not have adequate funds to cover initial infrastructure provision, so they adopted the procedure of displacing land development costs to public building companies or end users. These, in turn, speculated on the value of prepared sites. There have been some spectacular failures, at least in the short term. In 1995, 40 percent of Shanghai's commodity housing was unsold, and vacancy rates remained over 40 percent for class A commodity offices and housing by July 1998 (Zhu, 2000, p. 192). Nonetheless, land development continues to be perceived as a profitable field. Local governments now commonly participate in development projects as partners with domestic or foreign investors, with land provided by the locality and financing by the investor (Zhu, 1996). Municipalities seek new revenues, and state enterprises seek to convert their control of property into income, creating two entirely new kinds of local interest in growth. They, as well as investors, now serve their own interests rather than fulfill national economic plans.

Wu (2000) points out that in the largest cities authority is decentralized to district and suburban county governments. To varying degrees this encompasses planning, financial management, public works maintenance, pricing of staple commodities, foreign trade, and industrial and commercial administration. The fragmentation of governmental authority creates the potential

for conflicts between the general citywide plan and detailed district plans. And, as is well known in metropolitan areas in the United States, it has stimulated fiscal competition among urban districts and adjoining counties. Their local development plans typically seek high density commercial and service development, for the sake of the value-added and business income taxes that these would generate. Since the realization of such plans requires external capital, the emerging Chinese system of land development gives great influence to “private” developers (the ambiguity here is in what to consider private, since many of the enterprises and development companies in this system remain formally public work units).

The contributors to this book offer more detailed analyses of how the process of real estate development was changing in the period of market reform. Zhou and Logan (chapter 9) report on fieldwork in the early 1990s in the South China province of Guangdong (adjacent to Hong Kong). As noted above, this is a region in which considerable foreign capital was being invested, much of it by émigrés who had maintained or recreated personal networks within the province. Zhou and Logan ask to what extent the recent introduction of market processes altered previous practices of land development and housing allocation. They emphasize that the introduction of “market” features was only partial. The pricing system, in particular, was arbitrary and subject to political negotiation. In this setting, outcomes were greatly influenced by the perceived interests of local authorities (to pursue revenues from development projects). A favored project would acquire public land at nominal cost; in other cases, land prices could be based on open bidding and approach the levels found in major cities around the world. In the domain of housing, another set of calculations was at work. It had become national policy for work units, which previously often built housing and provided it at low rents to employees, to withdraw from the housing market. Apartments were to be sold to the occupants, and new housing was to be built and sold in a private market. But national policy had not taken into account the interests of work unit leaders: housing was a scarce and valuable resource, and control over its allocation was an important source of power. Zhou and Logan document the creation of a complex system of internal rules and housing subsidies through which work units retained much of their influence over “privatized” housing.

Fulong Wu (chapter 10) offers a similar view of Shanghai. He documents the accelerated and largely speculative investment in commodity housing in the 1990s in Shanghai, of which an increasing share came (surprisingly) not from foreign but from domestic sources. Visitors to this city at the turn of the century witness the results in stark fashion, as blocks of old row housing in the city and formerly cultivated fields in the surrounding suburbs are replaced by modern residential towers, many of which remain unoccupied. Wu provides a detailed analysis of the trends of investment, and he uses his statisti-

cal data to develop more fully the notion that a new kind of urban regime is emerging in Chinese cities. In his view, the key features of property-led development in Shanghai are: (a) transferring capital at the enterprise level from production to the consumption sphere; (b) opening the property market to foreign investment; and (c) creating a Chinese version of the growth machine, where the lead actor is the local state apparatus.

Note that in both of these analyses, the residents of the city are a missing actor. There seems to have been a marginalization of grassroots interests, that may have been represented previously, at least indirectly, by their work units (Wu, 2000, p. 1368). There is now an evident lack of representative mechanisms. Thus not only, as Fu points out in Chapter 7, is the central government being squeezed out of participation in the new urban regime, but local residents are not yet finding a place at the table. Is the political marginalization of the public viable in the long term? This is a difficult topic to discuss openly in China, much less to study, but certainly it is at the core of the urban future.

The following chapter of this volume (chapter 11) touches on this question. Abramson, Leaf, and Tan spent considerable time documenting (and trying to influence) the planning process in Quanzhou, China's third most historic city (after Beijing and Xi'an). They encountered the typical post-1989 pattern of growth promotion by district governments to raise revenue for services, with some very large scale projects planned. Yet local planners achieved large-scale urban renewal without destroying the city's historic core. How was this possible?

The authors identify three specific factors that make Quanzhou unique. First is the lack of state investment after 1949, due to the city's vulnerable location directly across the straits from Taiwan, which saved historic districts from redevelopment during the socialist period. Second is an unusual degree of participation by civil society, grounded in the fact that substantial areas of large homes remained under private ownership in the historic urban center. Residents resisted mass redevelopment plans. Third, local government – both planners and the public officials behind them – adopted the role of preserver. The authors believe that the local political elite had a special appreciation of the value of historical preservation. Perhaps also because the locality would not reap the rewards from land leases of privately owned properties, the government showed greater concern with limiting how private households used their own individual land parcels.

Considerable debate has taken place within China about the proper role of urban and regional planning. Early enthusiasm for market reform tended to discredit governmental intervention, but urban problems associated with rapid development have by now begun to stimulate new calls for controls on growth. It is unclear, though, whether the relative success of planning in Quanzhou can be extended to other major cities.

Migration and the Floating Population

In thinking about how urban growth is planned and controlled, it is the complex of elite actors – foreign, national, and local – that we have highlighted. Urbanization is also, however, a demographic phenomenon, and it is based on both rural–urban migration to the major cities and the transformation of smaller towns into sprawling metropolises. Economic expansion since 1979 has inevitably stimulated population movements, as migrants provide the labor force through which growth is possible.

Migration has soared despite legal impediments that have persisted from the socialist period. China's population registration system (the *hukou* system) places limits on movement, with particular emphasis on the distinction between having a rural or urban registration (the latter had the right to live in publicly provided housing, to receive grain rations, and other essential urban services). China has had a fairly stable number of “*hukou*” migrants, who formally change their registration to their new place of residence. These tend to have higher than average occupational standing and education, and they have numbered about 17–20 million migrants per year since 1982. The “floating population,” on the other hand, are people with a more fragile (and perhaps temporary) connection to their new homes, reflected in lack of an urban registration. Their number has risen nationally from 20–30 million in 1982 to 80–100 million in 1995 (these estimates are by Chan, 1996a). Although many of these are seasonal migrant laborers in the countryside, a growing number have short-term work contracts in cities of up to 2–3 years, and their presence in the construction and service sectors has an increasingly permanent character. Chen and Parish (1996) estimate the urban “floating population” at from 10 percent in Harbin to 30 percent in Guangzhou in mid-1990s.

The emergence of a private sector economy, particularly in retail trade and personal services, offers job opportunities for undocumented urbanites. Many employers now recruit extensively in rural areas, hiring migrants as temporary contract workers and often providing dormitory housing for them. In sectors with labor shortages, often the process of labor recruitment is well organized and conducted by public agencies. There is much current discussion about reform of the *hukou* system, though up to this moment officials have simply extended mechanisms for temporary migration and housing without basic public entitlements.

Most migrants are concentrated in the urban fringe, where they are able to rent private housing from peasants in outlying towns and villages (though new mechanisms have been developed for the more affluent among them to arrange residence rights in the city proper). Hence, just as in market societies throughout the world, large-scale migration results in new patterns of social

inequality and spatial segregation. This is a recent phenomenon in China, though of course it has antecedents in the pre-socialist history of every Chinese city. One aspect of this process that merits more attention is the creation of social networks and boundaries based on people's region of origin (Jankowiak, 1999, p. 376). Emily Honig (1992) argues that migration has historically created the equivalent of ethnic groups within Chinese cities. In the case of Shanghai, she shows, the Subei people who migrated from Jiangsu Province continue to be a despised minority group. Ethnic relations in Western societies are understood to be very intimately tied with migration. In China there is a marked avoidance of the concept of ethnicity, except to refer to certain small minority groups on the periphery of the country. More commonly used is the concept of "native place identity" associated sometimes with language, sometimes with cuisine, and sometimes even with specific sorts of economic activities.

Fan and Taubmann (chapter 12) introduce readers to the scale of rural–urban migration in contemporary China, as well as unique aspects of the marginal legal status of migrants in this society. They provide numerous examples of migrant enclaves in Beijing and Shanghai to show the variety of settlement patterns, as well as common features among them. These "urban villages" illustrate how official state policy (in this case, the *hukou* system and more concretely the security concerns of the police) is reinterpreted in actual practice according to local interests (in this case, the needs of enterprises and the interests of local residents who benefit from migrants' service activities and housing rentals).

Gu and Liu (chapter 13) examine the same phenomenon in post-1984 Beijing, giving greater emphasis to emerging social inequality in the city. They argue that some aspects of the changing occupational structure are attributable to global forces, particularly service sector growth stimulated by foreign investment. But they believe that the new spatial inequalities found in Beijing are more directly linked to migration – to the internal reforms that unleashed the rural exodus and to the open door policy that created a new highly paid professional class, including many foreign managers and people who work for them.

A third perspective on the floating population is provided by Weiping Wu (chapter 14), who uses unique 1997 survey data on the floating population of Shanghai to describe the housing and settlement patterns of migrant households. Excluded from the formal housing distribution system, migrants live predominantly in work unit dormitories and in rented private housing on the fringe of the city. Wu points out that the geographic expansion of the urban area has brought many formerly agricultural villages within the city limits, where former farmers realize large profits by renting space to migrant workers. The strongest determinant of migrants' locational pattern, though, is not housing availability but employment opportunity.

Urbanization of the Countryside

While most scholarly attention is focused on the very visible impacts of new migrant settlements in China's largest cities, another feature of the reform period is a recasting of the relationship between the city and the countryside. Lin (1999) points out that there has been a restructuring of the urban hierarchy, favoring smaller places. People in cities over 500,000 constituted only 50 percent in 1995 of the urban population, down from 63 percent in 1978 (Lin, 1999, p. 685). And studies of population movements showed that towns received a larger share of migrants (40 percent) in 1987 than did cities (37 percent). Lin concludes that "these towns have become the major destinations for most migrants, especially rural-urban migrants" (p. 686).

At the same time, there has been a restructuring of the urban-rural boundary, especially due to the explosion of non-agricultural production in township and village enterprises. New infrastructural investments result in villages that "are becoming more town-like, while regional towns are becoming more city-like" (Jankowiak, 1999, p. 372), changes that Guldin (1996, 1997) describes as deagriculturization, townization, and citization. As awkward as these terms are, they reflect important changes in the meaning of rural or urban residence. "In the words of local people," writes Lin (1999, p. 688), "Chinese peasants are able to 'leave the soil but not the village' and 'enter the factory but not the city.' The spatial consequence of this process . . . has been a new settlement form in which industrial and agricultural or urban and rural activities take place side by side." In the Pearl River Delta, where population growth is largely in formerly agricultural zones, peasants consider a new calculus: is it better to achieve an urban registration status or to take advantage of shared payments for the development of collective farmlands which a rural *hukou* entitles them to?

Murphy (chapter 15 in this volume) analyzes one specific form of this transformation, linked to the substantial return migration to rural counties. In her case study (Jianxi Province), the main consequences are the participation of return migrants as entrepreneurs in the local economy, and the introduction of new technologies and skills in rural towns. Local policy is to promote a permanent shift to an "urban" labor force in the countryside. Officials seek to make connections at Spring Festival (when many emigrants visit their home town) and through networks with migrants still in cities, encouraging their return, and sometimes recruit them to take over (under contract) a state enterprise using "urban" methods. Murphy reports that such return migrants are a potential force for social and political change in the countryside, as they resist the pressure of local cadres for tax payments and donations, and lobby for new methods of raising capital (such as channeling of remittances from cities). Because returnees have their own networks to the outside world, they

challenge the established system, though up to now their activities are encouraged by local officials.

Lin (chapter 16) draws our attention back to the Pearl River Delta, where economic and population growth are spread throughout the intermediate zone between metropolitan centers (like Guangzhou, Shenzhen, and Zhongshan). This pattern does not result from urban sprawl, in the sense of people moving out of urban centers. It is more a matter of the destination of migrants within the region and from other provinces. Migrants have settled outside major cities in part due to high housing prices and formal policies restricting residence in officially “urban” settings. Perhaps more important, job development is mainly stimulated by rural industries at the village level, depending on foreign investment and export products. New cities (in the SEZs) and medium-sized cities grew quickly in the past two decades, and formerly rural Baoan and Dongguan Counties themselves took in 45 percent of the total migrant population in the region. Lin’s work illuminates the combination of international networks and local growth promotion that make this possible.

Urban China as a Research Frontier

It is easiest to study a country through a single prism. But in the case of China, all observers are aware that the country has been involved in multiple transitions since the 1970s. Each of these is so far-reaching as to merit attention in its own right. One headline, beginning in the midst of the Cultural Revolution, has been China’s opening to the world, taking its place in the United Nations Security Council. A second headline, stemming from expansion of the export sector in the post-Mao period, has been explosive economic growth. A third has been a radical restructuring of the economy, sweeping away much of the Soviet-style central planning system. Another, at least as it seemed until mid-1989, was an opening of the political process within and beyond the Communist Party.

These transformations are closely interlocked, in part because they are being managed and coordinated by the central authorities in Beijing and in part because progress in each becomes a condition for advancement in the others. The interconnections, as expressed in China’s urban transformation, are extensively documented in this volume. We have least to say about political change. Indeed, uncertainty about the country’s political future is an unstated contingency in most current urban research. Discussion of the role of the public, the participation of residents in planning the future city, or emergence of urban social movements is notable by its absence. This does not mean, though, that the issue of political participation is absent. It has an offstage presence, and it has evident links to the other domains.

To begin with, China's opening to international exchange is itself a potential stimulus to political transformation. Open access to information and alternative models from other countries is one source, deepening over time as hundreds of thousands of Chinese – including many from elite families – live and study abroad. Another is information and communication technology, accepted by the regime as necessary to economic growth but at the same time a key new organizational resource for civil society. In other cases (new democracies around the globe, in established zones of Western influence as well as in Eastern Europe) political change has been put on the table as a prerequisite for economic exchange. This is unlikely to occur so overtly in the Chinese case, but the interruption of investment and trade after the events of June 1989 demonstrates that external assessments of China's political situation do have practical consequences.

Economic growth is another stimulus to broader political participation. An urban middle class is being created, based not only in a growing professional and technical category but also in a nascent entrepreneurial elite extending from major cities to town and village enterprises. A new migrant urban working class is also arising, distinct from the established urban population in legal standing and access to collective resources. It is an axiom of political theory that such groups will eventually become aware of their common interests and seek ways to protect them.

Reform of the central planning system is another component with deep political implications. Some of these revolve around the resolution of differences at the highest levels of the Communist Party. Questions about how to organize and control the economy and society have divided the leadership since the 1950s, even though a certain degree of consensus has been imposed by the personal authority of Party heads, first in the radical direction pressed by Mao Tse-Tung and then in the direction of market reform under Deng Xiao-Ping. To achieve his policies, Deng had to work simultaneously to accommodate to, but limit the influence of, Party radicals who outlived Chairman Mao. He and his successors have consolidated what appears to be an unstoppable direction for the country. But divisions about political reform – intermittently intensified in the 1980s when market reformers rallied around issues of freedom of speech and of the press, and subdued since 1989 – have not been settled. Indeed, market reform has introduced new political complications in the form of high-level corruption. Conservatives, who presented themselves as defenders of the Party's leading position in the 1980s, now claim to protect the Party's moral character.

At another level, the reform program is inherently also a political restructuring, because it involves so thorough a decentralization of authority. Enterprises and municipal government have gained much more autonomy of operation, with strong incentives to promote their own local interests. While the Communist Party remains present in both of these arenas, decentraliza-

tion inevitably loosens the connections across levels of the party hierarchy and limits the reach of the Central Committee in Beijing. Of course, the strategy here may be for the Party leadership to give up responsibility in many domains in order to protect authority on the most essential ones. But the devolution of power is considerable, and it creates new opportunities for expression of interests. Without touching the Communist Party's formal position as a self-perpetuating political elite, it undermines the state authority in Beijing through which the Party previously ruled.

The general processes investigated in this book are not unique to China. Globalization clearly is not a country-specific phenomenon, even if its ramifications vary. Migration is the basis of urbanization everywhere. If it appears to be distinctive in the Chinese case, because of the long history of restrictions on population mobility, China's new "floating population" is nonetheless quite similar to the marginal migrant populations found in much of the Third World, and even in some global cities of the post-industrial world. The issue of market reform arises in China in a unique way, but the transition from socialism to some kind of market society is now a common experience for many countries. And if we conceive of "market reform" in broader terms, the real question is the changing relationship between the state and the economy. At that level there have been changes in the West in a similar direction. In the United States, for example, there has been a remarkable transition from one version of a social welfare state to a new political economy in which the issues of redistribution are much less salient than the promotion of economic development. It cannot be a coincidence that the transition that we describe as market reform in China has such similar results.

Studying China, then, brings into relief comparisons with other countries, and theoretical ideas against which to understand both Chinese cities and cities elsewhere. This is a country where everything is changing before your eyes, and a visitor can return after a year's absence and be surprised at the transformation. It has a kind of frontier character. There has never been such a case, a Third World country propelled so quickly toward the first rank of world powers, at the same time as making a transition from a centrally planned to a market society. And, because urban scholarship in China – by the Chinese as well as by international researchers – is still young, we may also see urban China as a research frontier. The contributions in this volume are a step toward exploring this magnificent territory.