THE CHANGING REGIONAL GOVERNANCE
IN CHINA:
A CASE STUDY OF THE YANGTZE RIVER DELTA

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ABSTRACT

Urban entrepreneurialism and intensive inter-city competition prevails in post-reform China, which has been extensively documented in the literature. However, decentralisation is not the overall characterisation of China’s changing central-local relationship since 1978. The aim of this research is to present various types of ‘regionalisation’ initiatives and examine the development of regional governance in China. With reference to the Western theoretical perspective of state spatiality, state rescaling and politics of scale, this study develops a research framework to examine the changing scale of governance and explore the engagement and motivations of different actors. In this study, after an overall examination of recent regional practices in China, Yangtze River Delta (YRD) is treated as a laboratory to investigate the dynamics and politics around the building of regional governance. In addition to a large amount of relevant material and publications on regional policies, regional plans, administrative changes and collaborative practices, semi-structured interviews with involved academics, planning professionals and government officials are conducted to investigate the actual transformation process of regional governance.

Since the mid 2000s, the economic development and agglomeration in the YRD has created more scope, as well as a need for collaboration. It seems regional collaboration is valued and driven by both central and local government. Nevertheless, in terms of institutional arrangements, there has been no formal regional institution or informal regional coalition thus far. Moreover, both the bottom-up and the top-down regional governance initiatives lack substantial participation and multilateral negotiation between cities. There are essentially two different readings of the rationale
of regional governance. While the bottom-up collaborative development is envisioned by the local entrepreneurial government to use regional competitiveness to promote local development, the top-down national and regional agenda is used by the central government to tackle discretionary local development. Therefore, the emerging regional governance in the YRD is hybrid and complicated. The building of regional governance in China is contested by complex inter-governmental politics, especially the division of central-local power and responsibility.
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CHAPTER ONE

INTRODUCTION

1.1 Research background

China used to be a socialist country trying to achieve regional egalitarianism. The pattern and the cause of regional inequalities at national, inter- and intra-provincial levels constituted the key concerns of regional studies of China until the late 1990s (e.g. Cannon, 1990; Fan, 1992; Wei, 1996; Wei and Ma, 1996; Wei, 1999; Wei and Fan, 2000). However, economic reform marked the failure of the centrally-planned economy and regional policies, and the downscaling of state policies and governance towards the urban level (Wu and Zhang, 2010: 60). As a result of economic decentralisation, localities have become substantial decision making bodies which depend on their own revenue. Substantial fiscal decentralisation has thus triggered the rise of urban entrepreneurialism. Subsequently, urban studies have enjoyed a boom in China, with a particular focus on the extraordinary urban (re-)development and changing urban governance (e.g. He et al., 2006; He and Wu, 2005; Ma, 2002; Wu, 2002; Wu et al., 2007). It is well documented that, on the one hand, prevailing urban entrepreneurialism has turned out to be a strong driving force for the local economy; on the other hand, entrepreneurialism has also exacerbated inter-locality competition and regional inequality (e.g. Chien, 2007; Chien and Gordon, 2008).

Since the mid 2000s, regional studies have re-proliferated within China, with a
volume of monographs and literature calling for inter-city cooperation and coordinated regional development, especially within the YRD (e.g. Hong, 2009; Ji et al., 2006; Tao, 2007; Wang, 2008; Wang, 2009; Zhang et al., 2007; Zong, 2008). Moreover, inter-locality cooperation has even become popular discourse for government leadership. For instance, the promotion of coordinated regional development is considered to be one of the indispensable aspects of the new keynote concept of ‘harmonious development’ (Fan, 2006). The heated discussion within governments on regional cooperation and regional coordinated development has demonstrated, to some extent, the trend of changing scale of governance in current China. However, the existing regional governance research in China is eager to learn the purported appropriate institutional design from Western experiences in order to promote inter-city cooperation in China. It is simply believed that a proper institutional and policy design would just reverse the path to entrepreneurialism or alleviate the downsides of entrepreneurial governance. It is commented that the understanding of regional governance in China as a problem caused by a lack of inter-governmental communication and coordination is just too simplistic (Wu and Zhang, 2010: 60).

The new phenomenon of changing regional governance has also recently begun to catch the attention of overseas researchers. Ma (2005) investigated the changing urban and regional governance through the adjustment of administrative boundaries and hierarchies. Jiang Xu and Anthony G. O Yeh conducted a major study based on the experience of the Pearl River Delta area (e.g. Xu, 2008; Xu and Yeh, 2010, 2011; Yeh and Xu, 2008, 2011). Although Xu and Yeh’s work has provided a profound view of the nature of emerging regional governance practices in China, the nascent trend in
regional governance has not yet been fully researched, especially in terms of the
dynamics and politics around the development. This research, therefore, attempts to
investigate the different agents in the building of regional governance, and their
respective motivation. The examination is conducted with special reference to the
Yangtze River Delta (YRD). The selection of the YRD region as an empirical study
area is based on the following considerations. First of all, the recent emergence of a
large number of Chinese-language studies on the governance of the YRD has
demonstrated the discursive development of regional governance in the area. However,
few studies have been conducted in the area in the English language. Secondly, the
development of regional governance in the YRD can be dated back to before
economic reform, which is much longer than the history of development in the PRD.
Furthermore, regional governance in the YRD involves different provincial actors;
thus, it is more complex than that of the PRD. Moreover, the experience of the PRD is
not as typical as that of the YRD, since the PRD region is administered under one
provincial jurisdiction. Finally, great importance has been attached to the governance
of the region by the central government, which is represented by the issue of the YRD
regional plan and policies by the central state. In contrast, the attitude of the central
government to the PRD regional governance attempt is not very clear (Wu and Zhang,
2010: 63). In other words, central intervention in the PRD development has barely
been witnessed so far. Therefore, the case of the YRD offers a good opportunity to
explore the trajectory of regional governance development, the diverse agents
throughout the process and their inter-relationship.
1.2 Aims of this research

The first aim of this research is to highlight the direction of China’s changing governance beyond the well-known and well-documented downscaling of governance towards urban entrepreneurialism. This study aims to call attention to the re-emergence of regional scale in contemporary governance operations and policy delivery in China. Secondly, it attempts to explain the recent transformation through state theory and the strategic-relational approach. Moreover, it aims to understand the links between changing state strategy, the transformation of urban and regional governance, and the major outcome of urban and regional development. The political economy approach is crucial to provide a comprehensive and critical account of regional re-ascendance in contemporary China. Thirdly, the research focuses on an examination of the on-the-ground development of regional governance in China. The focus on the ‘existing regional governance’ shows the researcher’s interest in the process of governance building, which resonates with the call for a process-based and contextualised approach to compensate for abstract regulation theory and the general ‘paradigm shift’ hypothesis (e.g. MacLeod, 2001a, b).

1.3 Organisation of the thesis

The thesis consists of eight chapters. After the introductory chapter, Chapter two attempts to understand the political economies of regions and regional development through reviewing the recent research debate on the rise of ‘new regionalism’. Firstly, the key conceptual debate on city-regions and new regionalism is reviewed. Then, a debate on political regionalism in particular is reviewed, covering a range of topics
from the relational or territorial approach to regional mapping, the role of the state to regional development and state restructuring. These existing discussions are indispensable if a well-informed theoretical stance for this research project is to be developed. The chapter then reviews the key theoretical perspective adopted by this research, i.e. the existing literature on ‘new state spaces’. Finally, contemporary Chinese and international regional literature is reviewed to suggest the current gap between China and the West in terms of theoretical conceptions and empirical studies. The final part also establishes the significance and originality of this research.

Chapter three examines the transformation of regional governance in China by looking at the changing state of the central-local relationship, which reflects the evolving power structure and shifting regional policies in China since 1949 to the present day. The chapter then highlights the recent resurgence of policies and programmes articulated at the regional scale; the variety of projects is described in detail. It is summarised that the current emerging regional governance in China is steered by both central and local government and the fact that these regional programmes are very flexible in institutional organisation is confirmed. There is no devolution from the national government to the regional scale to insert a formal regional agency in the existing administrative structure, nor rescaling of authority from the localities towards the regional level. Meanwhile, the conceptual perspective of ‘new state spatiality’ is deployed here to provide an understanding of the mechanism of China’s changing regional governance and statehood.

Chapter four develops the research framework and methodology for the project. First of all, the research questions and hypotheses are raised. Then, a research design is put
forward based on the purpose of the research and the theoretical hypothesis. Subsequently, the methods of data collection and data analysis are introduced in detail in the latter part of the chapter. Firsthand data, especially in the form of interviews, are collected in addition to a large quantity of secondary data including statistics, reports, monographs, planning and policy documents etc. Qualitative analysis is the main research technique of the study, although methods of quantitative analysis are also applied when necessary.

Chapter five sets the background for the study area of the research, i.e. the historical development of the Yangtze River Delta in the coastal region, the leading economy in China, is introduced. The chapter is divided into three stages, according to the changing inter-city economic relationship. Broadly speaking, the chapter is also an indispensable part of the thesis which demonstrates that the regional territory is a social construct. Admittedly, it is dependent on economic and technological factors, but it is not limited to these. The actual development of regions is contextualised in its social and political context, and is riddled with conflicts and contradictions. The process is fully illustrated in the following two case study chapters.

Chapter six aims to explore local forces with regard to the development of governance at the regional scale. For this purpose, the chapter examines the changing inter-government relationship between Jiangsu and Shanghai. Firstly, an investigation is conducted on the rivalry competition between the two jurisdictions, which can be perfectly illustrated by the well-known story of ‘173 project fighting Kunshan.’ Interviews from both governments, as well as media reports and government documents, are quoted to illustrate the contents and motivation of the 173 project.
launched by Shanghai, and the counter-measures taken by the Kunshan government. Secondly, an examination of the nascent local cooperation practices at the border of the two jurisdictions is carried out. Again, interviews with relevant officials and planners from both sides of the governments are quoted to discover why cooperation is now preferred by the governments rather than hostile competition, the nature of the cooperative projects and the form of the progress and barriers. Finally, the chapter evaluates the degree to which cooperation is pursued by local governments in policy and practice, and reaches the conclusion that the current inter-locality cooperation between Shanghai and Kunshan is actually driven by economic mutual benefit. The economic principle triggers local interest in collaborative development, but it also limits the scope of collaboration since it is dominated by the economic sphere rather than being led by other urgent regional issues such as environment problems. Due to the same reason, the cooperation is merely a partnership based on a particular project. Governments would rather not put too much effort into institutionalisation, which would entail legitimacy and binding power.

Chapter seven attempts to investigate the top-down forces in the development of regional governance; this part is conducted through examining the resurgence of regional plans in the YRD region, which is currently a major instrument for the central government to deliver regional governance. The formation of a regional plan for the YRD can be dated back to the early years after economic reform, but it soon faded away with the rise of localism. Therefore, the new YRD regional plan, the first since the decades after economic reform, can be read as the reassertion of central intervention in local development. Interviews with officials, academics and planners who are involved in or are informed by the plan-making process are quoted in order to
illustrate the intention of the plan, and more importantly, to reveal the conflicts throughout the formation of the plan and the problems that could be confronted in the plan's implementation. The chapter draws the conclusion that the top-down regional plan initiated by the central government plays an important role in the process of transforming governance, both as a result of the changing scale of governance and as a driver for transforming the scale of governance. Nevertheless, the re-building of state power is full of contention and conflict between different levels and divisions of government.

Chapter eight summarises and discusses the major research findings. It synthesises the general changing trajectory and the findings from the two case studies and provides an overall picture of the changing regional governance in China. Based on the results of the research, theoretical implications are proposed for the Western theory of 'new state spaces' and for the study of regional ascendance. Meanwhile, the limitations of the research are summarised and suggestions for future study regarding the relevant topics are put forward.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The review chapter lays the foundation for the theoretical perspective and research framework that is adopted in this PhD study. The chapter is structured as follows: section 2.2 reviews the different origins of the ‘new regionalism’ argument. Then, a political economic approach is deployed in section 2.3 and a debate of the perspective is reviewed. Subsequently, section 2.4 reviews the influential work of the political economic approach on state spatiality and new state spaces (NSS) by Brenner (2004b) and other contemporary scholars. By fusing the recent debate on the NSS framework, the author deploys a process-based regulation approach to studying the rescaling of the state, which is combined with the perspective of agency, politics and scale. The relevance of the Western theoretical perspective and the theoretical stance adopted by the research is further specified in section 2.5. Section 2.6 reviews traditional Chinese regional studies, which focus on economic geography, regional development and regional inequality. The theoretical and empirical gap between regional studies and the changing urban and regional governance is identified; nevertheless, a recently emerging group of literature which specifies regional renaissance in China is witnessed. Building upon the existing research, this study intends to use the NSS framework to argue that current regional transformation is part of the process of the restructuring of state spatiality. The research project further aims to extend the
well-developed urban governance study to the understanding of the recent regional initiatives. The implication for the analysis framework of this PhD research is drawn in the conclusion section.

2.2 Unpacking the 'new regionalism'

2.2.1 The regional resurgence and the city-region concept

Under the general context of global production and new economic agglomeration, world cities and global city-regions have been recognised to hold prominence in organising future global and national economies (e.g. Ohmae, 2004; Scott, 2001). With the main city continuing as the node of the economy, the dispersal of urban functions from the city to the wider city-region is also witnessed. Henceforth, the concept of the city-region is employed to refer to the economic markets or the relational space beyond an urban jurisdiction on a scale ranging from metropolitan to a cluster of cities (e.g. Etherington and Jones, 2009: 261, note 1; Hall, 2009). It is conceived that the city-regions will be the locus of various kinds of activities and 'the integrators of the spaces of flows' (Neuman and Hull, 2009: 779). Compared to the traditional urbanisation and suburbanisation, the urban expansion is stretched out and decentralised to a wider region; moreover, compared to the megalopolis analysis established by Gottmann (1961), the contemporary city-region is filled with functional connectivity, in addition to geographical proximities. Parr (2005) has analysed the typical interactions within the city-region, such as the flow of trade, labour forces, commuting, and capital movement between the city core and the hinterland surrounding it. Hall and his colleagues have made great efforts to examine
the polycentric structure and connectivity of the city region (Hall and Pain, 2006).

On the other hand, the regional reifications based on the global city-region thesis (e.g. Scott, 2001) are challenged by alternative ways of defining and delimiting regions. It is argued that, in addition to the material change of regional economics, there is also a plethora of representations of the city-region structure in terms of technological, infrastructure, ecological, political, social, institutional, governance and territorial policies (e.g. MacLeod and Jones, 2001). In these circumstances, the term of ‘city-region’ particularly refers to ‘a strategic and political level of administration and policy making, extending beyond the administrative boundaries of single urban local government authorities to include urban and/or semi-urban hinterlands’ (Tewdwr-Jones and McNeil, 2000: 131, note 1). In contrast to the presumably objective and hard boundaries of economic city-regions, these forms of city-regions are mostly represented by policies and institutions, narratives and initiatives, with ambiguous, fuzzy or artificial apparatus (Harding, 2007: 451). In other words, the geographical notions of ‘region’ are not only built upon pure spatial economy, but are also invented and reinvented by state institutions and social and cultural forces. It is hence argued that ‘regions are anything but natural entities: they are, at the same time, institutional, political and socio-cultural spaces’ (Gualini, 2004: 330).

2.2.2 The different origins of the ‘new regionalism’

One consequence of the intensifying interest in the contemporary city-regions is the urban-regional renaissance in all research fields ranging from geography and planning to political science (MacLeod, 2001a: 805). It is suggested that the key schools of
thought can generally be categorised under the banners of ‘economic’ and ‘political’ new regionalism (Harrison, 2006: 23). Firstly, the ‘new regionalism’ literature derives from a group of economic geography literature with a shift towards institutional aspects (MacLeod, 2001a: 807). It takes the resurgence of a region as an object of investigation and uses the institutional perspective to understand the dynamics of regional economic development (Harrison, 2006: 21). The thrust of the research is the role of non-economic factors in the resurgent regional economies of paradigmatic regions such as Third Italy, South Wales, and many more, i.e. the investigation of social and cultural capital (Hadjimichalis, 2006: 691-92). Some of the new regionalists even use the argument to clamour for a more progressive and democratic sub-national political environment (Hadjimichalis, 2006: 691; Harrison, 2006: 22). It is argued that devolution and regionalism is a form of ‘good governance’, based on the actual or perceived ‘economic dividends’ that would be brought about by the decentralisation and cooperation (Jones et al., 2005: 398; Pike and Tomaney, 2009: 16). Although opening a brand new perspective for economic geography, the new regionalism thesis is criticised for a lack of precise empirical studies, the failure of theorisation of social capital, depoliticising politics, and narrow territorial studies without scalar analysis (Hadjimichalis, 2006; Harrison, 2008: 5-6; MacLeod, 2001a).

A new generation of research from the perspective of political and policy regionalism studies the ‘new regionalism’ of the rise of regional institutions since the 1990s in the Western context (e.g. Brenner, 2003a; Deas and Ward, 2000; Jones, 2001; Keating, 1998). It is argued that ‘new regionalism’ is particularly characterised by the powerful economic arguments revolving around ‘economic competitiveness’ (e.g. Norris, 2001: 557-558). It is further argued that although the contemporary regional agendas are
also concerned about region-wide problems such as urban sprawl, fiscal disparities, air and water pollution and large-scale regional infrastructure, somehow these purposes are pursued because they are viewed as essential to achieving regional economic competitiveness (Norris, 2001: 558). That is, the primary objective for contemporary regional projects has shifted from efficiency and equity to competitiveness (Keating, 1998; Norris, 2001: 558), which is qualitatively different from former regional projects (e.g. Valler et al., 2002: 187). Therefore, supply-side policy options are selected, since the environment for technological innovation, the quality of education, knowledge and skills, and the convenience of infrastructures are believed to be the driving forces behind regional development (Valler et al., 2002: 187; Lovering, 1999). Moreover, instead of covering the whole territory, regional intervention privileges specific territories such as individual urban regions which are central to national economies (Wheeler, 2002: 270). As a consequence, the normatively good governance projects are actually played out by the agents to pursue 'a neo-liberally oriented "competitiveness" agenda' (Lovering, 1999; cited in Lagendijk, 2007: 1195). Nevertheless, studies move forward to argue that the actual existing regional strategies, policies and governance are not only defined by the politics around 'economic competitiveness', but are also subject to institutional assets, social determination and political choices (e.g. Jonas and Ward, 2002; Norris, 2001; Ward and Jonas, 2004). A variety of case studies have demonstrated that the initial regional designation, in accordance with 'ideological perceptions of changing nature of space economy' (Deas and Lord, 2006: 1865; original emphasis), is to be constrained and reproduced by the political, administrative, democratic and cultural assets of the place (e.g. Boudreau, 2003; Deas and Ward, 2000; Deas and Lord, 2006; Harrison, 2010; Jones and MacLeod, 2004). That is, the trajectory of regional
territorial development is contingent and open to uncertainties (MacLeod and Jones, 2001). It is 'political, institutional, and discursive constructs' of which the development is structurally conditioned and enabled, but not fully determined, by external conditions' (Lagendijk, 2007: 1195; original emphasis).

2.2.3 The regional concept and (city-) regionalism in political economy

As reviewed by Harrison (2007, 2008), the new regionalism thesis within the political economy (e.g. Keating, 1999) is now being superseded by the new term of 'new city-regionalism' developed within economic geography. The resurgence of the concept of 'city-region' causes further confusion in the area, where region and city-region do not enjoy a common analytical definition in various academic and policy communities. For example, in the research oriented for policy design and application, the use of terms such as 'regions', 'city-regions' and 'sub-regions' should be careful and subject to strict analytical methodologies. This is because each of the term may indicate particular policy recommendations at different administrative units. Therefore, it is important to clarify the meaning and nature of these terms in different purposes of research.

What is of particular note is that the 'city-region' concept in political economy terms does not necessarily indicate a scalar feature of a specific kind of region, such as a metropolitan area around a city core. 'City-region' here is a concept with its emphasis to a distinct territorial feature, that is, (1) urban focused; (2) functional connectivity and relational spatiality; (3) soft and porous, and not necessarily constrained by administrative boundaries. This is discussed by Harrison (2008: 11) who writes,
...city-regions in political economy have strong relational undertones. Where regions were presented to be by and large territorially bounded political-administrative units in the new regionalism, the literature on the new city-regionalism has been quick to emphasise how “the geographic structure of these networks tends more and more to override purely political boundaries” such that city-regions are open, porous spaces, easily permeated by flows of capital, knowledge and finance, and increasingly free from regulatory control on the part of national states (Scott, 2001: 4).

Therefore, the scalar boundaries of the city-region in the political economy can be range from being relatively small scale metropolitan areas, to grand and large scale regions as indicated by the term such as ‘mega-city region’ (Hall and Pain, 2006) and ‘global city-region’ (Scott, 2001). Overall, the regional resurgence indicated by ‘new (city-) regionalism’ does not indicate a particular scalar institution of region or a certain regional territorial form. A further example is that, the study on the emergence of the new regionalism in North America tends to be focused on the metropolitan-scale, while studies in Europe are generally orientated towards larger geographical entities, ‘extending beyond functional metropolitan areas and encompass other cities and their hinterlands, freestanding towns, and rural areas’ (e.g. Jonas and Ward, 2002; Deas and Giordano, 2003: 226). Therefore, the regional resurgence is only indicative of the general sub-national governance changes, or the emergence of multi-level governance at the sub-national level beyond the dominant localisation and urban governance at the earlier state neo-liberalism stage. As remarked by Jonas (2006: 402), ‘[T]he “region” can be seen to operate both as a between space and a mesolevel concept, which is amenable to thinking about a spatial combination of flows, connections, processes, structures, networks, sites, places, settings, agencies
Furthermore, the new ‘city-regionalism’ used in the political economy holds that the research subject is not an existing scale of regional territory but a developing process in formation and transformation. The process reflects the latest transition in the regulation and governance landscape, associated with a restless de-territorialisation of various forces at different scales and their re-territorialisation on a variety of regions. The (city-) regionalism in political economy is hence concentrated on the conflict-ridden forming process of the subnational governance, and to examine the degree to which the struggles have shaped or constrained the development of different forms of regionalism (c.f. Deas and Giordano, 2003). It aims to explain why regional state spaces (be they trans-national, trans-regional, pan-regional, regional, sub-regional, or city-regional) are produced as a particular scale in economic and social life, and how a certain regional territorial configuration is subsequently constructed and reconstructed. Overall, the city-regionalism in political economy is understood as an ongoing struggle for control of space (Ward and Jonas, 2004: 2135). The research subject is not an established object specific in scale or configuration, and the examining process may involve a flux of regional practices at the same time and various origins of regions during history. In terms of how to conceptualise the process, examine the dynamics and conceive the agency, the following sections are going to review the existing approaches and debate.

2.3 The debate within the political economic perspective

2.3.1 The role of the state in the ‘new regionalism’
As reviewed above, the recent resurgence of regionalism has fundamentally shifted in its rationale from administrative efficiency to economic efficiency. Additionally, the new regionalism differs from the old regionalism in that voluntary and flexible cooperation instead of formal government structural change is called for by new regionalists (Norris, 2001: 558-559). The new approach, linked with public actions, partnership and negotiations rather than an authoritarian, top-down and rigid approach, overcomes the deficiencies of earlier regional reform projects in terms of legitimacy, local particularities, and implementation (Lefevre, 1998). In the new experiments, different localities and institutions may be grouped and involved in particular cases instead of building a fully-fledged supra-municipality or inter-municipality government structure to substitute or re-divide power divisions at the local level (ibid). However, it is contended that, albeit as a main characteristic, over-emphasis on the merits of local institutions might lead to ‘soft institutionalism’ (MacLeod, 2001b). The specific agents underlying the regional governance advocated by the new regionalists are not clarified, which seems to infer that the region is an automatic agent itself. In contrast, the new regionalist practitioners have particularly downplayed the role of the state. In order to illuminate the actual mechanism of new regionalism, it is argued that an exploration of the agent underlying these specific projects is significant.

The mechanism of regional territorial development in the UK is mainly orchestrated by the national state. Throughout the 1970s and 1980s, localities emerged into the main territory to deliver government economic development policies in the UK (Valler et al., 2002: 186), as well as a number of Western European states (Brenner, 2004a: 465). This big transformation from traditional Keynesian macroeconomic
policies to local devolution and national urban policy has been expressed as 'central
government localism' (Valler et al., 2002: 186) or 'new localism' (e.g. Deas and Ward,
2000). That is, central government intervention was downscaled around urban and
intra-urban areas (Deas and Ward, 2000: 275). Regional planning, as well as other
regional policies, was marginalised as the tool of redistribution and inequality
management; instead, economic regeneration of central cities was highlighted. In
other words, the socioeconomic problems of inner cities were assumed to be the
priority to achieve national territorial equalisation and remove deprivation (Webb and
Collis, 2000: 860). However, since the early 1990s, there has been a salient refocusing
from the urban level to the regional level. The Government Offices for the English
regions, Regional Development Agencies in England and Regional Assemblies in
Scotland, Wales and Northern Ireland have marked a partial switch from previously
urban-based regeneration to regionally-based intervention (Deas and Ward, 2000:
275). Nevertheless, it is noted that the national state still plays a crucial role in
'delimiting the spatial boundaries, operational parameters and key actors out of which
the new regionalism is being forged' (Jones and MacLeod, 1999: 308; Jones, 2001). It
is further established that centrally orchestrated regionalism again centralises power at
the regional level and disempowers sub-regions in England (Harrison, 2008). Hence,
it is argued that regionalism and regionalisation in the UK does not represent real
decentralisation, but retains a high level of centralisation (e.g. Morgan, 2007; Musson
et al., 2005; Pearce and Ayres, 2009).

In contrast, some other studies have highlighted the bottom-up mechanism in building
region-wide governance. For instance, Jonas and Pincetl (2006) explored the 'new
civic regionalism' in California, which is mainly backed by business interests in
partnership with non-profit and private foundations and grassroots organisations. The project is part of the long-standing social movement to address localised conflicts around land use and environment, affordable housing, infrastructure, property tax and so forth (ibid: 482). The new regionalist discourse has been embraced, since it circumvented formal administrative reform, idealised regional economic spaces, and empowered the regional public (ibid: 501). Similarly, McCann (2007) highlighted the bottom-up regional initiatives by local state, neighbourhood and activist groups. Institutions are envisioned and policies are articulated at a scale beyond the local jurisdictional boundaries to achieve ‘smart growth’ and pursue urban liveability (ibid: 189). Overall, the different top-down and bottom-up phenomena have broadened the perspective of studying what ‘city-regionalism’ really is (Harding, 2007: 444-445).

2.3.2 Regionalisation, regionalism and the restructuring of the state

Scholars who recognise the role of the state in developing regionalism argue ‘the extent to which some new initiatives in the emerging regionalism are in reality rescaled governmental and quasi-governmental intervention’ (Jones and MacLeod, 1999: 307; original emphasis). For example, Jones (2001) has argued that, rather than a bottom-up social capital approach to networked governance, the Regional Development Agencies (RDAs) for regions of England are actually ‘a new (regionalised) scale of state power’ (p. 1188). Later studies have echoed the view that the state orchestrated the regional institutions to ‘reassert its functional importance and deliver its policies more effectively’ (e.g. Goodwin et al., 2006; Jones et al., 2005). It is further contended that the regional institution is actually an additional hierarchy rather than a substantial restructuring of the traditional administrative system.
(Harrison, 2007; Deas and Lord, 2006; Goodwin et al., 2005; Goodwin et al., 2006; Jones et al., 2005; Pearce and Ayres, 2009). The institutional system of regional-level governance ‘affords direct channels of influence to central government departments’ (Musson et al., 2005: 1397).

The resurgence of regions results in the restructuring of governance between and across different levels of territories. Along with the significant number of devolution projects undertaken in Western Europe, the concept of multi-level governance (MLG) has been invented to indicate the dispersed distribution of state power at various levels of governance (Marks et al., 1996, cited in Yang, 2005: 2147). However, the MLG approach is found to be deficient in two main respects. Multi-level governance, nevertheless,

... overplays the vertical nesting of discrete policy competencies, at the expense of analyzing the dense network of ‘tangled hierarchies’ (Jessop, 2001) which mesh together to produce and implement policy horizontally across any one scale or over any one territory. Multi-level governance also tends to reify the different scales within these hierarchies – when in practice scales of governance are relative and are actively produced (not least by the national state) (Goodwin et al., 2005: 423).

That is to say, the state restructuring process is far from straightforward and pre-established, but is open to conflict and contests. Moreover, the complex restructuring of governance is not only represented by vertical rescaling between scales, but also by horizontal relationships between institutions in the same territory (Goodwin et al., 2005: 432; Allmendinger and Haughton, 2007). More importantly, the MLG only gives a descriptive outline of the contemporary governance landscape,
and does not offer any perspective to examine the actual mechanism through which state rescaling processes take place. Analogously, the ‘hollowing out’ metaphor simply describes ‘the delegation of powers away from the national level, and makes no explicit claims about the organizational or institutional forms that may result from this’ (Goodwin et al., 2005: 424). It is thus argued that the state rescaling process should be conceptualised as the twin process of the ‘hollowing out’ of powers at the national scale, as well as the transfer, or ‘filling in’, of powers to other scales (ibid: 425). That is, the state rescaling process is ‘a complex ‘qualitative process of state restructuring’ rather than a simple ‘quantitative process of state erosion or diminution” (Peck, 2001: 447; cited in ibid: 424). As such, any investigation should not centre on the extent to which the national state has become less powerful, but rather how its power has been differently articulated (Musson et al., 2005; Peck, 2001: 447).

2.3.3 Territorial or relational approach to conceptualising spatiality

Although consensus is reached that regional geography is not pre-given and pre-established, but is an ongoing and contested process, theoretical disputes remain in terms of how to frame the spatial relations of the region. It is argued that the re-territorialisation argument has largely become entangled in a ‘territorial trap’ (Agnew, 1994, cited in Gualini, 2004: 331), or in other words, has gone too far in the direction of the state to ‘state centrism’ (Brenner, 1999b). That is, the re-territorialisation analysis is premised upon pre-defined multi-level governance and the macro-phenomenon of political economy and territorialisation of the state (Gualini, 2004: 331). Instead, it is argued that interested actors should be perceived from a
*micro-* and *aspatial* dimension in order to reflect the network and relational aspects of
the agents (Gualini, 2004: 331, emphasis added). That is, the non-scalar perspectives
focus on the spatiality of socio-economic practices in terms of flow and connectivity
conception should be freed from the articulation of the hierarchical territorial
jurisdictions, and the contemporary fuzzy and discontinuous region should be viewed
as produced through a diffuse and fragmented engagement of both public and private
political actors lodged at the regional assemblage. Yet, Harrison (2010: 22) contends
that the investigated area of southeast England, on which the research of Allen and
Cochrane (2007) is based, is a specific region in the UK territory. The boundaries in
this region have less effect and appear to be more open and porous since southeast
England is considered to be a polycentric global mega-city region with
long-established economic links with the global city of London and political ties with

The relational approach does have certain merits in framing the agents in the
territorial governance building process. However, MacKinnon and Shaw (2010) have
argued that the territorial approach ‘retains value over relational approaches’ in that
‘the relational approaches tend to view spaces as essentially unstructured and empty
prior to its constitution by actor networks, reflecting an element of ontological
‘levelling’ derived from actor-network theory and other poststructuralist philosophies’
(p. 1246). Similarly, Pike and Tomaney (2009) have also mentioned ‘relational
accounts ... risk providing a partial explanation that can underplay or disregard the
continued import of the territorialities of institutions and boundaries in governing
economic development’ (p. 29). In contrast, the territorially- and hierarchically-
addressed state rescaling framework stresses the 'historically embedded and path-dependent nature of [the] restructuring process' (MacKinnon and Shaw, 2010: 1227). In other words, rather than a 'flattening ontology', it is admitted that the development of city-regions is embedded and is also influenced by the existing structure of political-administrative units.

With regard to the binary divisions of the territorial and relational approaches, it is deemed valuable not to set the territorial and relational views against each other. It is argued that bounded territory is not necessarily exclusively porous in its boundaries; thus, the territorial view of regions does not opt out of the concept of horizontal interaction from civil society, social institutions and business sectors (Morgan, 2007). It is further argued that the relational approach definitely has value in comprehending the contemporary economic space of flows; however, as for perceiving the politics of regions, 'the degree to which one interprets cities or regions as territorial and scalar or topological and networked “remains an open question: a matter to be resolved ex post and empirically rather than a priori and theoretically”' (MacLeod and Jones, 2007: 1186, cited in Harrison 2010: 19). Based on England’s southwest region, Jones and MacLeod found that the empirical case has ‘realized both a political-economy of scale and a cultural construction of scale’ (2004: 448; original emphasis). Alternatively, Harrison (2010) has demonstrated the production of a city-region is tangled with both ‘the outcome of both relational economic processes and political claims to territory’ (p. 19) through exploring the initiatives and implications of The Northern Way project of England. Overall, it is widely acknowledged that scale and territory is not withering away and that the state retains a pivotal regulatory role in city-region development, although this includes the considerable participation of social institutions and
individuals. City-regions are therefore unable to escape territorially oriented
designations; nonetheless, when appropriate, non-territorial and/or relational
socio-economic and political strategies should be conjoined (Jones and MacLeod,
2004: 448).

2.4 Regions and new state spatiality

2.4.1 Regional scale, state spatial selectivity and new state spaces

Acknowledgment of the persistent role of the state, the rising importance of regional
scale in contemporary policy and territorial governance is conceptualised to manifest
a new form of 'spatial selectivity' by the state (e.g. Jones, 1997, 2001; Goodwin et al.,
2005; MacLeod and Goodwin, 1999b; MacLeod and Jones, 1999). In this sense,
Jessop's strategic relational approach (SRA) to conceptualising the state and state
power is highly relevant here (Jessop, 1990). It is perceived that the state 'has no
power – it is merely an institutional ensemble; it has only a set of institutional
capacities and liabilities which mediate that power; the power of the state is the power
of the forces acting in and through the state. These forces include state managers as
well as class forces, gender groups as well as regional interests, and so forth' (Jessop,
1990: 269-270: cited in Goodwin et al., 2006: 981). Drawing on the SRA, the concept
of state spatiality, i.e. the multi-scalar organisation of state power (Brenner, 2004a:
452-53), is created to spatialise the form of the state. Built on the conceptualisation
that state spatiality is more a dynamic, transformative and contested process than a
fixed, pre-given and permanent thing, Brenner (2004a) perceives the development of
statehood as a spatial process. Moreover, it is deemed that territoriality is only one
dimension 'within the multi-layered geographical architectures of modern state spatiality' (p. 77). The state space not only refers to the institutional apparatus of the state organisation, but also to the strategies and policies that state institutions are mobilised to undertake (p. 80). Henceforth, each scale of state power can be analysed 'with reference to its internal organization form, institutional structure, and geographical boundaries,' as well as with reference to state activities and state interventions (p. 82). Thus, the process of change within states to different territorial parameters and structural configurations is defined as the unfolding of the rescaling of statehood (Brenner, 2004b: 105).

According to Jessop’s strategic-relational state theory, the state is, in actuality, a system of strategic selectivity, through which state intervention is enacted (MacKinnon and Shaw, 2010: 1228). Brenner (2004b: 89-94) extended the concept of strategic selectivity and defined state spatial selectivity as comprising state spatial projects and state spatial strategies. This corresponds with Brenner’s view of state space. The concept of state spatial projects refers to the specific programmes and initiatives that attempt to differentiate between or integrate state institutions and policy regimes across geographical scales and among different locations within the state’s territory, whereas state spatial strategies relate to a range of policy instruments beyond the state apparatus (p. 92-93). Brenner (2004b: 97-100) then summarises the four axes of the evolution of state spatial selectivity, comprising the scalar and territorial dimensions of state spatial projects and state spatial strategies. The grid is thus divided into the centralising state spatial projects and singular state spatial strategies, the uniform administrative state spatial projects and equalising state spatial strategies, the decentralising state spatial projects and multiple scalar of state spatial
strategies, and customised state spatial projects and differentiating state spatial strategies (p. 102). Subsequently, the evolution of state spaces can be decoded as the ‘complex amalgamations’ of state spatial selectivity with a particular historical formation of state spatiality. It is hence argued that the new state spaces of the changing statehood:

...should be viewed as the outcomes of multiple tendencies of state spatial restructuring whose precise institutional and geographical contours remain deeply contested and thus highly unstable ...

The restructuring of state spatiality rarely entails the complete dissolution of entrenched political geographies. ... (Brenner, 2004b: 107).

... New territorial and scalar geographies of state power are forged through a contested open-ended interaction of historically inherited configurations of state spatial organization with newly emergent state spatial projects and state spatial strategies at various geographical scales (Brenner, 2004b: 111).

Although the above abstract concept introduced by Brenner has demonstrated his recognition of the contingency and social construction of state spaces, it is argued that the conceptual framework only shows concern for economic and political logic by the tool of state spatial projects and state spatial strategies, thus neglecting the factors of social power and the process of social reproduction (Varro, 2010: 1257-1258, 1273; Ward and Jonas, 2004). In other words, the abstract logic of structural contradictions between state regulation and economic accumulation tend to be privileged over civil society as the driver of hegemonic projects when analysing the state (Oosterlynck, 2010: 1156). It is generalised by Brenner (2004b) that the state apparatus has been downscaled from the national state to urban localities in response to post-Fordist crises such as fiscal deficit and urban degradation resulting from post-Fordist
industrial restructuring; recently, statehood has again been upscaled from the urban to the meso-level region to counterbalance severe inter-locality competition and to prevent enlarging uneven development. Overall, it is perceived that the changing state spatiality, i.e. the process of state rescaling, represents the restless search of the state for 'spatio-temporal fixes' to the ever-changing wider political economy. It is hence contended that the approach is more effective in identifying the general trend and driving forces such as competition-oriented local politics than in decoding the particularities of the politics (Varro, 2010: 1254).

In short, while the social and political construct of the state is a fundamental concept in strategic-relational state theory and new state spaces, the current analysis tends to be structurally rather than contextually charged. It is contended that the strategic projects and strategies, or the process of rescaling, can be adapted and utilised for a multitude of purposes by different groups. As such, the research should focus on understanding the divergent sub-national politics where regionalism is situated, rather than summarising what is convergent around the new regionalism.

2.4.2 Process-based approach to scale and the politics of re-scaling: the building process of regional scale

As put forward by Jonas and Ward (2007: 176), 'the emergence of city-regions [is]... the product of a particular set of economic, cultural, environmental and political projects, each with their own logics'. With regard to the attempt to understand the place-specific and actual-existing process involved in the production of regions, Jonas and Ward (2002: 396-97) propose that three fundamental questions need to be
addressed, namely, the roles played by different levels of government, the different logic underpinning urban and regional programmes, and the local development contexts within these city-regions, rather than merely focus on global context. That is, there are not only different context-sensible regionalisms across territories, but also different actors from multiple scales to manipulate at the same scale for different interests. The introduction of the lens of political agencies to the state relational approach is of crucial importance, since it shows that it is actually the actors that are 'acting through the state' rather than '...the state itself that is pursuing glocalisation strategies' (Oosterlynck, 2010: 1158). That is to say, 'place-sensitive (or locally dependent) agents may act in the name of certain regionally based and imagined community places and localities' (Oosterlynck, 2010: 1158).

While some of Brenner’s work (e.g. 2004a, b) is criticised for seeming to imply that state rescaling is ‘pre-formed from abstract processes that operate ‘behind the backs’ of individual actors’ (MacKinnon and Shaw, 2010: 1231), Brenner (2002) has demonstrated his recognition that the regional building process is not consolidated, with a singular, unified and internally coherent agenda. He argues that, under the general conditions of post-Fordist state restructuring, the urban and regional transforming project is, in the meantime, permeated by internal conflict and contradictions. These place-specific internal processes make various regional projects heterogeneous from each other, both institutionally and politically. Brenner identified the movement towards a ‘new politics of scales’, in which ‘local, state-level and federal institutions and actors, as well as local social movements, are struggling to adjust to diverse restructuring processes that are unsettling inherited patterns of territorial and scalar organization within major US city-regions’ (p. 3). That is, various
interactions exist between state and non-state actors, and various forms of political actions at the root of rescaling processes (Boudreau, 2007: 2608). Following the line of reasoning, the new state spaces are actually 'the subject of political conflict and struggle between actors and interests operating in and across different spatial scales' (MacKinnon and Shaw, 2010: 1231). Overall, 'political agencies' and 'politics of scale' are the crucial concepts through which to examine the actual existing state rescaling process. Furthermore, the rise of new state spaces is something that should be investigated than assumed or generalised.

2.4.3 Planning and governance: the production of 'new state spaces' by means of planning

Since the 1990s, Western European countries have witnessed the revival of strategic spatial planning, especially at the national and regional scale (e.g. Albrechts, 2004; 2006; Albrechts et al., 2003). The changing trajectory is well represented by the fall and rise of regional planning in the UK. British regional planning culminated in the 1950s and 1960s: plans were not only imposed on large cities and metropolitan areas to enhance amenities and direct overspill (Cullingworth and Nadin, 2006: 23), but were also accompanied by a role of social redistribution through a strategic approach to land-use control and investment (Healey et al., 1997: 3). However, regional planning was devalued and shifted to urban policies and projects (Hall, 1999), and was narrowed down to land use regulation in the 1980s (Thornley, 1993). In the late 1990s, regional planning was reinvigorated, which was marked by the 1997 Blair government, which re-established the regional government bodies and reintroduced regional planning. Further reform was undertaken in 2004, when the spatial planning
In comparison to regional planning in the 1960s, strategic planning since the 1980s has been re-modified, both in terms of its planning objectives and policy priorities. Whilst traditional British planning is labelled as regulative and allocative, the more recent version is found to be more strategic, proactive and developmental (Faludi, 2000; Healey et al., 1997: 241; Healey, 2006). Policy priorities are reoriented from reorganising physical space to broader scopes including economic development and environmental sustainability, in particular (Healey et al., 1997: 241). Land use regulations have been simplified to speed decision-making and ensure the growth of projects (Allmendinger and Haughton, 2009; Nadin, 2007). Moreover, the new spatial planning approach in the 2000s has further seen the reworking of the scale of policy making, as well as an expansion of the scope of the policy parameters (Allmendinger and Haughton, 2007). First of all, spatial planning is privileged to the sub-national level of planning, away from urban regeneration projects. Particularly in the case of British planning, the Structure Plan at the sub-regional level has been abolished, while the Regional Spatial Strategies (RSS) steered by the central government has been empowered with statutory status (Bianconi et al., 2006). As a result, although new spatial planning is embedded in community engagement and closer communication between hierarchies of government, the power of strategy making is rescaled from the local to the central and regional level. Secondly, the renewed positive view for planning is shaped by the ambition that new spatial planning will bring all involved policy sectors and stakeholders within and outside government to work together for the far-reaching development vision. In this way, the content of planning is not limited to land use planning, but to a broadened agenda such as environmental issues and
economic development. As a consequence, the ownership of spatial planning is not only restricted to planners, but is open to all departments of government and partnerships that have a spatial concern or effect (Nadin, 2007). Apart from the existing levels of sub-national and sub-regional planning, many new plans are initiated by actors outside the public sector and do no correspond with the boundaries of administrative divisions. The emergence of soft planning spaces aims to break down bureaucratic barriers and directly point to the real boundaries of problems (Allmendinger and Haughton, 2009). In other words, the spatial and policy boundaries of new spatial planning are becoming soft and fuzzy (Allmendinger and Haughton, 2007). To sum up, the broadened thematic focus, the privilege of the city-regional realm transcending beyond administrative boundaries to functional geographies, and the transition from hierarchical and bureaucratic government to horizontal and associative governance in the new planning practice have been noted as the trend towards ‘new regionalism’ (Wheeler, 2002).

The notion of ‘new state spaces’ is helpful in understanding the changing nature of the current regional plan. With reference to the state theory, new spatial planning is considered to be part of the state’s ‘restless search’ for governance (Allmendinger and Haughton, 2009: 631). It suggests that the new planning spaces are strategically ‘filled in’ by the state to create or privilege new scales of governance (Haughton et al., 2009: 234). The re-working of the scale and the scope of planning are argued to be two indispensable elements of the current state restructuring process (Allmendinger and Haughton, 2007). The shifted scale of planning represents the renewed policy terrain for state intervention in response to the changing context: ‘...spatial planning is a contributor to and a reflection of a more fundamental reform of territorial
management...' (Allmendinger and Haughton, 2009: 620). For example, the networked feature of new economies leads to the privilege of the city-region scale in new spatial planning (e.g. Nadin, 2007). However, on the other hand, and as a more fundamental mechanism, the re-introduction of regional-level governance is a new 'fix' to the crisis produced by urban entrepreneurialism in the 1980s (Brenner, 2004a, b). For example, the aim of collaboration between regional spatial planning in England and different levels of government and disparate policymakers is the main improvement that is sought after: fragmented government and partnerships is just like 'a bowl of spaghetti' and leads to confusion over lines of accountability (Nadin, 2007: 45-47). Overall, even though the new strategic spatial planning process is more democratic and less exclusive, it is found that governments still play a significant role in plan-making (Albrechts, 2006). These regional planning efforts have represented revived 'government-led strategic interventions at the urban and regional level' (Albrechts et al., 2003: 114).

2.5 Summary: theoretical perspectives on city-region governance

The above literature, from the political economic perspective, has presented city-region development in a reflective way. The approach sees the designation of the city-region as politically constructed, historically embedded and culturally contested, and emphasises the role of the state in the formation process. The NSS framework (Brenner, 2004b) further explores the ongoing transformation of regional governance with regard to the restructuring of state power. The political economic perspective and the NSS framework are useful in addressing Chinese regional manifestations because they do not treat the emergence of regions as a neutral occurrence, which seems to be
naturally-developed and pre-given; rather, it is a result of political-economic struggles. Therefore, the perspective is particularly useful to unravel the actual processes by which such regional territories have been constructed and reconstructed throughout history.

The territorial/scale approach, rather than the relational approach, is assumed to be more appropriate in the Chinese context, since democracy has not improved much in China over the past decades. Therefore, ‘state-centred political economy perspectives incorporating the imperative of sustaining control by the Party-state’, which are applicable to China in the last half century from 1949 to 2000 (Ma, 2002: 1546), may still account for many of the Chinese transformations in the present day. Therefore, the NSS framework developed by Brenner (2004b) is followed by the study as a key framework to conceptualise the restructuring of state and the development of regional scale. The notions of ‘state spatiality’ and ‘state spatial selectivity’ are helpful, since they incorporate all the state activities ranging from strategies and policies to administrative institutions. By these means, all of the state actions can be examined through the insights of state theory, which can help to understand the nature of the changes, for example, in terms of planning. All in all, even though Brenner’s work predominantly aims to theorise the transformation of regional governance from the capitalist state and economy in general, the concept tools in his framework are still relevant and can be borrowed for analysis of the state, even in a totally different context.

Although the NSS framework fundamentally accepts that the state spaces are politically charged, socially constructed and culturally contested, the framework does
not offer effective tools to examine the causal relationships and dynamic processes of the changing statehood. Brenner’s theory (2004a, b) is criticised for its predisposition to conceptualise the new regionalism as a process of state rescaling in response to the broader context of political economy under globalisation and crisis management of capitalism (e.g. Jonas and Pincetl, 2006; Oosterlynck, 2010; Varro, 2010; Ward and Jonas, 2004). This also runs contrary to the central discussion from the political economic perspective that regionalism is not pre-established and consolidated. Therefore, building upon the NSS framework on state spatiality, the study has also introduced the lens of 'political agency' and 'politics of scale' for use as research tools to examine Chinese specific processes and politics of the development of city-region governance.

Meanwhile, although the theoretical stance adopted by the research is generally based on the political economic approach, the awareness of the debate on the economics in the political economy of city-regions (e.g. Harding, 2007) also reminds the researcher to be aware of the role of economic development and economic logic in the process of city-regional development. In the next section, the existing regional studies in China will be reviewed and the theoretical and empirical gap will be highlighted.

2.6 A literature review of contemporary regional studies in China

2.6.1 Regional development, model transition and the implication for regional inequalities

Since the first decade after economic reform, the rapid development and
transformation of the Pearl River Delta (PRD) in Guangdong province has caught the attention of scholars. The southern region, which is the first area opened to the outside, has become a laboratory in which to examine China's changing regional development and governance in the 1980s.

Lo (1989) examined the impact of rural reform and the open-door policy on the urbanisation and economic development of the PRD. One significant change is the industrialisation of the rural economy in the villages and towns (Lo, 1989: 299). With the advantage of cultural affinity, county level officials (ibid) scrambled for foreign investment, mainly from Hong Kong. The economic restructuring subsequently brought along urbanisation and population change (Lo, 1989: 301). The changes are uneven in the delta, since the cities of Foshan, Shunde, Panyu, Dongguan and Jiangmen, which are close to the provincial capital Guangzhou, received the most benefit from the development and become the core of the growth in the region (ibid: 302). Correspondently, clusters of town settlements were stimulated in the area (ibid: 304). During the early stage of development, migration in the delta was short-distanced: industrial workers were formerly the surplus agricultural work forces from the same county/city or from the same village (ibid: 305). Moreover, because urban reform lagged behind rural reform in the 1980s, the overall industrial development in the surrounding rural area even surpassed that of Guangzhou and, hence, there was no overwhelming migration into the large cities (ibid).

The general features of PRD development revealed by Lo (1989) were intensively studied in the following decade. Sit and Yang (1997) identified the peculiar urbanisation pattern in the post-reform period, which was predominantly induced by
external forces of foreign investment. Therefore, the economic momentum was contingent upon the distribution of foreign direct investment (FDI). Shen et al. (2000) found that, initially, areas with a geographical proximity to Hong Kong tended to receive more FDI. Although the distance factor gradually faded after the 1980s, the attractiveness of these cities was reinforced over development (Shen et al., 2000: 320). This is because industrial know-how, infrastructures and business environments were developing in the area (ibid: 321).

The metropolitan development of PRD in the first decade is characterised by rural industrialisation and the enormous transformation at the periphery of existing urban centres (Lin, 2001a, b). In other words, the urbanisation did not result in magnificent rural-urban migration and the increase of the primary city (Xu and Li, 1990). Conversely, urbanisation was accelerated by the relaxed control on town designations; hence, the increased number of designated towns, as well as the growth of towns in terms of both economy and population (Ma and Lin, 1993). Henceforth, the development of peri-urban zones produced a high mixture of agricultural and industrial activities in towns and villages (Lin, 2001a: 67), and the distinct spatial phenomenon of desa kota found in other developing Asian countries (Lin, 2001b). This is in stark contrast to the situation during the Maoist period, when the delineation between city and countryside was strictly constrained. Compared to the rapid development of some selective rural areas, the growth of major cities was relatively slow during the period of time (Lin, 2001b). This is because of the state policy to control the development of large cities and the persistent control of population movement to large cities.
As a result, even the regional discrepancy in the Guangdong province was weakened to some extent (Weng, 1998: 440), particularly between Guangzhou and the nearby countryside (Lo, 1989: 305). However, since the development of rural towns was intensively concentrated in the delta area around Shenzhen, Dongguan, Zhongshan, Shunde, and Panyu, there was still a remarkable gap between the delta core and the periphery area of Guangdong province (Lo, 1989: 306-07; Fan, 1995: 443; Gu et al., 2001). It appears this tendency has been reinforced since the 1990s, with further globalisation and marketisation, maybe even more so due to the current economic restructuring from manufacturing to a knowledge and service economy (Lu and Wei, 2007).

The flourishing of towns in PRD is termed by scholars as ‘urbanization from below’ (Ma and Lin, 1993: 603) or ‘spontaneous urbanization’ (Shen et al. 2002) in comparison with city-based urbanisation in the period prior to reform. Before economic reform, the development of urbanisation was reliant on the top-down allocation of resources according to a central plan. Large cities were the major recipients of resources because they were located with large state enterprises, which was more efficient in terms of production (Ma and Lin, 1993: 583). Even the satellite towns of Shanghai and Beijing were mostly engaged in agricultural production with sluggish growth (c.f. Ma and Lin, 1993: 603). The massive transformation of the rural economy after economic reform resulted from the state’s ‘tacit laissez faire’ policy towards rural areas rather than the central government’s active support (Ma and Lin, 1993: 602). Lin (1997) affirmed that market forces and local developmental initiatives were the main contributors to the rural economy in the post-reform PRD region. More recently, Shen et al. (2002, 2006) and Wong et al. (2003) have conducted further
investigations into the urbanisation pattern in the PRD region during the 1980s and 1990s. It is argued that both city-based urbanisation and town-based rural urbanisation exist in the post-reform urbanisation process. Furthermore, since the late 1990s, more concentrated urbanisation has appeared to take place in large cities such as Shenzhen (Shen et al., 2006).

Through examination of regional development, the changing governance and rising role of the local state have been detected and documented by many scholars. Eng (1997: 555) described officials of local governments and foreign investors as the most important players in Guangdong’s market-oriented economic development processes. The structural changes that came with economic reform and decentralisation have reoriented local governments from being agents of central government to implementing administrative commands to actors of the development of local economies, which has realigned the interests of local officials with those of foreign investors (ibid: 555-56). The local governments gained development capital, local taxes, administrative fees and land revenue from foreign investors (ibid: 558), while foreign investors have benefited from a large pool of cheap labour, sufficient supply of land, efficient and friendly government service, and relaxed and flexible governance (ibid: 555). However, the alliance between local governments and investors would skew the priority of urban development from the provision of public goods to production-related services such as infrastructure, and this type of development poses ecological tensions and human resources problems for future economic growth and urbanisation (ibid: 565-66).

In the meantime, revitalised towns and countryside were seen in the Yangtze River
Delta (YRD) in the 1980s (Ma and Fan, 1994). In contrast to PRD, this progress was mainly driven by the growth of collectively-owned town and village enterprises (TVEs) (Oi, 1995; Walder, 1995) rather than FDI. However, since the mid 1990s, there has been a gradual transformation of TVEs in YRD in terms of both organisation and ownership (Shen and Ma, 2005: 761-62). This is because the Sunan model, the regional development driven by TVEs (ibid: 764), has met with bottlenecks since the early 1990s (ibid: 763). Because the Wenzhou model in Zhejiang province, which was developed through private enterprises (Liu, 1992; Parris, 1993), remained vibrant and competitive, the privatisation of collective ownership was encouraged (Shen and Ma, 2005: 763).

The pervasive privatisation of property rights since the second half of the 1990s (e.g. Han and Pannell, 1999; Li and Rozelle, 2000; Wei, 2002: 1740) has changed the nature of the Sunan model. Subsequently, the model's transition has implied the changing role of local state in YRD. Before privatisation, the local government was intimately involved in enterprise activities (e.g. Huang, 1990; Oi, 1995; Walder, 1995) with the benefits of direct administrative interventions in the market, bank loans and other resources. After the reform of property rights, the government was expected to refrain from running businesses. The transition was accompanied by Deng Xiaoping's 1992 southern tour and China's decision to open up Pudong and develop Shanghai as a global city in 1990 (e.g. She et al., 1997). In consequence, all local governments turned to preparing land for the construction of industrial parks in order to attract investors and enable industrialisation (Shen and Ma, 2005: 770). As a result, there appeared to be increasing enthusiasm for setting up industrial zones and increasing the volume of foreign investment across the nation, particularly in the YRD region. The
transformation of local states away from bureaucratic entrepreneurs (Sunan model) has laid the foundation for the area to embrace FDI (Wang and Lee, 2007: 1874).

Therefore, since the late 1990s, there seems to have been convergence between the dynamics of regional development in the YRD and PRD in the sense that their rapid economic growth is driven by foreign investment and exports (Chen, 2007). It is suggested that the traditional Sunan and Kunshan models in the YRD have had to integrate nationally and globally in order to maintain competitiveness (Wei et al., 2007, 2009). However, implicit differences exist between the two regions in terms of state governance and local initiatives. According to Yang's (2009) research on Taiwanese IT redistribution from the PRD to the YRD, the desktop cluster in Dongguan in the PRD has mainly been fostered by 'bottom-up dynamics of Taiwanese third-tier firms without proactive local initiatives' (ibid: 403); whereas the laptop cluster in Suzhou in the YRD has been initiated top-down by local governments and explicitly fostered with intentional direction by those local governments (ibid: 404). This directive and entrepreneurial role of local governments is labelled as the Kunshan model, which has gradually diffused and replaced the prior Sunan model in YRD (Chien, 2007; Chien and Zhao, 2008; Wei, 2002; Wang and Lee, 2007). Kunshan is one of the county-level cities under the administrative purview of Suzhou. In the 1980s, Kunshan commenced industrialisation by following the fashion of setting up TVEs; however, it was not competitive at the time (Chien and Zhao, 2008: 431). Since the 1990s, Kunshan has witnessed a tremendous increase in FDI, coupled with the opening up of Pudong, Shanghai (Chien and Zhao, 2008: 432; Wei, 2002: 1739). In 1997, its volume of FDI even surpassed that of Wuxi and Suzhou (ibid: 1740). The dramatic success of Kunshan’s economic development is contingent
upon two conditions. The first is the transfer of a large amount of capital and production activities from overseas to the YRD (Wang and Lee, 2007: 1880; Yang, 2009). The second is greatly attributed to the active and facilitating role of local government - the key tasks of Kunshan’s leaders are to engage in attracting external projects and satisfying external investors with the most friendly and efficient services (Wang and Lee, 2007: 1883; Wei, 2002: 1741-42). The institution building and entrepreneurial skills of Kunshan’s governments have been learned and adopted through working alongside external investors (Chien and Zhao, 2008; Wang and Lee, 2007: 1883).

The endorsement of Kunshan practices by central government greatly impelled the diffusion of the Kunshan model (Chien, 2007). Even Wenzhou, which is well known for its prosperous private economy, started to copy the Kunshan model (Lu and Shi, 2008: 218); that is, all levels of governments were encouraged to attract foreign investment. This was in part forced by the embarrassing situation that Wenzhou, although ahead of others in terms of the development of market institutionalisation, is relatively backward compared with Hangzhou and Ningbo in terms of economic growth and fiscal revenue (ibid: 219).

With entry into the World Trade Organisation (WTO) at the end of 2001, China, especially its coastal regions, has effectively become the world’s workshop. However, regional problems such as land encroachment, environmental pollution, rising inequalities and competition also intensified from this point. The widespread imitation and implementation of GDP and FDI evaluation for local cadres has produced vicious competition between localities for mobile capital in the regions and across the nation.
Policy isomorphism, which refers to the formulation and implementation of very similar or even identical economic development policies, according to Chien (2008), caused cut-throat competition based on aggressively reducing development costs by, for example, tax concessions and land price reductions (Chien and Gordon, 2008; Wang and Lee, 2007: 1886). As a result of crude competition, the locales occupied a weakened bargaining position in negotiation with foreign investors (Wang and Lee, 2007: 1886). Moreover, fierce competition made cross-boundary policy coordination difficult and regional production networks lacked agents and motivation (ibid), which is detrimental to long-term local development. The production network and economic zone are virtually detached from the local community, and are not an organic part of the local economic base (ibid). They contributed to the growth of current GDP, tax, land price, and property speculation, but not the real development of the local state-owned, private or collective economy. It seems the great success of the region is as a result of benefiting from the institutional innovation of local governments, but now it is also the earlier innovation that impedes the upgrade of the local economy (Wang and Lee, 2007: 1887).

With the paradigm shift of economic development, the dispersed town development of the 1980s is gradually being transcended by new ‘city-based’ ‘urbanization’ (Lin, 2007). The spectacular expansion of cities is the visible result of the rampant development of economic zones, industrialisation, and urban and rural settlements, but also the ironic outcome of institutional innovation: the adoption of ‘place promotion’ strategy and the land lease policy (ibid: 1832). The prior-reform city-based urbanisation is dependant on centrally planned and controlled investment, whereas the current post-reform city-based urbanisation is reliant on heavy investment from local
governments (e.g. Xu and Yeh, 2005). Using the 1990 and 2000 census data by county, Zheng et al., (2009) found that, by 2000, there was a regional scale of urban growth and net migration gains in the YRD, PRD and Bohai-Sea-Rim (Jing-jin-Tang) regions, whereas, elsewhere, economic development and concentration still focused on major cities and their peripheral zones. These three mega-city regions represent the greatest absorption of FDI and a huge concentration of cross-border economic activities (Zhao and Zhang, 2007). The reinforced economic clustering and agglomeration in the three city regions demonstrate a spatial polarisation of national development (ibid: 991). Meanwhile, a sharp contrast also exists within these mega-city regions, as development is not evenly dispersed within the regions (e.g. Wei and Fan, 2000; Ye and Wei, 2005). Although regional inequality declined earlier in the 1980s as a consequence of rural industrialisation and town development outside the large cities, uneven development has tended to intensify due to the new city-based development (e.g. Lin, 2007; Lin, 2009) and the dominance of large cities (e.g. Zhao et al., 2003).

2.6.2 Current literature on emerging regional governance

With the liberalisation of trade and investment after economic reform, China’s regional economy witnessed increasing economic interplay, as well as conflict. With the development of economic regionalisation, economic interaction within the private sector and civil society would develop spontaneously according to economic returns, even though at the time inter-governmental communication was still very weak. The development of the relationship between Hong Kong and the Pearl River Delta (PRD) is a case in point. In the 1980s, the economic cooperation between Hong Kong and PRD started from the traditional area of investment and trade. The link with
export-oriented processed industries led to an increase in the movement of people and vehicles between the regions after the mid-1990s (C. Yang, 2004: 10-15). During this long time period, inter-region economic interactions were spontaneously initiated by the manufacturing businesses of Hong Kong and local governments in the PRD (ibid: 24), based on the conditions of cultural connections and geographical proximity. In 1998, informal inter-governmental communication was established in the form the 'Annual Hong Kong-Guangdong Cooperation Joint Conference' (ibid: 16).

Afterwards, in 2002, a new mechanism in the form of the 'Mainland and Hong Kong Large-Scale Infrastructure Coordination Meeting' was instituted to cope with keen competition in container ports and the coordination of airports in the region (ibid: 18). As positive as the progress was, there was no organisation to provide a coordinated vision for the regional groupings (ibid: 19). However, since mid-2003, a significant transition has occurred towards institutional regionalism with the agreement of CEPA. The central government has played a key role in the marked progress in cross-border economic integration. However, it is more important to recognise the context leading the interests of each side towards institution-based integration. Hong Kong was not interested in integration during the economic boom years. Only after the 1997/98 Asian Financial Crisis did the Hong Kong government show more enthusiasm for the initiative. Therefore, for both Hong Kong and the PRD, it was in the context of anticipation of increasing competition from Shanghai and the YRD that strategic cooperation was agreed (ibid: 20, 25).

A similar trajectory of changing inter-city relationships is also found in the YRD (Zhang, 2006). During the 1980s, the cities in the region were more partners with Shanghai to gain technology assistance and industrial transfer. However, since the
In the 1990s, they have turned into competitors to Shanghai, as every city can be accessed by FDI after the introduction of China's open policy. With aggressive development, many cities such as Suzhou and Nanjing have become the economic peers of Shanghai in terms of FDI and GDP competition. However, since 2000, the region has been faced with the reorientation of central policy and external competition from Bohai Sea Rim centred on Beijing, as well as rising regions in the neighbouring countries of Asia. Under the circumstances, collaboration dialogue is intensified within the region. From the experience of both the PRD and YRD regions, it seems that the tendency of urban governance towards regionalisation and regional cooperation are fostered by potential external competition. However, it is still a long way from this point to the achievement of a regional alliance, a unified regional governance structure or regional collaborative planning.

In order to strengthen urban competitiveness in the climate of inter-city and inter-region competition, the city government is found to be actively involved in the formulation of 'repositioning strategies' for local development (e.g. Wu and Zhang, 2007; Xu and Yeh, 2005). For example, Guangzhou repositioned itself as a regional centre by restructuring its spatial resources and expanding its development boundary from a congested city proper to a city-region incorporating suburban counties and county-level cities (Xu and Yeh, 2005: 295-298). It is anticipated that the renewed metropolis city image will conform to Guangzhou's economic status in the region, and boost the city's publicity and competitiveness for FDI. In order to better coordinate the development of the suburban region with the central city, the Guangzhou municipal government and Guangdong provincial government even managed to redraw the administrative boundary by adjusting adjacent county-level
cities, Panyu and Huadu, into the city districts of Guangzhou (Xu and Yeh, 2005: 298).

For a short period of time following Guangzhou's practice, regional repositioning and administrative annexation occurred across the country with the aim of pursuing collaboration and coordination in order to enhance competitiveness (Wu and Zhang, 2007). Coordination was particularly necessary between the central city and the outskirts because the economy and civil life had already been regionalised in the area, but the facilities and transport system could not be unified because of the separation of administrative systems. Zhang and Wu (2006) documented the wave of administrative annexations in YRD. In addition, they found the downside of administrative annexations: mandatory coordination with coercion by top-down administrative power (Zhang and Wu, 2006: 17), which was in favour of prefecture-level government and undermined the interests of county-level jurisdictions. Furthermore, this powerful and direct measure was not an absolute resolution to coordination, since it could not handle the problems between prefecture-level cities and between provinces (ibid: 15).

Though still not prevalent, inter-governmental negotiation and inter-city partnership are seen on some occasions. The cross-border development zone between Jingjiang and Jiangyin in Jiangsu province is a case in point. The need for cooperation originated with the opening of the Jiangyin Bridge of the Yangtze River in 1999, which links and facilitates the interaction between Jiangyin and Jingjiang. However, friction has also arisen due to ‘regionalisation’ (Luo and Shen, 2006: 7). For example, the enterprises registered in Jiangyin, but operated in Jingjiang, still submit
administration fees to the Jiangyin government according to the rules, although they are actually using land and infrastructure services offered by the Jingjiang government. Due to the conflict, a ‘forum for the enhancement of Jiangyin-Jingjiang river-side area development’ has been established between the local leadership since 2001 (ibid: 9). Moreover, the positive involvement of provincial government at this point has played an important role in facilitating inter-city cooperation. Subsequently, cross-boundary projects were launched in the area with the cooperation of Jiangyin and Jingjiang ports and the cooperative development of the JZJ economic zone (ibid: 9-13). For the purpose, not only were working groups and an administration committee, consisting of local officials from the two sides, formed to liaise and coordinate, a coordination unit at the provincial level was also formed with members from provincial government and prefecture-level government (ibid: 13). The indispensable role of provincial government in the inter-city coalition reflects the persisting hierarchical power structure in China (ibid: 1).

In fact, these cross-boundary infrastructure projects have become a main vehicle to impel the formation of regional integration and regional governance in China (Liu et al., 2010: 31). These projects represent an occasion to bring governments and departments together, and to promote inter-governmental communication and ease administrative hurdles. However, at the same time, the decision-making process of these regional projects is filled with bargaining and power struggles between levels of governments. According to Liu et al. (2010), this process entails re-territorialisation for governments, particularly for hierarchical governments. Currently, their cooperative attitude depends on their conception of interests and power; gradually, however, a new division of labour between levels of governments on regional issues
will be formed through the process.

Therefore, at the current stage, with neither regional level authority able to resolve delicate cross-boundary issues, nor any power division between levels of governments on regional issues in evidence, the role of higher-level government is significant in terms of acting as a coordinator and facilitator among various government actors. For example, in the proposal for the construction of the Hong Kong-Zhuhai-Macao Bridge, seven relevant parties are involved in negotiations. These are: the central government, Guangdong provincial government, Zhuhai municipal government, Macao Special Administration Region government (Macao SAR government), Hong Kong Special Administration Region government (HKSAR government), Shenzhen municipal government, and Hong Kong businesses and NGOs (Yang, 2006: 829). Each party articulated local interests in the regional infrastructure proposal negotiations. The HKSAR government wanted the landing point at Zhuhai rather than Shenzhen to circumvent future direct competition with Shenzhen in terms of deep-water container ports; whereas the Shenzhen government conceived the proposal as a kind of threat to its position which thus represented marginalisation in the region; hence, the Shenzhen government initiated an alternative proposal to collaborate with Zhongshan, another city in the Guangdong province, to build an inter-city bridge (ibid: 830-832). Finally, central government intervened and enforced the consensus on HKSAR government’s scheme. In other words, the central government played an important backstage role to step in and mediate between multiple and disparate jurisdictions and actors in the region (Yang, 2005).

In addition to the negotiation process involving multi-scalar actors to coordinate
regional development, efforts have been initiated by some governments to establish types of inter-governmental coordinating mechanisms, for example, via regional plans or regional organisation. For example, YRD established its Economic Coordination Joint Conference in 1992, although at the time it only consisted of 14 cities; for a long time, the organisation had only nominal power with no concrete agenda (Luo and Shen, 2009: 55). It was not until 2003 that the member cities of the forum progressed into actual cooperative agenda negotiations involving issues such as the tourism market, human resources, regional transport, market institutions, administrative coordination and so forth (Luo and Shen, 2009: 56).

The PRD has also operated a regional cooperation scheme since 2003, which has a tremendous territorial coverage of eleven provincial level jurisdictions. The Pan-Pearl River Delta regional cooperation project is intended to dismantle administrative barriers and shape coordinated development by drawing on the complementary advantages of different provinces. Partnership was established with the operation of the Pan-Pearl River Delta regional cooperation and development forum. However, according to Yeh and Xu (2008), currently the project may be not integrative enough to be conceived as a single region. The regional scheme is contested by individual intentions to maximise local benefit from the project, and a lack of support from the central government for the mega-cooperative project (ibid).

The other major form of regional cooperation mechanism is manifest by the proliferation of regional plans in China (Wong et al., 2008). It is observed that the regional plan is being used as an instrument to juxtapose policy and spatial integration, regional infrastructure provision, as well as environment conservation (ibid).
However, it is still a challenge for it to perform as an effective form of regional governance. There are actually different actors and motives behind these plans and the destiny of each plan is subject to local political processes (ibid: 165). Meanwhile, coordination is undermined by a lack of consistency between different plans (ibid: 167, 170, 172).

The argument can be demonstrated by the failure of city-region planning for Suzhou-Wuxi-Changzhou, initiated by the Jiangsu provincial government in 2001. Anticipated to be a solution to excessive competition between these three prefecture-level cities, the plan resulted in a new competition by individual prefecture-level cities to define their own city-region centred on themselves, rather than a goal to compromise and coordinate with one another (Luo and Shen, 2008: 214). On the one hand, the reason this occurred is because the plan-making is more of a top-down commanded administrative task, which did not pay due respect to local stakeholders’ interests; however, more importantly, it is also due to decentralisation and the weakened role of provincial government (ibid: 215).

A more recent case is the formulation of a regional plan for the PRD region in 2004. Xu (2008) examined the various rationales of individual actors. The central and provincial governments attempted to use the region-level plan to reassert central regulation on local territorial development after decentralisation; however, for the provincial and municipal governments, it is alternatively an institutional fix to build regional competitiveness in order to cope with fierce inter-city competition and keen competition from outside cities and regions. Thus, the provincial government is involved in both top-down and bottom-up initiatives due the diverse roles of its
different departments. Therefore, if not properly represented, regional planning may be caught up in local interpretation based on present political capacity (Xu, 2008: 33) and, hence, cause even greater regional disparities (Xu and Yeh, 2010: 21). In addition to the conflicts between tiers of governments, it is found there are even tensions between different government departments, for example, between central ministries of UCCDP and NDRC to compete to be top authority on the issue (ibid), and those brought about by the mixed role of provincial government in initiating regional governance attempts.

2.6.3 Regional studies in China

This section mainly reviewed the contemporary Chinese regional literature focusing on the period after the economic reform. Regions in Chinese studies have changed dramatically in its division and spatial scales over time. This is associated with the big transformation of the usage and meanings of region in Chinese context. Regional studies in the pre-reform period were focused on regional inequalities between six large regions or three regional belts, owing to the official division of regions in the national five-year plan at that time (see Goodman, 1989). However, due to the diminishment of regional policies after the economic reform, regions become loosely defined and refer to all sorts of spatial configurations bigger than cities. For instance, a large number of regional studies after the economic reform are addressed to the regions of PRD and YRD, the two most dynamic regional economies in China. While the PRD region constitutes an assemblage of cities under the Guangdong province, the YRD consists of cities which are administered under different provinces.
Regional studies after the economic reform are at first largely concerned with the strong regional development in China and the implications to spatial transformation and regional inequalities. Only recently has regional governance begun to catch the attention of researchers. At first, intensive studies have been conducted on PRD and YRD regions in terms of development dynamics, urbanisation pattern, the role of the state, and regional inequalities and so forth. The development trajectories of the two regions in the 1980s were slightly different in that the economy of the PRD was largely influenced by the Hong Kong-based FDI, while that of the YRD was led by the development of TVEs. Yet, both of the developments demonstrated the pattern of bottom-up urbanisation, which was manifested by the rapid development of small towns (Ma and Lin, 1993; Ma and Fan, 1994). However, the development mode of the two regions seems to have converged since the 1990s. The YRD region also began to embrace FDI with the opening up of Pudong, Shanghai. A great number of researchers made the effort to posit the regional growth in these regions using various threads of theories, ranging from the micro-lens of cultural connections and interpersonal trust (guanxi) (e.g. Hsing, 1996) and the Marshallian Industrial District concept (e.g. Wei et al., 2007, 2009) to the macro-angle of globalisation, for example, strategic coupling (e.g. Yang, 2009) and the global production network (e.g. Wang and Lee, 2007; Yang and Hsia, 2007). Recently, it has been argued that both the localisation factors and the globalisation elements should be taken into account in explaining regional development (Wei, 2010).

Changing urban governance in the regions has also been witnessed through economic development. The local state has been transformed from being a passive implementation agent of the central state to becoming assertive and aligned with
capital and economic investors (e.g. Chien, 2007; Eng, 1997; Wei, 2002). An outstanding feature of China’s regional progression is the fact that the local governments play a strong interventionist role in economic development by using their administrative monopoly. However, it is argued that there are minor differences between the YRD and PRD in terms of the local state. It is suggested that the government of the YRD is stronger and has even more proactive initiatives than that of the PRD (Yang, 2009). Although the active local government has played a crucial role in local economic progression, the interventionist local state has also caused problems in regional development. For example, many local governments are racing to reduce overheads such as tax rebate and land fees in order to attract foreign investment, which results in adverse competition between cities and regions (Chien and Gordon, 2008). Furthermore, unbridled inter-city competition tends to hinder the fostering of local clusters, which is crucial to innovation and industrial upgrading (Wang and Lee, 2007: 1886-1887). According to Chen (2007), the regional economies of both YRD and PRD feature low-tech industrialisation. Industrial upgrading is moving slowly in these regions and they are in danger of ‘being “locked into” a “low-road” (labour-intensive and wage-squeezing) to economic development’, although the YRD is enjoying a slightly more favourable manufacturing and knowledge environment with better timing than the PRD (ibid: 193). Moreover, the active intervention of local state also exacerbates regional inequality and focuses economic concentration on certain city-regions (e.g. Lin, 2009; Zhao et al., 2003; Zheng et al., 2009).

Compared to the intensive research on regional development, studies on regional governance in China are just emerging. It is found that, although the ‘traditional
administrative barriers tend to keep cities in the region somewhat isolated in a vertical administrative system with relatively few horizontal ties’ (Chen, 2007: 196), and cities are competing with each other for manufacturing investment and squeezing profit margins for local economic growth (Chien and Gordon, 2008), regional cooperation is just emerging in the regions (e.g. Yeh and Xu, 2008; Zhang, 2006). The research has documented the historical development of regional cooperation and planning in China and discerned the intrinsic transformation of the priority of the regional agenda from administrative communication to partnership building (Luo and Shen, 2009; Yeh and Xu, 2008). It is suggested that the changing attitude of local governments towards cooperative development is fostered by potential external regional competition at home and overseas (Xu and Yeh, 2005; Zhang, 2006). However, it is argued that this attitude is far from eliminating all the hierarchical and horizontal inter-city conflicts (Chen, 2007: 195). In contrast, some major cities take advantage of the cooperative measures or administrative annexations (e.g. Luo and Shen, 2006; Yeh and Xu, 2008; Zhang and Wu, 2006). The politics within the local cooperative strategies are very well documented in both the PRD and YRD regions (e.g. Luo and Shen, 2006; Yang, 2005; Yeh and Xu, 2008). In addition to the spontaneous cooperative measures taken by the local governments, the two regions have also witnessed the preparation of a regional plan with the involvement of the higher-level government. It is suggested that this marked the rescaling of the central government to intervene in local excessive competition and manufacturing development (Wong et al., 2008; Xu, 2008).

The existing body of literature does well in analysing a particular event and unravelling the complicated and contextually specific power struggles and politics
within the region-building process. However, there have been not enough attempts to examine and theorise the mechanism for state rescaling and the emergence of regional governance. Initially, it is explained that economic cooperation is the result of the development of economic regionalisation (Zhang, 2006). However, this assumption is criticised and it is argued that the development of economic regionalisation does not mean a firm consensus is formed between governments regarding the political agenda of economic cooperation (Yeh and Xu, 2008: 409). A hypothesis is then proposed through the lens of the changing economic accumulation regime and the crisis of the entrepreneurial city (Xu, 2008; Xu and Yeh, 2009, 2011), yet the proposition is still problematic in two respects. First of all, it seems to suggest that the transformation of state governance is naturally part of the process of a changing economic regime. Secondly, the literature does not specify the agent underlying the process, or tends to frame the agency vaguely with a single whole state. Therefore, the theoretical concepts developed from the Western context such as new state spaces, agency and politics of scale are helpful to improve understanding on China’s emerging regional governance.

2.7 Conclusion

This chapter reviewed relevant debate and sought to understand regional re-ascendance in Western countries through a theoretical lens. A discussion on new regionalism was firstly initiated in the realm of economic geography in the turn towards ‘new institutionalism’. It is suggested that recent regional success stories such as ‘the Silicon Valley’ resulted from the ‘bottom-up’, or civil society-based forms of regional governance. Such a governance approach is assumed to be ‘good’ as it is well
suited to enhancing regional competitiveness with regard to its ‘reflexivity’ and ‘institutional learning’, which is highly compatible with a neoliberal view (Hadjimichalis, 2006: 696). However, such theorisation is fiercely challenged, particularly from a political economic perspective (e.g. MacLeod, 2001a, b). Although acknowledging the general shift from ‘government’ to ‘governance’, it is believed that the role of the state is still indispensable because it is the state which orchestrates grassroots empowerment and the process of democratisation. It is thus argued that the transformation does not represent the diminishing role of the state, but rather the rescaling of state power. Henceforth, it is considered that studies focusing on the institutional settings within the regions tend to be based on value judgements rather than logical accuracy or data evidence (Bristow, 2010: 27), or what is called ‘soft institutionalism’ (MacLeod, 2001b). It is argued that regional transformation cannot be substantially interpreted if the political economy and the changing state are not taken into account (e.g. MacLeod and Goodwin, 1999a, b).

This critical regional approach is recognised as highly relevant to regional studies conducted in China, which remain largely influenced by neo-classical analysis. Even though the regulation approach is firstly developed from an abstract theory of capitalism accumulation and economic production, the efforts of spatialising regulation theory oriented it to the changing geographies of governance (Brenner, 1999a). The ‘new state space’ is hence established to inform the geographical accounts of state restructuring (MacKinnon and Shaw, 2010: 1227). It emphasises that state space is socially produced and fluid; it is historically embedded and path-dependent (Brenner, 2004b). These conceptions allow the NSS framework to be focused on the process and the place-specific politics associated with state
restructuring instead of the abstract accumulation process that is perceived to generate state reconfiguration. It is also the context-sensitive approach that makes the NSS framework appropriate to China's experience, which is a transitional society remarkably different from the features of Western capitalism. Following the clues in the review, the study not only aims to examine the rescaling of Chinese statehood, but also to consider the 'agency', e.g. the role of central and local state, or other groups, in the process of changes and development. The study views city-region governance as a scale-building process open to the agenda of economic, political, environment, social and other problems, which needs to be examined carefully in empirical studies rather than presumed theoretically. The analysis framework of the research is hence organised as follows. The study firstly examines the regional renaissance in contemporary China. As informed by Brenner (2002), all regional strategies and projects 'to establish institutions, policies or governance mechanisms at a geographical scale [...] within an urban agglomeration' (p. 4-5) are included in the analysis. Afterwards, case studies are conducted to explore the mechanism and rationale behind the changing statehood and the building of regional scale. The examination is conducted from two aspects: the economics and the politics of regional development. The former is focused on the changing geography of the Chinese regional economy over the last half-a-century plus of economic reform and market-oriented development; the latter is concentrated on the agency and logic in the state rescaling in order to uncover the nature of the changing process. Finally, the 'new politics of scale' is revealed through the investigation.
CHAPTER THREE

TRANSFORMATION OF REGIONAL GOVERNANCE IN CHINA:
THE RESCALING OF STATEHOOD

3.1 Introduction

Regions of various types during the history are reviewed in the chapter to offer a general overview of the changes in territorial governance in China from 1949 to the present day. Through describing the evolution of the central-local relationship and regional governance, it is suggested that although decentralisation from the central government and ministries to localities is a salient feature of China’s changing territorial governance after 1978, it is not the entire picture. Throughout the process, regionalisation efforts from both central and local governments also occurred for their own purposes.

In the first section, the evolution of urban and regional governance in China since 1949 is illustrated in detail. The changing administrative apparatus at the urban and regional scale is examined with reference to existing studies on China’s economic decentralisation and urban entrepreneurialism. Then, the chapter investigates the changing regional concepts and regional policies in China. After an overview of the consequences of the downscaling of state regulations and state strategy, the recent practices beyond the downscaling of governance are highlighted. In the following sections, a variety of initiatives of governance up-scaling, administrative
regionalisation and regional strategies are collected and examined. Particular concern is given to the initiator and the performance of the exercises. Subsequently, features of the recent regional renaissance are summarised. In the final part, the trajectory of the changing territorial governance is generalised and it is argued that the changing governance is dominated by state forces. Henceforth, the theoretical concepts of ‘state spaces’ and ‘state spatial selectivity’ (e.g. Brenner 2004b) are highly relevant in theorising the transformation of governance in China.

3.2 The development of regional policy and governance in China from 1949 to present

China's territorial governance has undergone dramatic transformations since the launch of economic reforms. One salient change is the extensively documented decentralisation and the resultant changing urban governance. Specific forms of governance, such as pro-growth machine (e.g. Zhu, 1999; Zhang, 2002a), place promotion and entrepreneurial governance (e.g. Wu, 2000a, 2000b, 2003b), are widely documented, mainly based on case studies. However, the conventional notion of ‘decentralisation’ is just too general and simplistic. This section will examine the evolution of both state apparatus and spatial strategies. China used to be a country with a socialist tradition of strong regional policies and the issue of regional inequalities was of significant concern to both academia and national governors. Yet, the dimension of changing spatial strategies has kept being overlooked by previous studies. To fill the gap, this section is going to examine the demise and re-emergence of regions during the last few decades. Moreover, it will also reflect upon how governance was facilitating the implementation of the regional policies, and how the
regional policies were drifting away with the shift in governance.

3.2.1 State centralism and redistributive policies in the Socialist period (1949-1978)

Prior to 1978, China operated a centrally-planned economic system dominated by vertical administration. It was characterised by constraints of resources; all production materials were nationalised and the national state held the monopoly to make final decisions. The State Planning Commission (guojia jihua weiyuan hui) was the backbone of the planned economy, deciding on input allocation and resource distribution across the country. The Five-Year Social and Economic Development Plan was the important government tool in managing investment projects and allocating production materials. The plan was manipulated in accordance with different sectors of economy. Under the State Planning Commission, subordinate ministries of different sectors were responsible for preparing individual plans for the investment, production, distribution and reproduction of their industries; afterwards, the command and quota was sent down from central ministries to local work-units (e.g. Unger, 1987: 16). The multiple levels of local states mirrored those of central government (Figure 3.1). The identical institutional design between central and local governments facilitated top-down administration through layers of government bureaucracy. Overall, except for some short term decentralisation during the Great Leap-forward and Cultural Revolution (e.g. Donnithorne, 1972), power was highly centralised and rested with the central government during the period. Even during the Maoist administrative decentralisation period, central control continued and attempts were made to harness local initiatives to improve the implementation of national goals,
rather than real devolution (Lardy, 1975; Wong, 1991b). In a word, local development did not take place without a central decision regarding financial investment and resource allocation (Naughton, 1995: 74; Ng and Tang, 1999: 593).

Under state centralism, regional institutions above provinces were developed by the state to consolidate central control and intra-regional coordination. Table 3.1 shows the regional units established from 1949 until the 1970s. The regions of the early 1950s housed the military, the Party and a full set of governmental departments; the ‘economic coordination regions’ in the late 1950s were equipped with coordinating commissions and regional economic planning offices without Party-State
organisations; whilst in the 1960s, Party Bureaus were reinserted into these regions to reinforce the regional authority (Solinger, 1978: 630).

Table 3.1: Regional administrations from 1949 to 1978

<table>
<thead>
<tr>
<th>Period</th>
<th>Regional administrations</th>
<th>Regional constitution</th>
<th>Institutional settings</th>
<th>Intention and task</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-1954</td>
<td>Great Administrative Regions (da xingzheng qu)</td>
<td>Six regions, including the Northeast, the North China, the Northwest, the Southeast, the Central South, and the Southwest</td>
<td>The regions housed the military, Party and complete governmental departments</td>
<td>To strengthen central regulation, and facilitate sending down mandatory orders</td>
</tr>
<tr>
<td>1958-1961</td>
<td>Economic Cooperation Regions (jingji xiezuo qu)</td>
<td>Seven regions, including North China, the Northeast, the East China, the Central China, the South China, the Southwest and the Northwest</td>
<td>The regions were equipped with coordinating commissions and regional economic planning offices</td>
<td>To function as self-reliant economic regions under central guidance</td>
</tr>
<tr>
<td>1961-1966</td>
<td>Economic Cooperation Regions (jingji xiezuo qu)</td>
<td>Six regions, including North China, the Northeast, the East China, the Central-South, the Southwest and the Northwest</td>
<td>The regions were equipped with Party Bureaus and regional economic planning offices</td>
<td>To function as self-reliant economic regions under central guidance</td>
</tr>
<tr>
<td>1970</td>
<td>Economic Cooperation Regions (jingji xiezuo qu)</td>
<td>Ten regions including the Southwest, the Northwest, the Central China, the South China, the North China, the Northeast, the East China, the Min-Gan region, the Shandong region and the Xinjiang region</td>
<td>Not materialized</td>
<td>To function as self-reliant economic regions under central guidance</td>
</tr>
</tbody>
</table>

Source: compiled from Liu and Feng, 2008: 34-35.

The institutional settings of these regions were slightly different, yet they all served a similar rationale. During each period of region building, politics and the economy at the local level were conceived to be in chaos; hence, regions that spanned provinces were used in the service of the central state to enforce the implementation of central plans, to build rationally designed regional economic systems and to oversee the
discretion of local agents (Solinger, 1978). Take the East China Economic Coordination Region (1958-1966), for example. It comprised Shanghai municipality and other six provinces, namely, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong, and Fujian. It was intended to establish a comprehensive industrial system within the region in accordance with centrally-planned orders. The region was equipped with a regional bureau and a regional economic planning office, which were directly led by the State Planning Commission and State Economic and Trade Commission of that time. The regional institutions worked as the agents of the central government to implement and coordinate targets (Chen X. Y., 2007: 6). For instance, the economic plans prepared by the provinces and municipalities within the region had to be submitted to the regional office. Then, a regional balance would be made to ensure a coordinated distribution of industries in the region. This was intended to optimise the use of production resources and the division of labour. In 1961, a Party Bureau was added to help to enforce the decisions made by the regional office. In short, the region did not represent a central concession to provincial autonomy, but acted as a path to centralisation. It was expected that these regions, smaller in size and closer to the central government, would share the burden of central management and meanwhile facilitate regional coordination under the dominance of ministerial planning.

Meanwhile, a salient characteristic of China’s post-1949 development strategy was the commitment to ‘redistributive’ goals. Equipped with the powerful centralised control of national economic planning and central-provincial revenue sharing, the state was enabled to redistribute material and financial resources both inter-sectorally and inter-regionally (Donnithorne and Lardy, 1976: 340-341). The integrated strategy was made, as the old Chinese saying goes, ‘to take all regions into account like in
playing chess (quanguo yipangqii). During the period of the First Social and Economic Five-Year Plan (1953-1958), industrial and infrastructure investment was channelled to interior areas in order to reverse the disproportionate distribution of industries between coastal and inner areas (Yang, 1990: 234-35). For instance, among the proposed 156 large-scale industrial projects, 42 were located in the western area and 58 were placed in the northeast, with only five along the eastern coast; as to the 694 middle-scale projects, 472 out of the 694 were sited away from the coast (Wang et al., 1997: 23). This inland investment focus is illustrated in Figure 3.2.

Figure 3.2: Regional investment in the First Five-Year Plan (1953-1958)

Source: data is compiled from Liu and Feng, 2008: 34, 61.
During the periods of the second and third Five-Year Plan (1966-1975), the country was divided into ‘First-Front’, ‘Second-Front’ and ‘Third-Front’ regions (Figure 3.3). Furthermore, ‘Third-Front Construction’ (sanxian jianshe) was prompted by the central authorities through the decade. Under the strategy, military and manufacturing industries were allocated or transferred to the Third Front Area, which was mountainous, inland and remote from the coastal area. The strategic decision was made under the circumstances of the Cold War and deteriorating relationships with the Soviet Union, and hence was mainly out of consideration for national defence (Naughton, 1988). Just in the years of 1964 and 1965, 174 plants were moved from industrial cities such as Shanghai, Beijing, Tianjin and Shenyang to the Third Front region (State Council Development and Research Institute, 2008: 3). It is claimed that 20 billion yuan were devoted to Third-front development during the period (Kirkby and Cannon, 1989: 9). The capital assets of SOEs in the region accounted for 35 per cent of total national assets (Wang et al., 1997: 27). As a result, industrial distribution in China was spread from the predominantly concentrated ‘First Front’ (yixian) along the coastal area, to the ‘Second Front’ (erxian) in the central area, and particularly to the ‘Third Front’ (sanxian) in the west. Throughout the course of the period, industrial productivity and transport accessibility in the west were therefore greatly improved (Figure 3.4). The railway lines of Chengdu-Kunming, Jiaozuo-Zhicheng, Zhuzhou-Guiding, and Xiangfan-Chongqing were all constructed during the period, and were subsumed into the main transport network within the region (Chen, 2006).
Figure 3.3: Regional division and investment in the Third and Fourth Five-Year Plans (1966-1975)

The redistributive economic planning was made possible via the unitary state budgetary system. Revenue was transferred from richer to poor provinces in the form of state subsidies, or in Chinese terms, ‘blood transfusions’ (da shuxue). For example, the wealthiest provinces usually remitted over 60 percent of their revenue to the central government, whilst poorer provinces only turned in 10 to 40 percent (Donnithorne and Lardy, 1976: 341). In return, primary materials in the resource-abundant poor regions were procured by the central state at low prices to support manufacturing in the richer production provinces (Wu and Zhang, 2010: 60). When compared with the compensatory regional policies in the UK, the two practices were fundamentally divergent. Whereas regional institutions and regional policy in
the UK at the time was trying to equalise the distribution of population, industry, infrastructure and public services across the nation, the redistributive efforts made in China in the form of channelling industrial projects to the interior were much more limited in scale. It is argued that the redistributive regional policy in socialist China was, in actuality, a kind of counter-measure to balance the enlarging regional inequality incurred by centrally-organised labour division between regions for industrialisation (Wu and Zhang, 2010: 62). The arguments regarding whether the redistribution efforts were for the attainment of egalitarian development *per se*, or primarily for the ends of national defence and rapid industrialisation, were also examined by earlier studies (e.g. Donnithorne and Lardy, 1976; Kirkby and Cannon, 1989: 5).

3.2.2 The development of the urban scale after economic reform (1978-2000)

In 1978, economic reform and the open-door policy were launched in China. Economic decentralisation was actively promoted by the central state to dismantle the command economy and to accommodate the market from the 1980s. While the supra-provincial regional institution was not completely abandoned by the central government, these kinds of regions were much frailer in power after economic reform, since they were only alliances organised between the municipal Economic Trade Bureau rather than a level of government body. That is, the purpose of the regional settings changed from political consolidation to economic development and economic regionalisation. For example, the East China Economic Zone was announced in 1981 by the central government to promote horizontal economic cooperation and coordination. The founding of the economic regions rose to a peak in 1986 when the
State Council published an official document on promoting horizontal economic alliances. Prior to the end of 1987, more than 100 economic zones had been established under the proposal of the central state (Xu, 2008: 14). Although these regions were centrally mandated, they were essentially loosely organised and informally institutionalised (Xu and Yeh, 2011: 106). These organisations were actually coalitions on a voluntary basis, conferred with no central power or any funding resources.

In contrast to the weakened role of regions, profound administrative adjustments were introduced after economic reform, which contributed to the sharp increase in the number of cities in China (Chung, 2007; Ma and Cui, 1987). 'City administering counties (shi dai xian or shi guan xian)' and 'converting entire counties to county-level cities (xian gai shi)' are the two measures that transformed the territorial management of cities in the 1980s. The 'city administering counties' was the new administrative system in which prefecture-level cities were authorised to administer their surrounding counties. The new system was carried out in three ways: 'merge prefecture-level cities with prefectures', 'abolish prefectures and establish prefecture-level cities', and 'promote some counties directly to prefecture-level cities' (Ma, 2005: 487). The three means contributed to a decrease in prefectures and an increase in prefecture-level cities. Figure 3.5 shows that the number of prefectures decreased from 173 in 1978 to 58 in 1999, and that prefecture-level cities increased from 98 in 1978 to 236 in 1999. 'Converting entire counties to county-level cities' was the administrative means to turn counties, which by definition are rural areas, into cities (Ma, 2005: 490). This was considered to be the main way to establish 'cities' in the 1980s and 1990s (ibid: 491). Figure 3.5 demonstrates that the number of counties
decreased from 2,009 in 1978 to 1,510 in 1999, whereas county-level cities increased from 92 to 427 during the same period. As a result, the total number of cities increased considerably from 190 to 668 between 1978 and 1998.

**Figure 3.5: Urban administrative changes from 1978 to 1999**


It is suggested that the administrative changes at the urban level were ‘...associated with a localization process’ (Chung, 2007: 793). This is because political-economic power rapidly devolved from the central government to provinces and localities since the economic reform, and a dominant degree of administrative power was delegated to city governments. The reformed fiscal system is widely cited as the beginning of decentralisation in China. From the late 1970s, the responsibility for collecting fiscal revenue was decentralised, along with the right of disposal. It is argued that this reform caused China’s fiscal and financial system to go through a dramatic transformation from a unitary system to a ‘federal’ one (e.g. Montinola et al., 1995;
Qian and Weignast, 1997). After the fiscal contracting reform, local government expenditures accounted for around half of total government expenditure; the proportion increased from 1985 and stabilised at around 70% in 1989 for ten years. Furthermore, the percentage has kept rising since 2004, after a slight drop in 2000 (Figure 3.6). Figure 3.6 shows that the central government maintained a decentralised pattern of government expenditure, even after the 1994 tax sharing reform, when fiscal distribution became more favourable to the central government and better methods of taxation were put into the central government’s pocket (Tao et al., 2010: 2222). Faced with the mounting spending obligation, local revenue was starved to a great extent. Fiscal decentralisation has effectively hardened the soft budget (Smart, 1998: 435,439; Walder, 1995) and local governments have been pushed to expand their revenue making capacity. As long as the central revenue is guaranteed, the central government turns a blind eye to local discretions such as diverting resources from budgetary to extra-budgetary channels or expanding extra-budgetary funds instead of budgetary revenues (Wong, 1991a). As a consequence, the volume of extra-budgetary funds was drastically expanded after the economic reform (L-Y. Zhang, 1999: 123-127).
The fiscal restraint and expenditure obligations triggered provinces to put forward further fiscal contracts and devolve power towards localities. Local fiscal and administrative autonomy was conceived as the means to promote local initiatives in economic development. Some administrative decision powers were downscaled and finally dissolved, due to the gradual domination of the market mechanism, for example, in the sphere of commodity trade and foreign trade. However, some devolved administrative powers, such as investment approval for big projects, urban planning control, and land use management, transferred fundamental state power from provinces to cities. In respect of investment regulation, since 2001, local governments have been empowered to make decisions on overseas-invested projects with a value below 50 million US dollars, and have full authority on infrastructure construction projects as long as they are not funded by local revenue (Zhang and Zhang, 2005: 17).
As a result, 70% of social investment is actually approved by the local government (ibid: 43). That is to say, central government is generally not involved in local economic development nowadays. While of significance, the implication of economic devolution to changing urban governance is not as potent as that of the administrative devolution on land and planning control, which started later on during the 1990s. As suggested by Wu (2003a: 1678), what was characterised by this period before the 1990s was just random market-oriented activities, i.e. a preliminary form of entrepreneurial behaviour. The entrepreneurship of local government resulted from the symbiosis of the local state with SOEs and TVEs from a revenue perspective (Tao et al., 2010: 2221).

However, the 1994 fiscal sharing reform (Tao et al., 2010: 2220-2222) as well as the administrative devolution of land and planning control triggered more strategic urban governance of entrepreneurial cities. In 1980, the enactment of the Provisional Regulation for the Preparation of the Urban Plan indicated the transition from ministry-led development to urban plan-led development (Yeh and Wu, 1998: 178). The 1989 City Planning Act further consolidated the authority of local governments in land use management through the regulation that all development projects, no matter whether they were overseen by a government body or private developers, had to make applications for site-selection, land use and a development permit (Ng and Xu, 2000: 412). More importantly, the preparation of the local plan was implemented by the same authority and the plan making proceeded without much guidance from upper-level government. In other words, local plan making was generally a kind of local issue, without much involvement by upper-level government. Although plan documents and revisions were required to be approved by the higher-level or even
central government, local strategies were predominantly formulated by localities under the will of local government (e.g. Wu and Zhang, 2007). Additionally, the enactment of the Land Administration Law in 1986 also transformed the land administration from central allocation to urban authorities (Wu, 2000b: 1362). Subsequently, local land administration bureaus at or above the county level were established to grant land use rights and land leasing (Chen and Wills, 1999: 37). Furthermore, the amended Constitution Article in 1988 legitimised land as a commodity. The land conveyance fees were, in practice, pocketed by local governments as local extra-budgetary incomes, although by law 30% of the revenues should have belonged to the central government (Tao et al., 2010: 2225). In a word, the local governments virtually became the managers, as well as the main beneficiary parties, of local land development. As land revenue became a significant source for local revenue, the local governments were turned into entrepreneurial agents in land development (Zhu, 1999; Zhang, 2002a).

Henceforth, particularly since the 1990s, cities gained unprecedented autonomy in local development, and possessed privileged administration resources such as making comprehensive economic plans, formulating local strategies, setting local taxation rates, leasing urban land and granting urban land use. In contrast to the socialist hierarchical control, urban government became the major actor in the local economy. The changing role of the local state was firstly documented by, for example, Oi (1992, 1995), Walder (1995) and Unger and Chan (1999). Impelled by the growth imperative from fiscal strain and cadre tenure evaluation by an overriding criterion of economic growth, urban government formed an alliance with the capital and, hence, city-based entrepreneurial governance was established (Wu, 2000a). Through place-marketing to
sell cities as production sites, urban government achieved not only enormous GDP growth, but also huge amounts of land-leasing income through land commodification.

Moreover, urban governance also witnessed consistent down-scaling towards urban districts, towns and townships within the municipality. For example, in 1992, Shanghai devolved an array of key administrative powers such as fiscal revenues, construction fees, urban planning, financial management, state asset management, regulation of foreign trade and investment, and land leasing to district governments (Wu, 2002). Furthermore, power was decentralised to residential offices and communities to help the municipal and district governments to manage fluid population and community service (Zhang, 2002b: 312; Wu et al., 2007: 127-130). On the one hand, it is observed that the devolution and reconfiguration of the local state strengthened and consolidated state governance at the local level (Shue, 1995: 97; Chung, 2007: 793; Wu et al., 2007: 132-133). The state fostered urban communities and extended government functions into base-level organisations to re-fill the governance vacuum caused by increasing mobility after marketisation (Wu et al., 2007: 132-133). However, on the other hand, decentralisation also empowered grassroots organisations and fostered entrepreneurial governance (Wu, 2002: 1084-1087). As shown by the studies of He and Wu (2005) and Yang and Chang (2007), district governments have become the major actors engaged in current urban redevelopment. In part, this is due to the fact that the devolution of power accompanies responsibility for self-finance, which pushes district governments to scramble for fiscal resources (Zhang, 2002b: 311). As a result, the devolved regulatory power is utilised instrumentally by local authorities for local revenue creation.
Fiscal burdens at a higher level of government led to the radical solution of self-financing for almost all the localities, which also laid down the premises for fiscal autonomy, economic and administrative devolution. Pushed by financial responsibility and driven by growth first mentality, even towns and villages entered the race for inward investment alongside city and county government (Wei, 2002). In order to stimulate local economic development, Zhejiang province began testing power devolution from municipal governments (prefecture-level cities) to county-level governments (county-level cities, counties, and city districts) as early as 1992. By 2006, four rounds of power devolution had been carried out to expand the power of economically strong counties (kuoquan qiangxian). Twelve main categories of administrative power have been devolved, including economic planning, commodity and trade, foreign trade, land and resources, transport and construction (Z. B. Zhang, 2009: 61). The broad range of new competencies in the county-level government has improved the business environment of county-level jurisdictions, and even freed county-level governments from control by prefecture-level governments (Chien, 2010: 144). Throughout the process, these county-level units have almost possessed equivalent administrative power to municipal governments. However, although power devolution has greatly helped to flatten hierarchical control and fix administrative procedures, it also decentralised the decision-making structure in the local territories and caused it to be scattered in discrete territorial administrations.

The simultaneous downward shift to the urban scale was also taking place in state spatial strategies. After 1978, the ideology of egalitarianism was abandoned due to the practical problems of production efficiency and fiscal deficit (e.g. Luo and Pannell, 1991: 29; Yang, 1990: 240). The national policy framework was sharply reoriented
from the pursuit of equality to efficiency (Prime, 1991: 9; Fan, 1995: 424). An uneven economic strategy was introduced by the central state to emphasise comparative advantages and efficiency. It was stated that uneven development was an inevitable stage and would eventually lead to uniform wealth via a trickle-down effect (Fan, 1997). As a result, the more competitive coastal area, in place of the interior, was prioritised in national policies. Since the late 1970s, the coastal share of central government investment increased from 40 percent to about half (Yang, 1990: 246). In contrast, a redistributive policy to poorer regions was addressed to more pragmatic objectives - poverty alleviation rather than regional disparity alleviation (ibid: 255). It is argued that active programmes on local initiatives and endogenous development would have been more effective and efficient than prior passive ones relying on subsidies (Wang et al., 1997).

In contrast to the fading regional policies, many urban programmes were launched during the period, with an explicit regional bias towards the coast. For example, various open zones were designated to attract foreign investment, all in the coastal area. After the announcement of four Special Economic Zones in 1980, another fourteen open coastal cities were assigned in 1984. These urban programmes entailed a package of preferential policies and power decentralisation, ranging from investment, through foreign-exchange retention, revenue remittance and price, to finance (Fan, 1995: 426). As a result of the preferential policies for foreign investors locating projects in the coastal area, of the total of 41,998 foreign projects approved by the governments from 1979 to 1991, 37,665 (89.7%) were located on the coast whilst 3,973 (9.5%) were based inland (Liu, 2007: 222). Apart from the economic zones and the opening of cities for trade, the state was also determined to build some
global cities to introduce China to the global stage. One striking example is the phenomenal development of Shanghai. Rather than being the 'pump of blood transfusion' to the whole country, it is documented that Shanghai received a massive central tax return and reduction in the 1990s, which significantly helped its initial infrastructure investment (Wu, 2003: 1688). Moreover, the Pudong New area was conferred with a sub-municipality administrative rank, which is higher than ordinary urban districts (Wu, 2000b: 352). Overall, the socialist regional redistributive policies have been largely substituted by urban programmes, in which growth poles are expected to lead the regional development and spontaneously remove the uneven pattern of growth distribution.

3.2.3 Consequences of the downscaling of governance

Under the centrally-planned economy, continuous efforts were made to build a regional economy by a ministry-led economy, where horizontal links were inherently highly insufficient (e.g. Donnithorne, 1972: 610; Wong, 1991b; Fan, 1995: 423). In the market economy, however, economic regionalisation was developing spontaneously, but was nevertheless under artificial barriers. This was because economic localism was beginning to emerge due to economic decentralisation and competition. 'Dukedom economies' (zhuhou jingji) were particularly common in the second half of the 1980s (for more materials and documentary sources, please see e.g. Breslin, 1995: 68-70; Breslin, 2000: 224, note 27-28; Zhao and Zhang, 1999: 272), when economic trade and outflow was blockaded by China's provincial and local governments (Lee, 1998: 281). Local protectionism and impediments to economic integration were so common between provinces that economists think the domestic
market was even less developed than openness to foreign trade (e.g. Poncet, 2003). Although regional blockading of the market gradually subsided due to substantial progress in price reform, the 1994 tax assignment reform and the increasing share of non-state economic sectors, fierce inter-city competition did not reduce in the least (e.g. Chien and Gordon, 2008; Wu and Zhang, 2007; Xu and Yeh, 2005; Zhang and Wu, 2006). Inter-locality competition was then particularly manifested in the implicit realms of policies and strategies, as well as in project competition and road disconnection. For example, Shanghai used local funds to construct its own sea port, despite the fact that Ningbo port is just nearby. Such policy emulation and repetitive construction worsened the zero-sum competition (Chien, 2008). Furthermore, it is observed that the border area was often marginalised and deficiently invested by local jurisdictions (Zhou, 2008: 242). That is, local government would make no investment outside its own jurisdiction, or make any investment that was expected to benefit others more than itself. Overall, the economic contour was still dominantly confined by administrative boundaries. It is suggested that local governments showed little interest in cross-border cooperation (Wang et al., 1997: 39). This is conceptualised by Chinese scholars as a phenomenon unique to China, and is termed as ‘economy based on administrative divisions’ (xingzheng qu jingji) (Liu, 2001). That is, market activities and economic development were divided by invisible walls established by administrative boundaries.

On the other hand, the downscaling of governance power also challenged the authority of higher-level regulation. One typical example was in the sphere of land use and planning control. In order to tackle the environmental problems caused by rapid and widespread economic development, the State Planning Commission
launched territorial planning (*guotu guihua*), a kind of trans-administrative regional plan, in the late 1980s and the 1990s across the country. However, since planning power had been decentralised from the central government, the requirements for rational land use and spatial labour division from the central government were nearly impossible to carry out in provinces, cities and counties. As a result, these formulated plans eventually failed to be applied (Hu, 2006: 586). This kind of local discretion was not only present between the central government and localities, but within localities as well. Provinces and municipalities all met with difficulties in remedying rampant land encroachment and uncoordinated development in their jurisdiction, owing to the devolution of planning control towards cities and counties (Ng and Tang, 1999). Take urban planning as another example. As administrative power had been devolved from the municipality to districts and towns, the municipal urban planning turned out to be merely responsible for central city land management. Even the statutory urban system plan at the municipal level couldn’t regulate town and village development under its jurisdiction, since they had been empowered with local decisions (Xu, 2006: 40). In other words, the governance downscaling towards localities at the mean time produced governance fragmentation and in-coordination. Due to insufficient coordination at the urban and regional level, duplicate development across administrative boundaries became pervasive. It is concerning that production over-capacity built up in some industries. In 2004, the nationwide over-investment in steel, cement, and the electrolytic aluminium industry was so severe that austere economic programmes were applied by the central state (Zhang and Zhang, 2005: 12). Another example is from the YRD region. It is calculated that the average industrial similarity coefficient¹ between Jiangsu and Zhejiang was 0.954

¹ The similarity coefficient calculation formula is $S_{ij} = \frac{\sum (X_{in} \cdot X_{jn})}{\sqrt{(\sum X_{in}^2) \cdot (\sum X_{jn}^2)}}$. $X_{in}$ represents the concentration of industrial sector $n$ in the area $i$, and $X_{jn}$ represents the concentration of industrial sector $n$ in the
from 1993 to 2002, the coefficient between Shanghai and Jiangsu was 0.843, while that between Zhejiang and Shanghai was 0.747 (Zhang et al., 2007: 309). The same conclusion can be made from similar manufacturing products produced by each economic development zone within the region (ibid: 311).

In terms of uneven development, it is widely recognised that the disparities between rich and poor areas had been enlarging, especially after the economic reform. During the 1950s and 1960s, it is shown that productive capacity underwent some relative shifts from the coast to inland, particularly to the Third-Front area (Wang et al., 1997: 29). However, in terms of industrial output and per capita income, the pattern is inconclusive (Fan, 1995: 423-424, 427; Wang et al., 1997: 29). Although a large amount of state capital did go to the interior provinces by means of a centralised fiscal and investment system (Wei and Ma, 1996), it was far from enough to effect fundamental change in regional inequality (Wei, 1996). The persistence of inequality is primarily attributable to the legacy of an uneven spatial economy, urban-centred industrialisation, and poor returns of interior investment (Wei, 1999: 51). In particular, the subsidised energy and raw material supplies to urban sectors under a distorted price structure contributed to the problem of urban-rural and inter-sectoral dualism in the Socialist economy (Naughton, 1995: 71-73). In the 1980s, interprovincial inequality declined, especially in the eastern regions due to the slow growth of old industrial cores such as Shanghai, Beijing and Tianjin and the rapid development of other growth cores in previously less developed provinces (Wei and Ma, 1996). Nevertheless, interregional inequality persisted and economic growth did not spread from the initially developed areas to the central and western region, as previously

The Sy index is the similarity coefficient. A higher Sy index suggests a higher similarity of industrial structure between two areas.
justified. In the 1990s, inequality even surged and the rate stabilised from the late 1990s (Fan and Sun, 2008). It is recognised that regionally-biased fiscal, investment, FDI and decentralisation policies launched after economic reform were the main determinants of regional inequality (e.g. Fan, 1992; Ma and Wei, 1997; Wei, 1996, 2000; Wei and Fan, 2000; Zhao and Tong, 2000; Long and Ng, 2001). Although the openness policy was actually extended to the whole country in the 1990s, foreign direct investment kept concentrating on the coastal area. Furthermore, the development gap not only existed between regions and within regions, but also within provinces and cities (e.g. Wei and Fan, 2000; Wei and Ye, 2004; Wei, 2007).

According to a case study set in Zhejiang (Ye and Wei, 2005), it is found that the historical inequality between the coast and southern interior within the province widened, and the emergence of rapidly growing cores tended to concentrate in three clusters, that is, Hangzhou-Shaoxing-Ningbo, the coastal Wenzhou-Taizhou, and the central Jinhua-Quzhou. In other words, the spatial pattern of inequality is now not simply between cities and counties, but between certain city-regions and the remaining area.

Fiscal decentralisation contributed to and exacerbated the growing gap between rich and poor regions. Firstly, it is argued that the revenue contract scheme influenced the proportion of central revenue and, hence, impacted on the capability of central transfer. However, the situation did not improve after tax sharing reform in 1994 (Yep, 2008). Secondly, it is revealed that after inter-regional transfer was reduced in the post-reform period, the replacement scheme had not yet been well addressed (Ma, 1995: 230; Wong, 1991a: 712; L-Y. Zhang, 1999: 140). The substituted national poverty alleviation plan was limited to certain extremely deprived areas and although
programmes of inter-provincial assistance, joint development and technological transfer were firmly encouraged by the central government, they were voluntary and based on a principle of mutual benefit. It is reported that the cooperation dialogue was effectively more favourable to the coast than to the interior (Prime, 1991: 21; Yang, 1990: 253). Thirdly, it is suggested that the limited amount of transferred money was oriented more to minority regions for political concerns rather than all the poor regions (Liu, 2007: 214-17). Finally, the inter-governmental transfer functioned poorly and could even be manipulated by provincial or municipal governments in the midway. The countryside, particularly in the backward areas, therefore experienced extreme difficulties (ibid: 218-19). Overall, local discretions, fragmented governance, adverse inter-locality competition and the enlargement of uneven development have come to be conceived as the urgent issues that caused the governance capacity crises in China.

3.2.4 The re-emergence of the regional scale in China (2000-present)

After decades of marginalisation of regional institutions and policies, new regional concepts have reappeared in China since 2000. Not only regional policies have been resumed, but also regional plans and alliances have been rejuvenated. The emergence of regional governance is being heatedly discussed in the Chinese literature, especially from the perspectives of planning, administration and institutions (e.g. Hong, 2009; Ji et al., 2006; Tao, 2007; Wang, 2008; Wang, 2009; B. J. Yang, 2004; Zhang et al., 2007; Zong, 2008). The following sections will elaborate the changes and practices of various aspects. They include the new western, middle and coastal regional polices, and the main functional area plan, which represents the return of
regional policies; the recentralisation of land management, and province-leading-county administrative reform, which manifests an upward scaling of governance towards the regional scale; and various regionalisation exercises undertaken by both central and local governments, which consist of urban administrative annexation and mergers, the building of regional alliances and partnerships, and the formulation of regional plans.

3.3 The re-emergence of coordinated regional policies since 2000

Regional policies in China have been characterised by preferential treatment for coastal and urban areas (especially large cities) since economic reform. However, the central state has launched a series of new regional policies since 2000 in order to cope with the regional issue of enlarging economic disparities. Following the proposal of Developing the Western Region in late 1999, the central government successively proposed the strategy of Reviving North-East Industrial Base and Boosting the Midland Economic Growth in 2003 and in 2004 (See Figure 3.7). The proposal of the three regional policies marks the revival of balanced regional policies after a long absence since the economic reform.
These programmes contain a package of discrete policies. The current policy packages and institutional apparatus in the western, middle and northeast regional programmes have been compiled from various sources and are listed in Table 3.2. Take the west development, for instance; the programme involves massive state investment and strong political support. As early as 1997, the central government elevated Chongqing, a major city within the region, to be directly administered under the State Council in order to use its conspicuous administrative status to build a growth pole in the western region. In January of 2000, the Leading Group Office for Western Region Development was set up under the State Council. Moreover, a specific Five-Year Plan was prepared for the region in both Tenth and Eleventh
Five-Year Plan periods. In addition to increasing central fiscal expenditure, a favourable bank credit scheme and tax policies have also been designed for western provinces (Naughton, 2004: 267).
### Table 3.2: National policies for western, central and northeast regions from 1999 to 2009

<table>
<thead>
<tr>
<th></th>
<th>Western</th>
<th>Northeast</th>
<th>Central</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional setting</strong></td>
<td>West Development Leading Group Office set up under the State Council in 2000</td>
<td>Northeast Regeneration Leading Group Office set up under the State Council in 2004</td>
<td>Reviving Mid-land Region Office set up under the National Development and Reform Commission in 2007</td>
</tr>
<tr>
<td><strong>Policy focus</strong></td>
<td>To make development strategy, planning and policies; To ensure environmental protection; To encourage investment.</td>
<td>To make industrial planning and policies; To assist the restructuring of state-owned heavy manufacturing enterprises.</td>
<td>To make development strategy and planning; To coordinate development policies; To encourage investment.</td>
</tr>
<tr>
<td>** Preferential policies**</td>
<td>Tax reduction from 2001 to 2010 for both domestic and foreign investors who invest in the west in preferred industries; Exemption from tax on land occupation if invested in highway construction; Exemption from tariffs on imported equipment of encouraged industries; Relaxed restrictions on the foreign investment field mean telecom, insurance, retailing business and so on will be opened to foreign investors.</td>
<td>VAT tax rebate for eight industries, including equipment manufacture, petrochemical industry, metallurgy, marine manufacturing, motor industry, military manufacturing, high-technology industry, and agricultural processing.</td>
<td>To be materialised</td>
</tr>
</tbody>
</table>

In addition to the mega-regional policies, the state council initiated a ‘new socialist countryside’ project in 2002 in order to tackle the entrenched inequalities between urban and rural areas. Before then, the countryside had been suffering from fiscal deficits and poorer infrastructure, since the city-leading-county system and the post-reform economic policies had been biased toward the urban area (e.g. Chung, 2007). Nevertheless, the central government prioritised rural problems from 2004. The First State Council Document has been dedicated to rural development for eight successive years (Table 3.3). The document is also dubbed as ‘No. 1 central document’. This is the first document released by the CPC Central Committee and the State Council at the beginning of every year. The document is of great significance, since it represents the government’s priorities for that year. Due to the importance of the document, all relevant ministries and departments of the government will subsequently present their working programmes in order to implement the central policy. Therefore, the eight consecutive documents targeted at issues of agriculture and peasants have demonstrated the efforts and determination of the central government to improve rural conditions. These policies comprise five main aspects: subsidies and price support as a commitment to rural income, the abolition of agricultural tax and fees, the protection of rural collective land rights, the gradual elimination of restrictions of hukou and rural-urban migration, and increasing central government spending on rural health, technology, education, physical and social infrastructures in rural areas. It is estimated that the appropriation and subsidies from the state budget since 2004 have amounted to 30 billion Yuan (Liu, 2007: 173). The initiatives manifest a remarkable reorientation of national development priority from urban areas to the vast rural regions.
Table 3.3: The series of No. 1 State Council Documents from 2004 to 2011

<table>
<thead>
<tr>
<th>Issued date</th>
<th>Name of the document</th>
<th>Key issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 8, 2004</td>
<td>Instructions on increasing peasant income by Chinese Communist Party Central Committee and State Council</td>
<td>To solve the problem that the rural income per capita was increasing very slowly</td>
</tr>
<tr>
<td>January 30, 2005</td>
<td>Instructions on broadening government work on rural development and improving rural comprehensive productivity by Chinese Communist Party Central Committee and State Council</td>
<td>To consolidate existing agricultural policies; To improve agricultural productivity; To adjust the agricultural and rural economic structure</td>
</tr>
<tr>
<td>February 21, 2006</td>
<td>Instructions on promoting the construction of a new socialist countryside by Chinese Communist Party Central Committee and State Council</td>
<td>To consolidate existing agricultural policies; To improve rural infrastructure; To promote the development of human services in rural areas</td>
</tr>
<tr>
<td>January 29, 2007</td>
<td>Instructions on advocating modern agriculture and steadily promoting the construction of a new socialist countryside by Chinese Communist Party Central Committee and State Council</td>
<td>To modernise agricultural development by means of modern engineering, modern technology, a modern industrial system and a modern management style</td>
</tr>
<tr>
<td>January 30, 2008</td>
<td>Instructions on intensifying rural infrastructure construction and promoting rural development and improving rural income by Chinese Communist Party Central Committee and State Council</td>
<td>To promote the urban-rural coordinated development; To industrialise agricultural industry; To urbanise rural areas</td>
</tr>
<tr>
<td>February 1, 2009</td>
<td>Instructions on promoting steady agricultural growth and improving rural income by Chinese Communist Party Central Committee and State Council</td>
<td>To keep supporting agricultural development; To stabilise agricultural production; To improve modern engineering and service systems in rural areas; To promote urban-rural coordinated development</td>
</tr>
<tr>
<td>January 31, 2010</td>
<td>Instructions on consolidating urban and rural coordinated development and rural growth by Chinese Communist Party Central Committee and State Council</td>
<td>To stabilise rice production; To modernise agricultural industry; To increase rural income; To promote the development of human services in rural areas; To reform rural land management systems and financial systems</td>
</tr>
<tr>
<td>January 29, 2011</td>
<td>Decision on accelerating water conservancy reform and development by Chinese Communist Party Central Committee and State Council</td>
<td>To accelerate the development of water conservation; To tackle flood and drought issues and promote the sustainable use of resources</td>
</tr>
</tbody>
</table>

Overall, it seems the national regional policy has entered a new stage since 2000. In place of the ideology of growth being of overriding importance, the concept of coordinated development was put forward during the Third Plenary Sessions of the Sixteenth Central Committee (11/10/2003-14/10/2003). This represents that a balanced, coordinated and sustainable development mode is advocated by the central state to replace decades of uneven development and growth-first mentality (c.f. Fan, 2006). New emphases are now laid on balanced urban-rural and regional development, social harmony, environmental protection and energy conservation. In 2007, the Scientific Development (kexue fazhan guan) was written into the Party Law and the strategy of coordinated development was reaffirmed by the Seventeenth Communist Party Committee National Congress (15/10/2007-21/10/2007). It is put forward that the forthcoming core issue for all the governments is to narrow the regional development gap, optimise the pattern of territorial development, and equalise public services between different regions. Nevertheless, it is still too early to examine the real effect of these discursive policies on redressing inequality.

3.4 Launch of the main functional area policy in 2005

After economic reform, the territory plan (guotu guihua) was imported from Japan and Western Europe, and the State Council prepared to enforce it in the early 1980s. At that time, various tiers of local planning commissions above the county-level were instructed to prepare their levels of territory plan, and a national-level plan and nineteen key trans-boundary plans were formulated by the National Planning Commission (NPC) (Wang and Hague, 1993: 567). The plan was anticipated to justify national leaders in constraining the downsides of market-oriented development and to
preserve natural resources through land use regulation (Hu, 2006). In other words, the territory plan was intended to be used to guide local development in place of top-down economic planning and economic command. However, the making of the territorial plan came to a halt in 1996 (Hu, 2006) due to many reasons. For example, the formulation of the plan and its document lacked legitimate status; moreover, the plan was only a blueprint document without any concern for the implementation mechanism and public policies. As a result, the effect of the plan was increasingly challenged by decentralisation and market reform, where the governance context was much more complicated than purely top-down instructions and administrative obedience. Furthermore, the territory plan was criticised for being actually grounded upon economic growth and was, in essence, a productivity distribution plan like that in the socialist period, since the plan mainly placed locations of growth centres (Wang and Hague, 1993: 571; Mao and Fang, 2002: 270; Yin et al., 2007: 14).

In October 2006, the National Development and Reform Commission (NDRC) took the initiative to prepare The Main Functional Area Plan for the whole national territory. The initiative gained strong support from the State Council. Compared with the previous territory plan, the new plan divided the national territory into four types of development units: a ‘prioritised development area, optimised development area, constrained development area and forbidden development area’. This was intended to plan the intensity of territorial development and population distribution in order to achieve the ‘scientific development’ advocated by the central government, i.e. coordinated and sustainable development. In addition, each type of unit was to be incorporated with a corresponding investment policy, industrial policy, migration policy, land policy, environment policy, fiscal redistribution mechanism and
differentiated economic growth target and political achievement rating policy (see Table 3.4). For the prioritised area, the package of policies revolved around encouraging advanced industries and controlling resource-consuming manufacturing; for the optimised development zone, the set of policies concentrated on building new growth poles and the development of labour-intensive industries; in the constrained and forbidden development areas, policies were otherwise focused on the environment. Therefore, the development of the so-called main functional area plan represented national policies in different types of regions. Compared with the macro-regional policies aimed at uneven development, these procedures were designed to prevent all jurisdictions matching their economic growth under GDP evaluation and fiscal pressure disregarding their comparative advantages and environmental conditions. That is, a dominant feature of the plan, which distinguishes itself from earlier territorial plans or regional policies, was its focus on control rather than development. This represented a transformation of national policies from universal growth incentive to differentiated regional policies to advocate the rational distribution of labour based on comparative advantage. Furthermore, and for the first time, compensatory policies were proposed to equalise public service and living conditions between different regions. Overall, the plan demonstrated an attempt by the central government to intervene in local discretionary development. The basic planning unit of the central main functional area was county-level jurisdiction, except that the forbidden development area was based on the boundaries of natural reserves. By delegating the main functional area with the county-level units, the plan also related the duty of controlling the intensity of development and setting an environment threshold to each level of local government.
<table>
<thead>
<tr>
<th>Concept</th>
<th>Prioritised development area</th>
<th>Optimised development area</th>
<th>Constrained development area</th>
<th>Forbidden development area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept</td>
<td>Area with high development density which is going to or has threaten(ed) the environment.</td>
<td>Area with high environment carrying capability and a favourable economic location.</td>
<td>Area with low environment carrying capability and poor economic location, Or an area with concern for ecological security.</td>
<td>All types of natural areas established by law.</td>
</tr>
<tr>
<td>Fiscal policy</td>
<td>To advocate the development of high-tech and high value added industries; To restrict the development of high energy consuming and high pollution industries; To encourage technology advancement in resource conservation and environmental protection.</td>
<td>To advance infrastructural conditions; To encourage the development of labour-intensive industries; To encourage the development of supporting industries.</td>
<td>To advance infrastructural conditions; Fiscal transfer for public services and environment; To support the development of specialty industries that are suited to the local conditions and environment.</td>
<td>Fiscal transfer for public services and the environment.</td>
</tr>
<tr>
<td>Government investment policy</td>
<td>To control the projects that are incompatible with assigned main functions.</td>
<td>Government investment will be directed to support infrastructure development; To create an economic growth pole.</td>
<td>Government investment will be directed to support public infrastructure development, ecological construction and environmental protection in the area.</td>
<td>Government investment will be directed to support public infrastructure development, ecological construction and environmental protection in the area.</td>
</tr>
<tr>
<td>Industrial policy</td>
<td>To strengthen innovation capability; To upgrade industrial structure and promote competitiveness.</td>
<td>To strengthen supporting industries, to receive an industrial shift, to increase innovation capacity.</td>
<td>To develop industries appropriate to the area; To restrict the expansion of inappropriate industries.</td>
<td>Prudent industrial development policies.</td>
</tr>
<tr>
<td>Land policy</td>
<td>Strict control of construction land increase.</td>
<td>Increase land supply on a appropriate scale.</td>
<td>Strict land use regulation, changes to ecological land use are strictly prohibited.</td>
<td>Strict land use regulation, changes to ecological land use are strictly prohibited.</td>
</tr>
<tr>
<td>Migration policy</td>
<td>In-migration is encouraged; To promote the open labour market.</td>
<td>In-migration is encouraged; To promote the open labour market.</td>
<td>Out-migration is encouraged on a voluntary basis and in a steady process to reduce environmental tension.</td>
<td>Out-migration is encouraged on a voluntary basis and in a steady process to reduce environmental tension.</td>
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<tr>
<td>------------------</td>
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<td>----------------------------------------------------------------</td>
<td>----------------------------------------------------------------</td>
</tr>
<tr>
<td>Environmental policy</td>
<td>Strict requirements on pollution discharge and environmental protection; Priority work to reduce pollution discharge.</td>
<td>Balance the environmental carrying capacity, Increase production and reduce pollution.</td>
<td>Protection is the priority, to ensure environmental restoration and protection.</td>
<td>Strict protection by the law.</td>
</tr>
<tr>
<td>Government achievements rating policy</td>
<td>More emphasis on economic structure, resource consumption and innovation, less emphasis on economic growth.</td>
<td>Comprehensive evaluation on economic growth, cost and benefit, industrialisation rate, and urbanisation; The quality of development is encouraged.</td>
<td>Evaluation of ecology development and environmental protection will be highlighted, Evaluation of economic growth, industrialisation rates and the urbanisation level will be weakened.</td>
<td>Evaluation will be focused on ecology and environmental protection.</td>
</tr>
<tr>
<td>Planning policy</td>
<td>To strictly control the land use of high energy consuming and high pollution industries; To encourage high-tech and high value added industries.</td>
<td>To encourage economic growth poles; To encourage the development of labour-intensive industries.</td>
<td>To strictly control development activities that are incompatible with assigned main functions; To encourage the development of some specialty industries.</td>
<td>To strictly control development activities that are incompatible with assigned main functions.</td>
</tr>
</tbody>
</table>

The plan was reported to be approved on 12 June, 2010 at a meeting of the Standing Committee of the State Council chaired by Premier Wen Jiabao (central government website, http://www.gov.cn/ldhd/2010-06/12/content_1626813.htm). However, the contents of the overall plan and the spatial zoning map have not yet been published, except for some vague and literal clarification on the boundary of the constrained and forbidden development areas. Based on a comprehensive consideration of environmental capacity, current development intensity, future development opportunity and potential, population distribution, industrial distribution and urbanisation level, the plan identified certain agricultural production areas in Northeast Plateau, Yellow Huaihai Plateau and the Yangtze River Basin as the constrained development area, and the Tibet Plateau, Huangtu-Yungui Plateau, Northeast Forest, and rivers and other environmentally vulnerable areas as the forbidden development area. It is realised by the central government that the main functional area plan making and implementation will not be an easy process, but requires a long-term trial and negotiation. Currently, the plan is still at the preliminary stage and the recommended policy packages for different spatial zones are still being researched, not to mention the implementation process.

3.5 Recentralisation of land management since the late 1990s

Since the economic reform, land management has been substantially downscaled. After the economic reform, the 1986 Land Administration Law authorised territorial governments to take power from central ministries and subordinate work units to perform functions in land administration (Wu et al., 2007: 31). Hence a five-tiered system was set up at the central, provincial, municipal, county and township levels.
Each tier of bureaus was responsible for land administration under the jurisdiction. Local governments, especially city and county governments, gained substantial power in authorising land expropriation, land supply, rural land conversion and land income disposal (Xu and Yeh, 2009: 575). However, the territorialisation of land management put land administration under threat. For example, the majority of industrial land has been transferred through negotiated trading since the 1990s, the price of which is much lower than the real value of the land. Many local governments have sacrificed enormous rent and land use fees for potential industrial enterprises. In turn, local governments usually grab vast areas of land at the city margin by moving resident farmers away in order to ensure the supply of cheaper land. Consequently, a large amount of land has been encroached upon and a large number of peasants have lost their land and means of subsistence. As a counter measure, the land system has undergone practices of recentralisation since 1998, not only in terms of administrative structure, but also in law and policy regulation. This represents a reaction exerted by the central state to handle widespread local discretion on land disposal (Xu and Yeh, 2009).

In 1998, along with the reorganisation of central governments, the Ministry of Land and Resources was established to take the place of its predecessor, the State Land Management Bureau. The change from bureau to ministry is of great significance, as ministries and commissions represented the constituent departments of the State Council, while agencies and bureaus were attached to the State Council. That is, land management became one of the major functions of the central government (Xu and Yeh, 2009: 574). More importantly, the Fourth Session of the Ninth National People's Congress held in 1998 revised and approved the new Land Administration Law. The
1998 law commenced new power divisions between levels of government and new procedures of land administration. Before 1999, municipal and district governments had certain powers to authorise land acquisition, land allocation and land use conversion. However, after the 1998 Land Administration Law, the approval power for land conversion and land acquisition was taken over by the central and provincial governments, especially in terms of agricultural land conversion (Xu and Yeh, 2009: 575). The system set up a land quota for each local government. As a result, it became much more difficult to obtain a land quota for urban expansion, and cities and counties could only seek to readjust existing construction land use to accommodate land demand. According to the new rule, the new urban construction land could not be selected beyond the boundary of land use plan. Furthermore, centralised management (chuizhi guanli) was engineered by the central government in 2003. This involved the means of personnel/budgetary allocation, cadre appointment, and revenue collection (Mertha, 2005: 797). For example, the director of land management department was no longer under the direct appointment and management of territorial governments, but answered to its higher-level land department (Mertha, 2005: 792; 798). At the same time, the new land revenue division, in terms of income from converting rural land, stipulated that 30% must be surrendered to the central government rather than the whole amount be retained by local government (Xu et al., 2009: 903). Obviously, the central government hoped to govern local land management by fiscal disincentives and direct regulation of senior land management officials.

In addition, the central government published a number of land administration policies to reassert control over local discretion on land disposal from the late 1990s (see Table 3.5). Firstly, from 1997 to 2002, great efforts were exerted by the central
government to protect arable land. Measures were taken to strengthen land use approval procedures and the management of civil servants, thus constraining arable land conversion to industrial or commercial land use, and retaking leased land which was not developed for a certain period. Then, from 2003, the central government initiated several campaigns to check economic development zones for problems of aggressive industrial land development and land encroachment. In July 2003, the State Council issued the ‘Urgent Notice on a Temporary Ban on the Approval of Various Kinds of Development Zones’. The approval was temporarily halted in a measure to check various development zones established by local governments at and below the provincial level, as well as by government ministries. The check was also intended to crack down on unauthorised national industrial park extensions. In August of the same year, the State Council released ‘The Notice on the Clean-up and Rectification of Development Zones of Different Types and Tightening-up of the Construction Land Management’. This was reiterated in the document issued by the State Council in November. Shortly afterwards in December, further stipulations on the rectification were released by the Ministry of Land and Resources, together with other relevant ministries such as the Ministry of Construction. In February of the following year, the Ministry of Land and Resources issued another official letter to cancel unqualified development zones or those with poor performance. In August 2005, a document released by the State Council stipulated that some economic zones must be abolished if the zones were populated with only a few enterprises and the development rates were lower than 20% after five years of operation. In 2008, the Urban and Rural Planning Law also stipulated that industrial zones should not be established outside the area designated by the master plan. The series of land policies demonstrated the determination, as well as the difficulty, to control excessive industrial land
development.

In summary, the changes in land management and the great number of land policies launched by the central government have illustrated the re-consolidation of state regulatory power, which is opposite to the main trend of decentralisation and rising localities. It is true that the central campaign is progressing with great difficulties, hampered by local circumvention on central regulations (e.g. Yang and Wang, 2008). However, the efforts taken by the central state to more effectively regulate infringements of land management cannot be ignored.
<table>
<thead>
<tr>
<th>Policy name</th>
<th>Date issued</th>
<th>Issued by</th>
<th>Key issues/effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>The circular on strengthening land administration and protecting arable</td>
<td>Apr. 1997</td>
<td>Central Party Committee &amp; State Council</td>
<td>To strengthen macro-regulation on land, to implement more stringent construction land approval, to control the construction land area of cities, to strengthen the administration of collective land in rural areas, to strengthen the management of national land assets, to strengthen the supervision and examination of land management enforcement</td>
</tr>
<tr>
<td>land</td>
<td></td>
<td></td>
<td>No land approval for occupying arable land for non-agricultural constructions, except through examination and approval from State Council</td>
</tr>
<tr>
<td>Disposition on vacant land</td>
<td>Apr. 1999</td>
<td>Ministry of Land and Resources</td>
<td>Land owners who postpone development on land sites longer than allowed are subject to the relevant disposition agenda or confiscation to control land speculation</td>
</tr>
<tr>
<td>The circular on strengthening land transferral management and prohibiting</td>
<td>May 1999</td>
<td>State Council</td>
<td>To strengthen land transferral supervision and prohibit the acquisition of rural collective land for large commercial development such as orchards and manor development</td>
</tr>
<tr>
<td>land speculation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisional regulation on national investment in land development</td>
<td>Nov. 2000</td>
<td>Ministry of Land and Resources</td>
<td>Specifies the project application and supervision procedures</td>
</tr>
<tr>
<td>and arrangement projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The decision to rectify and regulate market economy order &amp; The circular</td>
<td>Apr. 2001</td>
<td>State Council</td>
<td>The Ministry of Land and Resources issued a notice to rectify and regulate land market order and began to check six types of activities against law and discipline</td>
</tr>
<tr>
<td>on strengthening administration on national land assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The tenth Five-Year Plan outline on land asset management</td>
<td>Apr. 2002</td>
<td>Ministry of Land and Resources</td>
<td>To strengthen the land supply for construction, to strengthen the implementation of compensated land use, to vigorously promote open bidding or auctions, to strengthen land use transferral management and land price administration, to regulate land use approval</td>
</tr>
<tr>
<td>The circular on checking and rectifying all kinds of development zones and</td>
<td>Jul. 2003</td>
<td>State Council</td>
<td>Check the real land use area and approval departments of all kinds of development zones, and abolish development zones which are against the law and discipline. The list of approved development zones was published by the central government and provincial government</td>
</tr>
<tr>
<td>strengthening construction land administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The urgent notice on further rectifying and regulating land market order</td>
<td>Nov. 2003</td>
<td>State Council</td>
<td>Continue to check development zones; to resolve the livelihood problems of land-loss farmers; to conduct stringent investigations of all kinds of activities against law and discipline</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>---------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The specific standards and policy boundaries for checking and rectifying all kinds of development zones</td>
<td>Dec. 2003</td>
<td>Ministry of Land and Resources &amp; National Development and Reform Commission &amp; Ministry of Construction &amp; Ministry of Business</td>
<td>To implement the documents issued by the State Council on July and November of 2003; Establishing development zones is stipulated to be approved by the central and provincial-level government; local government are not authorised to establish development zones at its own will; To abolish all the development zones established by the county-level government or below; All development projects in existing development zones must abide by the city or town master plan, urban system plan, and land use plan</td>
</tr>
<tr>
<td>The urgent notice on deepening the rectification and regulation programme and strengthening land control</td>
<td>Apr. 2004</td>
<td>State Council</td>
<td>General land approvals have been suspended</td>
</tr>
<tr>
<td>The Advancement of Rural Reform and Development</td>
<td>Oct. 2008</td>
<td>The Communist Party of China</td>
<td>To allow farmers to &quot;lease their contracted farmland or transfer their land use right&quot; to boost the scale of operation for farm production and provide funds for them to start new businesses</td>
</tr>
</tbody>
</table>

Source: compiled from documents downloaded from the official website of the State Land and Resources Ministry (http://www.mlr.gov.cn/).
3.6 A new experiment of province-leading-county administrative reform since 2005

China has five levels of administrative system, i.e. the nation state, province, municipality, county and town and township (Figure 3.8). The administrative hierarchy in China results in bureaucratic mandates and subordination, which delivers instructions and management in a top-down fashion. All communications are transmitted upwards or downwards, level by level, through the structure, and the skipping of levels is not the norm. As commented by Ma (2005: 478), China’s administrative system has always been hierarchical and it is by this means that state power retains its grip and succeeds in being rearticulated at the local level, even after the substantial economic decentralisation since economic reform. However, conflicts with the five-level hierarchical system are becoming more acute, especially at the local level in recent years. First of all, since the distribution of fiscal revenue and public investment follows the hierarchical structure, the administrative rank has significantly impacted on the development of cities and counties (c.f. Chung, 2007: 794; Ma, 2005: 481). The lower the administrative rank, the poorer the living conditions and public services; this is especially the case in terms of education, health care, public infrastructure and so forth. Therefore, the counties and townships, which are also the countryside units, are often the poorest areas in China in terms of both economy and infrastructure. This is generally the case even for the economically-developed counties and cities in the developed coastal area. This can be exemplified by the prevalent discourse of ‘prefecture-level cities extorting counties (county-level-cities)’, which means funding for counties is often diverted by the provincial and municipal governments for their own uses (e.g. Yep, 2008; Z. B. Zhang,
2009: 26). Secondly, under the city-leading-county system, the county-level units are not actually independent jurisdictions and are not even granted a whole institutional apparatus. The lack of competencies in project approval, foreign trade, outbound permits, land development and so forth stifle administrative efficiency at the grass-roots level. The administrative procedure is so bureaucratic that many issues have to ask for instructions and wait for approval from the prefecture-level cities. This is especially inconvenient for economically robust counties and cities, especially for those who have constant foreign trade and foreign investment. Thirdly, the five-level administrative structure means the lower level government is at the periphery of central control. A vivid example is documented by Wu and Phelps (2008: 473) with regard to the central control on property and villa development. It is believed by the county-level city leaders that the central regulation on land and property development is targeted at a central city such as Shanghai; thus, when the regulation is finally delivered to the county level, the construction of the villa project would have been finished already. Administrative discretion is now even more conspicuous at the grassroots administrative units in terms of land seizures. A number of forced and violent demolitions have been reported in the media since 2001, the majority of which are located in the rural areas of the rich Eastern region (for a map that marks these violent demolitions and land disputes, please see http://www.chinadaily.com.cn/china/2010-10/27/content_11462495.htm, accessed on 7 Dec, 2010). Some experts argue that ‘as long as the central government could guarantee local governments financially, local governments can act as the service provider rather than the money maker in land management’ (http://www.chinadaily.com.cn/bizchina/2010-11/06/content_11511477.htm, accessed on 7 Dec, 2010).
In order to ease the fiscal pressure at the grassroots level, fiscal management system reform under the provincial level by the National 11th Five-Year Plan was suggested in 2005. Instead of the current five-level fiscal system, it was proposed that a province-leading-county administrative system should be carried out in areas where conditions permit. In early July 2009, the Fiscal Ministry released ‘the Directive on Promoting the Province-Leading-County Fiscal Reform’, which aims to re-establish a separate fiscal system for prefecture-level cities and counties/county-level cities. In other words, counties are to deal directly with provinces instead of via prefecture-level cities in taxation and fiscal distribution, budgetary schemes, fiscal transfer and fiscal rebate, central and provincial subsidies, and so forth. The reform is likely to be fully adopted across the country as of 2012, which will eventually extend from the fiscal sphere to the whole institutional framework. By this means, the power of the prefecture-level city over the county-level would be gradually eliminated and removed. That is, the main cities, secondary cities and the vast number of counties
would be equalised at the same administrative rank (Figure 3.9).

![Diagram of Administrative Hierarchy]

**Figure 3.9: Administrative hierarchy in the ongoing province-leading-county reform**

The new fiscal management measure has triggered an extensive experimentation of the province-leading-county administrative system across the country. Hainan, Hubei, Anhui, Guangdong, Henan, Jilin, Jiangxi and other provinces have all initiated their reform agenda (Z. B. Zhang, 2009; Zhou, 2008: 43). Many of them have followed the prototype of Zhejiang, which is generally recognised to be the premier in the country. Zhejiang began experimenting with power devolution from municipal governments (i.e. government of prefecture-level cities) to county-level governments (including governments of county-level cities, counties, and city districts) as early as 1992. At that time, this experiment was applied to 13 counties and county-level cities out of a total of 58 county-level jurisdictions. The economic administrative power of the 13 jurisdictions was expanded to include approval rights for infrastructure construction, technological innovation projects and foreign investment expansion; furthermore, some approval procedures had also been simplified (Z. B. Zhang, 2009: 61). In the subsequent years of 1997, 2002 and 2006, Zhejiang province continued to transfer
administrative power which used to be possessed by the prefecture-level cities to selective county-level units. In 2006, the county-level city Yiwu, which is well-known for producing accessories and home wares for both the domestic and global markets, was chosen as the subject of an experiment which entitled it with the equivalent economic administration rights of a municipal government. In addition, Yiwu was granted additional functional institutions such as customs, goods inspection and quarantine and foreign exchange management, which used to be led and managed by prefecture-level authorities on behalf of county-level governments (ibid: 62).

In addition to power devolution to the county-level administrations, the cadre management at the county-level has also been reshuffled. The management of county-level cadres, especially the heads of the county Party organisation and government, has been promoted from prefectural to provincial appointments and supervision. Moreover, the county-level cadres have even been summoned to Beijing for training by the Party School of the CCP Central Committee since 2008 (http://politics.people.com.cn/GB/1025/9788437.html, accessed on 12 Nov, 2010).

To sum up, there are two perspectives associated with the tentative administrative structure reform from the city-leading-county system to the province-leading-county system. On the one hand, this shift represents recognition from the central government of the devolution, legitimacy and accountability of county-level governments. The so-called rural units are no longer affiliated outposts that are peripheral to central cities. The gradual equalisation of different levels of cities may help to redress the unequal development between urban and rural areas. Furthermore, this may facilitate communication and negotiation between cities over the regional issues. On the other
hand, the strengthened central training and provincial management of the county-level cadres goes hand in hand with the power devolution. That is, the central government wants to relate its regulation more closely with lower-level local governments by means of direct cadre management. This carries great implications because it means the regional administration system is restructured from a three-tier to a two-tier hierarchy. In the prefecture-leading-county system, the prefecture-level city government was expected to function as ‘central administration’ in the area to eliminate conflicts between various local authorities. However, with the decentralisation to the county-level jurisdictions over the last decades, the nested administrative hierarchy has, in fact, been dismantled. The urban scale at the prefecture-level is fragmented. The hierarchy restructuring makes the provincial level responsible for replacing the ‘dead’ prefecture-level governance and coordinating local development. It seems the weakened regional governance can be strengthened by these means.

However, it is found that some prefectural-level governments resent the reform, since they would lose a certain amount of power and authority. For example, it is documented that, in Hubei province, although over 200 administrative approval rights are said to have been decentralised to the county-level, nearly half of them have either not been implemented or are impractical (Zong, 2008: 203). That is, the real progress of the province-leading-county reform is in doubt in reality. Moreover, the current reform seems to be simply addressed towards promoting the economic development of county-level units; the corresponding reform for the provincial government is much less discussed. Therefore, the implication of province-leading-county reform for regional governance and regional development needs to be closely observed.
3.7 Administrative regionalisation with jurisdictional mergers and annexations since 2000

After economic reform, China relaxed the criteria for city and town designations (e.g. Lee, 1980; Ma and Cui, 1987; Zhang and Zhao, 1998). As a result, the number of cities and towns has considerably increased since 1983. The total number of designated cities increased from 190 to 668 in 1998. Coupled with economic devolution, the number of individual local agents available to participate in economic activities has increased phenomenally. However, 1998 seemed to be a turning point because the number started to decrease from 1999. Figure 3.10 extends the data from Figure 4.5 to 2008. It demonstrates that the number of county-level cities started to decrease for the first time in 1997, which meant the total number of city units declined from the peak total of 668 to 655 in 2008. Simultaneously, the quantity of city districts has undergone an unprecedented increase. This is due to the recent administrative incorporations of suburban counties and county-level cities into prefecture-level cities as city districts (c.f. Ma, 2005; Zhang and Wu, 2006).
Figure 3.10: Urban administrative changes from 1978 to 2008


For example, 19 new city districts were set up between 2000 and 2004 in the Yangtze River Delta region through the abolition of counties or county-level cities. As a consequence of the administrative adjustment, the jurisdictional area of the 15 prefecture-level cities has expanded massively, before and after administrative readjustment. As shown in Figures 3.11 and 3.12, the areas of some cities, such as Suqian, even multiplied tenfold. In addition to the sharp increase of land area, the merger also means a change in the relationship between prefecture-level cities and the former county-level units. Before the annexation, these county-level units were under the leadership of prefecture-level governments, according to the city-leading-county system. However, the central administration of the prefecture-level government was actually greatly weakened and, to some extent, was retained in name only due to the power decentralisation after economic reform. After the annexation, these previous
county-level units were transformed into city districts, which were no longer independent county-level administration centres, but became units directly under the city government. In other words, the central administration of the prefecture-level city governments was strengthened through the means of administrative merger.
Figure 3.11: Administrative boundary of the city proper displaying prefecture-level cities before administrative adjustment


Note: data for another four cities are not included in the table due to a lack of information.
Figure 3.12: Administrative boundary of the city proper displaying prefecture-level cities after administrative adjustment


Note: data for another four cities are not included in the table due to a lack of information.
The administrative regionalisation has reduced the number of administrative divisions within the region. Coordinated infrastructure development tends to be more easily resolved within a municipality than between central cities and nearby counties. The administrative annexation represents an important attempt by the state to enforce 'big government' strategy in order to handle incoordination and solve zero-sum competition (e.g. Yeh and Xu, 2008: 414). However, these administrative realignments have been conceived as short-term oriented and are an unfavourable form of regional governance (Zhang and Wu, 2006). On the one hand, the crude administrative annexations are severely detrimental to the interests of the annexed counties and cities. Due to the discontent of the counties and cities, the municipal governments often had to make significant compromises for these 'new' districts to let them keep their financial independence and ability to make decisions (for example, Zhang and Wu, 2006: 13-14). In this sense, administrative annexation alone is a poor way to implement a unified strategy and a plan to resolve the fundamental problems of inter-city competition and incoordination. On the other hand, annexation is often considered by the municipal government to be an effective instrument to secure its central city position amongst the competition and to exploit the land resources of the countryside (Zhang and Wu, 2006: 15). As a result, annexation has only solidified the process of urbanisation contingent upon huge land consumption and inequality between core municipalities and peripheral areas within the larger regions, and exacerbated the rapid loss of farmland, the livelihood of landless farmers, the informal economy in the city and so forth (Lin, 2009). These unfavourable consequences resulted in the reduced frequency of administrative annexations, which were carried out in a more prudent manner after 2004. Since then, the administrative structure of the whole country has basically remained unchanged except for some small...
adjustments. Small-scale annexations have occurred at the township and town tier, which is highlighted by a decrease in the number of towns and an increase in street offices (Table 3.6). Overall, the administrative annexation to counties and towns represents the expansion of functional urban areas and the consequent consolidation of the corresponding institutional territory. However, the legitimacy of the administrative measure is challenged due to the authoritarian manner of the agglomeration process. Meanwhile, the impact of annexation on coordinated development is also under suspicion owing to the pragmatic rationale held by the localities. Local governments often make use of the annexation to seek out ample land resources and to enhance economic competitiveness, instead of promoting efficiency and the equalisation of government services.

### Table 3.6: Administrative changes below county-level from 2000 to 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Townships</strong></td>
<td>23199</td>
<td>19341</td>
<td>17196</td>
<td>16636</td>
<td>16130</td>
<td>15951</td>
<td>15306</td>
<td>13928</td>
<td>13872</td>
</tr>
<tr>
<td><strong>Number of Towns</strong></td>
<td>20312</td>
<td>20374</td>
<td>20600</td>
<td>20226</td>
<td>19892</td>
<td>19522</td>
<td>19369</td>
<td>19249</td>
<td>19234</td>
</tr>
<tr>
<td><strong>Number of Street Offices</strong></td>
<td>5902</td>
<td>5510</td>
<td>5516</td>
<td>5751</td>
<td>5829</td>
<td>6152</td>
<td>6355</td>
<td>6434</td>
<td>6524</td>
</tr>
</tbody>
</table>


Note: the number of townships excludes nationality townships and others.

### 3.8 The rejuvenation of inter-city regional associations since 2000

In order to promote horizontal inter-government relationships under the hierarchical administrative system in China, the central government established institutions such as regional economic cooperative regions (*jingji xiezuo qu*) at the end of 1980.
Following 1981, the North China Economic and Technological Cooperation Region, Middle and South Liaoning Urban Economy Region, Changsha-Zhuzhou-Xiangtan Economic Cooperation Region, Yangtze-Riverside Main City Economic Coordination Association, Nanjing Regional Economic Association and Wuhan Regional Economic Association were subsequently set up. Some associations even spanned several provincial units, which were far ahead of the development of the regional economy. Meanwhile, regional cooperation was residual with central command. This so-called cooperation was, in fact, used by the central state as an alternative means of resource appropriation (Zong, 2008: 193). As a consequence, these regional institutions failed due to a lack of local enthusiasm, as well as the remains of an authoritarian manner. Nevertheless, forms of regional economic associations were rejuvenated after 2000. In contrast to the previous top-down efforts, the new regional activities have been spontaneously built from the bottom. Collaborative initiatives have become prevalent, especially in the regions of Yangtze River Delta, Pearl River Delta and Bohai Sea Rim. For example, the Guangdong province put forward the ‘Pan-PRD’ concept in 2003. Afterwards, a series of agreements were signed due to Pan-PRD cooperation including transport, human resources, tourism, energy, and trade (Yeh and Xu, 2008; Zong, 2008: 197). Likewise, the cooperation agenda in the Bohai Sea Rim has also been proceeding rapidly between Beijing, Hebei and Tianjin since 2004 (Zong, 2008: 199).

The evolution of the Yangtze River Delta Economic Region can be taken as a striking example to demonstrate the dynamics of the inter-municipality regional institutions. The Yangtze River Delta Economic Region was initiated by the Economic and Trade Bureau of fourteen municipal-level governments in 1992, including Shanghai, Suzhou,
Wuxi, Changzhou, Nantong, Hangzhou, Jiaxing, Huzhou, Ningbo, Zhoushan, Zhenjiang and Shaoxing. The development of the area-wide inter-municipality organisation can be divided into four stages: the initial stage from 1992 to 1997; the second stage from 1997 to 2003; the recent stage from 2003 to 2008; and the latest stage since 2008. Initially, the institution was managed by a member system and operated in the form of a forum. The biennial forum was attended by officials from the economic coordination office, usually belonging to the economic and trade bureau in each city. Hence, the forum was at first named *the Joint Conference of Directors of Coordination Offices of the Yangtze River Delta Region (Changjiang sanjiao zhou Chengshi xiezuo bumen zhuren lianxi huiyi)*. The original purpose of the forum was merely information exchange and investment attractions between cities (Luo and Shen, 2009: 55). At the time, the main task was enterprise-oriented, namely to promote the business connections between local (particularly state-owned) enterprises. For instance, the Nanjing economic coordination office made efforts to help Nanjing enterprises to set up retail stores in Shanghai, and to facilitate the collaboration between Shanghai Baoshan Steel Enterprise and Nanjing Rolling Mill (The Yangtze River Delta Urban Economic Coordination Office, 2007: 38). This is contextualised in the period of residual planned economy. During the time, SOE was still the dominator in the economy, which was used to following administrative orders and was very weak at horizontal cooperation. However, except for assisting business cooperation, the YRD institution could not make any resolution in terms of general regional development. This is because the institution was only an economic collaboration office under the economic and trade bureau. Many propositions that lay beyond departmental powers had to be submitted to the mayor in charge, which would take a long time (*ibid*, 39).
In 1997, the joint conference was upgraded to the mayor-level and was renamed as the Coordination Committee of Urban Economy in the YRD Region (Changjiang sanjiao zhou chengshi jingji xietiao hui). Mayors in charge of economic development, as well as officials of economic coordination offices, were expected to take precedence at the meeting. In addition, another two cities were qualified in 1997 and 2003 respectively, enlarging the membership from 14 to 16 cities. The political upgrade facilitated the communication between city leaders and functional departments, including an economic planning committee, a science and technology office, a state-owned enterprises office, a trade bureau, a tourism bureau, and so forth. Even though the political tag of the forum was enhanced, the institution that remained in charge was the department of economic and trade bureau. In other words, no specific institutions were established for the purpose, but remained merely as a liaison under the existing government framework. As shown in Table 3.7, the collaboration agenda during the stage was narrowly confined to specific department issues such as information sharing, common market building, and tourism regionalisation, which are also considered to be mutually beneficial. It was not until 2001 that a unified plan on regional development appeared on the agenda.

To sum up, the committee forum is more like 'an occasional tea party, which is not a priority in government routine work, and no institution or department is afterwards responsible for the agenda put forward by the forum' (interview, professor and expert on YRD regional development, Nanjing University, 19 March 2010). As a consequence, regional governance functions in name only. It largely remains as a working meeting for local departments to exchange information, and represents a dialogue between local governments for symbolic meaning. The agenda and
agreements are at a superficial level, seeming to be more of a kind of slogan than concrete actions for cooperation (Luo and Shen, 2009: 55-56). Sensitive topics such as industrial development tend to be skirted around, as no agreements can be reached among the members themselves.

Table 3.7: The agenda of the Urban Economic Coordination Committee of the YRD Region

<table>
<thead>
<tr>
<th>Year</th>
<th>Place</th>
<th>Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Yangzhou</td>
<td>The joining of Taizhou of Jiangsu province</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collaborative development of YRD tourism industry, and active</td>
</tr>
<tr>
<td></td>
<td></td>
<td>promotion of YRD chain store development</td>
</tr>
<tr>
<td>1999</td>
<td>Hangzhou</td>
<td>Regional cooperation in terms of science and technology; promotion of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>trans-border business annexation; regional information website</td>
</tr>
<tr>
<td></td>
<td></td>
<td>construction; deepening of tourism, trade and business collaboration</td>
</tr>
<tr>
<td>2001</td>
<td>Shaoxing</td>
<td>The deepening of last year’s agenda</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Attempts to strengthen the integration of regional transport network,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the collaboration of industries, and the integration of financing</td>
</tr>
<tr>
<td>2003</td>
<td>Nanjing</td>
<td>The joining of Taizhou of Zhejiang province</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sharing 2010 Shanghai Expo opportunities and expanding the expo's</td>
</tr>
<tr>
<td></td>
<td></td>
<td>effects; collaboration in investment attraction; deepening of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>tourism integration, regional transport network, environment,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>logistics and trade cooperation.</td>
</tr>
</tbody>
</table>

Source: compiled from The Yangtze River Delta Urban Economic Coordination Office, 2007: 48-84.

Since the new millennium, inter-municipality communication has become even more active than before. The Urban Economic Coordination Committee of the YRD Region has changed from a biennial to an annual forum since 2003 (Wang, 2009: 120). Furthermore, provinces have also become actively involved in the building of a YRD area-wide institution. For example, a provincial-level forum mechanism was established between Jiangsu, Zhejiang and Shanghai in 2001, namely, the Jiangsu, Zhejiang and Shanghai Forum on Economic Coordination and Development (Su-Zhe-Hu jingji hezuo yu fazhan zuotan hui). The annual forum is attended by
executive vice-provincial governors and prefecture-level city mayors. The senior-level
government meeting demonstrates the positive attitude of the top leaders to regional
coordination. Strategic proposals have been made in various fields, such as the
sharing of information resources and human resources, and the building of a common
market and coordinated infrastructure system. Overall, YRD regional integration has
been turned into a catchphrase in the 2000s that various kinds of seminars and
communication have been promoting. It is estimated that over 100 seminars were held
in 2002 and 2003 on YRD regional development (Lu and Shi, 2008: 157) and around
20 agreements were signed between Jiangsu, Zhejiang and Shanghai in 2003 and 2004
(Ji et al., 2006: 88). Table 3.8 lists the newly emerging events or forums based on the
provincial level. Although no assessment has ever been made to evaluate how these
agendas have progressed in reality, it is recognised that the involvement of the
provincial sector shows a progressive tendency. As commented by a scholar in
Shanghai,

These moves are of significance as provincial governments, who used to be
the main barrier of integration, showed the gesture to push cooperative
development between cities. In the past, it is always the provinces that made
‘red-headed’ document to obstruct trade and unified market (interview,
professor and expert in YRD regional development, East China Normal
University, 21 April 2010).
Table 3.8: The emergence of provincial-level cooperation forums in the YRD region

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendees</th>
<th>Year of commencement and regularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Symposium of the Development of YRD Region</td>
<td>Key cadres from the region, governors from central ministries, and even overseas academics</td>
<td>1999; annual forum</td>
</tr>
<tr>
<td>Jiangsu, Zhejiang and Shanghai Forum on Economic Coordination and Development (Su-Zhe-Hu jingji hezuo yu fazhan zuotan hui)</td>
<td>Executive vice-provincial governors and prefecture-level deputy city mayors</td>
<td>2001; annual forum</td>
</tr>
<tr>
<td>Jiangsu, Zhejiang and Shanghai Joint Conference on Financial Coordinated development</td>
<td>Provincial governors of Jiangsu, Zhejiang and Shanghai, the Bank of China, and other associated banks</td>
<td>2008; annual forum</td>
</tr>
</tbody>
</table>

Source: compiled from Ji et al., 2006: 87-88; Sun and Zhao, 2009: 435.

In 2008, the various associations within the region were formalised into an integrated three-tiered cooperation channel. At the top is the annual round-table conference attended by provincial top leadership from the YRD region, which is held to discuss common issues and make strategic decisions; the top-level is followed by a lower-level joint-conference between executive vice provincial governors and executive deputy mayors, which is supposed to follow up the agreed agenda and put forward coordinated arrangements. The implementation is the responsibility of the offices of the joint conference convened by the development and reform committee in each jurisdictional city, the working groups for specific cooperation subjects, and the coordination forum between the 16 cities convened by the economic coordination offices (interview, civil servant, Nanjing Economic and Trade Bureau, 16 Feb 2009).

To sum up, the cooperation agenda has obtained greater support from both local and higher-level governments since 2000. Since the current cooperation mechanism is spontaneously initiated and the decision power rests with the member authorities, the
inter-municipality has gained more recognition from the localities. However, the disadvantages are that the inter-municipal structure is based on forums and conferences on special occasions, rather than a permanent institution. Moreover, it is not supported by stable financial support granted from anywhere. The omission of a standing agency means the function of coordination remain fragmented throughout different governments and ministries, which is detrimental to its effects and efficiency. As noted by Yang and Chen (2007: 21), the forum or conference form of cooperation channel is far too reliant upon senior officials and governors, which is not an efficient dialogue platform, and lacks an implementation and monitoring mechanism. Overall, enthusiasm for inter-city cooperation has increased since 2000 compared to levels in the 1980s and 1990s. However, as observed by Yeh and Xu (2008) in PRD experiences, the current inter-municipality cooperation mechanism in China is largely based on imagination rather than on concrete and consolidated institutions. In other words, the bottom-up regional institution is still ‘a collection of loosely assembled local governments’ (Wu and Zhang, 2009: 12).

3.9 Formulation of regional spatial plans since 2005

In order to promote regional coordination, planning in China is experiencing its second period of change after the previous ‘entrepreneurial city plans’. In the late 1990s, city plans in China underwent some important changes, from a traditional land use blueprint plan to a strategic spatial plan (Wu, 2007). These non-statutory city plans made attempts to reposition urban development on a larger regional scale than by local administrative boundaries. This type of strategic plan has played a positive role in building inter-city highways and regional transport network. Nevertheless, the
locally-initiated plans are addressed from a position of local competitiveness and tend to position themselves more favourably in the region, which marginalises other regional issues such as environment protection and coordinated industrial development. In effect, these plans are used as promotional instruments by local governments to attract additional investments, and as justification for entrepreneurial strategies such as expanding existing built-up urban space for GDP growth (Wu and Zhang, 2007).

However, the spatial plan approach has recently been employed by the central and provincial governments for larger regions such as the Pearl River Delta and the Yangtze River Delta (Figure 3.13). As opposed to previously, the current wave of plan-making is not only compiled by the Ministry of Housing and Urban and Rural Development (MHURD) and its subordinates, which are the main plan-making institutions after economic reform, but also by the National Development and Reform Commission (NDRC), the previous overall planning commission during the Socialist period. As a matter of fact, the powerful organisation NDRC, rather than MHURD, leads current regional plan-making. In 2009 alone, over ten regional plans were published by NDRC, with even more under preparation or waiting to be approved. Finally, the rationale and functionality of the current regional plans have undergone a great transformation from development plans towards development control, whether they are undertaken by NDRC or MHURD. For example, NDRC changed the name of the conventional five-year economic plan (wunian jihua) to the ‘five-year spatial plan’ (wunian guihua) in 2002, which officially announced the new direction of the plan. In the past, the five-year economic plan was prepared by the planning commissions of various government levels to find resources to sustain economic growth. As the
government used to be the only investor in the planned economy, each level of the
five-year economic plan was hence the virtual government spending plan of the
corresponding government. Furthermore, since all economic resources were
nationalised in the command economy, the central plan usually had a decisive role in
local government spending and economic growth. However, with the diversification
of investment sources since economic reform, the hierarchical five-year economic
plan has actually relaxed, as the central government no longer possesses leverage over
local government and private investment. Nowadays, with the transition to a spatial
plan, a territorial development strategy is thus entailed in conventional target-oriented
plan-making. The new spatial approach indicates that the economic plan not only
requires the achievement of growth, but also contains specific spatial regulations, i.e.
in order to channel economic growth from developed to underdeveloped areas, or to
control development activities in undesirable places. As remarked by the head of
NDRC, the five-year plan is now ‘more than a text document on strategic industrial
development policies, but also a means of spatial regulation regarding where building
should occur’ (Ma, 2003). In order to achieve these objectives, compulsory policies
have been formulated to be enforced on some industrial locations, in addition to
general guidance on urban and industrial development in the past. Overall, the newly
introduced spatial planning approach is actually acting as the newly sharpened
regulative leverage of the central government, as local five-year plans are supposed to
be formulated following the central plan. This means that the hierarchical five-year
plan has been restored and regulation over local government spending has also been
strengthened.
Parallel transformation is also witnessed with regard to the plan-making underneath the MHURD system. Indeed, MHURD prepared the National Urban System Plan (2006-2020) in 2005, which is the first national-level plan on urbanisation and spatial development, to strengthen top-down guidance and regulation. The plan identified existing major urban clusters and potential areas for development across the country, and, hence, formulated differentiated urbanisation strategies to mitigate the over-concentration of population in the coastal area. Based on the overall strategy, an infrastructure framework was provided to stimulate the development of city regions in the central and western districts. Built on overall consideration of the distribution of natural resources and ecological conditions, the plan draws up guidelines on
urbanisation and spatial development in individual provincial-level jurisdictions. Within the guidelines, emphasis is placed on core city regions, trans-border areas, and regional and inter-regional infrastructure. Following the preparation of the National Urban System Plan (2006-2020), MHURD intended to launch a series of trans-boundary regional plans to guide spatial development in major city-regions. The meso-level plans under the National Urban System Plan try to deliver the principle and outline of development. That is, plan-making under MHURD also witnessed similar changes as NDRC. The conventional urban system plan concentrates on construction, which aims to achieve a rational distribution of urban resources within one region in favour of specific urban developments. In contrast, recent regional plans have prioritised achieving balanced development and eliminating adverse economic competition. There are many discussions in the planning realm about the obstacles to achieving integrated development in China (e.g. B. J. Yang, 2004; Chen and Wang, 2006). Yet, in addition to technocratic innovation within the planning realm, the issue of 'implementation' is a concern of plan-makers (e.g. Wang, 2004). Spatial planning and regulation, as well as an action plan, are encouraged to be integrated into the regional planning package (Shao and Pan, 2004). It is believed that plan-making should not only be objective-oriented and problem-oriented, but more importantly, it should be implementation-oriented (Zou, 2006). Because of this understanding, leading planning institutions actively interact with MHURD and the provincial government in order to design regulatory measures; they also interact with institutional organisations and law makers to ensure the effect of regulation. In the pioneering project of the Pearl River Delta Urban Cluster Coordination Development Plan, led by Guangdong province and MHURD, different types and levels of regulation space are divided and linked with relevant levels of government and
departments; a dedicated government organisation has been established for plan implementation and evaluation and the regional plan has been conferred with statutory status by the provincial People’s Congress (Zou and Shi, 2004; Cai and Zhu, 2006; Xu, 2008). Furthermore, the regional plan has been followed by the preparation of a regulatory detailed plan (*kongzhixing xiangxi guihua*), which is the only type of plan in China that is provided with regulatory devices at the local level (for example, see Huang et al., 2007). Overall, the proliferation of regional plans by MHURD demonstrates the renewed efforts exerted by the higher-level governments to legitimise top-down intervention (Xu, 2008: 28), which has been largely weakened since economic devolution.

To sum up, China’s territory is now covered by spatial plans by various state agents. The latest practices, driven by central government instead of municipal governments, demonstrate the concern of the central state over sustainability, coordination between regions and the quality of development. However, a sharp increase in planning and planning institutions has also confused the lines of accountability, and may undermine the effect of governance as well.

### 3.10 The features of re-emerged regional governance in China

The above practices, which have already been documented in a plethora of Chinese literature, have illustrated the regional renaissance in China. Nevertheless, the current regional projects in China have shown different dynamics, institutional features and rationales from earlier regional institutions in the 1950s and 1960s. A comparison with previous efforts, as well as with Western regionalism theories and practices, is
considered valuable to aid understanding of the current re-emergence of regional governance in China.

3.10.1 State-steered restructuring of territorial governance

The role of the Chinese state is still pervasive and dominant, even after decades of decentralisation. For instance, place promotion and entrepreneurial governance in China is predominantly driven by the central and/or local state rather than the private sector (e.g. Wu, 2000b, 2003; Xu and Yeh, 2005; Zhang, 2002b). This is because the bulk of social and economic resources are still possessed by the state. Public participation and partnership with the business sector is only periodic; it is merely a temporary vehicle utilised by the state to materialise its political aims (e.g. Zhang and Wu, 2008). Due to the same reason, current city-region restructuring is also largely reliant on the forceful interventions of governments, even though some of the agenda may have initially been triggered by market forces and civil society (Liu et al., 2010).

For example, Liu et al. (2010) have documented the trajectory of inter-city coordinated development between two adjacent cities of Guangzhou and Foshan in Guangdong province. Inter-city transport regionalisation between the two cities had been advocated by local residents for years due to the inconvenience of commuting. However, the issue had not been solved until the active involvement of government began in 2002. Since then, inter-city cooperation between Guangzhou and Foshan has quickly expanded from transport to urban development, environment and the economy.

In the current development, it should be noted that, after the previous state rescaling,
decentralised local authorities have acquired their capacity to develop their own state spatial projects and strategies. In other words, the current regional initiatives are articulated by two different mechanisms, i.e. the top-down and bottom-up approach, which is a different situation from the first round of state rescaling. The top-down approach is initiated by the central government. This is very much akin to the 'centrally-orchestrated regionalism' documented in the UK (Harrison, 2008). The bottom-up approach is initiated by the local governments. It should be noted that the mechanism is different from the notion of 'bottom-up' in the Western context. The resurgent 'new regionalism' literature in Western countries indicates that a new feature of the recent regional practices is the 'bottom-up' mechanism and the preference for 'small government'. In other words, the recent regional practices are fostered by public-private partnership, such as government contracting, outsourcing, privatisation and voluntary collaboration with autonomous institutions in informal networks (Everingham, 2009: 85; Norris, 2001; Savitch and Vogel, 2000; Wheeler, 2002). The involvement of non-public sectors has formed a complex and overlapping governance regime which is a hybrid of cross-jurisdictional, multi-level and networking actions (Everingham, 2009: 85). This is different to the notion of 'bottom-up' in the new regionalism literature; the bottom-up mechanism in China is articulated by the local government without limited participation from civil society, business sectors or NGOs.

3.10.2 Contradictory rationales of the top-down and bottom-up approach

The regional practices respectively led by the central and local governments are actually operated out of distinct motivations. According to the above examination, the
central government has initiated regional exercises such as recentralising land management, formulating spatial plans, launching province-leading county institutional reforms and remaking various regional policies. The package of actions is not rolled out randomly, but rather addresses different and specific problems incurred by insufficient central regulation; for instance, the regional policies in the middle and west regions were launched to quench the discontent of localities regarding the long-running central preference for the coast and balanced central policies between regions. Regional plans and main functional area plans, however, are formulated across the nation in order to reassert central guidance on spatial development and spatial coordination. Furthermore, the reduction of hierarchies of local governments by province-leading-county reform is not only to resolve the fiscal problem of ‘prefecture-level city exploiting counties’ under the city-leading-county system, but also to strengthen the central regulation in ‘far away and unreachable areas’ by central government. Likewise, the recentralisation of land management also indicates the up-scaling of certain government functions towards the higher-level to control local discretionary land development. In short, it seems to suggest that uneven development and land politics, the latter in particular, constitute a central position in centrally-orchestrated regional practices. On the one hand, this is different from the setting up of a layer of administrative regions at the founding period of the new People’s Republic of China, when it was hoped that regional institutions would help to unify the nation, which was chaotic and divided (Donaldson, 2010: 26). On the other hand, this is also divergent from the regional motives documented in Western countries, which generally revolve around the containment of urban sprawl, boosting the efficiency of overlapping public services, the improvement of social cohesion, and common concerns over issues such as transportation, environment and quality of life
(e.g. Everingham et al., 2006; Gleeson, 2003; Jonas and Pincetl, 2006; McCann, 2007; McGuirk, 2007; Purcell, 2007; While et al., 2004). The Chinese experience of concerns about rational land development is closely associated with the present development stage of China, which is in a fast lane of industrial development which consumes a large amount of land for manufacturing.

In contrast, other exercises such as administrative annexations, inter-city associations and local spatial plans have been undertaken by the local governments for different motives. These practices are, to some extent, helpful in terms of expanding administrative boundaries and facilitating inter-city communication and cooperation. However, since the regional practices are generally initiated by the city government alone, they tend to be inward-looking and in pursuit of urban competitiveness. For instance, locally initiated strategic development plans were used as an instrument by the urban entrepreneurial government to enhance structural economic competitiveness (Wu and Zhang, 2007). Even though the local strategic development plans go beyond the boundary of administrative divisions, the relationship between different places is often perceived as fraught with rivalry and hostile. In other words, it was inter-locality competition that served as the motive and rationale for the local governments to initiate such city-region plans (Li, 2008). It is, hence, argued that locally-led cooperation is limited in scope in terms of agenda setting, which is predominantly based on competitive rationales (Zhang et al., 2005). The possibility of economic mutual benefit is crucial to the success or failure of the local cooperation programmes.
3.10.3 Flexible institutionalisation of regional practices and projects

Unlike the Regional Development Agency in the UK, the regional initiatives in China are not formally institutionalised. The central government is using spatial strategies, planning and reshuffling of certain governmental functional structures to deliver the regional perspective, instead of setting up a new tier of government. This is distinguished from the establishment of full-blown regional government in the 1950s, which was even equipped with both governmental and Party institutions. The proliferation of regional plans suggests that formulating these plans has become a major tool for the central government to deliver top-down governance. However, so far, the responsibility for implementing and monitoring these strategies and policies and how this should be achieved is not well defined.

Similarly, the practices at the local level are also very flexible and basically reliant upon informal inter-local agreements, which seems like the new regionalism approach of 'governance without government'. However, the voluntary approach allows the localities to agree upon certain cooperation arenas which are conceived as economically beneficial. Therefore, the regional issues that would be raised and resolved are very likely to be biased towards the economic realm. Apart from the lack of a comprehensive operation, this flexibility is also offset by the instability of the association and the lack of means of collective action and accountability. Formal networking is not easy to establish in China, generally for two reasons. Firstly, the role of the central state remains indispensable in deciding on the legitimacy of these locally-initiated projects. This is because China's political system is still centralised and hierarchical. The sub-national state has to seek the approval of the central state to
obtain support and legitimacy for the meso-level associative governance. Even though planners and academics inside China constantly suggest that a delegated regional organisation or association to handle regional issues is set up, it seems that the central government still does not give much consideration to these suggestions due to concerns regarding the over-complexity of the bureaucratic structure and ever-increasing bureaucratic costs. As a consequence, the informal institution based on the mayors’ association and regional forum causes the regional mechanism to lack binding capability and enforcement power. Secondly, China’s political system is currently built with five levels of administrative ranks. The strictly defined hierarchy of ranks also undermines the basis of horizontal networking. Currently, the mayors’ association or regional forum is only attended by prefecture-level jurisdictions, which means the vast number of county-level units (including counties, county-level cities and city districts) are just represented by their upper-level administrations. The lack of participation in these regional activities causes the county-level units to feel that regional issues are irrelevant to them. Moreover, even if these county-level units were involved in some cooperative agenda, they could not make decisions themselves, but would have to ask for instruction from prefecture-level governments. Overall, unlike the experiences in Western countries, there is actually no power reshuffling towards the regional level in the case of China’s regional make-up. There is no sign to suggest the central government will grant the regional level the power to make decisions. Nor is there any indication that the local governments will concede certain authority to the regional-based organisations for the sake of regional interests. As a result, the opportunity for and efficiency of city-networking is fundamentally undermined. In this sense, even though the consolidation approach, for example, the administrative adjustment of annexations of suburban counties and county-level cities into
prefecture-level cities, has its own problems, this unified government approach seems
to be, at least at present, the only formalised institutional option in China. Even
though city-county consolidation is very difficult to pass through referendum in
Western countries, the approvals process for administrative annexation is relatively
easier in China (Zhang and Wu, 2006: 5) because China has a centralised political
system.

3.11 Conceptual framework for the transformation of regional governance in
China

Initially, some literature interpreted the phenomenon of ‘new regionalism’ from the
perspective of the diminishing role of the state (e.g. Ohmae, 2004). It seems the
renewed regional practices, which favour flexible and voluntary arrangements, are the
improved approach from the past crude metropolitan administrative reform (Lefèvere,
1998: 16-20). However, it is questionable whether ‘the institutional ensembles
themselves […] [can be] automatically assumed to be a pre-given part of the
explanation’ (MacLeod and Goodwin, 1999a: 697). It is argued that these institutional
choices themselves need to be explained, rather than assumed as if they were
ontologically and epistemologically given, in order to advance a deeper analysis (ibid).
Here, for the same purpose, Brenner’s framework of ‘new state space’ (2004b), which
is drawn from Jessop’s state-theoretical work, is employed to understand changing
urban and regional governance in China.
3.11.1 Changing central-local relationship as a re-scaling of state spatiality

The previous sections illustrated the changes in the central-local relationship and the shift of regional policies in China from 1949 to present. Fiscal decentralisation and economic devolution have entailed a fundamental transformation of government structures and central-local relationships. Certainly, local governments are no longer the passive agents of the central state; they are directly involved in shaping and propelling local development (e.g. Oi, 1995; Walder, 1995; Zhu, 2002). However, the downscaling of governance does not necessarily mean the relaxation of central state control or the hollowing out of the state (Wu, 2002). In the Chinese case, the central government is ‘tooling’ urban entrepreneurialism (Jessop et al., 1999), or even becoming involved in the building of the entrepreneurial city, to enhance the structural competitiveness of China’s place on the global stage (Wu, 2003). Even though the state retreated from direct intervention in economic production and social reproduction, the entrepreneurial project legitimises the state to restore its intervention in economic spheres to promote and sustain development (Wu, 2003: 1694). It is therefore argued that the power decentralisation process is in actuality a re-territorialisation of the state, rescaling the state’s functionality from the predominant national level to the level of localities (Wu, 2003: 1695). A contentious process of power reshuffling between levels of state is underlying the broad scheme of decentralisation (Hsing, 2006) and the central-local relationship is not a zero-sum game, but has become all the more complicated and interactive (Li, 1997). Put in the language of state spatiality, this represents a rescaling of state power at a multitude of scales.
The concept of 'state spatiality', i.e. the multi-scalar institutional organisation of state capacity (Brenner, 2004a: 452-53), is highly relevant here. Brenner extended Jessop's state-theoretical theory to 'a spatialised and scale articulated conceptualization of statehood' (2004b: 89). As defined by Brenner, state spatiality 'combines both the geographical configuration of a state's territory (its external and internal boundaries and the territorial organization of its political and administrative system) and the spatial dimensions of the state's intervention in socioeconomic processes within that territory, including both spatiality targeted interventions and indirect spatial effects of aspatial actions' (Breathnach, 2010: 1180). 'State projects' refers to projects that mobilise changes of state apparatus, whereas 'state strategies' relates to general state interventions that regulate the economy and civil society (Brenner, 2004: 87-88; MacKinnon and Shaw, 2010: 1228; Varro, 2010: 1256). That is, the state has no essential form, but constantly changes through the launch of state projects and state strategies.

Based on the study of the changing central-local structure and regional policies in China, Table 3.9 summarises the basic features of China's changing state spatiality. During the socialist economy, centralised decision making was the single layer of state spatial regulation. The overarching goal was to redistribute resources and production forces to the lagging and remote regions and thus to redress the marked regional inequality in the national economy. As a consequence, the institutional framework of the era entailed a unified national system of material rationing and financial sharing, in which local political institutions and policies were compliant to the national command. The localities 'have neither the incentive for 'entrepreneurial' endeavour nor the capacities and conditions to initiate such activities' (Wu, 2003:
Table 3.9: Changing state spatiality from 1949 to the present

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo-economic and political context</td>
<td>Centrally-planned economy; Cold war; Pursuit of self-reliance.</td>
<td>Decentralisation and market-oriented economy; Pursuit of economic growth; GDP growth is of overriding importance.</td>
<td>China as a world manufacturing workshop; 2008 global economic recession; Building of a ‘harmonious society’; Pursuit of sustainable development.</td>
</tr>
<tr>
<td>State spatial projects</td>
<td>Centralisation of state regulation; Uniform and standardised administrative and bureaucratic coverage; Localities as a transmission belt to deliver administrative commands.</td>
<td>Economic and political power devolution to urban governance; Asymmetrical devolution and diversities of practices in different regions, provinces and cities; Coastal area as a forerunner in decentralisation scheme; Open cities and economic development zones as a field of experiment on government bureaucratic reform oriented to market economy.</td>
<td>Recentralisation in respect of some state functions, e.g. land management; Upscaling of administration from urban level to the regional level, e.g. the province-leading-county administrative reform; Administrative experimental zones under diverse titles across the whole national territory, e.g. Tianjin, Shenzhen and Pudong in the coastal area as comprehensive reform areas, Chengdu-Chongqing (Chengyu) in the west as an urban-rural coordinated development reform area, Wuhan metropolitan area and Changsha-Zhuzhou-Xiangtan (Changzhutan) in middle China as a reform area to promote environmental-friendly development; Inter-city economic cooperation associations are pursued in some key regions, such as Yangtze River Delta and Pearl River Delta.</td>
</tr>
</tbody>
</table>
Since economic reform, the equalisation strategy has given way to economic efficiency. Preferential treatment was given to the coastal area, which is more competitive compared to the interior. Moreover, decentralisation and market reform as been engineered in order to unleash individual and local initiatives. Based on the socialist urban-rural division of labour, urban administrative units, which used to be concentrated with previous industrial assets, were given more support in terms of administrative and economic resources in order to build the urban economy as the growth pole of the region and thus to promote regional development. Along with the power devolution to the localities, fiscal pressure and a GDP-based cadre promotion system also became virtual incentives for various tiers of local government to stimulate economic growth. As a corollary, municipal government has become the major agent which is directly involved in promoting local development and the urban economy has turned to be the dominant engine of the national economy.

As of 2000, regional policies have been rejuvenated after a period of marginalisation. Following the publication of ‘West Development’, ‘Northeast Regeneration’ and
'Central Revival', the interior region seems to have been given more attention by the state. However, the difference between recent regional polices and the previous regional equalisation policy in the socialist era is that efficiency is still prioritised in the latest strategies. Only some city-regions with potential economic competitiveness are selected and highlighted; for example, some specific projects such as Chengdu-Chongqian (Chengyu) in the west, Wuhan metropolitan area and Changsha-Zhuzhou-Xiangtan (Changzhutan) in the central region have been launched following the grand regional policy. The top-down regional plans initiated by the central government and the bottom-up inter-city association promoted by the higher-level governments are also concentrated in some particular regions such as YRD, PRD and Bohai Sea Rim. Overall, new state spatiality at the regional scale is just emerging in contemporary China.

3.11.2 Conceptualising the regional renaissance in China: the transformation of state selectivity

State spatial selectivity demonstrates the 'state['s] strategic tendency to privilege certain places [and/or groups] through spatial projects and strategies' (Varro, 2010: 1256), which is structurally inscribed under a certain context and timeframe. According to Brenner, state spatiality 'is never permanently fixed but, like all other aspects of the state form, represents an emergent, strategically selective, and politically contested process' (Brenner, 2004a: 89, original emphasis). The evolution of state spatiality is mobilised through state spatial projects and state spatial strategies by diverse social forces (ibid). For example, Brenner (2004a, b) investigated changing urban governance through the lens of changing state spatiality. It is conceived that
spatial Keynesianism, the centralised, redistributive and uniform administrative system, was destabilised by de-industrialisation and the crisis of North Atlantic Fordism. As a consequence, the local managerialism is contested by urban entrepreneurialism. That is, selectivity is transformed towards decentralisation and the customisation of state administrative arrangements, and the localisation and differentiation of national political-economic spaces (Brenner 2004a: 214). The resurgence of new spatial strategies and projects in China also demonstrates the tendencies of changing state selectivity. The selectivity is transformed towards recentralisation in administrative arrangements and regionalisation in political-economic space (Table 3.10). That is, another scale at the regional level is emerging in the contours of China’s state spatiality through centrally orchestrated strategies and bottom-up collaboration. However, compared to the regional intervention in the era before economic reform, the current regional initiatives show the distinct features of customisation and concentration on certain areas (Table 3.10). In other words, in comparison with past national redistributive policies and administrations, the current regional strategies and projects are quite differentiated at the territorial dimension.
Table 3.10: The transformation of state spatial selectivity in China since 2000

<table>
<thead>
<tr>
<th>State spatial projects</th>
<th>State spatial strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scalar dimension</strong></td>
<td><strong>Resurgence of regional strategies:</strong></td>
</tr>
<tr>
<td><strong>Re-centralisation of part of the state functions:</strong></td>
<td>Regional scale is mobilised by all kinds of regional plans and regional policies</td>
</tr>
<tr>
<td>Re-concentration of political authority towards the higher-level of government, e.g. recentralisation of land management, province-leading-county administrative reform</td>
<td>Regional scale is privileged by the state to enhance concentrated industrial development and urbanisation and to address enlarging inter-regional disparity by promoting growth in certain major urban regions</td>
</tr>
<tr>
<td>This enhances the regulatory responsibilities of central and provincial tiers of state power</td>
<td></td>
</tr>
<tr>
<td><strong>Territorial dimension</strong></td>
<td><strong>Concentration:</strong></td>
</tr>
<tr>
<td><strong>Customisation:</strong></td>
<td>Promoting agglomeration, e.g. regional plans and policies are transforming urbanisation from the development of small, medium and large cities in favour of the development of city-regions</td>
</tr>
<tr>
<td>Expansion of urban administrative boundaries, experiments on inter-city association, especially in the coastal area; Administrative experimental zones under diverse titles across the whole national territory</td>
<td>This contributes to the concentration of infrastructural investment towards key urban and regional development pathways, for example, the recent development of the high-speed railway network</td>
</tr>
<tr>
<td>This entrenches the customised, place-specific institutional arrangements since the economic reform</td>
<td></td>
</tr>
</tbody>
</table>

Source: compiled by the author.

According to Brenner (2003b), the increasing inter-locality competition and enlarging uneven development is conceived as the driving force for the articulation of the new selectivity from urban entrepreneurialism towards new regionally-focused projects and strategies (Brenner, 2003b: 212). The similarly changing trajectory seen from the planning policies also demonstrates that institutional fragmentation is another factor leading to regional renaissance. Allmendinger and Tewdwr-Jones (2000: 714) documented that regional planning in the UK was made difficult by the downscaling
of governance; for example, the privatisation of public utilities, and the emergence of semi-commercials and quangos. The resultant fragmented state spaces, based on individual institutions, were replaced by regional planning governance to make up for regional coordination. In contrast, the transformation of state spatiality in China has developed under a different local context (Table 3.11). During the socialist period, a redistributive regional policy was a necessary state governance strategy under the state-led industrialisation adopted by the planned economy (Wu and Zhang, 2010: 62). Under the catching-up industrial policy, the predominant role for the state in the socialist economy was to guarantee the low cost and high profit of industries by means of controlling production resources, product procurement, labour forces, labour mobility and urbanisation. As a consequence, resource-rich regions were made to sell their resources at a compulsory low price to production regions to facilitate rapid industrialisation. In turn, revenue remitted by the production regions was transferred to the resource-rich regions to sustain the regional division of labour. This differs from the Keynesian Welfare State, which strives to standardise industrial and infrastructure investment throughout the nation in order to support mass production and consumption to solve the crisis of oversupply and stabilise industrial growth (Brenner, 2004b); the socialist state was characterised by constrained consumption and extensive expansion of means of production to accelerate the industrialisation process (Wu et al., 2007). Therefore, the organised division of labour between regions, urban and rural areas in actuality, created inequality inherent in different regions and industrial sectors. Although the strategic relocation of heavy industries to the interior region under the Cold War did transfer the production capacity from the coast to the inland area to some extent, production efficiency was not correspondingly transferred. Eventually, the economic inefficiency of state-led industrialisation and industrial
relocation starved national revenue and enlarged the deficit.

Table 3.11: Transformation of regional governance in China

<table>
<thead>
<tr>
<th>Period</th>
<th>Form of state spatial selectivity</th>
<th>Form of urban and regional governance</th>
<th>Major conflicts and contradictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-1978</td>
<td>Single scale of nation state</td>
<td>State managerialism; City and regional institutions as implementation belts</td>
<td>Urban-rural dualism; Regional inequalities based on socialist internal division of labour</td>
</tr>
<tr>
<td>1979-2001</td>
<td>Decentralise economic governance and planning powers etc. to lower layers of government; and also subcontract and divide responsibilities to lower levels; multi-scales of state (mainly: local and central)</td>
<td>Urban entrepreneurialism; Economic development is predominantly led and funded by city government;</td>
<td>Fierce inter-city competition; Uncoordinated and redundant infrastructure development; Environmental degradation, especially encroachment of rural land</td>
</tr>
<tr>
<td>2001-present</td>
<td>The recentralisation of some state functions, such as land management; The downscaling of the central state to the regional level to strengthen its intervening role; The upscaling of the local state to the regional level to build regional competitiveness multi-scales of state (local and central, with the making of regions)</td>
<td>Re-asserting a city-regional scale; Regional scale as a layer of ‘soft institution’ without building up a substantial level of regional government or mechanism</td>
<td>The city-region as an ‘imagined community’ which continues to see conflicting and diverse interests; Region-building is achieved through both top-down and bottom-up processes, but the central government lacks full commitment towards a region; and local governance lacks a participatory political legitimisation process</td>
</tr>
</tbody>
</table>

Source: compiled from Wu and Zhang (2010: 61).

It is under this context that it was believed China’s economy was in urgent need of market mechanism and power decentralisation to unleash individual and local
initiatives to increase productivity by means of competition. Therefore, the state orchestrated administrative and fiscal decentralisation laid down the institutional foundation and economic motivation for entrepreneurial urban governance. In short, decentralisation is a state strategy. As commented by Wu and Zhang (2008: 150), 'the central government purposely uses it as an incentive for local government to promote local growth'. However, urban entrepreneurialism is problematic in that the centrally induced strategy is a fragmentally organised project (Brenner, 2003b: 210). As a consequence, locally-initiated industrial development has resulted in environmental degradation, redundant development and enlarging regional inequality. Fast-speed industrial expansion has created great demand for land and water resources. Accelerated consumption has already reached a threshold which threatens the environment. It is documented that China has lost arable land at an astonishing rate, leaving per capita arable land in some areas under 0.8 mu (1 mu equals to 0.06666667 hectare), which is the warning line recognised by the United Nations (State Council Development and Research Institute, 2008: 97). It is also indicated that over 400 cities in China are confronted with water shortages due to the excessive industrialisation (ibid). Blind industrial development in environmentally-sensitive regions has generated even greater damage. In addition, whereas economic inefficiency was induced by low productivity and in-coordination in the centrally-planned system, the market-oriented economy in China remains inefficient due to continuous development and over-competition. Finally, the inter-provincial Gini-coefficient of GDP in China has increased from 0.347 in 1978 to 0.386 in 2004, an increase of 11.3% (State Council Development and Research Institute, 2008: 98); in terms of public services, the discrepancy is even more considerable. For example, only a third of the student dormitories in the central and western regions reach the national standard according to
the statistics *(ibid).* These figures just demonstrate the social and environmental problems that are confronting contemporary China. In other words, the land, environmental, economic and social problems caused by excessive industrial development under urban entrepreneurialism are the major factors that contribute to the recent regional renaissance in China.

### 3.11.3 The production of regional scale and inter-scalar politics

The form of spatial selectivity is only representative of actions and does not necessarily entail a straightforward replacement of the latter with the former (Deas and Ward, 2000). The changing process is highly contested by diverse powers and is embedded upon an ‘institutional product of earlier rounds of regulatory experimentation and socio-political struggle’ (Brenner, 2004b: 94). Therefore, it is important to recognise the ‘politics of scale’ in understanding the process of changing state spatiality and scale making. The concept of ‘politics of scale’ relates to the proposition that geographical scales, whether urban, regional, national or global, are not pre-given, but are socially constructed and politically contested (Brenner, 2002: 4, note 1). The concept, on the other hand, also indicates that the state has no power by itself, but is mediated through a set of institutional ensembles by social forces (MacKinnon and Shaw, 2010: 1228). The process-based approach and agency perspective is helpful to avoid the mistake of the regulational and structuralist ‘top-down’ approach which is framed around the general and abstract tendency of economic Fordism to post-Fordism. In conceiving the state agency, the territorial approach considers the space is articulated by multi-levels of state, while the relational approach emphasises the local political actors which participate from a
range of overlapping political networks (e.g. Allen and Cochrane, 2007). Yet, it is argued by Sonn (2010: 1204) that it is also important to view the state as an organisation composed of ‘multiple sub-organizations, such as various departments, agencies and offices that have different, sometimes conflicting interests, than a monolithic entity’. In addition to the argument on new state spaces and agency, it is, on the other hand, suggested that the transformation of new state spaces could be driven not only by economic projects, but also political, cultural, social and environmental projects (Jonas and Ward, 2007). Brenner (2002: 4, note 1) has deployed the term ‘new politics of scale’ to ‘underscore the ways in which the scalar organization of capitalism is itself becoming an important stake of ongoing sociopolitical struggles’. It is hence argued that the development of new state spaces, which are the fusion of existing and evolving projects, are filled with uncertainties (Allmendinger and Tewdwr-Jones, 2000).

The above theoretical perspective is very helpful in terms of perceiving the dynamics in the building of regional scale in China. In conceiving the emergence of regionalisation, Xu (2008), Xu and Yeh (2011b) and Yeh and Xu (2008) attempted to understand the changes in regional cooperation from the transformation of the regime of accumulation. It is suggested that ‘regional cooperation is needed to overcome the hurdle of capital accumulation’ (Yeh and Xu, 2008: 413). In the pre-reform socialist regime, regional policies and cooperation strategies were developed to ‘enforce central planning so that the state could enhance its capacity to divert the accumulated surplus from organised socialist industrialisation to the new expansion of production’ (Xu, 2008: 161). In the post-reform regime, however, regional governance and strategic planning was initiated to achieve administrative efficiency or economic
rationality, which is undermined by downscaled state function and entrepreneurial strategies (Xu, 2008: 162). In a word, regionalisation is explained as part of the wider process of changing state spatial strategy in response to economic restructuring after economic reform. Although the analyses of the changing rationales of regional cooperation in these studies (e.g. Yeh and Xu, 2008: 413) are acceptable, the explanation is problematic from two aspects. Firstly, the theorisation privileges economic factors over other elements, such as land politics and the environmental crisis in China after extensive decentralisation and entrepreneurialism. This also matches the criticism of the empirical conceptualisation made by Brenner (2004b). Even though Brenner (2002; 2004b) initiated a comprehensive conceptual framework to theorise changing urban governance and the rescaling of statehood, Brenner’s empirical analysis of changing statehood in Western European countries (2004b) is criticised from the point of view that ‘accumulation strategies are consistently privileged over hegemonic projects’ (Oosterlynck, 2010: 1156). That is, the potential connection with issues concerning social reproduction is missing from the analysis (Walks, 2006: 228). Secondly, the explanation seems to suggest that the regional level is a pre-given scale of statehood. It is suggested that the politics of regional cooperation are due to the loose approaches to forge regional cooperation, which hence makes regionalisation subject to political influence (Yeh and Xu, 2008: 414).

However, as the above theoretical perspective implies, this chapter argues that the regional scale is not yet consolidated and well established, and the politics just show the tensions throughout the regional-scale making process. Overall, the ‘new politics of scale’ concept, the process-based approach and the agency perspective are particularly useful for addressing cases in China because these conceptual tools embed the analysis in the context of contested territorial politics, rather than treat it as
a necessary outcome of economic restructuring.

Furthermore, the scalar tension in China is different from that of the UK and other Western countries. The latter are more democratised societies. The building of new state scalar architecture involves powers both within and outside the government. For example, the scalar tension in the case of waste management in the UK is manifested in the struggle over the terms of engagement (Davoudi, 2009: 147-148); whereas, the regional initiatives in China are articulated by the government, at both the central and local level, with the involvement of various divisions and departments. Furthermore, the tensions revolve around independent driving forces and the incompatible rationales between the centrally-launched and locally-initiated projects. The programmes launched by the central state are intended to be re-regulated through the level of regional governance to tackle the problems caused by earlier and ongoing entrepreneurial development across localities. In other words, the central government is motivated by government capacity problems, which is characterised by land loss and environmental degradation, excessive competition in manufacturing development and national economy safety, uneven development and social polarisation. By contrast, the intention for the local states to initiate bottom-up cooperation is largely for the sake of urban competitiveness and competition with other regions. That is, economic growth and economic benefits are still the main concern for the local governments. As the civil society and business sector are barely involved within the current regional programmes, the scalar tension is thus mainly articulated between the central and local governments, and between the divisions of ministries.
3.12 Conclusion

The chapter develops a thorough overview of China’s changing regional governance at different stages since 1949. Particular attention is paid to recent changes at the regional scale. It is discovered that China is now experiencing regional renaissance after decades of downscaling of governance since 1978. Through the investigation of the various policies and practices in the emerging regional governance, the leading actors, the underpinning rationales, the implication of regional governance, and the extent of implementation are examined. Based on the extensive analysis, the characteristics of the re-emerged regional governance are summarised.

The current second wave of regional practices in China is qualitatively different from the regional governance in the socialist period. Firstly, the regional programmes are mainly in the form of inter-city associations, regional planning or regional policies rather than a formal tier of regional administration. Secondly, the contemporary regional initiatives are focused on particular regions instead of being a nationally uniform administrative system. Thirdly, the launch of regional strategies is not motivated by redistribution and equalisation, but is promoted by the requirement of resolving locally-specific crises or problems. Furthermore, the current regional activities are not only orchestrated by the central state, but are also articulated by the local government. Therefore, the re-emergence of regional governance in China is more complex, since the emerging regional scale is intertwined with different leading actors and different rationales. The locally-initiated regional projects are intended to strengthen local endogenous growth opportunities and urban economic competitiveness. However, the initiatives led by the central government aim to
manage the long-standing inter-locality adverse competition, in-coordinated and redundant development, and the enlarging inter-regional inequalities and tensions.

The notion of 'state spatiality' and 'state selectivity' is useful when perceiving the emerging regional governance from the perspective of the political economy and changing statehood. From the recent changes of governance, it is shown that state selectivity is oriented towards recentralisation and the resurgence of the regional scale, which is characterised with customisation and concentration. However, it is argued that the changing state spatiality in China is not triggered by the changes to the wider political economy, for example, the global economic restructuring and economic recession experienced in Western countries, but is provoked by China's territorial politics, i.e. in order to manage the long-standing problems of urban entrepreneurial development such as excessive economic competition, waste of land resources, rising environmental concerns and requests for sustainable development. Furthermore, in order to illuminate the actual mechanism and process of regional-scale making, special attention is given to exploring the agency and politics underlying each specific regional project. It is established that the implementation of contemporary regional programmes is confronted by many challenges and tensions in practice. To sum up, the Chinese case of changing regional governance demonstrates that governance is not the automatic product of an economic accumulation regime, but is closely associated with local politics. In order to further illustrate the mechanism and inter-scalar tensions, in-depth case studies are to be conducted in the following chapters.
Chapter Four

Research Framework and Methodology

4.1 Research tasks and objectives

As declared in section 1.2, the overall aim of the study is to highlight the new phenomenon of re-emerging regional governance in China after decades of decentralisation, and to analyse the changing regional configurations in China, and account for the mechanisms which brought about these transformations and the nature of the changes. The research intends to add China's experience to the current Western theory of changing local governance, which is mostly generalised from Western European and North American studies.

In order to realise the aim of the research, the following tasks are outlined:

1. To establish the theoretical perspectives to be taken by the research by reviewing Chinese and overseas literature to ascertain the gap in the theoretical and empirical knowledge in China on regional governance;

2. To identify and examine the different stages of changing regional configurations, central-local state relationships, and the political context in China from 1949 to the present day; to summarise the different features of regional governance in different periods;

3. To examine different actors behind and different rationales for region-building, and account for the dynamics of the emerging regional governance with the empirical
study of the area of the YRD region;

4. To examine in what sense is there a ‘new state space’ created by the current practices articulated at the regional level in the YRD;

5. To compare the Chinese experience with literature documenting events in Western countries, especially that from the UK; to understand the differences between the features and development trajectories from a different context; and also to examine the applicability of the existing Western-based theoretical concepts and empirical findings.

4.2 Research focus and definition

The focus of the study is the ongoing process of the emerging regional governance associated with different actors and practices. Due to the remarkably different context between China and the dominant western countries, it is deemed necessary to define the use of the term ‘region’ and ‘governance’ in Chinese context, which constitute as the essential research subject of the study.

According to the context chapter (chapter three), the landscape of the state power of China has been greatly transformed, compared to that in the socialist period. The authority is no longer centralised at the national state, i.e. the central government, but has been decentralised to the provincial government, city and county government, and even town and village governments at the lowest layer of the China’s government structure. In the meantime, the absolute control of the state administrative system is gradually disintegrating through marketisation, the introduction of foreign investment and the integration with the global economy, even though China’s business elites and
civil society are still very weak. The two major aspects of change set the context for the use of ‘governance’ in China, which indicates the remarkable transition away from absolute central government control.

There has been a proliferation of studies on Chinese localisation and the changing urban governance (e.g. Oi, 1995; Walder, 1995; Wu, 2002, 2003; Wu et al., 2007; Zhang, 2002b), and the consequent local fragmentation and competition between each administrative level from provincial to the basic units (e.g. Chien and Gordon, 2008; Zhao and Zhang, 1999). However, the findings of chapter three have demonstrated the rising regional practices in the contemporary China. As documented in the previous chapter, the current practices are present at all kinds of different regions with a variety of geographical scales and boundaries. This is in part because of the fact that China does not have a formal level of regional government structure after the economic reform, neither an official definition on what constitutes a ‘region’. Due to the reality, ‘region’ is loosely used in the research and implies all kinds of trans-border practices designed to tackle issues across administrative boundaries. The new phenomenon of regional governance in China hence refers to the tendency of a new level of sub-national governance beyond localisation and bounded administrative borders.

4.3 Research questions

The dominant role played by the Chinese state makes the conceptual framework of ‘new state spaces’ proposed by Brenner (2004b) applicable to conceptualises the resurgence of regional exercises in China. In section 3.11, the research argues that the contemporary regional process is indicative of a changing geography of state power in
China, i.e. the rescaling of statehood to build a new regional state space. With this as a foundation, the core of the research studies the ‘intention’ to create the new state space and how the space is developed.

As informed by the theoretical perspective derived from the western literature review, the study on the agency, the rationale and the context behind the formation process is essential to understand the intention of the production of regional spaces, and to unravel the nature of the changing landscape of governance. Henceforth, the following questions are addressed in the remainder part of the research.

1. Who is articulating the current regional practices?
2. For what purposes are the agents promoting these regional practices?
3. What are the conditions that have led the agents to shift from previous practices of decentralisation and localisation to recent attempts at regional governance?
4. What is the defining features of the contemporary practices of regional governance?
5. What politics are exposed in the process of governance building?
6. To what extent have contemporary regional state spaces developed in China?

The above research questions directly respond to the call for in-depth study on the transformation processes under way within places in the development of new regional state spaces in different parts of the world. This is deemed preferable to an approach based upon assumptions about the dominance and mechanisms of a top-down approach and general global context (e.g. Jonas and Ward, 2002, 2007). The research also fills the empirical gap in the understanding of the dynamics of changing regional governance in China in the existing literature.
4.4 Case study approach and case selections

The case study approach is adopted to examine the ongoing process of the emerging regional governance in the real-life context. This is because a case study strategy is adept in examining contemporary events and delving into the 'how' and 'why' questions (Yin, 1994: 9).

One critical case, the evolution of regional governance in the Yangtze River Delta region (YRD) region, is examined to offer an understanding of the dynamics of region building. Located in the eastern coast area and centred on Shanghai, YRD is one of the first regions to be exposed to opening door policies and market-oriented economic reform. Many practices of decentralisation were foremost launched here and then spread to the other parts of the country. The YRD is also a region with a long history of regional institutional development. With the abolition of formal mega-region tiers of authorities in the planned economy, attempts to form a flexible network were made, either with state encouragement or spontaneously. However, the regional regime remained mostly nominal throughout the 1980s and 1990s. However, since 2000, the regional cooperation and development of YRD has again been highlighted in both local and national policy. The ups and downs of regional policy in the area and the complexity of actors associated throughout the process make the region an appropriate area for case study.

In this case, the regional governance development is examined from the two aspects of the changing economics and politics. As the findings of chapter three has indicated
that the practices of recent regional governance are operated by two contrasting actors: the sub-national level governments at and below provincial governments, and the central government. Two embedded case studies are undertaken to demonstrate two different leading agents and their contrasting rationales and dynamics underlying the tentative regional governance. Firstly, a trans-border area between Jiangsu and Shanghai, i.e. the area between the county-level city in the region, Kunshan, and the Jiading district of Shanghai, is selected as the in-depth case study to focus on changing regional governance at the local level. Secondly, the recently formulated regional plans of the YRD are selected to study regional governance initiated by the central state, in which regional plans are utilised as the crucial device to deliver regional intervention and thus act as a contributor to changing territorial governance. The case selections are also closely related to the feasibility of data collection and fieldwork, which will be further discussed in data acquisition section.

4.5 Data acquisition and analysis

Data has been collected from both primary and secondary sources during the last four years. A pilot fieldtrip was conducted from January to March 2009, and intensive fieldwork was undertaken from February to May in 2010. Bookstores, local libraries of cities and universities, and personal contacts and visits are the main source of secondary data. Primary data has been collected through interviews to provide in-depth information on case studies.

4.5.1 Secondary data: documents and numeric data
In the study, documents refer to any printed or written information. They are collected for three main purposes; the first is to gather the general documentation on the changing regional policies and administration in China. Longitudinal materials dated from 1949 to the present day include regional policies, regional administrations, administrative changes, and regional plans, etc. Data sources are mainly from existing studies and documentation in the form of articles and monographs; official publications of regional policies, National Five-Year Plans, and administrative handbooks; as well as fresh news and reports from newspapers or websites. In this section, data collection on the recent regional transformation is most critical, since they represent the latest developments and have not yet been systematically compiled in either domestic or overseas studies. With regard to data processing, qualitative analysis is deployed to carry out policy review and document compilation in accordance with the different stages.

The second purpose is to present the transformation of the case study area of the YRD. This mainly contains two datasets: territorial administrations and economic development. Consequently, maps of administrative divisions and changing regional administrations, and chronological data on the changes in administrative units, structures, and jurisdiction areas at the county level have been collected from administrative handbooks and statistical yearbooks. Moreover, data of industrial output, percentage of industries and from the tertiary sector, which indicate the facets of regional economic development, have been produced or collected from Jiangsu, Zhejiang, Shanghai Statistic Yearbooks and Chinese City Statistic Yearbooks. Some data may have been compiled by the author from various sources such as websites, reports and books, for instance, the distribution of economic zones. Furthermore,
quantitative analysis via Excel and MapInfo is applied to visualise the changes in the governance structure and the spatial implications.

In addition, secondary data has been collected for the in-depth case studies of the changing relationship between Shanghai and Jiangsu, and the YRD regional plans, which are employed to illustrate the trajectory of YRD regional governance development in a vivid and detailed way. For the trans-border case on the side of Kunshan, a good foundation was established by existing studies on Kunshan and my experience in Kunshan during January, 2008 due to a local planning project. Materials such as the digital Kunshan administrative map, statistical yearbooks, the Kunshan master plan and Kunshan concept plan have already been collected through the planning project. However, further collection was made during the fieldwork of the most recent materials such as the newly approved master plan and statistical yearbooks to keep data up to date. On the other side of the border area of Anting town, Jiading district, Shanghai, materials of maps, planning documents and government policies were collected during the visit to the local planning bureau and economic zone development corporation.

With regard to the recent YRD regional plan, planning documents have been collected from open sources such as government websites, and from personal contacts with reference to unpublished texts. Materials on the historical development of YRD regional governance have been compiled from various publications including articles, reports and monographs.

4.5.2 First-hand data: semi-structured interviews
Secondary data are best to trace and document historical transformation and economic development because statistical books, monographs and articles published over the years contain abundant information and numeric data to illustrate progress, while documents and policies are able to provide specific information on individual projects. However, the secondary data are not capable of providing information on the most recent developments and unpublished stories. Therefore qualitative interviews are used to enrich information generated by the secondary data, and also to give evidence of information that cannot be retrieved through secondary data.

Semi-structured interviews were arranged for the two embedded case studies. The semi-structured interview technique is employed because of its strength in eliciting views and opinions from people who are rich in relevant experiences. Moreover, it also allows 'the interview to have more latitude to probe beyond the answers and thus enter into a dialogue with the interviewee' (May, 1997: 111). The proper design of interview questions is critical to the acquisition of information; threads of interview questions should be formulated according to the theory questions that the research aims to answer (Wengraf, 2001: 73). In the research, analysis of the interview transcription is based on themes, and insights are quoted to capture the points.

In total, 43 in-depth face-to-face semi-structured interviews were conducted, 10 were made during the pilot fieldtrip and 33 were held during the second fieldtrip. All interviews were conducted in the interviewees' offices, lasting from 30 minutes to two hours. Unfortunately, interviews made on the first fieldtrip were not recorded, but notes were taken. All 33 interviews later on were recorded and transcribed during the
fieldtrip. The questions asked during interviews are attached in Appendix 1. Many experts were drawn from existing connections established during years of study in China, but some new contacts were also made during the research by means of references from supervisor and other experts.

The ten interviews made on the pilot fieldtrip helps the study to gather a general knowledge about all the emerging practices at the regional level, and also helps to make decisions on the research design, particularly on choices of case studies and future methods. Due to the researcher's background in planning school and the involvement in live planning projects during the education, the two planning and development strategy-related cases of Kunshan (Jiangsu) and Jiading (Shanghai) and the Yangtze River Delta are selected. This is because the researcher is familiar with the plan-making process and can precisely target the relevant people to be recruited, who can be generally categorised into three types of people, that is, academics, planners and government and planning officials. In China, the planning and strategy making process is not only heavily involved by government officials of both senior civil servants and routine practitioners who are working in the relevant departments, and planning professionals who undertake the project, but also academics in the planning school. Academics often directly participate in planning projects and play a leading role in drafting plans rather than merely work as consultants. Therefore, planning academics in China have long established links with the government and are very familiar with the process of plan-making. The list of interviewees is attached in Appendix 2. In the case of Kunshan (Jiangsu) and Jiading (Shanghai), an overall 19 interviews were made to both sides of trans-border region, with 2 academics, 7 planners and 10 government officials; while in the case of the Yangtze River Delta, 14
interviews were made, with 9 academics, 6 planners, and 1 government officials. Although the research was intending to cover all types of people who participated in or are well informed regarding the recent events and planning issues, the achievement in the second case study is slightly poor in terms of approaching government officials.

One of the main disadvantages of interviews is difficulty in gaining access to the interviewees. The potential interviewee may not be available or may not want to cooperate. This is especially the case in the second case study of the YRD regional plan because the plan is overseen by the central ministries, where the civil servants are highly-ranked. Originally, four officials in the central ministries were targeted. Even though strenuous efforts were made, the results were disappointing even with contacts and references. They were either too busy to make an arrangement, or did not respond to enquiries regarding the possibility of an interview, or simply refused to participate. For example, neither the senior official nor the civil servant from the National Development and Reform Commission (NDRC) nor the person from the Ministry of Housing and Urban and Rural Development (MHURD) who is in charge of YRD regional plan making was available for interview, despite several attempts to meet. Finally, only one other official, the chief of the section of urban development in MHURD, were approached with the help of contacts. And this is the only official interviewed in the central ministries. Therefore, great efforts were made to obtain the missing information from alternative sources. For example, talks, interviews or speeches made by officials on public occasions were collected from various resources such as the government’s official website, news portal websites, newspapers, news or academic journals or personal contacts. Meanwhile, as many interviews as possible were conducted with academics, senior planners and others involved in the YRD
regional plan preparation. For ethical considerations, the location of some of the interviewees is removed in the text due to the sensitivity of the comments or at the request of the interviewee.
CHAPTER FIVE

THE DEVELOPMENT OF THE YANGTZE RIVER DELTA IN CHINA

5.1 Introduction

Under the centrally planned system prior to 1978, China was ruled under a command economy. There was no natural economic flow or monetary regionalisation during that time. Arbitrary spatial labour divisions were distinguished between cities and rural areas, with cities intended to develop industries and villages to develop agriculture. For example, Shanghai and the neighbouring county, Kunshan, were rarely related to each other and were even managed by separate urban and rural systems. During the socialist period, Shanghai was the most important manufacturing city in China. Shanghai's products were appropriated all over the country under the central command. In contrast, Kunshan, the rural county, was mainly engaged in agricultural activities and farming. It is not until the start of the economic reform that horizontal economic connections began emerging between enterprises and cities, under the encouragement of the central government. The increasingly integrated regional economy with intense flows of trade, people, traffic, logistics and capital is a new phenomenon in China.

However, there is little research on the development of economic regionalisation and the consequently changing inter-city economic relationship in China in either
Chinese- or English-language literature. Although some literature exists on the changing cross-border economic relationship between Hong Kong and Guangdong (e.g. Ash and Kueh, 1993; Shen, 2002, 2003; Yang 2004, 2005a; Yeh, 2001), the inter-relationship between Hong Kong and the PRD region is peculiar to mainland China in that the area includes one special administrative region, i.e. Hong Kong. The special framework of 'One Country, Two Systems' between the two areas increases the regional economy in the sense of 'transnational' regionalisation under economic globalisation. In contrast, the majority of the existing regional literature in China mainly focuses on the issue of regional economic development and the consequent economic and spatial transformation (e.g. Chen, 2007; Eng, 1997; Lin, 1997, 2001; Lo, 1989; Ma and Fan, 1994; Shen et al., 2002; Sit and Yang, 1997; Wei, 2002, 2010; Wei et al., 2009). Zhao and Zhang (2007) described the regional polarisation with strong outward linkages as global city-regions. It is widely acknowledged that FDI and local government are the indispensable driving forces which stimulate the regional economic development (e.g. Chien, 2007; Wang and Lee, 2007; Wei, 2002; Yang, 2009; Zhao and Zhang, 2007).

However, the recent Western literature on city-regions has transcended the focus on the physical agglomeration and spatial clustering of economies, and extended the analysis to the functional connectivity within the region (e.g. Hall, 2009: 804). That is, the concept of the city-region is not merely defined as a continuously urbanised area, but also 'on the basis of what Manuel Castells has called the "space of flows"' (ibid). Hall and Pain (2006) studied the cluster of cities in Europe and defined the functional polycentric region as a new form of urbanisation, which is organised by networks that are clustered around one or more large central city. It is documented that 'these places
exist both as separate entities, ... and as parts of a wider functional urban region connected by dense flows of people and information along motorways, high-speed rail lines, and telecommunications cables’ (Hall, 2009: 806). It is suggested that the vibrant regional economy is drawn from the new functional division of labour within and between the networks (ibid).

The insufficient attention paid to the changing cross-boundary relationships between cities and provinces in China (except for Tang and Zhao, 2010; Zhang, 2006) provides a gap for research to examine the regionalisation process developing in China. The chapter attempts to illustrate the development of the regionalisation of the YRD region and the changing economic inter-relationship between the cities. It not only draws upon the great quantity of literature on the economic development of the YRD region to illustrate the implication of the economic development to the changing inter-city economic relationship, but also extends the analysis forward to the new development of functional connectivity between the cities in recent years. It is argued that the YRD has become virtually regionalised since the 1990s through two stages. In the 1990s, the region was developing into an export-oriented manufacturing belt with close relationships with foreign markets and investment. Cities within the dynamic region were increasingly inter-related to each other, not only in the sense that they were in sympathy with foreign markets, but also in that they were confronted with common regional issues such as housing problems, traffic congestion and environmental degradation after years of urban expansion. Since the beginning of the 2000s, the regionalisation of the YRD has stepped into a new stage. Cities in the region at different development stages are beginning to develop functional division of labour between one another. The new development pattern is driven by both
government push and market pull, and facilitated by improved regional transport.

The chapter is organised according to the different development stages of economic regionalisation. In addition to the existing YRD literature and monographs, Shanghai, Jiangsu and Zhejiang statistical yearbooks have been collected. By making use of MapInfo, maps based on county-level jurisdictional units (except Shanghai, where data of districts and counties cannot be accessed) have been compiled in order to illustrate the transformation of the YRD development.

5.2 The development of the regional economy in the YRD in the 1980s

Distinguished from town development in the PRD, the growth of the YRD in the 1980s was largely not fuelled by foreign (overseas Chinese) investment and manufacturing exports. In contrast, the local development of town and village enterprises (TVEs) played a key role in the regional growth of the YRD throughout the take-off period of economic reform. As shown by the spatial distribution of industrial output value in the YRD in 1990 in Figure 5.1, manufacturing was no longer merely dominated by the provincial capital cities or main cities such as Hangzhou, Ningbo of Zhejiang province, Suzhou, Wuxi, Changzhou and Nanjing of Jiangsu province. The counties or county-level cities such as Wujiang, Changshu and Zhangjiagang under the Suzhou prefecture-level city; Xishan, Jiangyin under the Wuxi prefecture-level city and Wujin under the Changzhou prefecture-level city also performed a strong role in industrial production. This was due to the fact that TVEs had strongly driven rural industrialisation, especially in southern Jiangsu of Suzhou, Wuxi and Changzhou in the 1980s (Ma and Fan, 1994), which is also known as the
‘Sunan Model’ (Marton, 2000). It is documented that, during the period from 1978 to 1994, industrial output in Suzhou and the Wuxi city region increased 44.1 times and 34.6 times respectively, much higher than the 7.3 times in Shanghai and 15.6 times which was the national average (Shen and Ma, 2005: 765). The ‘Sunan Model’ is actually a kind of collectivism built on the institution of production brigade in the socialist economy. The thriving growth of towns occurred without the financial or policy assistance of the central government; rather, it was driven by local initiatives of the county, township and town government, or rural entrepreneurs (Ma and Fan, 1994: 1642). In a word, the disappearance of the arbitrary division of labour between urban and rural areas, as well as the lessening control of the central government on the economy with the inception of economic reforms, had contributed to the influx of TVEs and the emancipation of the rural industrialisation.
Figure 5.1: The spatial distribution of gross industrial output value in the YRD (1990)


Note: due to the data availability, the total amount of industrial output rather than the per capita GDP is used here for illustration.
In the meantime, the gradual elimination of the central administrative controls upon the economy also fused the segmented relationships between jurisdictions, particularly between urban and rural areas. For example, in the YRD, it is documented that a significant number of town and village enterprises (TVEs) in southern Jiangsu managed to develop business links with enterprises in other regions, over a half of which were state-owned enterprises (SOEs) in Shanghai (The Yangtze River Delta Urban Economic Coordination Office, 2007: 27). These TVEs mainly undertook the initial processing or labour-intensive production for the big SOEs. Apart from the transfer or expansion of industries from Shanghai to this developing area, the outflow of capital, technology and trade from Shanghai was also very strong. At that time, the manufacturing capacity in the peripheral towns lagged behind to the extent that the majority of the equipment was transferred from Shanghai’s enterprises, and engineers were also borrowed from Shanghai’s factories on Sundays (ibid). The development of TVEs in Kunshan was exactly the case in point. The industrialisation of Kunshan started by attracting Shanghai’s investment, equipment, engineers and brand names (Kunshan Planning Bureau, 2010: 4). Overall, shortly after the economic reform, flows of investment, trade, and people were just about to emerge after a long term of stiff economy under the central command. Nevertheless, interactions during this time remained very limited and were even influenced by residual planning orders due to gradual and partial reform in the 1980s.

5.3 The regionalisation of manufacturing production in the YRD since the 1990s

After 1990, the regional economy in the YRD developed at a spectacular speed owing to the opening up of Pudong. The economy was gradually deviating from the
state-sponsored development and the collectively-led ‘Sunan model’. In contrast, the
development since the period has shown combined influences from local states and
global forces. The development transition is contextualised in several transformations
taking place in the YRD or even the whole country. First of all, the pillar of the
region’s economy, the development of TVEs, was confronted with dwindling profits,
especially after the mid-1990s. It is documented that 22% of the total number of TVEs
in Jiangsu province lost money in 1995; and overall industrial output in Suzhou, Wuxi
and Changzhou prefecture-level city dropped precipitously in 1995 and 1996 (Shen
and Ma, 2005: 765-66). As a result, drastic privatisation of collectively-owned
enterprises occurred from the mid-1990s to the early 2000s in order to reverse the
downturn of the rural economy. It was reported that about 70% of TVEs in southern
Jiangsu were privatised in the mid-1990s, and by 2000 more than 95% had practiced
the property rights reform (Chen, 2005: 73), which virtually terminated the Sunan
model. Parallel to the declining performance of TVEs was the opening up of Pudong,
Shanghai in 1990. With the launch of the national strategy equivalent to that of the
Shenzhen Special Economic Zone of the PRD, the YRD followed the PRD to adopt
preferential policies to FDI and globalisation. With the infusion of foreign capital,
TVEs lost their competitiveness even after the property rights reform. Henceforth,
local governments gave higher priority to foreign invested enterprises than private
ones. Consequently, a significant increase in the amount of overseas investment in
YRD was seen from 1992 (Figure 5.2). Although influenced by the 1997 Asian
Financial Crisis, the volume of foreign investment did not shrink sharply.
Figure 5.2: The foreign capital actually utilised in the YRD (1990-2000)


The transformation of the local economy has been intensively researched in the existing literature, especially that based on the Suzhou municipality, the globalising region in the southern Jiangsu province, which used to be the prototype of the ‘Sunan model’. It is claimed that Suzhou had undergone a dramatic transformation, from an economy based on SOEs and TVEs towards one heavily dependent upon inward investment and export trade (Wei, 2002; Wei et al., 2009). The re-orientation of the local economy made a great impact upon the inter-jurisdictional and government-business relationships. As a considerable number of cities and counties had turned to foreign investment and the production of global commodities, the previous SOE-TVE cooperation had been replaced by parallel and competitive relationships. On the other hand, the TVE property rights reform made a legal separation of village administrations and business corporations, and led to a divergence between political leadership and corporate leadership, which used to be
intertwined in the TVEs (Chen, 2005: 79). As a consequence, the local governments made a profit from the collection of management fees and taxes and the lease of land use rights, instead of directly from the turnover of corporations (Shen and Ma, 2005: 770).

The development path of the YRD shares some similarities with the PRD in light of externally-driven regional development (Chen, 2007; Wei et al., 2009: 424). However, according to Yang (2009), the PRD region is driven by foreign (Chinese) investment without active local initiatives, while the YRD is fostered by local governments with explicit proactive strategies of globalisation. The active role of local governments is mainly demonstrated by their initiatives in development zone establishment and pro-business institution building (Wang and Lee, 2007). A considerable amount of land has been set aside by the local governments as development zones, and well-developed infrastructures and preferential policies are provided in order to attract industries, particularly foreign-invested enterprises. Such a development model, centred on development zones and institutional innovation, is coined as the 'Kunshan Model', a prototype based on a county-level city under the Suzhou municipality, which took the initiative to set up its own development zone in 1985 and adopted the globalisation strategy in the early 1990s, far ahead of Suzhou city (Chien, 2007; Wang and Lee, 2007: 1878-1879). At the beginning of economic reform, Kunshan was merely a small county not only in terms of administrative ranks, but also with regard to economic base. However, with the opening up of Shanghai and the Yangtze River Delta, Kunshan has led the way in driving local economic development by local-state initiated globalisation (Wei, 2002). In addition to 'free' land and tax exemptions in its development zones, Kunshan also tailored its local institutions to cater for business
requirements for speed and flexibility (e.g. Wang and Lee, 2007; Chien and Zhao, 2008). The fostering of an IT global production network plus a pro-business environment have transformed Kunshan into a close competitor to the giant city of Shanghai to attract big name enterprises or even the top 500 transnational corporations, particularly since the new millennium (Wu and Phelps, 2008: 474).

Consequently, the spatial economic structure in the YRD region is becoming more polycentric, with counties and towns at the margin of the metropolis of Shanghai achieving the fastest growth. This is because the peripheral region owns a vast amount of land available at a low price, offers more lax and flexible regulations, and enjoys geographical adjacency to Shanghai. However, the polycentric economic structure is generally characterised by a similar industrial structure predominated by manufacturing industries. Figure 5.3 shows that over a half of the GDP of Shanghai and neighbouring southern Jiangsu and northern Zhejiang was constituted by secondary industries in 1995. Although the inter-city interactions are booming in terms of logistics, capital, migration, business and so on, the functional division of labour among the cities is still relatively weak. Striking evidence is the widespread construction of development zones and the reduced cost of industrial land, priced to attract investment. In the 1980s, the industrial development zone was only a specific parcel of land approved by the central government to attract foreign investment. There were only fourteen economic and technological development zones in China in 1984. However, a great quantity of development zones has been set up by the local governments since the 1990s. There is a boom in development zones at different levels, depending on their supervising jurisdictions, ranging from 'national’ economic zones to ‘municipal’ development zones, to ‘county’ and ‘town and village’ ones.
According to Tao et al. (2010: 2218), the total number of development zones in China arrived at 3,837 by 2003, only 6% of which were founded by the central government, and 27% of which by the provincial governments. The total number almost doubled in the following years, rising to as many as 6,015 in 2006. The situation is similar in the case of the YRD. According to Yang (2001), the number of development zones in Shanghai, the south and middle of Jiangsu and the north of Zhejiang was only 17 in 1991, while the number soared to 74 in 1993, which did not even include those approved by the counties and cities themselves (Yang, 2001: 125). Figure 5.4 demonstrates the widespread nature of development zones in the YRD region.
Figure 5.3: The regionalisation of manufacturing production in the YRD region (the percentage of secondary industry in 1995)

Source: Jiangsu Statistical Bureau, 1996; Shanghai Statistical Bureau, 1996; Zhejiang Statistical Bureau, 1996.
To summarise, the opening up policy and attraction of investment has had a homogenising impact on local economies. With the infusion of FDI, the development of manufacturing production soon spread from major central cities to the wider region.
around Shanghai and the nearby area of southern Jiangsu and northern Zhejiang. The spill over of manufacturing to the neighbouring towns and counties formed a partially regionalised production network in the region (Chen, 2007: 189-190). That is, the former SOE-TVE link has been replaced by a global-local production network or some local-local supplier-manufacturer links. Despite the network relationship, fierce competition exists between cities at the same hierarchy or late-comers struggling into the network or cities trying to move upwards in the division of labour. The regionalisation of manufacturing development served as a catalyst for growth and turned the YRD into a dynamic region in the national economy. For example, it is documented that, in 1993, the density of industrial output in the core area of the YRD region was 12,370,000 Yuan/km², which was 7.3 times the national average; and the GDP of the area accounted for 18% of the GDP of all the cities in the country (National Statistical Bureau, 1994: 529, 531). In a word, the foci of foreign investment and the regionalised production chains have stimulated and sustained an unprecedented booming economy in the region of the YRD (Chen, 2007). However, the physically extended metropolitan area has also posed huge pressure on land consumption and environmental sustainability; for example, air quality deteriorated and water pollution occurred. That is, the region was beginning to suffer the negative externality of economic agglomeration.

5.4 Industrial restructuring and the emerging integral labour and housing market in the YRD since 2000

With the accession to WTO, manufacturing in the YRD has risen once more since 2000 (Figure 5.5). Manufacturing in counties and county-level cities around Shanghai,
Hangzhou and Nanjing achieved spectacular development and the proportion of secondary industry accounted for over 60% in 2005. However, manufacturing distribution has demonstrated two features that are distinct from those of the 1990s. First of all, the proportion of secondary industries of the central cities of Shanghai, Hangzhou and Nanjing began to drop to less than a half of total GDP. Secondly, manufacturing development gained a notable growth in the area south of Zhejiang and north of Jiangsu, which has previously lagged behind in this aspect. The rise of manufacturing in this area was even more marked in 2009. The percentage of manufacturing of the majority of cities in the area reached over 45% of GDP in 2009, with none falling below 33%. Overall, it seems that while some of the cities in the wider region have just started the process of industrialisation, the major cities of the region such as Shanghai, Hangzhou and Nanjing are beginning industrial restructuring in the meantime.
Figure 5.5: The spread of manufacturing development to the wider region of the YRD (the percentage of secondary industry of 2000, 2005 and 2009)

The de-concentration of industrial development and the industrial restructuring within the YRD are driven by both government push and market pull. On the one hand, the manufacturing environment in YRD began to change after a period of extraordinary development, especially over the most recent two years. Regionally speaking, a low-cost labour shortage has emerged in the area (Chen, 2007: 193). The demand for manpower has led to 'high turnovers, rising salaries, and shrinking margins' for the local manufacturing businesses (ibid). Additionally, some of the cities and counties that developed first in the region are on the verge of using up their land quota under the stringent central land policies. For example, the ‘small’ county-level-city Kunshan, beside the Shanghai metropolis, is said to be likely to run out of land for industrial use in the near future in its latest master plan (2007-2020). It is analysed that only 128.9 km² of land area is physically left, besides lake and compulsory agricultural land. If the industrial land grows in accordance with the average speed of about 22 km² every year that occurred from 2000 to 2008, then the left land area of 128.9 km² could only last for five to six years. Therefore, it is suggested that it is urgent for Kunshan to attract more profitable manufacturing enterprises to replace some of the existing low-end industries in order to sustain economic growth. In a word, the constraint of land resources has become the common challenge for many cities, especially for those which have been developing their manufacturing sector since the 1990s. As a result, industrial upgrading has been turned from a discursive slogan into real pressure. For example, the interviewee from Anting, Shanghai mentioned that:

We would not consider small or lower-end manufacturing projects any more because these projects would not bring big revenue, but only huge land consumption. We were even considering relocating some less-valued industrial projects from our development zones to other cities. These
potential or existing projects would be recommended to move to lagging areas such as the northern part of Jiangsu. Cities from northern Jiangsu would also come to Anting to attract projects that we don’t want anymore.

(Interview, government official, Anting, 20 April, 2010).

Nationally speaking, it is reported that the manufacturing sector is leaving hubs along the coast, such as the YRD, to go to inland areas for cheaper labour forces, lower investment costs, and improved logistics and infrastructure. It is estimated that production costs are 10% higher in the coastal regions. For example, it is said the minimum monthly wage in Shanghai is 1,120 Yuan while in Anhui is just 720 Yuan (Financial Times, August 4 2010, p. 9). As a result, some rural backwaters in the centre and west of China, which hardly received any direct investment from overseas or other provinces, are now booming with inward investment. For instance, the Anhui province, which used to be the labour supply to the south and east coast, is now receiving industries that moved from the urbanised coast. The inland shift significantly gathered pace over the past two years owing to government investment in interior infrastructure, such as the high-speed railway system, since the global financial crisis (Financial Times, October 27 2010, p. 3). Overall, the notably improved infrastructure and the lower production costs have changed the outlook for manufacturing in inland China and, moreover, challenged the advantage enjoyed by the coast, for example, the YRD region in manufacturing development. Manufacturing development is beginning to disperse from the core area around Shanghai to the periphery of the YRD region or even to inland China (c.f. Chen, 2007: 183).

On the other hand, the service sectors are also developing fairly fast in the region,
accompanying the growth of manufacturing. Industrialisation is due to bring an increase in average wages, and higher consumer spending would be expected as a result. Henceforth, demand for services such as housing, catering, retailing, housekeeping, hairdressing and so forth will grow, which is manifested by the increase in the rate of tertiary industry in GDP. Figure 5.6 shows the development of tertiary industry in YRD from 1995 to 2009. In 1995, tertiary development in most of the region was below a third of the GDP, without a single city above the rate of 50%. In 2000, the central cities of Shanghai, Nanjing and Hangzhou became the only three cities in which the tertiary proportion rose above 50%. In the meantime, the increase in tertiary development was also conspicuous in southern Jiangsu. In 2005, the tertiary rate of Nanjing and Hangzhou dropped below 50% due to administrative annexation with neighbouring counties. In 2009, the tertiary percentage of Shanghai, Nanjing, Hangzhou and Ningbo again reached over 50% and the tertiary development of the majority of cities in the region reached over a third of GDP. The increase of the proportion of the tertiary industry not only represents an increase in the untradeable services, but also the emerging market for producer services. For instance, the role of Shanghai as the regional business centre has been largely strengthened since 2000. For example, the headquarters of many industrial enterprises were based in Shanghai, but the companies set up manufacturing factories in neighbouring secondary cities such as Suzhou. It is documented that Suzhou has attracted a total capitalisation of over US$5billion from Shanghai-based industrial companies since 1999, which turns Shanghai into the largest investor in Suzhou (Chen, 2007: 187). Tang and Zhao (2010) compared the urban network within the metropolitan region around Shanghai in 1995 and 2005, and found that these cities are gradually shifting from parallel industrial production to division of labour in accordance with chain of value. Throughout the
decade, Shanghai, Nanjing and Hangzhou were largely occupied by technology-intensive manufacturing and producer services. Shanghai, in particular, performed as the headquarters for home and overseas businesses and acted as the gateway city for the region, with ample linkages to the outside world. Overall, industrial development has been much more diversified since 2000 compared to that of the 1990s. The emergence of a further division of labour within manufacturing, as well as the development of service sectors, has created more scope for complementary cooperation.
Figure 5.6: The development of tertiary industry in the YRD region (the percentage of tertiary industry of 1995, 2000, 2005 and 2009)

Furthermore, the functional division is facilitated by the dramatically improved inter-city and regional transport within the YRD region. Particularly in recent years, the building of a railway network instead of highway construction has been prioritised by the central government. The National Transport Ministry started to build an inter-city high-speed railway between Nanjing-Shanghai, Hangzhou-Shanghai and Nanjing-Hangzhou in 2007. The high-speed railway line between Nanjing-Shanghai was put into use on 1st July, 2010, while the Hangzhou-Shanghai line began operating on 26 Oct in 2010. As a consequence, the travel time from Nanjing to Shanghai only takes 73 minutes, whereas from Hangzhou to Shanghai only takes 45 minutes. The direct Nanjing-Hangzhou line is under intense construction and is expected to be put into operation on 31 Dec, 2011, which will take only 50 minutes compared to the current travel time of three hours on the expressway. Table 5.1 shows the current frequency of the high-speed railway within the YRD. At peak times, inter-city trains between Nanjing and Shanghai leave every five minutes. The operation of the reliable and fast inter-city transport makes one-day return not only possible, but much more convenient than before in the YRD region. This will enormously facilitate daily commuting within the region, besides the existing large number of business trips and logistics.
Table 5.1: The frequency of the high-speed rail line within the YRD region

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As demonstrated by Table 5.1, many small cities around big cities such as Shanghai, Hangzhou and Nanjing have become the main stops on the high-speed rail line. For instance, the shuttle service runs 50 times between Kunshan and Shanghai every day. With the development of the fast link, the housing prices of these small cities have also rocketed. It is said that many young residents who are working in Shanghai are very interested in property in the smaller cities along the high-speed rail line, which offer a better environment and lower housing prices compared to Shanghai. In the past, the decentralisation of Shanghai’s population was only directed to the suburban districts of Shanghai, but now Shanghai could develop an integral housing market within outer-suburbs such as Songjiang and Jiangding, as well as the nearby secondary cities such as Jiashan, Jiaxing, and Kunshan, due to the improvement of regional transport. As a result, the region will not only benefit from economically networked clusters surrounding Shanghai, but is also going to possess an inherently integral housing and labour market. In other words, there is wider scale for spatial and functional division of labour between cities within the region. The surrounding region could not only develop manufacturing, but also residential and service industries owing to the enhancement of transport connectivity.

5.5 Conclusion

This chapter analyses the development of the regional economy and the regionalisation process of the YRD region before and after the economic reform.
During the planned system, the regional economy in the YRD was segmented between jurisdictions and economic sectors. Ruled under the central command, there was no natural economic flow in the local economies. After economic reform, horizontal economic linkages were advocated by the central government, and the arbitrary division of labour between urban and rural areas was also abolished. In the context, many TVEs in the rural area began to develop business links with SOEs in the central cities, and the division of labour began to evolve between urban and rural areas in terms of manufacturing. The previous pattern of cities developing industries and villages developing agriculture was broken by cities providing technology and engineering and villages undertaking initial processing. Overall, horizontal economic flows were just emerging in the 1980s after the economic reform.

In the 1990s, spectacular regional growth was witnessed in the YRD region due to the opening up of Pudong, Shanghai and the infusion of foreign investment. The development model based on supply-side policies such as effective administration, lax development policies and land management to attract foreign investment became widespread in the region, from urban to rural areas. The development of TVEs suffered disadvantages due to its own problems and outside challenges from foreign investors. The extensive development of export-oriented manufacturing soon turned the YRD into another economic hub similar to the PRD. The regionalisation of manufacturing development made the region more and more polycentric in spatial structure in terms of industrial structure, GDP growth, inward investment, industrial
output and so forth. To some extent, the development of economic flows and logistics brought the cities within the region into regionalised production chains. Furthermore, cities within the region were also experiencing some common problems such as environmental degradation and land encroachment after the excessive manufacturing development. To sum up, the extended metropolitan region of the YRD was formed by the 1990s with the phenomenal process of industrialisation from primary industries. The physical or morphological phenomenon of urban expansion is not only due to urbanisation and suburbanisation, but also to the entrepreneurial development of individual cities. Industries began to be clustered in some core areas such as the development zones of the cities due to the active role of the local government. Some manufacturing towns around the major cities have become dynamic and competitive manufacturing clusters for certain specialised products for both global and regional markets (Chen, 2007: 190). However, fierce competition also exists between these clusters, such as the competition in IT manufacturing between Suzhou and Kunshan (Wang and Lee, 2007). This is because the clusters were mainly oriented to global manufacturing and did not possess close inter-relationships.

Since 2000, the regionalisation of the YRD region has reached a new stage. The cities in the wider region started rapid industrialisation, while the central cities in the region began industrial restructuring. The different development stages of the cities provide the scope for vertical cooperation between the service sector and manufacturing within the region. Meanwhile, functional connectivity is also facilitated by improved
regional transport such as the operation of a high-speed rail line within the region. In addition, the fast inter-city link also makes daily commuting between central cities and the surrounding small cities more convenient, which would facilitate the new ‘suburbanisation’ that is common in Western countries, where people working in large and central cities live in the surrounding small cities. Overall, a more complicated pattern of functional connectivity is just developing in the YRD region.

The analysis in the chapter extends the previous YRD overview on economic development and regional transformation forward to the recent stage beyond excessive competition and spatial polarisation. It is argued that the regionalisation of the YRD region is entering a new stage and economic and functional integration is just emerging in the YRD region after decades of market development after economic reform. The development tendency may match with the new urbanisation form of polycentric mega city-region thesis proposed by Hall and Pain (2006). In the Western literature, the transition to the new form of metropolis is suggested to be fed by ‘economic restructuring, digital telecommunications, demographic shifts, and neoliberal policies’ (Lang and Knox, 2009: 790), while in China, some of the intriguing factors may be the same as those in Western countries such as the development of digital technology and regional transport. However, at the same time, what is different in China is that the dispersal of urbanisation to the wider region is not triggered by rising costs in the central cities in terms of services and businesses, but is due to the rising costs of labour and land in manufacturing. The service
economy and integrated housing and labour market are just developing in China. It is argued that the ever-increasing commuting and business flows will be the main driver for integrated economic development. Nevertheless, the development of an economically integrated region does not mean that the region is functioning as a coordinated actor. In fact, the region comprises a complexity of local actors. The following two chapters will examine the process of regional governance and planning development in the YRD region.
CHAPTER SIX

THE CHANGING RELATIONSHIP BETWEEN SHANGHAI AND JIANGSU: THE EMERGENCE OF INTER-LOCALITY COLLABORATION

6.1 Introduction

In the centrally-planned economy during the Socialist period, inter-city relationships were not spontaneous, but were decided by the economic plan and central command. After market reform in 1978, economic mobility developed with increasingly intense flows of trade, people, traffic, logistics and capital. Nevertheless, the natural market flow was hampered by artificial blockades and adverse competition between cities or provincial governments (e.g. Chien and Gordon, 2008; Zhao and Zhang, 1999). However, recently, a regional discourse of inter-city cooperation has appeared in both governmental reports and Chinese academic literature (e.g. Hong, 2009; Ji et al., 2006; Tao, 2007; Wang, 2008; Wang, 2009; B. J. Yang, 2004; Zhang et al., 2007; Zou and Shi, 2004). The emergence of a regional agenda to some extent represents the policy response to the pervading conflicts and competition between different jurisdictions. Meanwhile, there is an emerging body of literature from overseas researchers documenting the initiatives of regional governance in China (e.g. Luo and Shen, 2009; Wu and Zhang, 2009, 2010; Xu, 2008; Xu and Yeh, 2010, 2011a, b; Yeh and Xu, 2008;
Zhang, 2006; Zhang and Wu, 2006). For example, Zhang (2006) suggests that Chinese cities are experiencing a change from inter-city competition to regional collaboration. However, Zhang’s paper does not answer to what extent collaborative regional governance departs from previous individually based urban entrepreneurialism.

Rather than assuming that regional governance is established in China, this chapter seeks to investigate the actual transformation process of regional governance. For the purpose, it is considered important to distinguish the process of economic regionalisation and the development of regional political institutions. The distinction is helpful to understand the nature of Chinese emerging regional space. Jones and MacLeod (2004) distinguished the process by ‘regional (economic) space’ and ‘space of regionalism’. The latter is dealt with from the governance perspective, following the ‘old’ political regionalism between the 1960s and 1970s, when the establishment of regional government was witnessed across many Western countries. However, the former is associated with the ‘new regionalism’ literature, in which it is conceived that the region is the unit of economic agglomeration in the post-Fordist and knowledge economy (e.g. Krugman, 1991; Scott, 2001; Storper, 1995). The chapter then highlights that ‘the formation of any given regional map is reflective – and indeed constitutive – of an unevenly developing, often overlapping and superimposing mosaic of economic practices, political mobilizations, cultural performances and institutional accomplishments’ (Jones and MacLeod, 2004: 433). That is, in the
meantime, the formation of a region is socially and politically constructed to manage local conflicts and struggles (Jones, 2001; Jones and MacLeod, 1999; Jonas and Ward, 2007; Ward and Jonas, 2004).

The distinction helps to investigate emerging cooperation and integration practices in China by disentangling regional economic development and regional institutional development. Following the work of Jones and MacLeod (2004), this chapter aims to answer the following questions through a case study of the YRD region: is there inter-city cooperation in China? What is the scope of these practices? How intensive are these collaborations? What are the conditions that led to the change from development based on individual cities to cooperation between different cities? This study focuses on the border region between Shanghai and Jiangsu province to examine the trajectory of a changing inter-city relationship. It is then argued that although the development of regional economics is where the discursive regional governance is embedded, it does not necessarily mean that the development of regional governance is well established in reality.

The location of the cross-border region is illustrated in Figure 6.1. The city of Kunshan in Jiangsu borders the Jiading district of Shanghai. Kunshan is one of the six county-level cities beneath the municipality of Suzhou. Before the 1990s, Kunshan developed slowly and was mainly engaged in agricultural production. However, the rural county was transformed into a manufacturing district in subsequent years.
through attracting foreign investment and export-oriented industries. The Jiading district, located west of the city proper of Shanghai, is a suburban district of Shanghai municipality. Jiading used to be a county led by the Shanghai municipality, and was converted from a rural county to a suburban district in 1992. The key industry of Jiading has been involved in auto-manufacture since the development of a joint venture with Volkswagen in Jiading in 1985. Because these places focused on different economic and industrial specialisations and their built-up areas were relatively compact and separated by a vast rural hinterland, the relationship between the counties of Kunshan and Jiading was very loose in the 1980s. However, the relationship between the two became very tense at the turn of the new millennium, as Shanghai decided to take advantage of its vast suburban area to sharpen its edge in attracting foreign investment. Consequently, the cross-border region of Kunshan and Jiading was turned into a battlefield for developing export-oriented industries. Nevertheless, initiatives to promote regionalisation are more recently being witnessed within this very region, especially between the town of Huaqiao under the city of Kunshan and the town of Anting under Jiading district. Therefore, the border region offers a very good case to understand the emergence of a regional agenda and its underlying dynamics.
Figure 6.1: The border area between Shanghai and Jiangsu

Source: compiled by the author.

The chapter is organised as follows. First of all, the rivalry and competition at the border of Shanghai and Jiangsu is documented. Secondly, the new phenomenon of cooperative development is scrutinised. The scope of collaboration and collaborative practices is described, and the intensity of collaboration is assessed. The next section explains why local governments changed from engaging in hostile competition to seek collaboration. Then, the characteristics and dynamics of emerging regional
governance in China are summarised. Finally, the chapter concludes that the politics around region building in China do not depart substantially from local entrepreneurialism.

6.2 Rivalry in manufacturing projects in the border area between Shanghai and Jiangsu

Integrated regional development has become a very popular discourse in the YRD region since 2000. Many organisations were established between the governments or within the academics to discuss and promote inter-city cooperation (Zhang et al., 2008: 155). However, the agreements that have been reached tend to be rhetorical (ibid). In other words, cooperation is pursued by every government on public occasions, but inter-city relationships remain competitive in reality. For example, after Shanghai’s successful bid to hold the 2010 World Expo in 2002, Jiangsu and Zhejiang provincial government declared the strategy of jointly holding the Expo as a pledge to integrated economic development (e.g. Lu and Shi, 2008: 160). However, no real agreement or action plan was put in place after the pronouncement. In fact, the inter-relationship between Shanghai and its neighbouring provinces were under great pressure at the time, because Shanghai made the decision to build its own deep-water seaport in Yangshan, and move the international airlines from Hongqiao Airport to the new Pudong International Airport. The moving of Shanghai’s international airlines to Shanghai Pudong International Airport placed export-oriented southern Jiangsu at a
great disadvantage. The time distance from Suzhou, Kunshan and Wujiang in southern Jiangsu to the airport increased by more than two hours, as the route to reach the new airport travelled through the city centre (Lu and Shi, 2008: 275). However, the new location greatly benefited Shanghai’s IT industry, for instance, the Songjiang Hi-tech Park in the Songjiang district of Shanghai (Lu and Shi, 2008: 175). On the other hand, the construction of Shanghai Yangshan seaport also raised the competition with Beilun port in Ningbo, Zhejiang (Lu and Shi, 2008: 274; Zhang and Wu, 2006: 10). Under pressure, Zhejiang province built Kuahai Bridge from Ningbo to Jiaxing, which cost more than 1.85 billion Yuan, in order to improve the accessibility of Beilun port (Zhang et al., 2007: 314-317). Henceforth, Jiangsu and Zhejiang claimed the giant Shanghai was not cooperative at all in economic integration. The above cases demonstrate that inter-city relationships are still very tense, especially in terms of economic development, for example, in manufacturing development, investment attraction, and strategic infrastructure construction. The following section examines the case of ‘project 173’ and the consequences that it caused to illustrate the strained relationship during the period.

6.2.1 The launch of ‘Project 173’ by Shanghai

The so-called ‘project 173’ was launched by Shanghai in 2003. ‘Project 173’ refers to three development zones with a total area of 173 square kilometres in suburban Songjiang, Qingpu and Jiading districts (Figure 6.2). The development of project
173 originated from the rival relationship between Shanghai and Kunshan with regard to attracting overseas investment. In contrast to spectacular industrial development in neighbouring cities, Shanghai felt itself to be marginalised in the competition for foreign-invested manufacturing industries. The municipal government had striven to promote the development of the tertiary sector in the central city in order to build itself into a global city before 2000, and did not place much emphasis on manufacturing development in the suburbs. As a result, manufacturing industry in Shanghai did not see fast growth, compared with other neighbouring cities. The suburban districts enjoyed few preferential policies from the municipal government of Shanghai. With the slow growth of manufacturing industries, Shanghai’s GDP growth rate and FDI lagged behind those of the municipality of Suzhou (Table 6.1). Under these circumstances, Shanghai launched ‘project 173’ in 2003 in order to enhance its attractiveness for overseas investment and maintain double-digit GDP growth.
Figure 6.2: The location of Project 173 in Shanghai

Source: compiled by the author.
Table 6.1: GDP growth rate and FDI in Shanghai, Jiangsu and Suzhou

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth rate (%)</th>
<th>FDI (100 million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shanghai</td>
<td>Jiangsu</td>
</tr>
<tr>
<td>1990</td>
<td>3.5</td>
<td>8.2</td>
</tr>
<tr>
<td>1995</td>
<td>14.3</td>
<td>15.4</td>
</tr>
<tr>
<td>2000</td>
<td>11.0</td>
<td>10.6</td>
</tr>
<tr>
<td>2001</td>
<td>10.5</td>
<td>10.1</td>
</tr>
<tr>
<td>2002</td>
<td>11.3</td>
<td>11.7</td>
</tr>
</tbody>
</table>


These three development zones were not built from scratch, but were based on existing town-level industrial districts. 'Project 173' upgraded these former town-level development zones to the status of municipal level and further allocated a significant amount of additional land for industrial development. According to the Shanghai Municipal Government No. 37 Document in 2003, the area of officially approved industrial land in the three development zones was increased by about three times (Table 6.2). In order to create extra land, some towns were converted to development zones. For example, the original town of Loutang in Jiading district was converted into part of the Jiading development zone, which created 32 square kilometres of industrial land. Over 40,000 former residents were relocated for this reason.
Table 6.2: The increase of planned industrial land area by Project 173

<table>
<thead>
<tr>
<th>Unit: km²</th>
<th>Overall planning area</th>
<th>Existing planned industrial area</th>
<th>Newly planned industrial area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qingpu experimental development zone</td>
<td>56.2</td>
<td>16.2</td>
<td>40</td>
</tr>
<tr>
<td>Jiading experimental development zone</td>
<td>57.2</td>
<td>24.8</td>
<td>32.4</td>
</tr>
<tr>
<td>Songjiang experimental development zone</td>
<td>59.8</td>
<td>20.6</td>
<td>39.2</td>
</tr>
<tr>
<td>Total</td>
<td>173.2</td>
<td>61.6</td>
<td>111.6</td>
</tr>
</tbody>
</table>

Source: compiled from Shanghai Municipal Government No. 37 Document of 2003

Furthermore, some preferential policies were piloted in these development zones in order to serve investors better. Henceforth, the three development zones were named ‘pilot zones’ of Shanghai. Two official documents, the Implementation Guideline of Shanghai Municipality for Improvement of Investment Environment in Shanghai’s Pilot Development Zones (Shanghai Municipal Government No. 72 Document in 2002) and Suggestions of Shanghai Municipality for Improvement of Foreign Investment Environment in Shanghai (Shanghai Municipal Government No. 73 Document in 2002), were released by the municipal government to carry out these pro-business regulatory changes. According to these documents, enterprises in the three pilot zones enjoyed VAT exemption, a lower standard of social insurance obligations, half land reclamation fees, and flexible administrative institutions (for more details, please see Table 6.3). A memorandum was signed between Shanghai Municipal Revenue Bureau, Real Estate Management Bureau, Foreign Investment
Committee, Industrial and Trade Bureau, Price Bureau, Finance Bureau and other related departments to ensure the implementation of the proposed policy as a joint programme.
Table 6.3: The special policies for the Jiading, Qingpu and Songjiang experimental development zones

<table>
<thead>
<tr>
<th>Type</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Guarantee of land supply for significant investment projects; Special land quota designation for experimental development zones; Three years’ delay for balance between occupation and compensation for arable land is allowed; In the tenth five-year period (2000-2005), expenses of taxation on land were halved to decrease land cost.</td>
</tr>
<tr>
<td>Social insurance</td>
<td>Experiment of particular social insurance institutions for small towns, at lower standards than normal social insurance.</td>
</tr>
<tr>
<td>Tax</td>
<td>During the tenth five year period (2000-2005), local tax revenue was allowed to be totally kept by the development zone as a special fund for infrastructure construction and investment attraction; Two years of tax exemption and three years of half tax rate for enterprises with additional investment; A decrease in the tax rate for foreign enterprises.</td>
</tr>
<tr>
<td>Utility charges</td>
<td>Public hearing system on utility fees; Clearance of unreasonable charges; Reduction or exemption of administrative charges for significant foreign investments.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Improved telecom and Internet services; Help to solve problems of workers’ accommodation; Improved living environment, for example, schools and hospitals.</td>
</tr>
<tr>
<td>Administrative speed and flexibility</td>
<td>Promotion of immediate customs entry services; Single unified process for varied administration procedures and charges.</td>
</tr>
<tr>
<td>Incentive</td>
<td>Responsibility and evaluation system is carried out for administrative leaders and staff of development zones in accordance with investment attraction and administration service improvement.</td>
</tr>
</tbody>
</table>

Source: Compiled from Shanghai Municipal Government No. 72 and No. 73 Documents, 2002.

As demonstrated by the above policy initiatives, Shanghai took deliberate action to improve its weak position in terms of investment cost, land supply and government
services. For example, the reason why the municipal government expanded the area of allocated industrial land was not because industrial land resources were largely consumed or leased out in the suburbs; in fact, the originally planned area of industrial land in the outskirts still included plenty of room for development at the time in 2003 (interview, an official of Jiading Planning Bureau, 21 April 2010). The underlying motive was the intention to compete with neighbouring cities by means of ‘unlimited’ land provision, since these cities had more lax land control than Shanghai. In essence, the launch of project 173 was intended to suffocate the development opportunities enjoyed by the lower-ranking cities around Shanghai.

6.2.2 The industrial belt along Shanghai: counter actions by Kunshan

The Shanghai locally initiated project was soon widely reported by external media, since the designated 173 square kilometres were considered to be Shanghai’s ‘special economic zones’ against Jiangsu and Zhejiang. The relationship between Shanghai and Kunshan was, hence, rather strained, which may be sensed from the following remark:

‘The launch of Project 173 by Shanghai put Kunshan under great pressure (as two of the three pilot zones are located along the border of Kunshan). Kunshan’s leaders were keen to make inquiries about the project’ (interview, a senior planner of Shanghai Planning Institute, 10 March 2010).

To cope with the challenge posed by Shanghai, Kunshan took prompt counter-action.
In July 2003, the Kunshan Planning Bureau prepared an *ad hoc* plan to convert all the towns along Shanghai’s border into an industrial belt encircling Shanghai’s Project 173 (Figure 6.3). The overall industrial layout was forced to adjust due to the change, although at that time the Kunshan Master Plan (2002-2020) was already in the final stage of preparation (interview, a senior planner of Shanghai Planning Institute, 10 March 2010). Moreover, some of the towns such as Dianshanhu and Qiandeng, which were put under preservation and were restricted areas in the initial draft of Kunshan Master Plan in 2002, were incorporated into the industrial development belt in order to allocate land to industrial development. As a result, a whole 155 km$^2$ of land area was ‘raised’ for the rival project, with 50 km$^2$ planned for industrial development, and another 25 km$^2$ reserved for future industrial use. In addition, a government led group and an investment service centre were established to attract investors and provide government and business services.
Figure 6.3: The location of Kunshan industrial belt along Shanghai and the first phase of the project at Qiandeng town

Source: compiled by the author.

Overall, growth-first competition between jurisdictions is very intense, as each level of government is responsible for its own revenue sources. What is unique to China is the fact that the competition is predominantly led by government leaders, as the evaluation of Chinese cadre performance is based on economic growth indicators (Chien and Gordon, 2008). As development is concentrated in the manufacturing
sector, aggressive competition rests upon production elements such as airports, seaports, and land. In order to boost local competitiveness, entrepreneurial policies revolve around reducing the cost of investment and the speedy delivery of government services. Negative effects of competition result from highly competitive price competition and redundant infrastructure construction.

6.3 Rising regionalisation agenda in the border area between Shanghai and Jiangsu

In recent years, the relationship between Shanghai and Kunshan has been transformed. First of all, project 173 at the border area is no longer a priority of the Shanghai municipal government. As the project was initiated by former Shanghai mayor Chen Liangyu, related policies were abandoned after Chen was jailed. What is more, although project 173 was initially intended to compete with Jiangsu by means of government subsidies, tax relief, a preferential land and labour policy, investment costs in Shanghai can never be as competitive as in Jiangsu (interview, a planner of Shanghai Planning Institute, 25 February 2010). Instead, in the Eighth Plenary Session of the Ninth Municipal Party Committee held in July 2009, Shanghai made an undertaking to stick to its international financial hub goal. That is, the Shanghai municipal government pledged to transform itself into a global economic, financial, trade and shipping centre, rather than to compete with neighbouring provinces for manufacturing investment. Moreover, concrete projects were formulated for the
purpose. For example, Shanghai decided to put a high-speed train station at Hongqiao, where Hongqiao Airport is located. Moreover, it intends to build the Hongqiao area into a comprehensive hub with diversified means of transport such as regional transport options of a high-speed train, a mag-lev train, an inter-city train, an expressway, airlines, and inner city transport comprising a subway and bus links. A so-called ‘new Hongqiao’ programme is planned to use the advantage of accessibility to build the area into the centre of producer services and a headquarters economy (interview, a planner of Shanghai Planning Institute, 20 April 2010). More importantly, the ‘new Hongqiao’ strategy is not only oriented to transnational companies, but also to manufacturing enterprises in the YRD region. This strategic positioning is of great significance, since it highlights that the Shanghai municipal government took the initiative to relate its economy to the development of the YRD region. As for the city of Kunshan, the industrial belt development along Shanghai was also replaced by a new project. The new practices of collaboration, the causes of transformation, and the resulting dynamics are going to be examined in detail in the following sections, again focusing on the border area between Shanghai and Jiangsu.

6.3.1 The launch of international Huaqiao business park by Kunshan

Huaqiao is a town under Kunshan county-level city, which borders the Jiading district of Shanghai. It was incorporated in the industrial belt encircling Shanghai in 2003. Unlike the initial project at Qianqiao, which was planned as one of the manufacturing
bases in the industrial belt, Huaqiao at the time was positioned to develop business services. In fact, an area of 800 mu (15 mu equals one hectare) of Huaqiao was designated as the Jiangsu International Business Centre by the provincial government as early as 2000. At that time, Jiangsu intended to build three provincial business parks across the province to pioneer its industrial restructuring from manufacturing to producer services; however, the Huaqiao project was not implemented until 2005. In that year, the Jiangsu International Business Centre was upgraded to the Huaqiao International Business Park, and the original area of 800 mu was expanded to as much as 50 km² by the provincial government.

In opposition to competition based on financial incentives with Shanghai for manufacturing investment, the Huaqiao international business park demonstrates some efforts to collaborate with Shanghai, both institutionally and functionally. For example, the site selection of the business park is very unusual. The site chosen by the provincial government for the business centre was not regarded as an ideal location by the Kunshan government:

Initially, Kunshan expected the provincial project to be located at Kunshan Economic and Technological Development Zone (KETDZ). This is because KETDZ is at the centre of the city of Kunshan, while Huaqiao is 20 kilometres away (interview, a senior planning official of Kunshan Planning Bureau, 14 April 2010).

However, the advantage of the location selected by the provincial government was
soon discovered: the site where the business city is seated ‘intrudes’ into the territory of Shanghai. More specifically, 2.5 km² of the 50 km² is enclosed by the Shanghai outer-ring highway (Figure 6.4). This means that cars travelling to Shanghai do not need to pay a toll fee (interview, a planning official of Huaqiao Planning Bureau, 3 March 2010). This is of great significance, as the toll fees charged by Jiangshu and Shanghai provincial-level governments on travelling cars whose licences are not locally registered act as a factor in investment costs. In other words, the location of Huaqiao Business Park could circumvent this regulation. The provincial government therefore deliberately selected this location with this in mind.
In fact, the element that makes the Huaqiao International Business Park different from past government-led projects is that all sets of development policies for Huaqiao revolve around regionalisation. The slogan for the business park is ‘the Business Satellite Town for the International Metropolis (Shanghai)’. This apparently takes into account the plans of Shanghai. In the tenth five-year period (2000-2005), Shanghai planned nine new towns around its suburban area, none of them envisaged to be
business-oriented. Therefore, Huaqiao aimed to be the ‘tenth suburban town of Shanghai’ to supplement suburban Shanghai in producer services. Additionally, Huaqiao took a series of measures to integrate physically with Shanghai. This is very well demonstrated by the branding concept of Huaqiao business park: ‘it is not Shanghai, but it is just as in Shanghai’ (bushi Shanghai, jiuzai Shanghai). For example, Huaqiao International Business Park is covered by both Jiangsu and Shanghai communications networks, so that both landline and mobile calls made from Huaqiao to Shanghai are charged at the local rate instead of at the much more expensive rate for long-distance calls. Regarding transport, Huaqiao Business Park vowed to reduce the trans-provincial travel time between Huaqiao and Shanghai to less than 30 minutes. One primary example is the negotiation made by the Huaqiao leadership with the Shanghai municipal government in order to extend Shanghai’s No. 11 subway line to Huaqiao International Business Park. The No. 11 metro line connects central Shanghai and Anting International Automobile City that borders Huaqiao. The last stop at the auto-city is only 400 metres away from Huaqiao International Business Park (Figure 6.4). However, transport integration is very difficult to achieve because of local economic competition. Therefore, although the agenda had been introduced by the Kunshan side as early as around 2004, the negotiation did not make any progress until 2009, when senior political figures were involved in the dialogue in person:

The deal cannot be reached without the involvement of top leaders. The former governor of Jiangsu province (Li Yuanchao), and the General
Secretary of the Communist Party of Shanghai municipality (Yu Zhengsheng), both of whom are members of the Standing Committee of the Political Bureau of China, played a magnificent backstage role and helped to bring about the success (interview, a senior planning professional of Jiangsu Planning Institute, 17 March 2010).

The regionalisation efforts made by the governments of Huaqiao and Kunshan are unprecedented and were exerted with great effort; nevertheless, the motive behind the regionalisation was, in fact, very entrepreneurial. Take the negotiation for the No. 11 metro line, for example. As remarked by a senior planning professional:

Money issues are not at all the core of the negotiation. It is estimated that the Kunshan government will have to spend around 110 million yuan (for the 400-metre-extended metro line). And it is actually not cost-effective at all as it is just a sub-line and still costs an hour to get to the central city of Shanghai....But as soon as the deal is made, real estate developers in Huaqiao begin marketizing their properties as ‘virtually located in the city of Shanghai (tongcheng xiaoying)’. The subsequent increase of land value in Huaqiao will be unimaginable, which is invisible to our ‘naked’ eyes (interview, a senior planner of Shanghai Planning Institute, 10 March 2010).

In other words, regionalisation is just one of the themes of place promotion for Huaqiao. As summarised by local officials, the development of Huaqiao is reliant on its competitive edge with a ‘virtual location in Shanghai, preferential policies from
Jiangsu, and low cost of Kunshan'. In this respect, the current regionalisation strategy demonstrated in the Huaqiao project is not much different from Kunshan’s previous marketing of its close location to Shanghai and easy access to Shanghai’s ports in order to obtain manufacturing investment in the 1990s. However, now the intention is to use geographical proximity to attract the lower-end and labour intensive producer services that cannot afford the high costs of metropolitan Shanghai. Overall, the new practice of collaboration exemplified by the development of Huaqiao International Business Park is actually strategic regionalisation with an entrepreneurial thrust.

6.3.2 The transformation of the Anting development: strategic collaboration for industrial upgrading and urban development

A regionalisation initiative is also emerging on the other side of the border in Anting, Shanghai. Anting is a designated town under the Jiading district. Geographically, Anting is at the edge of the Jiading district, and borders Huaqiao of Kunshan. For this reason, there is frequent contact between the local people of Anting and Huaqiao. However, since the towns are separated by a provincial division, official communication and collaboration are not common in the area. Regionalisation is even seriously blocked by transport separation; indeed, Kunshan and Shanghai are only connected by a single highway. Proposals to integrate the road network cannot be carried out, even though this highway is very congested. As interpreted by an official in Anting town:
It is believed by most leaders that transport integration would give more benefits to the neighbour in attracting investment and enjoying Shanghai’s service, while putting the consequently increased transportation pressure on Anting (interview, an official of Anting Town Government, 20 April 2010).

Nevertheless, a new phenomenon of collaborative development has recently been witnessed in the border area. The proposition of collaboration is demonstrated by the new development plan made by Anting. Anting’s economy is led by auto manufacturing thanks to a joint venture with Volkswagen (Shanghai) for the domestic market. As of 2000, Anting was positioned by the Shanghai municipal government to be developed into an auto city for China, like Detroit in the USA or Wolfsburg in Germany. However, the new town programme did not progress successfully. Several key municipal projects such as Formula 1 settled in Anting in the tenth five-year period (2000-2005), but momentum slowed after 2005 due to the shift of Shanghai’s focus to the construction of the Yangshan deep-water port and Lingang New Town. The development downturn is sketched in the recent Anting International Auto-City Strategic Development Plan, prepared in late 2009:

Anting’s commercial and conference functions constitute only 10 percent of original planned area (till 2009)....The ratio of industrial land use to residential land use in Anting is as high as 3.81....Only 5 percent of the working population lives in Anting, leaving about 100,000 people commuting from Shanghai central city to Anting every weekday....The
service sector in the town is just too low-end to satisfy the white collars and attract them to live in Anting....What’s worse, due to the lack of demand, auto-related business provisions constructed according to the original plan were mostly closed and deserted (compiled from the text document and the PowerPoint document of the strategic plan).

Consequently, Anting is stuck in its transformation from a satellite manufacturing district to an independent auto-city. At the same time, it is challenged by the latecomer at the border, Huaqiao. The service-oriented business park just supplements manufacturing-dominated Anting in service and residential provision. Some white-collar workers in Anting even choose to live in Huaqiao, since it provides a better living environment (Anting International Auto-City Strategic Development Plan). Furthermore, even some company meetings and training are now held in Huaqiao, since it has five-star hotels while Anting has none (interview, an official of Huaqiao Planning Bureau, 3 March 2010).

Confronted with the challenge posed by the neighbouring Huaqiao, the government of the Jiading district and the development organisation, Anting International Auto-city and New Anting United Development Corporation, have tried to create a new development strategy. After outlining the advantages of Anting in contrast to central Shanghai and other urban projects in the Jiading district, the recent strategic plan does not treat Huaqiao as a threat to Anting, but conceives the prosperous development of Huaqiao as a great opportunity for Anting’s future development. It suggests that
Anting auto-city should seek collaborative development with Huaqiao in order to ‘fuel’ its urbanisation. It is hoped that the ‘twin-city’ can function as a single edge city on the outskirts of Shanghai and develop as a service node within the Shanghai metropolis. Guided by this concept, Anting’s transportation network and functional layout is prepared by the incorporation of Huaqiao’s functional plan. The strategic plan even puts the scale of school, hospital, kindergarten and other cultural facilities to be built in Anting at the level of a 500,000-populated medium city, i.e. taking Huaqiao’s 300,000 planned population into account. When asked about the earlier worries regarding collaboration, the general manager of Anting International Auto-city and New Anting United Development Corporation replied that:

In the sense of development, we may be more in need of Huaqiao’s support in certain way, especially in terms of population. Anting needs high-profile population at the moment in order to promote modern service development...therefore we finally accepted to organize our urban functions and transportations catering to Huaqiao...(even we) put our recent development focus at the place that borders Huaqiao, i.e. where the No. 11 metro line of Shanghai is to be extended....As to competition, there are competitions everywhere. Anting is even competing with Nanxiang, Malu, which are both the towns under the Jiading district. On the other hand, if the house prices in Huaqiao are on the increase, then how can it be possible that Anting’s property prices are lower? The cooperation is mutually beneficial (interview, a general manager of Anting International Auto-city and New
Anting United Development Corporation, 21 April 2010).

In short, collaboration happened in circumstances where Anting was confronted with the problems of upgrading its industrial structure towards a service-oriented arrangement. That is, local officials compromised the regionalisation strategy in order to break the local development deadlock.

6.4 Characteristics of regional collaboration between Jiangsu and Shanghai

The case of the Jiangsu-Shanghai trans-border area has demonstrated that individual cities have begun to seek collaboration with adjacent neighbours. However, at present, these collaborative intentions are mainly articulated in planning documents or conveyed by chief governors, which are far from being practical actions. Most regional collaboration strategies are formulated by the policy makers of one city rather than by networking or substantial participation. Although local strategies are oriented towards cooperation, ‘officials of the other side will not be invited for the discussion or be informed of the proposal’ (interview, a chief planner of Jiading Planning Institute, 22 April 2010). That is, local institutional functions are still largely hedged by administrative boundaries and no collaborative mechanism has been substantially institutionalised. Since regional cooperation schemes are still managed by individual cities, they may be prolonged or even eventually fail, as in the case of the extension of the metro line from Anting to Huaqiao, ‘even though the extension is totally financed by Kunshan government, it has to rely on Shanghai’s arrangement.'
Therefore, Kunshan’s project won’t be put into schedule very soon since Shanghai will have to attend to its own projects first’ (interview, a chief planning official of Kunshan Planning Bureau, 14 April 2010). Moreover, at the current stage, the agenda of cooperation is largely limited to the realm of transport infrastructure. Communication is not broadly structured, but ‘concentrates on ad hoc projects such as on one particular road… Except for roads, there is little communication on such topics as regional development strategy, industrial development or environmental strategies’ (interview, a chief planner of Jiading Planning Institute, 22 April 2010). In other words, inter-locality cooperation practices in China are nascent and preliminary, with no formal institution or informal policy network having yet been established. The findings here in the Yangtze River Delta are in line with studies on the Pearl River Delta, in which it is argued that the Pan-PRD regional cooperation ‘is un-formulaic in nature’ (Yeh and Xu, 2008: 423), or ‘a collection of loosely assembled local governments’ (Wu and Zhang, 2009: 12).

Although economic regionalisation does not immediately indicate that the political agenda of regionalisation is well established, it does have some effect on agenda formation. For instance, due to the rapid development of high-speed railways and inter-city railways within the YRD region, conventional measures such as the obstruction of road integration undertaken by local governments to protect the local economy will be disrupted. Moreover, as the need for trans-border convenience and mobility is on a sharp increase, not only for business, but also for residents, better
inter-city connectivity would eventually bring benefits to the local economy. On the other hand, there is mounting pressure for the industrial structure within the YRD to upgrade from the manufacturing to the service sector due to the tightening up of land supply and the rising cost of manufacturing. As commented by a senior planner of Shanghai, the potential manufacturing shift in Shanghai due to land cost, higher environment standards and other factors cannot be affected by the government. As soon as Shanghai realised that the development tendency could not be reversed by any means such as rivalry and competition, it tried to make profits by other means such as cooperation (interview, a senior planner of Shanghai Planning Institute, 10 March 2010). That is, the government strategy is very pragmatic and follows concrete issues. As the tertiary industry is untraded and firmly embedded in localities, the coming industrial restructuring may create more scope for cooperation within the region.

Even though economic regionalisation, regional transport and economic restructuring would create more scope for inter-city collaboration, the nascent governance exercises towards cooperation are not a turning away from entrepreneurial endeavours or inter-city competition. Similar to past competition to set up manufacturing development zones, cities are now rushing to establish business parks. It is commented that there is a boom of building business parks by the town government in Kunshan after the development of the Huaqiao International Business Park by the provincial government (interview, a senior planner of Shanghai Planning Institute, 10 March 2010). That is, every government sees the business sector and the service
economy as a new source of economic growth after manufacturing development. The widespread business parks are again going to lead to fierce competition to attract business investment. For instance, Huaqiao business park summarised its competitive advantage as ‘proximity to Shanghai, preferential treatments of Jiangsu, and low production cost of Kunshan’. Apparently, the Huaqiao business park is still trying to use the competition of production elements such as cheaper land and preferential policies such as lower taxes to compete with other business parks, especially those in Shanghai with much higher costs. Therefore, it can be predicted that there may be a new round of economic competition between localities to develop producer services. Overall, the current regional cooperation practice is only a tactical strategy of urban governments to sustain local economic development.

6.5 Conclusion

This chapter has examined nascent regional collaboration practices in the YRD region. The study reveals that the relationships between different jurisdictions are no longer hostile as in the past, and some cooperative initiatives have emerged in the region. However, based on an in-depth case study of the Jiangsu and Shanghai border area, the chapter finds that current collaboration is far from being established (e.g. Zhang, 2006; Zhang and Wu, 2006). The mechanism of cooperation in contemporary China is not based on substantive inter-jurisdictional networking. The formulation of development proposals and economic strategies are still based on individual cities,
although a regional perspective is generally adopted by local governments in the process of preparing their development strategies. Other cities are included in the consideration, which is largely based on inter-city transportation and economic competitiveness. Local interests are still dominant on the development agenda. Moreover, contemporary regional economic development in China is predominantly launched by the state without engaging a wide range of actors and organisations outside the government body. Therefore, even though the relational perspective of scale is stressed in the literature (e.g. Allen et al., 1998; Allen and Cochrane, 2007; Lagendijk, 2007), the topic is undeveloped in China. Although collaboration and cooperation is pursued by the local actors including local residents and the local state, the outcome is predominantly decided by the reality of jurisdictional boundaries and the relationships between local governments. China's regional collaborative projects are still fragmented by the administrative hierarchy and territory. Communication and collaboration cannot easily be undertaken between different governments, especially at different levels (such as the county level of Kunshan and the district level of Jiading of Shanghai municipality), and this significantly undermines the effectiveness of interaction between cities.

In order to examine emerging regional initiatives, the chapter distinguishes the economics and politics of regionalisation. It is argued that, albeit in economic terms, the economy of the YRD has been regionalised and, at the same time, the scope of collaboration has also widened, although a regional agenda has not been widely
achieved among cities. In fact, a regional agenda has only been selectively adopted by
the local governments in response to the current volatile economic environment.
Increasing inter-city competition and the difficulty of export-oriented manufacturing
industries has driven local officials to adopt new strategies such as adopting the
development of the tertiary industry. Therefore, regional collaboration in China is a
product of changing economic strategy rather than a substantial shift in regional
governance. Although the environmental agenda in the Western context is a major
driver for emerging regional governance, it has not been the dominant force in region
building in China. It is argued by Xu and Yeh (2008: 423) that the contemporary
cooperative strategy is merely used as an ‘institutional fix’ for the city to open up new
avenues for capital accumulation. As illustrated by the case study of the
Shanghai-Jiangsu border area, cooperative development is the tactic only employed
by the local government to facilitate local economic growth in terms of business and
property development, when development margins for manufacturing are narrowed
under the rising land and labour costs and the stringent state land policies.

Finally, this research suggests that the current policy solution on inter-city cooperation
inside China is too simplistic. The problem tends to be attributed to the lack of
communication in the Chinese administrative system; hence, more networking is
advocated. As examined through the changing relationship between Shanghai and
Jiangsu, this chapter argues that the development of regional governance is strongly
embedded in local and territorial politics. In other words, regional governance
research must be contextualised in the circumstance of economic devolution and urban entrepreneurialism in post-reform China. Besides the lack of communication channels, competitive relationships between different localities also exacerbate the ineffectiveness of inter-governmental collaboration. Although emerging regionalisation and industrial restructuring in China is creating more scope for inter-city economic cooperation, it does not change the competitive relationship between different jurisdictions. This is because China is still fiscally decentralised, a context in which local governments have to build their economic capacity and earn their own revenue (e.g. Wong, 1991a; L-Y. Zhang, 1999). Although the central state has put forward more stringent land policies, it does not substantially challenge the established pattern of the local governments as local land manager. Therefore, competition by means of land and preferential treatments will still exist, since they are the effective administrative means that the local governments can deploy to spur economic growth. However, on the other hand, entrepreneurship also makes the local governments very pragmatic regarding the issues of competition and cooperation. As demonstrated by the case of the trans-border area between Jiangsu and Shanghai, bottom-up cooperation will become more active as long as it is assumed by the local governments that benefits can be obtained from the cooperative development. Administrative bureaucracy and fragmentation can be reshaped in favour of cooperation for the sake of economic interests. That is, the local interests provide the main impetus for local governments to choose between competition and cooperation. In this regard, the prospect for inter-city cooperative development in China might be
more than that of the UK. In the UK, regional competitiveness and economic development seem to be seen as more the concern of the national state, for which regional development and regionalism are at the centre stage of the national policy rather than being addressed by the local policy (e.g. Bristow, 2010: 4). The politics of political regionalism in the UK are complicated and full of tension with regard to cultural identity, local party politics and civic engagement (e.g. Deas and Ward, 2000; Phelps, 2010).

Overall, the case of the changing Shanghai-Jiangsu inter-relationship has illustrated the politics in the regional scale building process in the YRD area. However, this is only one aspect of regional-making practices in the YRD region. In contrast to the focus on the local forces of regionalisation, the next chapter will scrutinise the intention of top-down forces to develop regional governance in the YRD. The rationale and politics underlying the top-down programmes are significantly different from those of the bottom-up articulation presented in this chapter.
CHAPTER SEVEN

THE RESURGENCE OF YRD REGIONAL SPATIAL PLANS: THE DEVELOPMENT OF TOP-DOWN ORCHESTRATED REGIONAL GOVERNANCE

7.1 Introduction

China was well known for its top-down planned economy in the socialist period. At that time, regional plans were formulated by the National Planning Commission, the backbone of the central state, to arrange economic development. However, it is less known that pre-reform China used to be equipped with regional-level government in the state system. Regional government was set up above the provinces for top-down control and intra-regional coordination. For instance, the YRD region has seen the rise and demise of three regional organisations (e.g. Yangtze River Delta Urban Economic Coordination Office, 2007: 9-11). Firstly, an East China Administrative Region was set up from 1950 to 1954, including Shanghai, Jiangsu and Zhejiang along with Anhui, Shandong, Fujian and Taiwan province. The administrative region during the short period accommodated complete governmental departments, as well as military and Party organisations (Chen, 2007: 3). The regions were set up to help China's Communist Party to consolidate political power and resume industrial production after the civil war (Yangtze River Delta Urban Economic Coordination Office, 2007:
9). Secondly, an East China Collaborative Region was established from 1954 to 1960, which covered Jiangsu, Zhejiang, Shanghai, and Anhui, Jiangxi, Shandong and Fujian province. The remit of the region was limited to economic development (Chen, 2007: 5), i.e. the production and constitution of a self-contained regional economy. Therefore, only one committee was set up for the running of the regional organisation (ibid). Finally, an East China Central Bureau was set up in 1961 to re-confer the previous economic collaborative region with Party and political power (Chen, 2007: 7). However, the Cultural Revolution, which started in 1966, affected the function of the administrative region (Yangtze River Delta Urban Economic Coordination Office, 2007: 11).

Since the beginning of the economic reform, China’s state system has not retained a regional level of administration between the central government and the provinces. Regional planning such as the national five-year plan was still practiced, but its influence was also very much weakened afterwards. However, the discourse of regional coordinated development has reappeared in both governmental reports and academic literature since the beginning of the new millennium. Region-wide cooperation is advocated, and even building up a new level of regional government has been suggested (e.g. Hong, 2009; Ji et al., 2006; Tao, 2007; Wang, 2008; Wang, 2009; B. J. Yang, 2004; Zhang et al., 2007; Zou and Shi, 2004). In this context, a third boom in regional planning, which was unprecedented in terms of the overall number of planning projects and amount of planning funding, has been witnessed (Wang,
2007: 3). In the region of YRD, two regional plans were prepared in 2005. The YRD Regional Plan was prepared by the central ministry of National Development and Reform Commission (NDRC), whereas the YRD Urban Cluster Plan was introduced by the Ministry of Housing and Urban and Rural Development (MHURD). These regional plans are remarkably different from the features of the locally initiated regional plan. They cannot be fully explained by entrepreneurial thrust, as seen in the earlier stage of city planning (Xu and Yeh, 2005; Wu, 2007; Wu and Zhang, 2007). According to Wong et al. (2008), planning is now developed as a functional and spatial coordination device to pursue environmental sustainability and social coherence (Wu and Zhang, 2008: 154). In other words, this new regional agenda, to some extent, represents the top-down policy response to the problem of conflicts between cities in the region.

The chapter hence intends to investigate the resurgence of the centrally initiated regional plan in the YRD. Western European countries have also witnessed the revival of strategic spatial planning at the national and regional scale since the 1990s (e.g. Albrechts et al., 2003; Albrechts, 2004; 2006). The approach of state theory is used to understand the changing nature of the current regional plan (e.g. Allmendinger and Haughton, 2007, 2009; Haughton et al., 2009). It is argued that the new spatial planning ‘is a contributor to and a reflection of a more fundamental reform of territorial management’ (Allmendinger and Haughton, 2009: 620). It is representative of the restless search of the state for territorial management (Allmendinger and
Haughton, 2007: 631). Following the lens of planning, governance and ‘new state space’ (Brenner, 2004b), this chapter attempts to use the case of the NDRC-led YRD Regional Plan to illustrate the development of the ‘new state space’ in China. The YRD Regional Plan, together with Beijing-Tianjin-Hebei region, was prepared by the NDRC during the eleventh five-year plan period (2006-2010). It occupies a pioneer role in the current wave of making regional plans. This regional plan was recently approved by the State Council in May 2010, which represents the first official policy of cross-boundary governance in the region. The central research question is how the regional plan is formulated and articulated by upper-level government as a vehicle to deliver its regulations in contemporary regional governance. Built on the argument that the regional plan represents the state’s recentralising effort (e.g. Xu, 2008; Xu and Yeh, 2010), this chapter attempts to further argue that current up-scaling planning practices are part of the process of the restructuring of state spatiality, i.e. the new development of the regional level by the central government represents a new scale of policy intervention and state power.

The organisation of the chapter is as follows. Firstly, there will be a review on the marginalisation of regional administration and regional plans in the YRD after the economic reform. It is suggested that localities virtually developed individually without a regional vision after the downscaling of governance. Secondly, the recent formulation of the Yangtze River Delta Regional Plan is studied to examine how the plan resumes the role to regulate local development, i.e. how the plan contributes to
the production of 'new state space'. Next, the ongoing tension between different levels of government and different divisions in the development of 'new state spaces' is discussed. Finally, in the conclusion section, the deficiencies of regional planning are highlighted, and some policy implications are provided.

7.2 The marginalisation of regional governance in YRD in post-reform China

Since economic reform, China has changed its focus from political control to economic development. The regional level of government was abandoned since it was found to be too rigid and detrimental to spontaneous business cooperation (The Yangtze River Delta Urban Economic Coordination Office, 2007: 10). Instead, informal regional organisation was promoted by the central government. In contrast to the previous regional administration, the informal regional organisation had three main purposes. First of all, it attempted to promote inter-regional and inter-city economic cooperation, or in the language of the time, 'horizontal economic relations' (hengxiang jingji lianhe). Secondly, it also aimed to break down urban-rural dualism and to promote commercialisation and economic trade (Li, 2008: 29). Finally, it intended to promote inter-governmental networking and inter-ministry coordination, which was deficient in the previous ministry-led centrally planned system (Yu et al., 2008: 152). For example, within the YRD region, a Shanghai Economic Zone (SEZ) was designated by the State Council in December 1982. Geographically, the region consisted of ten cities: Shanghai, Suzhou, Wuxi, Changzhou, Nantong, Hangzhou,
Jiaxing, Huzhou, Ningbo, and Shaoxing. When setting up the region, the central government intended to build up a regional economy around the city of Shanghai (Yangtze River Delta Urban Economic Coordination Office, 2007: 11). In order to break down the previous ministry-led economy by bringing the ministry and localities to work together (Yu et al., 2008: 63), the leading office of the regional organisation, the Shanghai Economic Zone Planning Office, was constituted by central ministries and the three provincial-level governments. The central ministries included the National Planning Commission, National Economic and Trade Commission, and other specialised ministries such as industry ministries, the Hydroelectric Power Bureau, the Transport Ministry, the Chemical Industry Ministry, the Electronics Ministry, the Spinning Ministry, and the Light Industry Ministry (Yu et al., 2008: 151). From 1984 to 1988, conferences attended by the provincial governors and city mayors were held once a year in order to facilitate ‘horizontal’ relationships and communication between different cities and economic sectors (Yangtze River Delta Urban Economic Coordination Office, 2007: 11). Throughout the process, many state enterprises within the region started to cooperate with each other in sales, production, technology and capital with the help of the government (Yu et al., 2008: 152).

In addition, as a complement to reduced top-down state control, a territory plan (guotu guihua) was imported and it was advocated by the State Council to cover the whole country in the early 1980s. For example, the SEZ region was regarded as one of the key regions under the national territory planning led by the National Planning
Commission (NPC) (Wu, 2006: 110). With the function of the Planning Office, integrated attempts were made to coordinate infrastructure construction, water management, industrial development and other issues within the region (Sun and Zhao, 2005: 144). It is documented that one Shanghai Economic Zone Strategic Development Plan and as many as twenty-two special plans were prepared during the period (Yu et al., 2008: 152). Some profound examples included: the planning of Shanghai-Jiangsu and Shanghai-Zhejiang highway, which was later adopted by the Transport Ministry and put into construction in the 1990s (Wang, 2009: 116); the flooding control plan for the Tai-Lake Basin, which was then approved by the State Council (Li, 2008: 29); the territorial plan of Shanghai-Jiangsu and lower Yangtze River Delta area (Wang, 2009: 116) and the urban distribution plan for the Shanghai Economic Zone (Wu, 2006: 115) (Figure 7.1). Overall, in the early years after the economic reform, informal regional organisation was set up, not to consolidate central control, but to promote local initiatives and natural economic trade. In the meantime, there was an upsurge in regional planning to coordinate market-oriented development rather than to arrange economic distribution.
Figure 7.1: The Urban Distribution Plan for Shanghai Economic Zone (1985-2000)

Source: Wu, 2006: 115
However, the regional body was abolished in 1988 for many reasons. Firstly, at the time of decentralisation, the regional organisation, which was immediately subordinate to the State Council and directly led by the National Planning Commission, was regarded with suspicion. It was believed the top-down approach to promote business links was characterised by residual central command (The Yangtze River Delta Urban Economic Coordination Office, 2007: 11). That is, business cooperation was pre-arranged by government orders rather than spontaneously. Secondly, local governments were actually passive regarding inter-regional cooperation and were really more interested in the economic benefits of their own jurisdictions (Sun and Zhao, 2005: 144; Wang, 2009: 116). Due to the partial and incremental reform of economic planning, fiscal arrangements, goods management and the price administrative system at that time, local governments were able to take advantage of their residual planning power to influence business operation and prevent cooperation (Lu and Shi, 2008: 154). Examples of material wars and market blockade, instead of achievements of inter-regional economic cooperation, were extensively documented during the period (e.g. Zhao and Zhang, 1999: 272). Thirdly, the regional functioning demonstrated a path dependency on the former economic planning approach, which was ingrained with socialist legacies such as top-down administrative measures. For example, the regional plan prepared during the time was still a blueprint document without any concern for the implementation mechanism and public policies. Although a Regional Regulation for the Shanghai Economic Zone (shanghai jingji qu zhangcheng) was formulated (Yangtze River Delta Urban
Economic Coordination Office, 2007: 11) and a strategic development outline was agreed upon (Li, 2008: 29), these remained as paperwork without any binding effect. No legislation was passed for the plan formulation or regulation, either. That is, the realisation of the regional vision was still reliant upon top-down administration and local obedience. As a result, the effectiveness of the region was increasingly challenged by decentralisation and market reform, where the context of governance became much more complicated than purely top-down instructions and unconditional obedience. Finally, the intention to build a regional economy around Shanghai also met with resistance from some localities (Lu and Shi, 2008: 155). Owing to the uneven open policy and the disintegration of the command economy, Shanghai lost its absolute advantage in economic development. For example, Lianyungang and Nantong in Jiangsu province, as well as Wenzhou in Zhejiang province, were allowed to receive foreign investment in April 1984, six years earlier than the opening of Pudong of Shanghai in 1990. Shanghai’s regional status was severely challenged by the faster economic growth in the provinces of Jiangsu and Zhejiang, which benefited largely from the prosperous development of town and village enterprises (Zhang, 2006: 41). Under the circumstances, Nanjing and Hangzhou, the capital cities of Jiangsu and Zhejiang provinces, both intended to compete with Shanghai to be the leader city of the region (Lu and Shi, 2008: 154). In short, the conflicts between the traditional top-down administrative approach and the emerging decentralisation environment led to the failure of the regional experiment. In other words, the disassembly of the NPC-led Shanghai Economic Zone marked the failure of the
intervention by the central government into local development after economic reform.

The top-down regulation was further weakened following the reorganisation of the central government in 1998. After that, the NPC was reformed to become the National Development and Reform Commission (NDRC) and responsibility for territorial management was moved to the newly established Ministry of Land Resources (MLR). As a result, the formerly unified function of economic management and territorial management was separated under two ministries (Wu, 2006: 121). However, MLR made the preservation of agricultural land its priority and set aside territorial management, i.e. the making of territorial plans. In other words, top-down spatial regulation was temporarily placed in a vacuum during the period. In contrast, city planning under the Ministry of Construction (MoC) (the later MHURD) was developing rapidly. According to the 1989 City Planning Act, an urban system plan is required for the preparation of an urban master plan. Consequently, the influence of the urban system plan underneath the MoC system was greatly enhanced and it virtually became the regional-level plan in the post-reform era. For example, the Jiangsu Department of Construction prepared the Suzhou-Wuxi-Changzhou city-region plan during the preparation of the Jiangsu Provincial Urban System Plan to tackle the problem of incoordination and competition in the developed southern Jiangsu area. However, the city-region plan was very difficult to implement in reality (Luo and Shen, 2008). Furthermore, the preparation of the urban system plan under the MoC was generally based on provincial administrative divisions, which actually
left the coordination between provinces unattended. Overall, the urban system plan has been under increasing criticism in recent years. It is argued that its existence is merely due to the fact that it is a statutory plan required by the 1989 City Planning Act rather than because of its real value in practice (Zhu, 2005). In reality, the effectiveness of the urban system plan was greatly challenged in the late 1990s for its outdated technocratic planning methodology, which addressed a static urban hierarchical system and a rigid standard of urban size distribution (e.g. Q. Zhang, 1999).

Overall, regional planning became marginalised for a short period in the 1990s. In fact, it was downgraded owing to the ineffectiveness of regional governance. First of all, regional plan-making was still ingrained with socialist planning theory, which is an approach simply comprising a blueprint outline without any implementation mechanism. Its usefulness was hence questioned and it was even seen as the legacy of the planned economy and no longer suitable in the market economy (Zhu, 2005). Secondly, and more importantly, this is because the upper-level government was left with few administrative and fiscal resources for territory management after economic devolution (e.g. Wu et al., 2007; Luo and Shen, 2008). Due to the fact that the region has been widely documented for its spectacular growth speed, as well as the increasingly intense competition between various localities for investment, land and policies (e.g. Zhang, 2006; Chen, 2007; Zhao and Zhang, 2007), there are increasing concerns over administrative fragmentation, adverse competition and redundant
development within the area.

7.3 Formulating the Yangtze River Delta Regional Plan: the contribution to a new state space in the YRD

In 2002, NDRC changed the name of the conventional five-year economic plan to the five-year spatial plan, which was intended to reassert its role of spatial regulation. In the following year of 2005, NDRC launched the YRD regional plan project as an experiment to include spatial components within the eleventh five-year plan (2006-2010). The YRD region in the plan incorporated the area of Jiangsu, Zhejiang and Shanghai. This is very unusual because it spans three provincial-level jurisdictions, including 24 prefecture-level cities, 49 county-level cities and 61 counties (Figure 7.2).
The preparation of the plan was totally funded by the central government, and headed by the then vice-director of NDRC. Planning preparation was executed by the Local
Economic Development Department (diqu jingji fazhan si) under the NDRC. Instead of an internal task undertaken by the central government itself, local governments, universities, academics and experts were involved in plan-making with regard to planning consultation. The overarching plan-making framework was divided into three research teams, namely: the comprehensive team, the expert team, and the local team (interviews, involved academics, East China Normal University and Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences, 21 April 2010 and 11 March 2010). The comprehensive team represented the core of the plan-making group, which took on the responsibility for integrating sector and local plans and the compilation of the final planning document. The expert team was in charge of research on particular subjects of crucial significance, such as population and urbanisation, land use and arable land protection, industrial development, and implementation mechanism and policy design. These plans were then used as the formal sector plans of the related ministries and bureaus. As the comprehensive team was led by the Nanjing Institute of Geography and Limnology of the Chinese Academy of Sciences, the expert team comprised researchers from Shanghai and Zhejiang in order to balance domiciles of origin. Finally, the local teams were formed by local development and reform commissions and other colleges. They were the representatives of the localities and also acted as the interface between central and local governments (all the above details are taken from an interview with an involved academic, East China Normal University, 21 April 2010).
Although the plan was scheduled to be published in mid-2006, the release date kept being postponed. The plan was not actually approved or published until 25 May 2010, which was at the end of the eleventh five-year period (2006-2010). The main reason why plan-making consumed such a long time was that there were different views on the boundaries of the regional economy and the extent of regional integration within the area (interview, involved academics, Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences, 11 March 2010). In the very beginning, the regional plan only covered 15 prefectural cities as well as Shanghai. This is because the smaller-sized region is economically more developed, is closer to Shanghai, and corresponds to the historical YRD institutional landscape, in terms of the Shanghai Economic Zone in the pre-reform era and the Yangtze River Delta Economic Association in the post-reform era (for a brief introduction to the Yangtze River Delta Economic Association, please see Luo and Shen, 2009). However, the State Council released the document ‘Instructions on Furthering the Reform and Opening-Up, and Promoting the Social Economic Development in Yangtze River Delta Region’ (in short, changsanjiao zhidao yijiari) on September 2008, which officially announced that the YRD region should incorporate the whole jurisdictional area of Shanghai, Jiangsu and Zhejiang provinces. The document even created a term of jargon called ‘Pan-YRD region’ in order to combine Anhui, the underdeveloped province on the periphery, with the region of YRD. Obviously, the intention of the central government was to encourage industrial relocation from the relatively developed YRD area to Anhui province, which would promote economic restructuring.
in the YRD region, as well as enhancing economic development in Anhui province. On the other hand, the massive expansion of the YRD region was also because of the strong requirements of the provincial and local governments to join the ‘YRD region’ to promote local economic growth. Overall, scientific research on the structure and boundary of the regional economy did not have much effect on the space of regional planning since it was greatly influenced by the politics of central and local governments.

7.3.1 The new legitimate level of planning: the creation of a new scale of state spatiality

The YRD regional plan is the first integrated plan for all three provincial-level jurisdictions. It specifies strategic positioning, development objectives, spatial distribution and coordinated development for the entire area. The plan contains twelve chapters. Chapter one analyses the challenges and opportunities confronting the region. In Chapter two, a unified regional strategy is proposed for the vast area. It aims to realise ‘social well-being in 2015 and modernization in 2020’. The aim of the specific goal of GDP per capita is to reach 82,000 Yuan in 2015 and 110,000 Yuan in 2020. More importantly, the plan forecasts that the service sector should account for 48 percent in 2015 and 53 percent in 2020. The goal for the service industry represents the intention of the central government to promote economic restructuring in the YRD region in order to enhance its regional competitiveness in the world and
upgrade the current structure of export-oriented manufacturing industries. For this purpose, the regional plan provides overall guidance for the region in Chapter three. It envisions the future spatial development structure as ‘one core with six belts’ (Figure 7.3). Furthermore, it specifies the urban system within the region and the particular roles of cities in the region. Overall, the YRD regional plan represents one of the few centrally prepared documents on cross-boundary regional development and the first ever in this area since economic reform. Through the making of the regional plan, the regional scale is created to promote integrated development in the fragmented and complex region.
Figure 7.3: The Structure of the YRD Regional Plan

Although the YRD Regional Plan is not a statutory plan according to the City Planning Act, it is conferred with legitimate power by the State Council to ensure the implementation of the integrated plan. The approval of the YRD Regional Plan by the State Council provides legitimacy for NDRC to conduct administrative management in accordance with the plan. As an economic coordinator in the socialist economy, NDRC retains some administrative power to approve certain investment projects that would have an impact on the environment and economic safety (Zhang and Zhang, 2005). However, the regional plan is now used as the basis for project approval. For example, if a project is not included in the plan, then it cannot be approved within the five-year period; if proposed projects are not located in the spatial zoning area, they cannot be approved either (interview, involved academic, Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences, 26 March 2010). In this way, the central government can impose its location preference for locally initiated projects, especially the big schemes that have a huge impact on local development and the environment. For example, although metallurgical plants are not totally banned in the YRD region, they are spatially restricted in the plan in order to protect the environment and eliminate over-capacity of output. Therefore, metallurgical projects may not be approved if applied for by cities located outside the proposed area within the plan. Apart from the above administrative measures, the statutory status of the plan requires all cities and counties within a region, and all the ministries and bureaus involved, to refer to the YRD regional plan document in their policy and plan making. Consequently, the long absent regional vision is restored by the enforcement of the
regional plan.

The reason why NDRC resumed a strong role in spatial planning is historically contingent and is because NPC, from which NDRC originates, was the most comprehensive and powerful ministry-level commission in the central government. NDRC is even now half a level higher than other government departments at the ministry level. Likewise, the conventional five-year economic plan used to be and still is the plan for the whole government body rather than the plan for individual departments. Every government institution at various levels of government should formulate their department plans to be incorporated into the five-year economic plan. In this sense, the five-year plan supervised by NDRC is the most powerful strategy that embodies the overall governmental plan. By deploying the authority of the central government and the administrative resources of NDRC, the weakened regulatory power of the provincial government and other ministries in the YRD region should be restored through the implementation of the regional plan.

7.3.2 The enlarged scope of planning: the changing nature of planning for strategic governance

Although the initiator of the plan is NDRC, which used to compile the five-year economic and territorial plans, the YRD Regional Plan is not a purely economic plan or land use plan. The scope of the plan is widened to include all aspects ranging from
the economy, land resources, environment, infrastructure development coordination, regional inequality to regional innovation. In addition to an overall strategy, the remaining part of the plan prescribes strategies and locations for various development subjects such as major industries, infrastructure projects, highways or fast roads, and inter-city train lines. The remaining ten chapters of the plan deal with urbanisation and urban-rural coordinated development, industrial development and distribution, innovation and creative city-regions, infrastructure planning, land resources and the environment, social development and public services, institutional reform and innovation, the deepening of opening-up and cooperation, and planning implementation. According to an official of the NDRC, integrated considerations are made for these strategies and locations in a top-down manner based on the following considerations: the national interest, regional competitiveness, and regional common issues such as environmental protection and coordination (Zhou, 2005). For example, an industrial strategy was formulated for the whole region to develop tertiary industry and new-technology industry to promote the restructuring of export-oriented manufacturing sectors. Correspondingly, restrictions were imposed on steel and petrochemical industries, because output capacity in the region was believed to exceed demand. It was suggested that existing small enterprises should merge with large ventures to build up new capacity. In addition, specific industrial strategies for each city in the region were proposed in order to eliminate redundant industrial development. Another case in point is the proposal for intra-regional transport infrastructure. It was judged that the region was greatly lagging behind in terms of
inter-city transport links. Although the highway network was well developed, and played an important role in linking different places, it was argued that the highways encroached on too much land and were not environmentally friendly. As a result, it was decided that highway construction would no longer be encouraged in the region. Instead, inter-city high-speed railways were given priority and the spatial structure of high-speed railways was proposed. Consequently, the centrally initiated proposal helped to break the deadlock because local governments had no capacity to invest in inter-city infrastructure, even though demand for inter-city commuting was sharply increasing. Thus, the regional plan fills a gap in institutional arrangements through an integrated regional perspective, and helps to resolve critical problems and concerns that could not be solved by individual provinces or municipalities (Yang and Chen, 2007).

The broader scope of planning shows that regional planning, rather than individual government departments, now tries to solve the major problems that confront the overall regulation of the region. For example, land use and land protection lies under the Ministry of Land and Resources, while the management of urbanisation and urban development is the responsibility of MHURD. The broadened scope of the plan demonstrates that it attempts to pay attention to all relevant issues in order to develop an integrated strategy for land, resources and development. Overall, the scale of new regional planning is designated by NDRC with the intention of guiding and governing the activities of local governments in their local strategy making and project proposals.
The scope of the plan is hence greatly widened and it is no longer simply an internal department document. In addition, the plan is conferred with statutory status rather than being reliant upon administrative measures for implementation. It is thus anticipated that coordination between different places and departments should be promoted. In other words, the governing of the YRD region will not lead to the establishment of a particular government or governance body at the regional scale; it is the central government itself that directly plans and governs the region. That is, the regional plan is the ‘new state space’ introduced by the central government to govern local development without inserting another level of regional government body into the existing five-tier government hierarchy. As a socialist legacy, however, territorial management is still more reliant upon employing hierarchical authority and administrative measures than building consensus by means of open negotiation, public participation and awareness. Because of relatively limited local involvement, the effectiveness of the regional plan was doubted at the beginning of its preparation.

7.4 The ongoing tension in the development of new state space

7.4.1 The contest between ministries for spatial regulation power

The YRD Regional Plan prepared by NDRC did not proceed smoothly, and faced many challenges. Its sole authority has been contested by plans made by the other ministries. For example, MHURD started preparing the YRD Urban Cluster Plan
(2007-2020) in 2005, which is to the same timescale as that by NDRC. Following NDRC and MHURD, the MLR also jumped the bandwagon and attempted to make its own regional plan. Among the competition, the rivalry between NDRC and MHURD is the most acute. The YRD Urban Cluster Plan project by MHURD started on 15th November 2005, and ended in early 2008 (interview, involved planner, Chinese Academy of Urban Planning and Design, 8 April 2010). The project was co-financed by MHURD and Provincial-level Commissions of Housing and Urban and Rural Development, while MHURD took the lead in organisation (interview, involved planner, Chinese Academy of Urban Planning and Design, 25 February 2010). The mega-project was mainly shouldered by the Chinese Academy of Urban Planning and Research, which is subordinate to MHURD. Historically, the two planning agencies had different foci: NDRC concentrated on economic regulation, while MHURD covered urban land use and construction. However, both plans now put spatial regulation and coordination at the top of their agendas and adopt a regional perspective and spatial approach. Therefore, the contents and structure of the MHURD plan are quite similar to that of the NDRC plan. For example, the MHURD plan has five sections. The first section deals with the opportunity and challenge confronted by the YRD region. The second sets overall goals and strategy for the whole region. The third allocates spatial policies for urbanisation, population, employment, industrial distribution, rural development, transport systems, energy use and ecological protection. The fourth focuses on the key trans-border areas for integrated development or collaboration and the last section illustrates the
implementation mechanism and related policies for the plan. In other words, similar to the regional plan made by the NDRC, the urban cluster plan by MHURD also undertakes comprehensive analyses including different aspects of land, resources, industries and regional inequality to take forward a unified spatial development framework for the region. Coordinated policies were designed for the three provinces and one municipality in terms of urbanisation, industries, transport, environment and spatial development. Under the general framework, special concern was paid to some important trans-border areas, such as the trans-border cities which need coordinated spatial and transport development, and areas that need coordination in terms of environmental management.

Through interviews with both ministries and their affiliated organisations, it seems that MHURD is recognised as more adept at plan preparation. However, NDRC is unwilling to use the plan made by MHURD to guide its administrative management. Although MHURD acknowledges that NDRC possesses more administrative and political resources to implement regional plans, MHURD regards its plan as more scientific and realistic. In short, the making of these regional plans represents the fact that consensuses have been achieved by different central ministries and that a higher-level intervention is required to coordinate city-based development from a regional or even national consideration. However, the various planning agencies have not yet taken coordinated action or integrated policy-making processes as advocated by European spatial planning. Consequently, each plan is pursuing
comprehensiveness by itself, without any effort to join-up different strategies of different sectors, or to work together across various sectors on one overall strategy.

The conflicts have even spread from the process of formulating regional plans to that of building planning institutions. In order to re-establish their legitimacy to formulate and implement regional plans, both MHURD and NDRC are eager to strengthen the legal status of their regional plans. For example, the role of the urban system plan has recently been totally redefined by MHURD. Under the 1989 Planning Act, it was stipulated that the different tiers of urban system plan at the national, provincial, municipal and county level were prepared mainly as groundwork for the urban master plan. In other words, the main purpose of the urban system plan was just to ensure the feasibility of the function and scale of individual cities in the urban master plan. Therefore, even though the urban system plan is the only statutory regional plan in China and is the compulsory plan under the Planning Act, it does not hold an independent role, but is auxiliary to the urban master plan, particularly for those at and below the municipal level. However, recently, MHURD has sought to take advantage of the statutory status of the urban system plan to consolidate its role of regulation. It has attempted to use the different levels of urban system plan as regulation devices for the corresponding level of government, not only the Housing and Urban and Rural Development Department. As explained by the chief of the regional planning department under MHURD, "Each level of the urban system plan corresponds with the regulation imperative of the level of the government. The
different levels of urban system plan are responsible for the corresponding level of
government to coordinate urban development of the lower-level governments’ (from
the PPT presentation made by Qin Zhang at the 2009 Annual Conference of Regional
Plan and Urban Economics Academic Committee, 2009-12-20, Beijing). As
illuminated in Figure 7.4, it is hoped the cascade of urban system plans would become
well-functioning top-down guidance on various levels of local development.

Obviously, MHURD is expecting its urban plan to go beyond the ministry and
become the tool of the government in spatial regulation. For the purpose, MHURD
commanded the Chinese Academy of Urban Planning and Design Institute to prepare
the National Urban System Plan in 2005, which has not been prepared before. This is
expected to be the device of the central government to strengthen national guidance
on local development (interview, the chief planner of a major planning academy, 30
March 2010). Unfortunately, this plan was not approved by the State Council. It is
believed that the plan became the sacrifice of the conflicts between ministries for
spatial regulation power (Interview, the chief planner of a major planning academy2,
30 March 2010). Since the central government shows more favour to the plan
prepared by NDRC, it would rather not approve that made by MHURD due to the
consideration of redundancy. As a result, the national urban system plan could only be
used as an internal document by MHURD, even though it is the statutory plan
according to the City Planning Act (interview, the chief planner of a major planning
academy, 30 March 2010).

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2 Because of the sensitivity of this comment, the location of the academy remains unlisted.
At the same time, NDRC is also very ambitious for its regional plans to be adopted as the overall government plan:

The NDRC attempts to get through an overarching regional plan ordinance to coordinate all regional-level plans of various government departments under the NDRC regional plan umbrella. The intention of the proposal is to streamline the regional plans made by various departments and make the regional policies more compatible with each other. However, the proposal
was fiercely resisted by other ministries, especially MHURD and MLR (interview, leading academic in planning, Nanjing University, 12 March 2010).

Although NPC, the predecessor of NDRC, used to hold sole authority over the planned economy and guided overall economic and spatial development, the mandatory power of NDRC is now much weaker after economic reform. Although the State Council has treated NDRC more favourably and approved all its regional plans, ‘harmonious relations between ministries’ have to be taken into account. Consequently, the ‘proposal for legislation made by NDRC was finally compromised under great pressure and the released document is limited by the system of five-year plans’ (interview, the director of a major planning academy\(^3\), 17 March 2010). In this sense, the regional plan is merely an additional planning ordinance within the system of NDRC, just like that of MHURD, rather than an overarching planning legislation.

Overall, the contest between different ministries on the formulation and institutionalisation of the regional plans actually manifests the battle articulated by the ministries to safeguard their power and interests (c.f. Hu, 2006b). The unprecedented emphasis placed by the central government on spatial regulation represents the new area of power for these ministries. Henceforth, MHURD, which is now in charge of making urban and regional plans, is eager to upgrade its plan as the device of the government for spatial governance; while NDRC and MLR, which were historically

\(^3\) Because of the sensitivity of this comment, the location of the academy remains unlisted; similar views are shared in other interviews about the difficulty of coordinating plan making between different ministries.
engaged with regional plan making, are keen to resume the making of regional plans.

This is in stark contrast to the attitude to regional planning in the early decades of economic reform, when territory plans were not valued by either NPC or the later MLR.

The repetitive plan-making has not only caused tension at the regional scale, but also resulted in a lot of controversy and ambiguity over the regional spatial plans. For example, the YRD spatial plans made by MHURD and NDRC have not only formulated different policy agendas and spatial policies on their own, but even have different understandings from one another in terms of the geographical boundaries of the YRD region. The NDRC ministry originally specified that the YRD region only covered a small area of 15 prefecture-level cities around Shanghai, which was then expanded to a larger region including Shanghai, Jiangsu and Zhejiang. However, the area understood by MHURD to comprise the YRD region was composed of Shanghai, Jiangsu, Zhejiang plus Anhui province. The big divergence between the two main ministries thus leaves the localities with excuses not to follow any plan formulation.

7.4.2 The conflicts between levels of government

On the other hand, the YRD Regional Plan is challenged by implementation and effectiveness in practice. The motivations between the central and local government are often contradictory. The regional plan by NDRC received much attention from
local authorities for its participative role in plan-making and its perceived strategic status in the national and regional economy and consequential preferential treatment of policy support and project allocation. 'Many provincial governors are very anxious about whether the city regions under their jurisdiction will be incorporated into any national strategies' (interview, a leading academic in planning, Nanjing University, 12 March 2010). This is because NDRC is the major economic planning agency in China; for example, NDRC is in charge of the four trillion Yuan stimulus plan approved by the State Council to cope with the global financial crisis in 2008. For this reason, localities strive to be included in the regional plan, not for the sake of strengthened governance, but because they are hoping for some potential opportunities to be given, even implicitly, by 'national strategies':

Local authorities can make use of the plan to their own benefits and market the strategic significance of the city in the national and regional economy to attract investment. Although the centrally made regional plan does not provide direct capital support, local authorities tend to use the regional plan to lobby other ministries for special policies, especially for the quota of construction land, loans from national banks, and more autonomy in ex-ante 'institutional experiments' without permission from higher-level governments (interview, involved scholar, Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences, 11 March 2010).

Even though the NDRC regional plan obtained its statutory status, it is still very
difficult for central government to deal with game-playing local governments and guarantee the enforcement of the regional plan. First of all, as commented by an experienced academic in a planning school:

The contents of the current regional plans are still too general and too brief; few offer guidance linked with enforcement regulations. And hence, it is very difficult for the relevant government departments to intervene in local development by reference to the regional plan (interview, scholar, Nanjing University, 12 March 2010).

Secondly, the regional plan is not equipped with any regulatory power, funding or other incentives for implementation, even though it is strongly advocated by central government. ‘Since there is no Regional Planning Act in China, there is no relevant regulation on what to do if there is no compliance with the regional plan. Neither are regulations enforced on the local governments to ensure they follow the regional plan to prepare their local plans’ (interview, scholar, Nanjing University, 12 March 2010).

Furthermore, a common problem for planning in China is the fact that ‘even though the plan is approved by the upper level government, the implementation actually lies in the hands of the local government...’ (interview, official, MHURD, 6 April 2010).

Since China’s economic reform, the operation of local government is no longer granted by the central government, but predominantly by itself; local development is not funded by the central government either, but is largely initiated by the local government as well. On the other hand, ‘the primary land market is virtually
administered by the local government, which further facilitates the locally initiated
development’ (interview, official, MHURD, 6 April 2010). In a word, the central
government is confronted with great difficulties when seeking to safeguard the
implementation of the plans it has approved. As a result, the central government is
forced to ‘strengthen the law in terms of plan enforcement and plan revision, and in
the meantime put aside a quantity of money to use satellite data for real-time
supervision of the implementation of the plan and land protection’ (interview, official,
MHURD, 6 April 2010). However, as pointed out by a senior professional, ‘...the
spatial planning is not any panacea...as long as the locally-initiated development
model is not changed, the intention to use spatial planning to control the local
development is very difficult to achieve’ (interview, senior planner, Chinese Academy
of Urban Planning and Design, 2 April 2010). In other words, even the strictest
censorship is doomed to fail under the current situation, which could only exhaust the
resources and energy of the central government.

Although the regional plan by NDRC suggests that the current promotion system
based on economic performance should be reformed and that the tax-sharing system
and revenue structures be modified, these suggestions are on the recent agenda of
political reform:

The system of cadre promotion is under the charge of the Organization
Department of the CPC Central Committee; the system of tax and revenue is
under the charge of the Revenue Department; while the transfer payment is
determined by the Ministry of Finance. Although NDRC is a half-level higher than other ministries under the State Council, that only means it is able to organise inter-ministry meetings; it cannot make policies for issues that are the responsibility of other ministries (interview, official, MHURD, 6 April 2010).

In a word, it seems that the central government still lacks the commitment to initiate overall institutional and political reforms. Plan-making is not given any stronger status in the administrative system. As revealed by a participant academic:

Plan-making is headed by the vice-director of NDRC, whose political status is only equivalent to that of vice-provincial governors. In the fieldwork and data collection period, the planning group is mainly led by the vice-director of Local Economy Department under NDRC, whose political status is even lower, merely equivalent to the deputy mayor of a prefecture-level city. In the circumstances, the involved provinces and cities may pretend to collaborate with the planning work, but do not take the plan seriously. Even though the plan is totally funded by the national government, NDRC actually cannot impose strong interventions whether in communication with local leaders or in the substantial planning contents (interview, an involved academic in a leading planning school⁴, 19 March 2010).

Overall, it seems the central government is left with few devices to regulate local

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⁴ Because of the sensitivity of this comment, the location of the affiliation remains unlisted. As a tradition in China, academics are heavily involved in plan preparation, playing a leading role in directly drafting plans rather than mere consultation. As a result, the participating academics, who have long established links with the government, are familiar with the process of plan-making.
development after decades of decentralisation. With policies only on paper, the
regional plan alone cannot impose much restraint on local discretionary behaviour.

In addition, the plan-making process lacks a substantial participation mechanism. For
instance, the regional plan made by NDRC only involved a fieldtrip to major
prefecture-level cities. In other words, only leaders of relevant departments at the
prefecture-level cities were involved in the plan preparations. More importantly, this
participation was not in terms of decision-making, but was just to provide local
information to the central ministries and plan-makers. Some of the counties and towns
may not even be aware of the regional plan at all. When conducting interviews at the
county-level city Kunshan, the planning official of the city somehow felt the regional
plan was irrelevant to them, even though their area was covered by the plan. The lack
of involvement in the negotiation not only reduces the likelihood of consent to the
regional plan by authorities, but also undermines the transparency of the
policy-making process. For example, the sophisticated and non-transparent spatial
zoning in the process of plan-making encouraged, to some extent, under-the-table
deals. As spatial zoning is associated with spatial regulation and investment approval,
local authorities try by all means not to be put in the restricted or forbidden area of
development, and in the meantime propose to have as many local projects as possible
written into the regional plan for future convenience in project approval. For example,
the plan intends to strengthen environmental protection in one of the regions in
Zhejiang province, which means that local development within the area would be
constrained. To avoid this restriction, one of the cities located in the area made significant efforts to persuade the plan-makers to change the policy. Finally, compromises were made and some particular cities were allowed to be developed along the environment-sensitive belt (interview, involved scholar, Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences, 11 March 2010). As revealed by the scholar, who participated in plan preparation, many cities took advantage and lobbied the ministry and plan-makers in order to gain a more privileged status in the planning document due to the less transparent zoning procedure.

Overall, it seems that the regional plan is in an awkward position since ‘the central government cannot effectively intervene in local developments by the use of the regional plan; on the other hand, local authorities can take full advantage of the plan to lobby for relaxation of control in development’ (interview, a participant academic, Nanjing University, 12 March 2010). Therefore, the influence of the regional plan in practice is still in great doubt. It is held by some critics that the regional plan still exists more in a symbolic sense than in reality. As commented by an involved plan-maker, ‘anyway, even for scientific development or coordinated development, what is overriding is still to develop the economy’ (interview, senior planner, Chinese Academy of Urban Planning and Design, 8 April 2010). The senior planner even held a pessimistic outlook for the regional plan because ‘the scientific development, the recentralisation, and the regional plan is just a short and temporary wave, the general
trend for China is still rapid development.

7.5 Conclusion

This chapter analyses the ebbs and flows of regional administration and regional planning in the YRD in China from 1949 to recent times, and maps these changes with the transformation of regional governance. Historically, the central government has attempted to establish regional-level administration in the area around the current YRD region, that is, the East China Administrative Region from 1950 to 1954; the East China Cooperative Region from 1954 to 1960; and the East China Central Bureau from 1961 to 1976. These regional jurisdictions were launched by the central government in order to consolidate the top-down regulation on local territorial development. However, the political turbulence during the period undermined the stability and effectiveness of the regional administrations.

Since 1979, the Chinese state system has no longer retained a regional level of administration between the central government and provinces. This is because decentralisation was advocated by economic reform. However, China has not stopped practising regional planning for this reason. As a matter of fact, the central government attempted to set up an informal regional organisation within the current YRD region to facilitate top-down regulation and horizontal coordination. The informal organisation, namely the Shanghai Economic Zone, was also considered to
be an important region within the national territory planning launched at the time by NPC. Henceforth, a great number of integrated strategies and sectoral plans were prepared for the SEZ region. Nevertheless, the central intervention on territorial development and horizontal cooperation was, to some extent, resisted by the local government because it was regarded as a residue of the central command economy. Post-reform regional planning was even marginalised in the structure of governance due to the downscaling of planning power to the municipal government. The influence of regional planning has been undermined because of its outdated planning approach. The sceptical attitude towards regional planning, as well as the re-organisation of the central government, contributed to the weakened role of regional governance. Consequently, China's local development proceeded without much effective regional intervention for a period after economic reform.

The YRD Regional Plan initiated by NDRC in 2005 represents the recent re-emergence of national and regional plans across the country. The impetus of emerging spatial plans is predominantly to cope with rampant localised land development and to restore governance capacities. In the absence of regional government, the centrally initiated regional plan functions as the vehicle for the central government to reassert its influence on local development at the regional level. In this respect, recent practices of spatial planning demonstrate another wave of efforts to go beyond local entrepreneurialism and pursue regional coordination for the purpose of sustainable development. In other words, the top-down approach to
planning at the regional scale is intended to create a ‘new state space’ to safeguard strategic interests, enhance regional competitiveness, and eliminate excessive competition. The widened scope of planning beyond the economic development and land use planning also demonstrates the changing nature of planning, from being an internal document of one department to a spatial regulation tool for the whole government. However, through the case study of the YRD Regional Plan, it is also suggested that the current regional plans are more akin to visions created by central government rather than concrete actions with immediate effects. Firstly, central government has not yet supplemented these regional plans with any concrete regional policies. The regional plan-makers could only suggest central government as a coordination mechanism on paper. Secondly, legislation for regional plans is very weak. Although the central government ministries intend to integrate a cascade of plans, compliance cannot be guaranteed because of the complexity of inter-governmental politics. Moreover, in addition to contradictory motivations underlying the central and local governments, the regional plan is further undermined by the different agendas of ministries. For example, although the current YRD regional plan is approved and issued by the State Council, it is still viewed as a plan within the NDRC system rather than the overall plan for regional governance. Efforts are being wasted on rival planning processes rather than being spent on the development of a consensus and on integrating working arrangements. Finally, although the core of these plans is discursively focused on land management and sustainable development, the target still prioritises economic growth.
Overall, compared with the bottom-up efforts to assert regionalisation, the top-down forces seem to be more effective in developing regional governance. An overall regional plan has been orchestrated by the central state in a relatively short time, whereas substantive forms of inter-city networking are not yet formed, even after years of development of inter-city associations. The effectiveness of the top-down forces is due to the remaining strong vertical bureaucratic control in China, even though China is greatly decentralised in terms of fiscal relations (Tsui and Wang, 2004). Nevertheless, the current situation also shows that central government is still very precarious in the formulation of a new regional state space. Although emerging spatial plans help to introduce a new regional perspective, the new state space is being created incrementally without a consolidated mandate of regional development. The emerging spatial plan, however, does help to develop a spatial discourse and involve multiple actors (albeit quite limited at present), which in the long term may strengthen regional governance and region building.
Chapter Eight

Conclusion

Aiming to examine the regional renaissance and the existing regional governance in China, the study traces China’s historical development of governance, and further makes an in-depth investigation into the study area of the Yangtze River Delta region. Drawn on the theory of the strategic relational approach and politics of scale, the study conceptualises the changing regional institutional landscape as an attempt to reorganise state configurations by both bottom-up and top-down processes. The study explores the agency, the rationale, the politics and the nature of new state spaces in the context of China, rather than mapping China’s experiences in an uncritical way. As the concluding section of the research, this chapter synthesises the transformation of China’s regional governance based on the research work conducted in the previous chapters. Conclusions are drawn regarding the evolution, the dynamics and the characteristics of the current regional governance initiatives. Based on the findings of the research, some theoretical implications are proposed for the current ‘new state spatiality’ and (city-) region debate. Finally, reflections are made on the limitations of this study and suggestions are put forward for continuing work on this topic.

8.1 The main findings
China used to be conferred with strong regional policies and formal regional administration in the Socialist period. During the ‘roll-back’ era, with decentralisation and market-oriented economic reform, however, regional strategies were marginalised and gradually displaced by urban programmes. However, it appears regional policies and practices have re-emerged in China since 2000. These regional programmes are distributed at all subnational scales above the urban level. They are manifested by the new coordinated polices, and the main functional area plan, which represent the return of regional policies; the recentralisation of land management, and the province-leading-county administrative reform, which manifest an upward scaling of governance towards the regional scale; and the various regionalisation attempts undertaken by both central and local governments, which consist of urban administrative annexation and merger, building regional alliances and partnerships, and formulating regional plans. The disparate regional practices launched by different levels and divisions of government are conferred with various definitions of regions. The lack of unified divisions of regions in policy-making and the absence of a formal level of regional institution within the government structure make the governance landscape at the regional level widely divided between different policy areas and levels of governments.

The current development of regional governance in China is the outcome of economic development, political mobilisation and the state rescaling process. The development of the economy, i.e. the regionalisation of the economy accompanied by
market-oriented economic reform, not only promotes economic links between the jurisdictions, but also creates the need for cooperation in areas such as waste, transport and environmental management owing to the agglomeration of economy and the population. Under the drive of practical demand, the development of regional governance is, in the meantime, strongly engineered by both the central and local government. Regional cooperation and collaborative development is promoted by the central government for the regional and national interest, for example, controlling rampant land development and environmental degradation, regional coordination and redundant development, industrial upgrading and economic safety. Due to the central austerity policy on land supply and the uncertain global manufacturing market after the 2008 global financial crisis, local government has also shown more interest in collaborative development. This is because local governments are pushed to seek an alternative service industry for economic growth, which inherently requires better connections in all respects. In other words, the rationales behind the top-down and bottom-up regional initiatives are different and incompatible. While the central government is pursuing integrated regional development from the perspective of overall national interest, the local government is merely joining in the regional cooperation based on local interests. The conflicts between national and local interests are very likely to lead to tensions in the implementation of regional programmes.

Compared with previous regional administrations, recent practices are based on flexible organisation rather than formal administration. For example, the recent
top-down recentralisation initiative does not involve the establishment of a regional level of government body like that in the 1950s, but only the making of regional plans. That is, the central government is mainly deploying regional plans, policies or programmes to impose regional governance on territorial development. In contrast, local governments are drawing upon soft inter-municipal agreements to address concerns over cross-jurisdictional transport, human resource mobility, inter-city tourism, trade and logistics. Unfortunately, neither of the forms is fully institutionalised. Although the trend is to legitimise the regional plan per se, institutions for the implementation of the plan are not yet established. On the other hand, lack of accountability and binding power is detrimental to the authority of spontaneous inter-locality association. As a result, the actual effectiveness of the top-down or bottom-up regional initiatives is in doubt. In the meantime, the persistence of the political environment, for example, the fiscal decentralisation, economy-dominated cadre evaluation system and rigid administrative hierarchy, altogether makes the top-down and the bottom-up regional practices more of a symbolic gesture. On the one hand, the decision-making system in China typically only involves the prefectural-level and the administration above, which is incompatible with the downscaling of governance towards counties, towns and districts. In other words, the regional consensus, if achieved, is only representative of a partial group of cities rather than all the jurisdictions in the region. The lack of open dialogue in the top-down and bottom-up regional practices impacts upon the legitimacy and consensus of the regional issue. On the other hand, the persistence of
economic growth targets and pressure also makes concepts such as environmental sustainability, which would entail regional cooperation, rhetoric than real. Especially among the local governments, interest is only shown towards collaboration in terms of transport, which is conceived to bring economic dividends, rather than other urgent issues such as trans-border lake and water management. Henceforth, the development of regional governance in China is in a rather preliminary stage.

The plethora of recent regional practices, although taken for their symbolic meanings, demonstrates the search of the various agents for an 'institutional fix' to competitive and entrepreneurial governance. In Western countries such as the UK, which are built upon the welfare state and political democracy, the scalar tension of the regional project typically revolves around the role of state, market and society. Moreover, the active engagement of society also expands the core issue of regional projects from economic development to sustainability, climate change, democracy, cultural identity and autonomy. In contrast, the scalar tension in the case of China is mainly manifested in the division of power and responsibility between levels of government. Struggles are witnessed over the potential power reshuffling between tiers of government i.e. either the recentralisation of central power on territorial development (the top-down regional initiative) or the remit of part of the local power to the regional level (the bottom-up regional initiative). As far as the present day is concerned, it seems inter-city association is more like an occasional tea party than a formalised organisation with multi-lateral agreements. On the other hand, the legitimacy of the
spontaneous regional organisation rests with the central government’s decision in China’s political system. Indeed, there is no sign to suggest that the central government is intending to confer any authority on the inter-city association. It seems that the central government aims to promote local coordination through the means of central-level coordination. That is, the politics of China is resurgent with tendencies of recentralisation. However, such recentralisation would be implicitly contested by the local governments, which would require the resolution of the national state.

To summarise, contemporary China is now experiencing a resurgence of regional policies and practices. However, the currently re-emerged regional initiatives are qualitatively different from the regional programmes in the socialist period. First of all, the current regional initiatives are led by both the central and local governments. Secondly, different from the socialist regional programmes which aimed to consolidate political regulation and a centrally-planned economy, the current regional practices are more complicated in the sense that projects with different leading actors are associated with different purposes. The centrally-led regional programmes address the land, environmental and economic problems caused by discretionary local development after economic decentralisation and entrepreneurial development. In contrast, the locally-initiated regional practices are intended to overcome the limits and transcend the growth ceiling of the economic model of individual development and manufacturing expansion. The two rationales are incompatible with each other in the sense that the central government, to some extent, privileges development quality
over extensive development, whereas the local governments are still committed to pro-growth motivation. Thirdly, distinguished from the regional programmes in the socialist period, which were imposed by the central government with a level of government between the centre and provinces, the contemporary regional practices are softly institutionalised and loosely organised. Finally, the coordinating role of either the centrally-orchestretral regional practices or the locally-initiated regional associations is extremely limited. Their capacity is hampered by the limited powers and resources of these institutions, the competing agendas between the central and local government, as well as between the central ministries, and the persisting institutional context of fiscal decentralisation and the cadre promotion system. Overall, the preceding account has shown that the emerging regional scale in China is still a fuzzy concept in reality. The regional scale building process is riddled with tensions and conflicts between central and local government over the division of power and responsibility.

8.2 Empirical and theoretical contribution

8.2.1 The significance of the YRD regional governance study

The recent practices in both of the PRD and YRD region have demonstrated the tendency towards a cooperative agenda. The construction of Guangzhou-Foshan high-speed railway (Liu et al., 2010), the initiative of building Pan-PRD inter-city
association (Yeh and Xu, 2008) and the formulation of PRD regional plan (Xu, 2008) are all examples of ongoing regional cooperative development in the PRD region. Compared to the existing literature on the regional governance in the PRD region, the YRD region is relatively under-researched. This study suggests that the experiences between the YRD and PRD have some resemblance in terms of the bottom-up process of region-building. The tendency for the local government to promote regionalisation and regional cooperation is fostered by potential external competition and pursuit of regional competitiveness. The transformation from hostile competition to strategic cooperation seems to be the second wave of entrepreneurial policies, which is different from the previous urban entrepreneurialism and individual development. Meanwhile, the higher-level government such as the provincial government or the central government often plays an important backstage role in facilitating inter-city coalition or cross-administrative projects. That is, the hierarchical administrative power is able to mediate between multiple jurisdictions and helps to enforce certain consensus among the localities. Nevertheless, the politics in the PRD region-building also has some peculiarities. The original PRD region only constitutes a certain number of cities within the Guangdong province, which does not involve cross-provincial barrier and as a result the provincial government could play a bigger role in mediating the disparate jurisdictions. In contrast, the recent pan-PRD region is far more complex and consists of six provinces and two special administrative units, Hong Kong and Macao, under the ‘One Country and Two System’ framework. In this case, the government structure in the pan-PRD region is much more complicated and
the spontaneously-initiated regional agenda often requires the consent of the authoritative central government. Therefore, although the rationale and motive underlying the regional cooperation in PRD and YRD seems similar, there are slight differences in their process of governance building. Since the YRD is a cross-provincial region within the mainland, its experiences are more typical of the other regions in mainland China.

On the other hand, the YRD region is believed to hold more value to the understanding of China’s emerging regional governance in that the YRD has witnessed independent initiatives taken by the central government to promote regional integrated development, in addition to the practices undertaken by the local government. The two separate processes going on in the YRD region help demonstrate the potential dissonance in current regional governance and institution building in China, i.e. the struggle between the central and the local government for control of regional space.

8.2.2 The outcomes and significance of emerging informal regional institutions in China

The study of the YRD region demonstrates that there exists two ways of regional governance development in China, that is, the mechanism of top-down and bottom-up approach. The research findings have shown that the central government (the
top-down approach) seems to be speedier than the local government (the bottom-up approach) in developing a form of regional governance. For example, it only took the central government five years to formulate and publish the YRD regional plan, whereas the regional association among local governments is still functioning as an informal coalition and does not possess any power. This is due to the fact that the central government still maintains strong vertical bureaucratic control in contemporary China. However, one of the surprises in the research findings is that the top-down administrative power is not as effective in implementation as it is in taking initiatives. This is because after the administrative and fiscal decentralisation, the central government has little leverage on local development and policies; neither did the central government create any incentive to stimulate local governments to follow the central arrangement. In contrast, even though it is difficult for the local governments to build a regional consensus, it could be more effective in carrying out certain regional agenda, if only the cross-administrative projects conform to practical needs and mutual benefits. Overall, even though China’s image is a much centralised country administered by the Central Communist Party, China’s regional governance development could not be simply enforced by the central government but requires the cooperation of the local governments.

Nevertheless, the great concern shown by the central government on regional issues is still of great significance even though it is symbolic. This is typical in China’s politics after economic reform, when the central government only sets the general direction...
and it is up to the localities to implement the central agenda under its own conditions. Overall, the emergence of informal regional institutions is of great significance for China’s future development. It marked a governance transformation away from the well-known and well-documented urban entrepreneurialism. The learning of coordination and cooperation is crucial for China to conquer the localism and competition brought about by decentralisation and entrepreneurialism after the economic reform.

8.2.3 The new state spaces in China

The new state space on the regional scale in China is still being formed. It is reflected by the regional policies and programmes launched by the local and central governments. The regional configuration and interpretation are differently manipulated by the central and local government in different policy areas. For example, the regional activities can be articulated at the mega-regional level covering several provinces, or at the district level which crosses administrative boundaries. In general, the regional definition is dependant upon the concerns of the initiators. The two main actors not only differ in terms of their conceptions of the ‘region’, but also collide in their rationales for region building. The central government is, to some extent, transforming its attitude to its previous decentralisation policies. The central government is reconsidering the benefits and shortcomings of administrative decentralisation and is trying to impose certain arrangements on the local
development. However, on the other hand, the local government is still taking use of the regional cooperative strategies to pursue entrepreneurial development. The dissonance between the central and local government in regional building is further due to the incompatibility between the regional cooperation agenda and the prevailing political context in China. Even though the central government now starts promoting regional integrated development, the previous policies of fiscal decentralisation and economic-based cadre evaluation system have not been changed. What is even worse is that the central government is still mainly using the administrative mandate to build and deliver the overall regional development vision. The lack of dialogue and participation mechanism in the virtually decentralised governance landscape just undermines the prospect for coordinated development. Overall, the new state space in China is soft and fuzzy, and the rescaling of the statehood is far from established. This is not only due to the different interpretations by different actors for different purposes, but also owing to the ineffective institution building at the regional level and the porous governance management by the central and local government.

8.2.4 The economics and politics of the (city-) region

The 'new regionalism' argument is blamed for its straightforward causal link between economic regional space and political regionalism (e.g. Harrison, 2006; MacLeod, 2001a). It is doubted, in that the region is not automatically an agent in political development (e.g. MacLeod, 2001b). However, it is also argued whether this means a
total debunk of economic factors in interpretations merely due to that reason (e.g. Harding, 2007). It is suggested that the political regional discourse in the UK in part derives from the economic perception of enlarging economic disparities, economic relational economy and economic competitiveness (e.g. MacLeod and Jones, 1999; Harding, 2007).

In the case of China, the economic factor has definitely played a role in the development of regional initiatives, which is related to China’s particular development background and development stage. China used to be ruled under a centralised economy, in which there were no natural economic flows. At the time, horizontal cooperation was imposed by the central government in a top-down fashion by the means of setting up an economic cooperation region. At the beginning of economic reform, economic cooperation was again promoted by the central government without real local economic regionalisation; the attempt ended in failure again. In contrast, the recent proliferation of cooperation initiatives is witnessed, along with the spread of regionalisation, where commuting, trade and logistics, tourism have become common occurrences. To a great extent, the need for mobility has triggered the local attempt to cooperate by setting up standardised customs and human resources systems and so forth to combat institutional fragmentation. On the other hand, the regionalisation and agglomeration of the economy have also engendered common regional problems, such as transport and environmental issues, which force neighbouring cities into thinking of each other as a region rather than
disparate entities. Furthermore, the improved regional transport triggered by regionalisation has further strengthened regional prospects. The closer relationship and emerging spatial division of labour in accordance with the market chain of value opens up a new dialogue of cooperation between local competition forces. Overall, the development of relational economic geography has played an indispensable role in the emergence of regional practices in China.

In contrast, the economic-political relationships in Chinese regional literature have moved too far towards the economic lens. Although the results show that economic development and regionalisation do increase the prospect for cooperation and coordination, they also demonstrate that political factors cannot be ignored. The trend towards regionalisation does not mean consensus has been reached on regionalism (c.f. Yeh and Xu, 2008: 409). The research findings demonstrate that the regional restructuring is decided by the influence of all the factors, for example, the economic, cultural and political processes, which need to be examined in a case-specific context.

8.2.5 The top-down and bottom-up mechanism in the building of new state spatiality

The case of YRD demonstrates regional governance building as a phenomenon with both bottom-up and top-down dynamics. The top-down force is primarily represented through a set of changes at the central government level: regional policy and
plan-making, land management rescaling and administrative restructuring. In a sense, this is just like ‘centrally orchestrated regionalism’ in the UK (Harrison, 2008). However, the tendency towards re-centralisation is undermined by decades of decentralisation since economic reform. As China’s political system is still dominated by fiscal decentralisation and top-down delegation of economic targets, the possibility of re-centralisation is severely challenged in reality. Additionally, top-down recentralisation is not the only source from which the regional scale arises. In contrast, there are ongoing spontaneous negotiations between the local states to reach regional agreement. Efforts have been taken to improve the segmented institutions between individual jurisdictions in terms of trade, human resources, transport and the like. This is intended to overcome fragmented jurisdictional administration and seize benefits from economic regionalisation. Distinct from the bottom-up approach in Western democratic society, the local efforts in China are led by local governments without much involvement from civil society. Agreements tend to be reached on the basis of specific projects rather than on overall regional prospects and strategy.

Even though constituted as the distinct aspects of the making of regions, the two mechanisms are independent processes and are not even compatible with each other. For the central government, the regional scale is constituted by the provincial units; it intends to use the provincial governments as the agents to implement central policies. This was initiated by the central ministries to cope with the problems caused by decentralisation. As to the local government, the regional scale is also constructed at
the provincial level, but more in rhetorical terms. The regional regime seems to be more feasible at and below prefectural-level. This is owing to a lack of substantial local engagement mechanisms in the complex regional institutional landscape. The local interest in building a regional scale is also different from that of central government. Regional cooperation is pursued by the local states to deal with the growth pressure on manufacturing in the current quicksilver global economic environment. All in all, the case of YRD demonstrates the diverse agents and politics through the scalar configuration, and the fuzzy and porous boundary of the region (Allmendinger and Haughton, 2009). In the case of the UK, this fuzzy space is used to insert new scales for intervention in accordance with the relational perception of regions, which is to break away from the rigid boundaries of formal regions and take the fluid and loose boundaries as openings for unexpected issues (ibid, 619, 631). That is, the loose space of a region is created on purpose to provide room to manoeuvre from the viewpoints of partnership, coordination and integration, i.e. 'governance' from outside of the governments (ibid, 631). This is the result that actors of various scales and sectors from both within the government and outside the government seek in order to address market, state and governance failures (ibid). In contrast, the soft space of regions in China, on the one hand, results from the porous governance capacity of the central government, through which regional terrain is highly contested and battles are played out about the division of power and the power struggle between central and local governments. On the other hand, the fluid scale of the region is due to the opportunistic and entrepreneurial nature of local governments.
8.2.6 Beyond the grand political economy in conceptualising the production of new state spatiality

Although Brenner (2002) acknowledges the plural nature of regional projects in reality, it seems the influential work by Brenner (2004a, b) is featured in neo-liberalisation under the general imperative of globalisation and competition. It is embedded in the interpretative framework of the generic structural shift of the state from a Keynesian welfare state to a Schumpeterian workfare state (Brenner, 2004a, b; Jessop, 1990). Although Brenner’s conceptualisation of regional development from the state-relational perspective is widely adopted, his framework of regional dynamics is argued to lead to a universal top-down mechanism and an abstract theory of globalisation, accumulation and crises of capitalism (c.f. MacLeod and Jones, 1999: 578; Harding, 2007: 451; Oosterlynck, 2010: 1156-1157). It is argued that the political construction of the city-region can be driven by forces at the lower levels of scalar other than the global scale (McGuirk, 2007: 179). Globalisation may be turned into a symbolic discourse to cope with imagined or actual global pressures (e.g. Boudreau, 2003). It is thereby suggested that the research agenda should be broadened from economic governance to categories such as the environment and sustainability, and that a bottom-up approach to social power should be incorporated (e.g. Ward and Jonas, 2004; Jonas and Ward, 2007).
The empirical study on China’s regional restructuring process resonates with the above criticism. The politics of the regional renaissance in China show that the central and local logics behind regional projects did not directly involve globalisation and the accumulation crisis, as framed under Western capitalism, but were responsive to China’s local politics; for example, land and decentralisation, and concerns over social management. To a great extent, ‘globalisation’ was used as a discourse by the government to justify their policy choices. The 2008 global financial crisis is not the source which led to the emergence of regional projects, which were beginning to emerge a long time before 2008. However, the 2008 crisis did act as a form of pressure and powerful discourse to strengthen and justify the process of regionalisation. Overall, the process of regional restructuring is not a pre-defined top-down process drifting from the global force. Vice versa, the global force was imagined and used as the discourse by the involved actors for their own ends.

However, this does not mean the genealogy of state regime shift (Brenner, 2004b) is totally useless. In the words of Jessop (1995), this shift was essentially ‘descriptive, synthetic and generalized’ and needs an explanation itself, for example, by delving into the ‘events that constitute these processes’ through the exploration of the articulation of actors and forces (cited in MacLeod and Jones, 1999: 581-82). The new state spaces framework issue can be otherwise resolved by an emphasis on the examination of the state agency, politics of scale and discourse employment (e.g. MacKinnon, 2010; Sonn, 2010; Varro, 2010). This is neither to absolutely abandon
the paradigm shift, nor to take the state shift as prescribed. What is of most importance is to examine the on-the-ground process informed by the generic tendencies.

8.3 Limitations and future work

The study is trying to apply the new state space theory to understand the Chinese changing state spatiality, particularly the new tendency of regional governance development and the emerging regional state spaces in China. The research is mainly focused to employ a process-based approach to examine the building process of the emerging regional scale, which considers more ‘agency’, such as the role of local state and the other groups, in the politics of development. Although the research findings reveal that the regional state space building process is filled with different actors for different purposes, and hence it is conflict-ridden and full of uncertainties, the thesis is relatively weak in exploring the dissonance between the processes, the conflicts in the rescaling process and the politics of scale. For instance, in the case studies to examine the top-down and bottom-up processes, the research is primarily focused on acquiring the data of the main acting players behind the process, and didn’t manage to collect many direct resources to reflect the reactions of the other relevant actors. Based on the experiences and limitations of this study, the following topics and questions are considered to be worthy of further study in the sphere of China’s regional governance, which is still a relatively under-researched area.
Firstly, the central government has been a key actor in launching the recent regional practices in China, which is remarkably different from the predominant attitude of decentralisation and ex-post state endorsement after the economic reform. However, the intention and implications of the central practices are still not very well researched. All the practices such as the new experiment of province-leading-county administrative reform, the launch of the main functional area policy are worthy of further exploration, apart from the case of formulation of regional spatial plans adopted in the thesis.

Secondly, the state rescaling process is worthy of further exploration from the perspective of discourse, spatial imaginaries and political mobilizations. The cultural political economy approach developed by Jessop (2005) and Sum and Jessop (2001) (Bristow, 2010: 29) could be adopted in future studies to further examine how state rescaling is carried out. Hegemonic projects, discourse and scales of representativeness and dependence (Cox, 1998; MacLeod, 1999) would be useful concepts with which to resume the study. For example, it seems both central and local governments make use of the discourse of ‘regional competitiveness’ to promote regional cooperation and coordination. However, the account of Chinese regional development demonstrates that the ‘regional competitiveness’ may function more in terms of discourse than as the real intention. It seems the central government employs the discourse of ‘regional competitiveness’ (or ‘national competitiveness’, which
actually is not much different) to justify its reassertion of power on the localities, whist local government is cooperating on a limited scope and scale under the imaginary ‘competitive region’ to attempt to benefit from inter-city collaboration. Beyond an echo to the overseas scholars’ critical reflections on the discourse of ‘regional competitiveness’ (e.g. Bristow, 2010; Lagendijk, 2007), the examination on the use of discourse and the substance of making of regions can add a more sophisticated understanding on the nature of the current regional-building and state rescaling.

Thirdly, the study into the conflicts between different actors in each regional project, the incompatible rationales within different regional projects led by the same agent, and the struggles between practices led by different actors will contribute to the understanding on the tensions characterising the scale-building process, and the hybrid and inconsistent nature of the attempts of regional state space development in China.

Finally, based on the research findings of chapter five, it seems just the time to study the longitudinal transformation of the regional economy, uneven development, and labour division in China, particularly in China’s three big regions, i.e. the Yangtze River Delta, the Pearl River Delta and the Jing-Jin-Ji region. It is believed that these three hubs along the coast are currently transformed from being the sites of extended manufacturing development to functional nodes of regions. The research on China’s
development of regions contributes to poly-centric city-region study based on Western experiences. On the other hand, the study would contribute to the understanding of uneven development and governance in China. Even though intensive studies have concentrated on regional inequalities in China, especially in the 1980s and 1990s, the analysis at that time was strongly influenced by neo-classical economics and is therefore poorly related to the perspective of governance, state and the political economy. The studies mainly examine diverging or converging regional inequality before and after economic reform, based on regional, provincial or prefecture-level units. The ignorance of county and district units indicates the absence of the perspective of governance in the previous analysis. It is argued that only when informed with the approach of the political economy could the nature of uneven development and regional policies in China be unpacked, reflected and critically examined.
APPENDIX 1

SEMI-STRUCTURED INTERVIEW QUESTIONS

Case study 1: Shanghai-Jiangsu cross-border area

On the side of Huaqiao, Kunshan:

Theory Question 1: What are the conditions that led to local collaboration?

(1a) How is the previously planned industrial belt proceeding?
(1b) Under what circumstances was the Huaqiao project proposed?
(1c) What is the relationship with the previously planned industrial belt along the area adjacent to Shanghai?

Theory Question 2: How is the project articulated?

(2a) Who decided the location of the Huaqiao project?
(2b) What is the strategic positioning of the Huaqiao project? Who decided this?
(2c) How is the project funded?

Theory Question 3: How is the collaboration proceeding now? To what extent has regional governance developed?

(3a) How is the negotiation to extend the Moyu stop in Shanghai to Huaqiao progressing?
(3b) What is the major issue in the negotiation?
(3c) What difficulties have been encountered in terms of the implementation?

On the side of Anting, Shanghai:

Theory Question 1: What are the conditions that led to local collaboration?

(1a) How has Anting developed over the years?
(1b) Why has Anting recently adopted a new strategy of cooperative development with Huaqiao, Kunshan?
(1c) Why hasn’t the strategy been considered before? Why now?

Theory Question 2: How is the project articulated?

(2a) What are the actions following the strategy?
(2b) Who is involved in these exercises?
Theory Question 3: How is the collaboration progressing now? To what extent has regional governance developed?

(3a) On what areas is the collaborative development currently focused?
(3b) What difficulties have been encountered in the collaborative development with Kunshan?

Case study 2: YRD regional plan

Theory Question 1: What is the ministries' rationale with regard to formulating YRD regional plans?

(1a) Under what circumstances was the YRD regional plan initiated?
(1b) Who was involved in the regional plan proposal?
(1c) What are the differences between the current plan and the former urban system plan (Five-year Plan)?
(1d) What is the priority of the current regional plan?

Theory Question 2: How is the project articulated? What politics are exposed in the process?

(2a) How was the planning preparation arranged?
(2b) Who was involved in the preparation of the regional plan?
(2c) How was the project funded?
(2d) What was the attitude of levels of government during the preparation of the plan? In which area are they mostly interested? With which elements are they dissatisfied?

Theory Question 3: How is the regional plan functioning now? To what extent has regional governance developed?

(3a) Has the plan attained legal status?
(3b) What does legal status mean to the plan?
(3c) How is the plan designed to be implemented?
(3d) What are the anticipated difficulties in implementation? What has caused these problems?
(3e) Have the contradictions between different regional plans posed any threat to implementation?
(3f) Is there any intention to improve the coordination between different regional plans? What is the major difficulty with the current efforts?
## APPENDIX 2

**LIST OF INTERVIEWEES**

<table>
<thead>
<tr>
<th>No</th>
<th>Role</th>
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<tbody>
<tr>
<td>1</td>
<td>Academic in the Nanjing University</td>
<td>11 February 2009</td>
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<tr>
<td>2</td>
<td>Academic in the Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences</td>
<td>12 February 2009</td>
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<tr>
<td>3</td>
<td>Chief of the Regional Division of Nanjing Economic Coordination Office</td>
<td>16 February 2009</td>
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<td>4</td>
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<td>16 February 2009</td>
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<tr>
<td>5</td>
<td>Academic in the Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences</td>
<td>17 February 2009</td>
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<td>6</td>
<td>Academic in the Nanjing University</td>
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<td>7</td>
<td>Chief in the Jiangsu Construction Commission</td>
<td>23 February 2009</td>
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<td>8</td>
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<tr>
<td>9</td>
<td>Academic in the East China Normal</td>
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<tr>
<td>10</td>
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<td>25 February 2010</td>
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<td>11</td>
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<td>25 February 2010</td>
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<td>12</td>
<td>Planning official of Huaqiao Planning Bureau in Kunshan</td>
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22. Director in the Jiading Planning Bureau in Shanghai 25 March 2010
23. Academic in the Nanjing Institute of Geography and Limnology of Chinese Academy of Sciences 26 March 2010
24. Chief planner of a major planning academy 30 March 2010
25. Academic in Tsing-Hua University 31 March 2010
26. Senior planner in Chinese Academy of Urban Planning and Design 2 April 2010
27. Senior planner in Chinese Academy of Urban Planning and Design 6 April 2010
28. Official in Ministry of Housing and Urban and Rural Development 6 April 2010
29. Planner in Chinese Academy of Urban Planning and Design 8 April 2010
30. Senior planning official in Kunshan Planning Bureau 14 April 2010
31. Official in Jiading Industrial District 15 April 2010
32. Research fellow in Shanghai Social Science Institute 19 April 2010
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<td>37</td>
<td>General manager of Anting International Auto-city and New Anting United Development Corporation</td>
<td>21 April 2010</td>
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<td>38</td>
<td>Academic in the East China Normal University</td>
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<td>39</td>
<td>Academic in Tongji University</td>
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<td>40</td>
<td>Official in Jiading Planning Bureau of Shanghai</td>
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<td>41</td>
<td>Chief planner in Jiading Planning Institute</td>
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