

Advances in Asian Human-Environmental Research

Uwe Altrock
Sonia Schoon *Editors*

Maturing Megacities

The Pearl River Delta in Progressive
Transformation

 Springer

Maturing Megacities

Advances in Asian Human-Environmental Research

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ISSN 1879-7180

ISSN 1879-7199 (electronic)

ISBN 978-94-007-6673-0

ISBN 978-94-007-6674-7 (eBook)

DOI 10.1007/978-94-007-6674-7

Springer Dordrecht Heidelberg New York London

Library of Congress Control Number: 2013943459

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Acknowledgments

In the process of completing this edited volume, we first and foremost would like to express our gratitude to all authors who contributed a chapter to this project for their long-term cooperation on mega-urban governance, for their support with regard to content and especially for their patience during the final stages of editing.

The German Research Foundation (DFG) has been fundamental for this project. We are deeply indebted for the generous financial support from 2007 until 2013 (DFG SPP 1233, Megacities - Megachallenge) which only made possible our research in the Chinese Pearl River Delta and opened up new perspectives on mega-urban governance. The interdisciplinary nature of our research and cooperation tremendously contributed to a broader understanding of mega-urban development.

We wish to sincerely thank our energetic Chinese graduate students who worked in our project as research assistants and translators for their incessant support. In detail, we would like to acknowledge here the following persons for their valuable contributions:

Chapter 3 and many amendments of other chapters were translated from Chinese into English by Xie Liqiong.

Chapter 8 was translated from Chinese into English by Chen Yujuan.

Chapters 4, 10, 14, and parts of Chap. 11 were translated from Chinese into English by Yang Ting.

Indispensable was the formatting, which was undertaken by Xie Liqiong and Chen Yujuan.

And last but not least, we would like to thank Timothy Kotowich for his final proofreading.

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Abbreviations

AD	Anno Domini
AL	Planning Minister
BRT	Bus rapid transit
CAUPD	China Academy of Urban Planning and Design
CBD	Central Business District
CCP	Chinese Communist Party
CMPD	China Merchants Property Development Co. Ltd.
CNY	Chinese Yuan
CO ₂	Carbon dioxide
CPPCC	Chinese People's Political Consultative Conference
CTS	China Travel Service
FAR	Floor area ratio
FDI	Foreign direct investment
GASt	Joint Planning Bureau of the States
GDP	Gross domestic product
GDUPDI	Guangdong Province Urban Planning and Design Institute
GETDD	Guangzhou Economic and Technological Development District
GPAG	Guangzhou Port Authority Group
GRA	Joint Government Committee
GSTK	Joint State Council
GTTG	Guangzhou Textile Trading Group
Guangfo	Guangzhou-Foshan
GUPB	Guangzhou Urban Planning Bureau
GUPFR	Guangzhou Urban Plan Formulation Research Centre
GZ	Guangzhou
GZMDRC	Guangzhou Municipal Development and Reform Commission
GZYEC	Guangzhou Yearbook Editorial Committee
HK	Hong Kong
HUD	Department of Housing and Urban Development

HZDET B	Haizhu District Economic and Trade Bureau
HZDG	Haizhu District Government
ICT	Information and communication technology
ILO	International Labour Organization
IMAG	Department Workshop
IV	Interview
JSC	Joint-Stock Company
KO-Ausschuss	Coordination Committee
MNC	Multinational companies
MURCEP	People's Republic of China Ministry of Urban and Regional Construction and Environmental Protection
NCRPA	National Comprehensive Reform Pilot Area
OCAT	OCT Contemporary Art Terminal
OCT	Overseas Chinese Town
OEM	Original Equipment Manufacturer
PATH	Port Authority Trans-Hudson
PlaKo	Joint Planning Conference
PRC	People's Republic of China
PRD	Pearl River Delta
PSC	Political Bureau of the Standing Committee
RMB	Renminbi
SAL	Planning Vice-minister
SAR	Special Administrative Region
SEZ	Special Economic Zone
SLIS	Separate Line-Item Status
SNA	System of National Accounts
SOE	State-owned enterprise
SSB	Shenzhen Statistics Bureau
SZ	Shenzhen
SZ2030	Shenzhen 2030 (Master Plan)
SZUPB	Shenzhen Urban Planning Bureau
UN	United Nations
US\$	US dollar
UV	Urbanized village
WTO	World Trade Organization
XIC	Xinyi International Club
ZDCM	Zhongda Cloth Market

Part I
Introduction

Chapter 1

The Pearl River Delta in Progressive Transformation

Uwe Altrock and Sonia Schoon

Abstract This introduction gives an outline of the book and explains the context the developments happen in. It sets out to define the notion of “maturing megacities” and stresses why the selected topics are of major relevance for the Pearl River Delta. It explains the thematic focus on projects that deal with the redevelopment, restructuring, and reuse of parts of the urban cores that have already been in use or still are and consist mainly of already built-up areas. This focus allows for a more profound analysis of the evolving strategies of dealing with one of the major challenges of southern Chinese maturing mega-urban regions. The challenges of a combination of changes in market value, functional loss, and physical neglect and the search for appropriate ways to overcome it are outlined here. The chapter sketches crucial background developments in the context of political, socioeconomic, and physical restructuring. It introduces the two major case studies, the cities of Guangzhou and Shenzhen and the crucial experimental modes of governance that accompany the ongoing reform process.

Keywords Maturing megacity • Maturing megacities • Urban governance • Pearl River Delta • Urban upgrading • Urban regeneration

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1.1 Introduction

The forced eviction of people from their homes and farmland has become a routine occurrence in China and represents a gross violation of China's international human rights obligations on an enormous scale. Despite international scrutiny and censure of such abuses amid preparations for the Beijing Olympics in 2008, the pace of forced evictions has only accelerated over the past three years, with millions of people across the country forced from their residences without appropriate legal protection and safeguards. These evictions are often marked by violence, committed both by state and private actors in pursuit of economic gain and, less commonly, by frustrated residents in desperate acts of protest and resistance. (Amnesty International 2012:4, footnote signs in the original omitted)

This quote, taken from a recent report on the human rights situation in China by Amnesty International, seems to confirm the set of prejudices on a post-socialist authoritarian state that has undergone a far-reaching transformation and witnessed astounding economic growth yet has not been able to establish sufficiently democratic practices despite the formation of a considerably broad, well-educated, materially well-off, and ambitious middle class, at least in the cities. The cases investigated by Amnesty International suggest that, especially when it comes to managing the ongoing transformation in the rapidly growing cities, governance routines and participation practices are mainly characterized by an untamed growth orientation that does not care about the socio-spatial impact and adheres to an old-fashioned and rather crude mode of demolition, displacement, and market-driven redevelopment.

Yet there is another side to the story, which, by the way, is even already noted by the Amnesty report mentioned above:

The Chinese government has increasingly recognized the threats that forced evictions pose to not just individuals but to society as a whole. In passing the January 2011 regulations on urban expropriation that outlawed the use of violence and granted home-owners facing eviction new protections—including the right to public hearings and to receive compensation based on market value—the government has made some progress toward fulfilling its responsibility under international law to protect against forced evictions. (Amnesty International 2012:53)

Looking more closely not only at what is going on politically in general in China but also at the development of its cities, it becomes clear that the road of reform is long and winding, complex and full of obstacles, and that despite the dominant focus of growth-oriented urban development, it is worth looking behind the scenes of media coverage.

In this sense, this edited volume covers the multiple changes in the course of progressive transition in Chinese mega-urban regions. Looking at the Pearl River Delta mega-urban region and its megacities Guangzhou and Shenzhen, as well as Foshan, it analyzes the maturing of spatial as well as socioeconomic, political, and governance structures after the first waves of economic globalization, political transition, and migration to the coastal belt and its rapid expansion and urbanization.

The initial claim and starting point of the book is that a profound multidimensional shift can be observed in the coastal mega-urban regions. This shift has introduced a major tendency toward urban regeneration, economic restructuring and reorganization, as well as consolidation of political institutions, with a stronger bias

on upgrading, an adaptive reuse of existing structures and the establishment of postindustrial knowledge-based creative industries in an urban setting for the first time since the beginning of the reform and opening up after 1978.

The volume investigates those changes as a set of mutually dependent developments that have to be understood and analyzed in context with each other. Thus, the book looks at the backgrounds and underlying forces that shape physical and economic restructuring in the developed urban cores of mega-urban regions and the ways the relevant actors and institutions both try to cope with and seek to influence these backgrounds and forces. It is the first book to take into account the manifold approaches toward comprehensive urban restructuring and urban governance.

1.2 The Pearl River Delta: A Maturing Mega-Urban Region

Mega-urban regions throughout the world are very often associated with their enormous and fast growth in population, built-up areas, and GDP (for a more detailed debate on the notion of megacity, see Heinrichs et al. 2009). However, many mega-urban regions in the world already show signs of consolidation. Some even stagnate or lose population. This is particularly true for some older mega-urban regions in difficult economic situations in the northern hemisphere (cf. Ruhr area). Even in mega-urban regions in the southern hemisphere, one can find core cities that no longer grow in terms of population, despite the observable trend toward increasing heights and densities in redevelopment. The underlying forces have been described and categorized by Hall and Pfeiffer (2000).

The sheer size and speed of development in mega-urban regions has often led to unintended consequences that pose new challenges in urban (re)development. Hastily built-up infrastructure, the superimposition of new and old physical structures, new lifestyles, and an increasingly diversifying economic base redirect the attention of urban policy-makers. Older structures have to be adapted to new demands, city centers are redeveloped, older manufacturing buildings are abandoned and have to be reused, and factory compounds are redeveloped. Gradually, a need for a restructuring of the existing urban fabric and its socioeconomic structures complements the original strong development focus on growth and expansion. In some mega-urban regions, this has even led to an intentional reduction of building densities in the urban core in the context of livability strategies.

We call cities that are no longer almost exclusively dominated by expansion but witness a reorientation toward the redevelopment of the existing urban fabric “*maturing megacities*”. We see strong signs of maturing megacities in the Pearl River Delta (PRD) that have not been yet explored in detail. Vast areas of the PRD have been newly developed in the last three decades, and a lot of them are no longer seen as fitting to the changing needs of both the local populations and economies. The need for spatial and physical restructuring, inevitably accompanied by economic, political, and institutional restructuring, has been accelerated by the global financial crisis which enforced the policy shift away from cheap-labor production

toward higher-value-added manufacturing and service industries, as well as to a more knowledge-based economy in general.

To better understand the patterns of restructuring, a number of issues are addressed in the chapters of this volume that link the respective case studies and topics to the overall theme of the book. The authors analyze interrelationships and interactions of stakeholders taking part in decision-making processes and identify the types of interactions concerning the specific restructuring processes. Further, specific research questions from the side of spatial restructuring deal with the issue of how urban governance of new small-scale land-use patterns are (re)developed. From the part of the urban economic restructuring perspective, it is interesting to investigate the incentive policies and images produced which make redeveloped areas attractive for companies and other new users. Further, it still remains an open question how much restructuring efforts can effectively contribute to the overall economic shift toward higher-value-added industries and services in terms of real economic value. Until now, it is certain that redevelopment efforts play a significant role in producing images of open-minded, modern metropolises. However, as the Pearl River Delta and a substantial part of the coastal areas in China continue to depend on manufacturing for the world market, the degree and spatial manifestation of the transition toward a service economy are yet to be described in detail. In this context, the gradual political shift of the Chinese economy toward a stronger consumer orientation will be crucial.

1.3 Facets of Restructuring in the Maturing Megacity

It can easily be noted that political, socioeconomic and physical restructuring are closely intertwined. Economic globalization and political reforms have laid the foundation for far-reaching physical changes in the course of urbanization (Ma and Wu 2005; Ipsen et al. 2005; Friedmann 2005; Wu et al. 2007; McGee et al. 2007; Wu and Zhang 2008; Yusuf and Saich 2008; Wu and Zhang 2009; Zheng 2009; Hsing 2010; Sorensen and Okata 2011; Liang 2012). In the current stage of the maturing megacity, we can observe deeper political reforms and further-reaching economic changes that transform the existing megacity and have a profound impact on it.

The general trend toward physical and economic upgrading that can be observed in the prospering regional economy in the Pearl River Delta is closely related to regional, national, and international competition. Increasing labor costs force the mega-urban region to climb up the value chain, as they face competition with the hinterland and neighboring countries in low value-added sectors. The parallel developments that accompany this process comprise an increase in purchasing power of the local community, e.g., of an emerging “urban middle class” with specific lifestyles, increasing globalized consumption patterns, and specific demands regarding the urban environment (Lange and Meier 2009; Goodmann 2008; Chua 2000). Furthermore, parts of the migrant workers or even the floating population gradually achieve a more permanent state of residence. To some degree this also happens as a

consequence of an increase in the level of qualification of the workforce and shifts in the share of low-skilled to higher-skilled jobs.

Land-use planning decisions considering the varying needs of stakeholders have to take into account the demand for particular land uses for economic purposes and suitable building typologies. The mediating processes that inform land-use planning changes in the respective demand are market signals or land-use transactions which reflect changing land values and changes in the attractiveness of existing assets monitored by planners or consultants, or direct communicative interventions by relevant stakeholders pushing for decision-making. As many building types and physical structures in inner cities are mixed use, and since changing needs for infrastructure or suitable plot sizes always affect adjacent structures, actual or planned changes in land uses will often influence neighboring structures—for better or worse—and therefore create a subsequent need for adaptation. On the other hand, physical changes create new opportunities for development and economic upgrading, e.g., in the case of the construction of new main roads or in the case of placemaking and waterfront development (for instance, along the White Swan Pond of the Pearl River in central Guangzhou). Therefore, planning and land-use change meant to modify the physical structure always has consequences for the economic structure of an area.

1.3.1 Political Restructuring

The restructuring of mega-urban regions that is the focus of this book is embedded in a long and influential set of reforms that have paved the way for the economic success of the coastal regions of China after 1978.

Building on this background, it is important to note that political reforms can be seen as important drivers of restructuring. In this respect, one has to keep in mind that a relative decentralization of power strengthened the political power of municipalities and contributed to the production of differentiated strategic development efforts in an environment of increasing inter-municipal competition. At the provincial and municipal levels, the governance of metropolitan areas became an important issue of the reform process. Waves of incorporations and mergings of municipalities created a set of huge municipalities, followed by initiatives directed at improving regional cooperation in the Pearl River Delta (cf. Chaps. 3 and 4).

However, the governance of urban restructuring depends on a complex interplay of stakeholders and the mutual interdependence of their resources within the municipalities. While urban growth strategies based on a rather simple model of greenfield urbanization can rely on relatively straightforward land transactions and strongly formalized planning and development modes that are reflected in the establishment of different types of “zones,” the restructuring environment is clearly different. The situation gets more complicated when compensation for land or existing assets comes into play. Although it requires greater amounts of resources, the power to initiate development is also given in the context of redevelopment when political

goals are clear, as in the case of the construction of key infrastructures or new CBDs. However, in the environment of restructuring, there are various settings that are characterized by a great need for resources to compensate existing assets, by partial veto power of involved stakeholders, and by their goals sometimes conflicting with state action.

An important topic is the reform, integration, and upgrading of urbanized villages. Respective policies were not implemented until the growth of the megacities had enclosed and transformed many of these urbanized villages. They comprised the political, administrative, and legal integration of former rural entities as well as the related status changes that made further socioeconomic and physical restructuring possible. However, despite the authoritarian nature of the Chinese political system, those policies had to respect traditional rights and the political resources of the villagers. The reforms now have a strong influence on the bargaining power of the former villagers when it comes to further restructuring (cf. Chaps. 5, 6, 10, and 11).

Other settings offer different arrangements of relevant political actors and distributions of bargaining resources. Bargaining resources can be a result of traditional control over land and other assets, as in the case of urbanized villages, or different forms of access to political leaders in existing communities. They may also be due to the available restructuring options a stakeholder can offer when restructuring is intended. In the case of obsolete economic or physical structures, resources depend on the availability of redevelopment opportunities, as in the case of derelict manufacturing or warehouse sites (cf. Chaps. 6, 9, and 14).

1.3.2 Socioeconomic Restructuring

The economy is restructuring itself following well-known patterns. Product life cycles, concentration processes and economies of scale, sectoral change and economies of scope, as well as innovation theory, economic policies in times of rising wage levels in international competition, and their effects on upgrading processes and value-chain-related changes are all particularly relevant here. In the context of China and the Pearl River Delta in particular, many of the assumptions derived from economic restructuring theories have to be put to a test when it comes to explaining the local changes.

In the Pearl River Delta, it is widely recognized that there is a need to move away from low-end manufacturing and toward more knowledge-intensive, technology-, and brand-based industries, much as the tiger economies of the first generation did some decades ago. The global financial crisis left a deep impact on the regional economy of the Pearl River Delta and in this respect can be seen as an important catalyst. The economic boom of the first three decades of the ongoing reform process is considered to have been too dependent on international demand (Eng 1997; Sit and Yang 1997; Wei et al. 2007), and future growth has to rely more on domestic innovation and growth (Kuhn 2009a, b, c, d, e). The regional economic growth with

increasing salaries has led to a rising demand for consumer goods and for consumer spaces, while the increasing competition with other mega-urban regions in China has promoted policies which aim at an improved quality of the urban environment and of social, health, and educational infrastructures. Both developments lay the foundation for far-reaching political and economic changes. Party leaders such as Guangdong Party Secretary Wang Yang illustrate the political will for economic restructuring: “Guangdong should move to both ends of the industrial chain: concentrating on research and development, design, marketing, and sales at the commencement and logistics at the culmination” (see “Guangdong Visions: The Way Forward”; Kuhn 2009a). Guangdong Province governor Zhu Xiaodan argues much in the same line: “We will change ‘Made in Guangzhou’ to ‘Created in Guangzhou’” (Kuhn 2009a, b, c, d, e).

The preconditions for achieving this structural transformation are far-reaching reforms. Economic restructuring has been supported by “The Outline of the Plan for the Reform and Development of the Pearl River Delta (2008–2020)” issued by the National Development and Reform Commission in December 2008 and is embedded in similar initiatives at the national level. It prioritizes modern service industries, advanced manufacturing technologies, and high-tech development. It advocates a substantial increase in investment in research and development and the transfer of low-cost manufacturing to inland provinces.

When looking at the economic changes in more detail, one can make a number of striking observations that are specific for post-socialist transition economies in general but show major departures from the better-known phenomena in an era of post-Fordism and the related discourses on service industries, high-tech firms, innovation and creativity, and on knowledge-based society. This book will explore how a newly industrializing post-socialist interventionist state copes with the challenges of increasing competition at the lower end of the value chain and the need for exploring new, higher value-added fields of the (regional) economy.

In this context, the phenomenon of a reorganization of specific economic clusters has to be explained. It is related, among others, to a move from retail to wholesale and from manufacturing to services within a particular economic branch in situ (cf. Chaps. 7 and 8). Such a wide-ranging economic and physical restructuring process highly depends upon state interventions and a high degree of control exerted on land transactions. Often, this restructuring is closely linked to the promotion of “creative” professionals such as artists and designers. In the case of economic clusters, the type of restructuring depends on the availability of land for the development of complementary elements that, on the one hand, benefit from being located next to the existing clusters and, on the other hand, contribute their gradual adaptation to a changing economic environment. When new strategic approaches for redevelopment are not at hand, and goals of state action therefore have to be redefined, the state systematically makes use of experimental urban governance by establishing clearly demarcated, limited areas that are defined as domains in which new spatial and economic practices can informally emerge (Altrock and Schoon 2009, 2011, 2013).

The concept of the “creative class” by Richard Florida suggests that cities can only be successful in the long run if they are able to attract creative professionals

that increasingly tend to live in major cities with excellent services and a dense web of leisure and cultural facilities. Their specific demands on the urban environment and their expectations for a certain degree of tolerance may reflect a Western perspective. Still, urban lifestyles in China's coastal megacities show the first signs of similar developments. In this respect, redeveloped sites may meet the changing demand of the creative class in physical and economic terms. It doesn't seem to be a coincidence that former manufacturing sites are increasingly converted into arts centers and the like. The city of Shenzhen, which hosts the greatest density of Ph.D. holders in China, was one of the forerunners in recognizing the development of an urban middle class with specified needs, an increased purchasing power and even available leisure time to be spent in an urban environment. In this context, Guangzhou and Shenzhen, together with a number of other cities, witness the establishment of theaters, museums, concert halls, sports centers, parks, theme parks, botanical gardens, food courts, bar streets, and the like—besides the exploding number of shopping centers that dot the inner cities of Chinese cities in any case. Taken together, they transcend the traditional model of socialist Chinese cities providing basic social and cultural infrastructure. However, while the flourishing of those facilities can be seen as an effort to catch up with the symbols of civic pride characterizing capitalist cities toward the end of the nineteenth century, they seem to represent more than just this expression of symbolic competition. They reflect the variety of particularly urban lifestyles that once made Shenzhen the destination for domestic tourism but now become the attributes necessary to cater the needs of a clientele that is addressed by upgrading efforts which result in the production of luxurious high-rise buildings. To be able to redevelop major parts of the inner cities and to ensure the influx of the necessary capital, it is no longer worthwhile to resort to a simple model of providing inexpensive living space for newcomers and floating laborers. For this purpose, it rather becomes important to develop a greater demand of potential buyers than the early "suburbanites" from Hong Kong and speculative real estate investors and thus to offer a higher quality of urban life as such.

1.3.3 Physical Restructuring

Physical and economic restructuring policies require the availability of land for redevelopment. Here physical restructuring goes hand in hand with structural change in the local economy. Physical changes can be seen as results of stigmatization and revaluation processes in land markets, the aging of existing assets, and public upgrading policies. They can take place gradually when there is enough scope for realizing increasing land values, especially when formally or informally possible densities or land uses which maximize land productivity are not exhausted, and the transaction costs in land markets or their equivalents in socialist economies are low enough (Yang and Chang 2007; He and Wu 2005). Even in the case of relatively high transaction costs, public policies can contribute to a more comprehensive type of redevelopment (this usually requires the upgrading and modernization

of infrastructure, transparency in land markets, and some sort of compensation policies for the original owners).

In both cases, buildings and open spaces are adapted to a certain sort of “modernized” urban fabric that is often related to more orderly structures, higher building densities and larger units of developments with respect to total floor space, and an increasing division of labor between developers, investors, construction firms, and end users. In different types of neighborhoods, the levels of transaction costs differ for physical restructuring and governance arrangements, especially in areas that are seen as “ripe” for restructuring due to their limited land or economic productivity, environmental pollution, and/or their degree of negative stigmatization.

The rationales behind the physical restructuring that accompanies economic restructuring have to be explored in more detail. This process is considered necessary by local governments, developers, and the urban society for different reasons that the contributions here are going to elaborate on. The general background for those restructuring efforts is the growing consciousness for the need of adapting older structures inherited from the era before outright mega-urban expansion or even from earlier stages of urban development. The restructuring efforts are intended to adapt those structures to the current demands in a mega-urban reality that differ significantly from the era in which the structures were originally built and developed. They can take on a great variety of forms. For instance, they may contribute to upgrading historic cores of megacities (despite widespread demolition activities in the past), such as increasingly in the case of different kinds of typical housing like the *hutong* in Beijing, the *shikumen* in Shanghai, or the *qilou* in Guangzhou. They may also serve to attract creative industries in the case of the redevelopment of derelict manufacturing and old warehouse sites. However, they may also result in the bulldozing of those areas to give way for the construction of high-rise office towers. Restructuring activities can also be seen as complex processes of the gradual adaptation of older structures with the help of evolving strategies depending on some of the following aspects: an appraisal of first results achieved elsewhere, available resources, ownership structures, the capacity of local (and higher-level) governments to redevelop those areas, the attractiveness of the respective areas for developers acting in local or global real estate markets, the historic value of the existing physical structures and the cultural sensitivity of the local communities, the fitness of the structures for changing economic needs, and other influential factors. Only very recently, the local governments of Guangzhou and Shenzhen have started to produce integrated strategies in this respect under the framework of the “Three Olds Regeneration” policy which constitutes the first comprehensive account of the need for restructuring old town areas, urbanized villages, and former industrial areas (cf. Chaps. 5 and 6 in this volume; Schoon and Altrock 2013). They produce a variety of approaches which incorporate experiences made with the most different projects, from demolition and redevelopment to piecemeal revitalization after a directed repossession of derelict sites followed by strategies of adaptive reuse, but now, for the first time, they are integrated into a strategic approach that systematically takes into account the different location factors, framework conditions, and future perspectives of the respective sites.

1.3.4 *The Cases: Guangzhou and Shenzhen*

For the major part of this book, we focus on the cities of Guangzhou and Shenzhen and especially their core areas, that are, the inner districts in Guangzhou (Yuexiu, Tianhe, Haizhu, Liwan) and the Special Economic Zone in Shenzhen. Despite the reduced importance of the status associated with the Shenzhen Special Economic Zone (SEZ), it still makes sense to demarcate it as the inner city that has undergone significant changes in the past few years. The degree to which dense modern development, the upgrading of major infrastructures, and the formalization of physical structures prevail in this area, and thanks to its special location separated from most of the rest of the city by natural boundaries toward the north, distinguishes this area from the rest of the city.

Those two case study areas are characterized by being mostly built out but nevertheless witness increasing land-use pressure due to the overall growth that characterizes the region and its cities. Being built out is not to be understood in a literal, but in a figurative sense considering the great amounts of land inaccessible to restructuring, i.e., preserved open space and stable settlements. One has to keep in mind, though, that even the areas without relevant restructuring processes change as a consequence of political decisions. For instance, recent efforts of the Shenzhen municipal government to preserve a substantial part of the open space in the city in the context of its master planning process will increase development pressure on the remaining areas but reduce it in the preserved area, changing the pattern of potential areas suited for restructuring.

This makes these two cities especially interesting for investigating restructuring processes as there are numerous older structures to be found in them which are already in the focus of local governments' development strategies. The strategies for upgrading the inner city under the umbrella of the so-called three olds (*san jiu*), mentioned above, have led to the reorganization of formerly existing administrative bodies to form urban regeneration offices covering a substantially wider scope of action. The notion of the "three olds" reflects the official vision of structures no longer suitable for the changing needs of prospering megacities that are more and more conscious of the fact that their land resources are limited, despite that many of the areas now considered as "old" (especially urbanized villages and manufacturing sites) have taken their current physical shape only around or after 1978.

The comparison between Shenzhen and Guangzhou looks particularly at how urban development policies under increasing competition between the various spatial entities contribute to retaining or building up competitive advantages in an environment of the ever-increasing integration of new spatial areas into the regional, national, and global economy (the Pan-PRD including Hong Kong and Macao, its hinterland, neighboring provinces, and other countries in the region) in the ongoing political and economic transformation in China. At this point, it is important to note that, according to our understanding, the transition process does not converge toward a specific end point, but has to be considered as an open-ended process (Friedmann 2005). The analysis of different answers to similar restructuring challenges will allow for a better understanding of the local political culture and

the effects of framework conditions such as city size, location, state of main infrastructure, budget constraints, etc.

It will still be of interest to understand if upgrading policies are a result of increasing regional or local prosperity that provide the means to implement them or if they are strategically used to improve the living conditions and living environment and thereby to improve the soft location factors and the chances for inward investment by higher value-added industries. In this context, it will be interesting to include path dependencies that may partly explain the differences: Guangzhou as a historic city and center of the region with outstanding cultural, educational, and historic assets and Shenzhen located next to Hong Kong, centered around the Special Economic Zone and having shaped a specific culture of political innovation and leadership in becoming an internationally competitive high-tech-oriented prospering city with high livability, setting standards in spatial development, etc.

A closer look at the diverse picture to be found in the inner cities shows that there are wide parts of “stable” neighborhoods and quarters. One has to especially count the very formally planned and managed quarters in this category. Both newly developed CBD areas and office clusters make up parts of them. Furthermore, newly developed residential quarters that are sometimes gated in a rather strict sense cover other substantial parts of the inner cities. Parks and social and technical infrastructures can be seen as hardly accessible for restructuring interventions. Besides those, a wide array of older structures that have not been redeveloped recently unfold to shape the patchwork of potential restructuring sites. Due to their structure which is comprised of elements of traditional physical, land-use, ownership structures and fine-grained economic activities, but also of signs of neglect, vacancy and decay in other areas, they are seen more and more by some politicians, planners, and developers as alien elements within an increasingly modernized urban environment.

The inner cities offer different structural types that become the major areas of restructuring:

- Historic old town areas with partly inherited ownership structures and a high degree of diversity, facing great development pressure, but increasingly esteemed by the local authorities for their historic value, and next to them, “forgotten” neighborhoods, which are pockets of rather traditional physical and economic structures that have never been reached by post-reform redevelopment (cf. Chaps. 5, 6, and 12).
- Urbanized villages that have been transformed only recently but still keep many of their traditional land-use, decision-making, and economic structures; some of them being dynamic arenas for differentiated upgrading strategies enacted with the cooperation of the newly created joint-stock companies and sometimes also comprising a restructuring of the former manufacturing areas of the villages (cf. Chaps. 5, 6, 7, 8, 10, 11, and 16).
- Economic clusters consisting of wholesale, retail, and manufacturing of often low value-added industries are increasingly facing spatial and economic restructuring needs with manifold processes of inner reorganization linked to both urban development policies and local communities (cf. Chaps. 7 and 8).

- Derelict manufacturing and warehouse complexes that are increasingly reused for a very diverse set of “creative” industries which represent the trend away from an economy based on low value-added manufacturing and shape totally new land-use and economic practices (cf. Chaps. 6, 9, and 15).

1.4 The Governance of Restructuring and the Role of Experimental Urban Governance

The analyses of this volume will reveal planning strategies, governance arrangements, and implementation practices. In this context, it will be important to analyze both the interaction of the state and private actors in the course of redevelopment and the scope for individual and collective action left by imperfect state control. The contributions will build upon scholarly work conducted in urbanized villages, economic clusters, manufacturing and warehouse districts, old town areas, and redevelopment sites. They not only include case studies at the neighborhood level but uncover major political and economic processes that link them to the national, provincial, municipal, and district level. The ongoing processes show a variety of different approaches and degrees of restructuring (see Figs. 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6), ranging from outright neglect in forgotten areas that are only on the verge of being discovered for redevelopment, older and somewhat partial redevelopment of old towns, adaptive reuse of manufacturing sites, and gradual upgrading in urbanized villages to demolition and redevelopment approaches for the reorganization of residential or commercial neighborhoods.

If restructuring happens, it often coincides with relatively high transaction costs in case of physical and economic redevelopment. However, gradual adaptations and subtle restructuring without strategic and larger-scale interventions can take place even without massive demolition when smaller plots are reused or bought up by developers over time. The research into restructuring will therefore have to analyze how the described patterns of restructuring evolve and why no restructuring takes place elsewhere. The roles of governance processes at the municipal, district, and neighborhood levels will be looked at in detail.

The restructuring reality shows that one has to differentiate clearly even within the PRD: the restructuring of old warehouses and manufacturing sites such as that currently happening on both sides of the White Swan Pond, south of Shamian Island in Guangzhou, produce completely different approaches than those of urbanized villages. The great variety of chosen approaches always reflects specific ownership structures and governance settings. Also, the political backing for the promotion of and partial public support for more temporary forms of land use by artists and other “urban pioneers” and the location where they are found differ over space and time. The same holds for historic cores and colonial-style buildings from the first half of the twentieth century or sometimes from even earlier.

Figures 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6: Differing degrees and scales of restructuring



Fig. 1.1 “Forgotten” neighborhood of Yuanxi in Guangzhou (Sonia Schoon)

The lack of a rule of law tradition and the typical Chinese *guanxi* (relations) reaching far back to ancient times and being understood as cultural codes lie at the root of the specific patterns of governance in China which have to be further examined and better understood. In the process of restructuring, a new institutional and administrative order and stakeholder interactions also have to be rearranged. In the meantime, relations function in ways not determined officially. In addition to a restructuring logic, also a power-centered or interest-oriented component of certain governmental bodies and representatives must be taken into account.

In the context of development policies, state power is structuring reality, but it is far from imposing a simple, top-down logic of government. In order to cope with new and changing circumstances and to provide a basis for controlled dynamic development, the government officially installs so-called experimental sites and sites which allow for experimental development approaches to gain initial experience in dealing with them.

This type of “experimental urban governance” builds on decentralized reform initiatives and local reform experiments that—in the case of success—result in nationwide political programs (cf. Altrock and Schoon 2011; Schoon 2011, 2012). The central government is setting framework objectives for the respective redevelopments but gives substantial leeway for implementation at the lower tiers of government and for socioeconomic experimentation, however, under constant supervision. Experimental sites or pilot projects are officially initiated, hoping for institutional reform and the gradual adaptation of solutions to the circumstances on

Fig. 1.2 Historic shop-house core of Guangzhou affected by modern high-rise towers next to the Pearl River (Uwe Altrock)



Fig. 1.3 OCT contemporary arts terminal area in Shenzhen (Uwe Altrock)



Fig. 1.4 Upgrading of central park and façade renovation in the Xiasha urbanized village in Shenzhen (Juan Zhao)



Fig. 1.5 Demolition of the urbanized village of Gangxia in Shenzhen (Uwe Altröck)



Fig. 1.6 New wholesale mall in the Zhongda textile district in Guangzhou (Sonia Schoon)

the ground. Projects assessed as successful become models and serve as examples for prospective comprehensive approaches which are later implemented. This evolutionary procedure is typical for a state in transition and can be observed in other transitional states as well. It guarantees sufficient integration of pragmatic requirements that are defined on the ground. Thereby, it limits conflicts in the transition process and allows for gradual yet constant revision and innovation.

Experimental projects are always subordinated to higher party and government authorities. In this respect, government institutions always have the power of intervention and final decision-making. Decision-making and negotiation processes at different levels are therefore characterized by creative freedom within an authoritative framework. This becomes particularly clear when experiments that prove to have negative impacts are suppressed. If they turn out to be a good solution for loopholes, problems, etc., they are standardized. The state, as the paramount leader and decision-maker, is the only authority to decide whether “informal” bottom-up initiatives are acceptable and therefore to be formalized—as adequate solutions for newly emerging problems or niches—or prohibited and, as a consequence, banned (Schoon 2011, 2012).

Experimental projects are always open to a certain degree of self-organization. This does not necessarily mean low-scale and piecemeal development. The pooling of necessary resources by village-based joint-stock companies, developers, and the local state, for instance, in the case of urbanized villages, will shape the necessary power to get larger-scale redevelopment going. In this context, the availability of private capital and the relatively powerful local state are key ingredients to overcome high transaction costs related to the redevelopment of fine-grained physical and economic structures. Self-organization is allowed and embedded in the political logic and guideline of “scientific development.” Still, the state is the paramount leader and decision-maker on whether these initiatives are promoted or banned.

The limitation of state power to effectively permeate all spheres of institutions, markets, and society fully and at once and the emergence of phenomena never experienced before are answered by experimental arrangements on a small-scale level and by forms of self-organization. But the small-scale levels are also always integrated in higher-level institutional administrations and spatial boundaries. For the actors on grassroots levels, the spatial and administrative boundaries

demarcate the respective arenas of responsibility. The smaller the entity of responsibility, the more detailed the instructions of responsibility. The larger the administrative responsibility from top to bottom, the less specific guiding principles or—on the contrary—the more binding legal instructions shape the interactions on the different spatial and administrative layers. These fundamental characteristics of experimental proceeding can be traced throughout the whole volume. How far they are able to contribute to a maturing megacity will be taken into consideration in every chapter and related to different aspects or to urban governance and planning.

1.5 Outline of the Book

Apart from the introduction and conclusion, the different contributions are orchestrated according to their main foci under the umbrella of identifying indicators for maturing megacities.

1.5.1 *Part II: Transforming into Megacities*

The first section of the book deals with the *transformation of the Pearl River Delta into a mega-urban region* in general. *Ng Mee-Kam* and *Xu Jiang* give an overview of the current role of urban planning at different levels of development and restructuring in the cities of Guangzhou and Shenzhen. It shows that government-led strategic planning continues to play a vital role in preparing and implementing economic and physical restructuring, producing differential impact on the life and livelihood of various stakeholders. It makes clear that, amidst globalization, economic competition between cities in a maturing mega-urban region is backed by a rather localized understanding and practice of planning. Strategic and neighborhood-related planning efforts in the cities of the Pearl River Delta have been instrumental in regenerating space for the restructuring economy and for building up the city image. The authors discuss if those are equally successful in upgrading the quality of life for the urban residents.

Ma Xiangming analyzes the Pearl River Delta as a regional network of municipalities that has to coordinate its planning and development activities. For that purpose, various activities at the provincial level have been unfolded. They concern the provision of major transportation infrastructures, the preservation of green corridors, and the like. The chapter looks at the origin, organization, funding, and purpose of those activities and especially at regional planning with a special focus on the changing relationships between the province of Guangdong and municipalities in the inner Pearl River Delta in the context of a maturing mega-urban region. The influence of inter-municipal coordination and regional planning on economic and spatial upgrading are discussed.

At a higher level, political change is addressed by a constant reorganization of the administrative structures in the Pearl River Delta. *Li Xun* and *Wu Ruitong* present

one of the latest cases in this respect, the *attempt to form the twin city of Guangzhou and Foshan*. From the perspectives of historical development, geographical connections, and economic relations, these two megacities have become a twin city with a structure of spatial integration. Now they are economically the most strongly integrated urban areas in the Pearl River Delta. Based on the history of the spatial structure changes of the twin city, this chapter analyzes the interactions of markets and local governments during the spatial integration process. Having a special concern with the ways through which governments facilitated the merger of the two cities and its effects, it points out that the multi-level government relations and interaction between Guangzhou and Foshan are the key of the spatial integration. The provincial government plays a significant role in the promotion of this process. However, while Guangzhou stands for top-to-bottom development, Foshan is representative of bottom-to-top development mode. The way the respective actors come to terms with this contradiction is one of the fascinating aspects of this case study.

1.5.2 Part III: The Reorientation Toward Urban Regeneration

The chapters of the third section cover the *political changes* that can be currently observed in an environment of mega-urban restructuring. In her chapter about Three Olds Regeneration and conceded informality, *Sonia Schoon* explains the way Guangdong Province plays a role as pioneer and “experimental province,” with a focus on redeveloping and upgrading built-up areas. To distinguish and at the same time to encompass the different areas that are to be upgraded, the catchy concept of *three olds redevelopment (san jiu gaizao)* has been formulated, comprising regeneration of old town (*jiu cheng*), old village (*jiu cun*), and old industry (*jiu chang*) areas. The three olds redevelopment process leaves much space for experimentation, bargaining, compromises, and even incentives to trigger the redevelopment of the targeted zones.

Building on this chapter, *Ye Lin* provides a detailed analysis of *three olds redevelopment guidelines* in comparison with the different cities’ strategies, as well as an analysis of the formerly existing regulations and their transition into the new concepts concerning the respective target zones. These analyses are necessary to fully grasp the specifics of the new experimental approaches toward inefficiently used built-up areas. The institutional level executing the “three olds” redevelopment especially needs to be taken into account to explain the starting point, main characteristics, and problems of this new paradigm.

1.5.3 Part IV: Economic Upgrading

Sonia Schoon and *Friederike Schröder* look at the economic transition processes and *strategies the city of Guangzhou has promoted* in the past decade to regain and consolidate its economic, political, and cultural power within the Pearl River Delta.

This has taken place through the development and redevelopment of defined core areas, such as the Zhujiang New Town as Guangzhou's new CBD, Guangzhou University Town, or Guangzhou Science City as a flagship project for establishing knowledge-intensive high-tech industries. At the same time, and despite an otherwise strongly government-led and top-down followed urban planning system, one can observe very dynamic economic upgrading processes in areas not in the city's or district government's focus. Taking a case study from Guangzhou, the Zhongda Cloth Market, the chapter investigates how areas of economic change are developed, looking at aspects of actor involvement, their objectives, and relations in these processes.

Wan Xiangdong looks at *informal labor and sociocultural change* in less affluent communities. He describes the way inhabitants and floating workers of the Zhongda Textile Business Cluster in Guangzhou organize their everyday lives in this environment and how they make a living. Substantial features of emerging markets are formal and informal coping strategies to shoulder the implications of globalization, fierce competition, and working conditions, as well as economic and political change in a market which is extremely dependent on economic and seasonal fluctuations and therefore undergoes ups and downs and needs to be extremely adaptable to ever-changing conditions. The maturing megacity is striving to gain control over or to bring into order those hard-to-predict markets which have huge momentum. Understanding informal labor mechanisms is a crucial means to explain socioeconomic change affected by dynamics driven by a globalizing world.

Uwe Altröck and *Ma Hang* focus on the *regeneration of derelict manufacturing sites in Shenzhen and Guangzhou*. The intentional relocation of old manufacturing plants or warehouses often leaves buildings behind that are worth being preserved and sometimes form a worthwhile basis for creative industries, cultural spaces, and other leisure-related land uses. There, the structural change toward service industries lies at the basis of a trend toward more diversified spatial practices that evolve when artists and other creative industries squat or reuse the abandoned buildings left behind by the preceding industrial age or those buildings which are to be redeveloped and are predestined for further creative usage. The regeneration of derelict manufacturing sites is now pushed forward through incentive policies and to a great extent depends on the officially planned future usages but still leaves space for negotiations and creative ideas. This chapter focuses on the sites preferring adaptive reuse of the existing built-up areas in Guangzhou and Shenzhen and looks at the strategies that are applied in that context by developers and the local state.

1.5.4 Part V: The Evolution of Integrative Governance

Zhuang Zhiqiang analyzes *stakeholder relationships in the upgrading of the three olds policy* in Baiyun District, Guangzhou. There urbanized village redevelopment is extremely difficult since it has to take the different local conditions into account, as taken up by the city in its "one village one policy" principle. In this context,

different villages' stakeholders as well as the government and developers can adopt different modes of redevelopment as well as modes of bargaining and "gaming." To balance the diverse interests is one key to successful regeneration. An in-depth analysis of how different and difficult it is to handle the single villages' decision-making processes shows the broad variety of experimental urban governance and the conceded informality which allows for an accelerated restructuring process.

The participation of local villagers in the redevelopment process of Liede Village, Guangzhou, provides an insightful case study for the preceding chapters conducted by *Tan Xiaohong* and *Sonia Schoon*. This urbanized village is Guangzhou's redevelopment pioneer. The governance mode chosen for its restructuring was experimental. Concerning the relevant decision-making processes, a great deal of attention is usually paid to key stakeholders. This chapter focuses on the coping strategies of the so-called *laobaixing*, the ordinary villagers, who are most affected by the whole process. Even though they have a more or less passive role in the official proceeding, just mainly being informed by the village's joint-stock company, they nevertheless found informal ways to form up and articulate their concerns in order to safeguard their interests. Clan ties, family structures, and intra-collective *guanxi* play an important role here and can be seen as crucial decision-making elements on a very societal grassroots level.

Hyun Bang Shin sheds light on *old town regeneration*, one very important but difficult aspect of "three olds" redevelopment. Here, public participation on a larger scale than on grassroots level and which is not focused on community-based problem-solving but with some political impact is something new in China and still in its very infancy. Also the channels how to articulate interest are very immature. Enning Road is presented as a pioneer area that is to be redeveloped as one of the most difficult areas of all "three olds." Many single households are involved that have no umbrella organization taking care of their representation, unlike urbanized villages have with their joint-stock companies, and old industries have with their management boards. The author states that, therefore, in this case, an elite vision dominates the restructuring and not the people's benefit as is usually propagated.

1.5.5 Part VI: Public Open Space Between Appropriation and Marketing

Soft location factors are of great importance for the attractiveness of cities striving for the establishment of service-oriented local economies. This concerns cultural and educational infrastructures, leisure facilities, and the general quality of living, among other elements. *Juan Zhao* investigates in her chapter how the city of Shenzhen (and the Special Economic Zone in particular) goes about making use of its parks and green areas in developing a strategic approach toward becoming a "green" and "ecological" role model. It puts particular emphasis on the question as to how far the elaborated strategy toward the production and upgrading of public open spaces and parks serves the needs of a prospering local population and how

this strategy is designed to help attract well-educated professionals or contribute to attracting visitors and thus to generating tourism-related income. For this purpose, the chapter also addresses how the local and the migrant populations use public parks in Shenzhen.

Cai Qiang, Cai Tao, Ren Jibin, and Liao Hongchun analyze the role of public space in the urban upgrading of manufacturing sites. The upgrading and adaptive reuse of manufacturing sites have produced a number of fascinating urban spaces that offer options for the creative milieu in postindustrial societies. Regenerated old buildings both provide inexpensive spaces for urban pioneers yet offer a variety of functional options and serve as the scenery for a staging of post-materialist and/or postindustrial lifestyles in a general environment of re-urbanization. In this context, public and semipublic spaces have gained a strategic role that will be systematically explored in the Shenzhen context in this chapter. The spaces serve as production space for creative and design-related uses and for the display of design products and consumption space. The chapter will show how those spaces are “produced” and used and how the production regimes work in terms of regulation, negotiation, and appropriation.

Katharina Wiethoff adds a complementary chapter about the role of public space in the urban upgrading of urbanized villages. The maturing of mega-urban regions takes a long period of time that is characterized by severe inequalities between different micro-locations when it comes to resource input for regeneration, degree of strategic attention, and, finally, of course, quality of life. While a universal trend toward intensification of land use, upgrading of older buildings stocks, and outright urban renewal can be noticed, the residents, be they urban or rural population, find ways to cope with the circumstances they live in temporarily or in the longer run. This holds true especially in areas that have not been covered by mainstreamed redevelopment strategies directed toward establishing professional real estate management in fenced-off compounds. People appropriate the immediate vicinity of their habitat and to a certain extent upgrade the semipublic space individually. The chapter investigates those coping strategies in urbanized villages and in villages on the verge of becoming urbanized in Guangzhou.

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Part II
Transforming into Megacities

Chapter 2

Second Metamorphosis? Urban Restructuring and Planning Responses in Guangzhou and Shenzhen in the Twenty-First Century

Ng Mee Kam and Xu Jiang

Abstract The chapter gives an overview of the current role of urban planning at different levels of development and restructuring in the cities of Guangzhou and Shenzhen. It shows that government-led strategic planning continues to play a vital role in preparing and implementing economic and physical restructuring, producing differential impacts on the life and livelihood of various stakeholders. It makes clear that economic competition between cities in a maturing mega-urban region amidst globalisation is backed by a rather localised understanding and practice of planning. Strategic and neighbourhood-related planning efforts in the cities of the Pearl River Delta have been instrumental in regenerating space for the restructuring economy and building up the city image. Are they equally successful in upgrading the quality of life for the urban residents?

Keywords Urban restructuring • Planning responses • Guangzhou • Shenzhen • Government-led strategic planning

2.1 Introduction

China's open door policy has unleashed developments on all geographical scales. This chapter attempts to review the evolution of urban developments and planning responses in two major cities in the Pearl River Delta (PRD), one of the earliest cradles of economic reforms in the 1970s and 1980s: the city of Guangzhou, the capital of Guangdong Province with a history of over 2,100 years, as old as some of the oldest European cities, and the city of Shenzhen, one of the country's first Special

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Economic Zones with a history of less than 40 years. Both are rapidly growing sub-provincial cities identified as central cities in the PRD urban system plan. However, unlike Guangzhou, which has the obligation to pay tax to Guangdong Province as its capital, Shenzhen was a creation of the central government and is not obliged to pay tax to the province.

Geographically, Guangzhou lies at the northern tip of the PRD, at the union of the Dong (East) and Bei (North) Rivers, and swallows more than a 1,000 miles of waterways (Xu and Yeh 2003). Due to its advantageous geographical location, Guangzhou has long been a regional transportation hub and a major export port in southern China. Administratively, the Guangzhou Municipality covers an area of 7,434 km² with a resident population of 12.7 million in 2010, among which 8.07 million are hukou residents (Guangzhou Statistical Bureau 2011a). It is comprised of two county-level cities (Conghua and Zengcheng) and ten city districts (Yuexiu, Haizhu, Liwan, Tianhe, Baiyun, Huangpu, Nansha, Luogang, Panyu, and Huadu) (Fig. 2.1).

The city of Guangzhou, however, only comprises the ten districts with an area of about 3,843 km² (51.7 % of the total municipal area) and a resident population about 11.07 million (87.2 % of the total municipal population), including 6.64 million hukou residents in 2010 (Guangzhou Statistical Bureau 2011a). In this chapter, the city of Guangzhou is the main focus of discussion, excluding the two county-level cities under its administration.

To most people, Shenzhen is a young city. Yet, according to some recent archaeological findings, parts of the city had served important administrative and military functions as early as 331 AD (Liu and Ng 2009:289). Nevertheless, the name “Shenzhen” only appeared in the seventeenth century when the Qing Dynasty built defence towers in Bao’an (Shenzhen Museum 1999). Shenzhen lies in the southern part of Guangdong Province, flanked by the Dapeng Bay in the east, Hong Kong in the south, and the Pearl River Estuary in the west. Shenzhen has an area of 1,992 km², with a moderately hilly terrain, especially in the south-eastern part.

Despite the historical significance of some specific locations in Shenzhen, the place was just a sleepy border town before China’s open door policy. Before the open door policy, Shenzhen was only a county-level city with a population of 20,000 and an area of 3 km² (Ng 2002:42). Today, after being the country’s first Special Economic Zone for more than 30 years, the city has an official population of 8.9 million (Shenzhen Statistics Bureau 2010:28), and the city now covers a total area of over 1,992 km² (Fig. 2.2).

Rich historical development in Guangzhou has earned her many renowned aliases: the Flower City, the Goat City, the Rice-Ear City, the Silk Road on Water, and the Southern Gate of China. With the launching of China’s open door policy in the late 1970s, Guangzhou and Shenzhen have both become the vanguard cities for economic reforms, impressing the world with rapid growth and development (Table 2.1). Given the contrast of Guangzhou as a city with an ancient origin and centuries of colourful urban development (Xu 1985; Xu and Yeh 2003; Wu et al. 2007:208) and Shenzhen as a young “Instant City” with less than 40 years of urban history (Ng 2003, 2011), it is rather surprising to find the comparability of these two cities in their economic development.

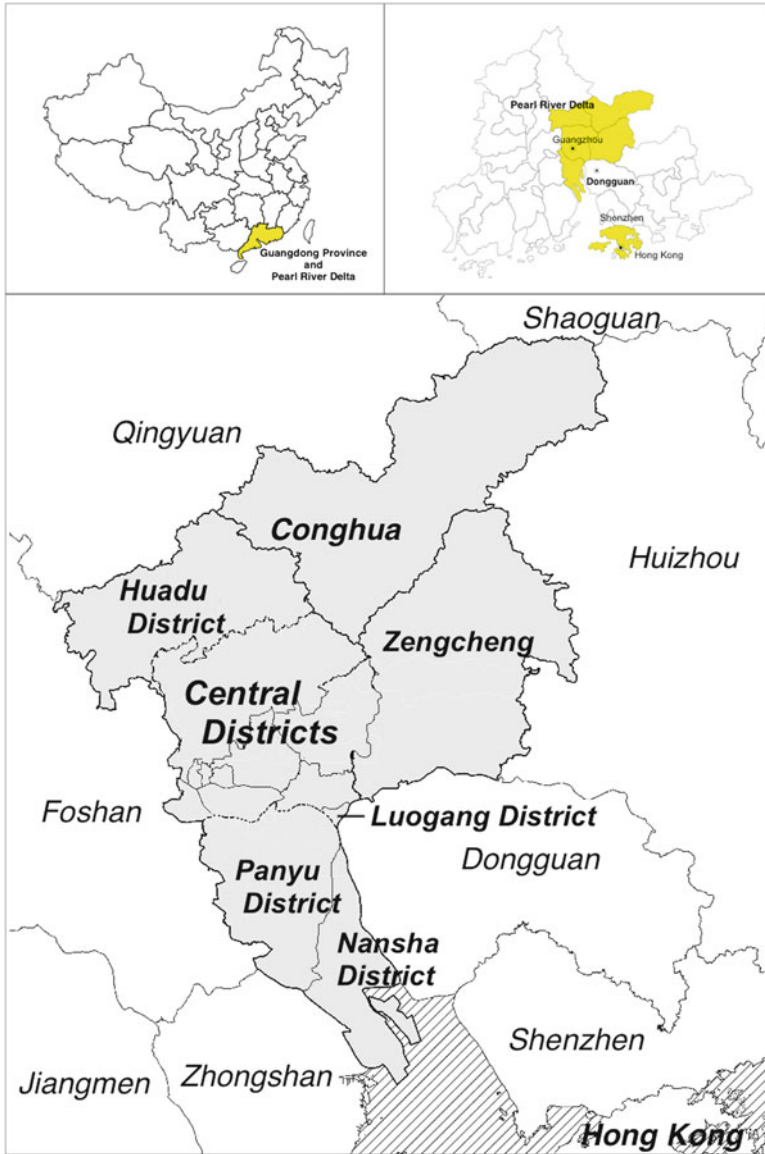


Fig. 2.1 The geography of Guangzhou and its districts (Modified from Xu and Yeh 2003:362)

Figures in Table 2.1 show that while Guangzhou is bigger and has a larger population, per capita GDP is higher in Shenzhen: RMB 87,458 versus 94,296. Nevertheless, the composition of registered versus non-registered population shows the nature of Shenzhen as an extremely fluid society, as in 2010 76 % of her population were not registered residents. And this situation is also reflected in difference of educational levels and the provision of social amenities in the two cities.

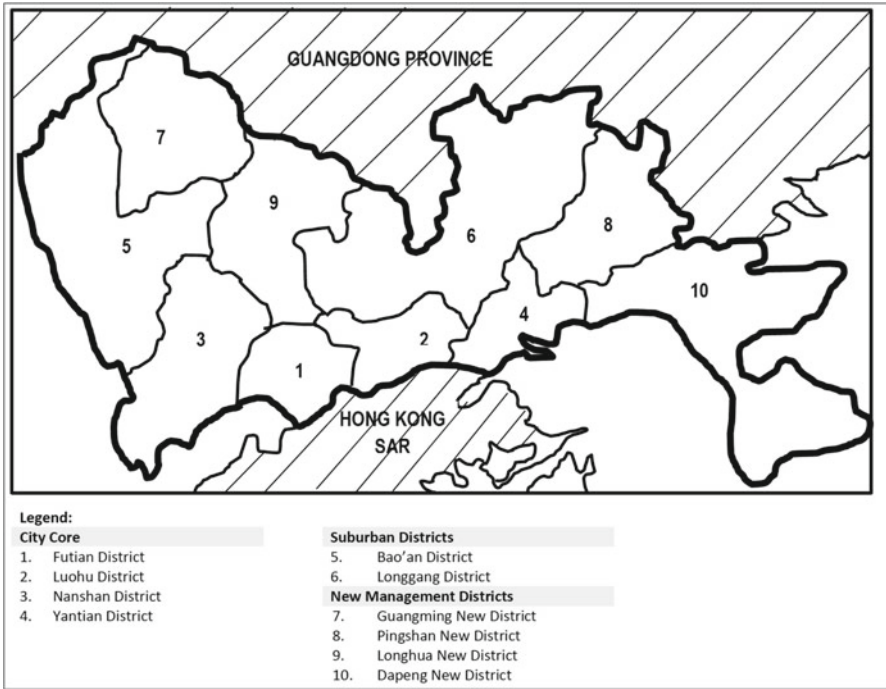


Fig. 2.2 Districts in Shenzhen (Modified from Ng 2003:430 and the “administrative divisions” in Shenzhen, <http://en.wikipedia.org/wiki/Shenzhen>, accessed June 2012)

Table 2.1 Comparative statistics of Guangzhou and Shenzhen (2010)

	Guangzhou	Shenzhen
Area (km ²)	7,434.40	1,991.64
Population (million)	12.71	10,372.51
• Registered population	8.06	7.86
• Non-registered population	4.65	
Employment (million)	7.89	7.05
• Staff and workers	2.39	2.51
Gross Domestic Product (billion RMB)	1,074.83	958.15
• Primary industry	18.86	0.65
• Secondary industry	400.23	452.33
• Tertiary industry	655.75	505.17
Per capita GDP (RMB)	87,458	94,296
Gross output value of agriculture (billion RMB)	0.32	1.50
Gross industrial output value (billion RMB)	443.90	1,887.97
Total investment in fixed assets (billion RMB)	326.36	194.47
• Residential buildings	57.3	45.85
Total retail sales of consumer goods (billion RMB)	447.64	300.07

(continued)

Table 2.1 (continued)

	Guangzhou	Shenzhen
Transport		
• Total freight traffic (1,000 tons)	573,690	261,750
• Total passenger traffic (10,000 person-times)	625,950	1,560,480
• Volume of freight handled at ports (1,000 tons)	425,260	220,980
Foreign trade and economic cooperation		
• Total imports through customs (USD billion)	55.4	142.6
• Total exports through customs (USD billion)	48.4	204.2
• Foreign direct investment (USD billion)	39.8	43.0
Government finance		
• Budgetary revenue (billion RMB)	87.27	110.68
• Budgetary expenditure (billion RMB)	97.73	126.61
People's livelihood		
• Per capita annual disposable income of urban households (RMB)	30,658	32,381
• Per capita annual net income of rural households (RMB)	12,676	n.a.
Education		
• Number of students enrollment of regular institutions of higher education (1,000 persons)	843.9	67.3
• Number of students enrollment of regular secondary schools (1,000 persons)	572.3	334.8
• Number of students enrollment of primary schools (1,000 persons)	824.8	618.5
Health care		
• Hospital beds (1,000)	53.2	21.1

Source: Guangzhou Statistics Bureau, 2011a, b:5, 10–15; Shenzhen Statistics Bureau, 2011:3–9, 289.

This chapter argues that after China adopted an open door policy, both cities successfully metamorphosed into a “socialist market economy” by the end of the twentieth century. However, as China’s economic reforms deepen in the course of globalisation, both Guangzhou and Shenzhen face increasing internal and external pressure to reinvent themselves in order to remain competitive domestically and internationally. This chapter attempts to compare and contrast the development trajectories and planning responses in these two cities in order to shed more light on the dramatic story of the rise of China in the past few decades.

2.2 Metamorphosis in the Late Twentieth Century: Establishing a “Socialist Market Economy” with Chinese Characteristics

2.2.1 *Guangzhou: Regaining Its Past Glory?*

The fate of Guangzhou as the most developed city in the PRD changed when the Communist Party chose to adopt a closed door policy after the foundation of the People’s Republic of China in 1949. Socialist industrialisation at that time did not

work in favour of Guangzhou. The target of becoming “a production city” was constrained by the absence of mineral and energy resources, an undersized transportation system, a technologically undertrained labour force, and a dearth of funding from the central government due to its peripheral location being vulnerable to possible foreign invasion (Hu and Lin 2011:6). On the eve of the adoption of reform policies in 1978, the industrial output constituted only 56 % of Guangzhou’s GDP (Guangzhou Statistics Bureau 1998:23) when compared to 76 % in Shanghai (Shanghai Statistics Bureau 1998:24) and 65 % for Tianjin (Tianjin Statistics Bureau 1998:98).

As economic planning was privileged in the pre-reform era and the function of urban planning was limited to help site selection for individual industrial projects, the city of Guangzhou as a whole expanded in an unplanned manner, with new developments primarily in the eastern part of the city. This can be understood as Panyu and Huadu (then counties), Foshan City, and Baiyun Mountain (an important source of water supply), surrounding, respectively, its south, west, and northern sides, function as significant barriers to the city’s urban expansion (Xu 2001).

Since 1978, urban growth accelerated in Guangzhou as it was one of the earliest Chinese cities to benefit from the economic reforms (Xu and Yeh 2003:361). In 1984, Guangzhou was designated as one of the 14 coastal open cities and was granted special treatment in foreign economic policy, such as tax exemption for exports and tariff exemption for foreign businesses (Cheung 1999). This provided an opportunity for the city to reclaim its former status as a commercial centre and an entrepôt port (Wu et al. 2007:208–209).

Against this background, a more comprehensive development objective came to the forefront to replace the one of “building a production city”. The new objective argued for “developing the city into an economic centre in south China that is distinguished by its prosperity, civilization, stability and good environment” (The Editorial Board of Guangzhou History 1995:45). The impact of this strategy was profound.

Guangzhou port achieved a growth of seven times of throughput from 1978 to 1995, the highest among China’s major seaports (Howell 1993). There was an evident GDP increase with an annual growth rate jumping from a yearly average of 8 % during the time from 1953 to 1978 to 12 % from 1981 to 1990 (Guangzhou Statistics Bureau 1991). By the mid-1990s, Guangzhou became a frontrunner among China’s key cities. In 1996, Guangzhou made the third largest GDP in China, only lagging behind that of Shanghai and Beijing. Guangzhou also ranked closely behind Shanghai in terms of foreign investment, which made it the second largest recipient among China’s cities in 1994 and 1995.

For infrastructure development, the city built a number of major ring roads, highways, and railways encircling and branching out from its jurisdiction to enhance accessibility to neighbouring cities and distant provinces (GUPB and GUPFR 2002:158), thereby asserting its role as a transportation hub (Xu and Yeh 2003).

The economic boom of the early reform period resulted in extensive new urban development. By the end of 1985, there were more than 3.2 million inhabitants in the city, and most of them were living in the old dilapidated city centre. An inner-city problem then emerged and was made worse as a number of foreign and domestic

investors came to build hotels, shopping centres, factories, and entertainment facilities and to set up offices in the city.

To accommodate the rapid economic growth and rising population and to mitigate the disorganised inner-city growth, the Guangzhou Government began to adopt a policy that controlled further growth of the old city proper and encouraged the development of new areas. Guangzhou formulated 13 master plans from 1949 to 1979. “Creation of a socialist production city” was the core element of all these plans. This led to an urban landscape shaped by scattered industrial land compounds.

It was in the 14th master plan prepared in 1984 that a three-nuclei urban structure was formed (old city proper, Tianhe and Huangpu), with green belts preserved between different parts and a convenient traffic network linking them together. In the mid-1980s, the 6th National Games were held in Guangzhou. The city seized this opportunity to establish a new district on its eastern edge—Tianhe District—to locate sports and new Central Business District (CBD) facilities and to relieve land-use pressure in the old city proper. Two more districts, Fangcun and Baiyun, were also set up, aiming at controlling the environment within the existing inner city.

The Guangzhou Economic and Technological Development District (GETDD) was created near the eastern estuary and the outer port in Huangpu in hopes of attracting foreign investment. The new city blueprint signalled a fundamental shift of the city’s spatial policy. Prior to economic reform in 1978, spatial development relied primarily on individual industrial projects that provided jobs as well as infrastructure and social provisions. After the reform, the city government took initiatives to invest in land development by demarcating development zones, providing infrastructure and serviced land under a unified planning method.

An even more fundamental transformation of urban development has started since the land reform in the late 1980s. The introduction of a land market triggered a massive process of redevelopment of the city centre as well as the expansion of new areas. Land has emerged as a marketable commodity that various stakeholders try to gain access to. Land leasing is now a critical revenue source for the capital-hungry city government that is keen on leasing out more land to generate capital for infrastructure construction.

In the inner city, new commercial and residential buildings have been built to replace the aged industrial sites and dilapidated neighbourhoods. This was often accompanied by the relocation of industries to the periphery and residents to new housing estates at the edge of the city. To take this further, Guangzhou Government modified its development strategy during the 1990s. It targeted the city to modernise and overtake the “four Asian dragons” (Hong Kong, Singapore, South Korea, and Taiwan), for 15 years from 1995, to become an international metropolitan city and the financial, trade, and tourist centre in the Asia-Pacific region (GZYEC 1995).

This ambitious strategy was articulated into a set of economic, social, and environmental indicators. To realise these visions, the city allocated more land to investors, property developers, infrastructure construction, and social provisions. Under these development forces, Guangzhou expanded dramatically through urban

redevelopment and physical expansion. The built-up area reached 298 km² (prior to the annexation of Panyu and Huadu) in 2000, far exceeding the limit set in the 14th master plan (250 km²) (The Editorial Board of Guangzhou History 1998:45).

2.2.2 Shenzhen: Unleashing Its Youthful Might

Shenzhen was a small border town within the old Bao'an County before the setting up of the People's Republic of China in 1949, and the rural county-level city, like the rest of the country, underwent a collectivisation process. Throughout the Cultural Revolution (1966–1976), Bao'an County was the largest source of illegal immigrants to Hong Kong. Yet, with the launching of economic reforms in China, Shenzhen together with Zhuhai, Shantou, and Xiamen were designated as Special Economic Zones (SEZ). The city of Shenzhen then consisted of a Special Economic Zone as well as two districts, Longgang and Bao'an. Since then, Shenzhen's growth has been breathtaking.

Between 1980 and 2001, the population had grown by 14 times its initial size, employment opportunities by 22 times, the gross domestic product by 724 times, per capita GDP by 72 times, fixed capital investment by 488 times, the gross output value of the industry by 3,014 times, and imports and exports by 3,918 times (Shenzhen Statistics Bureau 2002:44–47). The planned area expanded from only 10.65 km² within the Special Economic Zone to include the whole city (2,050 km²). Within these two decades, the population had grown from 0.3 million to 4.7 million, with 3.3 million as temporary population.

The Shenzhen SEZ was built through razing pre-existing villages (O'Donnell 2001), saving only land plots for houses which have become today's "villages-in-the-city", and these land lots are owned and managed by rural committees turned into "shareholding companies" (Ng 2003). Unlike Guangzhou, the Shenzhen SEZ had no historical legacy to turn to when China adopted the open door policy.

Given the "wait and see" attitude of most overseas investors in the early years of China's economic reforms, industrial investment in the first phase of Shenzhen SEZ came mostly from domestic sources such as ministry-led or provincial enterprises through preferential policies. Land was then allocated to these units, meaning, however, that the SEZ was indirectly subject to the fiscal control of the central government. Hence, the municipal government soon realised the importance of restructuring the hard and soft infrastructure of the zone in order to attract foreign investment (Ng 2003:433). A number of administrative reforms were carried out throughout the 1980s and 1990s to separate the economic functions from the administrative setup. As a result, foreign investments rose and export increased. In 1994, the positive trade balance was US\$1.64 billion (Shenzhen Statistics Bureau 2002:203).

To finance the restructuring of the infrastructure, Shenzhen SEZ learned from Hong Kong and introduced the country's first land auction in 1987. While this provided much needed resources for the local government to develop the SEZ, the move challenged the emerging outward processing industries as land costs escalated

(Ng 2003:434). Hence, in less than two decades, the SEZ faced restructuring pressure, moving from outward processing industries to real estate, tourism, commerce, trade, and finance, fuelling the escalating land and property prices (ibid.: 434).

Given the shortage of land within the SEZ, the two neighbouring rapidly industrialising counties were incorporated as districts in 1993. And the vision then was to develop Shenzhen into a city with the “environment of Singapore and efficiency of Hong Kong” (Shenzhen Municipal Government 2000:1–2) and to move towards high-tech industrial development. It was reported that after a visit to Singapore in 1983, the Shenzhen Municipal Government decided to set back the redline for 30 m for greening purposes¹ (Shenzhen Museum 1999:54). It succeeded in promoting high-tech industries, as by 2001, production value was RMB 132 billion, ten times the figure in 1990 (Shenzhen Statistics Bureau 2002:74; CAUPD 2000).

In 2001, there were altogether 1,749 industrial enterprises found in Shenzhen SEZ: 15.5 % were funded by domestic capital, 70.8 % by Hong Kong capital, and 13.7 % by foreign capital (Shenzhen Statistics Bureau 2002:76). Following China’s ascension to the World Trade Organization, Shenzhen has been losing its unique advantage in attracting investment. As a result, the city has been very resourceful in building connections and raising foreign investments such as those which have been instrumental in building the Yantian Port, Guangshen Highway (Guangzhou-Shenzhen connection), Daya Bay Nuclear Plant, and the Shenzhen Telecom (Shenzhen Museum 1999:421).

Before the turn of the twenty-first century, Shenzhen had produced three master plans. The first master plan was formulated based on the 1982 Shenzhen Socio-economic Outline Development Plan that detailed Shenzhen’s planning directions, scale of population growth and developments in different sectors. The second master plan was formulated and revised in 1986 and 1989, respectively, a period that coincided with the SEZ’s determination to build a genuine export-oriented economy. And the 7th Five Year Plan (1986–1990) provided the necessary strategic guidance for the city’s socio-economic development. The third master plan was first conceived in 1993, and the basic strategic directions were provided by the 10-year socio-economic plan for Shenzhen.

Hence, towards the end of the twentieth century, the linear city was divided into integrated compact urban clusters with green belts in between (Ng 2003). Although the planning intention was to have the eastern part of the city as a reserved site for commerce, residence, fishery, agriculture, and tourism, the Daya Bay Nuclear Plant and the Yantian Port were constructed in the 1980s.

Development in the central cluster could be differentiated into three portions. The eastern portion included Luohu District, planned for commercial, residential, and industrial uses. The central one consisted of Shangbu, a deindustrialised area, the “illegal” conversion of which had led to successful “bottom-up” regeneration (Ng and Tang 2002). These two portions exhibited the dynamism of an emerging

¹Redlining is a practice by financial institutions in the United States to demarcate areas of a city that are deemed ineligible for loans or mortgages (HUD and MURCEP 1987:236).

socialist market economy. The third western portion included Futian District, a site designated in the second master plan as the future heart of Shenzhen as a world city. The western portion housed the Overseas Chinese Town with theme parks and luxurious real estate developments. It would also be home to high-tech industries, science parks, and universities.

The emergence of a socialist market economy in Shenzhen came with new challenges (SZUPB and CAUPD 2005). At the regional level and against the context of a network of rapidly growing cities in the PRD, the SEZ had to revisit its positioning strategy. Within the city, the once young, dynamic, adventurous, and multicultural city that pursued a growth-at-all-cost economic development strategy faced a number of bottlenecks, including a large migrant society with low education levels but a pressing demand for housing and employment and a degrading natural, air, and water environment. The city needed to identify a development trajectory that would allow economic prosperity but at the same time promote social and environmental sustainability.

2.3 Challenges of the Twenty-First Century: A Second Metamorphosis Through Planning?

At the dawn of the twenty-first century, China's open door policy and her experiment of transforming the centrally planned economy into that of a socialist market had fundamentally transformed the cityscapes of 2,100-year-old Guangzhou and the less than three-decade-old Shenzhen. As China's economic reforms and globalisation intensify, the development trajectories of Guangzhou and Shenzhen converge.

At the regional level, both cities face competition, not only with each other but also with other rising cities in the PRD and beyond. Within the city, land shortage is a big constraint for the rapidly developing cities. Not only have both cities faced an absolute shortage of land for development, the carrying capacity of the ecosystems and environmental resources are severely compromised, too.

While the influx of the "floating population" helped fuel economic growth in the first stage of development, both cities now aim at upgrading their economic structures, adding further pressure on housing, environmental, and social developments. The following sections examine these problems which are faced by the two cities, followed by a discussion of their planning responses.

2.3.1 Intercity Competition

The rapid growth of other cities in the PRD and the return of the sovereignty of Hong Kong and Macao have presented new challenges to Guangzhou and Shenzhen, as their growth has been founded on the central government's preferential policies. As the capital of Guangdong Province, Guangzhou used to be the central city. Yet, since

the opening up of China's economy and culminating in the mid-1990s, a new geography of centres and margins has emerged. Guangzhou's economic performance, an annual GDP growth of 12 %, has paled when compared to other emerging cities such as Foshan, Dongguan, Shunde, and Shenzhen, where the growth rates were over 20 % during the early reform era (Cheung 1999).

Although Guangzhou's total GDP (around US\$159 billion in 2010) still ranks first in the PRD, its relative share declined dramatically from 48 % in 1980 to 28 % in 2010 (Guangdong Statistics Bureau 2011:69). Similarly, while Guangzhou contributed to 63 % of the provincial industrial output in 1980, its share plummeted to only 16 % in 2010 (Guangdong Statistics Bureau 2011:312). Guangzhou's GDP per capita was about US\$13,381 in 2010, lower than the figure in Shenzhen (US\$14,777) (National Statistics Bureau 2011:121).

The performance of Guangzhou is inferior to Shenzhen in terms of foreign trade and actually utilised foreign investment. In 2010, Guangzhou's export value totalled US\$48 billion, only about a quarter of the value of Shenzhen's export (US\$204 billion). For the same year, Guangzhou's utilised foreign capital was US\$3.8 billion, but Shenzhen's figure US\$4.3 billion (National Statistics Bureau 2011:184).

The competition between Guangzhou and Shenzhen can be seen in various economic sectors as well. While Guangzhou has established four pillar industries (i.e. automobile, petrochemical, electronics, and biomedicine), Shenzhen is home to some of China's most successful quality brand high-tech companies (Shenzhen Municipal Government 2012). While the tertiary sector in Guangzhou contributed to 61 % of its GDP in 2010, Shenzhen has also become a major financial centre in China, ranking fifth among Asian financial centres according to the 2010 Global Financial Centres Index, despite recent decline in the same ranking (Z/Yen Group Limited 2010).

The city also hosts one of the largest and busiest container ports in China after only Shanghai and Hong Kong. In 2008, Shenzhen was formally designated by the State Council as one of the National Comprehensive Reform Pilot Areas (NCRPA) to undertake experimental reforms in urban development.² And both cities face keen competition from Hong Kong where the service sector contributes to over 80 % of its economy. Hong Kong provides indispensable global insights and business solutions, as well as financial, logistics, information, and producer services to the PRD, overshadowing the role of Guangzhou as the provincial capital.

Guangzhou also faces competition from newly designated development zones initiated by the central government, including Hengqin New Area in Zhuhai (2009) and the Qianhai region in Shenzhen (2010). Besides internal competition, the PRD faces competition from other central government-designated development

²Up to December 2011, there are ten NCRPA approved by the State Council. They are Shanghai Pudong, Tianjin Binhai, Chongqing, Chengdu, Wuhai Urban Cluster, Changsha-Zhuzhou-Xiangtan, Shenzhen, Shenyang, Shangxi, and Xiamen. In 2011, the State Council claimed that no more NCRPA will be approved in the future. For more detail, please refer to <http://baike.baidu.com/view/1302344.htm>

zones such as Pudong in Shanghai (1992), the Binhai region in Tianjin (2005), and Shanghai in the Yangzi River Delta that has regained its historical position as a business centre and is a strong competitor as a domestic and global capital in her efforts to regain world city status (Wu 2000a, b).

Unlike these designated areas, Guangzhou lost its “Separate Line-Item Status (SLIS)”³ in the central plan in 1993, which the city used to bargain with the central state to obtain preferential economic policies. Shenzhen is still an SLIS city along with four other Chinese cities. While this allows Shenzhen to enjoy provincial-level economic power and pay “zero” tax to Guangdong, such status has also intensified competition between Guangzhou and Shenzhen, the two most prominent cities in the PRD. To a certain extent, Shenzhen is not being favoured by Guangdong in the same way as Guangzhou because Shenzhen is not perceived as “its own son” by the Province. Yet, China’s accession to the World Trade Organization meant the decline of preferential policies for both Guangzhou and Shenzhen, a corollary for a need for them to reinvent themselves to maintain their competitiveness.

2.3.2 Guangzhou: Overcoming Land Shortage

Both cities faced the problem of land shortage as early as the 1990s. To overcome this problem, Guangzhou first intensified land uses in the inner city which led to escalating property prices, congestion, a degrading environment, etc. Heavy reliance on central districts for public utilities and amenities leads to a higher density development. Most economic and social activities were concentrated in only 21 % of the old districts (Yuan et al. 2007). The hunger for land further exacerbates the density issue in the inner city, leading to environmental problems such as water and air quality and solid waste disposal.

Traffic congestion along narrow streets in the old urban areas (“street canyon”) has led to increased emissions, and it was reported that annual mean concentrations of CO² in Guangzhou over the last decade were higher than those in Hong Kong or in Shanghai (Zhou et al. 2007). The rampant construction of elevated roads and flyovers not only bring about noise pollution, they also take up precious spaces for green belts and pedestrians. Currently, there is only 4.7 m² of green area per person in the old districts (CAUPD et al. 2010).

In the course of rapid urban growth, urban heritage in Guangzhou has fallen prey to various property-led projects. As an ancient city with over 2,000 years of history, Guangzhou is blessed with a rich legacy of buildings, public spaces, and urban

³Separate Line-Item Status (SLIS) was created in the 1980s to allow some large Chinese cities to enjoy provincial-level economic power (not provincial-level administrative authority). SLIS cities share tax division directly with the central government and do not have to pay tax to provincial governments. Currently, there are five SLIS cities in China, namely, Shenzhen, Dalian, Qingdao, Ningbo, and Xiamen. They are all sub-provincial-level cities. For more details on SLIS cities, please refer to <http://baike.baidu.com/view/112105.html>

form. These valuable characteristics, which give meaning to people's lives, are threatened by the uncritical embrace of commercialism. New buildings are poorly related to the proportions and spatial patterns of the old streets and heritage sites. Wide roads and elevated highways are developed to serve people's mobility needs, undermining the traditional urban fabric (Yuan et al. 2007).

The result has been the growth of non-site-specific developments which are devoid of place-making characteristics. Guangzhou Government has made some efforts to preserve heritage such as the redevelopment of Shamian Island, a historical neighbourhood which was once home to foreign merchants (for details, see Yuan and Li 2003). Shamian is listed as a "national heritage site" under stringent local preservation (Du Cros 2008:10–12). Nonetheless, the government once adopted an erroneous strategy—genuine historical buildings/structures were demolished to make way for an imitation of antique ones. Although progress has been made in more recent years, committed government support is miniscule when compared to the scale of the problem (Yuan et al. 2007).

To make room for urban growth, Guangzhou has refocused on developing land in urbanised villages—informal urban settlements which are located within central districts but out of planning control (for details see Chung 2010; He et al. 2009). A campaign has been launched to revitalise these aging places in the urban centre. Unlike past practice, public participation is now strongly encouraged. It is required that any renovation project cannot proceed unless at least 80 % of affected indigenous villagers endorse the plan.

One outstanding example is the reconstruction of Liede Village, a 900-year-old village which forms part of the prestigious Pearl River New Town. The site is close to the Asian Games 2010 venue, and the government felt the urgency to redevelop it in 2007. These factors gave the village committee a lot of leverage in the negotiation. The government finally permitted higher plot ratios to the satisfaction of the villagers and waived off land-leasing premiums to developers (He et al. 2009). The result is the development of an extremely high-density community—37 high rises (locally nicknamed as "walled buildings"), all facing north–south, conforming to the villagers' requirements but breaching planning intentions (Fig. 2.3). Though the Liede model manifests a marked departure from regular government practice, it depicts the increasingly complex relationships between the government and the community in the course of urban development in Guangzhou.

Besides intensifying the development in the city centre to overcome the land shortage problem, in 2000 Guangzhou tried to annex Huadu and Panyu, leading to another round of planning activities (to be discussed in the next section).

2.3.3 Shenzhen: Limits to Growth

While a lot of the problems in Guangzhou are direct results of land shortage, Shenzhen faces a different set of bottlenecks to further growth. These include constraints of the carrying capacity of the environment in sustaining further growth



Fig. 2.3 The newly built-up environment of Liede Village during reconstruction (photo from Sonia Schoon)

and the escalating internal and cross-boundary traffic flow, the pressure to upgrade the economic structure and boost urban creativity amidst rising costs of production, and a high mobility of a not particularly qualified transitory population.

The built-up area in Shenzhen is as high as 46 % of the total land area (Wang 2011:68). The built-up area has increased from 64,625 ha in 1996 to 84,115 ha in 2004, growing at an annual rate of 3.3 % (Li et al. 2010:1430). In fact, according to another source, the built-up area increased by 30 km² annually (Xu 2011:18). And this was done through converting the natural environment.

According to Li et al. (2010:1430), the area of woodland in Shenzhen decreased from 65,647 ha in 1996 to 59,476 ha in 2004, at an average decreasing rate of 1 % per year. While the area for orchards has increased to about 14 % of the total area, cropland dropped from 9,010 ha in 1996 to 7,621 ha in 2004, a decrease of about 30 %, representing an annual rate of loss of 4.8 % per year. The area of wetland that yields high ecological services has been halved from 6,428 ha in 1996 to 3,342 in 2004. From 1996 to 2004, the depletion rate of “non-built-up” land was 24.7 % per year, that is, a total of 14,519 ha had been consumed by urban development.

Using value coefficients and areas of various land-use categories, Li et al. (2010:1431) found that there had been a net decline in ecosystem service value of about RMB 231 million from 1996 to 2004 mainly because of the decrease of woodland and wetland. This represented a decrease of 8.3 % of the total ecological value, averaging an annual drop of 1.1 % (ibid., 2010:1434).

It is found that woodland, wetland, water body, and orchard uses made up over 90 % of the total ecological service value of the city, but these sites such as

water bodies, wetland (mangroves mainly located on the south-western coast), and woodland are under considerable development pressure. Ecological sustainability is a real challenge to Shenzhen. For instance, according to Wang (2011:68), per capita water consumption in Shenzhen is only one fifth of the national average.

Shenzhen's environment has also been affected by transport growth. Car ownership rate has been said to increase at an average annual rate of over 20 % (Zhang et al. 2011:1). At the end of 2010, the number of cars in Shenzhen was 1.7 million, and together with cross-boundary vehicles, traffic congestion has been serious, worsening air quality, creating urban heat island effects, and degrading the ecological environment.

While secondary export-oriented and outward processing industries continue to be key contributors to the GDP, growing competition from the rest of the country and escalating costs have prompted the city to restructure and upgrade its economy. Yet, 75 % of the de facto population are "migrants" with mediocre education and high mobility (Wang 2011:68), contributing to social polarisation and problems of urban management. For instance, it is estimated that seven million of Shenzhen's total population of 14 million reside in urban villages (Tong 2009 cited in Zacharias and Tang 2010:230).

It was reported that urban villages occupied some 9,204 ha of land, amounting to 307,000 dwellings, and 44 % of these were constructed after 1999 (Wang et al. 2009:963). While these "villages-in-the-city" provided necessary buffers for the rural-urban migrants to adjust to urban life (Wang et al. 2009), the city government has seen these settlements as eyesores that should be redeveloped. How to handle the intertwined social and physical environmental issues becomes an increasingly pressing concern in Shenzhen.

2.4 Planning Responses

2.4.1 *Guangzhou: Economic Restructuring, Territorial Annexation, and Master Plan in the Making*

In a sense, Guangzhou's development since 2000 has been led by mega industrial and infrastructure projects. Four pillar industries were identified as follows: automobile, petrochemical, electronics, and biomedicine. The city succeeded in building heavy industry, for example, attracting three giant Japanese car manufacturers to locate their production chains in Guangzhou. In 2010, the auto industry of Guangzhou registered an output value of US\$54 billion, accounting for about 20 % of the city's aggregate industrial output value (Guangzhou Statistics Bureau 2011b:298). In the same year, the proportion of light vs. heavy industry was 32 to 68. Heavy industry contributed to over 70 % of the total industrial output (Guangzhou Statistics Bureau 2011a, b:288).

At the same time, the government started many infrastructure projects including the US\$2.4 billion new airport, the US\$1.6 billion Nansha Deep Water Port, and the

US\$3.2 billion Guangzhou mass transit project (Xu and Yeh 2003:368). To justify these massive investments, Guangzhou succeeded in bidding and hosting the 2010 Asian Games, allowing the city to invest a total of over 18 billion US dollars, with 11 billion used to expand the metro lines (Guangzhou Statistics Bureau 2011a, b:118).

However, this model has caused a number of problems. First, Guangzhou is still weak in industrial innovation. Sixty per cent of its industries are foreign enterprises who own their core technology, such as Nissan, BP, and IBM (Yuan et al. 2007). Domestic firms only represent 40 %, and many of them are still making original equipment manufacturer (OEM) products. In 2008, the Sinopec-Kuwait joint venture petrochemical plant and the Nansha Baosteel, two flagship projects, were transferred to Zhanjing (another city in Guangdong) from the Nansha District due to environmental concerns of local residents. Guangzhou thus faces a big challenge to continue the path for heavy industrialisation.

Second, producer services lag behind industrial growth (for details see Yuan et al. 2007). Third, mega projects divert public investment away from basic services that disadvantaged groups are particularly dependent upon (Xu and Yeh 2005). This is exemplified by an insufficient supply of affordable and low rental housing. Last but not least, such large-scale capital investment was constrained by limited urban space. Where to find land to locate so many projects is a key problem which the municipal government has to resolve.

To overcome the shortage of land, Huadu and Panyu were annexed into Guangzhou's territory in 2000. Following this annexation, a concept plan was prepared to guide further urban expansion. Different from a master plan, the concept plan is not a statutory one which is confined by planning standards and subject to central approval. Rather, it is flexible and strategic in nature, aiming to guide urban development instead of providing development control.

The Year 2000 Concept Plan proposes a multicentre structure and envisages a spatial pattern which features "expansion in the south, optimisation in the north, advancement in the east, and linkage in the west" (Fig. 2.4) (Xu and Yeh 2003:371). The south is abundant in land resources after Panyu was annexed and thus could be developed into a significant growth pole led by the knowledge- and information-intensive projects such as Convention Centre, Bio-Island, University Town, and Guangzhou New Town. A deep water port is planned to be built at Nansha, south of Panyu. Land use in the north should be optimised to preserve the Baiyun Mountain and drinking water source. In the east, land development will continue. Focus will be given to move the city's CBD away from the inner city. In the west, the emphasis is to develop cooperative links with Foshan Municipality.

The proposed multicentre structure has guided Guangzhou's spatial expansion since 2000. Many housing projects have been built in the south such as those in Haizhu and Panyu. A number of new development zones and science parks are planned in the east and south to accommodate development needs. These include, but are not limited to, University Town, Nansha Development Zone, Nansha Deep Water Port, Huadu Automobile City, Science City, Tianhe Software Science Park, Pearl River New Town, and Pazhou Exhibition Center. Many "zones" and "parks" are created to host headquarters of MNCs. During the 11th Five Year Period (2006–2010),



Fig. 2.4 Guangzhou 2000 Concept Plan (Xu and Yeh 2003:371)

Guangzhou planned to invest over 31.8 billion US dollars to build urban infrastructure (Yuan et al. 2007). Nansha in the south received 23 key infrastructure projects, amounting to a total investment of 9.5 billion.

To further materialise the spatial strategy of “expansion in the south, and advance in the east”, Guangzhou took a big step to adjust the administrative boundaries. In 2005, four development zones were consolidated to form a new urban district in the east. This granted former “purely economic zones” the power of a district-level government. For instance, the State Council endorsed the Nansha Economic and Technological Development Zone (formerly established in 1993), which was upgraded in 2006 to a new urban district in the south.

To achieve the “linkage in the west”, Guangzhou allies with Foshan to develop a “Guangzhou-Foshan Metropolis” in order to integrate city planning, infrastructure, industrial development, and urban services (see Chap. 4). An intercity subway system has been built to reinforce the “linkage” between these two cities. To optimise growth in the north, the new Baiyun International Airport was built in Huadu to replace the old airport which was closer to the city’s water source.

However, urban expansion since 2000 has also caused some expected problems. Spatial expansion does not reduce density of old urban districts; rather it further intensifies the land use of the inner city for three major reasons.

First, Guangzhou has two sets of planning standards. One is applied to old urban districts, which allows higher land-use densities, building densities, and floor area ratios. The other set is adopted in new areas, which stipulates a lower development density. When new areas are saturated, developers turn again to old districts for land. This trend further disrupts the inner-city structure.

Second, there is a spatial mismatch between jobs and residences. Jobs are primarily found in two central districts, namely, Yuexiu and Tianhe, while residences are located in Yuexiu, Haizhu, and Panyu (Yuan et al. 2007).

Third, as most of the public investment goes to industries and infrastructure and very little is reserved for public utilities and amenities in new development areas, residents have to go back to the inner city for public services. While the central districts have over 30 % of land for public utilities, Panyu in the south has a meagre 6.8 %, even though it is a major destination of population decentralisation (Yuan et al. 2007).

One consequence is the continuously growing density in the inner city, departing from the planning intention of the 2000 Concept Plan. For instance, the average population density of four central districts (Yuexiu, Liwan, Haizhu, and Tianhe) was 15,000 people per square kilometre, the highest record in Guangzhou’s inner city (CAUPD et al. 2010).

In order to overcome various urban development problems and map out future growth trends, Guangzhou has started to revise its master plan. Though the new master plan is still in the making, the draft outline plan has been released for consultation. Several broad-brush policy directions were defined when making the outline plan (CAUPD et al. 2010).

First, it is stated that Guangzhou’s strategic direction will be on developing a highly competitive national central city with comprehensive functions. Second, Guangzhou would become an environmentally friendly and energy-saving city, achieving transformation towards sustainability. Third, the policy focus will be on building a “liveable eco-city” to stress ecological conservation and to respect history and tradition. Finally, to translate these policies into reality, city planning will be a major policy tool to regulate spatial development. Five major “strategic transformations” are proposed (CAUPD et al. 2010:5–7).

The first is the “transformation” from city to region to enhance Guangzhou’s role as a regional centre (cf. Chap. 3). Different strategies at various geographical scales are set up. Nationally, Guangzhou should be built as a national central city, representing China to participate in international division of labour and global competition. This requires the city to serve as a national and regional centre for

economic organisation and resource distribution, a state nucleus for technological and cultural innovation, a countrywide transportation gateway and information hub and one of the most modernised and globalised Chinese cities. At the regional level, Guangzhou will enhance cooperation with members in the Pan-PRD including Hong Kong and Macao, becoming a core city in the world-class megacity region of the PRD. At the local level, cooperation with Foshan is emphasised as an effective vehicle for urban development assistance.

The second “transformation” is from manufacturing to innovation. A massive scheme is being laid out to develop modern service industries, supported by advanced manufacturing industries (e.g. the automobile industry, petrochemicals, ship building, and CNC machine tools), and high-tech industries (e.g. ICT and biotech).

The third “transformation” represents an ideological shift from “building economic strength” to “developing a charming city”. This is intended to revitalise the historical and cultural traditions of Guangzhou in order to reinforce its role as a cultural centre. Twenty-two historical sites are demarcated for protection. And it is required that surrounding buildings be built in harmony with historical site layout, especially in terms of height, volume, scale, materials, and colour.

Fourth, an important move to improve the quality of living is the shift from the simple policy of “housing supply” to the idea of “liveability”. This will be achieved by delivering better public utilities and service facilities and by building liveable communities.

Finally, there should be a shift from “dualism” to the “integration” of rural–urban development through spatial strategies.

It is estimated that the municipal area of Guangzhou can accommodate a population of 12 million in 2015 and 13 million in 2020, of whom 9.3 million will be hukou residents. Given the capacity of water and land resources, it is expected that the urbanisation level will reach 87 % in 2015 and 90 % in 2020. Policies will be formulated to rationalise the spatial distribution of the population and to encourage people to move to areas outside the highly congested inner city. To live on limited land, the average per capita land use for construction is reduced to 120 m², 5 m² lower than the 2007 standard.

Three planning solutions are proposed to build a highly efficient intermodal, integrated, and harmonious transportation system to serve Guangzhou as a hub and to provide a highly accessible service that ordinary residents can equally enjoy (CAUPD et al. 2010:77–96). The first is to form a “one-hour intercity commuting circle” in the PRD, supported by express highways and intercity railroads. The second is to develop a comprehensive express highway system, radiating from Guangzhou to link other locations in the Province. This helps materialise a “three-hour living circle” between the PRD and other areas in Guangdong. The third solution is to reinforce air transport cooperation among Guangzhou, Hong Kong, Shenzhen, and Macao. The four airports should work together to seek central support for enlarging the air space and increasing flight routes to East Asian countries. This will benefit the formation of a “four-hour air transport business circle”. The focus of urban transport is to improve the road network and to develop public transit comprising railroads, a rapid bus system, regular bus services, taxis, and water transport. Nonmotorised transport is strongly encouraged to satisfy basic mobility needs.

The vision will be supported by well-planned walking paths and biking routes. The key is to provide a green urban transport system for all commuters, especially those that have been marginalised.

Two new planning solutions have been introduced to facilitate the emerging trends in spatial development. One is to strengthen Guangzhou-Foshan integration in economic development and spatial formation. Priority is given to the coordinated developments of various land uses, public utilities, road building, and ecological conservation. For example, the cross-boundary region between the two primary city centres of Guangzhou and Foshan will be covered by seamless facilities such as roads, water supply, and gas supply. Various industrial zones are planned to accommodate the growth of pillar economic sectors and to support the relocation of industrial capital from core areas.

To facilitate the integration process, both cities agree to establish the Mayor Joint Conference, which will hold top-level regular meetings to discuss issues such as economic development objectives, key projects, and inter-jurisdictional industrial clusters in the immediate future. During the 4th conference in 2011, both cities agreed to advance the development of 53 specific infrastructure and social welfare projects (cf. Chap. 4).

The second critical solution is to set up a hierarchical order of spatial control by dividing the entire city territory into four policy zones which are under four different levels of spatial regulation. The four zones include “development-prohibited zones”, “development-restricted zones”, “extant built-up areas”, and “development-oriented zones” (Table 2.2). Each zone becomes subject to a set of specifically designed planning control policies.

The spatial pattern envisaged in the 2000 Concept Plan, which is featured by “expansion in the south, optimisation in the north, advancement in the east, and linkage in the west”, continues to serve as a basic spatial strategy. Taking this further, seven geographical subregions were established to perform different functions (CAUPD et al. 2010:26–27). For example, the North Subregion, due to its proximity to Baiyun International Airport, will be promoted as a near-airport advanced manufacturing base, a global logistics service sector, and a modern liveable eco-community. The Central Subregion is expected to perform the core functions of the national central city, the Culture and Education Centre in South China, the transportation hub for national railways and highways, and the provincial administrative centre. The Nansha Subregion is envisaged as a centre for Pearl River Bay Area’s production organisation, a seafront base for advanced manufacturing, and a logistics and distribution centre for South China. Detailed planning guidelines are provided to direct the development of each subregion.

Within the planned spatial system, there are four sizes of communities. At the top tier is the primary city centre, which is a key site for economic growth, service function, and population concentration. At the second order is the subcentre, which is the hub for the subregion, providing supplementary functions that are not offered in the primary city centre. This is followed by satellite towns built to accommodate some regional industries, residences, and services. Lastly, small towns are key locations for promoting rural–urban interaction. To reserve pieces of land for

Table 2.2 Four policy zones for spatial control of city territory

Regulation level	Policy zone	Spatial policies
Level 1: development-prohibited zones	Lake and river systems, wetlands, natural reserves and resorts, forest parks, protection zones of basic farmland and reservoirs, mountains with slopes at over 25°, highly susceptible districts of geological disaster, and ecological corridors	The scope is defined by relevant laws and regulations To strictly prohibit any construction irrelevant to prohibited issues Construction projects that are approved by relevant state sectors or which obtained state-own land-use rights through administrative allocation should be in accordance with the requirement of state laws and regulations
Level 2: development-restricted zones	Farmlands, gardens, Level II water-source reserves, flood storage and retention zones, mountains with slopes at 15–25°, medium- and high-sensitivity zones of soil erosion, medium-susceptible districts of geological hazards, airfield clearance zones, etc.	The scope is defined by law or urban–rural planning To prohibit any construction in principle Construction permits require review and approval from relevant state sectors, and the scale and intensity should be strictly controlled
Extant built-up areas	Extant built-up areas that obtained planning permits and state-own land-use permits	Construction in the areas should accord with urban–rural planning
Development-oriented zones	Areas excluding development-prohibited zones and development-restricted zones	To strictly control the total amount of construction land in accordance with the land-use plan

Summarised from CAUPD et al. (2010:23–25)

economic growth, 15 strategic locations are selected to house high-end producer services, manufacturing, and high-tech industries. The overall purpose is to revitalise the economic function of Guangzhou in a context of limited land supply and increasing pressure on environmental conservation.

2.4.2 Shenzhen: Overcoming Bottlenecks Through Shenzhen 2030 (SZ2030) and a New Master Plan

Similar to Guangzhou, Shenzhen's soul-searching efforts to overcome development bottlenecks come in two phases: the formulation of the city's non-statutory urban development strategy SZ2030 and then the formulation of the master plan. The SZ2030 was published in 2005 where the new master plan (2010–2020) was

promulgated in 2010. As depicted in the subtitle of SZ2030, since the early 2000s Shenzhen has aspired to be “a pioneer in building a sustainable global city”. And the overall strategy outlined in SZ2030 has served as the guiding directions when the master plan was reviewed. SZ2030 consists of a few interrelated core goals and thinking: “strategic restructuring of the city”, “development of the west Binhai area”, “building the Hong Kong-Shenzhen twin city”, and “diversified development”, and seven major strategies were proposed to achieve these goals (Table 2.3) (Ng 2008).

Table 2.3 Recommended Strategies in SZ2030

Regional development strategy

Multi-level regional cooperation

- Utilizing personal networks and links in SZ as a migrant society
- Multilateral cooperation with cities in the PRD
- HK-SZ twin-city development

Strategic thinking on SZ-HK twin-city

- Free trade zone co-developed by HK and SZ (spatial sense, investment mode through negotiation or common market)
- International high-tech manufacturing park in Binhai District in Bao’an or electronic, information and communication industries (build on the Hsinzhu experience)
- Production services centre: finance, insurance, banking, law...

Economic development strategy

Rigorous or progressive economic restructuring?

- Incremental: from land, labour, energy and water resources intensive to human resources, capital, technology and management oriented economic development: created by SZ, not made in SZ

Economic development strategy

- Nurture core industries and sustainable competitiveness. Working with Hong Kong to develop high-tech industries such as ecological, environmental protection and marine industries
- Stable upgrading of economic structure;
- Diversified the economic structure;
- Ecological modernization (minimising resources consumption, minimising pollution, input and maximising output...);
- Developing industrial clusters;
- Develop logistics-related industries

Spatial development strategy

Strategic positioning

- Westward migration of the economic centre of gravity in the PRD: HK to Lantau Island; Guangzhou: Nansha; Dongguan: Songshan and implications for development on the western part of SZ

Spatial expansion

- Reclamation: strategic growth area along the Western Binhai District
 - Impacts on future growth of the airport
 - Enhancing existing spaces
 - Reengineering urban villages: “unified planning, design for local character”
 - Reengineering old industrial areas
 - Developing underground space
 - Efficient and economise the use of land
-

(continued)

Table 2.3 (continued)***Choices of spatial structure***

- Pluralistic and diversified spatial development
 - Core growth area in western Binhai and diversified development strategies for different districts with different land, technology, labour and environmental condition
- Regional: North–south connection: North to Guangzhou and Dongguan and South to HK—strengthen the axis;
- East–west development: East with Huizhou and west with the west bank of PRD and south-west provinces.
- Strengthening the core and extending the wings: strengthening Futian and Luohu Central Districts and pursue “coordinated” and “diversified” city spatial structures

Spatial division of labour

- Western Binhai District (Baoan Binhai and Nanshan excluding Huaqiao Cheng): Serving HK and developing SZ—best site for service facilities—the future Manhattan for pan-PRD
- City core districts:
 - Futian—executive, cultural and commercial, trading, financial and services centre
 - Luohu—commercial and trading centre, financial centre
 - Huaqiao Cheng—creative industries
- Central districts (Gongming, Guangming, Shiyan, Longhua and Guanlan): Large scale public infrastructure development to strengthen transport functions and living conditions for high-tech and logistics development; for high-tech and ecological production cluster; for advanced production centre, logistics hub and the city’s ecological heart.
- Eastern districts (Yantian and Longgong except Mirs Bay): Important strategic coastal zone; innovative production centre; training and higher education base; strategic port and logistics base; Huizhou: petrochemical industries and complementary productive and production services industries.
- Eastern coastal districts (Mirs Bay areas): International tourism and leisure sites

Ecological development strategy

- ***Strict control of land uses within the ecological control line***: Safeguarding the “ecological baseline”
- ***Protect the ecological zones from urban sprawling*** to ensure harmonious development between man and nature
- ***Strengthening open and green spaces within the city*** to protect green zones, enhance environmental protection, and to increase investment on sewage treatment facilities, to improve ecological conditions continuously
- ***Nurturing and rebuilding the ecological conditions***: Ecotourism, green agriculture, promoting research work and developing the ecological, economic and social benefits of the natural ecology.
- ***Improve the energy structure to improve air quality***; raise sewage treatment rate, improve drainage

Social development strategy: “harmonious Shenzhen”, “Shenzhen loves everyone and everyone loves Shenzhen”

- ***Building the city on science and technology***: Enhancing basic education; lowering costs of education; education with SZ characters: high-level, elitist and cutting edge education surrounding production, learning and research
- ***Building the city on culture***: Strengthen the cultural enterprise; reform the cultural system to strengthen infrastructure for cultural development and heritage protection, boost creative cultural work and developing the cultural characteristics of “two cities in one metropolitan region” and “cartoon base”.

(continued)

Table 2.3 (continued)

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- **Meeting housing demand:** Meeting diversified housing needs through the provision of different types of housing.
 - **Improving crime situation:** Through improving learning and employment opportunities, minimise social polarisation; to improve social environment through combating crime and implementing social security and welfare systems.
 - **Social security system:** Perfecting the coverage and depth of the social security system; through government allocation and other social fundraising channels, set up various trust funds for social development
 - **Public safety:** Strengthen public safety including the city's disaster prevention system

Strategic infrastructure development strategy

- **Transport development strategy:** Air, railway, roads, intelligent transport system, green transport
- Disaster prevention and mitigation
- Information networking strategy

Smart growth strategy

- **Developing industries with lower water consumption**
 - **Lowering energy consumption**
 - **Minimizing land consumption**
 - **Economizing on construction materials**
-

Source: SZUPD & ACUPD, 2005: 13–34 cited in Ng, 2008: 70–71.

Shenzhen 2030, together with China's existing urban planning-related laws and regulations at the national and local levels, as well as the regional level urban system plans and the National Development and Reform Commissions' Outline of the Pearl River Delta Area Reform and Development Plan (2008–2020), all contributed to the review of the master plan which started in 2006. The process saw the municipal government engaging organisations outside the city and the country to undertake 20 interrelated research topics related to strategic issues listed in the SZ2030 strategies. Examples include collaboration between Shenzhen and Hong Kong, Shenzhen and the PRD, sustainability indicators, mode of governance issues in a transitional economy, and other typical urban issues. The city engaged different stakeholders in a three-stage consultation process to gather their views. This included filling in questionnaires on the web, sending messages to a designated platform, giving comments through telephone lines, joining a public hearing session, or writing to the Planning Bureau (*ibid.*, 2008). In 2008, the plan was submitted to the State Council for approval which did not come until 2010.

The master plan is organised in a logical manner: clearly stated objectives are outlined, followed by urban development strategies and then a spatial development framework. While Shenzhen positions herself as China's Special Economic Zone, a national economic hub and a global city (article 11), she pays equally serious

attention to issues surrounding sustainable development. The overall development objectives of the city include (Article 13):

- To continue with the advantage as a reforming and creative city and to be a pioneering city in operationalising the concept of scientific development to build a harmonious society
- To become an international model city with Chinese characteristics in building a prosperous economy, a harmonious society, an energy-efficient, environmentally friendly, culturally vibrant, and ecologically liveable city
- Rooted in the Pearl River Delta to build a world-class city-region through collaborating with Hong Kong and relying on southern China

The urban development strategies developed to achieve these objectives include regional cooperation in different areas. These include issues related to ecology and the environment; economic restructuring and the development of a “cycle” economy and “green industries”; building a safe city with stable demographics, integrated public services, enhanced living conditions, public transportation networks, and social security; and environmental policies that protect green spaces, rationalise use of marine resources, and economise on the use of various natural and ecological resources.

For the spatial development framework, the city is divided into eight types of land uses and built-up areas which are capped at 890 km² (45.6 % of the total land area) (Article 40). To conserve the limited land resources, land is divided into four types:

- “No-go” areas, including water conservation zones, scenic spots, nature reserves, agricultural reserves, major rivers, reservoirs, ecological corridors, and wetland that amount to 860 km² (44 % of total land area) (Article 42).
- “Restricted development” areas within the “ecological control line” that can only be developed after the due completion of strict application procedures. This category covers around 114 km² (5.84 % of total land area) (Article 43).
- “Developed” areas outside the “ecological control line” that constitute 634 km² or 32.5 % of the total land area. These are the target areas for urban renewal and intensification (Article 44).
- “Suitable development” areas refer to undeveloped land outside the “ecological control line”, and these amount to 345 km² or 17.7 % of the land area (Article 45). According to Article 70, these areas are further subdivided into five density zones.

Figure 2.5 shows the spatial development framework in the master plan: “The City centre as the core and the west, middle and east urban development axes and the north and south development belts as the framework to form a structure that exhibits the characteristics of ‘three axes, two belts and multiple centres’ (Article 48). To accommodate urban expansion, the Plan resorts to urban renewal, especially the redevelopment of ‘villages-in-the-city’, and the use of underground spaces. And to conserve the limited land uses, ‘five lines’ are demarcated for developmental control: the ‘green’ line to protect the natural environment; the ‘blue’ line to preserve water resources; the ‘purple’ line for heritage conservation; the ‘yellow’

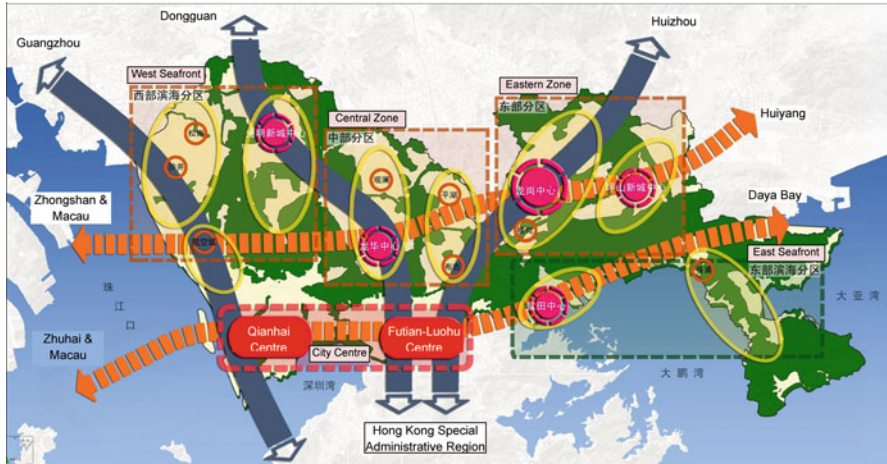


Fig. 2.5 Shenzhen Master Plan (2010–2020) (Shenzhen Municipal Government 2010:641)

line to guide and monitor infrastructure development; and the ‘orange’ line to restrict the location of hazardous industries” (Ng 2011: 641; Shenzhen Municipal Government 2011:4).

In 2011, the Shenzhen Municipal Government published an action plan to accelerate the internationalisation of Shenzhen. A total of 19 action areas are planned which involve cross-bureau collaboration, a breakthrough, as usually these plans do not typically list the leading and participating implementation units. According to the action plan (Shenzhen Municipal Government 2011:4), by 2050, the codevelopment of Hong Kong, Shenzhen, and the PRD should be an internationalised mega-urban region on a par with New York, London, and Tokyo.

This will be realised in two phases: phase one from 2011 to 2020 when Shenzhen models on Hong Kong, Singapore, and Seoul and focuses on financial, high-technology, global logistics, and creative industries; and phase two from 2021 to 2050 when Shenzhen will model on New York and London and work together with Hong Kong under the “One Country, Two Systems” policy to develop the region into an international business centre; a leading region of fashion, creativity, and world culture; and a site for the headquarters of transnational corporations. The action plan is guided by six basic principles (ibid.:5–7):

- Accelerate economic development, especially in areas of green and low-carbon economy and ecological protection, as well as regional cooperation
- Quality-first development that focuses not just on economic growth but also good lives, great culture, appealing cityscapes, and enhanced ecology for the people
- A creative reform principle to spur a dynamic, efficient, and open development process to make Shenzhen a trendsetting city.
- The maintenance of Chinese characteristics including cultural traits and ethnic spirit

- A principle of cultural diversity and social inclusiveness to realise harmonious development, social justice, equitable distribution, and sense of belonging
- A progressive principle for a young but persistent city

Table 2.4 lists the 19 action areas and the units involved. While one may question the wisdom of the division of labour, the involvement of multiple units in one action area indicates the city's awakening to the importance of "join-up" government in promoting sustainable development.

Table 2.4 Action areas to promote internationalization of Shenzhen municipality

Action areas	Policy areas	
Enhancing integrated economic power		
Economic competitiveness at local and international level	Leading:	City development and reform
	Participating:	Science, manufacturing and trading, tourism, and finance
Open economy	Leading:	Science, manufacturing and trading
	Participating:	City development and reform, human resources, tourism, foreign affairs, finance
World class tourist destination	Leading:	Tourism, planning and territorial development
	Participating:	Science, manufacturing and trading, Hong Kong Macau Office
Enhancing regional cooperation		
Deepening links with Hong Kong and Macau	Leading:	City development and reform, Hong Kong Macau Office
	Participating:	Science, manufacturing and trading, planning and territorial development, transport, human environment, human resources, tourism, finance, border checkpoints, Qianhai management, science cooperation
City development	Leading:	City development and reform, science, manufacturing and trading
	Participating:	Planning and territorial development, transport, foreign affairs, Taiwan affairs, finance
Enhance the quality of urban and ecological development		
Improve the level of urban planning and management	Leading:	Planning and territorial development
	Participating:	City development and reform, science, manufacturing and trading, transport, human environment, water services, city management, legal framework, Baoan Government, Longgang Government, etc.
Ecological development	Leading:	Human environment
	Participating:	Planning and territorial development, transport, public health, family planning, public security, tourism, housing development, water, city management, foreign affairs

(continued)

Table 2.4 (continued)

Action areas		Policy areas
Enhance creativity and modernity		
Accelerate institutional innovation	Leading:	Political study
	Participating:	Development and reform, human resources, monitoring, legal
Government ruled by law	Leading:	Legal framework
	Participating:	Human resources, science, manufacturing, trade
Innovation in social management	Leading:	Politics and laws
	Participating:	Public security, home affairs, foreign office
Strengthen public service systems	Leading:	Home affairs
	Participating:	Sanitation and family planning, transport, education, tourism, culture, sports, human resources
Strengthening the city through human resources	Leading:	Human resources
	Participating:	City development and reform, science, manufacturing, trade, education, foreign office, coordination of science
Enhancing the international language environment	Leading:	Foreign office
	Participating:	Marketing office, planning and territorial development, transport, education, public security, monitoring, home affairs, human resources, tourism, urban management, information offices etc.
Strengthening public civilization	Leading:	Promotion office
	Participating:	Human environment, transport, education, public security, monitoring, home affairs, human resources, tourism, culture, sports, urban management, information offices, etc.
Strengthening external exchange and cooperation		
Expanding international exchange	Leading:	Foreign office
	Participating:	Science, manufacturing, trade, etc.
Strengthening international cultural and sport exchange and cooperation	Leading:	Tourism, culture, sports
	Participating:	
Strengthening international education and technology exchange and cooperation	Leading:	Education
	Participating:	Science, universities and technical institutions in Shenzhen
International conference centre	Leading:	Science, manufacturing, trading
	Participating:	Tourism, culture and sports, human resources, foreign office, trade promotion
City image building	Leading:	Promotion office
	Participating:	Tourism, culture and sports, information office

Source: Shenzhen Municipal Government, 2011. *Action plans for facilitating the internationalization of urban development in Shenzhen*. Shenzhen Municipal Government, pp.7–24.

2.5 Conclusion

This chapter has examined the development trajectories, urban problems, and planning responses in Guangzhou and Shenzhen. Due to China's open door policy, it is found that both cities have experienced relative economic success in recent years to metamorphose themselves in order to cope with various urban growth hurdles, despite striking contrasts in their historic roots, growth performances, and social conditions.

Massive land development and large-scale heavy industrialisation have left Guangzhou with some of the worst urban problems in China. Yet the city has transformed its image and experienced an economic turnaround in recent years as a sub-provincial capital city. Land shortage, environmental problems, and social stresses do not seem to have constrained its economic improvement despite relocation of two flagship industrial projects to other cities.

Shenzhen has experienced ever-higher economic growth rate but encounters the constraints of limited environmental carrying capacity, an escalating production costs, and a meagre supply of talents. Despite these obvious constraints, Shenzhen continues its good economic performance as a privileged sub-provincial city that enjoys "Separate Line-Item Status" treatment by the central government.

As China accelerates its growth momentum and emerges as a powerful economic player on the world stage, promoting competitiveness has become the buzzword in many Chinese cities. According to the 2011 Report on the Competitiveness of Chinese Cities published by the China Academy of Social Sciences, both Guangzhou and Shenzhen rounded out the top ten (Xinhua News 2012). While Shenzhen ranked fifth, Guangzhou ranked sixth among 294 Chinese cities including Hong Kong and Taipei. To keep their ranking status, both cities have to take up the challenge of a second metamorphosis in the face of ever-increasing internal and external competition.

This chapter has explored the main planning responses that help promote Guangzhou and Shenzhen to a higher level of development. It has been identified that both cities face common pressure on infrastructure, environment, and land use. They share similar aspirations to become leading central cities and global megacities that pay attention to sustainability issues. Different planning strategies have been applied in achieving defined goals and objectives. For example, Guangzhou overcomes its land shortage by annexing nearby county-level cities, intensifying inner-city land use, and fine-tuning administrative division, while Shenzhen accomplishes the same task by converting rural land to urban construction land and through reclamation. Guangzhou is able to attract overseas capital but fails to develop own innovative industries. Shenzhen is home to some of China's most successful quality brand high-tech companies such as Tencent, Huawei, and BYD. Both cities incorporate "green ideas" in planning policies and implement "zoning" such as formulating spatial strategies for better development control, and Shenzhen takes one step further to make action plans to translate policies into reality.

In a sense, Guangzhou and Shenzhen are just two examples of many ambitious Chinese cities that aspire to national and global prominence. Arguably, Chinese cities still place economic issues at their hearts, but some have planned to be role models in all aspects of sustainable development.

The evidence drawn from Guangzhou and Shenzhen suggests that the role of the Chinese state, especially municipal governments, has been indispensable in overcoming development hurdles: restructuring economies, preventing ecological breakdown, and combating social inequalities in the face of intensive intercity competition. Urban planning, at least in the two cities canvassed, has been a critical tool for the government not only to promote economic development but also to counteract environmental and urban crises, as well as to redistribute wealth to promote a more harmonious society.

Acknowledgements Jiang Xu would like to thank the Research Grants Council of Hong Kong Special Administrative Region, China, for providing funding to support her part of this research (General Research Funds, project code: CUHK453609). Mee Kam Ng would like to thank the Chinese University of Hong Kong for sponsoring this research through a Direct Grant (project code 4052005).

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Chapter 3

The Influence of Regional Planning Administration on Local Development

Ma Xiangming

Abstract This chapter analyzes the Pearl River Delta as a regional network of municipalities that has to coordinate its planning and development activities. For that purpose, various activities at the provincial level have unfolded. They concern the provision of major transportation infrastructure and the preservation of green corridors and the like to enhance the competitiveness of the region to maintain its status as an economically leading region in China.

The chapter looks at the origin, organization, policies, and purpose of those activities, and especially at regional planning, with a special focus on the changing relationships between the province of Guangdong and municipalities in the inner PRD in the context of a maturing mega-urban region. The influences of inter-municipal coordination and regional planning on economic and spatial upgrading are analyzed.

Keywords Regional planning • Coordination • Spatial upgrading

3.1 Introduction

It would be impossible to deny that globalization has profoundly transformed the Pearl River Delta (PRD). In the last 30 years, the PRD has shifted from an important regional agricultural center into a global powerhouse of international trade and commerce. In 1980, 90 cities of the PRD accounted for 50.47 % of the total economic output of Guangdong Province; yet, by 2010, this percentage increased to a

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staggering 81.87 % of Guangdong Province's total economic output. By the end of 2010, the PRD became one of China's most highly urbanized centers with an urbanization level of 82.7 %.

Economic theories and research indicate that liberalization, marketization, and privatization are the essential driving forces for globalization. As proof, China's 1978 policy of Reform and Opening Up (*gai ge kai fang*) became a pioneering example of the country's transformation from a centrally planned to a market-led economy. Liberalization, marketization, and privatization not only gave individuals more opportunities to economically succeed but they also led to a much more efficient allocation of resources. Because of the 1978 reforms, the PRD has gone through three decades of economic prosperity and industrial expansion. However, the various interests and decision-making institutions have made innovations of the PRD administrative hierarchy an urgent issue for further consideration. This chapter will explore how regional planning in the PRD was developed, how the regional plan was implemented, and its impact on local development.

3.2 The Establishment of a Local Growth Coalition

The 1978 Chinese Reform and Opening Up policy stimulated the vigor of city economies and policy-making. With great enthusiasm, local governments devoted themselves to creating and implementing concrete actions aimed at quantifiable economic development. Generally, developing economies require substantial sources of capital, technology, and skilled labor. In Guangdong, only large- or medium-sized cities such as Guangzhou, Foshan, and their adjacent areas have these prerequisites for industrial development. Nevertheless, on the eastern bank of the Pearl River, Dongguan has been able to take advantage of its adjacency to Hong Kong to achieve economic development by attracting investors from Hong Kong to develop Dongguan's manufacturing base. As a result, the "three forms of original equipment manufacturers (OEM) and compensation trades" (*san lai yi bu*)¹ relieved Dongguan from the so-called "capital, technology, and market" primary development requirements so as to allow Dongguan to develop when its only available resources were infrastructure, land, and a manufacturing labor force.

In the 1980s, the PRD was a rural area with an abundant labor force and cheap land. The Chinese Constitution stated that land in rural areas belonged to village collectives. As a result, the influx of foreign investment has brought villagers job opportunities, rents from the use of village collective lands, and additional tax revenue benefiting local governments. This became a "win-win-win" situation for investors, villagers, and local governments. With this supply of village collectives' land, local government infrastructure, and local services by villagers, a local growth coalition thus came into existence.

¹"Three forms of OEM and compensation trades" (*san lai yi bu*) refers to the earliest mode of foreign investment in the Pearl River Delta. It is a general term for processing of raw materials, processing of samples, assembly of components, and compensatory trade.

The formation of the local growth coalition has accelerated infrastructure construction and land development in the PRD. Further, the local growth coalition facilitated the introduction of foreign direct investment (FDI), the arrival of which has greatly transformed the structure of economic development in the PRD. With this new impetus, industrialization in the PRD grew exponentially. In 1978, industrial added value in the PRD was merely 4.083 billion RMB. By 2002, industrial added value grew to a stunning 421.886 billion RMB (Wang et al. 2007). Within 24 years, FDI helped facilitate an unbelievable hundredfold increase in industrial added value.

3.3 Public Concerns About Farmland Erosion in the PRD Resulting from Rapid Land Development

From 1990 to the present, the PRD has witnessed swift industrialization. Yet, some of the by-products of this economic change have also captured public attention. These include water issues, soil erosion, environmental damage, and competition between Guangdong's cities for economic dominance.

For centuries, Guangdong's agricultural economy was based on the PRD's fertile lands. With industrialization, towns and villages transformed fertile farmland into nonagricultural land for development. By comparing remote sensing data from 1990, 2000, and 2006 on the land use of the PRD (Ye and Dong 2010), one can identify that, while the share of land used for development has surged, the share of farmland and woodland has plunged. From 1990 to 2006, the amount of farmland fell from 14,221.41 km² to a mere 9,607.67 km². By 2006, 32.44 % of Guangdong's farmland vanished. Industrialization has resulted in huge changes in the land use structure of the PRD.

3.3.1 Environmental Damage Caused by Industrial Expansion in Rural Areas

The PRD attracts FDI to the region because of favorable factors of production, such as cheap land and labor. Fully backed by Hong Kong, enterprises of this kind do not need producer services rendered by local towns and villages. Therefore, as transportation and delivery networks extend into rural areas where land is far cheaper, FDI flows into these regions and takes advantage of the favorable conditions. However, these rural areas do not have the infrastructure to address the environmental costs related to the disposal of industrial waste water or solid waste.

As a consequence, the atmospheric environment and water conditions of the entire PRD region have drastically deteriorated. Precipitation data from 1985 to 1997 shows (Chen et al. 2006) that the pH value of precipitation in Guangzhou area has steadily decreased year after year. Further, acid rain occurs in greater frequency

every year. The pH value of Guangzhou precipitation from 1985 to 1997 averaged 4.64, the acid rain frequency increased by 33.6 %. From 1992 to 1997, even while acid rain in Guangzhou eased, as indicated by the pH value of the precipitation increase from the year 1992 onward, acid rain frequency still fluctuates around 70 %.

3.3.2 Fierce Competition Between Cities

While decentralization has stimulated the vigor of local governments, it has also bred a narrow and selfish focus by these local governments solely upon their own economic interests. While competing for foreign investment, every city proposed plans to build large-scale infrastructure projects, such as harbors or airports, to posture for investment. Neighboring cities were unwilling to cooperate in infrastructure and road projects for fear that their future investments would flow from their city to others should they cooperate to build systems that efficiently created a more connected regional infrastructure.

With land development, reckless industrialization simultaneously occurred in regions downstreaming from one city and, yet, upstreaming from its adjacent city, leaving the adjacent city to address pollution from its neighbor city. Against this background of decentralization, an orderly management style established during the era of the planned economy ceased to exist.

3.3.3 Implementing a Guangdong Regional Planning Body

In face of the abovementioned problems, the Guangdong Provincial Government implemented a regional planning body responsible for the PRD growth by means of regional planning and decision-making. In 1994, the Guangdong Provincial Government established the Pearl River Delta Economic Zone (Chen 1995), which includes the cities of Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Dongguan, Zhongshan, Huizhou, and Zhaoqing. Being the first administrative organization ever made to specify its scope, the Pearl River Delta Economic Zone covers a total area of 41,700 km² or 23.2 % of the total area of the Guangdong.

3.3.4 The Modernization Plan for the Pearl River Delta Economic Zone (1996–2010)

The 1980s brought an unprecedented wave of overheated land developments driven by steady economic growth. As a result, the region suffered from uncontrolled urban sprawl, a deteriorating environment, a failure to connect regional infrastructure, and a delayed construction of a high-speed transportation network.

During his “southern tour” in 1992, Deng Xiaoping proposed that Guangdong should achieve basic modernization and catch up with the “four little dragons of

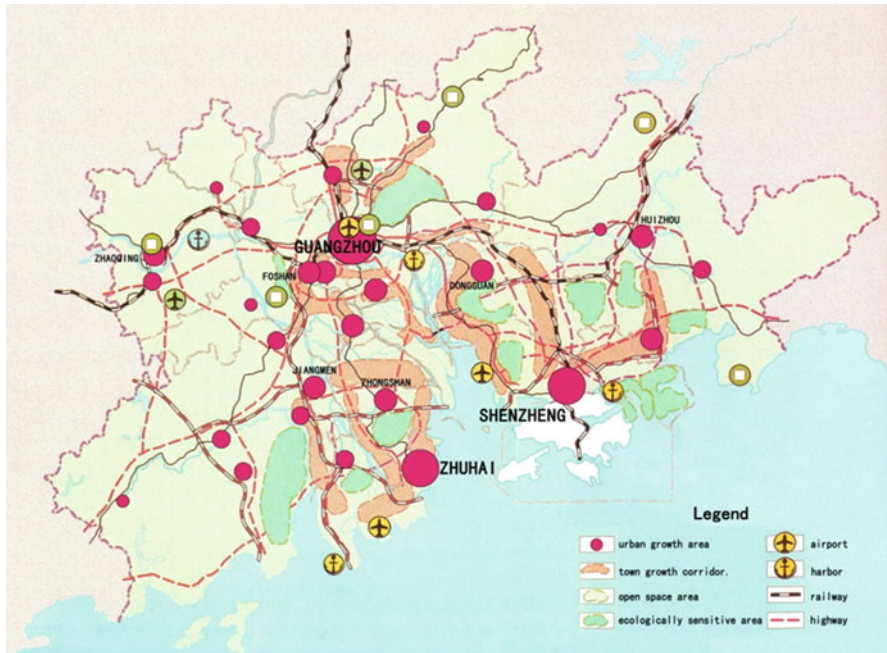


Fig. 3.1 Urban spatial structure under the “coordinated development plan of urban agglomerations in the Pearl River Delta (1996–2010)” (Guangdong Committee of Development and Reform Pearl River Delta City Cluster Planning Group 1996)

Asia”² within 20 years. In this context, in 1995, the Guangdong Provincial Government released the *Modernization Plan for the Pearl River Delta Economic Zone (1996–2010)* (1995). The aim was to help the PRD to better develop, to extenuate regional advantages to compete with the other regions in China, and to successfully transform Guangdong cities from so-called individual champions to team champions. This enhanced cooperation among cities, with “coordination” and “sustainable development” as its goals, sought to make the PRD the pioneering example for a modernized Guangdong Province.

The Pearl River Modernization Plan was the first effort in Chinese history to formulate an overall framework for regional urban and industrial development, public service, infrastructure upgrading, and environmental protection. For the first time, the *Modernization Plan for the Pearl River Delta Economic Zone (1996–2010)* proposed the idea that future development would be driven by “double cores” and “double axes” with a vision to form a “point-axis development” urban spatial structure by using Guangzhou and Shenzhen as the cores, having Zhuhai city as a sub-core, and adopting Guangzhou-Shenzhen (including expressways and highways) and Guangzhou-Zhuhai (including expressways and highways) as the axes (see Fig. 3.1).

²Four little dragons of Asia refer to the Asian newly developing countries or regions, which are Hong Kong, South Korea, Japan, and Taiwan.

3.3.5 *Outline of the Plan for the Reform and Development of the PRD (2008–2020)*

With the establishment of a new series of policy initiatives and requirements, including the adjustment of export tax rebate, RMB appreciation, implementation of the new “Employment Contract Law” (National People’s Congress 2007), and the strengthening of the environmental management system, Guangdong’s previous mode of development, which largely depended on cheap land, labor resources, and a low-cost competitive strategy, was no longer sustainable as an acceptable form of urban development. As an export-oriented economy, the PRD was confronted with unprecedented challenges resulting from the global financial crisis.

The overwhelming focus on economic growth has caused negative impact on the PRD because it creates an urban–rural disparity and uneven regional development. The income divide between urban and rural residents of the PRD grew from 2.67:1 in 2000 to 3.08:1 in 2008. Although both Zhaoqing and Shenzhen are PRD cities, Zhaoqing’s average income is only 21.1 % of GDP per capita and only 12.5 % of revenue per capita of Shenzhen (Statistics Bureau of Guangdong Province 2001–2009). In the context of public services, depending on local financial capacity,³ as shown in the Fig. 3.2, there are vast regional discrepancies in terms of local investment in public services among the 21 cities in the Guangdong.

In response to the multiplicity of problems and challenges, especially at a time when the global financial crisis reared its ugly head and when the Reform and Opening Up policy celebrated its 30th anniversary, the State Council released the Outline of the Plan for the Reform and Development of the PRD (2008–2020) (National Development and Reform Committee 2008), in December 2008. This elevated the regional development of the PRD to a national strategic level (Yang et al. 2009).

As the guideline for the PRD to address challenges and to achieve transformation and development, it heightens the importance of accelerating economic integration as critical move and significant task for future development. It is expected that a multidimensional guidance could help to quicken the steps to fulfill integration of administrative districts, and such guidance would also further the integration of infrastructure, industry, public services, and urban and rural planning and improve environmental protection in the PRD. Ultimately, the overlying policy is to enhance overall regional competitiveness and achieve sustainable and equitable development in the PRD.

The Outline of the Plan came with an unprecedented emphasis on regional integration in the PRD. It attempts to advance regional integration at various levels and from a wider perspective. In doing so, it achieves its main three goals: first, the integration of cities at the regional level; two, the integration of urban–rural public services at the city level; and three, the integration of social security for locals and migrants at the inner city level. Further, these goals were not confined to the

³“Local financial capacity” refers to the phenomenon that government expenditure relies more and more on the income from land transactions, but less and less on tax revenue.



Fig. 3.2 Health-care expenditure per person in the Pearl River Delta Region (Department of Health of Guangdong Province 2007)

integration of physical constructions, for the Outline of the Plan also includes the integration of institutional buildings.

Infrastructure integration refers not only to the integration of expressways and port facilities but also to the critical infrastructure such as the PRD Intercity Railway Network and the energy supply network, both which were essential to future regional development. Meanwhile, it also realizes the significance of nonmaterial factors in the regional integration process. For instance, the Integration of Infrastructure Strategy in the Outline of the Plan for the Reform and Development of the PRD (2008–2020) (2008) has facilitated measures to promote the integration of transportation services, including the highway electronic toll collection system, the mutual annual toll-road passes between cities, and the promotion of smart public transportation card systems. This integration would allow customers to use different cities' public transportation systems with one card. Also, the Integration of Public Services Strategy in the Outline of the Plan for the Reform and Development of the PRD (2008–2020) (2008) has put forward the ideas of “barrier-free circulation” (*wu zhang'ai liudong*) and “barrier-free possession” (*wu zhang'ai xiangyou*), to allow people to keep their basic public services when they move from one city to another.

Additionally, more attention has been paid to the differences between the cities in the Pearl River Delta region. The Integration of Urban and Rural Development Strategy in the Outline of the Plan for the Reform and Development of the PRD (2008–2020) (2008) has proposed a general strategy to further integrated development by enhancing the “double-core” status of Guangzhou and Shenzhen, while different strategies address each metropolitan area. For example, the Guangzhou-Foshan-Zhaoqing metropolitan area aims to form a gradient polycentric spatial structure with Foshan developing through the urban integration between Guangzhou and Foshan. Separately, the Shenzhen-Dongguan-Huizhou metropolitan area aims to build a “point-axis” development polycentric structure based on major development corridors between Shenzhen, as

the core, and Dongguan and Huizhou, as subcenters. Lastly, the Zhuhai-Zhongshan-Jiangmen metropolitan area aims to form an evenly distributed polycentric structure, for there are few differences among the cities in this region.

3.4 The Influence of the Regional Planning Administration on Local Development

In the 1980s, with Reform and Opening Up, the Guangdong Provincial Government delegated the power to the local authorities, by which local authorities thereby got the autonomy to use their land according to their own plan. As reforms progressed, the instruction-oriented management mode that featured reviews and approvals formed during the planned economy was dismantled. Regional planning as new management mode for regional development was introduced, and, as regional planning evolved, its influence over local development underwent a significant transformation.

3.4.1 Influence of the Modernization Plan for the Pearl River Delta Economic Zone (1996–2010) on Local Development

One can directly trace the rapid development of the PRD back to the decentralization of powers from top to bottom. While the separation of finance and administration has greatly stimulated the initiative of local governments, sharp intracity conflicts also arose at the same time. An era of market segmentation began against the background of the separation of finance and administration (Yin and Cai 2001). Cities tended to become unwilling to cooperate with neighboring cities. From the 1990s onward, land transactions gradually became the main source of revenues for local governments. This in turn fueled the impulse for cities to develop lands.

In this milieu, the Modernization Plan for the Pearl River Delta Economic Zone (1996–2010) attempted to address these issues and promote “coordination” and “sustainable development.” Yet, as far as regional land resources are concerned, little has been achieved, and the extension of land development in the PRD saw little improvement.

The following paragraphs summarize the main influences on the basis of this regional planning.

Instructive in Terms of Expectation: For the first time, the Modernization Plan (1996–2010) set up holistic development goals about the PRD’s future and provided visionary guidance for decision-making for related industries. For example, the proposal of building an intercity railway network in the PRD was based on this visionary guidance

Establishment of Regional Expressway Network: The Modernization Plan (1996–2010) put forward the proposal of building an intercity expressway network in the PRD for the first time. The proposal promoted the formation of such a network and

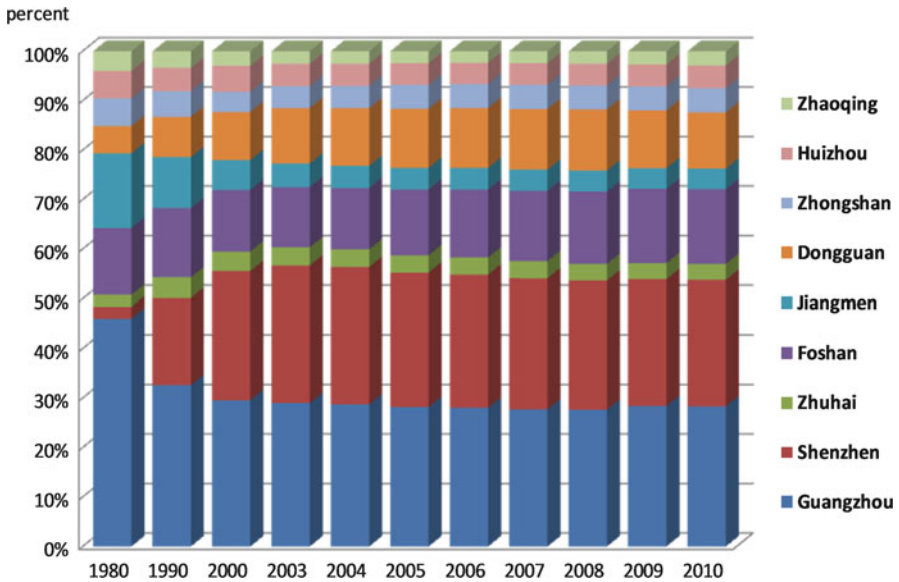


Fig. 3.3 Economic status evolution of the Pearl River Delta cities (*Guangdong Statistical Yearbook 2003*; *Guangdong Statistical Yearbook 2011*)

an integrated and thoroughly connected transport system and regional transport network in and between every city. In addition, the Modernization Plan (1996–2010) has supplied instructional requirements concerning borderland developments and road connections. To a limited extent, these proposals eased conflicts between adjacent cities centering on urban borderland developments.

Entrenching Shenzhen as the Central City: Historically speaking, Guangzhou had long been the center of the PRD. However, Shenzhen's rapid development after its establishment as special economic zone dramatically changed the urban structure and dynamic of the region (see Fig. 3.3). The Modernization Plan (1996–2010) specified the importance of Shenzhen as one of the two driving cores of the region. It will be one of the central cities in the PRD and the core city of the eastern metropolitan area. Shenzhen's establishment as a central city allows it the priority of regional resource allocation, such as water resources.

3.4.2 Influence of the Outline of the Plan for the Reform and Development of the PRD (2008–2020) on Local Development

In comparison to the Modernization Plan (1996–2010), the Outline of the Plan (2008–2020) has had more influence at the local level. The reasons are threefold.

3.4.2.1 Changes of National Macro-Policies

After suffering through long-lasting massive loss of agricultural land, environmental deterioration, and fierce regional competition, the Central Government forcefully acted on policies concerning land, environmental protection, and industrial growth management.

3.4.2.2 Changes of Local Needs

The increase of production costs and the outburst of the global financial crisis forced the PRD to adopt industrial upgrading and to pay more attention to the domestic market to cope with the challenges. Against this background, the importance of infrastructure types that would connect cities to inland regions, such as expressways and high-speed railway networks, was realized.

3.4.2.3 Relative Comprehensiveness and Thoroughness of Planning

Compared to the Modernization Plan of the 1990s, the Outline of the Plan is more comprehensive, more thorough, and more feasible. The Outline of the Plan established the “joint round-table conference” that allowed mayors of PRD cities to enter into dialogue with each other, and the Outline adopted a variety of measures that can be classified as policy initiatives, projects, and evaluation systems.

Policy Initiatives

The implementation of regional planning was advanced by both provincial and municipal policies. In terms of provincial policies, the “double relocation” (*shuang zhuanyi*)⁴ of industry and manpower has contributed to weakening the influence administration has had over markets through the interference of tax and administration. “Three Olds Redevelopment” (*san jiu gaizao*)⁵ has advanced land redevelopments through economic means (tax reduction) and the extra land use quotas. In

⁴“Double relocations” (*shuang zhuanyi*) refers to the policy made by Guangdong Provincial Government in 2008 stipulating that labor-intensive industries in the PRD should be relocated to the eastern and western parts of Guangdong, as well as to the mountain areas north of Guangdong. In the meantime, some of the workers in the eastern and western parts of Guangdong, as well as those in mountain areas north of Guangdong, should go into the local secondary or tertiary industries. Other more skillful workers in those areas should go into industries in the more developed PRD.

⁵Along with the “Three Olds Redevelopment” (*san jiu gaizao*), the Guangdong Provincial Government issued Suggestions on How to Advance the Intensive Use of Lands. Also refer to Chaps. 5 and 6 in this volume.

terms of municipal policies, the pacts signed by the Guangzhou-Foshan-Zhaoqing metropolitan area, the Shenzhen-Dongguan-Huizhou metropolitan area, and the Zhuhai-Zhongshan-Jiangmen metropolitan area have advanced the intercity integration.

Projects

In addition to policy initiatives, the Outline of the Plan has used the implementation of key projects and the development of important areas as vehicles to transform macro-policies and plans into more feasible projects and actions. Eighty-four important projects were proposed to assure the progress of PRD integration. Also, the Outline proposed that the “one city and three zones” concept (namely, China-Singapore Knowledge City of Guangzhou, Nansha Economic and Technical Development Zone, Hong Kong/Shenzhen Demonstration Zone, and Hengqin Economic Development Zone) should act as a core vehicle to enhance city competitiveness, upgrade industrial structure, and accelerate the integration progress.

Evaluation System

In order to supervise the implementation carried out by local governments to advance integration, the provincial government has established evaluation systems to examine local governmental administrative performance. The Outline of the Plan put forward three evaluation methods to decide how well local governments performed their administrative responsibilities to advance the integration of the PRD. In chronological order they are the Assessment Indicator System for the “double relocations” (*shuang zhuan yi*) of Industry and Labor in Guangdong, the Assessment Indicator System of Implementation in the Pearl River Delta, and the Assessment Indicator System of Livable Cities and Towns in Guangdong Province.

3.4.2.4 The Influence of the Implementation of the 2008 Plan on Local Development

After 4 years since the establishment of the Outline of the Plan in 2008, with the encouragement from the Guangdong Provincial Government and with the cooperation of local governments, its implementation has exerted a significant influence on urban upgrading and transformation. Such influences are elaborated on below.

Supply of Policy Support

The astonishing industrialization of the PRD would have been impossible without the policy innovations of China’s Reform and Opening Up. With its

importance in regional development proven by such projects as the Binhai New District in Tianjin, where the investments soared when the Central Government announced new policies about Binhai New District development, the policy initiative will continue to play a decisive role in the upcoming post-industrialization era of the PRD.

Just as the policy innovation of Reform and Opening Up depended on top-level decision-making, significant policy innovations are impossible without Central Government recognition and policy-making. Central Government intervention has elevated the development of the PRD to a national strategic level (Yang et al. 2009). The Outline of the Plan for the Reform and Development of the PRD (2008–2020) has become a platform for the Guangdong Provincial Government and Central Government to discuss and explore effective policy initiatives.

Through this process, the Central Government gave permission to cooperative activities between Hengqin Island in Zhuhai and Macau in the service industries, Qianhai in Shenzhen and Hong Kong in the field of financial industries, as well as Guangzhou and Singapore in the field of knowledge economy. These policy innovations have taken investments, taxes, customs supervision, and the like into consideration, and, thus, they have opened up more room for future developments in the fields of finance, education, and the technology industries.

Under the new national land use policy, the amount of land that a city may use for nonagricultural purposes is limited. By preferentially granting land development quotas to projects aligned with regional planning interests, the provincial government has acted to guide local governments in their endeavor to achieve “transformation and upgrading” goals. The policy concerning industry and manpower – “double relocations” – has effectively helped to relocate low-end industries to the outskirts of the PRD, and the policy of “Three Olds Redevelopment” has pushed for land redevelopment in old industrial areas.

Supply of Infrastructure Support

Industry upgrading and transformation are impossible without a supportive infrastructure. One of the critical goals of the *Outline of the Plan* is to strengthen the ties between the PRD and Hong Kong, between the PRD and Macau, and between the PRD and inland cities in China. The construction of a national high-speed railway network and an expressway network in the PRD has prepared inland cities for future development. Further, infrastructure construction in the PRD, such as the PRD Greenway Network and the PRD Intercity Railway Network, has advanced PRD regional integration and has provided a new impetus for urban transformation. Against this new background, every city has begun to adjust their development strategies. The following paragraphs will explain how the construction of the PRD Intercity Railway Network influences Dongguan and how the construction of the PRD Greenway Network influences Shenzhen.

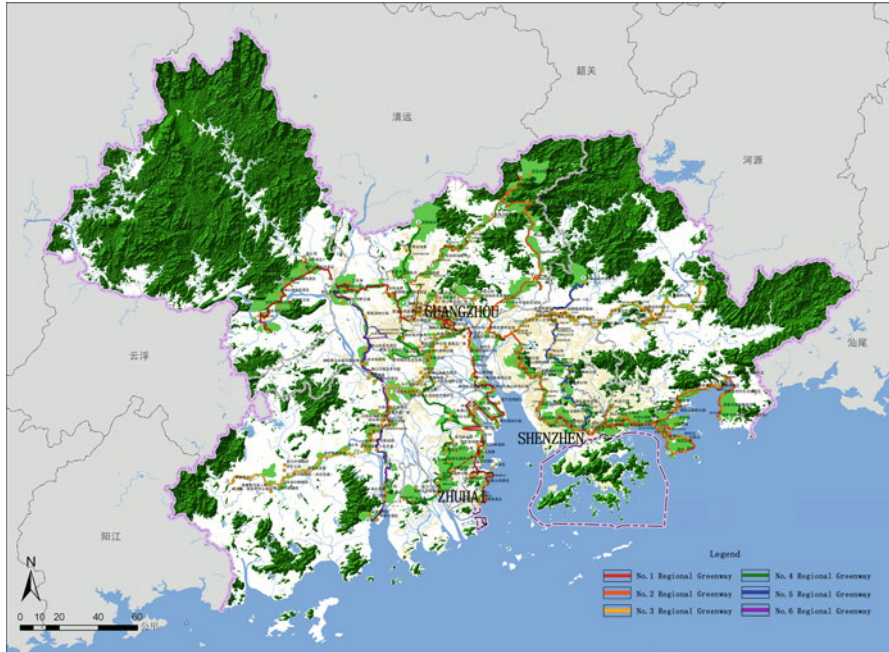


Fig. 3.4 Layout of Pearl River Delta Greenway Network (Zeng et al. 2010; Reproduced by permission of GDUPI)

3.4.3 *The Influence of the Construction of the Pearl River Delta Greenway Network on Shenzhen*

Against the background of upgrading industrial sites, the ability of a city to attract more skilled technicians by improving livability has become a shared task imposed on all PRD cities. Greenways, as linear green open space, are indispensable for improving living conditions and as a form of environmental protection. Therefore, the Outline of the Plan put forward the idea that a regional greenway network be built to protect the ecological environment and to improve the livability of the area.

Faced with the sharp conflicts over resources and the environment in the PRD, and the increasing importance of health and leisure, the Guangdong Provincial Government adopted a regional greenway proposal in 2009. Beginning in 2010, the PRD built six regional greenways totaling 1,690 km in length. These greenways should be the framework of the PRD Greenway Network.

The decisions on the location of the PRD Greenway Network have taken into consideration factors such as ecological conditions, historical and cultural heritage, scenic spots, transportation, the distribution of cities and towns, and the like. After careful consideration and comprehensive optimization, the PRD Greenway Network came into existence (see Fig. 3.4) and brought together the Guangzhou-Foshan-Zhaoqing

metropolitan area, the Shenzhen-Guangzhou-Huizhou metropolitan area, and the Zhuhai-Zhongshan-Jiangmen metropolitan area. Along the main greenways, there are more than 200 nodal points of forest parks, natural preservation zones, scenic spots, country parks, waterfront parks, historical and cultural heritage sites, and the like.

The construction of the PRD Greenway Network started in 2010. By 2011, the nine cities in the PRD had finished constructing trails already totaling 2,372 km in length. The six main trails are interconnected. With the accomplishment of the regional greenway network, cities constructed their own urban greenways according to local conditions, and the cities are extending their greenways and connecting green fields to urban areas.

Shenzhen is a so-called star city of the PRD. With its advantageous location adjacent to Hong Kong, and with its status as a national special economic zone, Shenzhen grew from a mere border town into a metropolitan area with more than ten million inhabitants in less than three decades.

Before 2010, the special economic zone covered only a part of Shenzhen.⁶ The quality of built-up areas outside the special economic zone is much poorer. As a result, there is a huge discrepancy between the built environment within the special economic zone and the built environment outside. The Shenzhen Municipal Government is looking for opportunities to improve the quality of the built environment outside the original special economic zone. The greenway network program, which brings more leisure space for the residents, was recognized as one of these opportunities by the Shenzhen Municipal Government.

After the establishment of the PRD Greenway Network, Shenzhen proposed a greenway system in Shenzhen, consisting of regional greenways, urban greenways, and community greenways (see Fig. 3.5). The goal of establishing such a system is that residents can cycle to the community greenways in 5 min, to urban greenways in 15 min, and to regional greenways in 30 min. According to the proposal, there will be 500 km of urban greenways, 1,200 km of community greenways, and 300 km of already constructed regional greenways.

Therefore, Shenzhen's proposal will have about 2,000 km of greenways on three levels. These linear green open spaces will make urban public greenways in Shenzhen more continuous and also provide more convenient and comfortable spaces for residents to relax. In addition, this system will make traveling by walking, by bicycle, or by public transportation more attractive and practical. In this proposal, 380 km of greenways are constructed through redevelopment areas which currently contain extremely populated areas deprived of room for residents to relax. Therefore, the implementation of this community greenway proposal will help improve overall living quality. This is of great importance for the improvement of built-up areas outside the former special economic zone.

⁶The Shenzhen Special Economic Zone was established on August 28th, in 1980. It covers a total area of 395 km. On May 31, 2010, the Central Government approved the application that the coverage of the Shenzhen Special Economic Zone could be extended to the whole city (which covers a total area of 1,948 km).

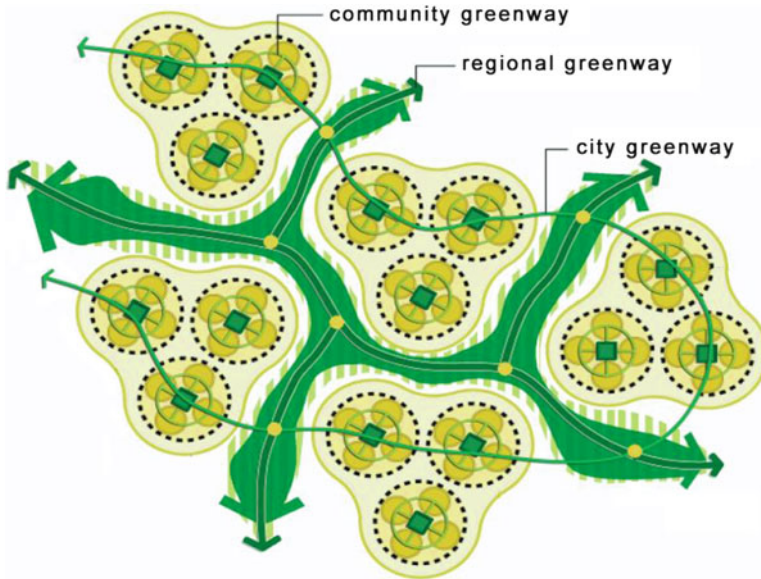


Fig. 3.5 The concept of Shenzhen Greenway (Zeng et al. 2010; Reproduced by permission of GDUPI)

3.4.4 *The Influence of the Construction of the Pearl River Delta Intercity Railway Network on Local Development*

Just as the rise in income has brought private vehicles into households at a high speed, so has economic development produced more frequent communication between different cities, more interaction with foreign economies, and a higher mobility of the people. It was predicted that the exploding growth of passengers will outstrip the ability of the current passenger transport infrastructure. Together with the conflicts over energy resources, land use, ecological issues, and multiple other factors, in 2000 the Guangdong Provincial Government proposed the plan to build an intercity railway network that would not only be speedy but of low cost for customers. In 2005, the Central Government gave permission for the PRD to expedite this plan and bring to fruition (see Fig. 3.6).

The main goal of building the PRD Intercity Railway Network is to create a “one-hour transportation circle” (*yi xiaoshi jiaotong quan*) that enables residents to travel from one main city to another within one hour or from one metropolitan area to another also within one hour. This “one-hour transportation circle” will have Guangzhou as its network hub, and it will rely on Guangzhou, Shenzhen, and Zhuhai as its main pivots. The network will run through all main cities in the PRD and connect to Hong Kong and Macau. By the year 2020, the total length of PRD Intercity Railway Network will reach a length of 600 km.

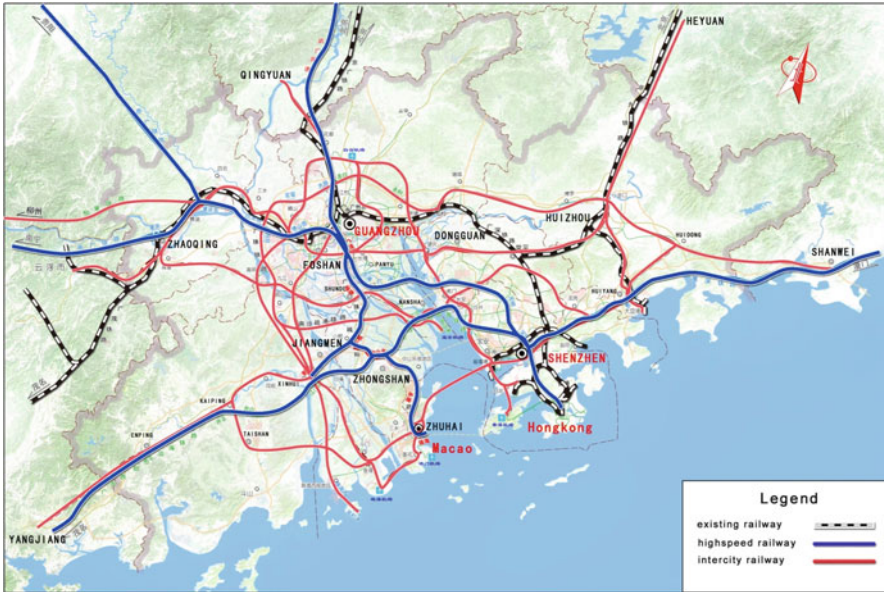


Fig. 3.6 Layout of Pearl River Delta Intercity Railway Network (Guangdong Committee of Development and Reform 2009)

In 2009, in order to realize the goal of regional integration proposed in the Outline of the Plan (2008–2020), the Guangdong Provincial Government revised the planning of Pearl River Delta Intercity Railway Network. This revision stated that the total length of the Intercity Railway Network will be increased to 1,478 km and have 23 lines.

On December 15, 2005, the Guangzhou-Zhuhai Intercity Railway Line came on line and represented the “first-phase” project of the PRD Intercity Railway Network. With a total length of 177.5 km, it has 27 stops along the line and a designed speed of 200 km/h. In January 2011, the first-phase project of the PRD Intercity Railway Network, the Guangzhou-Zhuhai Intercity Railway Line, began to operate. It is the first railway for Zhongshan, Zhuhai, and other cities on the western bank of the Pearl River.

Situated on the west bank of the PRD and 32 km away from Guangzhou, Shunde is a prime example of the effects of the Reform and Opening Up policy in the PRD. It has achieved an annual economic growth rate of 23 % for 30 years. Shunde’s rapid transformation from an agricultural economy to an industrial economy has transformed it from a previously small and unknown county in southern China into the leading position on the list of China’s Top 100 Counties for overall economic and industrial competitiveness. However, these three decades of excessively fast industrialization have placed an excessive rapid drain on Shunde’s natural resources and gradually damaged its environment.

Seeing the Guangzhou-Zhuhai Intercity Railway Line as a great opportunity, Shunde has adopted two development strategies. The first strategy is to develop public transportation by fully utilizing the Guangzhou-Zhuhai Intercity Railway Line, from the very beginning of the first-phase project of PRD Intercity Railway Network. By doing so, Shunde can reduce transportation-related land waste and air pollution.

Shunde's plan has three phases. First, Shunde will construct three light railways in the urban area connecting it to the PRD Intercity Railway Network. Second, Shunde will promote the use of Bus Rapid Transit (BRT) and other regular public transportation, thus enlarging the coverage of the public transport system so that it becomes a first choice for travel for more and more people. Third, a bicycle and pedestrian travel system will be linked to the public transportation system to facilitate a more efficient and useful public transportation.

The second strategy is to utilize land in new ways. In the past, factories used to congregate along motorways in Shunde. Around these factories, residential and commercial areas appeared. This unplanned land utilization gave rise to an over-reliance on private vehicles. Those without incomes sufficient to purchase and maintain an automobile would depend on motorcycles as main means of transportation.

But with the drop in automobile prices, numerous households can afford their own automobiles. With the added strain of many more automobiles, there has been a rapid deterioration of traffic smoothness in the urban area due to excessive use of cars.

Specialists in urban planning maintain that the suitability between land utilization and transportation is important and needs careful attention. The method of scattered land utilization should be reconsidered to stress that more room should be marked out around areas where nodal transportation points are located. Land utilization improvement is as important as an efficient use of transportation capacity. Further, intensive development in areas around railway stops would expand the development of service industries and diversify Shunde's economy into one not dominated by manufacturing industry alone. As a result, Shunde initiated adjustments in land utilization on the five stops along the Guangzhou-Zhuhai Intercity Railway Line.

After taking into consideration the distribution of stops along intercity railway lines, Shunde developed a new plan in which the intensive development of office buildings and residential structures provides a foundation for a service sector. Shunde can satisfy the demands from residential areas for job opportunities and better commuting options (see Fig. 3.7). By doing so, commuting traffic will decrease and place less strain on the transportation system, and urban functions of the transportation network will undergo a transformation. Combined with the linked bicycle and pedestrian travel system, the public transportation and transit system will be enlarged to include service coverage of stops along railways, and thus, it will help to improve the performance of the entire railway transportation system.

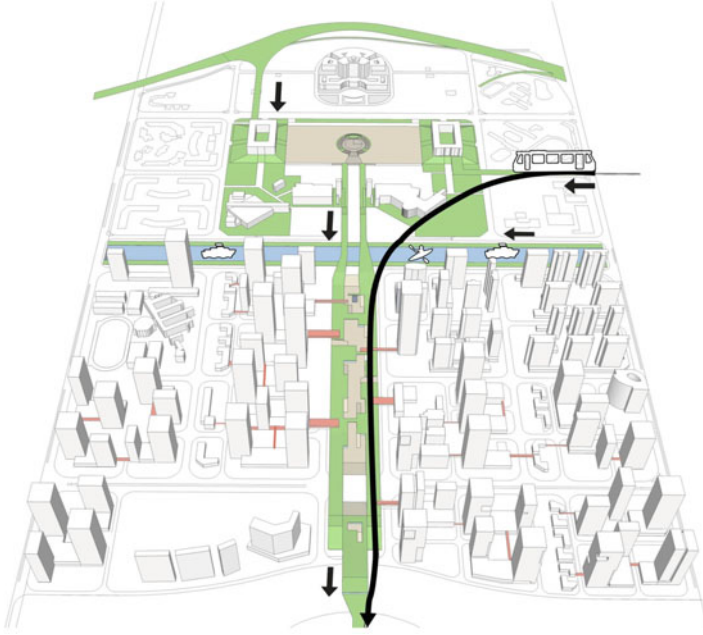


Fig. 3.7 The concept of land reuse in Shunde (The Urban Planning Bureau of Shunde District, Foshan City 2012; Reproduced by permission of GDUPI)

3.4.4.1 The Progress of Regional Integration in Facilitating the Transformation of Urban Land Utilization

The Outline of the Plan (2008–2020) regards the progress of regional integration as a highly significant goal. With the simultaneous forces of regional transportation system development and policy reform, the PRD regional integration is occurring at an unprecedented speed. The advancement of regional integration helps to remove obstacles for production agents to move freely, and it also provides golden opportunities for the functional transformation of the urban borderland.

Located to the west of Guangzhou, Nanhai has been taking advantage of its geographical proximity to Guangzhou to develop its manufacturing industry. With the establishment of the Guangzhou-Foshan Intercity Railway Line in the year 2010, and the mutual recognition of the annual vehicle pass issued by the Guangzhou and Foshan Municipal Governments, integration between Guangzhou and Foshan is accelerating.

Since Qiandeng Lake is only 12 km away from Guangzhou and has easy access to downtown Guangzhou with the completion of Guangzhou-Foshan metro, and while the land is much cheaper than that in downtown Guangzhou, Nanhai decided to take this opportunity to develop Qiandeng Lake as a base for bank data processing (also cf. Chap. 4).



Fig. 3.8 Current use of land (The Urban Planning Bureau of Nanhai District, Foshan City 2011)

The development of financial service industries will impact the transformation of current industrial zones. Figures 3.8 and 3.9 demonstrate the redevelopment plans of Qiandeng Lake’s area D. This includes a plan to convert 105 ha out of the 193 ha of land previously used for industrial purposes (see Fig. 3.8) into service industry



Fig. 3.9 Land reuse plan (The Urban Planning Bureau of Nanhai District, Foshan City 2011; Reproduced by permission of GDUPI)

(see Fig. 3.9). In addition, Nanhai has added residential areas, public facilities, and public green patches to its planning goals.

3.5 Conclusion

The Reform and Opening Up policy that began in 1978 has not only stimulated the vitality of cities in the PRD, but it has also brought great challenges for its sustainable development. In 1995 the Guangdong Provincial Government introduced regional planning to the PRD as a new development management tool. For the first time in history, the Modernization Plan (1996–2010) put forward a vision for the PRD's future development, and this vision provided the framework for the construction of a regional expressway network.

Since 2006, the PRD “World Factory” has met obstacles on its way to further development. Against this background, Guangdong Provincial Government issued the second round regional plan for the PRD: the Outline of the Plan for the Reform and Development of the PRD (2008–2020).

The release and implementation of the Outline of the Plan has exerted striking influences on the transformation of the entire PRD in three main ways. First, policy support has been given to areas and industries which receive government encouragement for development. This support is very important and meaningful at a time when the Central Government has restricted its policies on land, environmental protection, and industrial management. Second, the supply of regional infrastructure has greatly supported industrial upgrading and transformation. The establishment of a national high-speed railway network and an expressway network to connect inland cities with ports opens the doors for enterprises to enter the inland city markets. Third, the progress of regional integration facilitated the functional transformation of urban land.

With the dual forces of regional transportation facilities and policy reform, PRD regional integration is moving forward at an unprecedented rate. The advancement of regional integration helps remove obstacles for production agents to flow freely, and this provides great opportunities for a functional transformation of the urban borderland.

Compared to the first round of PRD regional plan in 1995, the second PRD regional plan has had far more influence in terms of local development. Such improvement not only causes the refinement of planning management but also adapts to macro-policies and changing local needs. Against the background of restricted policies made by the Central Government after 2000, Guangdong Municipal Governments had to seek legitimacy for their own actions by means of regional planning. In addition, cities were in their prime in the 1990s. They were embracing rapid development, and all full of ambitions about their future. Therefore, they found external interference difficult to accept.

At the same time, the provincial government did not have a clear idea how to manage the development at the provincial level in a market-led economy

environment. However, two decades after the 1990s, both the Guangdong Provincial Government and local authorities have learned their lessons from their experiences. The mechanism and willingness of the interaction between the provincial and the local levels and between the cities in the region are more mature and stronger.

So, when the region was facing serious challenges again, the new regional plan issued by Guangdong Provincial Government was more sophisticated. The cities in the PRD were more willing to reinforce bonds and cooperation with the outside world and with each other. The region is learning from its past and is maturing.

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Chapter 4

Cross-Border Governance: The Merger of Guangzhou and Foshan

Li Xun and Wu Ruitong

Abstract Two metropolises in Guangdong Province, Guangzhou and Foshan, are now the most integrated urban areas in the Pearl River Delta. In the process of the merging of them, the interaction and cooperation between their local governments, which can be called cross-border governance, was in reality the key problem. The integration process of infrastructure conducted by the two local governments is actually a process of economic development and of the collaboration of local authorities across borders. Based on the history of spatial and structural changes of the areas, this chapter analyzes the cross-border governance during the spatial merging process, taking comparable international examples into account and learning from them while finding workable solutions for this special Chinese case.

Keywords Cross-border governance • Merging regions • Guangzhou • Foshan • GuangFo

This research project was supported by the National Natural Science Foundation of China (Project 41271138: Integrating and Reconstructing: A Comparative Study of the Guangzhou-Foshan Region, the Shenyang-Fushun Region and the Changsha-Zhuzhou-Tanzhou Region).

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4.1 Introduction

Since 1978, the Pearl River Delta (PRD), as the pioneer of reform and opening up, has achieved rapid economic development and created a miracle. Until now, the PRD has developed into one of the areas in which towns and countrysides are the most densely located and where economic factors thickly concentrate; thus the PRD is becoming one of the mega-urban areas worthy of its reputation. The merger of Guangzhou and Foshan, two important cities in the PRD, has attracted worldwide attention. Nowadays, the way to merge Guangzhou and Foshan has become a strategy issue on a national level and also a model experience for other areas.

As a matter of fact, the merger of Guangzhou and Foshan is closely related to economic globalization. As Zhang and Wu (2007) put it, “economic globalization is tightly interwoven with regional integrations at all levels. Different forms of spatial structures, such as a metropolis, metropolis circles, multi-centered urban areas, the merger of different cities and the like keep springing up.” One of the important results of city integration is the appearance and development of cross-border governance.

The development of cross-border regions in Europe is particularly eye-catching. Since both sides of the boundary have different administrative frameworks and market structures, and challenge the original state or regional political systems, those cross-border regions boast of “a high degree of instability and vulnerability” (Johnson 2009) and impede the development of regional integration. Therefore, in order to reduce the vulnerability of cross-border regions and promote regional integration, the concept of cross-border governance appeared in Europe and may be understood as social infrastructure across borders that creates promotional channels for the transfer or flow of material and nonmaterial resources (Pikner 2008).

With the deepening of globalization, marketization, and power division, China’s urban structure has also undergone tremendous transformation. Regional strategies have become an important impetus to China’s economic development (Zhang 2005). As experimental sites of regional integration, city-merging strategies with the theme of cross-border coordination and resource sharing have been greatly encouraged. However, the coordination of merging cities strongly challenged the cities’ existing structures and systems due to the vertical administrative system in China. Therefore, cross-border cooperation in merging areas faces a number of difficulties.

Under these circumstances, the appearance of cross-border governance in merging areas is a historic necessity. This chapter aims at discussing the structural features of cross-border governance of merging regions in China and embedding them into a theoretical discussion, taking the case of Guangzhou and Foshan as an example, as well as its similarities and differences with Western regions. Three crucial cases, the Guangzhou-Foshan subway, Haiyi Bridge, and Drawing Water from the Xijiang area located in Foshan to Guangzhou, which indicates the cooperation between Guangzhou and Foshan, are chosen for comparison.

This chapter adopts the theoretical framework of cross-border governance. Cross-border governance is a brand-new concept in the context of globalization and

a geographically stretched urban governance concept. In summary, cross-border governance refers to a spatial governance framework developed in cross-border regions.

At present, the essence of cross-border governance considers stakeholders from governments of various levels, different governmental departments, enterprises, social institutions, and individuals. Each single decision of cross-border projects is made through the discussions among those actors (Marks 1996; Perkmann 2007). Therefore, the building of cross-border governance involves three types of key resources or “capital”: knowledge resources, trust and social understanding, and the (political) capacity to act collectively. According to Wenban-Smith (2002), cross-border governance can greatly support the development of cross-border regions if these abovementioned resources are shared through interactive participation.

Based on that, Pikner (2008) further pointed out that the creation of (cross-border) governance capacity first requires different dimensions of institutional innovations, including (1) a dimension of enactment capacity of policies, uniting policy development and implementation rationalities with spatially differentiated social practices; (2) a dimension of the mobilization of resources, bundling the traded and untraded interdependences between material, relational, knowledge, and power-based resources; and (3) a dimension of collective sense-making and learning as a condition for a reflected process of social identification with the institutional settings of policy making for turning everyday social experiences into institutional capacity (Gualini 2002).

Then it demands the creation of social networks among different actors, which can be both formal and informal (Matthiesen 2002). Last but not least, cross-border governance capacity is created and realized largely through (interregional) projects. According to Grabher (2004:104), those projects “hinge on a dense fabric of lasting ties and networks that provide key resources of expertise, reputation and legitimization.” The agencies themselves define and construct a particular type of economic space, one which is then suited to a particular type of intervention (MacLeod and Goodwin 1999:723).

While analyzing the dimensional reconfiguration of cross-border regions, Perkmann (2007) pointed out that the reconfiguration of cross-border governance functions includes (1) political mobilization, i.e., the formation of a social basis underpinning the creation or transformation of a scale; (2) governance building, i.e., the reconfiguration of networks; (3) strategic unification, referring to the construction of a new scale as a unit and object for politico-territorial intervention, constituting a link between strategic intervention and the (intended) efforts to be achieved on economic and social processes affecting the territorial scale.

Based on the research done by Perkmann (2007) and Pikner (2008), this chapter considers two dimensions that are musts in the process of developing cross-border governance, namely, agreements and promotion channels. Specifically speaking, reaching agreements refers to the process of forming and maintaining allies of social forces, while building promotion channels means the capacity to achieve

cross-border governance through re-linking the networks among governments and other actors. However, these two dimensions are not naturally formed, but instead they are spurred by incentives.

Recently, with the development of China's regional integration, many scholars have started to study regional governance and have done a good job in analyzing the characteristics of regional governance systems, but the studies on the structural features of cross-border governance are still at the preliminary stage so far. The research on the structural features of cross-border governance in merging regions in this chapter will make further contributions to the understanding of regional integration. And the focus of the chapter is on three dimensions of agreements, promotion channels, and incentives of cross-border governance configuration in merging regions.

4.2 Essential Similarities Between Cross-Border Regions in the West and Merging Cross-Border Regions in China

4.2.1 Cross-Border Regions in the West

Today there are over 70 cross-border city-regions in the West. Western scholars declare cross-border regions as products of globalized dimensional reconfiguration.¹ Also, they are seen as new geographical dimensions that intertwine with the reconfigurations of other geographical dimensions (Jessop 1998; Perkmann 2007) which caused conflicts between the development of administrative border areas and the local administrative systems of areas at both sides of the boundary, challenging the role of state administrative offices in administrating cross-border regions.

4.2.1.1 The Integration of the States of Berlin and Brandenburg in Germany

German Megacity Strategy and Berlin-Brandenburg Economic Integration

After the war, spatial planning in Germany stressed the aim of balanced development with "equivalent living conditions." For this purpose, a strategy of "decentralized concentration" was applied. The aim to create equal living conditions within the whole nation has recently been challenged and modified, but it was kept in principle. Due to this strategy and the relatively balanced distribution of cities in Germany, megacities comparable to the ones in China or elsewhere in the global south have not evolved (Tang 2009).

¹"Dimensional reconfiguration" is a concept in political economy and refers to the changes of power and control in different dimensions.

As the capital of Germany, Berlin has an approximate population of 3.4 million and an area of around 900 km². Brandenburg, a less populated area which directly surrounds Berlin, has only around 2.5 million inhabitants with a vast area of 29,000 km². In the respect to population and economy, the entire region is characterized by the “mono-central” domination of the urban core of Berlin. Since the 1990s, the two areas have become a region with high economic integration; the new capital of Berlin and the state of Brandenburg have witnessed frequent social and economic interaction and close commuter links (Tang 2009). In contrast with the high degree of economic integration, the administrative system evidently displayed a “polycentric” feature of local governance; a significant number of local authorities formally control the development of the local areas with only weak regional supervision.

Merging Experience: Shelving and Planning of an Administrative Region

Due to the administrative separation of the region by the state boundary, the integration of the two areas was hindered. Therefore, the two states started working on a stronger integration in 1991. They expected to realize a free functional exchange and integrated sustainable development between the central area and the suburbs. After a formal merging of the two states was proposed, the two areas began to coordinate their overall planning and infrastructure construction. As regards agencies, the two areas set up a Joint Government Committee (GRA), a Joint State Council (GSTK), a Joint Conference of Mayors (Viererrunde), and a Coordination Committee (KO-Ausschuss) in 1991 to talk over the cooperation framework establishment and its details; they established a Joint Planning Bureau of the States (GAS_t), a Department Workshop (IMAG), and a Joint Planning Conference (PlaKo) in 1993 as the superior planning and coordinating agencies to arrange the planning of the two areas (Wu 2001). However, residents of Brandenburg were not willing to realize the integration of the two areas through a formal merger in a referendum in 1996.

Yet, the shelving of the administrative region adjustment did not end the integration process of Berlin-Brandenburg. Both governments decided to adopt a more moderate method of co-development to promote the integration process. Therefore, after the merging act was vetoed in 1996, relevant planning agencies could be maintained until today. In addition, the two areas set up the Joint State Planning Department to boost infrastructure construction and planning governance.

Joint Planning Agencies: Securing a Balance of Authority and Interests Between the Cities

The Joint State Planning Department established a decision-making and supervision system for checks and balances of power. There are two actual leaders in the Joint State Planning Department: one is the Planning Minister (AL) from Brandenburg, the other is his counterpart, the Planning Vice-minister (SAL) from Berlin. Under the department,

there are nine offices; Brandenburg presides over seven and Berlin chairs two. In order to ensure the fairness of the planning strategy, a “tandem principle” of the office determines that persons in charge and other staff in each office should come from the two different states. For instance, the leader of “European Spatial Planning or Metropolitan Planning” Office belongs to Berlin, while the other staff must be from Brandenburg. Such a special form of combination assists to equal Berlin and Brandenburg and safeguard the checks and balances in the planning process and the result.

Checks and balances of power can guarantee that the common perspective on planning fully reflects the interests of both sides, and that the plan compiled by the Joint State Planning Department is supported by both sides.

Planning System and Content: Full Coverage, Multilevels, and Prominent Emphases

With checks and balances of power, the joint planning agencies effectively guarantee an agreement over planning and development. Since 1996, when the Joint State Planning Department was established, the two areas have gradually refined the system of integrated planning. In 1998, the department issued the first joint state development program as the guideline for other planning details. In 2005, after the planning system was renovated, the new state development program defined the long-term framework and planning principles for the metropolitan area. Under the guideline of the joint state development program, the Brandenburg Development Plan, the Joint State Development Plan of Berlin and the Suburbs, the Joint State Development Plan of the Outer Suburbs, and the Joint State Development Plan of the Airport Areas came into being in succession. Those joint state development plans are substrata that lay the ground for the compilation of the Brandenburg Subregion Plan and the Regional Planning Principles for Berlin Land Use Plan. Based on those plans, the local governments perfected their land use and sector planning so as to form an integrated planning system.

Common Perspectives on Coordination Channels: Progressive Reporting and Public Participation

All the planning decisions by the Joint State Planning Department must rely on the consensus of the two sides. When there is a clash of opinions between the two states and the administrative bodies cannot find a consensus on their own, a system called “conflict stairs” is activated. If consensus cannot be reached, the issue will be handed over to the state secretaries. If the secretaries still cannot reach an agreement, ministers and senators of the two states will take charge. If the conflict still exists, the so-called State Planning Conference will be convened and the governor of Brandenburg, the Mayor of Berlin, and ministers and senators of both sides will jointly make a decision on the conference. Some issues in severe contradictions can be ultimately submitted to the cabinet or the senate of the two states for a solution.

Practice shows that more than 90 % of the cross-border planning issues can be solved through the joint planning agencies, that only a small part requires the political leaders of the two sides to make the decision, and that some issues in severe conflicts can be settled through political negotiation.

Apart from formal planning cooperation approaches, informal planning cooperation, particularly a “forum” that can boost public participation and bring about dialogues among various circles of the society, is an important instrument for the Joint State Planning Department to enhance communication, improve consensus building, and build up trust. No less than a dozen local dialogue platforms play a vital role in promoting cross-border cooperation at different levels.

Conclusion

Administrative region adjustment is not the only way of merging. In the regions that have a strong sense of regional identity, it is quite difficult to promote regional integration through administrative region adjustment, yet integration from the planning system can effectively accelerate the merging progress.

With joint planning agencies that have real power, the planning system of the two states can be highly integrated. As the Joint State Department is formed through the relinquishment of partial planning power by the planning departments of the two states, the compilation and the approved plans have the force of law. The merging plan has not only instructive development guidelines and conceptual plans but also more specific land use plans. Hence, an instructive and commanding merging planning system is formed.

The conflict stairs system and the public participation system effectively warrant consensuses. As the merging plan compiled by the Joint State Department has great legal validity and distinct spatial governing effect, the conflict stairs and public participation systems ensure the authority of the consensus formation channels. Yet, there are still many incentives for autonomous local development planning due to the strong role of municipal planning in the German planning system, which limit the role of regional coordination.

4.2.1.2 Cooperation of New York and the New Jersey Port

Feature of the Cooperation: The Port Authority of New York and New Jersey

The port facilities of both New York and New Jersey spread along the New York Bay in America. The cities were in close geographic proximity, but separated in two states. Historically, the two states conflicted over economic interests, and the police of the two states even fired at each other on the river when they could not reach an agreement on the boundary of the bay and the Hudson River (Wu 2000). Later, both of them came to realize that the riversides of the port were an inalienable whole and that territorialism would hurt both states.

Entering into the twentieth century, as citizens travelled to the other city more often and the cargo-handling capacity soared, the defects of the partition management mode in the New York Port District began to surface (Wu 2000). In front of the more compelling traffic pressure, New York and New Jersey determined to form an interstate joint committee; it investigated the whole traffic situation of the entire New York Port District and proposed improvement programs to the governments of the two states.

In 1921, with the approval by the Congress of the United States, the legislature of New York and New Jersey decided to shape the New York Port District (roughly within a 25-mile radius of the Statue of Liberty) and to establish the Port of New York Authority, an interstate management agency. This was the first public authority agency in America. In 1972, it was renamed the Port Authority of New York and New Jersey (Wu 2000).

Agency Setup: Respective Appointment in Two States by Consensus

The Port Authority has 12 commissioners; New York State and New Jersey State take up six seats each, respectively, appointed by the state governments. These 12 commissioners serve as public officials without payment for overlapping 6-year terms. The Port Authority can only undertake projects and activities that are delegated by the two states. Board meetings are public. An Executive Director, appointed by the Board of Commissioners, is responsible for managing the daily operation and the policies of the Port Authority.

Operational Mechanism and Rights: Security for Cooperation Channels

The Port Authority of New York and New Jersey is a political group with legal personality. Its rights and responsibilities are mainly composed of the following aspects. First, in the Port District, it has the rights to purchase, build, rent, or run any sites or traffic facilities; it can not only charge the facility users but also get loans, issue bonds or mortgage the existing or the future properties in order to possess, maintain, rent, and run the movable or immovable properties. Second, it can stipulate development plans for the district at any time. When those plans are approved by the legislatures of the two states, they are binding on the two states. Third, according to its surveys and assessments, it can propose suggestions which promote trade in the New York Port, improve traffic facilities, and make trades more economical and effective to the legislatures of the two states or the Congress of the United States. Fourth, in order to improve transport and trades, it works out proper rules and regulations that do not contradict the Constitution of the United States and the constitutions of the two states. With the approval or empowerment of the legislatures of the two states, the formulated rules and regulations will be abided by all the related persons and corporations (Yang and Li 2005).

Market Operation: Financial Security

Market operation safeguards the financial sources of the Port Authority. The Port Authority of New York and New Jersey adopts diverse management strategies. The main transport and trade business are aviation (responsible for airport facility management in New York and the New Jersey District), harbor and commerce (including commercial activities like industrial parks and waterfront redevelopment), tunnels, bridges, bus terminals, Port Authority Trans-Hudson (PATH), and the World Trade Center (the Port Authority possessed and ran the New York World Trade Center which consisted of seven comprehensive commercial buildings).

In order to enhance work efficiency and services, the Port Authority rents the facilities to private companies with professional skills for operations. It can not only display the operational advantages of the private firms but also secure the revenues of the Port Authority. In consequence, the Port Authority can focus its energy and finance on the port development and market development.

With 80 years of operations, the Port Authority of New York and New Jersey has developed in scale. In 2006, the total revenues of the broad committee reached three billion US dollars. At present, the built-up infrastructure has become a quite complete transportation system in the Port District, which greatly pushes the economic development of New York and New Jersey.

Conclusion

In the cooperation of New York and New Jersey, it can be concluded that the establishment of the special cross-border management agency with market operations can bring about win-win development for all the areas in the district. Still, the setting of the special cross-border management agency should be in restraint of the normative administration and the system, while its rights and obligations should be stipulated by laws and regulations. Without the constraints of laws and regulations, the management agency would exist in name only without substantial functions.

4.2.2 Merging Cross-Border Regions in China

The development of merging cross-border regions in China is the consequence of merging cities; it is one of the important factors to further promote the development of merging cities and an important stage of China's regional development in the context of globalization. Based on that, the development of merging cross-border regions can be compared with West cross-border regions.

What's more, the trajectory of China's decentralization is different from that of West countries; the results are similar in a number of ways, such as the growth of governing layers and the reconfiguration of the relationship between local governments at different levels and administrative departments at this new geographical scale, as well as the relation changes among local governments, corporations, and city residents, bringing about challenges to administrative departments of both merging cities concerning the administration of cross-border regions. Thus, China's merging cross-border regions have the same complicated relationship between different governing levels as European regional cross-border regions.

However, due to different political systems, the specific development processes and governance modes of China's merging cross-border regions show great differences. The following paragraph will elaborate on the case of Guangzhou-Foshan for a more detailed analysis.

4.3 Analysis of the Governance Structure of Guangzhou-Foshan Merging Region

The two cities of Guangzhou and Foshan are geographically close to each other, share the same Lingnan and Cantonese Culture, and also have a similar history. Even if planned economy made both cities develop differently due to the lack of an exchange of resources and smoothly functional connections, both cities have been changing from developing separately to merging since the reform and opening up in the 1980s.

From the perspective of historical development, Guangzhou-Foshan cross-border cooperation has experienced four stages of conceptual evolution: "Guangzhou-Foshan Economic Circle (2001)," "Guangzhou-Foshan Metropolis Circle (2002–2006)," "Guangzhou-Foshan Integration (2007)," and "Guangzhou-Foshan Merger (2008)" (Liu et al. 2010; Li et al. 2010). As cooperation between Guangzhou and Foshan enters the new merging stage, it gradually changes from cross-border interaction to cross-border governance.

However, governing bodies of the two cities are at different administrative levels: in Guangzhou the municipal government possesses the final decision-making power over districts and towns and villages, whereas in Foshan the district and town (village) governments have the right to lead development. Governing bodies that are at different administrative levels cannot directly cooperate and communicate with each other according to China's regular administrative management logics, which could lead to a failure of building common agreements and promotion channels. But in the process of building the Guangzhou-Foshan subway and Haiyi Bridge and of Drawing Water from West River in Foshan, the cross-border governance capacity of the two cities is well established. These three projects are analyzed as follows to further discuss the structural features of cross-border governance of merging regions in Guangzhou and Foshan.

4.3.1 Guangzhou-Foshan Subway

4.3.1.1 Reaching Agreements

The idea of building a railway connecting Guangzhou and Foshan has long existed. As early as 1994, when Guangzhou was constructing the No.1 subway line, Foshan made the suggestion to leave an intersection point at Xi'lang station so as to connect the light-rail of Foshan with the No.1 subway line of Guangzhou in the future. However, due to Foshan's financial pressures as well as immature technologies, the Guangzhou-Foshan rail project paused.

In order to promote the merging of the Pearl River Delta, the Guangdong Provincial Government conducted the project of "High Speed Intercity Rail Transit Planning of the Pearl River Delta" in 2001, which brought up the idea of building a Guangzhou-Foshan subway. After the project had been approved, the provincial government appointed the task of building the Guangzhou-Foshan subway as a provincial demonstration project. Under the direction of the Guangdong Provincial Government, both Guangzhou and Foshan reached a common agreement on the necessity of building the connecting rail.

After Guangzhou won the bid for hosting the 2010 Asian Games, governments of the two cities further reached an agreement on opening the Guangzhou-Foshan subway line to the public before the 2010 Asian Games. However, since the project was approved in 2005, governments of the two cities had many disputes over interest divisions, including shares and distribution of investment. Thus, agreements were not even reached after rounds of discussions and negotiations. The project had still not been started at the beginning of 2007. With the upcoming Asian Games, the Guangdong Provincial Government got involved in the discussions and negotiations between Guangzhou and Foshan. At last, Guangzhou and Foshan reached agreement on shares and distribution of investment for the first time after this involvement and coordination of the provincial government. And the building of Guangzhou-Foshan subway line was started in June 2007 (Fig. 4.1).

4.3.1.2 Building Promotion Channels

The Guangzhou-Foshan subway was constructed and operated by a third party, the "Guangdong Guangfo Rail Transit Co. Ltd.," which has two shareholders, the Guangzhou Metro Corporation and Foshan Rail Transit Development Co. Ltd., representing the Guangzhou Municipal Government and Foshan Municipal Government, respectively. As the main body for constructing and operating the project, the company has been market operated since its establishment, only responsible to shareholders, namely, the governments of the two cities (Liu et al. 2010).

A general manager was appointed by the board of directors and the rest of the staff was recruited from the public. The general manager has the right to deal with all the internal affairs of the company in the process of daily operation. Deadlocked

Fig. 4.1 The management structure of the Guangzhou-Foshan subway (Drawn by the authors)



issues concerning interest distribution that occurred in the process of construction and operation were discussed at “regular coordination meetings” organized and led by the company.

In this process, the general manager has the right to require the administrative departments of the two cities to reach an agreement and set a deadline for it. If an agreement cannot be reached before the deadline, these issues are handed over to the mayors of the two cities, instead of the traditional way of handing them over to the provincial committee and provincial government for finalization (Liu et al. 2010).

In fact, as a new public organization, the Guangdong Guangfo Rail Transit Co. Ltd. provided a channel to implement the project. Operation by the market does not only increase its operating and decision-making independence but also does not undermine the autonomy of the two cities. Instead, it enhances the capacity of Guangzhou and Foshan to govern cross-border projects.

In building the Guangzhou-Foshan subway, Guangzhou and Foshan changed from having disputes to reaching common understandings, reflecting that if there were no incentives in the process, the administrative units could have disputes due to different interests, and the cooperation could lack motives. In summary, the incentives for Guangzhou and Foshan to reach common understandings were political directions from upper governments and the Asian Games.

4.3.2 Haiyi Bridge

4.3.2.1 Reaching Agreements (Fig. 4.2)

Haiyi Bridge is the first direct inland road co-built by the Nanhai District Government in Foshan City and Panyu District Government in Guangzhou City. Back in 1991, the Nanhai District Government brought up the idea of building the direct inland road to the Panyu county-level city for the convenience of residents.

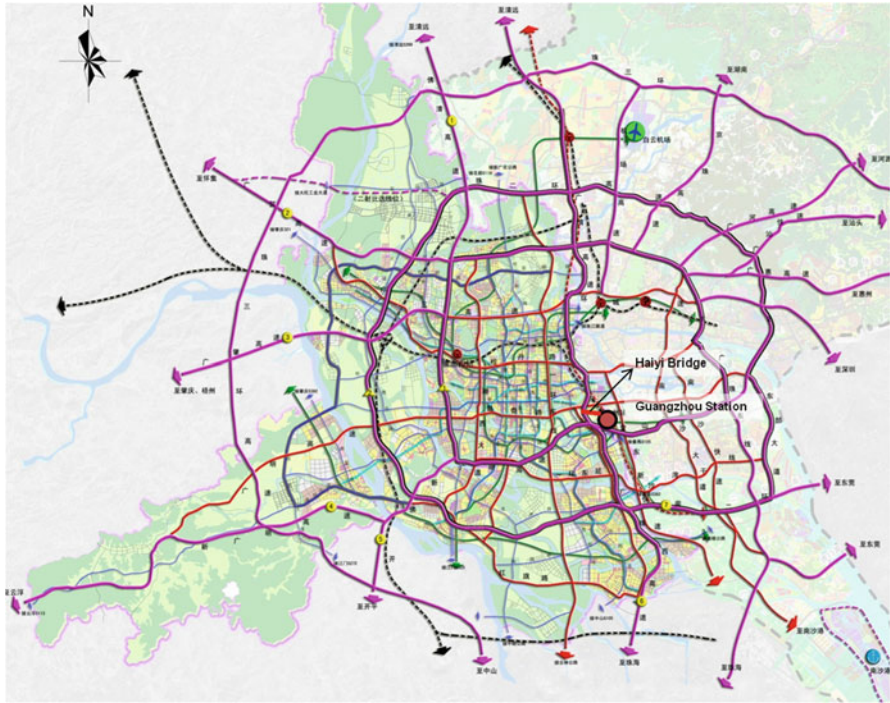


Fig. 4.2 Guangzhou-Foshan transportation plan (Ministry of Water Resources Decree No.34 2008)

However, Guangzhou did not respond positively as there were little incentives to do so, so the construction of Haiyi Bridge was suspended. Only later, in 2000, Panyu became an urban district of Guangzhou.

In 2007, due to the construction of Guangzhou South Railway Station in Panyu, the Nanhai District Government became aware of the need for the economic radiation effect of the Guangzhou South Railway Station as a transport hub. Therefore, it brought up the plan of building the so-called Nanpan direct inland road once again. After the idea was presented, the Panyu District Government also became aware of the benefit the construction of a direct inland road with Nanhai would provide.

Thereafter, the Nanhai and Panyu District Governments submitted the application for the construction of direct inland road to the Foshan City Government and Guangzhou City Government, respectively. As the Asian Games approached, both cities' governments also became aware of the importance of building Haiyi Bridge for transportation during the Asian Games and approved the application quickly.

This was mainly because Haiyi Bridge was the only path for the Nanhai District to connect to the Guangzhou Train Station (Guangzhou Traffic Hub), and this path played a vital role in swiftly distributing passengers. In fact, with the development of Guangzhou-Foshan integration, the Guangzhou City

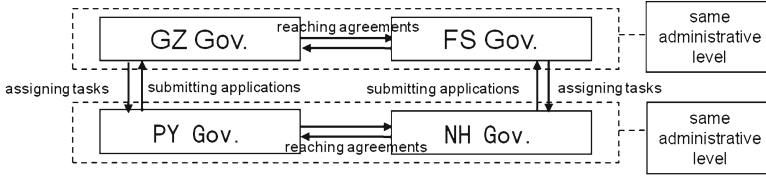


Fig. 4.3 The process of reaching common agreement for the construction of Haiyi Bridge (Drawn by the authors)

Government and the Foshan City Government reached a preliminary agreement on connecting roads and transportation, with Haiyi Bridge being one of the connections (Fig. 4.3).

4.3.2.2 Building Promotion Channels

After the agreement on building Haiyi Bridge was reached, relevant functional departments of the Nanhai District (including Planning Bureau, Transportation Bureau, Construction Bureau, Bureau of Land and Resources, and Bureau of Environmental Protection), assisted by related functional departments of the Panyu District, dealt with the procedures of planning, selecting the location, applying for the land use permit, reporting the construction to the higher authorities, etc.

As an intercity infrastructure project, the construction of Haiyi Bridge needed to be started by the provincial construction department. Therefore, the district governments first referred the situation of the project to the municipal transportation bureau and to the planning bureau, and then the city governments took the application for the construction to the provincial construction department. Finally, the provincial construction department expressed location selection opinions and officially started the project at the planning office of the provincial construction department. After the project was started, the Nanhai and Panyu District Governments jointly invited public bidding. The daily construction and administration of Haiyi Bridge was delegated by both the Nanhai and Panyu District Governments to a maintenance organization, the Road Construction and Management Office of Nanhai District. Costs were shouldered in accordance with the construction investment ratio.

In the process of building Haiyi Bridge, both municipal governments and district governments reached joint agreements on the necessity of building Haiyi Bridge, but the purposes for reaching agreements were different. First of all, the Nanhai and Panyu District Governments reached an agreement on building Haiyi Bridge for the sake of social and economic effects of local development. Then, based on the agreement of the district governments, municipal governments of both the two cities reached an agreement for the reason of macro-strategic

purposes. Therefore, intended social and economic effects of local development and political drivers can be considered as crucial incentives for reaching agreement.

4.3.3 Drawing Water from Xijiang Area in Foshan

4.3.3.1 Reaching Agreements

The project of Drawing Water from Xijiang area was brought up by Guangzhou City. Around 1998, Guangzhou put forward the idea of drawing water from the Xijiang area in Foshan to solve its drinking water problem due to the severe pollution of its western water source. This was supported by the Guangdong Provincial Water Resources Department. However, due to the interest conflicts between Guangzhou and Foshan, and high costs, the project was suspended.

In 2004, Guangzhou successfully won the bid for hosting the 16th Asian Games, so the city had to reconsider the possibility of drawing water from Xijiang area. Without these water resources, the water quality of Guangzhou would not have been able to reach the standards for the Asian Games. In 2006, Guangzhou conducted city water-supply sources planning that mentioned the project again. And the planning was even approved by the Guangdong Provincial Water Resources Department and the Guangzhou Municipal Government. However, since Foshan also initiated the planning and construction of a second water source located in the Xijiang area as well, Guangzhou and Foshan faced interest conflicts again.

However, the water-drawing permit and water resources assessment system effectively ensured agreement between Guangzhou and Foshan. The assessment system stipulated that “When water drawing projects are discussed or put forward, all related parties should be consulted; in the meanwhile, the approval should involve the participation of all stakeholders” (Ministry of Water Resources Decree No.34 2008). Therefore, the project reports proposed by Guangzhou and Foshan were fully discussed by the two parties.

After the two places filed for the water-drawing permit, the Zhujiang Committee of the Ministry of Water Resources began three national hearings on the necessity and feasibility of a water resources utility in the Guangzhou Xijiang Water-Drawing Project. Eventually, with the approval of the Ministry of Water Resources, Guangzhou Xijiang Water-Drawing and the second water source of Foshan were positioned at Sixianjiao.² The daily flow for Guangzhou was fixed at 3.5 million cubic meters, the one for Foshan at 400 thousand cubic meters, yet both of the cities constructed a water plant and laid water-supply pipes independently.

²<http://news.163.com/10/0205/09/5UOFDEUM000120GU.html> Sina News, Expert: Thoughts Triggered by Water Supply Crisis.

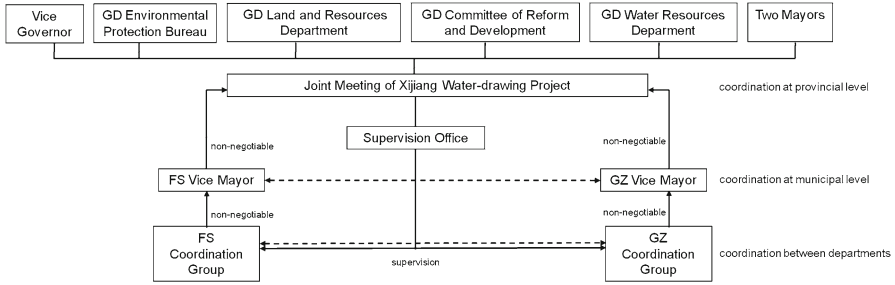


Fig. 4.4 Three levels of coordination (Drawn by the authors)

Additionally, Guangzhou paid for all the costs of land acquisition and housing demolition for the water-drawing project in Foshan. In 2008, the water-drawing project was officially started.

4.3.3.2 Building Promotion Channels

The progress of the project slowed because the equipment of water pipes involves a large amount of land acquisition and housing demolition. After several rounds of negotiations and instructions, the Joint Meeting of Xijiang Water-Drawing Project, which was made up of officials from the provincial and municipal governments (Fig. 4.4), was officially set up in 2009. The standing committee of the provincial committee and executive vice-governor were the hosts of the first meeting, the deputy secretary general of the provincial government was the host of regular meetings, and functional departments, including the provincial environmental protection bureau, provincial land and resources departments, and provincial water resources departments, as well as the vice mayors of Guangzhou and Foshan, were attendees. The office of the meeting was located at the Guangzhou Water Affairs Bureau that reported construction progress and problems to the joint meeting office via briefings. And the latter reported construction progress and problems to the joint meeting office via briefings.

Guangzhou and Foshan established coordination groups to fully promote the project. Problems occurring in the process of construction were first dealt with by the coordination groups, and, if not solved, it was the joint meeting’s job to solve them. Besides, the joint meeting set up an office to supervise the construction of the project.

The cross-border governance capacity was greatly improved by setting up the “Joint Meeting of Xijiang Water-Drawing Project” that provided promotion channels and networks to quickly solve severe problems, including the acquisition of land, demolition of houses, equipment of water pipes, coordination of local water-drawing planning, key projects of water sources, and other projects.

The Xijiang Water-Drawing Project was initially proposed by the Guangzhou City Government and was successfully completed through the coordination of the provincial government. To summarize, economic compensation, the Asian Games, and policy standardization were important incentives for reaching agreements and building promotion channels in the process of the project.

4.4 Comparative Studies on Cross-Border Governance of Merging Regions in China and Cross-Border Governance in Europe

4.4.1 Structural Characteristics of Cross-Border Governance of Merging Regions

The Guangzhou-Foshan subway, Haiyi Bridge, and the Xijiang Water-Drawing Project all reflect three key dimensions for Guangzhou-Foshan cross-border governance: agreements, promotion channels, and incentives. First, agreements are reached by local governments for the sake of local development and legalized by the promotion of higher governments. Therefore, agreements are essentially bottom-up, market-driven, and top-down government led. Additionally, the direction of the provincial government and related incentives are also needed. Then, promotion channels are built dependent on the third party. The third-party organization that is above the administrative framework is in charge of the construction and implementation that need to be established to ensure the smooth progress of projects. Last but not least, incentives can be multifaceted, mainly consisting of economic incentives, political incentives, and policy incentives (Table 4.1).

Table 4.1 Analysis of the structural features of cross-border governance of merging regions

	Agreements	Promotion channels	Incentives
Guangfo Subway	Driven by the market and led by governments; agreements reached under the direction of the provincial government	The third-party company independent from governmental lead; administrative setup and operation by the market	Political incentives and policy incentives
Haiyi Bridge	Driven by the market and led by governments; agreements promoted by Guangzhou and Foshan City Governments	Maintenance Organization, Road Construction, and Management Office of Nanhai District were authorized by both governments to construct and manage the project that was co-funded by the Guangzhou and Foshan Governments	Political incentives
Xijiang Water-Drawing Project	Driven by the market and led by governments; agreements reached under the coordination of the provincial government	Joint Meeting System of the Xijiang Water-Drawing Project coordinated and solved all the big problems in the construction process of the project	Economic incentives, political incentives, and policy incentives

(continued)

Table 4.1 (continued)

	Agreements	Promotion channels	Incentives
Merging Region	Driven by the market and led by governments; agreements are reached through the involvement and direction of the provincial government, with the features of both market and planned economy	The third-party organization is set up to coordinate conflicts, construct, and manage projects	Political incentives and economic incentives

Drawn by the authors

4.4.2 *Structural Features of Cross-Border Governance in the West*

Merging cities in the West presented great economic and social connections; spatially and functionally the regions grew together.

With the formation of authorities, it was easier to utilize the land and construct infrastructure in the merging regions. The “conflict stairs” system adopted in the case of Berlin-Brandenburg has secured easier consensus building and its validity. On the other hand, the joint authority agency of Berlin-Brandenburg has secured the implementation and management of joint planning, thus pushing the merger further on its way. As regards the incentives, the Port Authority of New York-New Jersey pushed the city-merging progress mainly by traffic and municipal infrastructure of the two places.

4.5 **Discussions and Summary**

Along with the development of regionalization in China, cross-border cooperation among cities becomes inevitable. However, with the management system based on administrative regions in China for quite a long period, municipal governments are in a state of “self-administration.” This state will last for an even longer time. Therefore, the cross-border cooperation between cities should be based upon mutual respect for each other’s interests and regulations.

In this regard, the cross-border governance is the only choice for developments of cross-border regions. As Guangzhou and Foshan are in fierce competition, an analysis of their cross-border governance can provide insights for the other regionalized areas to build cross-border cooperation.

What can be identified by the given example is the experimental governance approach the governments are implementing. Only the mutual will for cross-border cooperation helps reaching agreements. What is typical for the Chinese “scientific outlook on development” propagated by the central government is the “learning state” method: taking other cases—nationally or internationally—as role models or

best practice examples is a proven tool of Chinese policy making and planning. This does not mean that other strategies are copied but rather they are adopted to the Chinese circumstances or taken as stimuli to find appropriate solutions. A common way to learn are intervisitation programs where Chinese urban planners travel to other cities or countries to study different approaches. Besides, incentives for pushing forward certain developments of course must also be seen as significant catalysts for developments. These can be mega-events like the Asian Games, but also policy incentives or financial incentives. All these processes are mainly led and driven by governments, in how far this may and will change in the future is yet not to be foreseen. But the mere fact that cities see the need for cross-border governance and its opportunities to expand their scopes of responsibility and cross borders of uncertain but promising extraterritorial interaction, let us draw the conclusion that these cities definitely enter a stage of maturing.

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Part III
The Reorientation Toward
Urban Regeneration

Chapter 5

Three Olds: Experimental Urban Restructuring with Chinese Characteristics, Guangzhou and Shenzhen in Comparison

Sonia Schoon

Abstract Guangdong Province plays a role as pioneer and “experimental province” focusing on redeveloping and upgrading built-up areas. To distinguish and at the same time to encompass the different areas that are to be upgraded, the catchy concept of “Three Olds” redevelopment (*san jiu gaizao*) has been formulated, comprising regeneration of old town (*jiu cheng*), old village (*jiu cun*), and old industry (*jiu chang*) areas. The “Three Olds” redevelopment process leaves much space for experimentation, bargaining, compromises, and even incentives to trigger the redevelopment of the targeted zones. This chapter introduces the main objectives, challenges, and features of this new approach and compares its different implementation strategies and institutional settings in Guangzhou and Shenzhen. The aim is to demonstrate the process of maturing.

Keywords Three Olds redevelopment • Old industry • Old village • Urbanized village • Old town • Urban governance • Guangzhou • Shenzhen

5.1 Introduction

China, as a fragmented authoritarian state, is still in the stage of experimenting when it comes to urban development as well as urban redevelopment and regeneration. Scarce land resources but continuous expansion and construction activities lead to the urgent need to make better use of existing land and assets that have been neglected during the phase of accelerated and pro-growth-oriented urban development.

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Guangdong Province now plays a role as pioneer and “experimental province” with a focus on redeveloping and upgrading built-up areas (Xu 2008). To distinguish, and at the same time to encompass the different areas that are to be upgraded, the catchy concept of “Three Olds” redevelopment (*san jiu gaizao*) has been formulated, comprising the regeneration of old town (*jiu cheng*), old village (*jiu cun*), and old industry (*jiu chang*) areas.

This mode of experimental urban governance follows the strategic principle of “from point to surface”: it first defines different starting points for the redevelopment of the “Three Olds” and establishes sites for experimental upgrading. The approach takes into account the variety of local constraints (also cf. Altrock and Schoon 2011b, Schoon 2011a, b). After having accumulated first experiences with the regeneration of experimental sites, successful implementation strategies are taken as models for mainstreamed policies that are applied to a wider set of areas in other regeneration sites, districts, and even other cities or provinces.

The approach toward physical urban regeneration promises to become the first comprehensive policy that includes a wide variety of different types of localities and develops specific strategic regeneration goals derived from a thorough analysis of local conditions. The objective of the “Three Olds” policy is as follows: “adjusting, transforming and upgrading the industrial structures, enhancing the city image, improving urban functions and the urban and rural living environment, and establishing socialist new villages under the premise of further increasing the level of economic and intensive land use”. The roadmaps on how to reach this objective are currently being drawn.

This chapter will introduce the framework of the “Three Olds” concept formulated by the People’s Government of Guangdong Province and the related implementation strategies and problems at municipal and district levels in Guangzhou and Shenzhen (also cf. Guangdong Land Planning Technologies Co. Ltd 2010).

5.2 “Three Olds”: Definition and Principles

The “Three Olds” refers to three different types of land: “old town” areas, “old factory” compounds, and old villages, the so-called urbanized villages (*chengzhongcun*), all of which are usually located in city centers and at their fringes and need to be redeveloped in order to optimize the use of urban land. The Three Olds are generally divided according to their respective land use rights, of which the old town areas mainly belong to the state and the urbanized villages to rural collectives. When it comes to old factories, two different types of land use rights can be made out: collective-owned as well as state-owned land use rights.

Guangdong Province defines the following six precise types of land under the scope of “Three Olds”:

- Industrial land withdrawing from the secondary sector and advancing to the tertiary sector in the downtown areas

- Land of factories (factory zones) that will not be used for industries in future urban and rural planning
- Land of factories with now prohibited and eliminated industries as stipulated by national industrial policies
- Land of factories that are not in conformity with requirements of safe production and environmental protection
- Cities and urbanized villages in disorderly conditions, where redevelopment is needed
- Urbanized villages that have been listed in the model project of “improving the land of 10,000 villages”¹

This detailed spatial definition can be condensed into the Three Olds areas, where the detailed attribution is as follows, according to policy No. 78 of Guangdong Province:

Old Town Areas refer to the redevelopment of old residential units, stores, and factories located on state-owned land within the districts, streets, or blocks or to the redevelopment of old factories, warehouses, and dilapidated residential units within the key redevelopment zones. In total, Guangdong Province declares 226 km² as old town areas.

Old Factory Areas refer to the redevelopment of old factories located within the towns, streets, villages, and industrial parks, including the redevelopment of the temporary structures that have a “negative influence” on the urban landscape. In total, Guangdong Province declares 540 km² as old factory zones.

Old Village Areas refer to the redevelopment of urbanized villages, the “villages in the park” (*yuanzhongcun*),² where a large amount of land is occupied by urban industrial parks, and the “hollow villages” (*kongxincun*)³ that are formed due to the gradual or overall moving out of the villagers. The redevelopment is aimed at promoting the construction of peasants’ apartments, accelerating the redevelopment of old properties, and improving the appearance of the villages. In total, Guangdong Province declares 400 km² as old villages.

¹“Improving the land of the 10,000 villages” is a redevelopment project initiated by Ministry of Land and Resources of the PRC in 2009. It depends on land redevelopment, overall planning, and redevelopment carried out in the whole village at the same time. By doing so, farmlands can be concentrated in specific areas and residential areas for villagers can move toward the central village and town, and other industries can be concentrated in the industry zone (<http://finance.people.com.cn/nc/GB/61161/9649546.html>).

²*Yuanzhongcun* can be defined as villages located in an industry zone or in zones where a certain sector is concentrated (http://www.qz001.gov.cn/jpm/portal?action=infoDetailAction&eventSubmit_doInfodetail=doInfodetail&id=943).

³*Kongxincun* can be understood from two perspectives. Architecturally, *kongxincun* are a consequence of unscientific planning. The majority of residential buildings for villagers are concentrated on the periphery of the village, whereas inside the village, a large quantity of land is left unused. Therefore, a landscape is formed in which the center of the village is empty while the outer ring keeps extending. Economically, *kongxincun* refer to the tendency that a large number of young villagers flood to the cities to make a living, leaving seniors and the sick in the villages (<http://baike.baidu.com/view/862874.htm>).

Guangzhou and Shenzhen, as two major cities of the Pearl River Delta, have reported their Three Olds areas in different ways. While Guangzhou drew a demarcation line around a priority area covering the old city center with a designated scope of 54 km² in total, comprising parts of the districts Yuexiu, Liwan, Haizhu, Tianhe, and Baiyun, Shenzhen has put emphasis on a broader area and individual designations. Since Shenzhen City has a history of only around 30 years, the old town area is comparatively small, with an area of only 8 km² (3 %), whereas old industrial zones comprise an area of 126 km² (54.5 %) and the urbanized villages a scope of 100 km² (42.5 %). Within these areas they have reported 32 projects for old town upgrading, 31 industrial upgrading projects, and 137 urbanized villages for full-scale redevelopment so far.

Within the abovementioned 54 km², Guangzhou reported 1.08 km² of historical heritage protection units, 3.23 km² of historical culture street blocks, 16.08 km² of “coordinated style” (*fengmao xiediaoqu*) areas, and 33.61 km² of general old town areas (*Guangzhou Daily* 26 Jan 2010). All industrial zones within the priority area will be redeveloped, as well as all factory compounds on the collective property of all 138 urbanized villages of Guangzhou Municipality, also those outside the 54 km² area. As of September 2012, Guangzhou has approved 158 Three Olds projects, with a total area of 16.86 km² (Li 2012).

According to the plans, 52 urbanized villages can be found which should be entirely torn down within the next 3–5 years; the other 86 will be comprehensively redeveloped. So far, 21 of them have been approved (Zhang 2012).

All in all, Guangzhou reports 494.10 km² of Three Olds restructuring area, among which old town areas account for 11 %, old village areas for 54 %, and old factory compounds for 35 % (Fig. 5.1).

To bear the responsibility of sustainable redevelopment, Guangzhou formulated four fundamental principles (Zhujiang Invest 2010; Guangzhou Urban Planning Office 2010 2.(2)):

Take people’s benefits as first priority and focus on building a livable city

Three Olds regeneration shall strive for improving the living conditions of the residents in the old towns, as well as public service facilities, transportation, and infrastructure. And it shall also increase the area of green space to improve the quality of the living environment.

Comprehensively redevelop the old towns and improve them as a whole

Urban renewal and redevelopment of old towns are integrated, systematic undertakings involving the replacement of land functions, industrial upgrading, space optimization, historic and cultural preservation, and other projects. Accordingly, it is a comprehensive improvement of living environment, urban functions, and urban images of old towns.

Carry out different redevelopment policies in correspondence to different cases and adjust measures according to local conditions

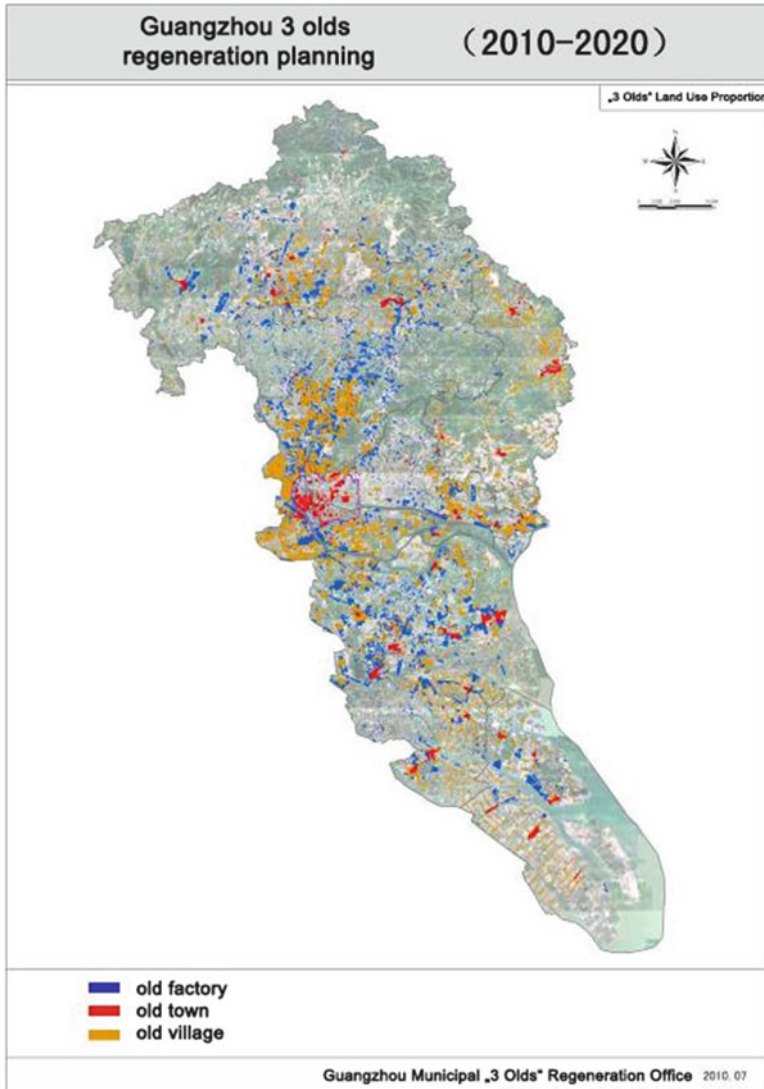


Fig. 5.1 “Three Olds” land use proportions in Guangzhou (Guangzhou Municipal Three Olds Regeneration Office 2010)

There are exclusive problems in the old towns, and the circumstances vary in different districts. Therefore, different renewal strategies and redevelopment modes must be adopted in accordance with specific conditions.

Ensure that the planning of the redevelopment is integrated, practical and feasible

The renewal of old towns must take into account various objectives and the appeals of different interest groups, as well as maintain a fundamental balance of interests to ensure a viable planning.

5.2.1 Primary Strategies and Key Elements

Five primary strategies have been formulated in order to comprehensively take into account old town redevelopment.

First, the city will be redeveloped as a whole with “districts as the core” (Guangzhou Urban Planning Office 2010 3.(3.1)); second, the planning will be guiding the redevelopment with policies as the backbone (ibid. 3.(3.2)); third, the implementation will rely on the operation of the market supported by the Department of Finance (ibid. 3.(3.3)); fourth, the redevelopment will be carried out systematically “with the new and old areas as the joint locomotive” (ibid. 3.(3.4)); and fifth, different policies will be enacted in respect to different districts (ibid. 3.(3.5)).

The key element of Three Olds redevelopment projects is the fact that now property owners are allowed to carry out so-called self-redevelopment. This is a fundamental policy change. An example for this change is a plot of industrial land use that needs to be redeveloped into commercial land use. In the past, it had to be recalled and publicly invited to tender, then auctioned and listed by the government. Additionally, profits that the government received from public bidding, auction, and listing were not given to villagers or factory owners.

According to the new policy, villagers and factory owners can receive the profits on the condition that they pay for the land according to the market price. Those are policies concerning Three Olds redevelopment at the provincial level. Before Shenzhen City issued its own “Urban Regeneration Measures,” the municipal government coordinated this new approach referring to the provincial Three Olds policies. Though these measures are much more detailed, their key elements conform to the provincial policies.

In both cities, three different redevelopment modes are mainly implemented: full redevelopment, comprehensive improvement, and functional change. Those three modes now also have three different execution options: led by the government, co-redevelopment, and self-redevelopment. The most obvious characteristic of Three Olds redevelopment is that they are no longer automatically led by the government, which is different from the redevelopment in other off-coastal cities or places. Of course, even though not necessarily led by the government, there are some aspects that cannot be changed nor discussed or negotiated. These are the so-called high-voltage lines (*gaoyaxian*), such as those aspects concerning environmental protection and city security. Likewise, huge urban planning projects can also not be changed or renegotiated if particular areas are concerned.

5.2.2 Main Challenges of Three Olds Restructuring

Merging and accelerating the measures of urban regeneration in such an endeavor as can be observed in Guangdong Province inevitably leads to enormous challenges which every single city has to cope with. Especially the major cities of the PRD like

Guangzhou and Shenzhen, which have a leading role as pioneers in urban regeneration processes, mainly aim at an urgently needed increase in land use efficiency. Just to mention a few of the main challenges, among others, the decrease of available land resources in the urban centers leads to a shift of the major supply market of the real estate industry, away from the urban centers toward the urban fringes. The Three Olds redevelopment policy aims at preventing the decline of the real estate investment in the urban areas. Another challenge is the new high level of transparency demonstrating an open, fair, and just implementation process involving public participation and media reporting in order to get broad acceptance from society.

A third challenge derives from the fact that existing policies do not yet have exact regulations about the floor area ratios (FAR) in the areas that are to be redeveloped. This can easily lead to delaying rounds of negotiations between the government and developers or other interest groups. The question of profitability raises yet another question, namely, how to deal with the construction ratio of affordable houses: When land is transferred, there are always regulations concerning the share of affordable housing that has to be built. However, among all the existing Three Olds policies, there are no regulations concerning the share of affordable houses. Therefore, developers are definitely trying to use the land to construct high-class residences rather than affordable housing because of significantly higher profits.

A fourth issue is due to the common behavior concerning (urban) problems in China, which is “Only when we have headaches we start curing them, and only when we feel foot pain we start curing it.” This concerns the necessity of completely eradicating the “symptoms” responsible for the evolution of the Three Olds areas; otherwise, similar problems could come up in the future again, and urban development would be caught in a vicious circle (cf. Altrock and Schoon 2011a; Schoon 2011a; Schoon and Altrock 2013).

And last but not least, the government needs to put an emphasis on controlling and ensuring a sufficient amount of construction of public facilities and the overall improvement of the environment, since developers are mainly profit driven. In Guangzhou, the fact that developers were too profit driven led to the forced withdrawal of developers from urban regeneration after bad experiences in this respect between 1992 and 1999. Therefore, after 1999, the Guangzhou municipal government banned developers from engaging in urban regeneration until 2006. Their involvement in UV redevelopment was even forbidden until just recently, which was changed by the “Three Olds” policy. So the shortage of financial resources is one major challenge to be dealt with, which finally led to the Three Olds incentive policy.

5.3 Main Objectives of “Three Olds” Restructuring

The main objectives of the Three Olds policies are described in the provisions of Guangdong Province as follows: “We should strictly balance the requisition and compensation of cultivated land, complete the state-assigned tasks of protecting

cultivated land and basic farmland by quantity and quality, and make Guangdong province become a model province for economic and intensive land use, with a strong economy, harmonious society, beautiful environment, and a sound ecological environment". The key clause of "economic and intensive land use" simply means the main objective is to optimize land resource allocation and usage, since land became an extremely scarce resource over the past decades.

To achieve these aims, it is first necessary to once and for all clarify property and land use rights to clear the way for comprehensive future urban planning and management. Another main objective is the will to significantly accelerate the process of urban regeneration by means of incentive policies. The government avails itself of ideological guiding principles of, e.g., "seeking truth from facts" (*shi shi qiu shi*), "harmonious society construction" (*hexie shehui jianshe*), the concept of a "civilized city" (*wenming chengshi*), and the approach of "testing" before implementation: Namely, all the vague peculiarities of socialism of so-called Chinese characteristics (*zhongguo tese*) to overcome the "problems left over from history" (*lishi yiliu de wenti*), meaning all the problems from the past that still carry weight today.

Two important steps to reach the set goals are first, the consequent timeframe of 3–5 years during which – and only in Guangdong – the biggest challenges have to be overcome and, second, the change from just pro-growth-oriented developments of the past toward regenerating previously-developed land today. This is mainly achieved by supportive policies clarifying original property owners who can be then considered as implementation subjects for renovation and redevelopment.

Meanwhile, the government also encourages property owners to carry out self-redevelopment. Supportive policies are also policies with loose limitations that allow for negotiations between stakeholders and the government, which is also willing to make agreements or compromises, respectively. The government states that balancing the different stakeholders' profits in the process of redevelopment will greatly accelerate the regeneration of the city. To likewise try to serve and satisfy the interests of all sides – government, villagers, industrial company owners, affected residents, developers, and urban planners – that are respected as stakeholders in the process (see below) can also be respected as one major goal.

5.4 Comparison Between Guangzhou and Shenzhen Urbanized Village Redevelopment Characteristics

Guangzhou and Shenzhen both are pioneers in respect of Three Olds redevelopment. According to Guangdong provincial guidelines of document No. 78 which sets the overall objectives, both cities have approved their own municipal decrees concerning Three Olds redevelopment. Guangzhou published "Opinions of the Municipal Government of Guangzhou on Accelerating the Reconstruction of the 'Three Olds – Old Towns, Old Villages and Old Factories'" 2009 No. 56, and Shenzhen "Urban Regeneration Measures of Shenzhen Municipality" 2009 No. 211, in which the more concrete principles and measures are defined.

Since both cities have totally different urban histories, the Three Olds ratios vary significantly between them, as shown above. Nevertheless, what can be compared are the approaches toward urbanized village redevelopment which will remain as the only direct comparison within the further Three Olds discussion.

Shenzhen Municipal Government defines its urbanized village redevelopment principle as follows: “Urban regenerations shall obey the principle of government guidance, market operation, planning and coordination, being economic and intensive, and safeguarding rights and public participation in order to ensure and promote scientific development” (Shenzhen Municipal Government (2009) No. 211, Art. 3).

Guangzhou declares that UV redevelopment must follow the principles of “transformation first and reconstruction second,” changing farmers into urban citizens, changing village committees into neighborhood committees, changing village collective economic organizations into share-issuing enterprises, and changing collective-owned land into state-owned land and bring them under urban management and under a security system (Guangzhou Government (2009) No. 56, Enclosure 2, Art. 3).

Both cities generally have the same main stakeholders participating in the redevelopment process. Their main interest groups and influential actors are the triadic constellations of government, urbanized village joint stock company/villagers, and real estate companies. In both cities those different interest groups can form coalitions or act independently. Usually it is the village itself which is the driving force. Commonly it can be a coalition of village and real estate companies, or the government, which mainly leads big redevelopment projects which it pushes, e.g., the Universiade in Shenzhen and the Asian Games in Guangzhou or huge public infrastructure projects.

In Guangzhou, the governmental work consists of finishing the systematic transformation and leading and supervising the UV redevelopment, whereas the urbanized villages have to have the will and means to redevelop themselves, either on their own or as a coalition together with real estate companies. The government will only provide consulting and policy support, tax incentives, or mediation service (for further details cf. Schoon 2012; Schoon and Altrock 2013).

Whereas formerly real estate companies were not allowed to participate in UV redevelopment, due to lack of financial assets as well as professional redevelopment knowledge, they are now encouraged to take part in the process but under strict conditions supervised by the municipal government. Both cities welcome self-redevelopment by urbanized villages and are supportive to these undertakings because generally there are fewer conflicts and disputes, and negotiation processes are easier, which, again, accelerates the whole redevelopment process.

Both cities have a complex set of policies regulating the demolition and resettlement process. In Shenzhen the compensation for the demolition of houses can either be monetary or by providing resettlement, or by a combination of both. The ratio of the demolition and construction can be as high as 1:1.5. In Guangzhou, the principle of “one village – one policy” allows for an individual negotiation on compensation policies by each urbanized village.

Whereas in Shenzhen real estate companies coordinate the relevant redevelopment tasks, in Guangzhou no streamlined proceedings can be found due to the

specifics of “one village – one policy.” The approaches of both cities toward UV redevelopment have advantages compared to earlier times: in Shenzhen multiple channels for fund raising and redevelopment patterns can be found, and in Guangzhou the participation of real estate companies now significantly accelerates the redevelopment.

Currently Guangzhou City makes more efforts to accelerate urban regeneration processes. Since the redevelopment of Liede Village, developers are welcomed to participate in the redevelopment processes. The municipal government has made a U-turn in this respect. The advantage of redevelopment guided and executed by the government is that the government no longer puts an emphasis exclusively on making profits. Therefore, the improvement of public facilities and infrastructure has become a much higher priority in the past few years. This is now a strength of Guangzhou City.

In Guangzhou, supervision and control by government ensures win-win-win situations for government, real estate companies, and villagers. In both cities, the governments are intertwined with the market and willing to let the demand of the market co-determine the directions of redevelopment. One disadvantage in Shenzhen is the high compensation standard, which on the one hand costs the government huge sums of investment and on the other hand produces a possible impact on the housing market.

In Shenzhen, the implementation of urban regeneration units can be seen as urban planning innovation. Small or several scattered areas that need to be redeveloped have to be combined with their surrounding areas and included in a so-called planning unit which needs approval for comprehensive urban regeneration planning. For example, if a plot of two hectares is about to be redeveloped, it would be impossible to build all necessary public facilities within the area of these two hectares, but some old villages and old factories around the plot could easily be included in the redevelopment planning in order to accumulate the plot area to, e.g., 20 ha, forming a so-called urban regeneration unit.

Within such urban regeneration units, an improvement of road networks, the construction of public facilities, and an improvement of infrastructure can be implemented much more easily. In Shenzhen’s earlier conceptualized statutory planning, urban regeneration units have not yet been taken into account. Therefore, for those plans that are made right now or in the future, urban regeneration units have to be taken into account for all of them. Plans that have been made before the Three Olds policy, but not yet implemented, also have to assemble several plots, form regeneration units, and again apply for approval. After being granted by the regeneration office, these can be considered as amendments to the original regulatory planning.

In Shenzhen urbanized village redevelopment is mainly carried out in two ways: one is specific renovation, such as “dressing and capping”,⁴ the other is removal and reconstruction.

⁴Dressing and capping (*chuan yi dai mao*) is a metaphor for renovating houses’ façades and putting a roof on top in order to beautify and standardize the outer appearance at low costs.

According to the plans of Shenzhen's Urban Regeneration Office, the redevelopment of all urbanized villages in SZ should be finished within 5 years. The standard for the completion of redevelopment is a technical guideline provided by the municipal government, focusing on the aspects of fire protection, sewage disposal, power supply, environment, sanitation, and so on. Guided by this standard, the Urban Regeneration Office focuses on supporting facilities such as recreational centers, greening, and "dressing and capping." They mainly aim at improving the environment. Furthermore, they try to enhance the management of the urbanized villages. The goal is to at least settle the issues of fire protection within 5 years. As for the redevelopment funds, the municipality shoulders 40 % of the funds, and the rest will be allocated by the district government, subdistrict offices, property owners, and villagers.

5.5 Institutional Characteristics and Responsibilities Concerning "Three Olds" Implementation

As for Shenzhen's institutional characteristics, there is an Urban Regeneration Office (*chengshi gengxinban*) affiliated with the Urban Planning, Land and Resources Commission. The formerly separate Urban Planning Bureau and the Land and Resources Bureau have been merged in Shenzhen in 2010. Shenzhen government departments gained more efficiency through this merger. The Urban Regeneration Office, under the umbrella of the Commission, became more efficient because it can easily get consultation if problems arise concerning land and urban planning.

The municipal districts have also institutionalized their urban management. Regarding management procedures, an urban regeneration reporting mechanism has been formed that clearly designates future projects to report at least one year in advance of a project start. An inclusion into the general planning is a premise for being allowed to report a redevelopment project. Examination and approval procedures are as well determined in order to let only projects under mature conditions implement redevelopment.

Formerly in Shenzhen there was the Urbanized Village Redevelopment Working Office (*chengzhongcun gaizao gongzuoban*) that was set up in 2004. In 2006, when the redevelopments of industrial zones were promoted, the Industrial Zone Redevelopment Working Office (*gonggaiban*) was set up. Later on, this office was merged with the Urbanized Village Redevelopment Working Office. After the Urban Regeneration Measures were issued at the end of 2009, all the above offices were disintegrated, because according to the promulgated logic, urban regeneration covers all aspects, areas, and responsibilities of the former offices. Now, only one office, namely, the Urban Regeneration Office, is overseeing all kinds of urban renewal measures under the chair of the Urban Planning, Land and Resources Commission.

Here, as well as in Guangzhou, different tasks are merged together in one department but under one authority. Though working responsibilities and workflows merely changed, the institutional setting is also rearranged. Before the issuance of

Shenzhen Regeneration Measures, the government solicited comments from all governmental departments involved. During this stage, the Bureau of Land and Resources and the Urban Planning Bureau had not yet been merged. Both bureaus have brought up suggestions how to realize the merger, whereas major municipal leaders were coordinating their suggestions.

Finally, the measures were issued after extensive rounds of consultation that proved to be a long haul, taking more than two years. After a merger consensus was reached, the Office of Legislative Affairs inspected the final agreement from the legal perspective. After approval, it also was reported to the People's Congress of Shenzhen City and the Shenzhen Municipal Government and finally issued on December 1, 2009 (Shenzhen Municipal Government (2009) No. 211).

On the contrary, in Guangzhou City, the Urban Planning Bureau and the Land and Resources Bureau are independent entities dealing with urban regeneration. What's more, the Three Olds Regeneration Office, also set up in 2010, also enjoys an independent status, neither belonging to the Urban Planning Bureau nor to the Land and Resources Bureau. Even though some experts from all relevant offices were transferred to the newly established Urban Regeneration Office, this structural upheaval is due to implicate conflicts on land and urban planning in the future. The first power struggles have already occurred.

There is also a Three Olds Redevelopment Leading Group in Guangzhou, consisting of a higher authority council with mainly representative functions. Therefore, its responsibilities are very vague because it officially is not only in charge of urban planning but also in charge of land management, so it has some shared responsibilities with the Land and Resources Bureau in terms of land and some shared responsibilities with the Urban Planning Bureau in terms of urban planning.

The establishment of the Three Olds Regeneration Office is the final consequence of an intra-institutional shift of responsibilities and readjustment. For instance, the responsibility for urbanized village redevelopment in Guangzhou shifted between three different institutions within only 6 months: at first, the Construction Committee of Guangzhou Municipality was the responsible institution; then, in July 2009, it was shifted to the Land Bureau of Guangzhou Municipality but only as an interim solution until January 2010, when finally the responsibility was shifted to the Three Olds Regeneration Office (Xinkuai Net 2010; Zeng 2010; Qin 2010).

5.6 Major Policy Breakthroughs

In the process of urban regeneration, the constant amendments of related policies cause an unclear status quo for the uninvolved observer on how to handle developments. But the priority of policies depends on their level of legal enactment. In principle, a policy on a higher level dominates that on a lower one. Additionally, the priority also depends on the effectiveness of a policy. If a new law has not yet been finalized, the old one outweighs the new.

In the past, the redevelopment of the Three Olds areas followed, among others, the policies of “withdrawing from the second and promoting the third industry” (*tui er jin san*), “opening the cages and changing the birds” (*teng long huan niao*), and “one village – one policy” (*yi cun yi ce*). There are three aspects in these last two policies where no changes were allowed, namely, those concerning property rights, land structures, and land use. Therefore, under these policies, old factories and urbanized villages could only be partly restored or repaired. Since Three Olds policies now put a main emphasis on land use clarification, all land issues need to be solved first, meaning that industrial land use rights need to be changed to commercial land use, to scientific research land use, or to supporting green land use, and urbanized villages need to gain certainty about all households’ land use rights.

On the basis of that, and in accordance with planning indexes, construction density, and the requirements of public facilities, any kinds of new projects can now be implemented on factory compounds, and negotiations about the full redevelopment of urbanized villages could further proceed. Redevelopment modes are nowadays somewhat different because the government now allows for self-redevelopment, as mentioned before. Some companies and also villagers could implement the necessary upgrading by themselves or find partners (investors or developers) who could account for the redevelopment.

The abovementioned former policies all have certain connections with the Three Olds policies, but these are not infringing upon them as levels of government discovered after some Three Olds projects were implemented. Three Olds focuses on land, while the others focus on specific projects, enterprises, and industries or, as the “one village – one policy,” on general guiding principles that were too vague to achieve results. Actually, Three Olds policies can be regarded as a supplementary policy conglomerate promoting the implementation of the above old policies.

Although the policies of Three Olds redevelopment are still in the maturing stage, so far some remarkable approaches to cope with the challenges of old village, old town, and old factory redevelopment have been formulated.

These can be summarized as building on incentive policies, agreements and compromises, profit sharing, transparency, professionalized support, developer involvement, strict supervision, maturing time management, and a decoupling from unpredictable push factors.

The municipal governments are actively pushing forward the process of urban regeneration and motivating both affected stakeholders and the market to accelerate upgrading processes by allowing for tax reductions, preferential policies, prioritized public auctions, and by as far as possible disburdening involved actors by permitting new opportunities that were not given before. Additionally, the municipal and district governments emphasize their willingness to compromise. Proactive stakeholder participation is encouraged and room for bargaining and discussion is given in order to find suitable solutions for the redevelopment challenges.

Much attention is paid to the transparency and “social harmony” of processes, even if this entails a slowing down of processes. Public hearings have to be held with the purpose of explaining, e.g., why renovation schemes cannot be approved or informing about the ongoing decisions and progress made. Also, compensation

schemes have to be made transparent as well as all other facts and figures of public interest. The total reorganization of the institutional and administrative setting under which urban regeneration is guided marks a step toward further professionalization and an increase in efficiency. Clear responsibilities and comprehensive supervision should guarantee enhanced and aligned redevelopment proceedings.

Since developers play a significant role as providers of funding, as experts on executing big urban development projects, and as market representatives, their involvement is highly welcomed but only under an ameliorated governmental supervision system that ensures the completion of redevelopment projects once they start. Finally, the insight that external push factors should be uncoupled from regeneration projects and the necessity of considering comprehensive sustainability are also proclaimed in the policies. Eventually, since there is not yet much experience gained with the full reconstruction, right now these statements depict pure rhetoric.

5.7 Conclusion: “Three Olds” Restructuring as Indicator for a Maturing Megacity

The formation of the Three Olds redevelopment policies of Guangdong Province can be seen as a great leap forward in the realm of urban governance. On the one hand, it is a result of long-lasting experimentation processes over approximately a whole decade dealing with built-up areas that are assessed as being used ineffectively or as disturbing factors within the planned urban fabric. The objective is to increase control over them, to more efficiently use those spaces, and finally to “integrate” them into the comprehensive municipal planning schemes. On the other hand, Three Olds redevelopment can also be perceived as a starting point for a more and more coordinated and professionalized process of urban development and urban upgrading under a maturing legal guidance.

Although Guangzhou and Shenzhen are both megacities in the PRD, both facing the urgent need of urban regeneration and upgrading, and geographically lying quite close to each other, they feature totally different starting positions of urban development. Guangzhou, capital of Guangdong Province, is a naturally grown city dating back to the Qin dynasty, whereas Shenzhen is a planned city that profited from its vicinity to Hong Kong and grew explosively as a Special Economic Zone (SEZ) after the reform and opening up era started in 1979.

Additionally, both cities’ degree of development are very dissimilar from each other (Ng & Xu here in Chap. 2), for several reasons. To only mention the most important, Guangzhou has to cope with many more “problems left over from history” (*lishi yiliu de wenti*) than Shenzhen, and as one of the five Chinese national central cities, Guangzhou has much more obligations than Shenzhen with the status as “only” a major city. In addition, Shenzhen is more powerful than Guangzhou in terms of financial capacity.

As seems quite obvious, due to historic reasons, Shenzhen reported much less urban area in need of regeneration than Guangzhou. With 234 km², they are taking

Table 5.1 Designated Three Olds areas in Guangzhou and Shenzhen

	Guangzhou	Shenzhen
Old town area	55.96 km ² (11 %)	8 km ² (3 %)
Old village area	266.48 km ² (54 %)	100 km ² (42.5 %)
Old factory area	171.66 km ² (35 %)	126 km ² (54.5 %)

Drawn by the author

care of less than half of the Three Olds areas Guangzhou has identified with 494 km² in total (please refer to Table 5.1 above). In both megacities, old town areas represent the smallest parts, amounting to 11 % (56 km²) in Guangzhou and only 3 % (8 km²) in Shenzhen.

In any case, although only representing very small parts and belonging to state-owned land, these areas must be estimated as being quite difficult to regenerate, because many single households articulate many single interests (for a more detailed description of old town regeneration, please refer to Shin in this volume), and social dissatisfaction – and even unrest – are regarded as very critical, especially in cities.

Urbanized villages pose the biggest challenges for both cities, not only because the physical appearances and safety standards often are far from satisfying but rather because different land use rights and traditional sociocultural communities need to be converted. Old factory redevelopment poses the least amount of problems among the three areas, even though these areas account for high percentages of the whole Three Olds areas in both cities (Guangzhou, 35 %; Shenzhen, 55 %).

As can be observed, the Three Olds pioneer approach of Guangdong Province to let its cities progressively experiment and to explicitly let them grope for their most suitable solutions best fitting to each city's circumstances allows for taking into account the specific inter- and intracity characteristics, while being united under the guiding umbrella of Three Olds redevelopment. The more experience gained, the more mature the approaches become. As a consequence, policy and decision-making processes are maturing as well resulting in increasing legal certainty, which already finds its expression in an increase of related policies and their continuous improvement and specification.

To summarize, the Three Olds policies allow for comprehensive urban upgrading measures that alleviate, promote, and disburden processes that have long been stuck. It allows for new ideas to come into play by inviting developers, villagers, and factory owners to make suggestions for redevelopment. The emergence of creative parks, of recreational facilities, of new industry, and of business incubators but also an increase in public open green spaces are some of the outcomes Three Olds old industry redevelopment has pushed forward so far.

Some urbanized villages have already been converted into modern urban residential spaces (Liedecun in Guangzhou, Yunongcun and Gangxiacun in Shenzhen), but they have also been renovated in the traditional way, promoting cultural heritage protection and new touristic hot spots (Huangpucun in Guangzhou) or allowing for the self-determination of future developments when capable urbanized villages want to take over the redevelopment lead (Xiashacun in Shenzhen).

When it comes to old town redevelopment, progress still lags behind. Residents' interests are too difficult to be balanced easily. These affected groups of society see

themselves as too vulnerable because compensation schemes will not permit them to afford similar residential space in the same area; the land is too expensive, the location factors are too attractive, and the social component is too conflict prone. Only an increase in public participation and integrative measures could allow for smooth redevelopment in old town areas, but so far, this endeavor must be estimated as being very sensitive, and the first experimental pioneers or experimental “points” (*shidian*) such as Enning Road in Guangzhou emphasize these difficulties (cf. Chap. 12).

Only the future will show whether here, too, cautious groping strategies and further enhancements of the Three Olds policies will find solutions that allow for win-win situations that promote redevelopment.

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Chapter 6

Examining China's Urban Redevelopment: Land Types, Targeted Policies, and Public Participation

Ye Lin

Abstract In recent decades urban redevelopment in China has attracted vast attention around the world. Many studies have identified this process as property-led, coalition-dominated, and as not caring enough for communities and residents. Facing significant economic and social challenges in such practices, the different levels of Chinese government have tried to adopt some new urban redevelopment policies.

This chapter studies a pilot urban redevelopment program, the “Three Olds Redevelopment” (*sanjiu gaizao*), in the Guangdong Province, to analyze the latest development in China. By examining the policy from three perspectives, land types, targeted policies, and changing public participation mechanisms, this chapter sheds light on the changes in China's recent urban redevelopment policies and develops a framework for analyzing such policy changes.

The findings are drawn from reviewing government documents, interviewing government officials and urban residents, and conducting fieldwork investigation. Questions are raised as to whether these changes will substantially change the way urban redevelopment is conducted in China, and further studies are suggested.

Keywords China • Guangdong • Urban redevelopment • Urban land • Public participation

6.1 Introduction

After China underwent fundamental land reform and housing privatization in the 1980s, the country opened up the urban redevelopment and real estate market for private capital and investors. Such reforms greatly changed the socioeconomic, political, and spatial structures of mega-regions in China, particularly in the coastal areas.

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Urban regeneration, economic restructuring, and social transition have altered the urban landscape in Chinese megacities. The processes under which such transformation took place are worth careful examination in order to analyze the forces behind them and the actors participating in (re)development. This chapter presents such an effort by looking at how government interventions, private investment strategies, and local community engagement play together to shape the outcome.

At the beginning of the reform era, two significant pieces of legislation were passed by the National People's Congress in 1988 to separate land use rights from land ownership rights: "Amendment to the Constitution" and "Land Administrative Law" (PRC 1988). While urban land remains state-owned and rural land is collectively owned by villages, commercial, industrial, and residential property owners acquire land use rights by purchase for 40-, 50-, and 70-year terms, respectively (Ye 2011). In the mid-1990s, the change of intergovernmental fiscal relations between the central and local governments and the decentralization of service responsibilities further exacerbated local governments' need for private investment in order to carry out urban (re)development.

Local governments used to control over 70 % of the total revenue in China before 1994 (Lin 2007). After the budget reform, the central and local governments shared revenues almost evenly, with local governments' public service responsibilities virtually unchanged or even increased. The imbalance of revenues and expenditures forced local governments to look for additional revenue sources. In the late 1990s and early 2000s, subnational government accounted for more than 70 % of total public expenditure while collecting less than 50 % of total government revenues (World Bank 2002). Thus, the private sector was invited into the domain of urban (re)development to provide an additional funding source. The profit-seeking goal of such investment overwhelmingly focused on the economic objectives of urban redevelopment, often ignoring its social and cultural goals (Fang 2000).

After a fast expansion of the commercial component of urban redevelopment and rapidly rising social unrest due to unfair compensation from land acquisition, the national government established the "National Regulation of Urban Housing Demolition and Relocation" (PRC 2001). This was implemented in November 2001 to provide a monetary compensation policy for relocated urban residents. Many local governments also developed targeted land acquisition and compensation schemes. But such piecemeal efforts did not substantially change outcomes. Urban redevelopment became one of the hottest issues in China around the turn of the century (He and Wu 2005; Shin 2009; Ye 2011).

In order to further examine the issues and the latest developments, it is necessary to trace China's urban redevelopment policies in different forms and their implementation process, actors, and policy outcomes. More specifically, the diversity of landright types and redevelopment strategies are worth looking at. A redevelopment policy called "Three Olds Redevelopment" (*sanjiu gaizao*) in Guangdong Province will be used as an example for this investigation. The remainder of this chapter is organized as follows. It first reviews existing literature to identify common views on China's urban redevelopment. Guangdong Province's pilot program, "Three Olds

Redevelopment” (*sanjiu gaizao*), is then examined to demonstrate the latest policy development. Targeted policies and the changing public participation mechanisms will be analyzed for different land types. This chapter concludes by discussing the implications of these analyses and suggests for further studies.

6.2 Land-Centered and Growth-Led Urban Redevelopment in China

The classical “growth machine” theory (Logan and Molotch 1987) argues that the city is a growth machine, one that can increase aggregate rents and trap related wealth for those in the right position to benefit. Elites use their growth consensus to eliminate any alternative visions of the purpose of local government or the meaning of community. Local business people are the major participants in urban politics. Business people’s continuous interaction with public officials gives them systemic power. They are assisted by lawyers, syndicators, and property brokers to form an apparatus of interlocking pro-growth associations and government units.

Local government is primarily concerned with increasing growth. Growth machine activists tend to oppose any intervention that might regulate development on behalf of the use values. A “regime” is often formed to accommodate such development. The “regime” paradigm (Stone 1989) is specifically about the informal arrangements that surround and complement the formal workings of governmental authority. Because local governmental authority is by law and tradition more limited than authority at the state and national level, informal arrangements assume special importance in urban politics. Since the government cannot do it alone, the capacity requires both public and private actors. The mechanisms of coordination must be informal, and a crucial question is how cooperation is achieved (Stone 1989).

A regime involves not just any informal group that comes together to make a decision, but an informal yet relatively stable group with access to institutional resources that enables it to have a sustained role in making governing decisions. The regime is purposive and empowering and is created and maintained as a way of facilitating action to achieve coordinated efforts that might not otherwise be realized.

Many scholars discuss the neoliberal regime and growth coalition formed by local governments, private developers, and foreign investors in order to carry out urban (re)development in Chinese cities (He and Wu 2009; Yang and Chang 2007; Zhang 2002). He and Wu (2009) observe that “the rationale of urban redevelopment in China has changed from the alleviation of dilapidated housing estates as a means of social welfare provision to state-sponsored property development as a means of growth promotion” (p 291). Such urban redevelopment often involves local governments and the private sector in an important partnership to create prestigious urban space which tends to be expensive for existing communities (Xu et al. 2009; Zhu 2002, 2004).

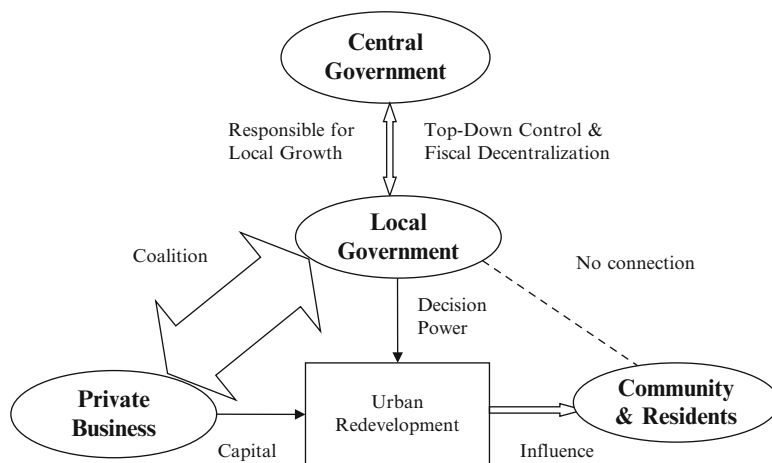


Fig. 6.1 The urban redevelopment process in China (Reproduced by permission of Lin Ye)

In a broader urban development policy arena, Zhang (2002) identifies the emergence of a new growth coalition in Shanghai, composed of “local government and non-public sectors (international and domestic), with limited central involvement in development projects and little community participation in decision making” (pp. 496–497). Different levels of Chinese government assume different roles in this process. He and Wu (2005) describe the private investor as the “primary participator in the pro-growth coalition,” with the district government working as an “active collaborator” and the municipal government assuming the role of “authoritative mediator and supervisor”.

The common interests of local growth produce a reciprocal relationship between local governments and business interest groups. Such growth-oriented local developmental policy processes and endeavors to create a favorable business climate may sometimes be at the expense of the national fiscal revenue. However, political control over localities is still retained as a main instrument for the central state to remain relevant, while local officials’ political career advancement is still largely under central control (Zhu 2004).

However, there is a missing link in such arrangements, which is the involvement of local residents and communities. In the urban (re)development process in China, the local government closely collaborates with real estate developers and investors, driving away local residents (Shin 2009). He and Wu (2005:16) describe that “[i]n most cases, urban residents are unaware of the urban regeneration plan until it has been decided and announced by the government and developers. Moreover, people normally have no idea about exactly when the demolition and relocation will commence, even if they have been informed of the regeneration plan from various channels”. The residents have little choice about relocating. No public agents were appointed to represent them in the decision-making process (Yang and Chang 2007). Figure 6.1 demonstrates how the above-mentioned urban (re)development process works in China.

Such a process is a vivid example of China's central-local intergovernmental relations and local pro-growth coalition-building. While the central government is more concerned about social stability and overall control, it is no longer directly involved in urban (re)development. Local governments on the one hand have to enforce central control. On the other hand, they have to be responsible for the capital and investment of local growth. For example, facing rising social unrest and conflict in land acquisition and resident displacement, the central government issued the "Regulation of Property Taking and Compensation on State-Owned Land" in January 2011 (PRC 2011), replacing the "National Regulation of Urban Housing Demolition and Relocation" that received a lot of criticism after having been in force for 10 years. This law specifies that the government has the obligation to fairly compensate relocated residents, with a required open information and public participation process. A court hearing will be available for any conflict arising during the relocation process, and the government no longer has the right to evict residents without a court order (Ye 2011).

Facing these more restrictive regulations in land acquisition and development process, on the one hand local governments have to follow these regulations. On the other hand, the pressures of fast economic growth and rapid urban development make local governments adopt targeted policies to deal with various land ownership types and pursue maximum development of different kinds.

These differentiated and targeted policies have not been fully explored in the existing literature which primarily focuses on the residential redevelopment in Chinese cities. However, there are at least three different land use types in China, and each serves as a unique circumstance for targeted redevelopment policies. These different land use types, with their differentiated ownership structures and actors affected in the redevelopment process, will be compared and analyzed in the following section.

6.3 Land Types, Targeted Policies, and Public Participation

Guangdong Province's pilot program, "Three Olds Redevelopment" (*sanjiu gaizao*), includes the three above-mentioned categories of land: former urban industrial sites, dilapidated urban residential areas, and existing urbanized villages. These land types represent a variation of ownership and use right structures and require specific redevelopment policies and strategies. For example, the above-mentioned "National Regulation of Urban Housing Demolition and Relocation" only regulated compensation for taking state-owned industrial and residential land, which left the compensation standards for taking collectively owned rural land unclear and solely subject to local jurisdiction. Before conclusions are drawn, the following section will analyze redevelopment policies and changing public participation schemes for different land use types by investigating multiple cases of the implementation of this redevelopment policy in the provincial capital of Guangdong, Guangzhou.



Fig. 6.2 Creative Park redeveloped from T.I.T. Creative Industry Zone (Reproduced by permission of Lin Ye). Note: This was an 8-m-high machinery workshop building. After redevelopment, it is now the home to a fashion design studio. The *top part* of the building keeps the original picture from its original use, showing workers, farmers, and soldiers (*gong nong bing*) united to build the country

6.3.1 Former Industrial Land

According to “China’s Land Administration Law”, land in the urban area is owned either by the municipal government or a state-owned enterprise (SOEs). The municipal government enjoys *de facto* ownership of urban industrial sites and can dispose of the use or lease rights of such land with almost absolute control (Zhu 1999). Most parcels of land in this category were formerly classified as industrial land use, with a small amount of land used for the collective housing of SOE employees.

As the provincial capital and regional economic center of Guangdong Province, Guangzhou underwent a significant economic restructuring in recent years, particularly after the global financial crisis (Lin 2007; Ye 2010). The city finds itself lacking available land for further development. Therefore, the spatial restructuring of industries has become an imperative and urgent task of the Guangzhou government. In 2008 the city issued an ordinance to “Retreat the Secondary and Advance the Tertiary Industries” (*tui er jin san*) in the city in order to make more land available for providing professional services. Over 300 manufacturing plants were ordered to move from the city center and vacate these formerly industrial lands (Ye 2011). Many of these plants were considered environmentally unfriendly or hazardous. The “Three Olds Redevelopment” policy targets such former industrial land and tries to redevelop it into new commercial and recreational spaces.

As shown in Fig. 6.2, the site of a former manufacturing base for the city’s textile machinery company in the district of Haizhu was abandoned for a project of



Fig. 6.3 Indoor winery exhibition space redeveloped from a former wharf warehouse (Reproduced by permission of Lin Ye). Note: The indoor roof intentionally keeps the former wharf warehouse style and gives this exhibition space a unique reminiscence of the industrial era and its original use

Guangzhou's "Retreat the Secondary and Advance the Tertiary Industries" (*tui er jin san*) policy in order to make more land available in the urban center. The manufacturing operation was terminated in 2004. In 2007, the Guangzhou Textile Trading Group (GTTG), the parent company of this plant, decided to remove the manufacturing component from the site and redevelop the land into a creative industry park. The project was listed as one of the key redevelopment projects in Guangzhou in two consecutive years, from 2008 to 2009. The project was completed in October 2009 and started to attract businesses from the art design and fashion sectors, as well as restaurants and hotels. The total land area of this redeveloped site is 930,000 m², with 550,000 m² of built-up land. The average Floor Area Ratio (FAR) of this site is below 0.5 and provides a unique environment for creative and service industries in the heart of the city. With a total investment of 200 million yuan, the site is expected to house over 80 companies and generate over one billion yuan in revenue. Within 1 year of opening, it attracted over 40 companies and over 200 companies expressed interest in moving there (Personal interview with a TIT park development official, March 9 2012).

Figures 6.3 and 6.4 show another example of such redevelopment. This site was redeveloped from a former wharf that had over 100 years of history but was no longer suitable for water logistics use. As early as 2003, the redevelopment of this wharf was proposed and discussed by the city government and the Guangzhou Port Authority Group, which was the owner and operator of the site. In 2007, the GPAG decided to terminate water transportation from the wharf and redeveloped it into a consumer and commercial location. This wharf has eight warehouses that were all classified as historical preservation sites of the city. The redevelopment



Fig. 6.4 Western style Mr. Rocky Bar and restaurant in Taigucang (Reproduced by permission of Lin Ye). Note: It would be difficult to identify this place as a historical site in China if only looking at the wall that shows a giant cowboy and cars of global brands in front of the bar

was completed in 2010, right before the 16th Asian Games held in Guangzhou. The redeveloped site has a total area of over 710,000 m², with 390,000 m² of buildup areas. The average FAR is only 0.8, with over 16 % of the areas as green space and 180 parking spaces for consumers. Two of the original warehouses are now operated by a subsidiary company of GPAG which leases space for commercial activities and group gatherings. The other six former warehouses were leased to entertainment and commercial businesses. Among them, two former warehouses were redecorated as a waterfront theater (Personal interview with a Taigucang development official, May 20 2011). Two others were remodeled as an international winery exhibition location (Fig. 6.3). Another warehouse is now a private yacht club. The other warehouse was redeveloped and leased to a western cowboy-style bar (Fig. 6.4).

The above two examples demonstrate the redevelopment of former industrial sites. There are several similarities that can be generalized from these two projects. First of all, the city government was very keen on such signature redevelopment projects. Many officials from both the city and provincial level visited these two sites before, during, and after the redevelopment process and commented on the efforts. Both governmental levels are showcased by the success story of the “Retreat the Secondary and Advance the Tertiary Industries” (*tui er jin san*) and “Three Olds Redevelopment” (*san jiu gaizao*) policies. However, governmental authorities were not directly involved in the redevelopment process. The parent SOEs established a

subsidiary company to take charge of the redevelopment and the future operation of both sites, including the financing of the redevelopment, the leasing of the redeveloped space, and in maintaining the site.

Some employees of the parent SOEs used to work and live on these two sites. They were easily given another job in the company (or simply dismissed with some compensation) and relocated to other places. The resident relocation was never a problem in such redevelopment of former industrial land because the majority of those employees (residents) did not have a private-owned use right of their properties. The properties were all collectively owned by the SOEs so the properties could easily be disposed of. The most difficult issue was the conversion of land use types.

Although both projects were praised by governmental authorities, the land was only given a temporary conversion of land use type from industrial to commercial use for 2 years when the redevelopment commenced. It is very difficult to apply for permanent conversion of the land use type because it involves many government agencies, including the land resources, land use, planning, and construction bureaus (Personal interview with a redevelopment officer, 20 May 2011). Both projects took about 2 years, which is to say that when the redeveloped sites were open for leasing, they were still classified as industrial land. But the government gave the consensus to the SOEs, and they were able to lease the land for commercial use.

Most domestic businesses have no problem leasing such land because they understand that the government will back up their promise to promote these sites as a signature urban redevelopment success and allow a long-term commercial use. A challenging situation occurred when some multinational corporations unfamiliar with this process approached the site: they only looked at the official land use document, and not many of the multinationals were willing to sign leases. Therefore, until now there have been few international companies located on these two sites (Personal interview with a redevelopment officer, 20 May 2011).

6.3.2 Dilapidated Residential Areas

Residential land in dilapidated urban areas presents a more complicated policy issue due to land use rights being legally owned by residents, and the SOEs do not play a major role in the redevelopment process. The “Three Olds Redevelopment” (*san jiu gaizao*) policies established a two-round public participation requirement in order to achieve public consensus and a smooth redevelopment process. According to the requirement, once a dilapidated urban residential area has been identified, a survey will be administered to ask all residents who own properties (renters are excluded) whether they agree to participate in the redevelopment program.

With the required approval rate met, the district government's redevelopment office, along with the street office and resident committees, will then collect a comprehensive community and residential profile of the area and develop a detailed technical redevelopment plan to submit to the municipal redevelopment office for

approval. The required information will include land condition, property ownership, resident demographics, public infrastructure, historical sites, and compensation schemes for relocation. The approved redevelopment plan will then be made public to all residents. A second-round survey will be administered, and approval by a minimum of two-thirds of all residents is required to start the redevelopment phase. It is expected that such a two-round public participation process will ensure the transparency and equity of urban redevelopment programs (Ye 2011).

In such redevelopment, the government-developer coalition tends to be much more dominant than in other cases due to the diverse backgrounds and loose association of residents in the affected community. According to Wu et al. (2010), urban poverty has been highly concentrated in dilapidated urban areas in Chinese cities. As the living environment of the urban poor became increasingly undesirable, many urban residents and families tend to welcome the redevelopment of their neighborhoods as long as they receive fair compensation and relocation packages (Ye 2011). As residents in urban neighborhood may not come from the same tribe or the same former SOE danwei, they do not usually form a strong association to negotiate or bargain with governments and developers. As stipulated in Guangdong's "Three Olds Redevelopment" policies, the government has to be the primary and sole actor to carry out the above-mentioned two-round public voting processes before the urban land can be designated for open bidding, the point when any developer can formally get involved.

However, in many dilapidated urban sites in Guangzhou, the developers participated quite early in this process. Sometimes even before any public inquiry began, a developer had helped the district government set up their field office to collect residents' opinions and demands for compensation. These developers usually do not get in touch with residents or any party directly to avoid any unnecessary conflict, but with their financial and in-kind assistance from the very beginning, they secure a favorable position when the land becomes available for investment.

In many cases, a dilapidated urban neighborhood is surrounded by land for which a developer has obtained the development rights and who has a major advantage to acquire a small parcel within a large piece of land. It is also to the benefit of the government that it only needs to deal with one developer instead of multiple parties to simplify the redevelopment process and, at the same time, achieve a large-scale urban development goal in the city. Whenever consensus cannot be reached between the redevelopment project and some residents, the district government will work closely with the street office and residents' committee to find appropriate approaches to persuade these residents (for a detailed account of these two street levels of powerful and interesting bureaucracies in Chinese cities, see Zhang 2002; Wu 2002; Shin 2009).

Sometimes such actions are organized by a demolition company (*chaiqian ban*) (or a "removal company" as referred in Yang and Chang 2007), a semigovernmental agency. A demolition company usually has strong ties with the district government and has been in business for a long period of time. Its employees tend to work as "people on the street" and know many of the residents involved. In order to persuade those residents who do not want to be removed, these employees try to talk to these residents all the time. In other cases, they will find out if these residents have any

family members who work in the government or are a CCP member. This family member will then be called upon to convey the government's message to their family and ask the family to follow the "public benefit" without resisting the redevelopment. Nevertheless, with the increasing public participation, this process has gradually become more transparent and open. As said by a demolition company manager, "I have been in this business for 20 years... now we cannot do the job as before... if we do not work well with the residents they will sue and the government won't be happy..." (Personal interview with a Taigucang development official, 20 May 2011).

Under these circumstances, what He and Wu (2005) and Yang and Chang (2007) describe in Shanghai's Xintiandi and Taipingqiao redevelopment projects is likely to occur. Pro-growth coalitions characterized by enduring cooperative arrangements between the public and private sectors emerge and fit the descriptions of "growth machines" and "urban regimes" described by western theories (e.g., see Logan and Molotch 1987; Stone 1989). In many cases, it is the district governments, not the big state enterprises, that become the agents for transferring land rights and pursuing the rent gap. Many examples show that land rentals (leasing) bring to the district and municipal government huge "extra-budget revenues" that are not tightly controlled by audit requirements from the central government (Yang and Chang 2007). The government controls the direction and pace of urban redevelopment through policy intervention, financial leverage, and governance of land leasing (He and Wu 2005). Economic benefit will be achieved through both the residential real estate development and the commercial development in the surrounding areas, seeking the maximum rent gap.

The cases in Guangzhou echo such findings. The only new phenomenon is that due to the two-round public voting requirement and increasingly open public participation, both the government and developers have to follow the legal procedure more strictly. They have to use all possible resources and policy leeway to reach a consensus among all parties involved to carry out redevelopment plans. As said by a government redevelopment official: "We are now trying to do the work earlier and talk to residents so they are aware about the redevelopment... but it is difficult to have them fully understand and agree" (Personal interview with a Taigucang development official, 6 May 2011).

6.3.3 Existing Urbanized Villages

The redevelopment of urbanized villages has probably been the most discussed issue in China (Chung 2009, 2010; Liu et al. 2010; Wang et al. 2009). This section will briefly outline the differences between urbanized village redevelopment and the other two types of redevelopment that are discussed in previous sections, trying not to reiterate what has been written in the existing literature.

The most unique element in urbanized village redevelopment is the function of the village committee throughout the process. As all properties, including land, buildings, and enterprises, in villages are collectively owned in China, the village committee assumes the owner and decision-maker's role through a

democratic self-governance process where each villager has an equal vote on redevelopment and other issues. For this reason, the village committee becomes the focal point of the redevelopment process. Guangdong's "Three Olds Redevelopment" policies allow village committees to represent the village and directly negotiate with developers in redevelopment. This is a unique condition that has not previously occurred in other redevelopment projects. Because of this, developers first approach the village committee and its members to start the process. The village committee becomes the channel of information between the developer, the government, and villagers.

Developers usually do not want to directly get involved with single villagers because of the large number of villagers and families in a village. Dealing with a small number of village committee members presents an opportunity for developers to get the negotiation process to move faster. Once an agreement is reached between the developer and the village committee, the latter will try to convince its villagers of the benefit of such plans. The redevelopment compensation and relocation assistance will also be distributed according to each family's share of the collectively owned housing plot in the village. All of this is done through the village committee.

As discussed in previous sections, the newly established "National Regulation of Urban Housing Demolition and Relocation" does not regulate collectively owned property taken in villages. The most recent regulation in this category, the Guidance on Consummating the Compensation and Relocation System for Land Requisition, was set by the Ministry of Land and Resources in 2004. In urbanized village redevelopment elsewhere, the compensation is set by the past value of lost agricultural income. One-time financial compensation for lost agricultural production capacity does not necessarily translate into an equivalent value of urban purchasing power when farmers who gave up their land do not have adequate skills to find new occupations and are often left without enough social welfare coverage (He et al. 2009).

Guangdong's "Three Olds Redevelopment" policies allow villages to directly negotiate with developers for market-price compensations. In one case where an urbanized village in Guangzhou received such a satisfactory compensation package, in November 2010 the villagers celebrated this with hosting a village banquet with over 8,000 in attendance (Sina News 2010). In this village, Liede, the compensation scheme was set at 100 % of the original square footage of any village residential structure, which allowed most villagers to move back to the area and own an apartment in one of the most central places in Guangzhou.

The redevelopment project was approved by the village and city government in 2007. The developers also agreed to rebuild a local school, a clan temple, and other public facilities when the project was set to be completed by the end of 2012. Whether such an outcome is due to the more *laissez-faire* political and economic environment (Lin 2007) or to the production of more open and transparent urban redevelopment policies in Guangdong remains to be seen.

The next section will discuss the above findings and draw some conclusions on the new policies before future studies are proposed.

6.4 Discussions and Conclusions

As for Guangdong's "Three Olds Redevelopment" policies, and particularly its public participation requirement, there have been several developing stories on how this requirement has given residents the power to say "no" to redevelopment they do not want. For example, a major urbanized village redevelopment was reported to be postponed indefinitely due to the inability to collect enough residents' signatures in the second round of voting. Several other redevelopment plans have not been approved due to their land use plans being in conflict with the city's master urban development plan (Southern Metropolitan Daily 2011). This indicates increasing public participation and a rise of fair negotiation in the redevelopment process in cities like Guangzhou.

These news reports, together with the new development discussed in this chapter, emphasize the necessity to closely examine the current urban redevelopment in Chinese cities. Although land-centered and revenue-driven redevelopment are still important vehicles for local governments and private developers to act together and maximize the economic growth and business return, more attention has been paid to affected residents and communities. For example, Guangdong's "Three Olds Redevelopment" policies provide residents with a voting power to determine the fate of a redevelopment proposal. With this power, governments and developers have to consider more carefully residents' benefit and their potential objections.

On the one hand, such development is a response to the rise in the contesting of the redevelopment process in the last two decades. On the other hand, it indicates a possible policy change in this field. As Ye (2011) describes, the Guangdong policy is a national pilot program. It will be promoted for national adoption if it receives positive results. The first 3-year trial of Guangdong's "Three Olds Redevelopment" policies is set to be completed by the end of 2012. This program points to a new direction in studying China's urban redevelopment.

This chapter has investigated urban redevelopment policies in China by examining different land types, targeted policies, and the changing public participation mechanisms. Different redevelopment projects have involved different strategies from the government's and developer's part, while residents enjoy increasing participation opportunities, either through individual voting in urban neighborhoods or collective decision-making in urbanized villages.

Urban redevelopment seems to follow a more strictly confined process stipulated by new laws and policies, while the government-developer coalitions remain strong. Government and former state-owned enterprises act as the primary participants in redeveloping former urban industrial land into commercial sites, many of which are house creative industries. Most residents were former employees of the companies, and not many other residents or communities were involved, which made the process rather smooth.

In former urban residential land where most redevelopment has occurred as property-led projects, residents and communities are affected more significantly.

They usually form sizable alliances to negotiate with the government and developers, who are the main actors for such redevelopment projects. The outcome of such projects tends to be renewed residential properties in city centers.

In villages where the land is owned collectively, village committees usually play an important role as “middlemen” between developers and villagers. Redevelopment projects occur with rural land being taken from the village and villagers and then converted for urban construction uses. Such a process is an integral part of China’s rapid urbanization.

In general, due to China’s unique land ownership structure, redevelopment projects take differentiated forms, with different actors participating and varied strategies involved. Only if we study different types carefully, we can understand the process more clearly.

This chapter seeks to investigate the process of urban redevelopment in maturing megacities in China. Facing the scarcity of land and the pressure to grow, Chinese local governments have to think creatively and act diligently to deal with various actors in the redevelopment process. Different types of land ownership, coalition participants, and formal/informal arrangements affect the policy formulation and the implementation processes. Inner-city redevelopment is in high demand so as to make precious land available for high-value office clusters in CBDs. Such policies are coupled with the economic restructuring and residential relocation in Chinese megacities. While the urban land is state-owned, dealing with derelict older manufacturing areas and dilapidated residential areas usually involves strong governmental powers and business alliances.

Making land belonging to urban villages available for residential redevelopment (in the city center and outskirt areas) requires sorting out multiple stakeholders and competing interests that have resulted from rapid urbanization in the early stages of the transition of the country. Collectively owned land and properties pose more complicated issues and require extensive bargaining among villages (villagers and village committees), developers, and the government. Such processes are witnessed throughout the coastal regions in China in turning urban space into internationalized economic powerhouses.

Traditional urban space is turning into manufacturing, services, and real estate development spaces, which lay the foundation for mega-urban growth. Strong government-business coalitions are formed to push such development via a decentralization of power and the employment of significant leeway and resources which are needed to overcome land ownership, zoning, and planning obstacles. What we are seeing is a multi-stakeholder coalition being formed and rectified. This chapter calls for further study to decode how such coalitions work in reproducing urban space and to reformulate the growth visions of China’s transforming urban landscape.

Acknowledgments This research was jointly supported by a 985 III, a key research, and an internal project fund of the Center for Chinese Public Administration Research, a “Hundred Talent Program” research start-up grant, and the 2010 Humanities and Social Science Young Scholar Tongshan Program Fund from Sun Yat-sen University.

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Part IV
Economic Upgrading

Chapter 7

Maturing Governance Over Time: Groping for Economic Upgrading in Guangzhou's Zhongda Cloth Market

Sonia Schoon and Friederike Schröder

Abstract Guangzhou has been focusing and promoting economic transition processes and strategies in the past decade to regain and consolidate its economic, political, and cultural power within the Pearl River Delta. This has taken place by the development and redevelopment of defined core areas, such as the Zhujiang New Town as Guangzhou's new CBD, Guangzhou University Town, or Guangzhou Science City as flagship project for establishing knowledge-intensive high-tech industries. At the same time and despite an otherwise strongly government-led and top-down followed urban planning system, one can observe very dynamic economic upgrading processes in areas not in the city or district governments' focus. Here, planning power seems to be overridden and replaced by micro-stakeholder organizations such as urbanized villagers or private investors. Taking a case study from Guangzhou, the chapter investigates how areas of economic change are developed differently, looking at aspects of actor involvement, their objectives, and relations in these processes showing that indicators for a maturing megacity can also be found there.

Keywords Economic upgrading • Urban governance • Economic cluster • Stakeholder relationships • Zhongda Cloth Market

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7.1 Introduction

Urban and economic upgrading in China follows distinct modes of governance that are adapting over time. In this chapter we argue that these modes of governance are especially characterized by controlled experimentation under permanent supervision. This involves conceded informality (Schoon and Altröck 2009a, b), practices of extensive consultation and study, a broad scope for negotiation and flexible coping strategies, and, at the same time, a mixture of authoritarian top-down decision-making and acceptance of market-driven rules. Thereby, the respective urban governments are cautiously fathoming out ways of coping with existing problems of high-density mixed land uses, overburdened traffic and infrastructure facilities, lack of land resources and newly upcoming phenomena of changing socioeconomic relations, as well as rising expectations for a “liveable” city, resulting in comprehensive upgrading.

To illustrate a prominent example of “governance over time” in the realms of urban restructuring and economic upgrading, we chose to focus on an economic cluster that developed out of market demand and grew incessantly for over two decades, the first of which allowed for a more or less uncontrolled and unplanned growth: Zhongda Cloth Market (ZDCM), China’s second largest textile wholesale market that lies in the heart of Haizhu District in Guangzhou, Guangdong Province’s capital city.

By addressing the question of “how is a spatially delimited area developed in times of economic upgrading”, we use the concept of urban governance as an analytical tool, drawing upon DiGaetano and Strom’s (2003) model of urban governance. As a comprehensive approach, it incorporates three major strands in comparative urban research, i.e., structural, cultural, and rational-choice approaches, and therefore sheds light on the complexities of urban development processes and their organizational logics by investigating structural, cultural, and actor-related influences (Schröder and Waibel 2012:101). This analytical governance perspective enables one to look at how regulation and coordination within a city occur, and it helps to unravel structures and processes in urban developments (Benz et al. 2007; DiGaetano and Strom 2003; Pierre and Peters 2000). The investigation of stakeholders involved, the way they are interacting, their political objectives, and, finally, the identification of governance modes will result in a better understanding and contribute to unpacking the complexity of ongoing economic restructuring processes in the urban sphere of the Pearl River Delta.

Thus, the analytical governance approach is taken as point of departure to operationalize our empirical research based on (1) 28 qualitative, semi-structured interviews conducted between December 2009 and May 2012; three focus group discussions, and a quantitative business network survey with 300 shops; (2) observations; (3) collection and analysis of secondary data (i.e., planning documents, policies, newspaper articles) and literature review (local and international scholarly articles bearing upon the area of interest); and (4) a typological inventory and analysis of physical characteristics of all ZDCM main streets.

The interviewees came from two groups: first, “stakeholders” that are people having a potential stake in the development process of ZDCM, such as members of

governmental bodies, planning bureaus, companies located in ZDCM, as well as inhabitants, workers, and village committees, and second, “experts” such as university professors and planning experts not directly involved in the development processes but with in-depth knowledge regarding the case study.

We proceed in this chapter in four steps. First, we will briefly introduce the structural context in which our case study is located in terms of the political environment over time. In a second step, we will embed ZDCM into the overall urban structure and into the urban development context with special regard to economic upgrading strategies in Guangzhou. After having defined the exogenous factors, in a third step we will introduce five development phases and their modes of governance over time. Finally, we will draw a synopsis from the analyzed development phases and conclude with our main finding that Guangzhou’s urban governments are maturing more and more in coping with the challenges of comprehensively governing the megacity.

7.2 ZDCM in Its Broad Structural Context

Much has been written from different economic, political, and sociocultural perspectives about China’s (urban) transition process since the opening-up and reform era after 1978 (cf. Friedmann 2005; Gaubatz 1999; Lin 2001; Ma 2002, 2004; Ma and Wu 2005; Oi 1992, 1995; Shen 2007; Wu et al. 2007; Wu 2002, 2006). It is commonly acknowledged that the country finds itself in a permanent process of accelerated transformation: from a country totally self-contained from the rest of the world under Mao Zedong’s communist dictatorship, over catalytic reforms with economic growth as main driver of the fundamental structural changes of the reform and opening-up era under the charismatic leadership of Deng Xiaoping, up to a more and more legalized central government apparatus, which now strategically and also prudently approaches the various problems of a country facing dynamic socio-economic changes (cf. Schoon 2011a, b). To sum up, the last 34 years can best be described as a time of permanent and rapid transformation, from a planned economy into a socialist market economy (“of Chinese characteristics”), from dictatorship to a system of “fragmented authoritarianism” (Lieberthal 1995; Heberer 2006; Heilmann 2004), from an isolated country to an international “global player”, from a centralized state to a strongly differentiating and decentralizing party-state with the goal to become an economically, ecologically, and socially balanced country with political stability.

The permanent change inevitably brings factors into play which endanger political stability. The transformation processes mentioned above are strongly connected with the justified self-understanding of the Chinese party-state. The friction brought up by the politics of reform and opening up also means a questioning of the legitimacy of the communist party, which, in order to be able to further advance changes seen as necessary, must abandon some fundamental communist ideological traditions and values and/or even act in ways that may be partly diametrically against

them. Accordingly, the Chinese Communist Party (CCP) has to walk a tightrope to reconcile new requirements with old values. In other words: it has to carefully get rid of old traditions that are considered as outdated and to adopt strategically meaningful new ones, without thereby withdrawing its own legitimation as superordinate power of the state.

Therefore, the politics and policies in China are likewise gradually reformed, modernized, and, in consequence, professionalized (Heilmann 2008, 2011a, b). The “Cat Theory”, being a pragmatic guiding doctrine at the beginning of the reforms (“no matter if it is a black cat or a white cat, as long as it catches mice, it is a good cat”) (Li and Lok 1995:12–13), was substituted by a more subtle balancing ideology of prudent progression in the course of time, then designated as “mozhe shitou guo he” (Chen 1994:136), “groping for stones crossing the river”.

From this approach, experimental methods toward reforming, as well as policy-making, were developed in order to cope with phenomena and problems that had never been experienced before. These find their expression in strategies proceeding “from point to surface” (you dian dao mian), where experiences are gained from experiments in geographically or administratively defined small units first and that are then expanded in case of success (cf. Heilmann and Perry 2011; Florini Ann et al. 2012; Schoon 2012; Schröder and Waibel 2012). Well-known examples for this “groping” approach are the Special Economic Zones (SEZ), in which early reform stage market economy activities were tested first and subsequently carefully implemented on larger, regional scales and finally nationwide.

With this comparatively careful procedure, stability-threatening effects should be avoided that would inevitably influence projects or politics and whose consequences are extremely difficult to be foreseen. The most prominent examples of fatal “one-fits-all” politics and their consequences that had to be overcome can be found in recent Chinese history, for example, the forced industrialization during the Great Leap Forward and the Cultural Revolution.

Political stability as the highest priority of the party-state can only be attained if the economic growth and prosperity of the country are increased and are not put at risk. For this reason, Wen Jiabao “emphasized the need for national, long-term coordination of economic, social, technological, and environmental development” (Heilmann 2011a:34) in 2003, opening out in a nationwide “harmonious” and “scientific” development program that is triggered down to local governments, highly influencing their local policy implementations (ibid.). These national policies greatly influence the current procedures of local governments when it comes to economic and urban upgrading, which is to be described here with the help of the case study of Zhongda Cloth Market in Guangzhou and its governance over time.

The example of ZDCM points out how strongly intertwined not only economic and spatial development are but likewise urban governance: how local participants negotiate policy fields and contents and which expression they find in economic upgrading, spatial revaluation, and a more and more symbiotic cooperation between governmental and private sector actors which will be shown in the following. However, we will first introduce in which environment and under which conditions ZDCM has developed and which exogenous factors were relevant in influencing past, existing, and future economic and spatial developments and upgrading processes.

7.3 Introduction of ZDCM

ZDCM is an economic cluster in Haizhu District, one of Guangzhou's central districts that came into being in the late 1980s. It was established as result of a municipal rectification program forcing informal mobile vendors selling knitting wool and other textile fabrics at the northern end of Haiyin Bridge in Yuexiu District (Schröder et al. 2010) to move to the area south of Sun Yat-sen University in the urban periphery (Private Economy News 2005). Initially a small, informal pavement economy, ZDCM is the second largest wholesale textile market in China today. To understand the market's development and the associated different governance approaches, we will discuss its role in the urban context of Guangzhou by elaborating on the overall development trajectories of Guangzhou and Haizhu District in particular.

7.4 Guangzhou City and Haizhu District

As the capital of Guangdong Province, Guangzhou is a city with more than 2,000 years of history and a diverse urban structure. It would reach too far to introduce Guangzhou's characteristics here. We will briefly introduce the strategic approaches to further develop the city. The Reform and Development Plan of the Pearl River Delta (2008–2020) states clearly that Guangzhou should stiffen its position as a national central city, as a so-called regional culture and education center, to build itself into a “livable capital in Guangdong Province and into an international metropolis serving the whole country and even the whole world” (National Development and Reform Commission 2008).

In the course of transition, high intercity competition in the Pearl River Delta (PRD) has led to a relative decline of GZ's economic power compared to cities such as Shenzhen, Dongguan, and Zhuhai in the region. Moreover, its large population of approximately 12 million inhabitants, high building density, increasing factor costs, and that Guangzhou's land, energy, natural resources, and natural environment are becoming scarce, are threatening Guangzhou's former powerful economic, political, and cultural position in the region. Thus, Guangdong Provincial Party Committee and government indicated that Guangzhou must make every effort to become the regional center of modern service industries. Therefore, the future trend is seen to be devoted to major efforts to develop modern service industries, which have a high degree of knowledge-intensive, high added-value, low resources consumption, and little environmental pollution, and to construct a modern service center. This way, Guangzhou aims to enhance its comprehensive competitiveness in the PRD.

With the goal of speeding up the growth of Guangzhou's tertiary industry, Guangzhou Municipal Government is upgrading more than 33 traditional but large-scale, effective, and professional wholesale markets to modern trading markets and exhibition centers; upgrading and reconstructing more than 11 wholesale market clusters to wholesale regions; and planning to build five new large-scale import and export wholesale markets (Jiang 2007:5). Herein, Haizhu District is seen as an

important “window of Guangzhou’s foreign business and trade”, and it is depicted in Guangzhou’s Southward Development Strategy as a so-called ecotype city zone which should incorporate the conference and exhibition industry, education, and scientific research, ecology conservation, information industry, and ecotourism. It is required to arrange its wholesale markets in accordance with the spatial structure of “one district of two sections, four axes and four centers” (Yuan et al. 2007:6).

The present economic focuses of Haizhu District Government are mainly on three regions. The first is Pazhou Region in the east of the district, with the objective to attracting more exhibition and convention enterprises and enterprise headquarters to settle down here; the second is the Administrative Service Center at the south of the central axis, near Guangzhou Avenue; the third is the Baiertan Entertainment and Leisure Region at the western shore. In addition to these three key regions, the district government is determined to develop mainly five industries, namely, headquarters industries, exhibition and convention industries, creative industries, high-tech industries, as well as modern business, trade, and service industries (Interview with HZDET B 2010). ZDCM belongs to the modern business, trade, and service industries. Generally, the goal is to create a “diverse and dynamic Haizhu” within the coming 5 years.

7.5 Zhongda Cloth Market’s Development Over Time

ZDCM has evolved from an early informal pavement economy in the late 1980s to a professionalized textile wholesale market. The small market grew steadily in the 1990s and became more professional when iron-sheet sheds and later brick shops were introduced for the storage of goods. Although it can be assumed that ZDCM initially mainly grew as a huge wholesale market, it developed into an economic cluster by the turn of the century. According to Altrock and Schoon (2013), “the rather elusive term cluster is applied [referring to ZDCM] because it grasps the nature of the area intuitively: a complex agglomeration of diverse companies, linked to each other via demand and supply chains, partially even mutually depending on each other, allowing for a flexible yet integrated system of production, assembly and services around a diversified family of products in an environment of severe competition”.

ZDCM is composed of a great spatial and economic diversity of activities and entities: big wholesale malls next to urbanized villages¹ next to storehouses next to residential space, etc. The informal or rather demand-oriented characteristics that

¹We use the term “urbanized villages” (*chengzhongcun*), according to Altrock and Schoon (2011:38), indicating that during the process of urbanization, former “natural villages” were incorporated by the city. The municipal governments mostly compensated the village collectives holding the land use rights for losing their agricultural land, but did not manage to compensate also the villager’s residential area and therefore these stayed with the village collectives. Today, there are still some areas in the city with land use rights under control of the village collectives (*ibid.*).

shaped the market can be traced back by looking at the area from an aerial perspective (see Figs. 7.1, 7.2, and 7.4). This makes clear the difficulties the cluster is inevitably facing when it comes to comprehensive upgrading, especially taking into consideration the several urbanized villages extensively involved in the garment business that are integral parts of the whole cluster, but which cannot easily be upgraded or redeveloped because of the complicated land use rights structure that is to be found there (for further details on this matter, refer to Chap. 10).

Analyzing ZDCM with regard to the identification of its governance modes reveals a development that can be divided in five phases which are characterized by different governance approaches over time, i.e., (1) an infancy phase of unregulated, market-driven growth from 1988 to 1995, (2) a period of unstructured groping from 1996 to 2000, (3) an experimental phase of groping from 2000 to 2004, (4) a phase of differentiated groping, and (5) a phase of stabilization and maturing since 2010. We use the term “groping” to describe the way of experimentation and adapting to challenges in urban restructuring and transition processes, referring to Chen Yun’s proclaimed strategy of “groping for stones crossing the river”. It adverts to experimentation-based restructuring and policy processes that are key to China’s rather unexpectedly adaptive capacity in an authoritarian, bureaucratic environment termed as “experimentation under hierarchy” by Heilmann (2008:2). Policy experimentation in democratic political systems differs from that in China in one essential approach: whereas experimentation in democratic, federalist systems precedes policy implementation, policy experimentation in China connotes “innovating through implementation first, and drafting universal laws and regulations later” (ibid. 4). It involves cautious groping generating policies that answer and bring about transformative change.

7.5.1 Phase One: Unregulated Growth (1988–1996)

The first phase from 1988 to 1995 can be characterized as phase of market-driven, unregulated growth. A rectification program launched by the municipal government in 1988 prohibited a flea market specialized in selling wool products under the Haiyin bridge directly on the Pearl River shore. Dozens of sellers relocated with their mobile stalls to the area south of Sun Yat-sen University where a wool plant had been opened (Private Economy News 2005).

At that same time, this area belonged to Guangzhou’s peri-urban belt hosting labor-intensive industries such as a tractor and a motorcycle factory and some agricultural land. However, the natural villages south of the campus were already deprived of most of their agricultural land and on the verge of taking advantage of the opportunities offered by the textile traders and industry moving there.

A simple, informal trading market comprised of approximately 100 small and short-term stalls came into being. The stall keepers collected their goods from factories close to the area and sold their products in turn to small workshops who processed them into cloth and garments in the same area. The market gradually developed into a cluster of textile-related buyer–supplier networks. Advancing

production modes and sales activities led to a market diversification, triggered the reputation of a “Zhongda” brand, and resulted in growing business networks initially from the local level to even nationwide trade and fame.

During this phase, the market developed out of demand and supply logics, aiming at growth at all costs, mainly depending on the activities of the businesspeople themselves, and to a large extent ignored by and without any interference from governmental bodies. Economic growth and concurrent governmental laissez-faire ignorance was the foundation for a symbiotic relationship between village inhabitants, who lost their agricultural means of existence and were searching for new opportunities to earn money, and the businessmen focusing on profit gain and economic expansion. The village inhabitants provided affordable housing, working, and warehouse space and thus speeded up ZDCM’s start of dynamic economic growth.

Originally a manufacturing district, Haizhu District had many factories engaged in the processing of garments and accessories in ZDCM’s surroundings. Because these factories were mostly small with approximately 100 employees each, the wholesale shops had varied but small supplies of goods. Zhongda Cloth Market became a clustering area of short-term and simple trade. A large number of stalls expanded unrestrictedly and occupied roads that had been originally designed for other uses. In this way, many illegally constructed shops emerged. In addition, the market lacked guidance and long-term planning, bearing numerous hidden dangers in the aspects of management, infrastructure facilities, fire protection, security, and sanitation (Yuan et al. 2007:6).

7.5.2 Phase Two: Unstructured Groping (1996–2000)

By the mid-1990s, ZDCM was physically characterized by typical urbanized villages with extremely dense, so-called kissing houses (woshoulou) that lacked fire-escape passages and planned-infrastructure facilities. They had amenities of poor quality, exacerbated by not only being used as residential but also as a mixed-use environment: hosting small workshops, warehousing, workers’ dormitories, even small factories, etc. (see Chap. 8). As a consequence of uncontrolled expansion and disordered management, issues of transportation and public transport were neglected and led to chaotic traffic situations. For the first time, the resulting security and fire protection problems raised the district government’s awareness for the need to establish countermeasures to enhance the physical environment.

One self-evident coping strategy was to try to overcome the problem of such a scattered and diversified cluster by proposing a newly constructed center for garment business activities under one roof, the so-called Tianxiong Textile Center in Guangzhou Avenue. The government required all shops to move to there. This top-down decision could never be realized, however, because Zhongda Cloth Market already had developed its own market-driven business logic and the local (district) government faced a lack of implementation power. This is also true for the district government’s plan to cover the area with an orthogonal street net that had



Fig. 7.1 Zhongda Cloth Market in 2000 (Drawn by Joana Möller 2012)

already been considered in the late 1990s but has not been realized until today due to complex stakeholder constellations and land use rights.

At the same time, fierce competition from China’s largest formally planned textile industry cluster in Keqiao, Zhejiang Province, challenged Zhongda’s competitiveness: the steadily growing export volume of textile and clothing in Keqiao increased the disparity between the two provinces’ textile industries. However, ZDCM expanded incessantly in this phase, already with around “5,000 people and 3,000 varieties of goods involved” (Yuan et al. 2007:6). Low rents for shops and low expenses for taxation in this initial stage attracted more and more operators. Flexible mechanisms of land use and land lease within the urbanized villages also contributed to a continuous expansion of ZDCM’s scale and economic impact in Haizhu District (ibid.).

7.5.3 Phase Three: Experimental Groping (2000–2004)

By the turn of the century, ZDCM’s physical outline was characterized by a narrow, organically grown structure of villages hosting worker’s dormitories and a great number of garment-processing factories. Two bigger factories manufacturing motorcycles and tractors dominated the west and north regions of the area. The southern edge of ZDCM was to a vast extent still mainly agricultural land (Fig. 7.1; Altrock and Schoon 2013). In this phase from 2000 to 2004, ZDCM developed into a consolidating economic cluster that was recognized as the biggest specialized textile market and as a trademark in Guangdong and Southern China. Contrary to mere physical upgrading measures in the previous phases, Haizhu District

Government now started to experiment with comprehensive upgrading strategies beginning with a focus on the management of ZDCM. Thus, it issued various measures to strengthen the management, including fire-prevention measures, for which nearly 200 million yuan were invested in the year 2000 (IV HZDET B 2010).

As a further step, in 2001 the district government authorized Fengyang Street Office to manage the market. Additionally, a so-called Leading Group consisting of municipal and district level political cadres was set up to supervise the developments. This was all in line with “Policy No. 10” [2001] issued by Haizhu District Government with the objective of carrying out comprehensive improvement and upgrading of ZDCM. In December of the same year, Fengyang Street Office also set up a “Zhongda Cloth Market Security Team” as an additional step in order to strengthen the security administration in the market (Yuan et al. 2007:20).

In August 2002, the government of Haizhu District established a “Comprehensive Improvement and Management Committee for Zhongda Cloth Market and its Surrounding Area” (Haizhu District Government No. 107 2002), which covered the aspects of security, transportation, fire protection, etc. However, they proved to be only little more than a temporary palliation without any effective long-lasting results. Despite the intended fundamental changes, the area proved to be too complex and too hard to control mainly due to complicated land use rights for these initiatives to establish effective long-lasting administrative mechanisms (ibid.).

Nevertheless, these measures can be characterized as the first experimental steps away from inappropriate physical, rather reactive countermeasures, toward fundamental, proactive upgrading. An indicator for this quite progressive approach of the district government can be seen in the establishment of the first redevelopment plan in 2003 which states clear objectives to redevelop ZDCM into a “well-equipped and well-managed specialized market with trading, exhibition and manufacturing zones” (IV HZDET B 2010).

7.5.4 Phase Four: Differentiated Groping (2004–2010)

From 2004 onward, the redevelopment plan started to be implemented. The first step was the construction of a north–south traffic axis, the so-called Ruikang Road, building the main development axis and future core market area (Fig. 7.2). In compliance with the road construction, informally erected shops along the planned axis needed to be demolished. However, a lack of coordinated planning and implementation procedures led to the incident of shop renters noticing demolition characters (chai) at their shop fronts without receiving any prior notice from relevant authorities. It was then announced that the demolition would start within the next two days leaving the renters without any time to prepare their relocation.

As a reaction, the renters formed a coalition headed by a lawyer who articulated their interests in an “Urgent Report on Coping with Ruikang Road’s Construction and Protecting the Cloth Market” which was handed to Haizhu District Government (Hu 2004:3). This bottom-up intervention forced the affected authorities to



Fig. 7.2 Zhongda Cloth Market in 2005 (Drawn by Joana Möller 2012)

postpone the execution of the demolitions. Nevertheless, the first wave of demolition started at the end of June 2004, with 2 months' delay, cracking down on approximately 1,500 shops, and in a second wave in mid-August on another 50 buildings that were connoted as being illegal (Hu 2004:3; Liu and Deng 2004:1).

With these proceedings, the redevelopment of ZDCM definitely entered a stage of accelerated renovation speed as was already announced in December 2003 by Haizhu CPPCC (2003). Thus, the construction of Ruikang Road went along with an increasing number of large-scale projects (Guangzhou International Textile City opened in 2005; Jiuzhou Fabric Market opened in 2007; Changjiang Fabrics & Accessories Center opened in 2010) and therefore expansion of the area mainly toward the south (Fig. 7.2). Moreover, Ruikang Road can also be seen as initial step to be followed by a number of different governmental planning attempts to facilitate upgrading processes of the market, especially in the field of planning rectification, management, and infrastructure facilities.

For managing and progressively regulating the area, the ZDCM Management Committee was officially set up in 2004 as a mediating body between district government's interests, mainly Fengyang Street Office, and the market interests. Till today, it directly and constantly manages the market on a grassroots level. This has been an important milestone to start balancing the different and partially competing interests in the area.

On higher governmental levels (district, municipal), up to even the central government, more abstract and strategic political instruments for upgrading the ZDCM and also the whole Haizhu District and Guangzhou city were constantly discussed and negotiated. Among them—only to mention the most important ones influencing ZDCM—are “Promotion of Key and Big Projects” in order to suppress small and



Fig. 7.3 Two axes, seven regions—strategy in Zhongda Cloth Market (Drawn by Joana Möller 2012)

traditional money transaction businesses that are impossible to control, by systematically promoting professionalized markets and wholesale malls. The logic behind this approach is to automatically exert displacement pressure by promoting large-scale projects and thereby forcing small shops and businesses to adapt to the professionalized surrounding if they want to survive.

The first of those promoted large-scale projects was Guangzhou International Textile City built on the former area of the tractor factory northeast of Ruikang Road (Fig. 7.2). Another strategic plan is the “Planning and Transformation of the ZDCM and its Surrounding Areas” (Liang 2005) whose aim is to transform ZDCM into a so-called modernized, professional textile wholesale market with “perfect supporting facilities, complete functions, excellent services and standardized management” (*ibid.*). Moreover, the previous ZDCM redevelopment plan of 2003 was amended by the “2005 Environmental Improvement Plan” that again focused on infrastructural rearrangements, introducing the “Two Axes and Seven Regions” strategy. The plan suggested the subdivision of the whole area by two commercial development axes along Ruikang Road (north–south) and Yijing Road (east–west) and seven functional regions including four wholesale-market regions, one public service region, one logistics center region, and one so-called landscape region planned by the district planning bureau (Fig. 7.3) (IV HZDET B 2010).

Haizhu District Government went even further and in its 12th Five Year Plan (2006–2011) proposed the so-called Accelerating Development Strategy for ZDCM, for the first time considering the area as an important driver of Haizhu District’s economic development. The plan proposes the establishment of an integrated development plan addressing the well-known problems of narrow and crowded streets by

further infrastructural upgrading (drainage system, enlargement of the transport network), fire security, and to deal with informal economies and associated fiscal evasions by introducing standardized management tools (local tax bureau, support for unlicensed businesses within the market to turn into legal businesses, etc.) (HZDG No. 13 2006). These proposed strategies opened into the “2007–2016 Planning of Business Networks”—a plan promoting projects that are considered important for the whole district, including large-scale projects in ZDCM, such as Guangzhou International Textile City, Jiuzhou Fabric Market, Zhujiang International Textile City, and Changjiang Fabrics & Accessories Center. Each year, Haizhu District Government allocates supportive funds to these “key projects” to carry out technological innovations.

This program should strengthen the strategy of supporting large-scale, professionalized projects to suppress small, often unlicensed businesses and therefore combat the heavy tax evasions in this area, which even led to the discussion of fully eradicating ZDCM in favor of a planning from scratch in order to settle the area with businesses and residential estates with expected higher revenues (IV HZDET B 2010). An external experts’ committee comprised of urban planning experts and economic and urban administration scientists came into being to compile a survey investigating strengths, weaknesses, opportunities, and threats of ZDCM.

In the end, the survey did not propose the eradication—not least due to the highly complex land use rights in this area—but, on the contrary, suggested to strengthen efforts to develop the area into a modern textile cluster. This resulted in so-called guiding ideologies for ZDCM’s development, further strengthening “taxes according to law, standard management, optimization of services and sustainable development” by a combination of implementing inspection, education, and punishment measures. In other words, applying strict law enforcement and institutionalized management (HZDG No. 34 2007).

7.5.5 Phase Five: Maturing (Since 2010)

ZDCM is a naturally developed economic cluster that has been gradually professionalized as shown in the previous stages and where different physical areas can be found in situ: residential space, old industries, and urbanized villages. By the year 2012, the area manifested itself as a widely built-up area showing only little green spaces left from what could be seen on the first aerial view from 2000. Though still apparent, the small, fragmented, and narrow physical outline has given way to a number of large-scale infrastructure and real estate projects, mainly wholesale malls along the two axes Ruikang and Yijing Roads but also large residential properties (e.g., along Yijing Road, Fig. 7.4).

Over time, ZDCM has been positioned as one of the four commerce and trade centers in Haizhu District designated by the Haizhu District Committee and the District Government. With the goal of becoming a modern and specialized fabric



Fig. 7.4 Zhongda Cloth Market in 2012 (Drawn by Joana Möller 2012)

wholesale market providing comprehensive facilities through a mixture of secondary and tertiary industries, it also aims to become a textile business area with functions of garment trade, logistics, standardized management (e.g., e-commerce), and services.

Fundamental milestones and central influencing factors for the future (re) development of ZDCM are the policies of “Three Olds Regeneration” (*san jiu gaizao*), implemented in early 2010 by the Guangzhou Municipal Government (No. 56 2009). The fields of responsibility regarding these policies concern three dimensions, i.e., “old residential space”, “old industries”, and “old villages” (urbanized villages), which can all be found in ZDCM. To implement the “Three Olds Regeneration Policy”, new bureaus were established at district level. They are exclusively responsible for urban regeneration, with divisions that are each taking care of old villages, old town areas, or old industries. Every district has branches under the umbrella of a municipal office (Schoon and Altrock 2013).

The Three Olds approach toward physical urban regeneration promises to become the first comprehensive policy that includes a wide variety of different neighborhood types and develops specific strategic regeneration goals derived from a thorough analysis of local conditions. The objective of this policy is as follows: “adjusting, transforming and upgrading the industrial structures, enhancing the city image, improving urban functions and the urban and rural living environment, and establishing socialistic new villages under the premise of further increasing the level of economic and intensive land use” (The People’s Government of Guangdong Province No. 78 2009). The roadmaps on how to reach these objectives are currently being drawn.

The most relevant policies for ZDCM are those concerning the urbanized villages, as they cover most of the territory (see Chaps. 5, 6, 8, and 10). Before the implementation of Three Olds Regeneration, it was often unclear which bureau was responsible for which matters. Especially in the cases of urbanized villages, upgrading the complex structure of the areas themselves involved many governmental stakeholders, but decision-making processes were not easy and often ineffective because bureaucracy and uncertainty did not go together well.

Another milestone is the government's insight that grown and functioning market logics cannot just be displaced by top-down introduced urban administration measures. The new credo that is propagated in this phase says: "the government is guiding and the market is leading", meaning market interests are acknowledged and endogenous market forces are allowed to distribute resources in terms of goods, employment, and capital and to trigger economic development, but the willingness of the government to control and to guide planning policies is ultimately unchallenged. Integrating market power and governmental power is understood as key to developing a modern service industry (Guangzhou Municipal Development and Reform Commission 2009:5).

The biggest change can be seen in the fact that urbanized villagers have to be actively involved in the regeneration process, and only an informed consent of more than 80 % in two rounds of democratic voting each can decide on whether upgrading will take place or not. Therefore, if the villagers do not sign a regeneration agreement, their will cannot be ignored; urban regeneration in the respective area will accordingly come to an end, at least for a while.

As a result, the acknowledgment that urban regeneration is "actually just a matter of time" (stated in several interviews with urban planners 2011–2012) displays a new mindset of actors concerned. With this frequently expressed statement, exogenous influencing factors should in the future be decoupled from urban regeneration objectives. It depicts the lessons learned from the Asian Games held in Guangzhou in 2010, which served as a gigantic driving force for urban upgrading, definitely offering a lot of development opportunities but nevertheless also encompassing a lot of dangers and threats due to accelerated speed and increasing implementation pressure.

7.6 Synopsis

Structural changes in the approaches about how to develop and redevelop ZDCM become obvious when looking comprehensively at the whole area from multiple perspectives, taking into consideration governance arrangements and their economic and physical as well as management outcomes. What has been identified are the five different development phases introduced above: from initial unregulated growth, via unstructured and experimental groping, via differentiated groping, toward maturing coping strategies (see Table 7.1).

Table 7.1 Development phases and their different governance approaches of ZDCM

	1988–1996	1996–2000	2000–2004	2004–2010	Since 2010
Development phases	Unregulated growth	Unstructured groping	Experimental groping	Differentiated groping	Maturing coping
Governance modes	Laissez-faire	Developmental state		Corporatist-managerial	Toward pluralism
Governing relations	Unregulated, informal	Bureaucratic, informal	Bureaucratic, informal, exclusive negotiation	Bureaucratic, exclusive negotiation	Mediation among competing interests
Governing logic	Market development	Authoritative	Authoritative	Authoritative, consensus building through consultation and negotiation	Conflict management, compromising, consultation and negotiation
Key decision-makers	Market operators, shop owners, businessmen, village collectives	Politicians, market elite (e.g., mall developer)	Politicians, market elite (e.g., mall developer)	Politicians, (civil servants) urban planners, interest groups, experts	Politicians, (civil servants) urban planners, interest groups, experts
Political objectives	Economic growth	Economic growth, competitiveness		Economic growth, recognition of social interests, upgrading	Upgrading and regeneration, keeping political and social balance

Drawn by the authors

The analysis of all five identified development phases showing different governance approaches and the resulting modes of urban governance gives insights into the organizational logic behind the ongoing economic restructuring processes in ZDCM in particular but also in Guangzhou as a whole city.

Drawing upon DiGaetano and Strom's (2003) four characteristics to investigate urban governance modes, namely, governing relations (i.e., modes of interaction between government officials and private interests), governing logic (i.e., the way of decision-making), key decision-makers, and political objectives, we identify four urban governance modes determining how ZDCM has been governed over time. However, the analysis not only unfolds categories of DiGaetano and Strom's defined five ideal-type modes of urban governance (i.e., clientelistic, corporatist, managerial, pluralist, populist) but also classifies and depicts modes of governance drawing upon categories of Pierre (1999), Thun (2004), and Wuttke (2011). This seems to be adequate to better cope with the complexity of China's political, cultural, and structural diverse urban developments that have influenced ZDCM's development path.

The first phase can be characterized as governed by a mode of *laissez-faire*, the second and third from 1996 to 2000 and 2000 to 2004, respectively, as developmental state approach, the fourth from 2004 to 2010 as managerial, and since 2010, the fifth phase, by an increasingly pluralist approach. Interestingly, these phases identified for the ZDCM's governance over time are to a large extent consistent with the timeframes of the 9th to 12th five-year plans the Chinese central government is using as instruments to plan the national economy. How far this fact is just a coincidence or can be seen as an outcome of China's scientific outlook on development must be left open here.

Laissez-Faire From the beginning of ZDCM in 1988 to the mid-1990s, governance modes formed around unregulated and informal relationships among economic actors, such as shop owners, traders and manufacturers, and village collectives. Governmental bodies left the area largely unattended and unregulated in a *laissez-faire* mode, mainly due to its political and economic insignificance in Guangzhou's urban area at that time. The governing logic in this phase was one based on pragmatic exchange which the primary objective was economic growth to provide selective benefits to the economic actors participating in market activities.

Developmental State The second and third development phases are both characterized by increasingly bureaucratic but mostly informal relations between politicians and the market elite. From 1996 to 2000, for the first time, governmental bodies brought the problems in ZDCM onto their agenda; however, for the time being in a rather unstructured way. First attempts toward a more consistent and systematic approach, as well as more strategic planning, followed from 2000 onward. The governing logic of this developmental state mode in ZDCM is imbued by authoritative decision-making by government officials. The political objectives were formed around economic growth and on progressively focusing on security and infrastructural issues in order to enhance the competitiveness of the area.

Managerial Mode The fourth phase from 2004 to 2010 is—like the second and third phase—characterized by bureaucratic and exclusive relations between governmental officials and private sector interests, mainly companies with high investment volumes in the area (mall operators). Authoritative decisions imbue the governing

logic of this managerial regime. However, more and more attempts for consensus building through consultation and negotiation among competing interests come into being, not least due to central-level attempts for social and economic sustainability which find expression in Hu Jintao's signature ideology of "Scientific Development" and "Harmonious Society". Accordingly, the political objectives of this phase are on economic growth orientation with an increasing focus on and concern for the effectiveness, efficiency, and, last but not least, environmental and social impacts of economic development, governmental policies, and programs.

Toward Pluralism Despite the predominance of an authoritative party-state system, the fifth, since 2010, ongoing phase of ZDCM development shows characteristics of nascent pluralist modes of urban governance. The latest developments show an increasingly high degree of competition among contending interests. The governments at district and street levels consider themselves as brokers or arenas for these competing interests ("government is guiding, market is leading"). The ZDCM has gained importance due to its growing proximity to Guangzhou's city center (high land prices) and its increasing economic significance (tax revenues), which bring rivalries and competition for land and tax revenues onto the stage. The main concern of governmental bodies in this phase becomes conflict management, and therefore the willingness, or rather necessity, to bargain with investors, developers, operators, and village collectives owning the land use rights in order to reach political objectives of economic upgrading and regeneration, and at the same time keep the balance to prevent social unrest, comes into play.

All developments over the different phases are likewise accompanied by gradual policy-making. The typical legal hold, not being too specific to a situation, represents the general experimental nature of restructuring strategies and the flexible handling of problems arising from it (Schoon 2011c, 2012). Notices, opinions, strategies, methods, guidelines, criteria, principles, plans, rules, and regulations, and finally laws, are all instruments used to guide upgrading processes. As can be perceived, the distinction between these instruments lies in the different obligingness.

This is very characteristic for Chinese approaches toward political uncertainty; the more experiences and knowledge are gained, the more mature the policies become. When it comes to observing ZDCM's development over time, a clear increase in quantity of concerned policies of binding character can be noticed. Concurrently, the institutional setting also becomes more and more acquainted with the complex and changing circumstances and better adjusts its administrative, bureaucratic, and executive responsibilities in order to respond to the transformative character of the mega-urban environment.

What we observe in ZDCM is a maturing process of politically coping with and within constant transformation processes. There is evidence that nowadays economic growth is not mentioned as first priority anymore, but the will to keep an equilibrium between other factors that are by now considered as equally important for shaping a so-called livable city can be noticed. These factors are social harmony and environmental protection, just to mention the most important ones. In general, this insight can best be grasped as "producing less conflict between human(s) and (the) environment" (Interview with GDUPDI 2012).

This is closely accompanied by the driving force for Guangzhou to improve its overall city image which consequently leads to a more sophisticated handling of municipal affairs. Nevertheless, this finally also aims at increasing the city's attractiveness and competitiveness in attracting more service-oriented and knowledge-intensive industries, along with a highly educated workforce that brings expectations of a "livable city" onto the city's agenda.

ZDCM's development phases analyzed above attest the potential of experimentation bringing about transformative change in an authoritarian, bureaucratic environment. Though ZDCM is following a long, rather rugged development path, it shows that experimentation stimulated policy learning and economic expansion following the outlook of "scientific outlook on development" propagated by Hu Jintao in 2003. The area gained economic importance for the city of Guangzhou over time and thereby became a key issue for local political elites. Even though groping through many uncertainties, their experimental governance approaches which try to fathom out the most appropriate solutions for multifaceted problems so far prove to be successful strategies of policy-making and for promoting development.

On local scale, the restructuring process of ZDCM in all its complexity of land use rights and different interests shows the acknowledgment of diversity and of social and environmental interests that inevitably lead to more pluralistic and less authoritative but rather consultative approaches toward people and the environment. Though this pluralistic attitude must still be seen as in its infancy, the reflective process of taking into account different interests and the will to balance them is nevertheless a promising starting point for increasing public participation—at least as found in ZDCM. And first results already show that including the opinions of a variety of stakeholders may not only be able to accelerate upgrading processes but also to stabilize the trust in maturing governance.

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Chapter 8

Formal and Informal Economies in Guangzhou's Zhongda Cloth Market

Wan Xiangdong

Abstract In this chapter particular attention is paid to the way inhabitants and floating workers of the Zhongda Textile Business Cluster organize their everyday lives in this environment and how they make a living. Formal and informal coping strategies are a substantial feature of emerging markets to shoulder the implications of globalization, fierce competition, working conditions, economic, municipal, and political change in a market which is extremely dependent on economic and seasonal fluctuations. Therefore, these coping strategies undergo ups and downs in the market and need to be extremely adaptable to ever-changing conditions. The maturing megacity is striving for gaining control over—or to bring into order—those hard-to-predict markets which have huge momentum. Understanding informal economic and employment mechanisms is a crucial means to explain socioeconomic change affected by dynamics driven by a globalizing world.

Keywords Formal and informal economies/employments • Industry cluster • Economic and social structural changes • Symbiosis and coexistence

8.1 Introduction

In the past three decades since 1979, economic and social structures in China have seen great changes with the shift from a planned economy to a market-led system. Typically, the supply and demand situation of labor markets and labor employment structures are among the most important indicators of the ever-changing economic and social structures. The migrations of millions of “rural to urban” population and

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their employment in urban and industrialized areas have become critical social issues that greatly concern China.

Through the description and the analysis of the current status of formal and informal economies and employment and their correlation in the “Zhongda Cloth Market” (ZDCM), a textile trade and clothing industry cluster in a central area of Haizhu District of Guangzhou City, the economic and social structural changes in China, together with its current situation can be displayed, which can help to deepen the understanding of China’s socioeconomic dynamics.

In this chapter, we will see that the concentration and correlation of formal and informal economies in this cluster, as well as employment, can be seen as a “system of symbiosis and coexistence” because they not only happen in adjacent and shared physical space but also serve as reciprocal supply and demand for each other. In addition, they are also in a closely linked production and selling and profit chain, reciprocally embedded in and connected with each other. They serve each other and also interconvert into each other. The existence and evolution process of this system is one of basic factors of the spatial restructuring of the ZDCM and has fundamental significance for the economic and social change in the district. And essentially this is an example of one of many modes of maturing and restructuring megacities in the PRD of China.¹

8.2 Research Objective, Research Topic, and Spatial, Economic, and Labor Market Background

8.2.1 Location of ZDCM

South of the campus of Sun Yat-sen University, there is the so-called Zhongda Textile Trade and Garments Industry District, which is called “Zhongda Cloth Market” or “Zhongda Business Circle” by the locals. We are further using the abbreviation of the common name Zhongda Cloth Market (ZDCM). The size of the area amounts to around 5 km², generally enclosed by Xingang West Road (North Side), Xinjiao West Road (South Side), Guangzhou Avenue South (East Side) and Dongxiao South Road (West Side). According to the administrative regional division, it is under the jurisdiction of Fengyang Street in Haizhu District.

¹Research materials in this chapter are direct interviews with government officials in the ZDCM, textile wholesalers, managers and workers of clothing factories, street vendors, indigenous villagers, and responsible stakeholders of the villages. Various relevant archival papers, media reports and government studies are also included. Thick descriptions and inductions in qualitative research are adopted as research methods in an attempt to thoroughly analyze and summarize the research. I would like to thank my students Xiang Wei, Xing Caitang, Sun Hui, and others for helping me to conduct interviews, for their observations, and for obtaining supplementary data from newspapers, websites, and libraries.

Many and varied districts and towns specializing in manufacturing and wholesaling blanket the whole Pearl River Delta. As a commercial city, Guangzhou is home to many specialized wholesale clusters. According to estimations based on our research, in the urban area of Guangzhou, there are 244 such wholesaling clusters, which can be classified into 21 categories.² The main feature of these areas is that a large number of shops, factories, investors, employers, and employees are densely concentrated in a not very large spatial area. Shops and factories in each of these clusters are usually not large in terms of size but enormous in terms of number. There are always more than 10,000 of them. The employees are dominantly immigrant workers, and the number is as large as one hundred thousand or even some hundred thousand. In such clusters, formal economies and informal economies, formal employment and informal employment occur and function in the same spatial area, and they enjoy a very close relationship.

In the Pearl River Delta, these clusters have significant implications in terms of urban space, economy, population, and social structure. If one wants to study the growing and maturing process of the mega-urban region in the PRD, observation and analysis of clusters is indispensable and essential.

ZDCM, specializing in clothing wholesale, is one of the clusters we have been talking about. It can be seen as a typical case study. Therefore, this chapter presents an observation and description of ZDCM with the hope of reflecting how megacities in the PRD grow and mature.

8.2.2 *Spatial Structure in ZDCM and Its Periphery*

Central Area: Textile Wholesale Areas: The textile wholesale areas are mainly located on the two sides of Ruikang Road, the central area of ZDCM. More than 40 “mall-style” wholesale markets in different scales in total can be found there. Inside, they are separated into shops of different sizes for wholesalers to rent. There are tens of thousands of textile wholesale shops in different scales registered at the concerned Department of State Administration for Industry and Commerce.

At the Periphery: Clothing Factory Areas: A great number of small clothing factories spread out at the periphery; around 10,000–20,000 in total. Each has around 10–30 employees. Most of these factories are small household workshops that are not registered, although in recent years, there are forms of temporary and so-called integrated registrations by house owners. Processing supplied samples or materials are the main production operation.

²The number is summed up by net users on the basis of available information found through the search engines “Google” and “Baidu.” It is better described as an incomplete estimation which can reflect the size of wholesale market in Guangzhou on the whole. (<http://bbs.city.tianya.cn/tianyacity/Content/5090/1/3009.shtml>)

Cluster Area of Residential Estates and Migrant Population in Urbanized Villages: ZDCM is located within the boundaries of Wufeng Village and Fenghe Village in the old Xinjiao Town in Haizhu District. In the past years, this area has formed vast urbanized villages (including Lujiang Village, Kangle Village, Wufeng Village), which are among the 138 urbanized villages under the Three Olds Redevelopment project of Guangzhou. There are a large number of private houses and collective factories (collective economic communities and their branches—"big production teams and small teams") that are leased to migrant proprietors and workers. It is a large cluster of rental houses and migrant population.

8.2.3 Industry Distribution and Employee Variety in Migrant Employment

Industry Distribution Business (Industries) in ZDCM: The industry distribution in ZDCM can be categorized into the six types mentioned below. The first is textile (accessory materials included), wholesaling in the central area; the second is small clothing factories at the periphery; the third is small wholesale shops at the periphery and numerous small shops which provide daily commodities and catering services in urbanized villages; the fourth is motorcycle, bicycle, and tricycle carrying, truck transportation service, and a few logistics for long-distance transportation (as well on the periphery); the fifth is street vendors that hawk around; and the sixth is indigenous private, village-owned (rural collective economic organizations or rural collective economic union), and developers' rental businesses.

Employee Variety: Employee variety is composed of migrant workers in the textile wholesale areas and clothing factories, and of proprietors and sales persons in various small shops in urbanized villages. The majority are peasant workers from Guangdong Province and other provinces. In terms of the labor market, migrant employees in the above six types of industries can be classified into the following seven groups.

The first is high-end real estate agents; the second is large and medium textile wholesalers; the third is small textile wholesalers; the fourth is investors in the numerous household clothing factories or workshops for processing accessory materials; the fifth is proprietors of various small shops (who run small business of retail sales, design, test, and store cloth and accessory materials, as well as offer other general merchandise and catering services); the sixth is sales persons and workers in clothing factories, among which the latter takes up the largest amount; and the seventh is various street vendors; porters with motorcycles, bicycles, and tricycles; and employees of transportation and logistics companies. In addition, there are civil servants in the government, administrative staff and security men employed by the government, responsible persons, and staff of the indigenous villages. They can be regarded as the eighth type, but they are not the focus of this study.

8.2.4 Informal Employees in Clothing Factories and Urbanized Villages

According to our direct interviews with the local government officers, responsible persons of the villages, managers and workers of clothing factories, it can be estimated that the textile wholesalers and their employees may exceed 100,000. Additionally, there are numerous workers in clothing factories, so the total amount of workers may be around 200,000–300,000 or more. As a result, the amount of migrant workers can reach 300,000–400,000 or even more.

The factories do not sign employment contracts with the workers, or buy relevant labor insurance for them. Skipping and defaulting payments abounds, and the intensity of labor is high. Workers usually work overtime, but production safety and labor protection are severely lacking. Working and living conditions are dangerous, and daily life is hard. Yet, relatively speaking, their wages are not low in peak seasons of production with overtime work. Those workers are the focus of the research.

Meanwhile, I will make an attempt to observe those informal employees against the background of all peasant workers. Just as I have described earlier (Wan 2008), according to the theory of dual labor markets (Piore 1970), all the migrant workers who work in cities and towns and other industrial zones and come from rural areas are in China's so-called second labor market. So they are just migrant workers, no matter whether they are engaged in formal or informal employment (Wan 2008).

8.2.5 Research Topics

As the initial observation, this chapter concentrates not only on the current state of formal and informal economies in ZDCM and their correlation and macro-background as influencing factors but also on migrant workers' flow between formal and informal employments. The basic content is shown in Fig. 8.1.

8.2.6 Economic Geography and Labor Market Background of ZDCM

Space Status in Urbanized Villages Resulting from the Urban Expansion: Land (Real Estate) Supply, Capital and Labor Force Cluster: Since the mid- and late-1980s, Guangzhou's urban space has been expanding swiftly. In the course of urban expansion, the residential areas in the villages have been neglected. Those villages maintained the original rural administration system, which is distinct from the municipal administration system. In consequence, more than 100 formerly natural villages were surrounded by urbanized areas in Guangzhou, and later became the so-called urbanized villages (People's Government of Guangzhou Municipality 2000; Li 2004).

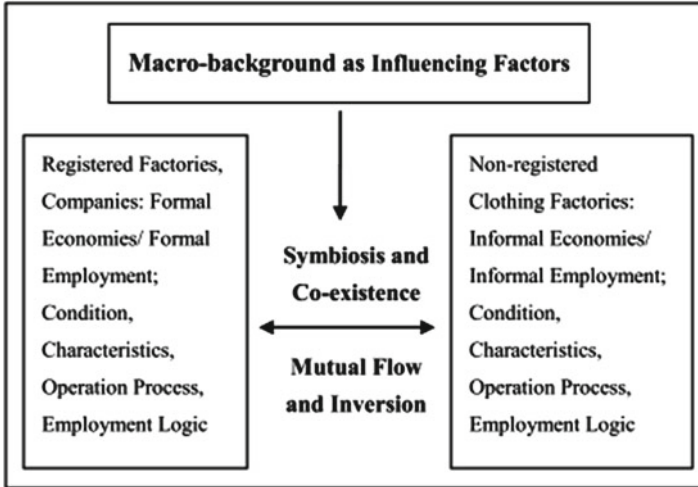


Fig. 8.1 Correlation and interaction of formal and informal sectors (formal and informal employment) (Drawn by the author)

In the process of urban development, under the circumstances of shortages of land for use, of housing for industry and trade, and of residential buildings, those “enclosed” urbanized villages are endowed with three basic characteristics, as they are adjacent to the central areas of the city. The first is that they obtain many business opportunities and attract lots of tenants and small investors; the second is that the price of land, and the rent of private houses and collective properties (factories, warehouses, shops, etc.) will rise due to the first characteristic; the third is that since the land revaluates, indigenous villagers, the village collectives, and developers are attracted to invest large amounts of capital to build real estate.

Globalization and the Flexible Production Regime in Post-Fordism: Global Relocation, Small Scale, and Proliferation as Characteristics of the Clothing Industry: From the 1950s to the beginning of this century, large-scale transnational and trans-regional industrial relocation took place three times in the world. The third time was in the 1980s and 1990s when the low-end industries of “four little dragons in Asia” and of developed countries such as America, Europe, and Japan were transferred to the coastal areas of China and other developing countries and regions. Just at that time, China began economic reform and greater opening to the outside world and gradually entered into the process of global economic integration. Particularly, coastal areas in the South and East with provinces such as Guangdong, Fujian, Zhejiang, Shanghai, Jiangsu, and Shandong took on the industrial relocation from countries and regions like Europe, USA, Japan, Korea, Hong Kong, Macao, and Taiwan.

Along with this process, textile and clothing industries got a good start and fast development, as did other manufacturing industries (Chen 2002; Jiang 2009). In conclusion, the textile and clothing industry in China has penetrated deeply into

the global market in today's globalization process. As a result, globalization and reform and opening up in China form the international and national macroeconomic background of the emergence of the ZDCM.

The flexible production regime in post-Fordism is another background characteristic for ZDCM, especially for production, operation and the labor market of clothing factories. According to the discourse by Harvey, in post-Fordism, the most fundamental structural change of production and labor market is the growth of massive subcontracts; small-volume production results in regional economies coming to overtake scale economies. In post-Fordism, lean manufacturing and multi-level contracting business are in blossom. Informal economies spread and penetrate into the global production system. Characteristics such as brand counterfeiting, small scale and separate management in the clothing industry are particularly distinct. Meanwhile, informal employee groups are expanding in the labor market. In the 1960s–1980s, post-Fordism that featured lean manufacturing and flexible production rolled out in the world (Harvey 1990; Jessop 2001; Yang 2008).

On the periphery of the central textile trade and wholesale area in ZDCM, clothing processing factories that have been established on the basis of wholesale cloth and accessory materials have penetrated deeply into the world market. Lean manufacturing and flexible production are regarded as general characteristics, as the clothing industry must acquire information at the fastest speed and organize production in the shortest time and with the lowest inventory level. In ZDCM, it may take only 12 h to go through the process of accepting orders, manufacturing and delivery. It is bound to select a rapid, small-scale and separate production mode and a location in the vicinity of the materials distribution center. This informal production mode displays a distinct competitive edge and great vitality.

In view of the labor market, the flexible informal production mode of small scale can dismiss workers in the off-season and recruit workers again in the peak season. In the meantime, it can flexibly deploy workers in the production process. Most of all, a piecework wage system can be utilized to fit with the market demand of flexible lean manufacturing.

Industrialization and Urban Development: Rural Labor Force Floating: Beginning with the contract system for cultivated land in rural areas in the 1980s, China has realized a corporate system reform in cities and then a market economy system in the whole country. It has made tremendous achievements in industrialization and urbanization. As it is at the low end of the global industrial chain, it generates a huge demand for a cheap labor force. Additionally, national agricultural reform in rural areas has provided numerous surplus labor forces. Especially since the early 1990s, as population and labor force floating policies have been put into execution, tens of millions of rural labor force have crowded into the cities and searched for jobs in manufacturing and service industries.

Masses of news reports and research show that most of the peasant workers in cities and industrialized areas work in a low, tiresome, hard, risky, noxious, dirty, bad, urgent, miserable, inferior positions with heavy burdens in labor-intensive enterprises, no matter whether these are large foreign-funded enterprises, state-owned

enterprises, privately owned enterprises, or various commercial service sectors.³ Usually, their labor rights and civil rights cannot be guaranteed. They lack social security and support of public policies and are confronted with identity and status discrimination. With their own labor, there is little opportunity for them to accumulate a fortune and move upward in the social ladder. Besides, there is another common characteristic called “high fluidity,” that is, they can float or change jobs freely, including changing cities and positions. Without doubt, the change of work places and positions takes place only within “the second labor market.”

It should be noted that, in the constant job shifts of migrant workers, the changes usually happen between registered and unregistered enterprises, or between contracted and non-contracted work. That is to say, most of the migrant workers shift frequently and “freely” between formal and informal sectors and formal and informal employment. Usually, it is more frequent to move from the former to the latter (Wan 2008, 2009).

The basic condition of migrant workers in the ZDCM can be regarded as the epitome of the whole migrant workers in China. Conversely, the basic structures and characteristics of China’s labor market, and the overall condition of domestic migrant workers, are the general backgrounds of migrant workers in the ZDCM. Even though nearly all the workers in clothing factories are informal employees, most of them have working experience in other registered enterprises. A few may leave this place to work in other registered enterprises, while very few workers can develop to be investors of registered enterprises. Besides, the majority of textile wholesalers in the ZDCM own registered companies, which can be taken as part of formal economies. As a result, investigation of employment situations of migrant workers in ZDCM cannot be separated from the large background of national labor markets and migrant workers.

8.3 Formal and Informal Economies in the ZDCM

8.3.1 *Formal/Informal Economies, Formal/Informal Employment: Clarification on Concepts and Theories*

“Informal economy” is mainly defined by the International Labor Organization (ILO), System of National Accounts (SNA 1993 of UN) by the United Nations (Hart 1973; Todaro 1985; Feige 1989). In terms of industrial scale and type, the informal sector is a small-scale unit that engages in commodity production, circulation, and

³It is a position that is low (low technology, low wage), tiresome (high labor intensity, overtime work), heavy (heavy physical labor), hard (rough task), risky (risk of casualty), noxious (risk of occupational poisoning), dirty (exposed to infectious disease), bad (bad labor conditions), urgent (many temporary, urgent tasks), miserable (suffering physical pain and psychological torture without job satisfaction), and inferior (inglorious, unappreciated).

services. In terms of economic nature, its threshold is low, production factors are scarce, employment effect and organization are poor, labor and capital resources are mingled, and the labor relations are based on temporary employment or personal relationship network. In the relationship with mainstream economies and the nation, it contributes to the actual GDP but has no record in the GDP of the government; there exists evasion of taxation and of regulatory compliance. In terms of legal status, it can be divided into overlapped, undeclared (unregistered) economies and informal economies (Hart 1973; International Labor Organization 2000: 140; Feige 1989; Todaro 1985; Portes 1994).

Informal employment shows strong correlations with informal economies, but they should not be mixed up. It stresses economic activities or employment methods of the laborers, which include not only employment in “informal economies” but also casual work and part-time jobs. Therefore, informal employment as a whole can be defined as labor employment with an informal work relationship (no contracts, no valid contracts, casual work, casual decision in wages, etc.), as being outside of the taxation and the supervision system of the government, and as being low-level and socially marginalized in employment nature and effect (Wan 2009).

In view of the prevailing and typical ideal type, a distinction between formal sector/employment and informal sector/employment can be summarized as in Table 8.1. Nevertheless, employment of migrant workers in China has its own peculiar characteristics. As mentioned above, nearly all migrant workers are engaged in the second labor market. Hence, even though about half of the workers work in registered enterprises under the government's supervision, their working conditions and employment effects are inadequate. In contrast, the others, about half of the workers, work in unregistered enterprises outside of the government's supervision; they have more complicated characteristics in terms of working conditions and employment effects. As a result, this chapter is intended to take the migrant workers in the ZDCM as an example to discuss the flow and differences of registered and unregistered enterprises in the second labor market, and the characteristics of informal employment conditions and its effects in unregistered enterprises (Castells and Portes 1989; Todaro 1985; McGee 1978).

8.3.2 Formal and Informal Economies, Formal and Informal Employment in the ZDCM

Economic characteristics of firms, shops, factories, and employees in the ZDCM are very complicated and hard to differentiate completely by the five dimensions in Table 8.1. According to observations and visits of many relevant stakeholders, it can be found that the six industries mentioned above can be generally divided into two types of formal and informal economies only by the first dimension, that is, in terms of “government supervision,” whether they are registered and permitted, whether they are under the supervision of the government, whether they are included in the national statistics document, whether they are taxed, and so on (Table 8.2).

Table 8.1 Differences in ideal types of formal sector/employment and informal sector/employment

Compared dimension	Formal sector/employment	Informal sector/employment
1. Government supervision	Registered/with permit/under supervision/included in official statistics/pays taxes	Unregistered/with temporary business license/without permit/no supervision/excluded in official statistics/do not pay taxes
2. Legality of the manufacturing and selling processes	Comply with standards	Do not comply with standards
3. Legality/legitimacy of the product	Legal/legitimate	Illegal/illegitimate
4. Employment relationship (labor relationship)	Sign labor contract/registered with the government	Informal/self-employment
5. Nature and effect of employment	Prevailing/stable/decent work/accumulate fortune/move upward	Socially marginalized/low-level/bad effect/high-risk/indecent work/no accumulation/simple reproduction of labor force
6. Industrial threshold	Hard to enter	Easy to enter
7. Resource utilization	Overseas resources frequently utilized	Local resources are utilized
8. Property right	Corporate ownership	Household/individual ownership
9. Production scale	Large scale	Small scale
10. Industrial level	Capital-intensive, import/export technology	Labor-intensive, endogenous technology/import
11. Skills of staff	Technology is gained formally (through college/professional education)	Technology is gained informally (household or craftsmen's apprentices)
12. Protection in the international market	Under the protection of the market (tariffs, quotas, permits, etc.)	Not bounded by the competitive rule of the market

Drawn by the author

Table 8.2 Formal and informal economies in ZDCM

Formal economies (basically under governmental supervision)	Informal economies (basically out of governmental supervision)
A. Textile wholesalers (including accessory materials) in the central area	A. Small clothing factories on the periphery
B. Property rental business of developers, indigenous villagers and village collectives	B. Small wholesale shops on the periphery and massive small shops in urbanized villages (daily commodities and catering services)
C. Registered logistics companies (mainly long-distance transportation)	C. Motorcycle, bicycle and tricycle carrying, and truck transportation service on the periphery
	D. Street vendors that hawk around

Drawn by the author

8.4 Composition of Formal Economies

Formal economies in the ZDCM are mainly textile wholesalers. They also include a few clothing manufacturers, as well as logistics companies, hotels, restaurants, finance agents, and security agents that are formally registered (Table 8.3).

“Mall-Style” Wholesale Markets in the Central Area: As mentioned above, there are over 40 “mall-style” textile wholesale markets on the two sides of Ruikang Road, the central area of ZDCM. The “mall-style” markets are large buildings partitioned into shops of different sizes inside, separately leased to independent wholesalers. Some buildings are huge with five-nine floors; each floor has 100–700 shops; hence, they are called “towns.” Some are simple with only two floors; each floor also has hundreds of shops. In the largest “town,” there are around 6,000 shops (shops are different sizes; shops on the same floor can be partitioned casually; thus, wholesalers can rent a shop of an appropriate size to meet demand). Those “mall-style” buildings were financed and built by real estate developers or the village collectives. Developers manage all those shops, but all of them are landlords who lease the shops to the wholesalers. According to the interviews with local government officers, it is estimated that there are over 50,000 textile wholesalers who rent the shops.

Those textile wholesalers can be classified into three kinds: manufacturers for direct wholesale business (textile production enterprises set up offices in this place to sell directly to the customers), wholesale agents (wholesalers sell products of a certain company), and wholesale dealers (dealers sell products of several companies). Some wholesale dealers have grown to design products by themselves, establish manufacturing factories in other places, and sell their own products. Those large shops that emerge from wholesale to design, manufacturing and sales actually become the leading market trend in the industry.

Storefront Shops: Apart from more than 50,000 wholesale shops in the over 40 “mall-style” wholesale buildings, there are many storefront shops along Ruikang Road and in many streets and lanes at its two sides. They amount to approximately

Table 8.3 Formal economies in ZDCM

Type of enterprises (registered)	Category	Estimated amount
Stalls in “mall-style” wholesale markets in the central area	Textile wholesale business	Over 50,000
Storefront shops	Textile wholesale business	Over 10,000
Clothing processing factories	Clothing processing business	Impossible to estimate
Logistics companies	Logistics	Over five
Real estate, finance, service, and government agents	Real estate agents, finance agencies, hotels, restaurants, shops, labor intermediary markets, security, storage, and street offices	Impossible to estimate

Drawn by the author

10,000 even though they are not as centralized as those in the “mall-style” markets. Not only is the scale of the wholesale shops relatively small, the business is also less prosperous than that in the “mall-style” markets.

Registered Clothing Factories: The majority of clothing factories on the periphery of the central wholesale areas are unregistered, while a tiny part of them not only register with the government but also have their own clothing brands. Comparatively, the latter are on a larger scale with about 50–100 workers. So far there do not exist any much larger.

Registered Logistics Companies (Mainly for Long-Distance Transportation): To meet the needs of textile wholesale trade, some logistics companies for long-distance transportation (such as delivery to other cities of the Guangdong Province and the other provinces) are registered. However, the amount is quite limited, with around five companies or only a few more.

Registered Firms for Financial Services, Commercial Services, Accommodation, and Catering Services: In the wholesale market in the central area and in the urbanized villages on the periphery, there are many banks, supermarkets, hotels and restaurants, bars, clinics, internet cafes, karaoke bars, and others. Obviously, those banks are the branches of large commercial banks in China. In the other commercial service industries, a few enterprises are registered. Particularly, most of those service agencies that locate at the edge (comparatively, they are much closer to the urban district) are registered.

Property Rental Business of Developers, Indigenous Villagers, and Village Collectives: It can be said that large-scale rental business of residential houses and factory buildings is not only a significant industry in the ZDCM but also the foundation for the whole textile and clothing industry. The rental business can be grouped into three categories. The first are the private houses of the indigenous villagers. All of them are residential apartment buildings, rented to wholesalers and workers in the clothing factories. The second are the collective properties of the villages, which are leased to wholesalers, clothing factories, and shops for production and operation. The third are central wholesale markets that are constructed by real estate developers (or co-developed with the village collectives). They are the largest of the over 40 “mall-style” wholesale markets as mentioned above, such as Guangzhou International Textile Trade Center, Guangzhou Yangzi Fabrics and Accessories Center, Zhujiang International Textile Trade Center, and Hongzhou International Textile City under construction etc. The construction scale, the rent and the profit of the real estate rental business can be regarded to be enormous, but it is difficult to estimate exact figures.

Other Formal Sectors: In addition, there are agencies of the local government (administration committee, local police station, labor supervision squadron, safe production supervision squadron, etc.), community residents’ committees, middle and primary schools, and so on. All can be included in the formal sector; nevertheless, they have only administrative or social service functions rather than economic functions.

8.5 Composition of Informal Economies

Informal economies in the ZDCM are dominated by clothing factories (including household workshops or other small individual workshops that take on the outsourcing of single processing services from textile wholesales and clothing factories), and supplemented by numerous small shops, cafes, repair shops, scattered porters, passenger motorcycles and many floating street vendors as well. However, as will be discussed below, there is almost no formal element in informal economies, while substantial informal elements are included in formal economies. According to incomplete statistics, the general composition of informal economies can be seen in Table 8.4.

Small Clothing Factories on the Periphery: Scattered on the periphery of the central area in ZDCM, it is estimated there are more than 20,000 clothing factories. Most of them are unregistered because of the small scale and brevity of easily opening and closing down. In addition, as they spread widely around all of the urbanized villages, no one can figure out the exact amount of these clothing factories. Yet, it is just these “unobserved” ones that should be the focus.

The basic operational information of typical clothing factories is as follows. Most of the bosses used to work in a clothing factory as a worker or get a job in the textile or clothing industry; they have accumulated certain techniques and work experience. Required capital input is probably over 150,000 RMB in order to purchase machines or for other expenses. It is not a necessity for them to register with a state government agency; except for the administration of public security, fire control, environmental hygiene, and the registration of floating population, as well as paying rents to the house owners, they do not need to contact the government agencies or villagers with household registration.

Properties of over approximately 200 m² of the village collectives (rural collective economic organizations or rural collective economic unions), in urbanized villages are rented as factories, and private apartments of the villagers are rented as staff dormitories. They hire about 15 workers (at least about ten people 50–60 people for larger factories). They accept contracts (orders) for small batches of clothing production which are mainly from large clothing wholesale markets in Guangzhou. Their customers are both Chinese and foreigners. Orders are various, including the processing of supplied samples and processing both supplied samples and materials.

A few clothing factories set up sales departments in the clothing wholesale markets for direct wholesale to purchasers, secondary wholesalers or retailers from different places. After accepting orders, some clothing factories for processing supplied samples buy cloth and accessory materials in the textile markets nearby, and break down the production process into different steps to organize workers for production. From getting orders to delivery, it can finish within 12 h. They make profit by fulfilling orders or selling end products.

In addition, there are some household workshops or small processing factories that accept outsourcing of certain processes from clothing factories. They are scattered around the urbanized villages and act as an interim, small, unsteady, and marginalized part of the clothing industry.

Table 8.4 Informal employment categories of the informal sector

Field	Sector	Business firm	Amount	Characteristics of operation mode
Clothing industry	Processing sector	Clothing factories	Over 20,000	Processing business of supplied samples or materials; produce and sell one's own products
		Scalding factories, creasing factories, embroidery factories, processing in special-purpose machines, pasting factories, bead pinning factories, beading factories	Over 2,000	Accept outsourcing of certain process from clothing factories; household workshops; subcontract to housewives
		Fashion design, paper pattern, hangtag design	Over 200	Accept outsourcing of certain process from clothing factories; sell to factories
	Subsidiary production sector	Printing factories, pompon factories, zipper factories, leather belt factories	Over 400	Stores in front with factories at the back; subcontracting
	Production service sector	Warehouses, cloth rolling factories, counting factories	Impossible to estimate	Household workshops; stores in front with warehouses at the back; accept cloth rolling business
Logistics	Long-distance transportation; short-distance transportation	Small logistics firms (unregistered), private trucks	Over 60	Accept orders
		Vans, tricycles, bicycles	Over 3,000	Short-distance transportation within ZDCM
Services	General merchandise, cafés, and other services	Shops, cafés, bookstores, drugstores, repair shops	Over 5,000	
		Labor intermediary markets	A few	
Others	Scrap collection	Individual collectors	Over 50	Individual collection + recycling factories
	Floating street vendors	Clothing, foods, accessories, toys, general merchandise, etc.	Over 500 individuals	

Drawn by the author

Massive Small Shops (Daily Commodities and Catering Services) in Urbanized Villages: There are numerous small shops in the urbanized villages. Most of them produce low-end goods with low prices and little profit. The shops cover nearly all industries. All of them are set up by migrants in the unit of a person, a couple, or a family (father-son or mother-son). The smallest are operated by one person alone, while some bigger ones may hire relatives or fellow townsmen. Basically, they are unregistered. Over the past 2 years, as Guangzhou applied for the title "Civilized City" that is examined and approved by the national government, it granted "temporary registration licenses" for those shops, valid for 1 year.⁴

Motorcycle, Bicycle, and Tricycle Carrying and Truck Transportation Service on the Periphery: No matter whether it is the textile wholesale business or clothing production, there is an immense amount of goods to be transported. Thousands of people who come and go in the urbanized villages are in need of transportation vehicles as well. As most of the streets and lanes in urbanized villages are too narrow for cars, substantial numbers of motorcycles, bicycles, tricycles, and electric mopeds of the disabled are used for transportation in the ZDCM. Migrant workers engaged in this job may amount to 3,000. They are a group of "free" workers, unregistered, under the administration of nobody other than the security patrols.

Various Street Vendors Who Hawk Around: In the streets and lanes of ZDCM, there are a lot of street vendors. Most of them hawk along the streets; only a few have fixed positions. Their situation is similar to that of floating salesmen in the world. In Cantonese, they have a special name, called "walking ghost" (*zou gui*); they are adept in playing "hide-and-seek" with the administrators of the local government. When the police or urban administration teams are not seen, they take to the streets and hawk around; once the administrators of the government come to the scene, they disappear without a trace. As soon as the administrators go away, they emerge again.

8.6 Symbiosis and Coexistence of Formal and Informal Economies

Just as Castells and Portes (1989) analyzed, the so-called formal and informal economies are related to the exterior environment and the administrative regime. There is no classification of being formal or informal in an absolutely free market, while

⁴The industries of the shops recorded in the observation are generally as follows. Maintenance and services: electric welding, hardware, bicycle, mobile car, oil pump, decoration, laundry, typing and copying, book renting, ironing, haircut, massage, gas delivery, water delivery, photography, phone mart, and phone bar. Commodity retail: door and window, hardware, water pipe, kitchenware, gas, bicycle, telephone, bedclothes, cloth, shoes, clothing, drinks, daily foods, tea leaves, tobacco and wine, food grain, subsidiary foodstuff, fresh meat and vegetables, fruit, stationery, audio and CD, bookstore, newspaper and magazine, gift, sports lottery, adult toy, mart, and scrap collection. Cafes and hotels: restaurant, chaffy dish, breakfast, snack, hotel. Entertainment: singing, mahjong, snooker, game machine, internet bar. Advertisement: signboard, lamp house, and banner. Medicament: clinic, seeing a doctor, medicine selling, dental clinic, etc.

in an absolutely controlled regime (such as the planned economy), there is nothing informal. Against the background of the current market economy in China and the economic policies and administrative practices of the local government, formal and informal economies in the ZDCM display rather complicated characteristics.

8.6.1 Economic Policies and Market Supervision of the Local Government

Local economic development is an essential target for local governments in China, so, to a great extent, they encourage and guide business firms of all industries to invest and run business in their areas. Still, they hope to involve those business firms in the administration system, especially in order to collect taxes and administration charges on some items. In the economic development policies and the market supervision strategies of the local governments there are two obvious tendencies. On the one hand, they adopt the policies that can positively introduce, encourage and support the technology-intensive and capital-intensive business firms in order to seek industrial upgrading. On the other hand, strategies of “managing large enterprises well while easing control over small ones” are carried out in market supervision; this is in order to adopt the strategies of “laissez-faire” and clampdown alternately on small and miniature business firms. Such policies and strategies are rather prominent in the treatment of formal and informal economies.

Supervision of Formal Economies: In ZDCM, the government of Guangzhou and its subordinate grass-root governments, the government of Haizhu District and its local agency (Fengyang Street Office), mainly supervise developers’ real estate construction, shop renting businesses and textile wholesalers in the following three aspects: first, on regulations such as land use license, construction regulation and registration in administration for industry and commerce; second, taxes are collected; third, big investors with huge capital and technical strengths are actively introduced into the area. Besides, they want to expand the entire ZDCM in order to profit from the growth of the local aggregate GDP and get more tax revenue for the government.

It is an obvious sign of policy guidance when the government carries out the industrial upgrading policy. An uncovered slogan is “open the cages and change the birds”: move out companies that are small, labor-intensive, and unfavorable for environmental protection with little local fiscal revenue so as to vacate the land for companies that are large, technology- and capital-intensive, and eco-friendly with better local fiscal revenue. Such policy guidance and its concrete implementation can be found in the Three Olds Redevelopment strategies in the recent years.

Supervision of Informal Economies: The policy and supervision of the government of clothing factories and various shops can be seen in the following three aspects. First, the government departments basically have a laissez-faire approach to real estate construction and rental business of the indigenous villagers and the economic organizations. This possibly results from compensation and support for the indigenous

population whose household registrations are in the villages and the village collectives. In the past few years, the government has only registered rental houses and migrant population, the renting out of dormitories and factories is almost a completely open market. As a result, an enormous migrant population, small processing factories, various small shops and employees come to this place.

Second, in order to satisfy the demands of the municipal administration on population control, public security, fire control, transportation and rectification of the market order, and especially the need of "creating a sanitary city" and "creating a civilized city," assessments are carried out. These assessments by the relevant departments of the central government focus on sanitary issues, market order, citizens' behavior, the overall civilized level in a city, and strike policy. Restrictions and crackdowns can be employed on small clothing factories and small shops. Since it is particularly hard to implement meticulous and overall daily supervision on market order, labor relations, and public security administration, only "campaign-like" abrupt operations can be adopted. In normal times, the enterprises can exist; at a pinch, they will be driven out or clamped down upon.

Third, in the past few years, Guangzhou has launched the Three Olds Redevelopment project in a thorough manner. When the project is completed, urban land will be priced higher and the rent will rise. All those small factories and shops will be left to "market competition."

8.6.2 Informal Characteristics of Formal Economies

It is known that formal economies have at least the following two basic characteristics. The first is that their market and operational activities should be under the supervision of the government. Business firms should be registered, the transactions should abide by laws and regulations, fund flows should be under the supervision of banks, and part of the revenue should be paid to the government as taxes. The second is that the use of the labor force should comply with the regulations of the labor market; the employees should sign valid labor contracts, and the labor relations are under the supervision of the relative department of the government.

However, in the textile wholesale trade in ZDCM, even though those wholesalers are formal economies registered with the government department, most of the daily operations are informal. There are three distinctive appearances as follows. First of all, "three-spot transaction" (spot commodity and transaction in cash) escapes government control. Most of these operations are "unobserved," even after registration with the government. Consequently, "incontrollable" tax collection becomes the biggest problem. Meanwhile, it is hard for the government departments to judge and estimate the trading volume, the industrial scale, the economic development trend, and the demand for administration and services. At present, the government is making attempts to reduce or eliminate "three-spot transactions" so as to enhance control.

The majority of those wholesalers are private or independent proprietors who contract with textile wholesalers. It is a common characteristic that they have

unlimited liability to their shops; all the net profit becomes their personal income, while the deficit falls on their shoulders as well. In the past decade, the whole industry in the ZDCM has kept on growing, and new investors have come in unceasingly. There was a low risk of loss. Under such conditions, a majority of wholesalers have probably accumulated substantial personal fortune quickly, which is impossible for the supervision departments of the government to know about.

Another informal characteristic of textile wholesale operations is the way they use workers. For the purpose of reducing labor costs, those wholesalers employ abundant casual laborers or workers without labor contracts. It seems obvious that they will not purchase pension insurance for the workers. Salaries, allowances and bonuses are all the payment. Hence, there exists a great amount of informal employees in formally registered enterprises.

8.6.3 “Formal” Characteristics of Informal Economies “Embedded” in Formal Economies

It seems clear that proprietors and workers (employers and employees) in informal economies have some quite typical informal characteristics. There are two aspects that we will focus on. One is the lack of supervision by the government (including registration, tax collection and daily administration), and the other is the transience and instability of labor relations. We will discuss thoroughly the characteristics of the ZDCM and the theoretical analysis hereinafter. Hereby we want to emphasize those informal economies in the ZDCM, just as they are in the other industries, cities, and even countries, are not independent but “embedded” in formal economies and even the whole national economic system. In other words, we should first pay attention to the “formal characteristics” of informal economies.

To Serve Formal Economies: Substitute for the Market and Expansion of the Market: In terms of market supply and demand, industries of formal economies are immature, incomplete and short of supply, unable to satisfy market demand in daily life or diversifying consumption demands. For example, there are small retail stores with little cost and profit, sunset industries, inadequate transportation and service industries for whom it is hard to come under formal operation and management, as well as immature emerging industries. The market demand for the above industries is given up by the formal sector, or it is hard to get supply from the formal market, while the informal sector can fill the gap.

In terms of industrial differences, space in supply and demand and space of profit for the informal sector to exist and develop are produced by market entry restrictions in formal economies (such as admittance restriction on regions and identities for some business or employment), by strict or obligatory limitation in the market (such as technical standards of the industry, labor standards, urban planning and land use restraints), and by monopoly control of the industry (such as state monopoly, import and export control, and the monopoly of large corporations on the market).

In the supply–demand chain of various industries, commonly seen layer-upon-layer subcontracting has provided living space for informal economies. In the post-Fordist regime, market segmentation and market organization in product and process outsourcing play a significant role in reducing cost and satisfying market needs. It is precisely the low-cost production and supply of informal economies that fit into the new economic circumstances which thereby grant informal economies intrinsic advantages and living space.

Oversupply in the labor market and weak demand of employment in formal economies are among the influencing factors. On the one hand, the immature labor market, insufficient employment information, and the high employment requirements of formal economies restrain parts of the population from formal economies, and thus drive them into informal employment or part-time jobs.

On the other hand, unfavorable labor conditions and poor employment effects of formal economies in the second labor market generally run parts of the population off formal employment. Substantively, it is precisely the high flow in the multilayer labor market segments that diverts a substantial amount of employees to employment within the informal sector.

Clothing factories, small commercial and service shops, short-distance vans and rickshaws, and street vendors that abound in the ZDCM and its periphery play an evident role for substitution and expansion of the market. These informal economies not only directly substitute cheap end products, production processes, and services for the global textile and clothing industry but also provide low-cost living goods for many workers. Meanwhile, they have offered great opportunities for migrant workers that move from rural to urban areas.

The Connection of Informal to Formal Economies: The connection of informal to formal economies reflects on the connection of the textile and clothing industry to supply and demand in the national and international textile and clothing market. Prosperity and regression, expansion, and shrinkage of the national and international market tightly control the existence and development of informal clothing factories in the ZDCM. The sales volume of clothes in the market determines the orders of a single clothing factory, which further determines its production quantity, the output value and profit.

Even though the business operation of a clothing factory varies, the national and international textile supply market and the clothing sales market determine the production capacity and the average profit rate of the entire clothing industry. It applies not only to clothing factories but also household workshops and even smaller processing factories that take on subsidiary components, processes, and accessory materials. The layer-upon-layer outsourcing makes the production supply chain of the whole clothing industry flourish; what is more, it mostly controls the success and failure of the whole supply chain.

Informal economies are closely attached to the local real estate rental market. The “dual system” also exists in the urban real estate market in China. That is, real estate in state-owned and collective-owned lands belongs to two different market systems. Under the current situation, private real estate of the villagers whose household

registrations are in the villages, and the collective-owned real estate (residential apartments, shops, factories, warehouses and so on) in urbanized villages, cannot be sold on the real estate market because it is under the mandatory control of the government. However, it is indeed a giant rental market. In the past few years, to a certain extent, it has been taken into population registration and statistics, tax collection and other administration of the local government. Therefore, even though the property transactions of the real estate in urbanized villages have not yet been put under the unified market supervision of the government or rectified by the government, as a whole the rental market can already be regarded as part of the formal sector.

In this regard, informal economies in the ZDCM are apparently attached to the real estate rental market in urbanized villages. Cheap rents reduce the cost of clothing factories and small shops. This has left them certain operational profit even at the tail end of the industrial chain through layers of subcontracting. There is a transition-buffering space between supervision of the government (public security, fire control, public facility construction and maintenance, market management, tax management, industrial standards, market supervision, labor policies, etc.), clothing factories, and small shops.

This is quite “protective” because the supervision of the government is directed only against the village and the owners of real estate, but not against the factories. Thus, the government actually maintains a “laissez-faire” policy on informal economies in urbanized villages. It can be predicted that once the redevelopment of urbanized villages is completed, as the housing prices and rents go up, informal economies will shrink severely or even entirely move out. This is probably one of the purposes of the “open the cages and change the birds” industrial upgrading policy from the local governments.

8.6.4 Symbiosis and Coexistence of Formal and Informal Economies

Robert Park proposed that a symbiosis exists in urban ecologies as it is found in nature (Park et al. 1925). Individuals in a group were both independent and interdependent; they both competed and swapped interests. Formal economies and informal economies in the ZDCM are just in such a symbiotic and coexistent ecological environment. Adjacent physical space, shared infrastructure facilities, complementary economic function, reciprocal supply and demand in the production link, and shared information feature here; both formal and informal economies are in a closely linked profit chain.

Adjacent Physical Space, Shared Space: Within the range of five square kilometers in the ZDCM, the whole industrial chain of textile wholesale (including fabrics, home textiles, and accessory materials), and clothing processing (including process or component outsourcing), is complete and densely assembled. The assembly and adjacency of the physical space is not only attractive in trade with the outer market,

but also displays tremendous convenience in time and transportation. It can reduce time consumption and cost for information and transportation to a great degree.

Meanwhile, there are distinctive common characteristics in inner and outer transportation, buildings and construction, public space, interpersonal communication environment, and public administration in the whole textile-clothing industrial chain. However, it must be noted that the whole area of the ZDCM is exceedingly crowded because of the intensive assembly and high density of shops, factories, and personnel, as well as the immature transportation facilities. Particularly from 3 to 8 p.m., there is a rush hour for transporting various textiles, clothing, and other materials; an absolute traffic jam is the typical situation.

Closely Linked Industrial Chain, Reciprocal Supply, and Demand in Production Link: Most of the formal businesses in the ZDCM are textile wholesale businesses. In the whole textile and clothing industrial chain, the supply from the upstream textile (fabric piece goods, home textiles and accessory materials), and the demand from the downstream clothing industry are linked most tightly. The main production chain is generally as follows: finished textile production—textile wholesaling—clothing processing—clothing sales. In the ZDCM, with the exception that the major piece goods are from factories in other cities, the local informal sector has provided tremendous processing factories of accessory textiles such as prints, pompons, zippers and leather belts, and various service sectors such as warehouses, cloth rolling, counting and short-distance transportation.

On the other hand, no matter if the clothing factories operate in the processing of supplied samples, the processing of supplied samples or materials, or producing and selling their own products, the majority of textiles are purchased from textile wholesalers in the ZDCM. Hence, it can be said that the economy in the ZDCM is, in fact, an internally closely linked industrial system even though it is divided into formal and informal parts. In the process of production and sales, formal and informal economies are reciprocal in supply and demand. In its true significance, it can be regarded that the inner industrial chain in the ZDCM is integrated inside, before it melts into the national and international globalized market.

Shared Information and Market: Research on industrial clusters mainly focuses on high and new tech industries or fields. Even though textile and clothing of the ZDCM are sold to many countries in the global market, the finished clothing from those clothing factories are just middle- or low-end products for the middle- and low-end fashion market. Consequently, in regards to the textile industrial cluster in the ZDCM, the overall inner production capacity is not within the range of high and new technology. Nevertheless, the ZDCM still enjoys affluent merits of an industrial cluster. Among them, “shared information” of the market situation (change of supply and demand), and “shared market” of the supply–demand chain can be regarded as the most distinctive characteristics.

Usually, the textile and clothing industry should closely follow fashion trends and swiftly grasp the information of market changes. The ZDCM, as a scaled textile distribution center, is favorable to the purchase of new varieties and the swift update of fashion styles, which, thus, make it a “shared market.” The ZDCM can

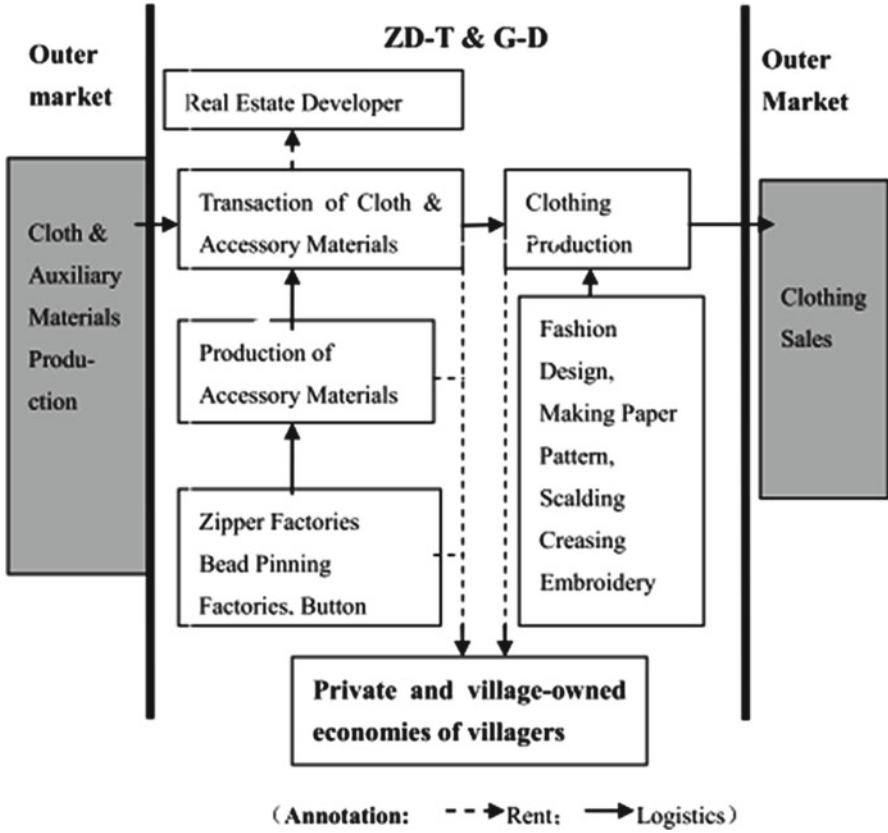


Fig. 8.2 Profit chain map (Drawn by the author)

provide nearly all the materials that are related to clothing production, including textiles, accessory materials, subsidiary ingredients, and accessories. “One-stop” purchase can be realized through intensive transactions; all the materials for clothing factories can be bought in this place so as to save time and transportation costs. In such a shared market, a huge number of shops that sell products of the same type concentrate on competing with a price advantage. Swift arrangements of production and transportation make it fit to the changes of the external clothing markets.

Closely Linked Profit Chains: As Fig. 8.2 shows, in the ZDCM, there are two main profit chains that tightly connect the whole industrial cluster. One is the profit chain in proprietors of shops and factories, where participants in each link, from supply of raw materials to the sales of finished product, make up a profit-sharing chain. The other is the rent chain between tenants and real estate owners, where various wholesalers, small shops, clothing factories, and other informal economies have contributed huge amounts of rent to real estate owners. These two profit chains tightly connect the whole ZDCM.

Apart from these two profit chains, there are some other profit chains: tax payment and various administration charges paid by the factories to the government; various salaries for employees-workers; transport companies and people; the profit-sharing chain of street vendors; consumption of the population in the ZDCM and so on. Massive profit chains in the whole ZDCM are connected via investment, real estate, management and operations, labor market, logistics, capital flow, and government administration so as to make it an integral economic ecology for symbiosis and coexistence.

8.7 Inversion and Flow Between Formal and Informal Economies

8.7.1 Formalization of Informal Economies

In order to realize ideal supervision by the government, increase technical input and carry out scale management, it is expected that all the economic activities are formalized; in particular the informal economies that exist should be formalized. Formalization of informal economies seems to be a necessary and inevitable development trend. Normally, formalization is regarded as “formalizing the informal sector”; it is “a process for small firms to grow or modernize, including formulating simple procedures for registration, or encouraging tax payment and adherence to various rules and regulations” (Mead and Morrisson 1996).

In this chapter, the connotation of the government's supervision is emphasized, and formalization is regarded as the process of taking the existent informal economies under the supervision of the government's departments. During this process, the ZDCM foresees the integration of market mechanisms and of the government's actions.

In the process of formalizing informal economies in the ZDCM, an “active formalization” under the influence of market mechanisms is displayed, while it actually is a “passive formalization” under the influence of government actions. Certainly, no matter whether it is active or passive, the local government plays an important role.

Active Formalization: Active formalization is the transformation process of the informal sector into formal economies due to the necessary upscaling and market change. In order to obtain scale merit in expansion and development, some shops (mainly textile wholesalers) in informal economies have to get rid of small-scale operations, seek for a change of identity, and gradually transform to having a normalized, upscaled corporate management that can satisfy the demand of the government to control the market. Obviously, such an active transformation to formalization is welcomed and advocated by the government.

Passive Formalization: In the process of passive formalization, which is also called “mandatory” formalization, the government employs obligatory measures such as

rectification within a specified time frame, seizure, and elimination to force the informal sector to register and accept some rules and regulations so as to complete the formalization. In the ZDCM, emphatic formalization under the leadership of the government is manifested in redevelopment and upgrading of the existing textile trade market. The mandatory formalization of clothing factories and small shops in urbanized villages may be a result of better environmental sanitary administration, construction of urban culture, reconstruction or renewal and redevelopment of urbanized villages. All of the mandatory formalization is under the control of the government.

Market Upgrading by the Local Governments Under the Guidance of the Policy of Economic Development: Market upgrading efforts by the local governments, including Guangzhou Municipal Government, the district government and the street offices, can mainly be observed in the following three aspects. First, the textile wholesale market in the central area is redeveloped and upgraded, and the long-term strategies of establishing a ZDCM “business circle” and promoting industrial upgrading (“open the cages and change the birds” (*teng long huan niao*), “making it larger and stronger” (*zuo da zuo qiang*)) are implemented. Second, daily operations of the municipal administration are intervening mandatorily, with “creating a sanitary city” and “creating a civilized city” as the focus. Third, urbanized villages are redeveloped. These three aspects cannot be discussed in detail here, but it is certain that the local governments have put in tremendous manpower, resources, and capital in recent years in order to achieve set objectives. In this course, a part of the informal proprietors quickly shift to the formal sector registered by the government, due to its intervention. Regardless of that, parts of informal employment which are out of reach of the governmental supervision still exist and grow.

8.7.2 Informalization of Formal Economies

In the late 1990s, the post-Fordism regime was widespread throughout the world, and the reconstruction of the global economy posed a huge challenge to the myth of formal economies. As the government and the market are working to formalize informal economies, informalization of formal economies simultaneously emerges as a global trend (Sassen 1997; Ybarra 1989; Benería 2001).

As mentioned before, in ZDCM the economic entities form a symbiotic and coexistent ecology in which an increasing market share of formal economies is “transferred” to informal economies. A major part of production and operation has been informalized. Moreover, most behaviors of formal economies have applied “informal” ways. So in ZDCM, informalization of formal economies is quite common, which can be reflected in the following three aspects. The first concerns general production and service outsourcing, the second massive informal transaction, and the third informality of employment.

8.7.3 *Flow Between Formal and Informal Employment*

It should be pointed out the labor force floats frequently between formal and informal economies. This is a basic feature of domestic migrant workers in China. In ZDCM migrant workers commonly and continually “freely” flow in between formal and informal economies.

It is common for migrant workers to float from formal employment to informal employment. From interviews with 300 informal employees in ZDCM, it could be found out that, before they came to this place, the majority of them used to work in manufacturing, construction, transportation, business, service and entertainment industries that are registered by the Administration for Industry and Commerce. Generally, nearly all their working places were cities and districts of advanced industries nationwide, such as in the Yangzi River Delta, Pearl River Delta, and cities in North China, Southwest, and Northwest.

Some workers in small unregistered clothing factories described the working conditions of their old jobs in some large manufacturing factories. Their salary was extremely low. What was worse, management was extremely strict. They worked under absolute control without any freedom during working hours. The heads of production lines were said to often abuse power and insult them.

On the contrary, even though working hours are long in the small factories of the ZDCM, they earn a high salary and enjoy comparatively free working conditions during the working hours; in short, they could also go out to run their own errands. Generally, none of them was willing to go back to their previous job in large factories.

Under what conditions will the employees in those small factories or shops of informal economies likely float to formal economies? Just as formalization of informal economies may show in both active and passive ways, informal employment of migrant workers is possibly inverted into formal employment in both active and passive ways.

Active floating is the direct flow from informal employment to employment-giving units of formal economies, such as shifting to work in large registered companies. However, past research reports show that it took up only a small proportion (Wan 2008). Once the migrant workers are engaged in informal employment, they find it a free job with an income that is not too low. As a result, they seldom return to formal employment, except for some particular personal reasons. The other active floating to formal employment is realized through “informal employment—self-employment—investment in setting up factories or shops—registration in the administration department of the government.” This type of floating to formal economies is actually a move from employee to employer. But for a normal migrant worker, this is very rare.

Passive floating is the flow from informal employment to formal employment under the influence of the policies of the local government, which urge informal economies to become formal with proper registration and supervision. The labor relations are under the supervision of the government. Hence, migrant workers will

“finish” the floating to formal employment. Another possible way is that the informal employees have to leave for a fresh start due to the massive evacuation of informal proprietors from a certain area, as they cannot afford the rising rent after urban redevelopment.

8.8 Conclusion

The close interaction between formal and informal economies—formal employment and informal employment, substitution, expansion, interdependence, embedding, sharing of space, reciprocal supply and demand, closely linked profit chains, and exchange between them—makes the ZDCM a complete ecological system in which formal economy and informal economy are in symbiosis and coexist. Likewise, it is this interaction that makes the ZDCM display stronger vitality, produce bigger industrial scale, and embrace expanding physical space.

A city is by nature an outcome of a concentration of economy and people. In an era of globalization, any cluster of specialized industries in a certain geographical area not only accelerates this concentration, but it expands its scale, and due to a certain influence or a certain design and urge (especially urge by investment), some areas are prone to form a geographical cluster of a specialized industry.

ZDCM, as an economic cluster of textile and clothing industry, is the very example. In the beginning, ZDCM developed out of a laissez-faire and spontaneous economy. Later on, intervention by the government pushed it to grow larger in scale. Based on the current tendency, it can be predicted that it will continue to grow larger and larger. Such a pattern has become rather common in Guangzhou and even the entire Pearl River Delta. It is a pattern in which formal economy and informal economy mingle and achieve respective advancement quite freely in the same area.

Eventually, that area develops into a cluster of a specialized industry. Afterward, governments exert interventions on that area in their attempt to advance local specialized industries with more energy and more political power. For example, they encourage investment, introduce cheaper labor, and take advantage of other preferential policies such as land (rent), tax, and the like. In this way, Guangzhou and the whole PRD have rapidly developed into megacities within the last two decades.

In the context of globalization, the global financial crisis, increasing domestic labor cost and the demand to strengthen local competitiveness right before the 16th Asian Games in 2010, the Guangdong Provincial Government proposed the policies of “open the cages and change the birds” (*teng long huan niao*), “withdraw the second and promote the third industry” (*tui er jin san*), and the Guangzhou Municipal Government further proposed the Three Olds Redevelopment (*san jiu gaizao*) policy. All these policies have been implemented and local governments attempt to achieve urban regeneration and industrial upgrading to higher levels. They will

bring distinct changes to Guangzhou and other megacities in the PRD. Predictably, most of the changes are beneficial to the development of megacities.

However, it is difficult to estimate what risks are involved. Especially for an industrial cluster like the ZDCM, in which formal and informal economies coexist, substantial considerations for potential risks are required. Even though maturing governance strategies for coping with predictable and even unprecedented developments can be observed over time, future initiatives and the implementation of new policies by the Guangdong Provincial Government and the Guangzhou Municipal Government, and which are directed toward the further development of the ZDCM, will have to stand the test of time.

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Chapter 9

Regeneration of Derelict Industrial Sites in Guangzhou and Shenzhen

Uwe Altrock and Ma Hang

Abstract The regeneration of derelict manufacturing sites—as part of the “three olds” policy—is now pushed forward through incentive policies and, to a great extent, depending on the officially planned future uses. Still space is left for negotiations and creative ideas. This chapter focuses on those sites preferring adaptive reuse of derelict industrial sites in Guangzhou and Shenzhen and examines how the redevelopment policies work at the operational level as well as the renovation strategies of case studies in the two cities.

Keywords Regeneration • Old industries • Three olds redevelopment • Derelict manufacturing sites • Urban upgrading • Creative industry

9.1 Introduction

Due to the reform process, a massive restructuring of Chinese cities has taken place. Especially manufacturing sites located in inner cities have closed down or are being relocated to the urban fringe. The emergence of obsolete industrial areas or buildings has become a common phenomenon in cities. Economic activities in these areas increasingly shift away from low-end manufacturing toward more capital-intensive, high value-added activities. Obsolete industrial properties tend to occupy land in locations of strategic importance with good accessibility to major

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transport routes and waterfronts. Thus, they seem to offer opportunities for more efficient land uses, both in terms of densities of economic activity and in the generation of tax income for the respective municipalities.

Due to a number of reasons such as landownership, zoning law, or location factors, municipalities tend to keep the original industrial zoning for those sites, thereby keeping them as important job centers or nuclei of economic activity. There is even a high preference to leave redevelopment to the sites' owners so as to avoid complicated state interference in costly and risky land development activities. However, this does not mean that there is a simple blueprint that could guarantee successful redevelopment, and there is no one-strategy-fits-all approach toward finding new concepts for former manufacturing areas. Therefore, it seems worthwhile to analyze the range of redevelopment options in the field of derelict manufacturing sites to demonstrate how local governments and developers interact in inner-city upgrading processes.

Generally speaking, the regeneration of derelict sites will direct high-value-added industries such as those in the tertiary sector that are able and willing to pay higher rents onto the sites from which traditional manufacturing is relocated. While this spatial manifestation of sectoral economic change seems an obvious process in the course of urban development under the rule of market forces, it has to be noted that willingness to pay cannot overrule strict regulations that define the type of reuse.

Strong interference by the local state into redevelopment takes place when location factors are influenced by the help of infrastructural investment. Thus, even in inner-city areas, there are always several different options for reuse, and a differentiated picture evolves in which CBD development tends to occupy designated areas due to the high dependency on specialized infrastructure and centrality. Furthermore, the shift of land use from manufacturing to services in many cities is also motivated by other factors including environmental and social concerns, tending to protect city centers from pollution caused by traditional manufacturing industries and to prevent the decay of certain areas of historic value.

On the other hand, in the process of rapid urbanization and industrialization, land consumption is high and becomes a big challenge to urban development in growing cities. It is crucial to intensify urban land-use densities through urban regeneration. Built-up areas are preferred to undeveloped greenfield sites as the latter are no longer available to an extent that would be able to satisfy the demand, and inner-city sites are in many cases more attractive for investors. Thus, revitalizing obsolete industrial areas and buildings has become not only a phenomenon but also a solution to land scarcity in cities. Rather than treating the brownfields of old industry as problems, many cities have now come to recognize the numerous advantages that come from redeveloping such sites.

Increasingly, Chinese cities actively search for strategies of upgrading those areas that make at least partial use of the building stock as well as of the approach of adaptive reuse, leaving important buildings or other relics and traces of the former manufacturing era on site and reinterpreting them in a creative way. This approach can be observed in all major economic centers, but it is particularly striking in regions that are characterized by a strong manufacturing tradition. This holds particularly true for the Pearl River Delta, still known as the "factory of the world,"

but increasingly forced to search for ways to climb up the value chain economically and to promote sectoral change, high-tech industries, and a knowledge-based service economy.

While manufacturing is being relocated to the cheaper hinterland, the urban cores of the PRD with their increasing land prices and salaries have to find ways to establish new industries on the old sites. As many of the manufacturing sites, especially in young cities such as Shenzhen or Dongguan, have been developed only a few decades ago, one might assume that their heritage value and the quality of their building stock are low, and that a simple logic of demolition and redevelopment might be applied. However, when it comes to preparing former manufacturing sites for the urban creative class and especially artists, designers, and the cultural economy, those people have a particular affinity for derelict manufacturing sites that translates into fascinating options for a creative reinterpretation of the building stock and the historic manufacturing environment (cf. Chap. 14).

This chapter therefore looks at Guangzhou and Shenzhen as two contrasting cases of a traditional and a very young manufacturing center, both rapidly transforming their manufacturing sites with the help of increasingly elaborated functional and design concepts. The objective of the chapter is to examine how the respective new planning policies by the two cities work in promoting redevelopment of obsolete industrial land and buildings. For this purpose, the strategies of the two cities are discussed, followed by a description and analysis of prominent cases of regeneration that are embedded into a wider picture of redevelopment of former manufacturing sites in the two cities.

9.2 The Development of Land-Use Policies and Regeneration Practices Concerning the Restructuring of Obsolete Industrial Areas

9.2.1 Background

The following section provides the background for an understanding of the ongoing restructuring measures. It is important to note that a systematic approach toward restructuring has only recently been established against a background of tertiarization. While landowners or developers often try to redevelop their sites without formally resorting to zoning adaptations or other types of interference by the local state, there are now municipal policies that have developed in the context of the “three olds” strategy and that differ from city to city.

Before 2009, the Guangzhou government had not instituted policies about the renovation of old manufacturing sites. Their redevelopment took place on an individual basis and only sporadically, as systematic relocations of manufacturing companies out of the cities happened only occasionally.

In Shenzhen, the picture differs from the situation in Guangzhou to some extent. Despite the relatively young history of manufacturing plants, the city witnessed

some of the earliest examples of redevelopment in this respect. One of them, OCT Loft (cf. Chap. 14), was originally an old factory in the western industrial zone of Shenzhen. It was redeveloped as a later stage of the development of the so-called Overseas Chinese Town in the 2000s by the state-owned OCT Group and without major conceptual interference by the municipality. However, the concept was influenced by local stakeholders such as the He Xiangning Art Museum (for more details on the project, see www.ocat.com.cn, www.aoya-hk.com/magazine.php?terrace_id=76, www.art-loft.cn/aboutus/AboutUs.aspx epaper.oeeee.com/C/html/2008-02/24/content_391609.htm).

The complex has gained some international reputation as the host site for the first Hong Kong and Shenzhen Architecture Biennial in 2005/2006 and due to its close proximity to other tourist destinations such as major theme parks. It is divided into a southern part (phase I, a regeneration of older and smaller manufacturing buildings) and a larger northern part (phase II, regeneration of more recent multistory buildings). Based on its superior location and favorable environment, it was developed as a creative industry base and includes exhibition space, media industries, artists' and design studios, restaurants, and bars. The redefinition and redesign of the southern complex as a creative working space for designers and artists in the postindustrial era turned out to be very successful and pushed the development of the northern part. Meanwhile, the flexible development in stages has allowed for the moving in of galleries; the art center; publishing, performing, and artist studios; design companies; and home-furnishing fashion boutiques, complemented by restaurants, bars, and a youth hostel.

The project represents a first stage and role model for redevelopment led by the landowner and aims to look for a completely new way of adaptively reusing existing manufacturing buildings, with a strong emphasis on design-related, small-scale users, which has turned the area into a specialized creative district with a certain orientation toward leisure and consumption. It seems to have been inspired by similar examples in other regions in which some old industrial buildings were converted into artists' studios. The success of the project has to be seen in the context of its complementary nature next to high-end residential areas in Overseas Chinese Town and thus as spatial manifestation of the will to supply a set of fancy leisure destinations for an increasingly well-educated and prosperous clientele who practice an explicitly urban lifestyle (Fig. 9.1).

9.2.2 *Regeneration of Derelict Manufacturing Sites Under the “Three Olds” Framework*

In fact, the expression of “withdrawing from the second and promoting the third industry” (*tui er jin san*) has been used since 2009 in Guangzhou, with relevant implementation measures introduced when considering land-use planning applications relating to city regeneration, especially the upgrading of existing industrial sites in old inner city. The policy aims to optimize urban land use through intensified



Fig. 9.1 Public open space in OCT Loft area (Uwe Altrock 2010)

utilization of construction land for higher land rent, in particular the shift of land use from manufacturing to tertiary industries, as well as the concentration of manufacturing industries in certain locations outside the inner city.

The term “three olds renovation” (redevelopment of three categories of old areas) first emerged in 2009 in Guangzhou (cf. Chaps. 5 and 6). It indicates that the urban development strategy of cities in the region in recent years emphasizes land-use adjustment of the inner city much more. This brings great opportunities for sustainable city development which relies on intensifying urban land uses.

According to a rough estimation of the Guangzhou government in 2009, underutilized land—including old towns, industrial buildings, and villages in Guangzhou that could be redeveloped in 10 years—covers an area of around 74 km², among which 28 km² could be redeveloped in 5 years. Preferential policies are also introduced for “three olds” renovation, which mainly include economic incentives to the developers and existing land occupiers and simplified procedures in getting planning permissions and other endorsements. Entailing the earlier “*tui er jin san*” concept, and also as part of the “three olds” renovation movement, renovation of old industrial land is supported by the current land-use policy and is greatly promoted by the municipal government.

In reaction to the movement of “three olds” renovation, Guangzhou municipality established an institution commonly called the “three olds office” to oversee the movement. The municipality regards the “three olds office” as an important office at the present time. It undertook a census on the three categories of areas and buildings and organized the formulation of plans for regeneration of the three categories of

areas or buildings. Projects tending to be considered as falling in the spectrum of “three olds” renovation should seek approval from the office first. The office might also serve as a guide to run urban redevelopment business in the city and even provide one-stop service in obtaining endorsements from relevant government agencies.

“The Special Plan for Old Industry Reconstruction in Guangzhou” was started in 2019. It covers 5,328 old industry land lots with a total land area of 137.15 km² in Guangzhou. According to this plan, the key points of the reconstruction would be as follows: ten key areas (including Zhujiang New Town, Bai’etan Region, Baiyun New Town, New Central Axis Region, Guangzhou South Railway Station, and areas surrounding the Olympic Sports Center) have been determined for reconstruction based on the urban development strategy, and the master plan for the new round of urban development and old plant reconstruction in old urban areas will start there. The focus of old plant reconstruction in the ten key areas is a functional upgrading. In the old industry reconstruction in old urban areas, priority will be given to the development of public facilities. In addition, the plan also covers old industry projects with major impact on the overall benefits of the city in the areas within 500 m away from railway stations, along main trunk roads, in all levels of central urban areas, important urban landscape areas, basic ecological protection areas, and major infrastructure constructions.

Shenzhen as a pioneer of urban regeneration in the PRD was successful in realizing some of the redevelopments similar to OCT Loft, without a comprehensive policy framework, while it began early attempts in forming an urbanized village regeneration office to deal with the more complicated issues. With the provincial “three olds” policy, Shenzhen incorporated its earlier administrative structure into an overarching one that deals with the “three olds” framework. In this context, several districts such as Nanshan, Futian, Luohu, and Longgang have instituted regulations and policies in order to encourage the conversion of old industry zones into creative industry districts. Initially implemented in December 2009, the “Measures on Urban Renewal of Shenzhen” (People’s Government of Shenzhen 2009 No. 211) are the first to introduce the concept of an “urban renewal unit” where the scope of regeneration is not limited by specific administrative units or plot boundaries but where scattered land pieces are integrated into a comprehensive planning framework, so as to get more land for development and to ensure a rational planning of urban infrastructures and public service facilities. While Shenzhen preceded Guangzhou in the first revitalization projects such as OCT Loft, it seems that meanwhile the regeneration efforts in Guangzhou have gained momentum and overpassed Shenzhen in terms of results achieved so far.

9.2.3 Redevelopment Modes for Old Factories

The following detailed description of the redevelopment modes sketches the situation in Guangzhou, as example for the complicated regulations that are being produced and implemented locally. Redevelopment modes in Guangzhou so far only concern

those old factories located within the designated “three olds” redevelopment area of 54 km² or those that were added by official approval. Only factory compounds can be redeveloped that possess clearly defined land-use rights and that conform with general land-use planning, comprehensive urban planning, and industrial structural planning. When it comes to dealing with different types of enterprises on state-owned land, like private enterprises, joint ventures, wholly foreign-owned companies, and state-owned companies, the principle is to leave it up to the company as the main stakeholder in redevelopment. Therefore, different stakeholders make the decisions on how to proceed. This can be a company boss, a board of directors, or the State-owned Assets Supervision & Administration Commission which also has to take the voices from the factory into account.

Three different redevelopment modes can be pursued. The first is an independent redevelopment with a supplementary payment, where 30 % of the basic land price has to be paid as transfer fee when the land is transferred. This is mainly used for nonoperational purposes such as education, science, technology, design, culture, public health, and sports and for more comprehensive purposes such as for supporting creative industries. The price difference between the basic new land price and the old one shall be paid as transfer fee if the land use is changed for operational purposes such as for business and offices. The second mode is an open assignment with two methods led by the government that differ by the way land value-related profits will be levied relating to the planned FAR. The third mode foresees land appropriation for public welfare with reasonable compensation, also distinguishing two methods based on the FAR of the existing land uses, and creates incentives for a quick relocation that guarantees higher compensations (Guangzhou Municipal Government (2009) No. 56, Enclosure 3).

In one case conflicts may occur: if there is a state-owned factory surrounded by an urbanized village. In this case, how to deal with problems depends on the importance of the respective site. Any village that is willing to conduct comprehensive redevelopment will be considered to be of major importance. If the factory also wants to conduct redevelopment, then it will be included in the redevelopment of the village. If a village is reluctant to redevelopment, whereas the factory is willing to conduct the redevelopment, then the village will be informed about it, and if the factory is redeveloped first, afterward the village cannot change any of the factory’s new architecture or usage. During the process of redevelopment, the village can apply for the plot of the factory to be included in its redevelopment and start negotiations with the affected stakeholders, during which the government holds a leading role to control the outcomes. But the government can take over the role as mediator, too, and even as a financial supporter, lending money which should be paid back after the redevelopment to one or the other party.

The analogous modes for the redevelopment on collectively owned land in urbanized villages are extremely complex and cannot be discussed in detail here. Basically, there are four different modes on how to handle old factory redevelopment on collectively owned land. The first mode basically conforms to redevelopment on state-owned land, only that the collection of transfer fees can be postponed: it is an independent redevelopment with the supplementary payment of the land price.

The second mode is also similar to redevelopment on state-owned land, an open assignment led by the government or the village collective, where parts of the purchase price will be compensated for the joint stock company of the village. In the third mode, the land will be redeveloped by other subjects after legal circulation on the market. If the land remains collective, the transfer will be done in accordance with the concerned regulations of the circulation of collective construction land. If the land is transformed into state ownership, land transfer fees shall be paid according to the relevant regulations. The last mode is a legal appropriation aiming at areas for future nonprofit public usage. Here, the government takes the lead and compensation shall be paid according to current compensation schemes for land appropriation.

9.3 The Range of Redevelopment Strategies for Obsolete Manufacturing Sites and Industrial Zones

As a city with a long history of industrial development, an important role as trade center and one of China's gateways to the world, Guangzhou has a great stock of manufacturing buildings dating from different periods and, especially in the urban core, a number of sites going back to the pre-reform era. Thus, the city is rich in diverse industrial heritage that may be used as a resource for future development in various ways. The situation in Shenzhen and other cities of the Pearl River Delta differs from Guangzhou to a certain extent since the longer history of manufacturing in Guangzhou has produced a greater amount of older sites to be redeveloped. However, especially Shenzhen (as an early center of the booming elongated work-bench approach to manufacturing after the reform and opening up) has a number of outdated manufacturing sites in areas that have meanwhile become commercial centers in the old SEZ. Therefore, the challenge to find ways to redevelop those sites is of particular importance as well.

However, the regeneration of derelict areas after the relocation or closing down of companies that covered entire manufacturing sites is still a rather new phenomenon that has differentiated with the increase in the number of cases and, thereby, of the available variety of urban settings, different building stocks, location factors, landownership contexts, and strategies for regeneration. Those strategies get more and more sophisticated and cater to the needs of a more and more specialized demand. They can be seen as an expression of the competition between the landowners to find successful redevelopment projects that are in line with the development strategies of the municipalities and city districts they are located in, not always allowing for rezoning and often striving for an ambitious economic development vision based on distinct clusters, and to some extent backed by state investment and promotional activities. The evolving pattern of adaptive reuse and regeneration projects is thus complex and flexible since it allows for a market-oriented adaptation over time. In the following, its main lines will be presented and discussed. The short case study profiles serve as illustrations to demonstrate the broad range of strategies, but cannot be analyzed in full detail here.

9.3.1 Background: Conventional Redevelopment Approaches

With the trend toward relocation of manufacturing plants out of the urban cores spurred by local policies that promote service industries, a significant shift in urban regeneration seems to have occurred. In earlier years, more conventional modes of redevelopment could be observed that are still relevant to some extent, but which no longer dominate the picture of regeneration strategies:

Demolition and redevelopment as complementary city extensions: The redevelopment of older plants following a mode of demolition and redevelopment from scratch took place occasionally when the respective site was located near downtown or was in the way of key development projects for the respective city. This led to the redevelopment of the Shangbu Industrial Area in central Shenzhen, an early example of the construction of a multifunctional quarter with a great percentage of office and commercial uses complementing the existing city (Wang and Xu 2002).

Demolition and reconstruction for specialized commercial centers: In some cases, clusters of manufacturing and trade are upgraded to be able to cope with increasing competition. This is in line with strategic attempts to position established economic clusters in the PRD as headquarters for a wide network of related industries spanning the entire province of Guangdong or even southern China or as commercial hubs in a wide network of international significance. For this purpose, former manufacturing sites are sometimes completely given up and redeveloped into integrated wholesale and service centers embedded in an existing local cluster that is gradually upgraded in situ. The enormous size of the integrated wholesale centers and their huge demand for space demands this approach, especially near the urban cores, since sometimes no other options are available as the demolition of the complex urban fabric in the surrounding area cannot be implemented easily and no other greenfield sites are at hand. The case of Guangzhou International Textile City near the main campus of Zhongshan University in Guangzhou represents a prominent and rather successful case in this category (cf. Chap. 7; Altrock and Schoon 2013; Schröder et al. 2010).

Redevelopment for residential purposes: In some other cases, the related land-use change goes even further when former manufacturing-oriented land uses are to be seen as an alien element in its environment. This was the case in 2011, when the former industry site of Guangzhou No. 4 Architecture Engineering Company in Haizhu District was redeveloped into the relatively spacious Songhe Retirement Home according to the slogan “open the cages and change the birds” (*teng long huan niao*).

Conventional small-scale reuse and incremental adaptation: Besides those projects, the reuse of parts of manufacturing sites for new companies can be especially observed when the complex is rented out to smaller units, as in the case of some areas in urbanized villages. This process can gradually lead to an influx of service-oriented companies on a smaller scale and thus to an adaptation of the manufacturing areas.

9.3.2 *Functional Diversification: Creative Parks and Beyond*

One can observe that landowners and developers, coping with the zoning requirements that do not allow them to demolish and redevelop everywhere, have to find reasonable strategies for finding a new functional mix that fits to the buildings and their site in general and at the same time allows finding a reasonable number of potential users. In this context, it is important to consider the variety of site layouts, building types, environments, and atmospheric values related to the age, uniqueness, and architectural design found in place that bring about a certain variety of functional concepts, all of them somewhat different offsprings of the same family of creativity-oriented regeneration. Typically, one may find more recent factory production and office buildings with a great number of floors and simple low-rise manufacturing or storage buildings in many of the sites. They form the basic ingredients of the new functional layouts.

However, especially the location adds a certain flavor to the project. With the redevelopment of waterfronts, to some degree international experiences have been incorporated in many of the riverfront-related sites in Guangzhou while they are less important in Shenzhen, where many of the factories to be redeveloped are located next to important roads and often far away from the waterfront due to the history of urban growth and to the importance of land reclamation.

Production-oriented service sites related to design: In some areas, the sites serve in the context of greater clusters of sectors of manufacturing and trade. For instance, this holds for the textile sector in which the PRD traditionally has a certain importance as a trade center and is recently enforced by the relocation of manufacturing companies to the hinterland and the reorientation on trade of the business in the core of the PRD. In terms of redevelopment, this trend was already mentioned above when discussing more conventional approaches (specialized commercial centers). However, it can also be found in former manufacturing buildings now reused as centers of a complex web of fashion design and trading companies, each occupying only a small part of one building and using it multifunctionally with a front office, designer workshops, production of samples, showroom, and storage.

Located in Nanshan District in the far west of the Shenzhen Special Economic Zone in the early 1980s, Nanhaiyiku can be seen as one example of this category (cf. Chap. 14). It is composed of 6 four-floor manufacturing plants covering an area of more than 4 ha with a total floor space of almost 100,000 m². As one of the earlier plants erected during the period of reform and opening up, it became the object of readjustment and upgrading of the manufacturing industry in Shenzhen relatively early. In the course of reconstruction in a first phase starting in 2006, four buildings of the complex were converted by China Merchants Property Development Co., Ltd. into an office building, now occupied by the headquarters of the firm and companies in the fields of landscape design, animated movies, fashion design, and product design for household goods.

During the revitalization of the buildings, attempts to save resources such as energy, material, and water were made to meet criteria of green building. Only the



Fig. 9.2 Public open space in front of a building in Haizhu Creative Industry Park (Uwe Altrock 2011)

skeleton structure was retained, while the appearance of the façade was redesigned. The second phase tried to keep the original appearance of the remaining two buildings, which are now used as art studios, galleries, exhibition halls, and shops (see also the study of the City of Design Shenzhen in Chap. 14).

A similar case can be found in the southern part of Haizhu District in Guangzhou, an area once dominated by a large expanse of manufacturing and storage facilities that are partly still in operation, far away from the mixed-use quarters of the more central areas of the city. One of the former multistory factory compounds was revitalized by the city of Guangzhou in 2008. The complex is now called the Haizhu Creative Industry Park with a floor space of around 80,000 m².

With the help of some simple measures to give the façade and the public open space on the site a slightly more fashionable outlook and the reorganization of the complex (now comprising a central service center, conference areas, a VIP room, a cafeteria, a banking terminal, and a training center), it was possible to turn the complex into an incubator, to gradually make it an e-commerce-based park, and to rent out the spaces once occupied by clothes, electronics, and other industries to more than 160 companies in the fields of e-commerce, fashion design, and other production-oriented services (see for instance www.hzcycy.com/gaikuang/704.html) (Fig. 9.2).

Creativity-related activity sites: Old industrial buildings are sometimes converted into creativity-related multifunctional activity spaces so that, after the reconstruction of the original structures, the reused spaces become flexible and meet different needs of creative users. Appropriation of residual buildings is flourishing, or developers try to produce similar arrangements, and sometimes centers of the complexes are redeveloped for specialized uses. A clear distinction between more prominent



Fig. 9.3 F518 (Uwe Altrock 2011)

spaces open to the public which are designed more formally and more privately used spaces available for appropriation can be noticed.

OCT Loft, already discussed above, can be seen as one major example in this category (http://www.octloft.cn/about/about_oct_loft_en.aspx). F518 Fashion Creativity Park, sometimes also called F518 Idea Land, in Shenzhen may serve as another example in this respect (see www.cnf518.com). It is located in the central area of the Bao'an District in northwestern Shenzhen and was established in 2007 with a total planned floor area of 250,000 m².

Led by a developer managing the transformation process, the park has developed into an innovative industrial park integrating industrial and graphic design brand planning, movie and TV cartoon production, new media services, architecture firms, incubator areas, and art production. The central area is organized around an elongated courtyard with restaurants and a semipublic pedestrian promenade crossing the entire site and linking the two adjacent access roads. Central office-oriented areas, an exhibition center, and a landmark are organized in a prominent entrance zone, while the more private zones separated from the central zone are reserved as working and exhibition zones for artists. This clear separation into different zones allows for a dense mix of different functions on a relatively long and narrow plot (Fig. 9.3).

Xinyi International Club (XIC) in Guangzhou also has a rather multifunctional approach for regeneration. The site was formerly occupied by a state-owned hydro-power plant (cf. www.xyfair.com.cn). The project was formally started in 2004. The making of XIC is based on revitalizing the industrial site abandoned in the 1990s. The planners performed the overall planning and design for Xinyi Mansion,



Fig. 9.4 XIC (Uwe Altrock 2011)

leaving 86 ancient banyan trees in the old plant in place and selectively keeping or demolishing the existing buildings. Five buildings with poor quality in the old plant area were demolished and another seven buildings were renovated by cleaning or furnishing the façades, while the façades for other buildings were reconstructed to different extents as required.

Inside the buildings, modern structures were established to provide space for office-based activities such as advertising, design, or management. The open space around the buildings was upgraded with large meadows and renovated roads and paths inside the site. Based on its unique and beautiful natural environment and strong cultural heritage, XIC mainly provides functions such as exhibitions, offices, a conference hotel, design, catering, entertainment, and related supporting space and has become an important part of the innovation industry of Guangzhou. It became a popular venue for fashion shows and for launching new cars. Some famous painters also established their workshops here. The rent level of offices in buildings of XIC reached two to three times of those in other similar projects (Fig. 9.4).

Exhibition and communication sites: The space of old industrial buildings may serve for diverse purposes due to their neutral layout. Therefore, some are even used for large-scale exhibitions (as parts of larger complexes). If the whole complex gets a particular exhibition-related profile, adjacent buildings of the same type are converted into commercial art galleries, art shops, and the like. Some buildings are typically used as venues for cultural events or shows. The entire open space may be integrated, creating the atmosphere of a freely accessible art-related theme park.



Fig. 9.5 HG Lounge in Redtory Art and Design Factory (Uwe Altrock 2011)

However, the use, design, possible appropriation, and commercial character of the open space between the buildings vary according to the concept of the site. Thus, more successful sites may become visitors' or even tourist destinations, while others are reserved for the users and offer hardly any facilities for visitors. This visitor orientation correlates with the intentional design concepts for public spaces.

The cannery of Guangdong Province had been built in 1956 based on a Soviet model and was in operation for over half a century. Its modest Soviet-style, low-rise manufacturing buildings no longer met the demands of modern large-scale manufacturing. The manufacturing company finally agreed to being relocated. The huge abandoned complex has a good road access, yet a distinct isolated campus character. In 2009, the Redtory Art and Design Factory came into being (cf. www.redtory.com.cn). The historical buildings in the plant were partly preserved. While some of them could simply be reused, a substantial part of the buildings in the well-located areas near the former entrance gate was demolished while keeping their façades and thus their outer appearance but while rebuilding their interiors. Spaces for art exhibitions, galleries, art stores, design shops, restaurants and coffee shops, and a museum were created (Fig. 9.5).

A similar case, the TIT Creative Industry Zone in the central Haizhu District of Guangzhou, was established between 2007 and 2009 by the Guangzhou Textile Trading Group (GTTG) on the almost 10-ha site of the historic compound of the former Guangzhou Textile Machinery Factory (see www.entit.com and Chap. 6). Although based on services around the textile sector, the site has become an exhibition-oriented design complex with a fashion display center hosting a number of fashion shows and design contests and the conversion of an old apartment complex into a hotel, restaurant, and a number of designer showrooms. The concept

foresees making the site a center of excellence for services around textiles and fashion close to the city center and to the trade fair complex of the city.

Artists' centers: Multistory former manufacturing buildings are especially rented out to artists who use some space for their workshops and other areas as commercial galleries. The sites often show an abundance of different artistic practice and concepts, but only little appropriation or general change in appearance. This may be due to their inexpensive reuse for housing artists without turning them into complex creativity clusters and as a simple way of bringing new life into smaller and sometimes less atmospheric factory buildings. As they mainly function as production centers for artists, different types of buildings can be used.

One particular example of an artists' center in a former manufacturing complex is the 22 Art District in the Bao'an District of Shenzhen. It consists of a whole block of former manufacturing buildings, originally a multistory factory complex dating back to the 1980s, and now forming modules of the entire center (see www.echinacities.com/shenzhen/city-life/special-experimental-zone-shenzhens-22-art-district.html, 22.cefomsz.com).

The 120,000-square meter complex was opened in 2007 as a result of a political initiative in the Eleventh Five-Year Plan of Shenzhen to counter the rather bottom-up development of Beijing's 798 Art Center. The Gefeng Art Center operating the galleries and an art festival in the district are trying to make the area an "integrated art industrial park," including incubation, promotion, and marketing of art. The district is also to house an "art culture bar street," with bars, cafes, and entertainment venues. Other activities of the organization include exhibitions, academic and educational activities, the operation of a contemporary art museum, an "art life supermarket," and other rather commercial forms of art promotion. For the redevelopment, the exterior of the buildings was preserved, while the interior received a contemporary design in some parts. Other examples of artists' centers can be found in less prominent locations and are not to be discussed in more detail here (Fig. 9.6).

Spaces for recreation and consumption: Former manufacturing sites are sometimes turned into consumption-oriented spaces that can rely on the support of creative users nearby or the atmosphere of the former factories around. While the areas for recreation and consumption can be integrated into larger complexes such as the OCT Loft, there are other areas that can instead be understood as entertainment centers.

The state-owned Zhujiang Brewery, one of the more important breweries of the region and located in the Haizhu District of Guangzhou, almost across the Pearl River from the new city center in Tianhe District, witnessed a strategic partnership with and a take-over of 25 % of its shares by Anheuser-Busch InBev, one of the leading international brewery conglomerates (cf. gz.house.sina.com.cn/news2012-05-24/11133914062.shtml, www.zhujiangbeer.ca).

Subsequently, the centrally located brewery complex was profoundly restructured, differentiating the complex into the more introverted yet publicly accessible brewery itself, which is surrounded by a brewery museum next to the main road. The most important part of the new orientation (in the context of the promotion of

Fig. 9.6 365 Art Life Supermarket (Uwe Altrock 2009)



service industries) was the conversion of the former landing place of the brewery on the Pearl River into an entertainment district with bars, restaurants, and park facilities embedded into the upgraded Pearl River waterfront, which left important traces of the former port-related functions in place and thereby created a unique setting that becomes especially active in the evenings (Fig. 9.7).

The Taigu complex, consisting of seven warehouses, was built between 1904 and 1908 on the eastern shore of the western arm of the Pearl River in the Haizhu District in Guangzhou in an area that has long been characterized by its strong concentration of manufacturing sites and warehouses on the riverfront which have been subsequently redeveloped into complexes with different functional profiles (cf. www.gztgc.com and Chap. 6). It faced a downturn of the port-related industries in the inner city of Guangzhou and thereby lost its original function, only to be designated a conservation unit for cultural heritage by the Guangzhou government in 2005. Its redevelopment was supported by the Guangzhou Port Group and the district.

Aiming at preserving the authenticity of the complex, the developer kept the exterior of the buildings, repaired the façades, reinforced the internal structure, and searched for completely new functions step by step. For this purpose, the complex was divided into four functional areas which have become a center of wine trade and exhibition, an exhibition center, a cinema, and showrooms for the fashion industry. Its former landing is now used as outdoor premises for businesses, including an open exhibition area, marina, and outdoor catering area. Except during exhibition hours, the marina is not open to the public.



Fig. 9.7 Party Pier next to Zhujiang Brewery and beer museum (Uwe Altrock 2011)

9.3.3 *Economic Restructuring on Former Manufacturing Sites: On the Way Toward “Made in China”?*

As explained above, the revitalization of former manufacturing sites can be understood in the context of a wider strategy of economic upgrading and promotion of service industries. Yet the variety of locations that are now available allows for no simple one-concept-fits-all solution. While conventional office centers are built in larger CBDs or subcenters, the revitalization offers opportunities to produce completely new service-oriented clusters. The intentional displacement of polluting industries and the age of the factories most often forbid a simple reuse of the buildings for new types of manufacturing. This does not mean that smaller workshops are not sometimes to be found in them, perhaps only to bridge the time until a long-term concept for the revitalization is found.

If the sites are well embedded in their environment, a rather conventional redevelopment may be applied such as in the case of the Zhongda Cloth Market, favoring huge wholesale centers as new uses on former factory sites. In many other cases, the new profiles for the manufacturing sites make use of the relatively inexpensive availability of space, the uniqueness of the historic architecture (even if it dates back at most to the 1950s in Guangzhou and the 1980s in Shenzhen), and the relative openness of the sites that either dispose of ample open space between the historic buildings or are characterized by multistory buildings no longer needed for other purposes. In any way, the decision to keep mostly intact the architectural features of the buildings that do not always offer great heritage value and to try to interrupt the simple logic of maximization of building densities in the inner cities seems to shape important breeding grounds for a diversified service- and consumer-oriented

economy that no longer relies on the elongated workbench model that the Pearl River Delta has followed for a long time.

In this context, different models that range from outright commercial orientation to an appropriation of spaces without clear economic focus indeed seem to open up avenues for innovation and creativity in some niches intentionally produced by the local state against the simple operation of the land markets. However, as some of the cases show, both the favorable locations next to rivers and, with a high degree of ambience, low-rise historic factory buildings embedded in settings of park-like open spaces generate commercialized visions of how a creative milieu and its globalized needs may be attracted.

For this purpose, the strategies by some of the developers that blend elements of exhibitions and shows with incubator-like approaches in design-related sectors seem no coincidence, as they both guarantee a fair amount of innovation and the necessary link to a wider audience that is crucial for the long-term success of—and thus, attractiveness for—design professionals. It remains open for future evaluation if the more production-oriented services linked to existing headquarters economies, such as the upgraded textile and fashion sector or the commercial art production, will turn out to be more innovative and, in the long run, profitable and demand-oriented in the mature urbanized megacities of the Pearl River Delta—let alone the sites focusing mainly on entertainment, leisure, and commerce in a wider sense.

However, both the cities of Guangzhou and Shenzhen make clear that there is a growing, internationally linked, and commercially viable market for design-related products, even in a region that is rather well known for its manufacturing orientation. While some parts of the restructuring simply serve the increasingly urban consumer demand with growing purchasing power for differentiated consumption yet are not explicitly innovative in all parts (see, for instance, Taigu Warehouse), there are other projects that show an abundance of creativity and ideas, often to be found in art- and design-related sectors that demonstratively contrast with the model of producing mass art that is to be found in the former village of Dafen in Shenzhen, where a great part of the world's copied art is produced (cf. www.dafenvillageonline.com, www.dafenart.com) and thereby no longer repeating the “factory of the world” model in the consumer goods production.

Looked at spatially, there are interesting management concepts that make full use of the potential the former manufacturing sites offer. Among the many examples in this direction, XIC, TIT, and others seem to offer interesting models in that they build on long-term income by renting out office space for enterprises, collecting middle- and short-term rents by operating serviced apartments or hotel accommodation for visitors, and finally generating short-term rents with the help of exhibitions and other events offensively promoted in the region and beyond, and which are technically supported by the management.

Summing up, the specific political and economic features of the southern Chinese case clearly coin the path of transformation from a rather manufacturing-oriented mega-urban region to a more mature service-oriented center, having to compete with the other mega-urban regions of Beijing and Shanghai on the one hand, but increasingly also with the developing hinterland and internationally on the other.

One can identify the influence of the rigid policies against maintaining low value-added sectors of the economy in the inner cities. However, despite the increasing importance of private developers and land markets, policy-makers do not at all rely on market forces that might do the job of tertiarization in the urban cores themselves. They strongly support the process by shaping strong incentives for specific sectors, seemingly contributing to a more differentiated regional economy.

In western capitalist economies tertiarization has often brought about office and commercial development in the city centers, building on face-to-face contacts and other location factors realized in them, increasing building densities, and pushing other uses out with the help of land price mechanisms—in more mature cities often followed by suburbanization, inner-city decay, and later re-urbanization in phases not to be observed in China yet. Artists and designers seem to make use of the niches produced by selective processes of decay, which offer low rents and a high amount of specialized ambience on former manufacturing sites.

In contrast, the Chinese office centers were intentionally produced rather symbolically (Cartier 2002) and filled partly by state-owned companies, while the revitalization of brownfields can now build on the experiences made elsewhere and try to intensively push the production of “creative” and leisure sites for an explicitly urban clientele where soft location factors seem to be easily at hand. Thus, the appropriation, reinterpretation, and creative revitalization of niche sites left over by the downturn of the manufacturing age in tertiarizing cities in capitalist economies are s(t)imulated, intentionally fuelled, reshaped, multiplied, and differentiated out in experimental settings created by handing over the former manufacturing sites to the developers that are forced to deal with a relatively strict range of land-use designations, competitively going for strategies to attract a bunch of creativity-related actors in artificially designed symbiotic laboratories of different conceptual elements such as galleries, workshops, exhibition spaces, design-related offices, gastronomy, and the like. This stimulation of the production of a multitude of variegated small-scale creative clusters easily serves to revitalize the relatively great number of available brownfield sites, to satisfy the demand for space in the creative sector, to allow for the identification of successful strategies that may be sustained, and to bridge the time needed to find possible other long-term strategies to “efficiently” reuse brownfield sites in other cases.

9.3.4 Facets of Adaptive Reuse: Heritage Conservation, Design Orientation, and Identity Formation

The revitalization of former manufacturing sites is closely related to the strategy of adaptive reuse following successful projects such as the 798 Factory in Beijing, which is often mentioned explicitly in promotional activities as role model (cf. Huang 2004). The success of the predecessor in Beijing, itself an example of modern industrial architecture, may be seen as a hint that the key to success in producing creative quarters does not depend on a particular form but on staging, branding, and

intensity of art and design production. In that context, the blending of new design elements, both in public open space and the interior of the buildings on the one hand and the architectural features of the gritty old manufacturing sites on the other, plays an important role. However, the ample amount of green open space and the number of old trees in some of the sites first developed before the period of reform and opening up clearly contribute to their potential ambience.

When it comes to the conservation of the manufacturing buildings, they represent very difficult heritage qualities. As the ambience value depends on the uniqueness of the historic buildings, at least their façades are often kept untouched. However, their relatively sober outlook lacking differentiation is typically superimposed by architectural elements adding contrasts in form, material, and color. For this purpose, entrances and signage elements are designed to represent the new and fashionable image of the creative parks. While pre-reform buildings in “Soviet” or “Bauhaus” style are sometimes relatively well preserved due to their rarity and special ambience of the sites they are located in, this does not always hold for later manufacturing buildings.

In simpler cases of reuse, the buildings are hardly altered at all, but when it comes to giving the respective sites a new image, the buildings are deliberately altered to fit into the new design concept. Not surprisingly, visitors’ expectations are sometimes intentionally exploited, characteristically in two ways. First, and not very surprisingly, to give buildings a particular fresh, young, or high-tech-oriented look, façades are altered with the help of glass, steel, and paint. Second, the potential ambience created by the esthetics of decay, often praised in the context of former manufacturing sites (Trigg 2006; Hauser 2001), is sometimes even created by painting buildings in a way that makes them look older than they really are.

The contrast of some of the sites presented above does not only demonstrate this rather free playing with heritage values but also shows how the strength of the established older industrial or warehouse architecture renders intense superimposition with new design elements inappropriate to allow a distinctive form of elegance which may well be part of the image of the site. In this context, it is worth noting that XIT, a site that can pretty much rely on its pronounced architecture, does not pay much attention to promotional activities in the public, nor does it make efforts to attract tourists deliberately. While the Taigu Warehouse complex is keen to attract visitors to its cinemas, bars, retail outlets, and shows and makes use of some relatively banal design advertising features (see Chap. 6), the overall appearance of its striking façade, in distinctive contrast to its adjacent water tower, allows the design concept to abstain from more prominent superimpositions (Fig. 9.8).

The intensity of the application of design-related strategy elements just mentioned differs strongly. Especially in the context of sites that have a clear design-related profile (arts production, design, fashion design), those elements are embedded in a concept contributing to a branding or even theming of the site. Interestingly, the less prominent sites also apply some of those strategies, but with a clearly less ambitious conceptual approach. There, artifacts of the previous industrial use of the site are displayed in a relatively additive and uninspired way in the public open space, at least allowing for them being mentioned in marketing-oriented presentations.



Fig. 9.8 Taigu Warehouse (Uwe Altrock 2010)

Where the design of the entire complex plays a certain role in the site and its mix of functions, wider-reaching integrated design concepts are applied. This can be clearly seen when analyzing the spaces in the OCT Loft, Redtory, or TIT complexes (cf. Chaps. 6 and 14). Here, not only are new design elements invented in context with signage and open air art that blend decorative function, image production, and recognition value, but traces of the older use such as socialist propaganda art on the walls are used in decorative ways as surprising alienation or a play with visual expectations. In this context, old machines and other elements found in the factories are not simply deposited arbitrarily in some corner of the intentionally integrated game of alienation so as to demonstrate a transformative creativity at different levels. Rather the reuse of the site itself, the adaptive reuse of its buildings, and the material transformation of the artifacts can be found in situ (Fig. 9.9).

In contrast to some bottom-up appropriation of abandoned factories in western countries, it has to be noted that most of the creative sites in the Pearl River Delta are intentionally “produced” by public or private developers. Therefore, the successful experiences from elsewhere are condensed and translated into marketing strategies to promote a site and to keep it competitive in an environment of increasing numbers of converted factories. Obviously, such a strategy is particularly attractive for larger complexes that cannot easily rely on renting out their premises without further conceptual ambition (1850 Creative Club in Fangcun in Guangzhou, Wuyang-Honda Factory in the Haizhu District in Guangzhou). Nevertheless, they are also used for placing sites on the real estate and visitors’ market when the product offered seems standardized in a way—an art center, a design center, and the like (Fig. 9.10).



Fig. 9.9 Reuse in Starhouse 60 Village, Guangzhou (Uwe Altrock 2011)



Fig. 9.10 Reused buildings in Wuyang-Honda Factory complex, Guangzhou, with paint simulating brick and corrugated iron façades (Uwe Altrock 2012)

A particularly striking example in this context is the 22 Art Factory in Bao'an District of Shenzhen, an ambitious project intending to revitalize an entire block of multistory factory buildings. Here the concept for reuse and marketing require some inner differentiation of the concepts for each building to render the entire

complex attractive enough despite its enormous size. The idea of blending arts, leisure, lifestyle, and social distinction is taken even further, following similar strategies in other places by inventing the “365 Art Life Supermarket” idea in a very prominent building at the entrance of the complex, promoting the works of art produced nearby, complemented by the idea of an “art culture bar street,” with bars, cafes, and entertainment venues for its visitors. All of them can be seen as a strategic move by policy-makers in the framework of the Eleventh Five-Year Plan and by investors, not artists themselves, thus consciously pushing and thereby banalizing the idea of seeing works of art as a commodity (cf. <http://22.cefomsz.com/about.asp>).

9.3.5 The Production of Location: Creative Parks as Parts of Strategic Urban Development

Normally, the location of the former factory determines the integration of the new complex into its environment. However, there are several factors that contribute to the profile of the new functions. Obviously, favorable location factors tend to favor specific regeneration concepts and user types. There is a clear influence of the accessibility in the openness and commercial orientation of the respective sites. For instance, locations on the rivers are often reused as very open complexes in part due to the wish of the province and the region to upgrade the waterfronts and to open them to the public after decades of port-, storage-, and manufacturing-related uses which were open exclusively to the employees and workers active there. Therefore, commercially oriented leisure sites are often located on the water, as in the case of Taigu Warehouse or the Zhujiang Brewery bar street and museum. In this context, prominent waterfront locations are well suited for leisure purposes, but they increasingly make use of traces of earlier port-related functions to give the site a unique feel. This strategy that has been successfully applied in other parts of the world is combined with the blending of old buildings and elegant new ones, often making use of the sophisticated design of open spaces in which traces of the earlier periods are staged. The provincial and municipal upgrading strategies for the rivers in the PRD allow for their being embedded in wider contexts of public open space (Fig. 9.11).

Design-oriented uses are interested in an amount of openness if galleries and exhibition spaces are included, that is, if their products are marketed on-site. Thus, their complexes often contain opulent exhibition spaces and therefore require large storage or manufacturing buildings they can reuse for those purposes. In contrast, creative users that have a wider audience or are closely linked to other sectors such as the garment sector rely on local shows but do not openly display their designs in the everyday design process. They can therefore resort to more introverted sites with multistory buildings and off the beaten tracks of visitors and locals.

Besides those correlations between the general location factors and the user types, location is also eagerly produced with the help of design, branding, and other forms of marketing. For this purpose, site managers develop corporate design concepts that are represented in signage, websites, and exhibition programs. Art and design magazines around the new sites flourish. All of them give only limited and, more than anything else, lifestyle-oriented information about the respective sites.

One particular feature of the regeneration of former manufacturing areas is due to their concentration in longer stretches along rivers—as mentioned above—or roads and their clustering in some parts of the cities. While this results in a strong manufacturing imprint of larger areas that cannot easily be overcome, in case of a general downturn of the respective manufacturing sectors or the intentional relocation (especially of polluting factories in the inner cities), derelict manufacturing sites come in large agglomerations of very different plots owned by developers or public bodies searching for competitive strategies to revitalize their sites. In this context, the atmosphere of the former plants often gives the sites a certain flavor that seems to make them attractive for creative users. Even if this is not the case, developers seek to grasp as much grittiness as possible inherited from the former uses or which are at least plausible in the setting, keeping traces of manufacturing, not only highlighting but sometimes even inventing them.

The regeneration of larger areas produces new little creative towns that sometimes consist of a set of distinct pieces. A particular example is the western riverfront of the Pearl River in Liwan District in Guangzhou called Bai'tan Area, in which projects like Xinyi International Club are to be found. Located in the center of the Guangzhou-Foshan agglomeration, it is full of industrial heritage. According to the plan, it is supposed to become a demonstration area for the promotion of the economic integration in the northern Pearl River Delta. In the future, the area will be positioned in the center of the "Guangzhou-Foshan Metropolitan Region," where priority will be given to the development of modern service industries, including headquarters economies, logistics and innovation industries, trade, and cultural tourism.

Old factories and harbor warehouses have been renovated into creative industries and related services, thereby forming a large-scale mixed-use ecological waterfront zone. The creative industry zone in Bai'tan is composed of several complexes that are somewhat separated from each other, for example, Xinyi International Club, 1850 Creative Club, the harbor of Taigu Warehouse, Fangcun Cultural Creative Industry Zone, and 922 Hongxin Creative Industry Zone. The more important ones of them such as XIC tend to bring in tax revenues to the region and cause a certain degree of radiant effect on the surrounding businesses. Therefore, they are supported by the municipality and even by the province who is striving for the establishment of new creative clusters such as the "Riverside Innovation Industrial Belt." XIC, for instance, has been named as "the Cultural and Innovative Industrial Park of Guangdong Province" by the Culture Department of Guangdong Province in this context (Fig. 9.12).



Fig. 9.12 Animated aerial view of waterfront redevelopment in Bai'etan (White Swan Pond) area with different developments, among them from *right to left* Xinyi International Club, 1850 Creative Club, and Honsan 922 Creative Community (City of Guangzhou) (Reproduced by permission of Guangzhou City Liwan District Urban Planning Office)

9.4 Conclusion

Along with the adjustment of economic structures in the city, a large amount of industrial enterprises have been or are quitting their operation in the urban cores of the Pearl River Delta and thus leave many old industrial buildings behind. For their superiority in geographic locations, such old industrial plants and parks come to the attention of real estate developers. In addition to their strong use value and historical importance, the old industrial buildings may also play an irreplaceable role in saving energy and maintaining the diversity and vitality of the city. At the same time, an emerging pollution-free industry with high value-added service industries and creative industries in particular also shows their importance for the optimization of industrial structures in China. The cases in Guangzhou and Shenzhen share similar characteristics: most old factories are reconstructed into creative industry districts, which are promoted for urban development by providing employment opportunities, redevelopment of derelict land, and sometimes even a balance between social and economic development. Compared to the cases in Shenzhen, the renovation types in Guangzhou seem to be more diverse due to the wider typological range of existing sites. This may turn out to become an advantage for Guangzhou in terms of producing a greater variety of concepts, catering for a greater spectrum of owners, tenants, and visitors.

Guangzhou, with its long history of over 2,200 years and a history of modern industry of 160 years, can resort to a great amount of important industrial heritage in the city. In contrast, the short history of urban development in Shenzhen has always produced a dynamic and experimental orientation resulting in the modernity of the city structure, but does not possess too many abandoned industrial sites and only a few industrial buildings requiring reconstruction.

The above analysis of the strategies of regeneration intended to demonstrate how far-reaching an approach the two cities are currently following and how diverse the results are, despite a certain bias on copying earlier successes such as the 798

Factory in Beijing. The transformation of the sites not only comprises a simple change in functional layout, the upgrading of infrastructure, and the increase of land rent after reconstruction. Rather, they are examples of a new mode of urban development building by policy-makers and developers in shaping new profiles for existing sites. They have considered the changed environment of the demand side of a flourishing real estate market, now characterized by a sheer atomistic fragmentation of possible actors that cannot easily be allocated land in a top-down planning process.

As land demand differentiates with the evolution of a more mature service and consumer industry, it becomes harder to predict its structure, size, and quality-related requirements. Therefore, the supply side reacts by testing different project-related packages and their respective marketability. Thus, even seemingly universal trends toward the promotion of creative industries make more refined strategies necessary, which produces a strange set of variations on the theme of the revitalization of manufacturing sites by turning them into some form of creative sites, going with the tide, but nevertheless trying to remain visible in a broad stream of fellow developers.

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Part V
The Evolution of Integrative
Governance

Chapter 10

Gaming and Decision-Making: Urbanized Village Redevelopment in Guangzhou

Zhuang Zhiqiang

Abstract This chapter draws on the redevelopment of Sanyuanli Village and Xiaoping Village in Baiyun District of Guangzhou to examine the history of urbanized village redevelopment, to evaluate related policies, and to analyze the gaming behaviors of stakeholders in different phases as well as the effects imposed by government decision-making. The interest balance between governments, urbanized villages, and developers will dictate whether urbanized village redevelopment is feasible or not. Therefore, only when municipal governments aim for benefit sharing and a win-win situation for all parties during decision-making processes will the urbanized village redevelopment successfully be accomplished.

Keywords Urbanized village redevelopment • Decision-making • Stakeholders • Gaming

10.1 Introduction

At present, whether it is possible to redevelop urbanized villages in Guangzhou or not greatly depends on the interest balance among the government, urbanized villages, and developers. In the course of what we call “gaming” (*boyi*), in order to maximize interests, all parties continuously make a series of decisions and hold various negotiations. This chapter investigates the decision-making process of urbanized village redevelopment in Guangzhou with the case study of Sanyuanli Village in Baiyun District.

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10.1.1 History of Urbanized Village Redevelopment in Guangzhou

The process of urbanization in Guangzhou can be dated back to the 1980s. Large-scale urban expansion brought external economic benefits to urbanized villages. Driven by economic interests, farmers spontaneously pulled down their houses and built new ones. Therefore, architecture in urbanized villages gradually changed from brick houses with only one floor to buildings with two and even three floors. In order to reduce development costs, the expansion of the city bypassed the villages that were in the outskirts, and those villages were gradually encircled in the middle of the city and formed the so-called urbanized villages (Lan 2010).

In the beginning of the 1990s, with further development of the economy, many old city areas were redeveloped as real estate projects with the involvement of and under the lead of developers. Most of the old city redevelopments at that time were carried out on single plots, which ruptured the texture of the old city and damaged the traditional physical pattern.

From the mid- and late-1990s, because more and more problems occurred in urbanized villages, the government began to consider and promote the work of urbanized village redevelopment in the whole city, but explicitly banned the involvement of market forces so as to avoid the drawbacks of developer-led old city redevelopments in the early 1990s. At the same time, in accordance with the principle of “beneficiaries pay for what they get” and because governments consider redevelopments would benefit villagers most, villagers needed to collect most of the redevelopment funds by themselves, but they could neither accept nor afford that. There were no practical progresses except that the names of village companies and village communities and the identity of villagers and farmers were changed into economic associations, joint-stock companies, and citizens.

In September 2000, the Guangzhou Municipal Government clearly brought up the concept of urbanized village redevelopment along with the first general framework of urbanized village redevelopment that listed 138 urbanized villages within the construction area of Guangzhou and defined urbanized villages of various types. Sanyuanli Village has caught the eyes of the public due to its important geographic location, its typical economic and architectural form, and the protection of the old site of the Anti-British Memorial Museum.¹

In 2002, the Guangzhou Municipal Government decided to promote the redevelopment of urbanized villages by the so-called from point to surface approach, which means making use of experiences gained in selected units to promote successful work in the entire area afterward, and to experiment with redevelopments in seven urbanized villages, including Sanyuanli Village, Chalong Village, Tangxia

¹The Anti-British Memorial Museum is a gathering place for commemorating Sanyuanli villagers who fought against the British army during their invasion in 1841 in the course of the First Opium War. It was one of the first national key cultural heritages announced by the State Council in March 1960. It is located in the north of Sanyuanli Village in Guangzhou.

Village in the Baiyun District, Shipai Village in the Tianhe District, Lijiao Village in the Haizhu District, Chajiao Village in the Fangcun District, and Bigang Village in the Huangpu District (Lan and Lan 2005).

In 2005, the Guangzhou Municipal Government put forward new idea that the redevelopment of urbanized villages should learn from the renovations of dilapidated buildings and that redevelopments of all urbanized villages should be basically completed before the 2010 Guangzhou Asian Games.

In October 2007, the redevelopment of Liede Village was officially started, symbolizing a breakthrough of urbanized village redevelopment in Guangzhou. Meanwhile, Sanyuanli Village, due to villagers' strong willingness to redevelop, solidarity and agreement among village leaders, and powerful village collective economic strengths, as well as current large-scale nonprofit and public construction projects, together with Xiaogang Village and Tangxia Village, was chosen as one of the experimental redevelopment villages in Baiyun District.

In July 2009, in order to provide a beautiful environment for the Asian Games, the Guangzhou Municipal Government made an important decision on urbanized village redevelopment by bringing up the specific timetable for urbanized village redevelopment that required redevelopments of nine urbanized villages, including Liede, Xiancun, Xiaoxintang, Xiaogang, Sanyuanli, Linhe, Yangji, Pazhou, and Tangxia, to be completed before the Asian Games in November 2010. Additionally, the Municipal Government also publicized "Opinions on Accelerating the Promotion of the Work of 'Three Olds' Redevelopment" (Guangzhou Municipal Government 2009 No. 56), which included the redevelopment of urbanized villages and clarified the redevelopment principles, namely, that, "led by governments, villages are subjects, and forces from the market are participants."

In 2010, in accordance with the previous redevelopment timetables and in order to accelerate the examination and approval of urbanized village redevelopment plans and the work afterward, the government loosened the standards for examining and approving redevelopment plans. Even though Sanyuanli Village could not be redeveloped before the Asian Games in 2010 as it was planned, it still needed to be redeveloped for the Asian Games as soon as possible and it enjoyed the same preferential policies. Grasping the opportunity provided by the Asian Games, the redevelopment plan of Sanyuanli Village was approved in April 2010 after it had been discussed and examined by the Leading Group of Three Olds Redevelopment Work of Guangzhou.

In order to accelerate the redevelopment, Baiyun District Committee leads and other district-affiliated departments fully carry out redevelopment-related work, including publicity, compilation of compensation plans, the raising of redevelopment funds, and the recall of state-owned plots. Until now, 80 %² of Sanyuanli's villagers have signed agreeing to the redevelopment plan; however, the plan of demolition, resettlement, and compensation still has not been approved by most of the villagers; thus, there is still no practical redevelopment progress.

²According to the regulations of "Opinions on Accelerating the Promotion of the Work of 'Three Olds Redevelopment'" (Guangzhou People's Government 2009 No. 56), redevelopment plans must be approved by more than 80 % of the villagers to conduct redevelopments.

To summarize, the problems of urbanized villages in Guangzhou are typical and serious, as they are to be found all over China. In the process of fast industrialization over the past 30 years, a high-quality process of urbanization was not guaranteed due to the extremely fast urban expansion and the development imbalance between cities and villages, which in fact have affected the reputation of Guangzhou's government in a negative way compared to other maturing megacities, such as Shanghai and Beijing. The Guangzhou Municipal Government tries to make use of the redevelopment of urbanized villages to improve its image of public administration. Therefore, to a certain degree, the redevelopment of urbanized villages has become a political matter.

Even though the Guangzhou Municipal Government has not achieved all the expected goals, in general, it is always very concerned about the related work of urbanized village redevelopment. Now, the timing of conducting redevelopment is more mature than 10 years ago, mainly reflected as follows.

First, stakeholders in the process of redevelopment have gradually changed from one to three, forming the innovative mode of "led by government, villages are subjects and forces from the market are participants." Second, redevelopment modes have been gradually transferred from the initial overall redevelopment to comprehensive redevelopment, partial redevelopment, and comprehensive improvement. Additionally, all urbanized villagers can select the mode of redevelopment in accordance with the features of their villages. And third, in April 2009, Guangzhou started to set up the Three Olds Redevelopment Office³ to take responsibility for urban regeneration, marking an end to cumbersome administration and beginning specialized and standardized redevelopment administration.

10.2 Introduction and Evaluation of Policies Concerning the Redevelopment of Urbanized Villages

10.2.1 Policy Changes for the Redevelopment of Urbanized Villages in Guangzhou

In the eyes of the government, the successful application for hosting the Asian Games and the successful redevelopment of Liede Village in Tianhe District, as well as the releasing of "Opinions on Accelerating the Promotion of the Work of Three Olds Redevelopment," promoted a large-scale urbanized village redevelopment fever in Guangzhou. With the successful closing of the Asian Games, the political demands for urbanized village redevelopment decreased. Guangzhou Three Olds Redevelopment Office and related government departments issued more detailed, more specific, and more guiding redeveloping policies by learning from former experience (Table 10.1).

³Guangzhou Three Olds Redevelopment Office is affiliated to the Municipal Government and is in charge of the redevelopment work in the whole city.

Table 10.1 Major policies concerning the redevelopment of urbanized village(s) in Guangzhou at different stages in recent years

Stages	Year	Names of policies	Numbers of policies
Experimental stage	2000	“Plan of Urbanized Village Improvement and Construction of Guangzhou”	[2000] No. 180 Document of Office of Guangzhou Government
	2000	“Regulations of Guangzhou on the Construction and Administration of Township”	Order of the People’s Government of Guangzhou (No.1)
	2001	“Regulations of Guangzhou on the Registration of Rural Property Rights”	Order of the People’s Government of Guangzhou (No.7)
	2001	“Regulations of Guangzhou on the Planning and Management of Villages”	Order of the People’s Government of Guangzhou (No.10)
	2001	“Regulations of Guangzhou on the Management of Rural Residential Construction Land Use”	Order of the People’s Government of Guangzhou (No.5)
	2001	“Management Plan of the Environment and Health of Urbanized Villages of Guangzhou”	[2001] No. 18 Document of Office of the Guangzhou Government
	2002	“Opinions on the Transformation of Urbanized Villages”	[2002] No. 17 Document of Office of the Guangzhou Government
	2004	Interim Measures of Guangzhou on the Transformation and Redevelopment of Urbanized Villages	–
	2006	Measures of Guangzhou on the Old-age Insurance for Farmer-to-citizen (for trial implementation)	[2006] No. 21 Document of Office of the Guangzhou Government
	Pre-Asian Games	2007	Letter to Solicit Opinions for “Opinions on Policies Concerning ‘Farmer-to-citizen’ and the Redevelopment of Urbanized Villages”
2009		“Opinions on Accelerating the Promotion of the Work of Three Olds Redevelopment”	[2009] No. 56 Document of Office of the Guangzhou Government
2010		“Letter of Releasing the Guidelines of Counting Reconstruction Costs in the Redevelopment Process of Urbanized Villages in Guangzhou”	[2010] No. 9 Letter of Guangzhou Three Olds Redevelopment Office
2010		“Letter of Transferring the Policies concerning the Counting and Collecting of Land Transferring Fees of Land Transferences by Making Agreements”	[2010] No. 295 Letter of Guangzhou Three Olds Redevelopment Office
2010		“Opinions on Strengthening the Supervision on Money for Reconstruction and Resettlement of the Comprehensive Old Village Redevelopment Project”	[2010] No. 3 Co-document of Guangzhou Three Olds Redevelopment Office

Table 10.1 (continued)

Stages	Year	Names of policies	Numbers of policies
	2011	“Opinions on the Administrative Decentralization of Three olds Redevelopment in Guangzhou”	[2011] No. 17 Letter of Guangzhou Three Olds Redevelopment Office
	2011	Application on the Issuance of “Guidelines for Recounting the Redevelopment Cost of Urbanized Villages of Guangzhou”	[2011] No. 35 Document of Guangzhou Three Olds Redevelopment Office
Post-Asian Games	2011	“Circular on the Issuance of Procedures of Further Standardizing the Redevelopment of Urbanized Villages”	[2011] No. 51 Letter of Office of Guangzhou Three Olds Redevelopment Office
	2011	“Responding Letter on the Market Prices of the Financing Plots for the Redevelopment of Urbanized Villages in Nine Functional Areas”	[2011] No. 540 Letter of Guangzhou Bureau of Land and Housing Administration
	2011	“Standards of Guangzhou on Keeping Records for Compiling and Guiding the Redevelopment Plan of Urbanized Villages”	(Guangzhou Three Olds Redevelopment Office)
	2011	“Working Procedures of Guangzhou for Comprehensive Redevelopment of Urbanized Villages (the version to solicit suggestions)”	(Guangzhou Three Olds Redevelopment Office)

Made by the author according to the “Collections of Policies Concerning Urbanized Village Redevelopment in Baiyun District, Guangzhou” compiled by the Urban Regeneration Office of Baiyun District; Reproduced by permission of Zhiqiang Zhuang

10.2.2 *Features of Policies Concerning the Redevelopment of Urbanized Village*

From the above summary on the policy changes of urbanized village redevelopment, it can be drawn that the features of current redevelopment policies are as follows:

“Groping for Stones Crossing the River” (mozhe shitou guo he): Guangzhou government learned from the successful experiences of other cities and made efforts to search for the most suitable redevelopment modes and policies for urbanized villages in Guangzhou. The government also gained experience from the redevelopment of Liede Village in the Tianhe District, Pazhou Village in the Haizhu District, and Huadi Village in the Liwan District and adjusted the policies with the changes of redevelopment environment and built improved redevelopment policies and mechanisms in the dynamic process.

“Gaming Among Different Stakeholders”: Redevelopment policies are also affected by external political factors. The government is the maker of the policies concerning the redevelopment of urbanized villages, so the policies were inevitably affected by political factors; for example, in order to respond to the opening of the Asian Games, the government released a series of opinions and measures to accelerate the redevelopment process of urbanized villages in Guangzhou.⁴

“From Point to Surface”: The implementation of redevelopment policies started from experimental redevelopments. Urbanized villages in Guangzhou are totally different from each other, so their redevelopments cannot follow the same mode. Therefore, the government adopted the method of “one village-one policy” (*yi cun yi ce*) and chose experimental villages to promote redevelopments. And after gaining successful experience, the redevelopment was further promoted in the whole city.

“From Virtual to Practical”: Redevelopment policies were influenced by the continuous change of administrative departments. In December 2000, as agreed by Guangzhou Municipal Government, the Construction Committee of Guangzhou City led the redevelopment of urbanized villages. From 2008 to 2009, Guangzhou Bureau of Land and Housing Administration took over the responsibility. In April 2009, Guangzhou Three Olds Redevelopment Office was set up to fully take over the responsibility of Three Olds Redevelopment in Guangzhou. Compared to the former two, not fully dedicated administrative departments, Guangzhou Three Olds Redevelopment Office not only changed those old general and vague policies but also made and released a series of more specific, more detailed, and more practical

⁴Gaming refers to, under certain environmental conditions and certain restrictions, a certain number of individuals, collectives, or organizations that simultaneously or successively select strategies from their strategic database for their likely actions and practice them one time or several times to respectively gain corresponding benefits from the results in accordance with available information.

guiding opinions to standardize policies concerning the redevelopment of urbanized villages in Guangzhou.

For example, in order to control and standardize redevelopment costs, the office compiled standards and guidelines for counting the costs of Three Olds Redevelopment with the purpose of providing legal rules for counting the costs of the redevelopment and preventing inflated redevelopment costs. Besides, with the aim to simplify the procedures of examination and approval, to accelerate redevelopments, and to ensure healthy, standardized, and orderly redevelopment processes, “Opinions on the Administrative Decentralization of Three Olds Redevelopment in Guangzhou” and “Circular on the Issuance of Procedures of Further Standardizing the Redevelopment of Urbanized Villages” were released respectively.

“Summarizing by Doing”: Studying how the policies of urbanized village redevelopment in Guangzhou improve, how the redevelopment is carried forward, and how external political as well as administrative factors influence decision-making enabled governmental stakeholders to better identify the characteristics of the policies and further analyses and discussions about the decision-making process.

10.2.3 Evaluation of Policies Concerning Urbanized Village Redevelopment

In the rapid development of industrialization, large numbers of urbanized villages have formed in Guangzhou over the past 30 years due to the imbalanced relationship between cities and villages, so the initial redevelopment was quite difficult. Because policy systems concerning the redevelopment of urbanized villages lag behind, the redevelopment of urbanized villages lacks policy support due to defective administrative systems and supervision mechanisms. Therefore, the government had to adopt the measure “one village-one policy” to cope with the 138 so-defined urbanized villages of different features. Besides, many policies need to be gradually improved in the process of “groping for stones crossing the river” and “summarizing by doing.”

Policies Are Gradually Marketized: Since 2007, the government has abandoned the rule of banning developers and market forces from getting involved in the redevelopment of urbanized villages and has allowed developers to directly participate in the redevelopment of Liede Village, marking the stage where Guangzhou shifts to market orientation.

Developers have since been more and more involved in the urbanized village redevelopment process in Guangzhou. The redevelopment mode of “led by governments, villages are subjects and market forces are participants” has become the mainstream of urbanized village redevelopment. For example, currently developers including R&F, Poly, Hejing, and Jiazhaoye actively participate in the redevelopment of urbanized villages such as Xiaogang, Tonghe, Xiaoping, and Tangchong in the Baiyun District, Guangzhou.

10.3 Stakeholders in the Decision-Making Process

The term stakeholder refers to a person, group, organization, member, or system that affects or can be affected by policy actions. Namely, they can directly or indirectly influence the expectations of actions or actions themselves (Bi 2011). At present, the stakeholders involved in urbanized village redevelopments in Guangzhou mainly consist of levels of government, urbanized villages, and developers. The final redevelopment mode and plan of an urbanized village must be accepted by these three stakeholder groups; otherwise the redevelopment cannot be carried out. In addition, tenants in urbanized villages, financial organizations, experts, and scholars all can influence the selection of redevelopment plans and modes to a certain degree, but they are of secondary importance and will not be analyzed here.

10.3.1 Local Governments

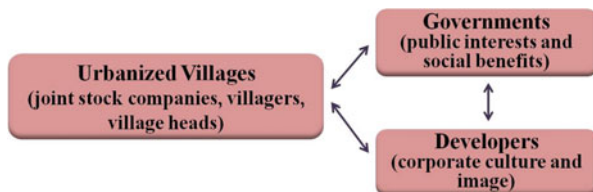
10.3.1.1 The Role of Levels of Government

Local governments are one of the policy makers, administrators, and decision-makers in the redevelopment process of urbanized villages. The redevelopment is led by Guangzhou Municipal Government. Various levels of government account for the general planning and related policies needed for the redevelopment of urbanized villages in accordance with the development demands of the city. Meanwhile, governments also draw conclusions, standardize redevelopment activities, and improve related policies and guidelines in the process of implementing them. Levels of government keep their leadership in the redevelopment process of old city areas, which provides them with paramount authority (Bi 2011).

In the current redevelopment process, as the leading force in the gaming, levels of government not only play the role of administrators but also assess and balance the interests of different stakeholders, forming the redevelopment mechanisms of co-participation and co-communication. Meanwhile, levels of government are also stakeholders, but they are different from other stakeholders, and their roles and responsibilities are special. Their interest demands will be elaborated in the next subchapter (Fig. 10.1).

Levels of government that participate in the redevelopment process of urbanized villages in Guangzhou comprise a whole system (Fig. 10.2). In the whole redevelopment process, government at all levels and related working offices shoulder different responsibilities and influence the redevelopment at different levels.

Fig. 10.1 General relationship between the stakeholders (Reproduced by permission of Zhiqiang Zhuang)



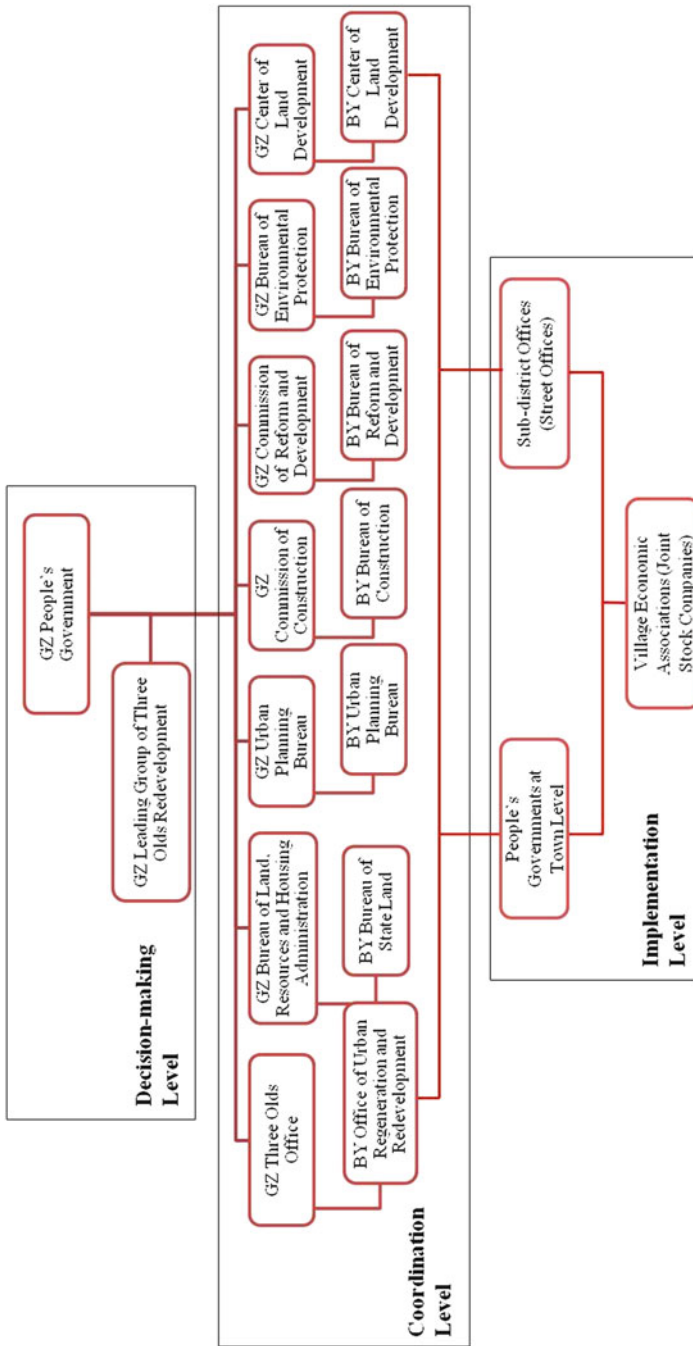


Fig. 10.2 The decision-making system of urbanized village redevelopment from the perspective of governmental levels (Reproduced by permission of Zhiqiang Zhuang)

10.3.1.2 Local Governments

Local governments and departments affiliated to them are special stakeholders, and their interest demands are reflected as follows:

Public Interests: As the spokesman and guardian of public interests, the government not only needs to ensure that villagers' redevelopment demands are reasonable in order to maintain the current basic public demands, but it also needs to predict and meet future public demands, such as future traffic capacity, future public service demands, and future economic development, so as to lead a sustainable development of the city.

Social Benefits: On the one hand, the successful redevelopment of urbanized villages can promote residential communities that have been gradually changed from villages into the urban system; improve the construction of infrastructure in urbanized villages; eliminate urbanized villages' architectural, environmental, fire, health, and social security problems; enhance villagers' living standards and environment; and promote the progress of related social security systems, such as rural medical and education insurance. On the other hand, successful redevelopments can allow for good prestige and gain more public trust in government so as to reduce social conflicts, enhance city images, and establish a "harmonious" (*hexie*) and stable social environment.

10.3.2 Urbanized Villages

Urbanized villages themselves have to be considered as a complex set of stakeholders that comprise original villagers, village joint-stock companies, and village heads (village cadres), sometimes representing different interests. Taking Sanyuanli Village as an example, villagers, as the most important stakeholders in the redevelopment process, authorize the Sanyuanli Joint-Stock Company to negotiate with the government and developers and to approve or reject the outcomes of the negotiations by ways of making suggestions and voting at the joint-stock company. As the legal representative of the joint-stock company, the village head can directly participate in the negotiation between levels of government and developers and is an important stakeholder to ensure that villagers' opinions will be heard by the government, and that the government's decisions will be understood by villagers. Specific roles and demands are as follows:

10.3.2.1 Villagers

Villagers are the major stakeholders. They hope to change the current way of living and truly integrate into the city, but they fear that they would lose their existential rental incomes and the prospective price increases of their real estate,

which makes them unconsciously have a mood of self-protection. Various factors cause villagers to try every method to maximize their economic compensations by making many excuses in the process of redevelopment (Gong 2011; Wang 2006).

Urbanized village redevelopment concerns the interest of the villagers, who have long been in a dilemma due to the dual economic structure of towns and countrysides. On the one hand, they wish that urbanized village redevelopment can transform their current living conditions and lifestyle so as to truly integrate into the cities. On the other hand, they also fear that through the redevelopment, the size of their houses and their income by renting them out will be reduced significantly, or that their chance to expand their houses and the potential economic benefits by rent raises will be damaged. These contradictory interests forced the villagers to fight for their interest and for every inch of land with whatever reasons in the attempt to maximize their economic compensations.

Villagers' interest demands are as follows: in accordance with the current redevelopment policies, the redevelopment plan of urbanized villages and the plan of demolition, relocation, and compensation need to be approved by villagers. The redevelopment plan can only be reported to higher authorities for assessment and approval if over 80 % of the members of the village collective economic organizations approved it, and demolition can be started only after over 80 % of the villagers again agree to the compensation plan. These two "80 %" are statutory requirements and villagers are the decision-makers.

10.3.2.2 Village Joint-Stock Companies

On the one hand, village joint-stock companies are representatives of villagers and need to coordinate with governments and developers to strive for the maximum interests. On the other hand, they need to coordinate villagers' demands as stakeholders and organize the compilation of redevelopment plans. Joint-stock companies are important coordinators among all the stakeholders. No matter whether they were economic associations or are joint-stock companies now, they are in fact communication and coordination platforms between levels of government, developers, and villagers, maintaining the role of a mediator in village communities.

The linking role of joint-stock companies is mainly reflected as an economic, social, and administrative organization; they need to strive for the maximum interests for villagers, inherit and protect historical relics, and improve public supporting facilities and villagers' living environments.

10.3.2.3 Village Heads

The author understands from his 6-year practice of urbanized village redevelopment that village heads who gain trust from villagers and boast charisma and authority play

strong and decisive roles in the promotion of redevelopment. The redevelopment of an urbanized village is a complicated social program, in which the most difficult part is to consider the whole picture by combining various factors, including local economic interests, culture, geography, and politics, and to balance the interests among all the stakeholders. After a decade of experience, Guangzhou Government at all levels formed an unwritten practice; namely, under certain liberal policy frameworks, they acquiesce in the informal measures adopted by grassroots organizations so as to find the best solution for current issues by experimenting and “groping for stones crossing the river” (Schoon 2012).

For example, the compilation of compensation plans which target villagers is very complicated, and governments are unable to take on all the work. Under the supervision of grassroots organizations and government—mainly to respect villagers’ willingness and ensure equity—village heads can make compensation plans in accordance with local customs and villagers’ willingness after the Guangzhou Municipal Government has approved the redevelopment plans. Under these circumstances, the Municipal Government does not interfere in the process in accordance with “one household-one homestead,”⁵ “280 square meters per household,”⁶ and “no compensations for illegal constructions,”⁷ but surely those informal measures and self-organized actions need to be allowed by the government. Therefore, village heads need to have personal charisma, knowledge and prestige, be good at promoting redevelopment and compensation plans from the perspective of villagers, and gain approval from levels of government and villagers. All in all, village heads are the most important stakeholders at the microlevel.

The leading role of village heads consists in analyzing the whole picture, implementing the duties of joint-stock companies, and balancing the interests in the urbanized villages. On the one hand, they coordinate and express the villagers’ demand to seek the maximum economic compensation, improve the living environment, and gain the largest economic interests for the joint-stock companies; on the other hand, they both fight against and maintain sound relationships with the government and government departments at all levels, as well as with developers. They coordinate and compile redevelopment plans that are consistent with villagers’ interests and are approved by levels of government and developers by actively

⁵Article 62 of “The Law of Land Administration of the PRC” stipulates that a household can only apply for a homestead, which is “one household-one homestead.”

⁶“Guidelines of Guangzhou City on Counting Reconstruction Costs in the Redevelopment Process of Urbanized Villages” released by Guangzhou Three Olds Redevelopment Office regulates that the reconstruction of villagers’ residences should not exceed 280 m² per household.

⁷“Guidelines of Guangzhou City on Counting Reconstruction Costs in the Redevelopment Process of Urbanized Villages” released by Guangzhou Three Olds Redevelopment Office regulates that, without legal property certificates, villagers’ residences that were built after June 30, 2007, would all be torn down without any compensation.

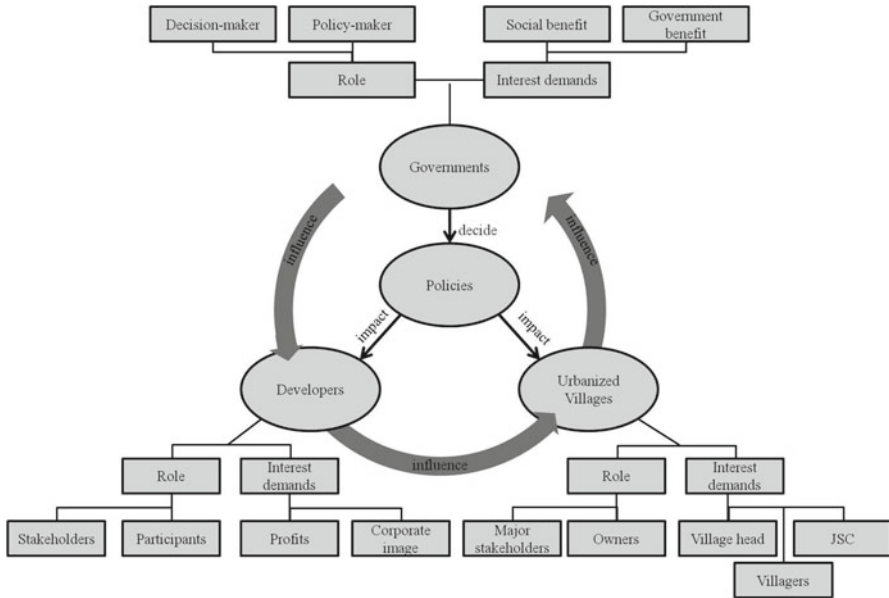


Fig. 10.3 Detailed relationship between the stakeholders (Reproduced by permission of Zhiqiang Zhuang)

communicating with the government and developers. Additionally, in order to practically promote redevelopments, they also introduce redevelopment plans to villagers to get the two “80 % approvals.”

10.3.3 Developers

Developers are important participants in the redevelopment process of urbanized villages (Yang 2010). Their objectives for participating in the redevelopment programs are to obtain high profits or at least average profits. They value the huge demands in the process of urban development and make use of their strong capital strength in gaming with the government by way of making or not making investments so as to gain more policy privileges, maximize profits, and further publicize their brands.

Developers’ interest demands are to pursue the largest profit as major investors. The redevelopments of urbanized villages are also image projects, and developers can publicize their companies and develop new markets with the help of redevelopment projects (Fig. 10.3).

10.4 The Gaming of the Interests Among the Three Stakeholders and Its Impact on Levels of Government Decisions

From the above analysis, we come to know that the redevelopment of urbanized villages first needs to enhance villagers' existing interests and improve their living environment and lives; secondly, it is to provide developers with reasonable or even bigger profits; and, thirdly, it is to enhance the investment environment and city quality. In this complex interest relationship, no matter how great the redevelopment plans are, they will inevitably be aborted in case of interest imbalance among the three stakeholders. Cases will be studied to reflect the gaming process of the three stakeholders in the redevelopment process of urbanized villages.

10.4.1 Changes of the Gaming Among the Three Stakeholders: The Case Study of the Asian Games as a Catalyst in the Process of Redevelopment

Guangzhou has never considered the Asian Games just as a sports event, but as an opportunity to develop the city from the date of applying for the Asian Games. Therefore, related planning and construction were made to support the Asian Games. By hosting the Asian Games, on the one hand, the Municipal Government hoped to obtain support on policies and resources from the Central Government, to expand its international reputation and influence, to enhance the status of the city, to accelerate the construction of city infrastructure, to improve city environment, image, and landscape, and to promote cultural construction of the city. On the other hand, local government officials also hoped to gain political achievements and obtain attention from the Central Government by successfully hosting the Asian Games, which is of strong political purpose. Thus, the Guangzhou Municipal Government carried out extensive urbanized village redevelopment efforts in order to improve the city image, to show the beauty of the city, and to pay tribute to the Asian Games.

On the one hand, there were no systematic policies to support the redevelopment of urbanized villages before the forming of "Liede Redevelopment Mode," there was no practical progress, and—complicating the whole process—there were three stakeholders gaming. On the other hand, hosting the Asian Games directly accelerated the policy-making and practical redevelopment processes and therefore is one of the most significant factors promoting urbanized village redevelopment in recent years.

Therefore, this chapter divides the redevelopment of urbanized villages in Guangzhou into three different stages: firstly, the approval (2007) of the redevelopment plan of Liede Village (the first village that has been redeveloped); secondly, the time leading up to hosting the Asian Games (November 2010); and thirdly, the time after hosting the Asian Games. Due to different social environments, policy conditions, individual thoughts, and practical situations, stakeholders made different choices at different stages, forming the gaming at three different stages:

Experimental Stage (Before 2007): At this stage, the gaming stakeholders were levels of government and urbanized villages, as levels of government were not clear about the redevelopment, lacked redevelopment policies, possessed no funds for redevelopment, and were not willing to make compromises for the redevelopment. In addition, villages did not urgently want to redevelop. Therefore, they were in a slow negotiating gaming. The redevelopment process of Sanyuanli Village introduced below can better illustrate this stage.

The Stage of the Asian Games (from 2007 to November 2010): With the Asian Games approaching, the Municipal Government listed the redevelopment of urbanized villages at the top of the Asian Games projects and made a clear timetable for redevelopment. At this stage, although governments acted tough, they still compromised a lot in the gaming, such as explicitly inviting developers to invest in the redevelopment and acquiescing to villagers' existing interests, especially making concessions for urbanized villages that severely affected the city image and urgently needed to be redeveloped. In a word, governments were promoting redevelopment at all costs.

The Stage After the Asian Games (from November 2010 Until Now): With the closing of the Asian Games, because the political demands for the redevelopment of urbanized villages decreased and levels of government summarized redevelopment experiences, the government began to rationally deal with all kinds of interest demands and improve and release a large number of guiding documents. Now, the gaming among levels of government, urbanized villages, and developers is reaching a more stable and rational stage.

10.4.2 Impact of the Gaming Among the Three Stakeholders on Government Decision

The redevelopment of urbanized villages is essential for the redistribution of interests. Taking the examples of Sanyuanli Village and Xiaoping Village, the gaming among the three stakeholders and government related decisions will be analyzed below in accordance with the three stages mentioned above.

10.4.2.1 Impact of the Gaming During the Experimental Stage (Before 2007)

The aim of levels of government to redevelop urbanized villages at this stage was to regenerate and develop the city. And the government insisted on principles including “no direct investments,” “no real estate development,” “village collective economic organizations are subjects,” and “one village-one policy.” While the gaming purpose of urbanized villages was to redevelop their villages by fully taking the actual conditions of the villages into consideration and by relying on the economic strengths of the village collectives (with no dependence on the government and no real estate development).

As one of the seven experimental urbanized villages to be redeveloped in 2002, Sanyuanli Village put forward the idea of tourism-driven redevelopment in terms of levels of government policies and ideas on the redevelopment of urbanized villages. In accordance with the “Controlled and Detailed Planning on the Surrounding Areas of Sanyuanli Anti-British Memorial Hall,”⁸ the village wanted to combine the redevelopment of the old village with the comprehensive improvement of the environment of surrounding areas, coordinated with the requirements of city construction and development, and promoted the redevelopment of the old village through increasing the construction of municipal infrastructure and public facilities within the old village and reasonably replacing land use functions.

Sanyuanli Village hoped to do redevelopment in accordance with the above ideas; however, levels of government hoped to speed up the regeneration and development of the village without causing financial burdens. Both sides focused on the same thing, but the problem of who should pay for the redevelopment always stood in the way. The two sides were making different efforts to force the other to make more concessions, resulting in the fact that the redevelopment was difficult to be promoted. They were in a slow negotiation gaming. It can also be described as “neither levels of government nor villagers were anxious.”

Impact on Levels of Government Decisions

At this stage, since the government didn’t make direct investments, developers didn’t participate, and the funding for the redevelopment of urbanized village was not available. It was quite difficult to conduct the redevelopment according to some planning blueprints, and the redevelopment process was extremely slow. The author asserts that the conflicts caused by the negotiation gaming made levels of government accumulate a wealth of experience. Meanwhile, levels of government became aware of the fact that the redevelopment of urbanized villages in Guangzhou could not be promoted without the funding of developers. As the redevelopment of Liede Village featuring “complete demolition and reconstruction” officially started in 2007, and as the Asian Games were

⁸Including the controlled and detailed planning of the Sanyuanli Village Redevelopment Plan.

approaching, Guangzhou Municipal Government urgently needed to start urbanized village redevelopment, so the principle of “no real estate developments” was abandoned. Instead, the government explicitly allowed developers to participate in the redevelopment process, which provided new possibilities for the later two stages.

10.4.2.2 Impact of the Gaming Among the Three Stakeholders on Levels of Government Decisions at the Stage of the Asian Games (from 2007 to November 2010)

Levels of government apparently led the gaming, but low-efficient urbanized villages wanted to gain more policy supports and interests from the government by making use of the Asian Games. If the government made too many concessions, it would have caused financial pressure, negative market impact, and uneconomic resources allocation, but if the government made too few concessions, it would have been difficult to promote the redevelopment. Therefore, levels of government faced many options on how to make concessions. For developers who always pursue the largest profits, their demands were in the same position as villages in terms of asking for favorable policies and privileges, but in terms of dividing the profits of the redevelopment, they were also gaming with villages. This stage was an important turning point for promoting the practical redevelopment of urbanized villages in Guangzhou. All the stakeholders grasped the opportunities provided by the hosting of the Asian Games to compete for privileges and interests.

At this stage, the gaming and competition among the three stakeholders were the most intense, gradually forming a three-way race. In order to complete the redeveloping objectives of the nine urbanized villages before the Asian Games, the municipal government considered the redevelopment of urbanized villages as one of its primary tasks and invested unprecedented human and material resources in it.

Case Analysis: Sanyuanli

Sanyuanli Village is different from other urbanized villages because it boasts economic strength and has excellent village leaders led by the village head who is also the president of the stock company. Villagers do not rely too much on developers’ funds and technological support, but instead they depend on themselves when it comes to gaming with governments. Therefore, the process of the gaming between villages and governments will be further analyzed.

As one of the nine urbanized villages that needed to be redeveloped before the Asian Games, Sanyuanli Village became aware of the fact that levels of government had given the redevelopment of urbanized villages—including their own—a higher political priority. Levels of government were anxious to implement their policies and villages could boldly ask for more privileges, and governmental levels were willing to make big concessions, so accordingly the village was always making new demands and governmental levels were making concessions to gradually meet villagers’ demands.

And finally, in April 2010, the redevelopment plan of Sanyuanli Village was approved. However, only less than 80 % of the villagers agreed to the compensation plan, and the demolition work of Sanyuanli Village could not be started before the Asian Games. Currently, Sanyuanli Village is still making new demands. We can clearly see the selection of actions of the two sides in the gaming process from the following redevelopment course graphic of Sanyuanli Village.

The first period started when Guangzhou's Commission of Construction and Guangzhou Bureau of Land and Housing Administration were taking charge of the redevelopment work. Referring to the redevelopment mode of Liede Village in Tianhe District, the Baiyun Branch of Guangzhou Urban Planning Bureau led the compilation of the redevelopment plan of Sanyuanli. The first draft of the redevelopment plan was completed and reported to the commission of construction in April 2008. Then the plan was repeatedly reintroduced, refined, and revised. After eight large-scale revisions and hundreds of small-scale changes, the plan was still not agreed upon by the two sides. New problems always appeared because both sides had different interpretations of and interests in the old issues, for instance, on how to solve problems such as the division of the redevelopment scope, the reconstruction principles, and the redevelopment funding gaps; all these needed to be repeatedly communicated and negotiated among Sanyuanli Village, related district functional departments, and related municipal functional departments, but different opinions always continued to exist.

Why was it quite difficult to finalize the redevelopment plan? On the one hand, the levels of government hadn't made the decision of conducting the redevelopment, and on the other hand, Sanyuanli Village was always changing their redevelopment ideas.

The second period started when Guangzhou Three Olds Redevelopment Office was taking charge of the redevelopment work. After the Three Olds Office was set up, the compilation of the redevelopment plan of Sanyuanli Village was led by the Old Town Redevelopment Office⁹ of the Baiyun District. With a professional office to take charge of the work and the increasingly professional and standardized administration, the gaming between Sanyuanli and related government departments became more explicit. In this period, in order to promote the redevelopment of Sanyuanli before the Asian Games, governments made more concessions. Due to Sanyuanli Village's constant demands, government levels provided more policy privileges to the village within the possible range of policies.

For example, in order to balance the land use of the village, government levels included not only two controversial stated-owned plots, namely, the plot of Guangzhou Battery Factory and the plot of Guangzhou No.2 Reagent Factory, but also another two state-owned plots, the plot of Yangcheng Motor Factory and the plot of Guangzhou Wuyang Motorcycle Factory, into the redevelopment scope of Sanyuanli Village. What's more, the Municipal Government committed to financially support the redevelopment of Sanyuanli Village with 350 million yuan.

⁹The Old Town Redevelopment Office is affiliated with Guangzhou Three Olds Redevelopment Office and in charge of the redevelopment work of "three olds" in the whole district.

Under the coordination of both the government and the village, the “Redevelopment Planning of Sanyuanli Village in Baiyun District” was approved in principle by the Leading Group of Guangzhou’s Three Olds Redevelopment Work after careful examination and assessment. At present, the plan of demolition, relocation, compensation, and resettlement is basically stable. The work of signing contracts had also been comprehensively carried out. At that point, 80.65 % of the members of village collective economic groups had signed, agreeing to the redevelopment, and about 34.7 %¹⁰ of the members of village collective economic groups had signed to agree to the plan of demolition, relocation, compensation, and resettlement. The first phase of subsidizing funds, 180 million yuan, was allocated to the Baiyun District.

Thus, in the context of the Asian Games, both governmental offices and villages had motives for redevelopment and were actively pursuing interests as well as making certain concessions.

Impact on Governmental Decisions

The author observed at this stage that due to some special reasons, such as the hosting of the Asian Games, levels of government provided relatively preferential policies for the redevelopment of urbanized villages, but they gradually became aware of the fact that unconditional concessions could only result in redevelopment subjects posing more and more demands. This means that the redevelopment became more difficult in the process of gaming and constantly assessment of the redevelopment plans. Therefore, government levels were conducting research, improving supporting policies, and seeking and making unified standards that were scientific, effective, and implementable while making concessions for the successful hosting of the Asian Games.

Taking the demolition and reconstruction of existing residential buildings as an example, government levels brought up the idea of “one village-one policy” in 2007 with the aim to make compensations for existing buildings according to the actual situation of different villages, but after a period of experimentation, they found that unlimited compensations could only cause a large number of reconstructions, so after they had done some preliminary research, they put forward the principle that “compensations will be made by the ratio of 1:1 according to property certificates.”

But they soon discovered the percentage of households having property certificates is low in most of the urbanized villages. Therefore, conducting the redevelopment in accordance with the principle would have been extremely difficult to carry out. Later, after careful research the standard of reconstructing 280 square meters per household was suggested. With the deepening of urbanized village redevelopment, levels of government became aware of the fact that per household reconstruction standards would damage villagers’ existing interests. For example, villagers who

¹⁰Only if 80 % of the members of the village collective economic groups agree to the demolition and compensation plans can the plans be effective.

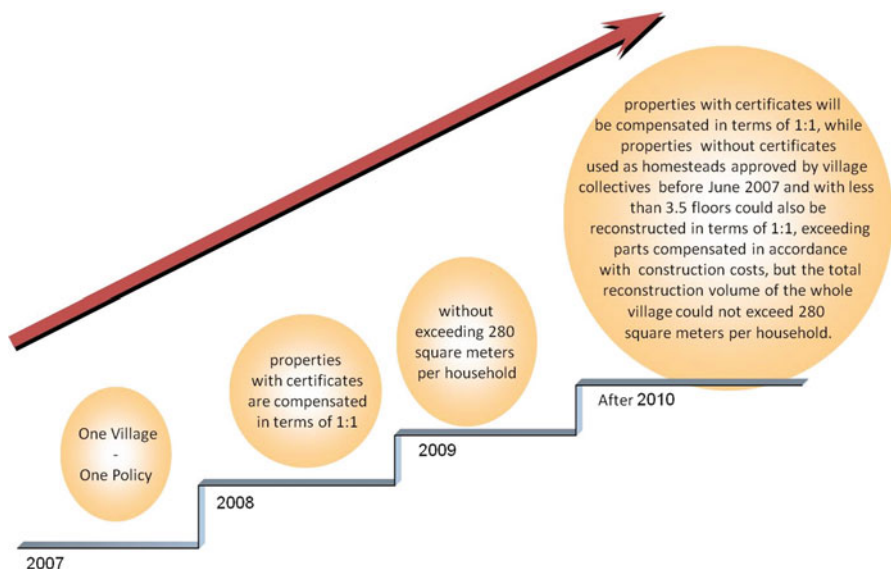


Fig. 10.4 The evolvement process of demolition and reconstruction principles of residences (Reproduced by permission of Zhiqiang Zhuang)

own more than 280 square meters of properties could reject the redevelopment, and villagers might adopt extreme methods such as fake divorce to increase the number of households.

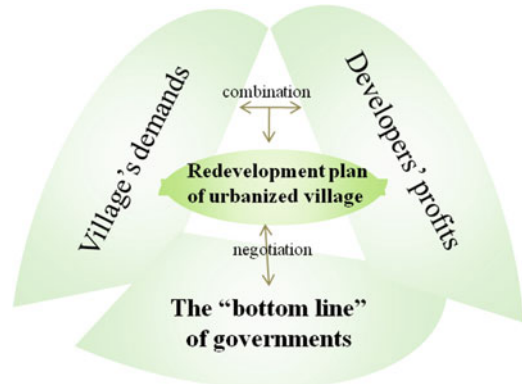
As can be imagined, it is extremely difficult to make practical allocations based on that method. Therefore, the current reconstruction principles were formed, which say that properties with certificates would be compensated 1:1, and properties without certificates that were used as homesteads approved by village collectives before June 30, 2007 and with less than three and a half floors could also be reconstructed in terms of 1:1. Exceeding parts would be compensated in accordance with construction costs, but the total reconstruction volume of the whole village could not exceed 280 m² per household (Fig. 10.4).

The above case demonstrates the gaming between governmental agencies and redevelopment subjects, the urbanized villages, and its impact on governmental decisions. As a matter of fact, the gaming at this stage basically balances the interests of stakeholders and achieves a win-win situation.

10.4.2.3 Impact of the Gaming Among the Three Stakeholders on Governmental Decisions at the Stage After the Asian Games (from November 2010 Until Now)

After the Asian Games were successfully held, governmental agencies comprehensively summarized the redevelopment experiences of the previous stages, reflected on their huge concessions for redevelopment which caused troubles for villagers,

Fig. 10.5 Redevelopment plans are formed by combining and negotiating the interests of all the stakeholders (Reproduced by permission of Zhiqiang Zhuang)



further released and improved measures and guidelines for the redevelopment of urbanized villages, and brought up the cancellation of the redevelopment timetable. This means, redevelopment can only be conducted as long as the conditions are mature, and the redevelopment cannot be based on the increase of FAR and the sacrifice of city environment. The redevelopment of urbanized villages has entered a normal and stable operational stage.

At this stage, as the policies for the redevelopment of urbanized villages became more mature, there was no such pressure from governmental agencies anymore, and developers have been fully involved in the redevelopment processes. The current redevelopment mode which operates as follows was formed: first, urbanized villages with redevelopment demands seek cooperation with developers that want to make investments, and then, in accordance with the current redevelopment policies and regulations, the redevelopment plan is made and reported to governmental levels for assessment and approval by combining the villagers' demands for redevelopment with the developers' demands for profit. Therefore, the three stakeholders are equal at this stage and the gaming is mainly among governmental levels, developers, and urbanized villages with redevelopment demands (Fig. 10.5).

Case Analysis: Xiaoping

Xiaoping Village, located in the western extension zone of Baiyun New Town, is one typical case where developers are involved from the very beginning to the end in its redevelopment. Before the Asian Games, Guangzhou Huimei Development Co. Ltd. was involved in Xiaoping Village's redevelopment in the preliminary stage. Then, because the two sides did not reach agreements on the division of interests, the cooperation between the developer and the village failed.

After 2010, the Jiazhaoye Real Estate Company began its preliminary data collection and research work and signed a framework agreement with Xiaoping Village. Over the past 2 years, under the policy guidance of the Old Town Redevelopment Office of the Baiyun District, the planning and designing institute co-authorized by Old

Town Redevelopment Office of the Baiyun District and Xiaoping Village was making the redevelopment plan in accordance with the latest policy requirements and the controlled and detailed planning in this area.

Without the pressure from levels of government, only the interests between urbanized villages and developers need to be coordinated under the prerequisite of complying with the current redevelopment plans. Therefore, the process of plan-making and assessment of Xiaoping Village is much smoother than that of Sanyuanli Village. With the efforts made by the three stakeholders, “The Redevelopment Plan of Xiaoping Village of Baiyun District” was approved by the Leading Group of Guangzhou’s Three Olds Redevelopment Work in November 2011. Different from the redevelopment of Sanyuanli Village mentioned above, the plan is most likely to be implemented and practiced after numerous considerations and coordination among the stakeholders. As long as the plan of demolition, relocation, and compensation is approved by villagers through voting, the plan can be implemented. And it is most likely to become the new typical representative of urbanized village redevelopment in Guangzhou in the future.

Impact on Governmental Decisions

The author considers that a series of redevelopment policies that were released before the Asian Games were to accelerate the redevelopment of urbanized villages and to increase experiments, while more specified redevelopment policies were released after the experience was summarized and analyzed after the Asian Games, which reflected the governmental principle of combining equity with efficiency and allowed urbanized villages with redevelopment demands and conditions to join the redevelopment.

With the promotion of urbanized village redevelopment in Guangzhou, Guangzhou Three Olds Redevelopment Office has formed a set of principles to evaluate and assess the redevelopment plans of urbanized villages after experimenting and practicing redevelopment plans for different urbanized villages. All of them that want to apply for redevelopment need to follow this set of principles while making redevelopment plans. For example, when Guangzhou Three Olds Redevelopment Office discovered redevelopment costs, especially reconstruction unit prices, are of great significance to the whole redevelopment plan, it released the “Letter on Releasing the Standardized Guidelines of Guangzhou City on Counting the Reconstruction Costs of Urbanized Village Redevelopment” (Guangzhou Three Olds Redevelopment Office 2009 No. 10), forming a set of principles on the estimation of redevelopment costs of urbanized villages.

Another example is that at the initial stage of redevelopment, there were no standards for estimating the floor price of financing plots, and most of the prices were decided by the redevelopment subjects, in accordance with their interest demands, but in the process of assessing the redevelopment plan, Guangzhou Three Olds Redevelopment Office detected that the floor price of financing plots has tremendous impact on the whole redevelopment plan, especially the total construction and

funding volume, so in 2011, Guangzhou Three Olds Redevelopment Office and the Guangzhou Bureau of Land and Housing Administration released the “Reply on the Market Prices of Financing Plots of Urbanized Village Redevelopment in Nice Functional Regions” (Guangzhou Bureau of Land and Housing Administration 2011 No. 540), which regulated the standards of setting floor prices of financing plots of urbanized villages. Additionally, Guangzhou Three Olds Redevelopment Office clearly regulated in document No. 56 (2009) that all the municipal facilities need to be constructed by redevelopment subjects and be administrated by governmental levels without any charges. This is due to the fact that governmental levels have made a large number of preferential policies in the redevelopment process. The government does not make any profits from this. Instead, they need to invest more for the construction of municipal facilities such as road construction and maintenance of municipal facilities, within the scope of urbanized villages. What is more, developers usually reduce the risks of redevelopments and gain profits by cutting costs and increasing construction volumes.

Thus, after so many years of redevelopment, urbanized village redevelopment in Guangzhou has entered a rational phase with ideas, orders, and systems. At this phase, governments pay more attention to equity in the redevelopment process.

10.5 Conclusion

In summary, the redevelopment of urbanized villages depends largely on the interest balance among levels of government, urbanized villages, and developers. If all the stakeholders insist on their perspectives, interest conflicts of the whole city, local villages and even individuals could be produced, and agreements on interest distributions would be difficult to reach. The redevelopment of urbanized villages can be successfully completed only by balancing and harmonizing the interests of all the stakeholders and reaching a win-win situation.

Therefore, in the future, governmental levels cannot make decisions for the redevelopment of urbanized villages merely from the perspective of improvement but must also adopt the perspective of balancing the interests of the three stakeholder groups. In addition, redevelopment policies that are suitable for and conducive to achieving the balance of gaming among the three stakeholders should be made so as to effectively promote the redevelopment of urbanized villages in Guangzhou.

In summary, whether urbanized village redevelopment works out or not depends on the interest balance between the government, urbanized villages, and developers. If each party makes decisions simply from its own perspective, the sad results will always be continuing conflicts between the overall interests, partial interests, and individual interests. And common ground as to how to divide benefit is hardly reached. Only when a situation where all parties enjoy benefits and all win can the urbanized village redevelopment be successfully carried out.

Urbanized village redevelopment is a process Guangzhou must go through on its way to become a mature megacity. It should be emphasized that urbanized village

redevelopment is a process where economic benefits, environmental benefits, and social benefits are well coordinated during this transformation. When formulating policies on urbanized village redevelopment, municipal government should pay attention to the interest of every party and employ the interaction of efficiency and fairness carefully.

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Chapter 11

Villagers' Participation in Mega-Urban Upgrading. Liede Village: Guangzhou's Pioneer

Tan Xiaohong and Sonia Schoon

Abstract This chapter explores the ways of participation of local villagers in the redevelopment process of Liede Village in Guangzhou. Liede Village as the first to undergo complete demolition and reconstruction is a so-called experimental pioneer in the process of redeveloping Guangzhou's urbanized villages. Whereas usually most attention is paid to the key stakeholders like the government, developers, and the respective urbanized village joint-stock company, here the emphasis lies on the local villagers' attempts to take part in the decision-making processes and on their informal coping strategies in a politically insecure and experimental environment. Even though they possess a rather passive role in the official proceeding, mainly being informed by the village's joint-stock company, they nevertheless found informal ways to organize themselves and to articulate concerns in order to safeguard their interests. Clan ties, family structures, and intra-collective *guanxi* are demonstrated to be important factors that can be seen as crucial decision-making elements on the very grassroots level.

Keywords Villagers' participation • Liede Village • Urbanized village redevelopment • Pioneer • Stakeholder relationships

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11.1 Introduction

Urbanized villages are phenomena that are inseparably related to the process of urbanization in China. They are former natural villages close to urban centers that were encircled by the expanding city. Usually, the agricultural lands of those villages were expropriated and turned into urban landscapes, while the residential cores, consisting of about 10–12 % of the area of the whole village, were left to the villagers. Deprived of their original sources of income, the villagers started to rent out their residential properties to floating workers. With the urgently needed workforce and the growing number of workers to be accommodated, the villagers enlarged their houses to the maximum extent, leading to the so-called kissing houses (*louwenlou*) or handshaking houses (*woshoulou*), extremely densely built-up areas that lack urban planning standards. Their building stock is often of poor quality and infrastructure, and, in general, they pose high risks of fire hazards. Urbanized villages could emerge because of China's dual land structure which divides land use rights into state-owned and collective-owned land.¹ Village collectives possess the right to use their land without time limitation.

It is therefore considered as their property, and individual villagers own property rights on their houses. Traditionally, villagers are used to self-organization, and, therefore, urbanized villages have fallen through the cracks of urban planning. Today, the main objective of the municipalities is to integrate those urbanized village enclaves into the urban fabric as comprehensively as possible. This includes the physical fabric as well as the sociocultural and economic structures. The Guangzhou Municipal Government started promoting the reconstruction of urbanized villages in the late 1990s. Up to the year 2007, reconstruction plans for 138 declared urbanized villages have been initiated, and reconstruction plans for 21 urbanized villages have been completed, but until then no major demolitions or reconstructions were executed.²

Research on villagers' participation in urbanized villages is embedded in participation research. According to a classical definition for political participation as defined by Verba and Nie (1972:2), "political participation refers to those activities by private citizens that are more or less directly aimed at influencing the selection of governmental personnel and/or actions they take." In a broader sense, this definition of participation can also be applied to Chinese villages, where participation is directly linked to democratic elections of village leaderships, which is clearly politically motivated.

¹For a deeper understanding, refer to Li (2001, 2004), and Yan et al. (2004).

²The reconstruction of urbanized villages in Guangzhou City can basically be divided into two steps, starting with "the transformation of four systems." This concept first means the administrative transformation of villagers of urbanized villages into citizens; second, the formal transformation of the villagers' committee (*cunweihui*) into a residents' committee; third, the transformation of collective-owned land into state-owned land, with villagers' property ownership into state-owned properties; and fourth, the transformation of the collective economic *danwei* under the management of villagers' committee into a shareholding joint-stock company (*gufen gongsi*).

Even though the so-called urbanized villages are located within, and are to a large degree merged with Chinese megacities, where there is traditionally no democratic election of leaders on the different administrative levels, still some customary village structures have been preserved, such as clan culture, typical village *guanxi*, and the election of a “village head” or, respectively, the urbanized village collective leadership (cf. Schoon 2012). In China, many different forms of participation can be found in rural and urban areas.

Whereas participation in rural areas prevalently consists of collective self-organization aiming at regulating all village affairs, in urban areas participation mainly aims at solving organizational and administrative problems at the grassroots levels, which also have strong social importance. Since politics and society are closely linked to each other in China, community-concerned and political matters cannot be separated from each other. Urbanized villages depict a special case, because they are still collectively organized enclaves within the urban fabric.

Traditional management structures based on self-organization are kept to a large extent because, so far, the former village communities could not yet be converted into citizen communities, even though on paper, the local urbanized village residents now possess an urban *hukou* instead of a rural *hukou*. Nevertheless, the traditionally grown structures are kept, since – in times of permanent transformation – it must be perceived as a relief for an institutional setting that finds itself in flux as well to resort to functioning social and administrative structures that keep working. Today, the former “village committees” are called “joint-stock companies” (JSC); they have professionalized management but actually work like before. Especially the ordinary villagers accustomed to approach their “village committee” or “village head” continue retaining their habits and make the same demands as before.

Basically, allowing for more participation or self-organization in urbanized villages, as is common in cities, also demonstrates the basic necessity of participation in China: to solve problems or to accelerate and smoothen processes rather than aim at social emancipation, (at least thus far). Concerning urbanized village redevelopment, participation shows an important public management value (Wu and Zhang 2011). Redevelopment needs the villagers' support and cooperation in the processes of planning, project initiation, defining demolition and compensation standards, organizing interim settlement and replacement housing construction, etc., because any conflict that delays the mobilization and organization of villagers would also delay the redevelopment and result in high transaction costs.

Therefore, the urbanized village JSC is assigned as mediator with the redevelopment implementation as the main stakeholder with decision-making power. According to Huntington and Nelson (1976), the actions of the JSC would belong to mobilized participation, as they are assigned with the redevelopment task by governmental bodies, whereas the ordinary villagers' actions would belong to autonomous participation, since they independently chose to take part and articulate their interests during the process of redevelopment.

Research on public participation in urbanized village's reconstruction is still at a very early stage, as is the redevelopment process itself. This study aims to shed a first light on public participation in the redevelopment of urbanized villages. The

main emphasis is on the dynamic process of villagers' participation, and on changing mechanisms and adaptive strategies that have been identified by extensive empirical research.³

11.2 Liede Village: A Pioneer in Urban Reconstruction

The selected case study, Liede Village, is the first comprehensively reconstructed urbanized village in Guangzhou since the municipal government has stopped prohibiting real estate developers from participating in urbanized village reconstruction. Before 2007, Guangzhou Municipal Government insisted on "indirect investments" in the reconstruction of urbanized villages and only provided support by issuing preferential policies for them. Meanwhile, the government prohibited developers to participate in the reconstructions because in former times the financial risks and engagement of developers were not sufficiently covered, and accordingly some bankruptcies occurred.

As a consequence of the banning, a shortage of funds hindered the reconstruction progress of urbanized villages. In the long run, it has become inevitable to re-invite developers to participate because their financial capacities and their executive know-how are indispensable. Therefore, the Guangzhou Municipal Government began to compromise, and the Mayor of Guangzhou City brought up at public occasions⁴ that developers would be welcomed again to participate in the reconstruction of urbanized villages.

In this context, as the first urbanized village that was comprehensively redeveloped after the municipal government lifted the ban on developers' involvement, the reconstruction of Liede Village is of special significance. Besides, Liede Village is located in the mid-south of Zhujiang New Town, the new central business district, according to Guangzhou's master plan. Therefore, its location became extremely attractive for developers. In 2007, before Liede's reconstruction started, the original villagers' population was more than 7,000 and the registered migrant population

³Between 2007 and 2012, information displayed in the bulletin board of the village and on-site (re) development photos were constantly collected, which provided some lively documents and clues for the investigation and research. Intensive field observations of villagers' daily lives, spatial changes, and community activities such as discussion groups have been undertaken. Many primary sources could be generated through structured and unstructured interviews, the community online forum, and various official reconstruction documents. During the long-term observation, a close relationship network could be established that helped to remain updated and informed about developments. Through these grassroots research activities, the villagers' participation could be directly experienced and documented.

⁴On the new mayor press conference held on 30 January 2007, the Mayor of Guangzhou Zhang Guangning said, "Real estate is welcomed to participate in the old town regeneration and urbanized village reconstruction!" On the Guangdong & Hong Kong economic and trade cooperation exchange held on 3 August 2007, Zhang Guangning invited Hong Kong's developers to participate in the new town development, old town regeneration, and urbanized village reconstruction.



Fig. 11.1 Location of Liede Village (Reproduced by permission of Xiaohong Tan)



Fig. 11.2 Liede Village before the reconstruction (Photo taken by Tan 2007)

more than 8,000. The whole area of Liede Village covered 337,547 m², including 230,000 m² of land used for economic development (Figs. 11.1 and 11.2).

Liede's redevelopment was driven by the construction of Liede Bridge across the Pearl River and the upgrading of Liedeyong, a small river running through the

village, as well as by the construction of metro-line number five and the development of the underground foundation of the new central business district, Zhujiang New Town. Therefore, the redevelopment was directly influenced and accelerated by municipal infrastructure projects.⁵

Liede Village is divided into three parts by Xinguang Road and Liede Bridge. They are the east area, the west area, and the area southwest of Liede Bridge. According to the detailed plan of Liede Village reconstruction, the eastern parcel is used as the villager's resettlement site with a built-up area of about 877,899 m², including residential areas, public buildings, medical and health buildings, culture and sports facilities, education facilities, community services, and commercial service buildings.

The construction project started in 2007 and finished in 2010. The western parcel (west of Liedeyong) was put up for auction. The auction was held by the Land Development Center, and the capital gathered through the auction was invested into the village reconstruction. All villagers in the eastern and western parcels moved out before 15 October 2007. Before the new houses were built, the southwestern area was temporarily kept as an interim settlement for families with elderly people, chronically sick people, and students (Fig. 11.3).

The whole reconstruction project, which took about 3 years, was organized and conducted by Liede Village itself. After the policy of urbanized village reconstruction in Guangzhou changed in 2007, the mode of governance chosen for Liede's restructuring was experimental. The general reconstruction strategy of Liede was "led by the municipal and district governments with the village as the main executive actor".⁶ Without investments from either the Guangzhou Municipal Government or the Tianhe District Government, and under an urbanized village initiative, this chosen reconstruction strategy was intended to financially ensure the villagers' interests by allowing for developers' investment and to promote the economic development of the village collective by allowing for compensation negotiation, as well as to preserve the traditional village culture.⁷ Generally, the top-down planning and implementation and the bottom-up fight for market profits provided a lot of space for flexible negotiations. The promising profit expectations also further strengthened the villagers' will to participate in the redevelopment, as well as the developers' interest to invest.

Existing studies on Liede Village mainly focus on the reconstruction modes of Liede Village (Wu and Fu 2008), on demolition and compensation plans of the

⁵The construction of the prospective CBD of Guangzhou became the fundamental driver for Liede's reconstruction. On the one hand, the relocation compensation which came from the construction of Liede Bridge and municipal roads, and from the dredging of Liedeyong project, could only start the reconstruction of Liede. On the other hand, the construction of metro-line number five and the development of the underground foundation of Zhujiang New Town increased Liede's location advantages and land value. Sufficient capital was raised through land market trade to make the reconstruction feasible.

⁶It follows "The Liede Village Overall Reconstruction Implementation Plan."

⁷According to the plan of Liede reconstruction, some important temples and the dragon boat lake were rebuilt on the east parcel in order to preserve local traditional culture.



Fig. 11.3 Detailed plan of Liede Village reconstruction (The resettlement building construction in the east parcel was finished and villagers moved into the new building in October 2010. Thirty-seven high-rise residential buildings, a primary school, and a kindergarten were built in the east parcel. The total land area is 131,000 m² and the total built-up area is about 687,000 m². The collective property along the Liedeyong in the southwest parcel was finished in 2011) (Architecture Design and Research Institute of Guangdong Province 2007; The reconstruction plan of Liede Village)

Liede reconstruction (Liang 2009), on interest distribution among different stakeholders during Liede's reconstruction (Chen et al. 2009), on economic integration and development issues in Liede (Lin et al. 2011), etc. Stakeholder analyses and especially studies about villagers' participation during Liede's reconstruction are still missing.

11.3 The Stages of Participation in Liede's Reconstruction Process

Four different stages in which villagers participated during the redevelopment process could be identified⁸: (1) the start of the reconstruction of Liede Village, (2) the making and approval of the compensation plan, (3) compilation of the interim resettlement plan, and (4) compilation of the planning and design (Fig. 11.4).

⁸The final stage, which will not be elaborated in detail in this chapter, is the implementation and completion of reconstruction and the villagers' resettlement in the new residential buildings.

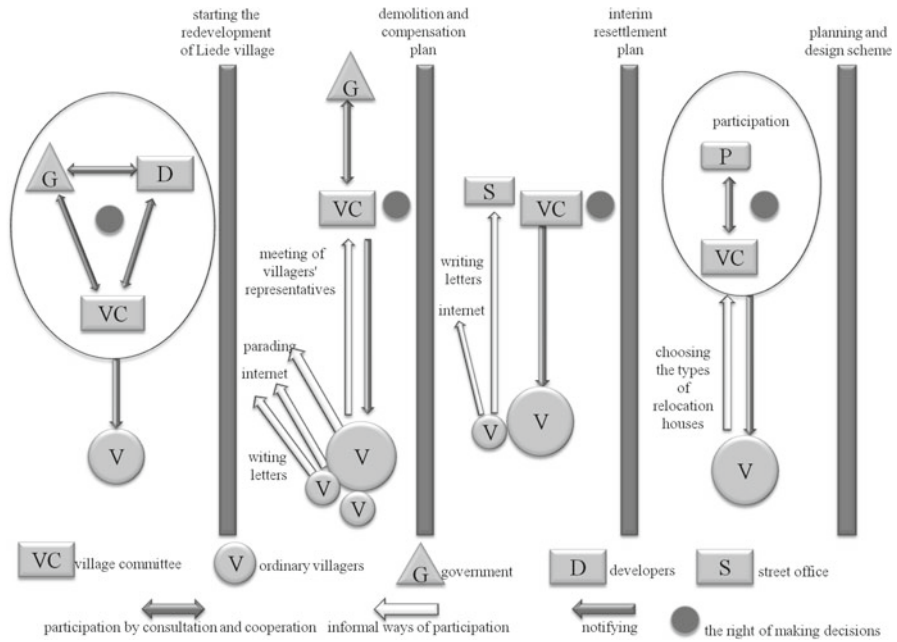


Fig. 11.4 Stakeholder constellations during the four stages of reconstruction in Liede Village (Reproduced by permission of Xiaohong Tan)

11.3.1 First Stage: The Start of the Reconstruction of Liede Village

The collection of reconstruction funds was the first step in deciding whether the reconstruction could be started or not. Liede Village collected the funds mainly from compensations for land occupied for the construction of Liede Bridge and financial support from the government for the project of upgrading Liedeyong. Effectively, the reconstruction project of Liede Village had been discussed and promoted several times since 2002. However, it remained long at the discussion stage and could not be started because the compensation standards declared by the government were far from satisfying the villagers' demands. In other words, the shortage of funds was the basic reason to again and again postpone Liede's reconstruction. Only sufficient capital, raised through land market trade, could make any reconstruction feasible.

Liede's joint-stock company (JSC)⁹ was mainly responsible for collecting the reconstruction funds and informed villagers about the initiation of the reconstruction.

⁹In 2002, the village committee of Liede Village was changed into the Liede joint-stock company (JSC). The members of the village committee now work in the JSC. Therefore, in this article the village committee and JSC are interchangeable.

Developers participated in the land auctions but not in the processes of deciding on compensation standards, demolition, and resettlement. After the reconstruction project was officially announced by the JSC, the concerned villagers showed a lot of anxiety about the following four aspects: first, they were afraid that they had to resettle to other places instead of the original site; second, they worried that the compensation standards would be too low; third, they were concerned whether the promised resettlement houses would be finished and of acceptable quality once they should move out; fourth, they worried that their monthly income from renting out their property would be less than before. Interestingly, whereas the villagers mainly worried about their private property which is directly related to their income, scholars and other citizens mainly showed concerns about the cultural value of the urbanized village, architecture preservation, and so on (Xinkuai News 2007).¹⁰

11.3.2 Second Stage: Making and Approving the Compensation Plan

“The Plan of Demolition, Compensation and Resettlement of Liede Village” (Liede Village JSC 2007) was mainly drafted by the JSC, and the plan mainly focused on compensation standards of demolitions. Demolitions could not be implemented until most of the villagers¹¹ agreed to sign the compensation plan to be announced and approved at the shareholders’ conference. This conference was one of the most important formal channels for villagers to participate in and articulate their concerns. After the first version of the compensation plan was published, villagers were not satisfied with the 5,000 RMB/m² of purchasing price for the resettlement area.¹² They did not only express their dissatisfaction at the shareholders’ conference

¹⁰Xinkuai News (2007) Why Cannot the Original Appearance of Liede Village Be Preserved? <http://news.21cn.com/xkb/gz/2007/11/06/3839382.shtml> [accessed 03.12.2007].

¹¹According to the Organization Law of Village Committees of the People’s Republic of China, there is one rule stating that “Any items that concern the interests of villagers could not be implemented until they were passed at the villagers’ conference”. The reconstruction of Liede could not be implemented until more than 80 % of all villagers agree to The Plan of Demolition, Compensation and Resettlement.

¹²The principle of “The Preliminary Plan of Compensation and Resettlement of Liede’s Reconstruction” is “dismantle one and rebuild one”. The villagers’ resettlement compensation adopts a ladder replacement method with a maximum of four floors. Namely, the licensed area of less than the two floors can build the second floor, and so on, and the fourth and above shall be compensated according to its licensed area. For the villagers who want to increase their resettlement area, they shall pay 3,500 Yuan/m², or they can also choose to give up the rest of the resettlement area, and the village collectives will compensate them at 1,000 yuan/m². For example, if a villager has a licensed area of less than the two floors, suppose 150 m², so he or she can achieve a building area of 200 m² according to the compensation plan, of which 150 m² is compensated for free according to the “dismantle-one-and-rebuild-one” principle. The remaining 50 m², if he or she wants to buy, will cost 3,500 yuan/m²; if not, the village collectives will compensate him or her at 1,000 yuan/m². The excess unlicensed area will not be compensated with space but with building material.

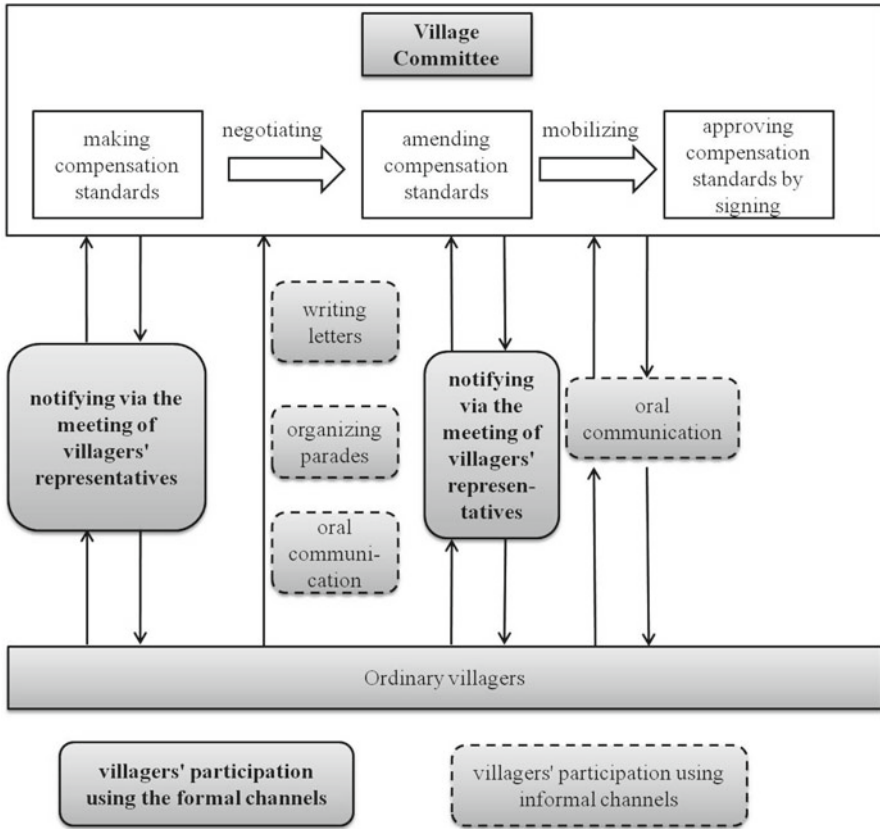


Fig. 11.5 Participation means of both the village committee and ordinary villagers in making and approving the compensation plan (Reproduced by permission of Xiaohong Tan)

fiercely but also discussed with other villagers in order to convey their opinions and dissatisfaction to the members of the JSC (Fig. 11.5).

Meanwhile, villagers' disagreement with the compensation standards was demonstrated not only by informal communications among villagers but also by a villagers' parade, thus trying to put pressure on the JSC to revise the compensation standards before the resettlement plan was signed. At last, villagers were successfully able to reduce the purchasing prices of the resettlement area to 3,500 RMB/m². Some young villagers were also greatly concerned about the reconstruction. When the compensation plan was being compiled, the manager of Liede Online Forum¹³ found that the amount of villagers who expressed their opinions and discussed their dissatisfaction at the forum increased significantly. During the period of demolition,

¹³The website was <http://www.liede.cn> [accessed 12.10.2007]. Now it is updated as <http://gjj.cc/GuangDong/ShengHuo/liede.htm> [accessed 02.05.2012].

discussions at Liede Online Forum and Liede Virtual Network were quite intense and popular. Additionally, those villagers seldom revealed any personal information; they all showed a strong sense of self-protection.

In the interviews, when the villagers were asked what they would do to express their concerns in case of opposition, they mentioned the word not signing one's name very often. For the villagers, to sign their names is not only a procedure in the reconstruction but also a critical strategy to negotiate and bargain in the process of approving the compensation standards.¹⁴

The process of encouraging the villagers to sign their names was also quite complicated. The ordinary villagers responded quite differently, and the ways the JSC used to motivate them differed as well. The villagers who were the relatives of JSC members agreed to sign The Plan of Demolition, Compensation and Resettlement at a rather early stage. The JSC members had a lot of relatives and close friends in the village, so they tried to explain to and persuade these villagers. It was a quite effective strategy to motivate more and more villagers.¹⁵ Even some villagers who were absolutely against it finally signed The Plan of Demolition, Compensation and Resettlement due to the pressure from other ordinary villagers that had already signed their names and from JSC members that were their relatives. At the final stage of signing their names, four nail houses remained that refused to sign the plan and to move out. The JSC prosecuted them and the court made the final decision that the nail houses had to sign their names and finally leave.¹⁶

11.3.3 Third Stage: Compilation of the Interim Resettlement Plan

The reasons why the issuance of the interim resettlement plan aroused villagers' dissatisfaction were that the JSC did not ask for villagers' opinions when defining the scopes of demolition and the relocation timing; the villagers were merely informed about the plan. According to the interim resettlement plan, the JSC had promised before that the eastern parcel of the village was to be torn down first, and the western parcel would not be demolished until villagers moved to the allocated housing. Therefore, villagers became angry due to a sudden change in the resettlement plan and time schedule for moving out of the village, as there were only

¹⁴One villager said, "Signing means to hand over the village to the government and developers. Even though we are dissatisfied after signing, we have no right or opportunity to bargain again. However, I can still negotiate before signing, and I won't sign before I am satisfied with the compensation standard" (2007.05.14, a 35 year-old villager).

¹⁵One villager said, "Generally, most villagers don't want to be the first ones to sign the plan of demolition, compensation and resettlement as it seems too risky. When most people sign their names, it will make us feel safer as a lot of people share the risk. If there anything happens we can fight together anyway" (2010.04.14, a 24 year-old female villager).

¹⁶http://www.ycwb.com/ycwb/2008-01/05/content_1744850.htm

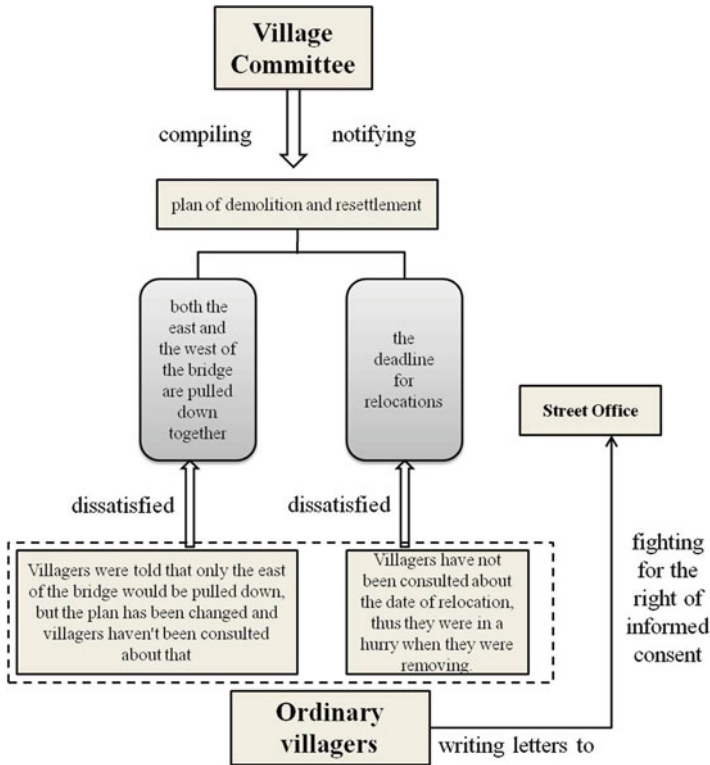


Fig. 11.6 Villagers’ reactions to the interim resettlement plan (Reproduced by permission of Xiaohong Tan)

2 months left for them to move out after being informed. The JSC did not give any explanations and reasons for their management and decision-making. Villagers wrote complaint letters to Liede Street Office to obtain the right to know more. In the end, the Street Office replied with an official letter, and the reasons why the interim resettlement plan was issued were explained by the JSC through newspapers and bulletins in the village (Fig. 11.6).

11.3.4 Fourth Stage: Compilation of the Planning and Design

The planning and design of Liede Village includes two parts: one is the planning of the whole area; the other consists of the building designs and the different types of flat designs. In the stage of compiling the planning, the planners mainly communicated with the JSC, and their suggestions had a big impact on decision-making. In this period, due to a lack of relevant information, professional knowledge, and

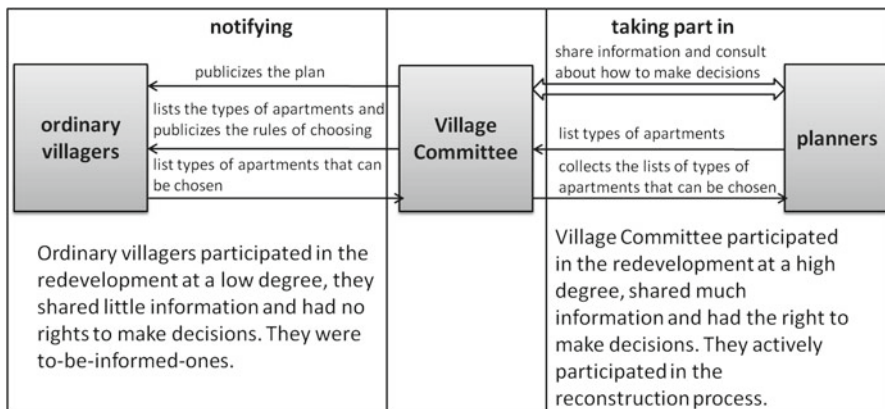


Fig. 11.7 Villagers' participation during the process of making the reconstruction planning and design (Reproduced by permission of Xiaohong Tan)

participation channels, villagers participated at a relatively low degree. Villagers showed many concerns about whether they would resettle to the original village site or if they would be relocated elsewhere. In order to preserve the traditional culture, the urban planners drew temple reconstruction schemes in the planning which were largely accepted by the villagers (Fig. 11.7).

However, the building designs and the types of flat designs were more complicated and difficult, as the villagers had various demands and requirements concerning the flat types. Most of them preferred small flats with 60–70 m² because those are more popular on the real estate market. Although the villagers participated in choosing the types of apartments, they only chose from the lists made by both planners and the JSC, and villagers were not satisfied with some types of flats even after they had been revised more than four times. The villagers could convey their dissatisfaction to the JSC. However, ordinary villagers had no channels or opportunities to participate in or to influence the decision-making concerning the design nor to directly communicate with the planners.

11.4 Modes of Participation in Liede's Reconstruction Process

11.4.1 Roles of the Different Stakeholders Involved

The relationships among different actors involved in Liede's reconstruction process can be reflected as follows (Fig. 11.8).

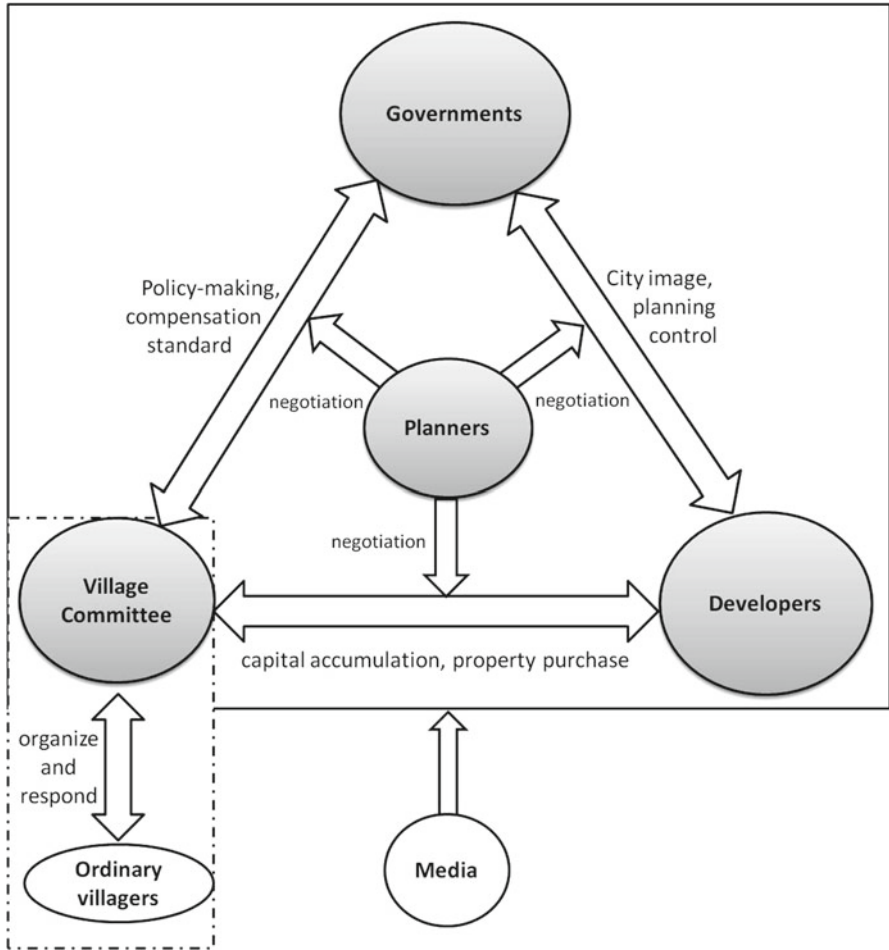


Fig. 11.8 Relationships among different stakeholders in the process of Liede Village’s reconstruction (Reproduced by permission of Xiaohong Tan)

As a matter of fact, the reconstruction of Liede Village involved many stakeholders, including governmental bodies, developers, urban planners, the media, and villagers, in which planners possessed the mediating and coordinating role as a “bridge” between government, developers, and the JSC, and in which the media acted as an instrument of public supervision and as a “mouthpiece” of different actors.

The reconstruction mode of Liede Village was quite different from reconstruction modes of other urban areas under direct control of the government. The government empowered the urbanized village with much power for self-organization and management in the reconstruction as an experimental pioneer. And the JSC was the main stakeholder with whom the government negotiated and communicated. The JSC was responsible for the work of demolition, resettlement, reporting, auction,

distribution of relocation fees, and so on and therefore reduced the transaction costs of mobilization and implementation.

The key of urbanized village reconstruction lay in finding a “balance of interests.” Therefore, the reconstruction could not have been carried out if the interests of the main stakeholders would not have been ensured and balanced.

11.4.2 Villagers' Participation in the Reconstruction

The villagers, including members of the JSC and ordinary villagers, participated in the reconstruction of their urbanized village. In general, the JSC was mainly responsible for making and conveying the compensation plan, as well as managing and allocating land profits. During the implementation process of the reconstruction of Liede Village, members of the JSC did not only play the role of government “agents” but also of “parents” of the village. They were responsible for making the compensation plans, planning schemes, compensation and interim resettlement plans, and so on, which means they directly affected the balance of the internal interests of the urbanized village (Fig. 11.9).

Members of the JSC had double identities. When they were negotiating with the government and developers on behalf of all the villagers, they could be considered as the villagers' representatives. During the process of implementing the reconstruction, members of the JSC were also “villagers” who took part in the allocation of the reconstruction profits. As a matter of fact, ordinary villagers did not trust members of their own JSC, and their relations were quite complicated. Ordinary villagers were economically oriented actors. Their main objective in the course of reconstruction was to protect their private properties.

It turned out that the more properties they owned, the more actively ordinary villagers participated in the reconstruction. Villagers who owned large amounts of unlicensed construction areas of houses or less legal areas of houses were more interested in participation. They were the ones who would have suffered higher losses than others. Therefore, they opposed the reconstruction the most and were the last to compromise and sign agreements. They were clearly the most concerned and active participants in the reconstruction process. Villagers with less property areas were generally less interested.

11.4.2.1 Villagers' Formal Passive Participation

The means of participation of ordinary villagers and members of the JSC were quite different. Members of the JSC must also be considered as villagers, but the ways they participated in the redevelopment were obviously different from ordinary villagers: they actively took part in consultation and participation. They had the rights to make decisions while ordinary villagers were mainly informed of decisions. Ordinary villagers had very limited impact on the decision-making process and a low degree of participation. Their way of participating in the redevelopment was

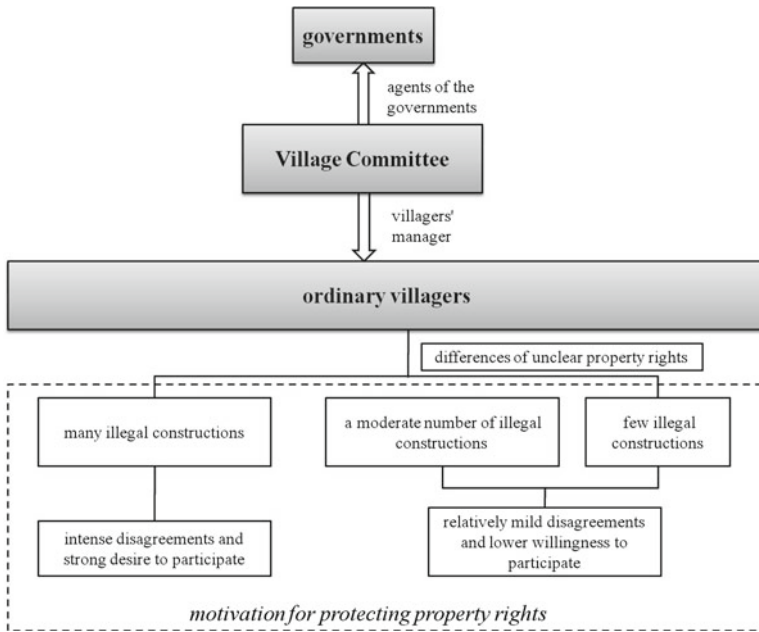


Fig. 11.9 Villagers’ participation in the reconstruction (Reproduced by permission of Xiaohong Tan)

only passive. Generally, they were just informed of decisions and notices made by members of the JSC.

Villagers’ formal participation rights and means were authorized by the Village Management Law, which only granted participation in the shareholders’ representatives’ meeting. But it proved to be far from enough. In interviews, ordinary villagers complained that their opinions and rejections in the meetings were not responded to or considered adequately. Ordinary villagers showed fundamental distrust in members of the JSC because many villagers thought they possessed privileges with more benefits than ordinary villagers, and because members of the JSC could actively influence the decision-making processes, while most ordinary villagers just passively expressed their interests through “informal” channels.

Therefore, under the existing formal systems, normal villagers had only very few channels to participate in reconstruction and effectively express their interests and demands. Reconstruction involves concerned property rights that are closely connected with villagers’ interests, but even though villagers were usually highly motivated to participate, the existing participation systems proved to be far from efficient and sufficient.

11.4.2.2 Villagers’ Informal Active Participation

One of the villagers said, “From the very beginning, only several village leaders have been planning the reconstruction; therefore, villagers can only try their best to

seek to maximize interests through protesting or holding parades, etc. Villagers are quite passive" (interview with a 32-year-old villager, 13.03.2010). It can be concluded that villagers were not just mere "to-be-informed ones." When they articulated their concerns, they also actively protested and expressed their interests through formal and informal channels, where the informal channels were newly established out of need and, furthermore, frequently used.

Motivated by the need to protect their property interests and by the impossibility to effectively express their interests under the formal participation system, the villagers "created" many informal channels. Villagers generally first collected related information and conveyed their interests and demands and afterwards negotiated with people or organizations making compensation standards. As mentioned in the second stage, the villagers successfully improved compensation standards by parades, writing letters, asking help from the media, refusing to sign the compensation documents, etc. Therefore, the villagers applied various informal grassroots strategies and means to achieve their goals.

Informal participation channels such as clan structures, family ties, and other *guanxi* relations were of great significance. Some scholars stated that many informal institutions within communities are operationally created by social networks, mainly including approval by identity, acquaintance, trust, relationships, and community consciousness (Zhe and Chen 2000; Schoon 2012). In Liede Village, villagers shared information mainly through communicating with relatives, family members, and friends. In the process of communication, villagers persuaded and convinced each other, which helped the villagers to form unified conceptions for what concerned the compensation standards. Local resources like relationships and identities have been used a great deal in the negotiation process; each clan had representatives to participate in the reconstruction, and villagers' participation was family oriented. For example, families with different surnames all had a member working in the JSC of the village so that the members of the JSC could reach a balance, which was also an unspoken rule in the village.

In conclusion, informal strategies and channels were frequently used and were strengthened in the process of mobilization. Those informal channels for expressing interests were based on local social relationships and networks in the village. The traditional local network played an important role in the reconstruction process, creatively applied by the villagers to protect their rights. In other words, it led to a reproduction of cultural identity or community identity of urbanized villagers.

11.5 Conclusion

By exploring Liede villagers' ways of participation, it soon became evident that the villagers' participation was interest oriented and mainly about protecting their private rights. The major driving forces and objectives of villagers to participate were closely connected with their self-interests, reflecting a strong profit-driven nature. Problematic property rights that were involved in the reconstruction of urbanized villages include land use rights and property rights, which depict important aspects

of the functional system of the Chinese rural–urban land use rights structure (Jiang and Wang 2002).

For the reason that land use rights and property ownership were not clearly defined in urbanized villages, and because many unlicensed constructions of villagers existed, one of the most difficult tasks during the process of reconstruction was to define and recognize every single household's property rights. Illegal constructions in urbanized villages are direct outcomes of vague property rights. Although Liede villagers did not possess legal proofs of these constructions, they have used them and have made profits from them for decades. The property rights of these constructions drove villagers to actively participate in defining and negotiating property rights. Therefore, the ambiguity of property rights directly affected villagers' participation.

Compared to the villagers' participation in Liede reconstruction, the tenants were totally excluded from the whole process. All tenants were required to move out of the village before the demolition started. Little attention is paid to the participation of tenants (such as floating population and shop owners) in the reconstruction project, although there were about 8,000 tenants living in Liede Village before the reconstruction started in 2007.

Finally, the features and long-term effects of villagers' participation during the reconstruction of Liede Village can be summarized as follows.

First, a strong awareness of property and democracy can be observed. Villagers' participation in urbanized village redevelopment in China is essential to smoothly proceed with regeneration processes, and it needs more attention from the government and scholars because this kind of grassroots-level democracy could allow gaining substantial experience for socially sustainable urban regeneration.

Second, the government is developing more and more mature redevelopment modes for urbanized villages through experimental approaches such as Liede. After Liede, Guangzhou's municipal and district governments further promoted several other urbanized village reconstruction processes since 2010 in Guangzhou, such as Xiancun Village, Yangji Village, and Linhe Village in the Tianhe District and Pazhou Village in the Haizhu District. The reconstruction modes of those villages are similar to the Liede mode, encouraging developers to cooperate with the urbanized villages and supporting the village as main actor. In this way, Guangzhou explores more reasonable and feasible redevelopment modes and strategies to cope with the various types of urbanized villages, while taking into consideration their respective features.

Third, the institutional arrangements in Guangzhou find themselves in a similar stage of transformation as the urbanized villages. Since 2009, large amounts of policies concerning the reconstruction of urbanized villages have been issued by municipal and district governments each year. The policies are about land use, reconstruction funds management, unlicensed land use punishment, redefinition of property rights, and so on. The implementation of the so-called Three Olds Redevelopment Policy is the first comprehensive strategy that proves to be a clear indicator for maturing institutional arrangements and a clear distribution of responsibilities, for more and more coordinated approaches and cooperation, and, last but not least, a shift from experimental pioneer work towards maturing urban

regeneration in general. Especially, new policies which authorize and strengthen villagers' participation are approved and published.

In other words, the lessons and experiences of villagers' participation in the Liede case also contribute to institutional transformation and improvement. The document of the Relative Procedure to Further Standardize Urbanized Village Reconstruction was published in 2011 (Guangzhou Three Olds Redevelopment Office 2011). It contains many policy regulations about villagers' participation and villagers' supervision rights. According to the document, the project will not be carried out until 80 % of villagers agree to and approve each stage, including the starting of the project, selecting the developers to cooperate the project, compiling the planning, and implementing the reconstruction. As a result, the villagers' participation asked for in the policy has attracted government's attention since 2010, but the institutional arrangement is still not mature enough to provide and ensure more specific means and rights for villagers to participate in the reconstruction process of urbanized villages.

Fourth, culture also plays a more and more important role. The villagers created many informal participation strategies through a combination of modern Internet culture and traditional local clan, family, and guanxi culture. Other villagers that are facing redevelopment as well also learn from the experiences in Liede by critical observation of media reports and Internet blogs but also through direct exchange with other affected villagers. By this means, cultural and general awareness of public participation at the very grassroots level is cultivated and maturing.

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Chapter 12

Elite Vision Before People: State Entrepreneurialism and the Limits of Participation

Hyun Bang Shin

Abstract This chapter examines a redevelopment project in Guangzhou, China, discussing the extent to which the local state has actively sought to bring about the commodification of a historic inner-city residential neighbourhood. It is argued that while local residents attempted to raise issues in various “sanctioned” spaces organised by the government, their voices to influence the fate of their own neighbourhoods were overshadowed by the local leaders’ ambition to tap into the developmental potential of local places.

Nevertheless, it is also shown from the residents’ efforts that what may be necessary for local residents is perhaps an instance of collective mobilisation on the basis of their own vision of neighbourhood and city development, garnering support from the wider society. This becomes all the more important as Guangzhou matures and is expected to inevitably give more emphasis on the reuse of existing urban fabric.

Keywords Enning Road • Three Olds Redevelopment • Old town redevelopment • Public participation • Limits of participation • State entrepreneurialism

12.1 Introduction

In urban China, enhancing the degree of local residents’ intervention in residential redevelopment processes has been controversial. While there are calls for more protection of the housing rights of local residents who often face harsh measures upon displacement, some experts also point out that what is problematic may not be the absence of laws and regulations but the inadequate or instrumental application of those legal measures (Diamant et al. 2005; Shin 2008). In other words, “rule by

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law” is more appropriate to explain the state practice of law in China, indicating that governments are using laws in convenient ways to make sure they get things done (Peerenboom 2002). Urban redevelopment is no exception to this. While the central and local governments have been revising regulations on several occasions to clarify measures related to relocation compensation and demolition procedures, it is questionable if these new measures address individual and social needs.

In Guangzhou, the municipal government has begun to pay heightened attention to a new round of inner-city redevelopment since approximately 2006 (Ye 2011). The focus on inner-city redevelopment could be understood as a spatial manifestation of the municipality’s ambition to rebrand Guangzhou itself at the time of beautifying the city before the hosting of the 2010 Summer Asian Games and the accumulation needs that emerge out of land scarcity. Under these circumstances, it is expected that there would be an inherent conflict between the government needs to assemble land for development (which would incur residents’ displacement and building demolition) and local residents’ desire to “stay put” or ask for “fair” compensation. The expected surge of redevelopment projects suggests that local governments are more likely to face a rising degree of confrontations by local residents. The question is: To what extent is the municipality to make the redevelopment process more inclusive, and how does this reconcile with the entrepreneurial orientation of urban governance that increasingly characterises China’s cities?

In this chapter, I argue that the local state’s drive to fulfil its own version of urban vision renders local residents’ participation efforts ineffectual. While residents attempt to raise issues in various “sanctioned” spaces organised by the government, their voices to influence the fate of their own neighbourhoods are overshadowed by the local leaders’ ambition to tap into the developmental potential of local places. I take the case study of a redevelopment project in Liwan District, an inner-city district of Guangzhou in southern China as an example. I make use of a range of municipal documents, media reports and my own field research observations and encounters with local residents and government officials. Field visits were made on a number of occasions between May 2009 and December 2011.¹

12.2 China’s New Urbanism and Public Participation

According to the strategic planning document produced by the municipal government in 2000, Guangzhou’s development was to follow the path of “advancement in the east, linkage in the west, optimisation in the north, expansion in the south”

¹I acknowledge the financial support from the LSE Annual Fund/STICERD New Researcher Award between 2009 and 2011 for carrying out the research in Guangzhou. The support of the Social Science Korea Research Grant, National Research Foundation of Korea (SSK, NRF-2011-330-B00052) is also appreciated. I also thank S. Koh at the London School of Economics for her research assistance, S. He at Sun Yat-sen University for helping with field interviews and C. Liu at Durham University for her insight into the latest redevelopment progress. The insightful comments from the editors, Uwe Altröck and Sonia Schoon, were also much appreciated. The usual disclaimer applies.

(Lu and McCarthy 2008:459). On this basis, Guangzhou has been pursuing outward expansion, investing heavily in dedicated development zones and, subsequently, in setting up new towns in suburban districts. The construction of new towns was also seen as a means to provide more dwellings to meet the growing needs of an increasingly affluent local population, as the city grew in both demographic and economic terms. This outward expansion, however, resulted in some neglect of the city's traditional centre such as the Liwan and Yuexiu districts.

From approximately 2006, Guangzhou has begun to emphasise investments in the old city centre to prevent the area from hollowing out. In order to address the financial pressure on local governments, real estate developers were encouraged to participate in redevelopment projects. However, the involvement of developers was to be under the supervision of the state, thus "state-led" to the extent that the state was to be responsible for building demolition, the displacement of local residents and the establishment of master plans for framing the nature of redevelopment (Shin 2009; Wang 2011; Wu 2007). Once the land assembly is completed, project sites are to be auctioned for developers' participation, which would help the local government to recover its initial costs by banking the land use premium. This "private-public partnership" was supported by the municipal leadership's commitment to inner-city redevelopment. As the then mayor of Guangzhou stated, "the government takes the responsibility of demolition and relocation. After completing relocation, social investments [that is, developers] will be invited for construction. The expenses for demolition and relocation will be paid by the municipal government in advance, while the district government is also to make contributions" (Nanfang Daily 2007).

Guangzhou's renewed urban redevelopment strategy reflects the rise of China's new urbanism and demonstrates the emergence of cities as sites of accumulation, characterised by land-based accumulation that makes an extensive use of land resources as a means to generate local state revenues and to help finance investments in fixed assets (Hsing 2010; Shin 2011, 2012). Local states have unfolded as key players in China's urbanisation, accompanied by their entrepreneurial push for urban redevelopment (Shin 2007, 2009) or "territorially based entrepreneurialism" propelled by China's integration with global capitalism (Wu 2003). In this process, strategic planning has become a major means to selectively target resources for economic development and state revenue maximisation (Wu 2007). While strategic planning allows greater room for integrating the views of domestic and international experts through various consultation meetings and design competitions, the participation of the general public in urban planning processes, however, is considered "as less efficient or ineffective in achieving economic targets and structural competitiveness" (ibid.:390).

In the changing relationship between the state and the market, the rise of place-based urban accumulation as a state project also suggests that urban development is going to be strongly influenced by "elitism shaped by the coalition of political, economic and intellectual elites working at the top levels of the state" (Ma 2009:ii). Local elites, especially political leaders, would endeavour to exploit the full development potential of local places in order to make both political and economic gains. Chien (2010) puts forward the perspective of "asymmetric decentralisation", which

refers to the simultaneous processes of (1) greater local autonomy through economic decentralisation and (2) political centralisation to maintain the domination of the party state. This creates local officials' "upward accountability", that is, their endeavour to meet economic performance targets within their jurisdictions in order to achieve career advancement and material benefits (ibid.). In other words, local leaders are compelled by a "target-driven approach to implement policy" (Plummer and Taylor 2004:7).

The entrepreneurial push by the local states in China and the upward accountability to meet performance targets by local leaders result in the production of a relatively narrow space for local residents' efforts to challenge or change the course of government schemes. Saich (2004) discusses two types of participation in Chinese politics: sanctioned and non-sanctioned. While the former refers to the people's participation in "sanctioned organizational structure of representation" (ibid.:184) (e.g. authorised political parties, mass organisations such as Women's Federation and grassroots community organisations), the latter refers to the non-sanctioned protests in particular. To some extent, the rising phenomenon of "nail-house households" that refers to those refusing to vacate (Hess 2010; Shin 2013) indicates the expanding horizon of China's non-sanctioned political landscape. Under these circumstances, urban development is also going to be strongly associated with a particular urban vision that the local elites hold, which leaves little room for public participation to reflect those voices from grassroots organisations and local residents.

12.3 Enning Road Redevelopment and the Elite Vision

To understand the relationship between the urban vision of local leadership and residents' participation, this chapter examines the case of a redevelopment project in Guangzhou. The Enning Road redevelopment site under investigation refers to an old inner-city neighbourhood that accommodates a number of historic buildings and cultural heritage known as Xiguan culture. The Enning Road redevelopment site also enjoys advantages of location that would attract redevelopment efforts from the government as well as interests from the real estate capital. The site's southeastern corner also meets Dishipu Road, which constitutes the western section of Guangzhou's famous shopping street known as Shangxiajiu. The Enning Road redevelopment site is also located less than 1 km away from the north of Shamian Island, which retains a number of colonial European buildings and has become one of the tourist destinations.

The total amount of planned areas for redevelopment reached 11.37 ha (Liwan District Government 2009). At the time of its first project inception in mid-2007, the total building floor space in the redevelopment district turned out to be 20.71 ha. Of these, 14.14 ha were subject to local residents' permanent displacement and therefore subject to demolition, apart from the possible preservation of 2.45 ha that showed unique characteristics (Guangzhou Daily 2007b). The area is located in the south-western part of Liwan District, and the name Enning Road refers to the main



Fig. 12.1 Enning Road with *Qilou* buildings (Author's own picture dated 18 Sept 2009)

avenue along the southern boundary of the redevelopment site. It is known as one of the best-preserved historic avenues that are sidelined with *Qilou* buildings (Fig. 12.1). *Qilou* buildings refer to buildings from the early twentieth century, having shop fronts on the ground floor and residential places on upper floors: the protruded sections on the upper floors are supported by pillars, thus creating shades from the sun and protection from rain showers for pedestrians.

Rumours about the Enning Road redevelopment date back to the 1990s, but the present-day redevelopment was first announced in late 2006 when the city came to re-emphasise inner-city redevelopment. As for Liwan District, it proposed to carry out five redevelopment projects as part of addressing the municipal government's emphasis on inner-city redevelopment: the Enning Road project came to be the first project to be implemented and also the largest project in Guangzhou at the time. By the beginning of March 2007, a government task force was set up in the Street Office² in order to carry out all the preliminary work involving contacts with local residents for their displacement and relocation. This task force was composed of all the various political, legal and administrative entities as well as the police force (Liwan District Government 2007a) so that all aspects of neighbourhood affairs

²The urban administrative hierarchy in Chinese cities has municipal government at the top, then district government and then street offices. Residents' committees under each street office form the grassroots organs that take care of day-to-day affairs that involve direct contact with local residents.

could be dealt with. A statement from the Party Secretary of Liwan District sums up the early thinking behind the Enning Road redevelopment (Xinhua News 2006):

The Enning redevelopment plan is to follow the municipal leadership's intention. It should go through a series of measures for the transformation of the old city to balance the inputs and outputs, and mobilise social strengths to undertake the construction. The comprehensive design is for us [the government] to carry out. The government is to decide the overall framework, where to rebuild, where to demolish and where to do new construction. These are for the government to decide. Detailed design regarding how to construct each building is to go through bid processes.

Therefore, upon completing the land assembly under the responsibility of the local district government, the Enning Road redevelopment project was to choose real estate developers who would pay the land use premium to secure the site and produce final products by bringing in their own financial contributions and expertise. Accordingly, the compensation measures were also arranged by the district government. As rehousing on site was not possible due to the transformation of the neighbourhood into a tourism and cultural district that utilised the historic characteristics of the neighbourhood, local residents were to be permanently displaced, taking either in-kind or cash-based compensations. While public rental tenants were presented with relocation rental dwellings elsewhere, house owners were encouraged to take cash compensation, using the money to purchase an alternative new or second-hand dwelling. As of mid-2008, the average level of cash compensation turned out to be around 9,000 yuan/m², which included any applicable housing subsidies and incentive payments (Nanfang Dushibao 2008).

In essence, the Enning Road project is another model of promoting "private-public partnership-based" urban development through the use of land resources, while the local state, comprised of the municipal and district governments in particular, dictates the type of redevelopment and business model. The cash compensation and relocation expenses were to be paid out by the Guangzhou Land Use and Development Center, while the Guangzhou Municipal Land Resources and Housing Administrative Bureau was to arrange relocation dwellings. This meant that the project site was to be under the control of the Guangzhou Land Use and Development Center after the completion of residents' displacement and building demolition in order for the land auction to take place (Yangcheng Wanbao 2008).

In this regard, the district government was very eager to look for potential developers (especially those from Hong Kong), who would be keen to partake in the redevelopment of Enning Road. For some years, the Liwan District Government has been hosting a "Guangzhou Liwan Spring Investment Forum" every year in Hong Kong, and one of the major areas of investment identified by the government has been urban redevelopment projects. As early as in March 2007, the Enning Road redevelopment project reportedly attracted the attention of more than ten companies, including the Hong Kong developer that carried out the Xintiandi project in Shanghai (Xinhua News 2007). The Enning Road redevelopment project continued to appear in this investment forum in subsequent years.

The Enning Road redevelopment project has received a great degree of attention from the municipal leaders who often highlighted the need of achieving both environmental improvement and heritage conservation. Over the years, while various draft versions of the Enning Road redevelopment plan were produced by the district

government, one of the underlying themes from the early days had been the importance of historic and cultural heritage and turning it into a means to promote development. As early as in March 2007, an emphasis was made on maximising the retention of historic architecture (shop fronts on Enning Road in particular), as well as cultural relics in the redevelopment district (Guangzhou Daily 2007a). In April 2008, the Guangzhou Municipal Planning Bureau approved the “Plan for Protecting and Utilising Historic Architecture in Enning Road Dilapidated Housing Redevelopment District”, which also highlighted the importance of heritage and culture (Yangcheng Wanbao 2008). The planning principle was to create a tourism and cultural district after redevelopment. A senior planner at the Liwan branch of the Guangzhou Municipal Planning Bureau states³:

Basically, this [Enning Road redevelopment] district’s plan is to decrease density and improve the environment, and produce facilities for public services. For instance, tourist hotels, tourism and culture facilities, also conservation of historic buildings, and the creation of green space as well as leisure facilities. Therefore, most (residents are) to be given compensation and relocated.

Consolidating these perspectives, the revised draft plan that the district government announced for a month-long public consultation in December 2009 was entitled the “Plan for the Protection and Development of Enning Road Historic and Cultural District” (hereafter December 2009 Plan), emphasising the cultural and recreational dimensions and calling for the creation of a “historic old city with cultural characteristics” (Liwan District Government 2009). The change also coincided with the municipality’s highlighting of its “Three Olds urban redevelopment policy”.⁴

Key emphases were placed on the demolition of most buildings for their commercial redevelopment through the creation of antique-style buildings and the reopening of the streams that flew through the centre of neighbourhoods in order to integrate the riverside development with new commercial, cultural projects (News Express 2010a). Accordingly, the Guangzhou Liwan Spring Investment Forum in Hong Kong in 2010 also packaged the Enning Road project as a project to create an “old Xiguan Town” that would become a tourism and cultural district (Guangzhou Daily 2010).⁵ In summary, the December 2009 Plan made it clear that the government’s aim was to transform the Enning Road site into a Xintiandi-style leisure and cultural place (Nandu Weekly 2010), which would host “facilities [whose quality would reach that] of six-star rating”, as the mayor of Guangzhou explicitly expressed in August 2010 (Nanfang Dushibao 2010).

³Interview on 17 Sept 2009.

⁴The policy is a brand name which has been attributed to the municipality’s renewed and heightened redevelopment strategy since the end of 2009. “Three Olds” refer to (1) “old” inner-city areas that see the concentration of dilapidated dwellings, (2) “old” factory areas that see abandonment and poor maintenance, and (3) “old” villages that have given rise to “villages-in-the-city” which accommodate informal extensions and building construction. Please see Chaps. 5 and 6 in this volume for more details on this policy.

⁵In total, 11 out of 53 projects that the district government showcased belonged to “Three Olds Redevelopment” projects, whose total planned area reached 0.87 million square kilometres.

12.4 Permanent Displacement of Local Residents

The emphasis on transforming the Enning Road redevelopment site into a touristic and cultural district came with the permanent displacement of local residents. To some extent, this was an expected outcome, given the ways in which the Xintiandi redevelopment in Shanghai also involved local residents' displacement to make way for the commercialisation of urban heritage (Ren 2008). The displacement of local residents under the name of heritage conservation was also being replicated in the Enning Road redevelopment project.

The actual commencement of residents' displacement started in May 2007, even though the official notice of demolition including the finalisation of demolition boundaries was publicly announced in late September 2007. It is interesting to highlight the fact that local officials recognised the local residents' reluctance to move out of the neighbourhood but still emphasised the government's decision to displace them as part of the redevelopment project. For instance, the Liwan District's Party Secretary said that "based on the previous survey [of residents], many neighbours do not want to leave Enning Road. Therefore, based on the relocatees' wishes [sic], their relocation housing should be provided somewhere within Liwan District" (Information Times 2007).

The relocation and demolition progressed slowly. The initial demolition plan produced in September 2007 subjected 1,950 households (based on property rights associated with buildings within the demolition boundary) to relocation. This included 702 households who lived in public rental units managed by the municipality and 1,248 households who were house owners (Guangzhou Daily 2007b). The official commencement of demolition works started in November 2008, by which time a little less than 50 % (954 households) had signed compensation agreements (Guangzhou Daily 2008). The next year saw a much slower progress of residents' signing of the compensation agreements. By the end of July 2009, the total number of households who had signed the agreements reached 1,188 households (61 % of the total number of households) (Information Times 2009), 234 households more than what had been achieved by November 2008. Of these, 614 households were house owners and 574 public rental tenants, which meant that about 49 % of house owners and 82 % of public rental tenants had signed the compensation agreements, and that the displacement of house owners faced a much slower progress (*ibid.*).

Another big push came from the municipal and district governments to see the end of the displacement of residents before the commencement of the 2010 Guangzhou Summer Asian Games, but the completion turned out to be difficult (Fig. 12.2). By August 2010, 3 years after the commencement of residents' displacement and about 8 months after the Three Olds policy's official implementation, 444 households (23 %) still resisted signing the compensation agreements (Nanfang Dushibao 2010). During the course of the municipality's implementation of inner-city redevelopment as part of pursuing its new policy of "Three Olds Redevelopment", residents' displacement continued. By mid-July 2012, 38 households were refusing to sign the compensation agreements (Guangzhou Daily 2012b).



Fig. 12.2 Demolition in progress (near Yuanhe Street) (Author's own picture dated 9 Sept 2010)

As in many other redevelopment project sites, intensifying disputes over the level of compensation hindered the government's relocation programmes, and the situation was further complicated by the complex property rights arrangements associated with some of the private dwellings, which resulted from the fact that these properties had gone through historical turmoils during the planned-economy period. Particularly affected would have been those owner-occupiers whose dwellings were inherited from their ancestors but did not have formal title deeds to prove their ownership or those whose title deeds did not record the informally added spaces to address the needs of family members.

12.5 Residents' Challenge to the Local Government Plans

The overview of residents' displacement shows that the local government's drive to nearly complete the assembly of the site and the removal of residents took more than 5 years. One of the major reasons for the much-delayed progress owed to the resistance by local residents who were frustrated about being kept in the dark regarding what would happen to their neighbourhood after displacement and demolition. While the news of general direction of neighbourhood redevelopment was delivered occasionally by the mainstream media and sometimes by government notices, the precise post-demolition redevelopment plan was still in the making when local residents were pressured to sign their compensation agreements.

As one of the residents stated in her interview with a journalist in December 2007, “I only know demolition will happen. Apart from this piece of [demolition] notice, they have not explained anything, and have not asked us if we’d like to move out or not” (News Express 2007). Such responses indicate that the government attempts to organise concerted efforts among various administrative organs in relation to the Enning Road redevelopment were far from providing residents with detailed information. Three years later, the lack of information still persisted, as pointed out by another house-owning resident: “The purpose of demolishing this place should first be known to us...At present, [we] do not know which developer is going to develop [this area]”.⁶

Other major reasons for the delay included the appropriateness of demolition and the level of compensation. When the Enning Road redevelopment was announced in 2007, it was originally packaged as an urban redevelopment project to address building dilapidation in the neighbourhood. Reports suggested that out of about 20 ha of building floor space subject to residents’ displacement, only about 18 % (2.5 ha) were known to be classified as dilapidated (Nanfang Dushibao 2008). This created frustrations among those displacees who stayed in dwellings of reasonable condition.

As a resident representative complained in a meeting with the director of the Urban Redevelopment Office at the Liwan District Government, “at the time of announcing the demolition notice in 2007, it was said that this was a project to redevelop dilapidated housing, but my house is not dilapidated, so why is it needed to redevelop and demolish it?” (News Express 2010a). However, when the December 2009 Plan was made public for consultation, it was reported that 82 % of the building floor space experienced dilapidation and were deemed dangerous for habitation (Xinhua News 2009). Obviously, this was a highly controversial turnaround that would have fuelled residents’ distrust.

Government-organised consultation meetings were not unheard of, but consulting local residents appeared to have been tokenistic, involving only a selected number of resident representatives. For instance, when the Street Office task force was organised in the early 2007, one of the first things that they carried out was meeting with local residents. This took place on 14 March 2007, shortly before the commencement of the government’s relocation programme, and involved the attendance of about ten resident representatives to hear their opinions and suggestions about the neighbourhood redevelopment (Liwan District Government 2007b).

Another consultation meeting took place about 2 weeks later on 30 March 2007, this time organised by the Municipal People’s Political Consultative Conference. The meeting also saw the presence of the deputy mayor of the Liwan District Government as well as the head of the Street Office that administered Enning Road. Again, about ten resident representatives were invited to attend the forum (Liwan District Government 2007c). Pictures from the two government reports indicate that at least four members of the representatives were present in both consultation meetings, suggesting that the two meetings were more likely to have been

⁶Interview on 31 October 2010.

closed sessions with a hand-picked selection of local resident representatives. Various government meetings were subsequently held with the primary purpose of encouraging residents' signing of compensation agreements.

Other than these government-organised meetings, where residents produced bottom-up initiatives to collectively respond to government announcements or appeal against government decisions, their voices were met with poor responses. For instance, when the local government made public the December 2009 Plan for a month-long consultation, a group of six resident representatives from Enning Road met the deputy director of the Liwan branch of the Guangzhou Municipal Planning Bureau on 7 January 2010, presenting a petition letter signed by more than 100 households (News Express 2010a). They demanded a public forum to be held to improve the draft plan, and this forum to involve "experts, academics, leaders, residents and other related people, collecting various opinions and suggestions" (ibid.). It was also requested that the outcome of such a forum would feed into the process of revising the December 2009 Plan and, afterwards, host another public hearing.

To these requests, the deputy director simply retorted that they were too busy, would not be in a position to immediately respond to the request of holding a forum or public hearing and would first require communication with experts for their views. The representatives called the Planning Bureau of Liwan on 13 January to find out the progress only to be told that the bureau was not prepared at the time to host the requested forum.⁷

Not let down by the poor response, five resident representatives further submitted an opinion letter, signed by 183 households, to the director of the Urban Redevelopment Office at the Liwan District Government after having initially contacted the Petition Department. One of the representatives said, "Since 21 December 2009 when the Liwan District Government announced the Plan for the Protection and Development of Enning Road Historic and Cultural District in response to the public pressure, we have sought the opinions of the Enning Road residents, and would require to send our views directly to the responsible leader at the Liwan branch of the Guangzhou Municipal Planning Bureau" (News Express 2010a). The residents' opinion letter criticised the fact that demolition was being carried out even though no redevelopment plan was formally approved by the government and demanded that the demolition work should come to an immediate halt.

Key criticisms included the following: (1) the draft plan aimed at demolishing most buildings and replacing them with "antique-looking" buildings, which would be against the conservation of Xiguan-style tradition and its cultural roots; (2) the draft plan was to displace all residents and carry out commercial development to create Shanghai's Xintiandi, seriously damaging housing rights and going against public interests; (3) the draft plan also aimed at uncovering streams previously covered in the 1960s, but it was doubtful if adequate feasibility studies were carried out; (4) while explaining how splendid the future "new Xiguan" was going to be, the draft plan did not have explanations about relocation matters, hence was not people-oriented.

⁷Conversely, the restructuring of the institutional setting in response to the new "Three Olds" policy implementation at the end of 2009 might have also affected the lack of response.

Upon completion of the public consultation, when residents asked the Liwan branch of the Guangzhou Municipal Planning Bureau about the treatment of their opinion letter, they were met with a dry response that “everyone’s suggestion is being compiled, and as for its announcement, please ask the Public Relations Bureau, and there was no indication of when the Public Relations Bureau would release any information” (News Express 2010a).

Not having had satisfying responses from the district government, a larger number of residents took further actions. In April 2010, 220 households from the Enning Road redevelopment site sent an open letter to the Guangzhou People’s Congress and the Political Consultative Conference when their annual gatherings were held (News Express 2010b). The open letter raised concerns about the absence of any concrete post-displacement redevelopment plan, lack of attention to heritage conservation and unreasonable compensation terms. Asking for supervisory attention from the People’s Congress and the Political Consultative Conference, the residents also demanded for the hosting of public hearing and council meetings (ibid.).

Another major round of local residents’ collective action was made when the municipal government announced its draft heritage conservation plan entitled the “Guangzhou Historic and Cultural Preservation Plan” at the beginning of January 2012 (Guangzhou Municipal Planning Bureau 2012). Seventy-eight residents from Enning Road signed a paper to put forward their opinions, which included their strong desire to keep the area as a Canton Opera culture district. It was stated that “Enning Road is where the Canton Opera flourished. Does Guangzhou have any other district that surpasses this area?” (Guangzhou Daily 2012a). Their concern was especially with regard to the area between Enning Road and the (currently covered) stream which was designated as an “environmental coordination area”, meaning that the area did not qualify to be part of the core conservation areas.

The local residents’ concern for heritage conservation and the preservation of historic buildings was not unfounded. Even though a number of top government and party officials had been explicitly speaking out in favour of heritage conservation, the official demolition notices still listed most buildings in the Enning Road redevelopment district. For instance, a number of residential buildings that heritage experts defined as having historic and cultural value (e.g. Nos. 9, 11, 11–1, 13, 15 and 17 in the alley named Jixiangfang) fell to the ground against people’s expectation. Moreover, a large number of *Qilou* buildings on Enning Road (Fig. 12.1) were also subject to demolition according to the demolition notices despite the fact that they were highlighted as one of the key conservation sites for protecting the architectural heritage in the district government’s newly revised redevelopment plan in mid-2011. These *Qilou* buildings, together with a number of other historic buildings, were finally dropped from the demolition list in March 2012 when a revised demolition notice was issued.

To some extent, local residents’ continuous challenge to the district government’s redevelopment plans did not go without any fruits. In June 2011, a revised

redevelopment plan was revealed to the general public after having been reviewed and passed by the Guangzhou Planning Committee.⁸ When this revised plan (hereafter June 2011 Plan) was known to the general public, the director of the Guangzhou Municipal Planning Bureau was reported to have made a reference to the example of Beijing's Nanluoguxiang as a successful case of neighbourhood transformation into a historic and cultural district (Nanfang Daily 2011a). This largely conforms to China's policy processes that depend on local experiments and extraction of successful "model experiences" before national-level dissemination (Heilmann 2008).

Nanluoguxiang gained its nationwide fame as one of the best practices that advocated heritage conservation without involving wholesale clearance and demolition (Shin 2010). The emphasis on the Nanluoguxiang model instead of the previously highlighted Xintiandi model implies that the future direction of the Enning Road redevelopment might emulate the Beijing experience rather than Shanghai's. In line with this reorientation, the June 2011 Plan made some adjustment to the list of buildings that were to see existing residents' displacement. This adjustment resulted in the preservation of an additional construction space of 23,000 m², thus raising the share of preserved building space in the total construction space to 55 % (Nanfang Daily 2011a).

In terms of residents' displacement, instead of 1,950 households, 1,823 households were to be finally displaced (Guangzhou Daily 2012b). Naturally, there were many buildings that already experienced residents' displacement but would survive demolition due to this adjustment, and the government was resolute that these displaced residents were not to return. The June 2011 Plan also divided the redevelopment district into several zones, identifying what functions each zone would serve and highlighting those areas where demolition would be prioritised (Fig. 12.3). In particular, the June 2011 Plan made it clear that key interventions would be made along the streams that were to be uncovered as part of the redevelopment, producing spaces that would give rise to the combination of recreational, leisure and cultural activities. These proposed uses were nevertheless what was previously envisaged at the outset, with the government emphasis on learning from Shanghai's Xintiandi.

12.6 Concluding Discussion

The huge delay with the relocation progress in the Enning Road redevelopment project indicated that the local residents' constant exertion of pressure on local and municipal governments and their resistance to signing compensation agreements produced a contested field of urban redevelopment. The review of redevelopment processes from the date of the Enning Road project implementation shows that

⁸This consisted of a selection of government officials, civilian experts and representatives from the general public. The committee was first established in November 2006 and reviews various draft plans in order to assist the municipal planning activities.

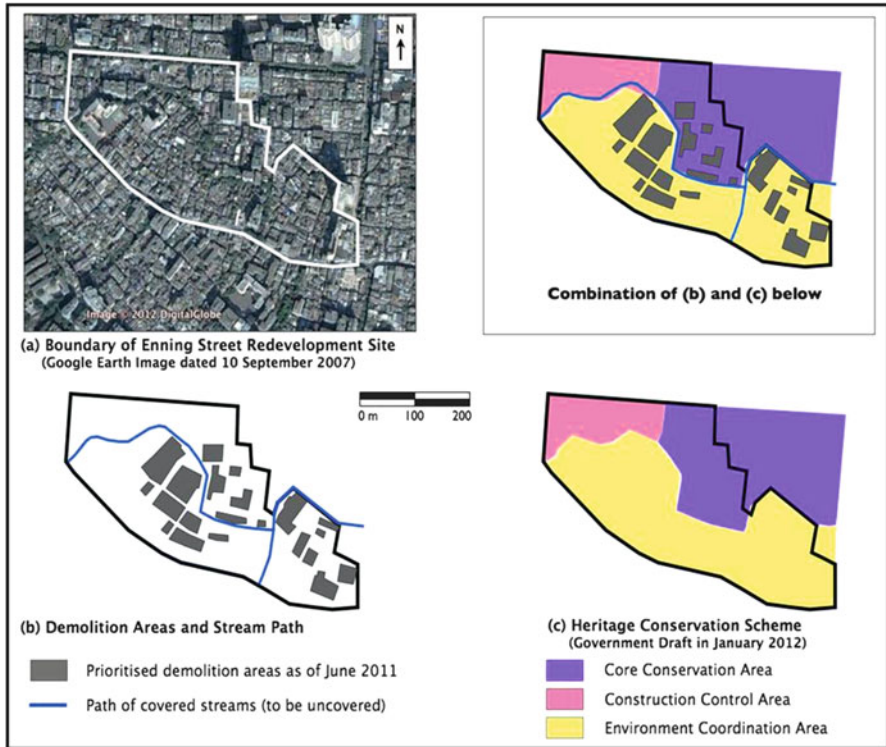


Fig. 12.3 Enning Road redevelopment district (Guangzhou Municipal Planning Bureau [2012] for the heritage conservation scheme and Nanfang Daily [2011b] for the prioritised demolition areas as of June 2011; Original satellite image from Google Earth. Image (c) 2012 Google (c) 2012 DigitalGlobe)

whenever possible, local residents were vocal about three major issues: (1) the absence of concrete post-displacement redevelopment plans, (2) the lack of attention to heritage conservation, and (3) unreasonable compensation measures that did not take into account the rising housing prices in adjacent areas.

Here, it needs to be acknowledged that while this chapter has not focused on the issue of fair compensation, the compensation issue had been one of major concerns for local residents, especially due to the rapidly rising housing prices in Guangzhou during the last few years. Nevertheless, the issue of fair compensation was very much influenced by the residents' concern about the first two points. Local residents were dissatisfied with the absence of concrete post-displacement redevelopment plans because of the uncertainty about whether or not the redevelopment project was going to be more about heritage conservation and environmental improvement to produce public benefits or to realise commercial interests. From the house owners' perspectives in particular, commercial redevelopment was something that should remunerate displacement with a higher level of cash compensation, thus becoming the source of their discontent with the government's standardised compensation schemes.

From the viewpoint of the local governments, the Enning Road redevelopment was a state-led project to improve urban environment (thus meeting the government targets of reducing dilapidated dwellings) and to exploit the developmental potential the historic neighbourhood offered. Creating a “Xintiandi” in Guangzhou was the urban vision held by the local leadership when promoting the Enning Road redevelopment project as a flagship project. This strategic vision was clear from the very beginning and had been fairly consistent throughout the years.

While local residents used various means and channels to voice their concerns about the state-led redevelopment in their neighbourhood, their voices did little to change the course of government action and were overridden by the government imperatives to fulfil the core spirit of the aforementioned elite vision. One of the few measures the local government conceded in response to the local residents’ complaints was the retention of a few more historic buildings on the site by making a small adjustment to the redevelopment plan in mid-2011.

However, this did not change the core nature of the Enning Road redevelopment project. Being persistent and pursuing residents’ displacement over a prolonged period of time despite some residents’ organised resistance, the Liwan District Government managed to displace most of the original residents they targeted at the outset of the Enning Road project, making way for the promotion of the Enning Road site as a touristic and cultural district.

While the mayor of Guangzhou was highlighting the importance of “preserving the history, preserving the culture, and preserving the historic memory” in order to simultaneously “improve people’s livelihood and cultural heritage” (Nanfang Dushibao 2010), the persistent permanent displacement of original residents who were part of the local historic and cultural heritage makes us question what the real benefits of the heritage conservation are going to be and for whom.

Local residents and experts raised concerns about the extent to which the municipal and district governments were committed to heritage conservation, and the discussions in this chapter show that heritage and culture were the two keywords that the local leadership also advocated throughout the years. As exposed by the emphasis on Shanghai’s Xintiandi model, however, the urban vision for Enning Road held by the local leadership was devoid of original local residents and would not prevent the selective demolition of historic buildings. The Xintiandi model was not necessarily about preserving existing architecture but selectively demolishing historic buildings and converting surviving buildings into adaptive reuse (Wang 2011).

The municipal government’s latest shift towards favouring Beijing’s Nanluoguxiang model may be regarded as a positive shift, given the lower emphasis on wholesale clearance and demolition. This may be regarded as the “maturing” of urban planning processes, influenced by the stubborn actions on the part of local residents. However, the Nanluoguxiang model was a negotiated outcome between the local state and a faction of real estate capital under mounting pressure for conserving historic heritage adjacent to the Forbidden City (Shin 2010). The precondition was the designation of 25 conservation districts by the municipal government. As for Guangzhou, the Guangzhou Municipal Planning Bureau made a public announcement in January 2012 for the designation of 48 historic cultural districts

(Guangzhou Municipal Planning Bureau 2012). Almost half of the Enning Road redevelopment site was excluded from the designation, suggesting that demolition would take place as originally planned by the district government. Some of the key intervention areas identified in the June 2011 Plan (Fig. 12.3) turned out to be in the core conservation areas but were still to experience major demolition as confirmed by the revised demolition notice announced in March 2012.

Critical examination of the Enning Road redevelopment project shows us how the combination of the developmental potential of places together with the local leadership's urban vision would render local residents' voices and participation ineffective. While other cities in the developing world see the emergence of various forms of urban planning practices ranging from the appropriation of state power through the privatisation of planning (Shatkin 2008) or the jump-scale of local grassroots organisations to form horizontal networks transcending local boundaries (Appadurai 2002), China's planning processes are more prone to being utilised as a means to legitimise state-led urban projects that have strong entrepreneurial orientation (Wu 2007).

Nevertheless, although the actions by house owners fell short of changing the course of displacement and neighbourhood redevelopment, they have come together to organise collective actions and resisted strongly enough to raise public awareness in Guangzhou about the importance of heritage conservation, delaying the local district government's flagship pilot project. To some extent, this can be comparable with Guangzhou homeowners' recent attempts to form lateral networks of homeowners' associations (Yip and Jiang 2011), indicating the potential strengths that local communities could stage vis-à-vis strong states and business interests.

These actions also indicate some glimpse of hope for social mobilisation and grassroots actions which would have the potential to influence the decision-making and planning processes, as well as the direction of the production of urban space. Residents' mobilisation becomes all the more important as cities like Guangzhou inevitably face the reorientation of their urban development strategies to give emphasis on the reuse of existing urban fabric, thus the emergence of "maturing mega-cities" as this edited volume suggests.

Under these circumstances what may be necessary for local residents is perhaps an instance of collective mobilisation on the basis of their own vision of neighbourhood and city development that garners support not only from local neighbours but also from the wider society. The vision of China's urban elites as discussed in this chapter may need to be challenged by an equally powerful discourse of alternative urban vision that prioritises individual and social needs.

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Part VI
Public Open Space Between
Appropriation and Marketing

Chapter 13

Parks as Soft Location Factors

Zhao Juan

Abstract Soft location factors are of great importance for the attractiveness of cities striving for the establishment of service-oriented local economies. This concerns cultural and educational infrastructures, leisure facilities, and the general quality of living, among others. This chapter investigates how the city of Shenzhen goes about making use of its green spaces in developing a strategic approach toward becoming a “green” and “ecological” role model for Chinese megacities and how different park facilities contribute to the urban development in the rapid urbanization process. This chapter will put a particular emphasis on the question of as to how far the elaborated strategy of the production and upgrading of public open spaces, in particular parks, serves the needs of a prospering local population. It will also indicate how this strategy is designed to help attract well-educated professionals and contributes to attracting visitors, thus generating tourism-related income. For this purpose, the chapter also addresses understanding the definitions of park types according to different functions.

Keywords Public open space • Green space • Local recreation • Leisure activities • Tourism industry • Urban living environment • Sustainable urban development • City park • Theme park • Community park • Ecological park • Outskirts park • Comprehensive park • Shenzhen

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13.1 Shenzhen's Urban Development

Shenzhen is located on the coast of the Pearl River Delta in South China. In 1979, it was established as the first special economic zone (SEZ)¹ within the framework of the Chinese policy of “reform and opening-up” (1978). Being situated right next to the border with Hong Kong is the most important location advantage for Shenzhen and contributed to its selection as the first experimental field that was opened to the “Western” world. Its aim was to attract investment from overseas Chinese and from Hong Kong and Macao for the development of production of export commodities and the introduction of advanced technologies, or rather for rapid industrial, economic, and urban development. In little more than 30 years, Shenzhen has grown from a small border and coastal town to an international metropolis (see also Chap. 2).

Although Shenzhen's urban development began with urban and green planning according to a “Spatial Development Model of a Belt Cluster Structure”² within the framework of “The General Plan of Shenzhen Special Economic Zone (1986–2000),” the rapid urbanization process led to extreme structural changes in the local economy, population, society, and physical structure of the city.

The boom of the new industries called “san lai yi bu,” which refers to manufacturing with materials, designs, or samples supplied at customers' requests, changed the original local economy that was formerly mainly based on agriculture. The first transformation of Shenzhen started with 108 urban planning experts from China's inland moving in to support Shenzhen's urban development in 1980 and with 20,000 engineering soldiers who were transferred to Shenzhen to be used as civilian construction workers in 1982 (Chen 2006). This immigration doubled the original town population of Shenzhen³ and caused the first great change of the population structure.

Infrastructure construction of the SEZ, often called “san tong yi ping” projects (e.g., connecting roads, drinking water facilities, electric power supplies, and the ground leveling), to a certain extent changed the hilly landscape to flat and open urban landscapes. Although the tasks of nature conversion has started in the early 1980s, the whole dimension and the biodiversity of the Mangrove area, a unique Chinese national nature reserve within the urban districts, have been reduced by construction of expressways with overpasses and high-rise residential areas which surround the nature reserve at Shenzhen Bay. Although projects of gardening and greening have improved the general green coverage ratio, the continuously expanding built-up urban areas successively transformed natural areas into piecemeal areas, surrounded scattered natural villages, and gave rise to the phenomenon of urbanized villages.

¹The official approval date of establishment of Shenzhen SEZ was on August 26, 1980 (Liu 2006).

²The urban development concept of “Spatial Development Model of Belt Cluster Structure” was put forward by Spanish engineer Arturo Soria Y Mata in 1982. It was an experimental concept of Chinese modern urban planning and was first implemented in urban planning of Shenzhen's SEZ (Li and Wang 2007).

³The town population of Shenzhen at the beginning of city foundation was only 23,000 (Li and Wang 2007; Lu 2009).

13.2 Stages of Park Development in Shenzhen

Parks, as one of the most important types of urban open spaces and public places to meet the needs of leisure and recreational activities for residents, are unconsciously integrated into the system of contemporary urban planning. Since Shenzhen was only a small border and coastal town, there were no historic garden or park facilities that were built in Chinese feudal dynasties. Before the beginning of reform and opening-up in China, there were few public parks in Shenzhen, and the lifestyles of Shenzhen's residents were based mainly on fishery and agriculture.

Since the establishment of the SEZ in Shenzhen, as the most important urban green spaces park facilities were constructed step-by-step, and the continuous transformation of the strategic orientation of urban development pushed forward the development of a green space system in Shenzhen. In the following text, the development stages of park facilities in Shenzhen will be introduced.

13.2.1 Parks Before the Foundation of Shenzhen City

There were only two parks in the whole administrative area of Shenzhen when the reform and opening-up started. One was called “Zhongshan Park” located near the old town of Nantou. It was built in 1925 to commemorate the leader of the Chinese revolution, Sun Zhongshan, better known in the West as Sun Yat-sen. The other was called “Shuiku Park” (today’s “Donghu Park” located in Luohu District): it was built in 1961 in memory of a water diversion project and for the purpose of building a greening reservoir. At that time, the lifestyles of the town residents were relatively simple, needs of leisure facilities were also quite simple, and man-made landscapes for urban leisure and recreation were only a very vague concept.

13.2.2 Establishment of City Parks Concerning Gardening and Greening

In the late 1970s, “gardening and greening” were only roughly integrated into the urban development strategy of building Shenzhen SEZ. As Luohu District was the first urbanized area of the former town center, the concept of gardening and greening in Shenzhen SEZ began with the construction of city parks in the Luohu District in the early 1980s.

According to different geographical and botanical conditions in selected locations, five important city parks were built and constituted the city park system in the first half of the 1980s: Lychee Park (1982) with many old lychee tree groups, People's Park (1982) with several rose gardens, Children's Park (1983) with different children's playgrounds and recreational facilities for children, Honghu

Lake Park (1984) built around a large natural lake and designed with several lotus ponds, and Xianhu Botanical Park (1983–1988) in the east natural mountain area of Luohu District.

City parks as leisure facilities slowly took shape and served different target groups for the daily leisure needs of town residents. However, in the 1980s, the design elements of parks were relatively similar, and they depended mainly on a transformation of traditional Chinese garden design elements such as lake pavilions, tea houses, zigzagged bridges, arch bridges, and fish ponds, and the spatial design was based on the semi-open style by means of different planting and path arrangements.

13.2.3 The Integration of Parks into the System of Urban Green Space

In the early 1990s, the population and the scale of built-up areas in Shenzhen were well over the development target for the year 2000 within the framework of “the general planning of Shenzhen SEZ (1986–2000).” Excessive urban development turned a lot of hills, agricultural land, and natural vegetation areas into urban built-up areas, or rather several hills in the Nanshan District were turned into quarries and in particular contributed to the urban construction in Luohu District and Shekou industry area.

That caused soil erosion and changed the urban ecological system. In order to improve the living environment in the extremely urbanized areas and to balance the whole structure of the urban landscape, the definition of the urban green space system attracted the attention of researchers on urban planning in Shenzhen. The planning of green spaces was officially integrated into “The Comprehensive Plan of Shenzhen City (1996–2010)” for the first time. Along with that, foreign design and landscaping ideas were studied and transformed traditional design concepts in order to meet the increasing needs of leisure facilities for residents, floating workers, and tourists.

Therefore, park styles became manifold: city parks, theme parks, amusement parks, coastal parks, belt parks, square parks, street parks, botanical parks, and ecological parks were built. Parks as important urban green spaces have not only been separate green points on the city map but also significant knots having specific functions in the system of urban green spaces to improve the overall quality of the urban living environment in Shenzhen.

13.2.4 Parks for the Improvement of the Living Environment and Public Spaces

Since 2002, suburban natural and coastal areas have been transformed into suburban landscape parks (*jiaoye gongyuan*) and coastal parks to protect the urban ecological environment and to cater for the leisure needs of the resident population on weekends or on holidays (Tan 2005; Zhu 2010). With the activities of building “Community

Parks” (*shequ gongyuan*), which began in 2004, the definition of park facilities was expanded to the residential level and to neighborhood recreation, and the requirement of public space in urban built-up areas appeared in the “Plan of the Public Space System in Shenzhen SEZ” for the first time in 2006.

The park system of Shenzhen has become clearer and more complete by the implementation of the three-level park system: “forest/suburban landscape park (*senlin/jiaoye gongyuan*), comprehensive park⁴ (*zonghe gongyuan*), and community park (*shequ gongyuan*)” within the framework of the “Planning of the Green Space System in Shenzhen (2004–2020).”

13.3 Significant Parks and Their Roles in Shenzhen’s Urban Development

When generating different strategies of urban development in Shenzhen, park facilities became varied and were step-by-step integrated into the urban green space system by different stakeholders from municipal to community levels. As the planning of the urban green space system in Shenzhen has been developed in parallel with the construction of different park facilities, the development of different park types could not be distinguished with a clear chronological order. Therefore, in this chapter only the most significant parks are analyzed according to the representative strategy-oriented urban (green) development phases.

13.3.1 *Upgrading of the Tourism Industry: Theme Parks*

As one of the export-oriented industries, the tourism industry began in the early 1980s with the construction of vacation areas surrounding natural lakes or adjoining the seaside of Shenzhen. Those areas were mainly based on building vacation villages with hotels, restaurants, and amusement facilities to attract Hong Kong visitors and foreign visitors who were mainly based in Hong Kong (Zeng and Luo 1986). By the end of 1984, the first touristic system called “five lakes and four seas”⁵ had been preliminarily formed and implemented by different touristic institutions such as the Shenzhen Travel Company, the Travel Company of Luohu District, the Travel Company

⁴According to China’s “standard for classification of urban green space” in 2002, the concept of “comprehensive parks” is defined as a green space of a relatively large scale (land area of at least 5 ha and total area of at least 10 ha) that is suitable for public outdoor activities and includes various functions and appropriate facilities. Meanwhile, the comprehensive parks are divided into city parks and regional parks. The functions of comprehensive parks are defined as various cultural and recreational facilities, children’s playgrounds, quiet resting areas, and possible entertaining sport facilities, according to China’s “standard of park design.”

⁵The “five lakes” are Xili Lake, Xiangmi Lake, Shiyuan Lake, East Lake, and Silver Lake. The “four seas” are Shekou Sea World, Shenzhen Bay, Xiaomeisha Sea World, and Dayawan.

of Shekou Industry, and Shenzhen Tefa Group Co. Ltd.⁶ Although those vacation resorts had attracted foreign investments, the similarity of their construction styles and management modes made the vacation villages less and less attractive for repeated visits to Shenzhen after the second half of the 1980s (Li 1991; Zheng 1989).

In 1985, the state council of China ratified the project to build “Overseas Chinese Town” (OCT) in an area of 4.8 km² north of Shenzhen Bay in the Nanshan District. The location of OCT is 13 km away from the Luohu District in the east and also 13 km away from the Shekou Industry Area in the west. According to the General Planning of Shenzhen OCT, the OCT area is divided into business, industry, culture, living, and tourism areas and should become a garden city with 70,000–80,000 residents. The first step had been planned with creative tourism attractions with the cooperation of Shenzhen OCT Co. Ltd.⁷ and CTS Hong Kong Ltd.⁸ (Chen 1993; Tang 1989).

This idea was aimed at six million Hong Kong residents, at six million foreign tourists from around the world visiting Hong Kong at that time, and a large number of potential tourists from China’s inland (Li and Wang 1995). It marked a new stage in tourism development in Shenzhen and China.

In order to create a specific tourism culture in Shenzhen and to communicate Chinese tourism culture to foreigners, the chairman of CTS Hong Kong Ltd. and the general planner of OCT, in a personal collaboration, put forward a proposal to build a miniature town. In 1986, the general planning of this first man-made scenic spot, a theme park named “Splendid China,” was launched after a long-lasting decision-making process with extensive suggestions of Chinese and foreign experts and scholars; it was planned in an area of 30 ha and with 84 miniature spots of famous Chinese sightseeing locations which were placed in scales from 1:1 to 1:15 and at first shaped like the map of China.

The park was opened in November 1989. At that time, “Splendid China” was the largest miniature scenery park in the world. Therefore, its opening caused a sensation with the motto “one step into history, and traveling the whole of China in one day.” It made Shenzhen a window to show Chinese history and culture as well as traditional Chinese garden arts and classical Chinese architecture. After the opening, the park received over three million visitors in the first year (Li and Wang 1995).

⁶“Tefa” is the abbreviation of the Chinese words “Development of Shenzhen SEZ.” Shenzhen Tefa Group Co. Ltd. was founded in 1981 and is the first nationalized company in China which engages in high technology, tourism, real estate, trade and business, as well as finance. The significant tourism project of Shenzhen Tefa Group is the “Xiangmi Lake” vacation village which is accompanied by the first amusement water park in China in a Disney style.

⁷Shenzhen OCT Co. Ltd. was founded in 1985 and is one of the largest state-owned group companies in China engaging in tourism and culture, real estate and hotels, as well as electronics and packaging.

⁸“CTS” is the abbreviation of China Travel Service (CTS) Hong Kong Ltd. founded in 1928, it is China’s largest travel group and state-owned enterprise under the direction of the State-Owned Assets Supervision and Administration Commission of China’s State Council. It now engages in tourism, industrial investment, real estate development, and logistics trade.



Fig. 13.1 Eiffel Tower in “Window of the World” (Juan Zhao 2010)

With the successful experience of “Splendid China,” the second theme park “China Folk Culture Villages” was built in an area of 12 ha with 24 building groups of 21 Chinese minority nationalities on the scale of 1:1, and it was opened in October 1991. In this park, the visitors can enjoy and participate in different programs of Chinese national and folk customs and cooking culture.

The 3-year successful business activity of “Splendid China” and “China Folk Culture Villages” facilitated the comprehensive development of Shenzhen’s tourism, service, trade, and business industries. Traveling to Shenzhen became very popular for foreign visitors from Hong Kong and more and more attractive for mainland Chinese as well.

In order to retain the successful experiences and to display global cultures to Chinese people, the third theme park “Window of the World” was built in an area of 48 ha to display 118 miniatures of world-renowned scenic spots in different scales from 1:1 to 1:15. It was opened with the motto “you give me a day, I give you back a world” in June 1994. The 103-m-high significant outdoor deck of the landmark “Eiffel Tower” (Fig. 13.1) is the only site with a broad view over Shenzhen Bay. “Window of the World” soon became an important location for realizing the dream of traveling abroad for Chinese people in the 1990s and set a trend to build theme parks all around the country.

On the one hand, the three theme parks triggered a travel culture reform in China and a creative upgrade of urban travel; on the other hand, to a certain extent they met the needs for taking pictures at famous sightseeing spots around China and all over the world for Chinese people in the 1990s. Afterward, the concept “Theme Park” was expanded by the amusement park “Happy Valley” which was opened in 1998 and realizes a brand-new leisure idea with modern technology and integrated man-made fairytale landscapes of international styles with different amusement programs.

Meanwhile, supporting facilities around theme parks such as modern hotels, shopping centers, restaurants, and exhibitions have been built up in OCT area. The well-established infrastructures have promoted the “garden city”-oriented housing development. Since then, tourism real estate has become a significant industry of OCT development, and the tourism industry one of the mainstay industries in urban economic development of Shenzhen.

13.3.2 Becoming a Garden City: Nature-/Ecology-Oriented Parks in Shenzhen

In the “Plan and Implementation of Gardening & Greening of Shenzhen SEZ” which was finished in 1984, the first official proposal appeared to make Shenzhen a garden city based on a large number of parks and gardens as well as on a high green coverage ratio. Therefore, it differs significantly from the European concept of a “Garden City.”

Although the urban development of Shenzhen SEZ began with the construction of industry estates, modern trade and business areas, as well as housing estates that imitated Hong Kong, the construction of park facilities applying the concept of a “garden city” has been tested and implemented in a number of ways since the early 1990s, or rather since the beginning of the so-called national garden city construction activities all around China. Since then, the design model of city parks, which had been taken over from the Soviet model of recreational green spaces and based on many architectural features from Chinese traditional garden buildings, has been reformed and aims at restoring a more natural and ecology-oriented environment in an urban setting (Li 1996; Tan 2005).

13.3.2.1 Cluster Greenbelt: Central Park

In order to realize an isolated green space between the rapidly developed urban cluster of “Luohu-Shangbu” which imitated Hong Kong and the newly planned city center built after 1996 in Futian District, the first large-scale “cluster greenbelt” called “Futian 800 Meter Greenbelt” was built in 1989 with a width of 800 m from east to west and a length of about 2,500 m from north to south. The concept was implemented by the Shenzhen Garden Corporation in a semi-open orchard, where more than 50,000 lychee, mango, and longan trees were planted (Li 1996). The project initially intended to relieve pressure from high-density urban built-up areas and to create nature-oriented productive green space between the old and new city. During the second 10-year urbanization process of Shenzhen, the “Futian 800 Meter Greenbelt” had been developed into a green space with a high degree of biodiversity. It also contributed to developing ecology-oriented green space and a general green infrastructure.

In 1998, the municipal government of Shenzhen decided to convert the Cluster Greenbelt into a city park named “Central Park” in order to provide the urban residents with a public leisure green space which would be a nature-oriented landscape



Fig. 13.2 View of the radical regeneration project of the Central Park (Juan Zhao 2010)

in a man-made ecological environment. The concept mainly depended on a landscape design concept with different local and ornamental trees to imitate natural settings in order to create a symbiotic environment for humans, plants, and animals (He et al. 2009). The landscape design concept contained several paths in natural stone between the lychee trees, waterside pavilions, and wooden platforms on the shores of man-made lakes, several sculptures, open squares with hard pavements, as well as open lawn squares. Since then, the cluster greenbelt has been transformed from a “productive plantation area”⁹ to a “leisure green space.”

With the rapid urbanization, the surrounding spaces of Central Park were completely taken up by dense commercial areas, housing estates, and urbanized villages, and a part of park space was occupied by informal buildings between 2000 and 2005. Meanwhile, Futian River, which flows from north to south through the park, has become muddy and dirty, and the unopened area caused security problems and the utilization ratio went down.

So Central Park has been radically regenerated as a modern public park with 440 million Yuan invested by the Municipal Government of Shenzhen since 2010, although the large amount of investment and complete removal of most of the fruit trees was criticized by the public (Fig. 13.2). According to the Master Plan, the new Central Park will play the role of the most important public green space of a scale comparable to Central Park in New York and Hyde Park in London.

⁹The translation of the Chinese concept “Shengchan lüdi” is in accordance with “Standard for basic terminology of landscape architecture” of China’s standard (CJJ/T91-2002).



Fig. 13.3 View from a hilltop of “Bijiashan Park” to the city (Juan Zhao 2009)

13.3.2.2 Mountain Parks in Shenzhen SEZ

Although several hill areas had been evened for the construction of infrastructure in the SEZ, the major parts of the hills surrounded by main streets or built-up areas were reserved to build mountain parks which were based on forestation and the planting of new landscape elements. In 1989, the construction of the 146-ha Bijiashan Mountain Park began (Fig. 13.3), located in the north of the “Futian 800 Meter Greenbelt” and including more than ten hilltops, the highest with a height of 178 m (Li et al. 2005). In 1992, the construction of the 181-ha Lianhuashan Mountain Park started, located north of the new city center in Futian and surrounded by housing estates.

The construction of the two mountain parks situated in the urban built-up areas of Shenzhen SEZ marked not only the beginning of the way toward a “Garden City” but also the beginning of the restoration of the ecological environment in the urbanized SEZ. Since 1996, when entrance tickets in Shenzhen’s municipal parks were repealed,¹⁰ mountaineering and enjoying the natural environment have become popular ways to spend leisure time within the city. The study on “Landscape Planning for the Background Mountains of Shenzhen SEZ” by the Chinese Academy of Urban Planning & Design (Shenzhen) in 2001 and the “Shenzhen Declaration of

¹⁰Shenzhen was the first city to get rid of entrance tickets for municipal parks in China.



Fig. 13.4 View from the Coastal Ecological Park to Mangrove Nature Reserve (Juan Zhao 2009)

Building an Ecological City,” discussed and adopted by the “Fifth Conference of International Ecological Cities in Shenzhen” in 2002, pushed forward substantial activities to improve secondary forests in hilly areas in the SEZ and beyond.

13.3.2.3 Coastal Ecological Park

In the second half of the 1990s, the concept of urban ecology was introduced into urban planning in China. It aimed at relieving the pressure of urban construction by creating Chinese “national ecological cities.” Shenzhen as the “Model City of Ecological Construction” had the task to build ecology-oriented green spaces. In order to improve the coastal environment of Shenzhen Bay and to offer a public space near the Mangrove Nature Reserve (Fig. 13.4), in 1999 land reclaimed in the main street project nearby was transformed into a 21-ha park called “Coastal Ecological Park” that was opened to the public in 2000. More than 170 species of trees and shrubs were planted in the park and almost 90 % of the total area of the park is green space. In particular, there is a 1.6-ha tree cluster which is based on 4,000 tall palm trees donated by some companies with their names written on big natural stones in different sizes. The only buildings in the park are a management building, two service buildings, a rain shelter corridor, and three toilets.

The preeminent public space is a promenade facilitated as a long walkway close to the sea area and a viewing platform overlooking Hong Kong on the other side of Shenzhen Bay. Along the promenade, there are open lawn areas in different scales,



Fig. 13.5 The master plan of the coastal leisure belt of Shenzhen Bay (Public signboard in the Coastal Leisure Belt; Juan Zhao 2012)

which offer public green space for group activities on holidays. Along the eastern entrance street, there are several signboards that display information on birds and plants in the Mangrove Nature Reserve.

How much the Coastal Ecological Park has really contributed to the improvement of the nature reserve or the urban ecology in general cannot be easily evaluated. However, the construction of the Coastal Ecological Park launched the idea of building a 15-km “Coastal Leisure Belt” along Shenzhen Bay and a new planning concept of urban leisure parks with promenades, cycle-tracks, ecology-oriented plant landscaping, and large open lawn areas (Fig. 13.5). The first part of the Coastal Leisure Belt connected the Coastal Ecological Park and was opened in September 2010, and the whole project was finished before the 2011 Shenzhen Universiade.

13.3.3 Improving Urban Environment for Outdoor Activities: Suburban Landscape Parks

On the basis of the successful implementation of gardening and greening in SEZ as planned, the Shenzhen government labeled the year 2002 as the first “year of building parks.” The planning of green open space has encompassed the nature areas outside

the SEZ in order to protect the whole ecological environment of Shenzhen and to improve opportunities for outdoor activities for urban residents. The parks in the outskirts of Shenzhen were divided into forest outskirts parks and coastal outskirts parks. They were built within the framework of the “Plan of Green Space System of Shenzhen City (2004–2020)” and the “Basic Ecological Control Line of Shenzhen City.” The planning of suburban landscape parks in Shenzhen has also been referred to as a regulation for suburban landscape parks of Hong Kong issued in 1976 (Tan 2005).

13.3.3.1 Forest Outskirts Parks

The planning of forest outskirts parks was put forward to build park facilities on natural hill and forest areas outside the densely urbanized areas of SEZ. Forest outskirts parks serve as facilities for the general public, and they are different from profitable scenic resorts with sightseeing spots because they are built for the purpose of ensuring the stability of the ecosystems and protecting suburban natural resources. They are also open to the public to meet the residential needs of leisure, sports, and outing on weekends and holidays. Forest outskirts parks of Shenzhen play an important role in the system of green spaces of suburban areas, and they have been built mainly with walking paths in order to get close to the natural environment.

13.3.3.2 Coastal Parks

Coast outskirts parks are defined for the coastal spaces in the eastern part of Shenzhen. In 2005, the Binhai sub-bureau of the Shenzhen Urban Planning Bureau entrusted the international planning firm EDAW with the “conceptual planning and design of coastal space and evaluation of the coastal resources of the Shenzhen east coastal region” for a coastal space of around 300 km² (Xu et al. 2008). After 2 years of research and analysis, seven coastal parks and one municipal wetland reserve were planned. However, the planning of coastal spaces is brand new in China. The research and planning of coastal spaces in eastern Shenzhen was conducted to find a comprehensive planning of sustainable development for the coastal ecological environment that would integrate modern park planning into regional planning. Therefore, the plan of coastal parks can be seen as a role model for similar projects of the other coastal cities in China.

13.3.4 Improving the Living Environment and Local Recreation: Community Parks

“Community” (*shequ*) as a concept of modern urban living accentuates the social relationships of residential neighborhoods. The public green spaces in and around residential areas serve to improve residential neighborhoods. The precursor of



Fig. 13.6 (a) and (b) Different community parks of Shenzhen (Juan Zhao 2010)

“community parks” were “gardens of residential areas” (*juzhuqu gongyuan*) and “recreation parks of residential districts” (*xiaoqu youyuan*), which were issued in China’s “standard of park design” in 1992, and they were to include children’s playgrounds and consider the recreational needs of old people.

The concept of a “community park” was officially put forward in China’s “standard for the classification of urban green space” issued by the Chinese Ministry of Construction in 2002. It integrated the two former concepts, and community parks were clearly defined as collective green spaces which are built with basic facilities for activities and serve the living of residents in the residential areas within a certain distance from 300 to 1,000 m. In comparison with other park facilities, community parks should have the following features: (1) small scale and simple functions, (2) a short distance to residential areas and easy access, (3) public welfare orientation and strict management, and (4) rapid construction (Wang and Xie 2009).

In the 1980s, the green spaces of residential areas were constructed only as simple greening measures with few leisure facilities. With the boom of the market economy and the rise of real estate in the 1990s, the designing of green space in residential districts became variegated and was taken into consideration when creating functional spaces and infrastructure for daily leisure needs of residents.

Since the concept of the park system of “outskirts parks – comprehensive parks – community parks” was put forward in the “Planning of the Green Space System of Shenzhen (2004–2020),” the construction of community parks has played an important role in making Shenzhen a “City of Parks”¹¹ and in improving the environment of public space in urban built-up spaces or the high-density residential areas of Shenzhen SEZ. The community parks of Shenzhen are defined as open green spaces, one of which should cover an area of at least 500 m² and serve urban residents for outdoor leisure, recreation, sports, sightseeing, and other activities. They are divided into three levels, belonging to residential areas, commercial and office areas, as well as roadside green spaces, and their service radius reaches 500–1,000 m (Fig. 13.6a, b).

¹¹The concept of “City of Parks” was put forward by the Municipal Government of Shenzhen in 2006.

The construction of community parks in Shenzhen began in 2004 and was implemented by the district governments. As the second “year of building parks” started in 2005, many unused or simply used places in high-density residential areas, such as green spaces near streets, vacant lands, spontaneous sports places, and reused collective areas, have been transformed into community parks, and the number of community parks increased by more than 100 every year from 2005 to 2007. Although the construction standard is lower than the standard of city parks, the construction of a large number of community parks represents the development of urban governance in Shenzhen. In particular they cover most of the old residential areas and urban village areas. This means that needs for daily leisure and recreation of urban village residents or floating population were particularly taken into account.

In May 2008, the “Standard of Management and Maintenance Technology of Community Parks” was issued in Shenzhen. But it is difficult to implement it completely due to budgetary restrictions, the lack of trained maintenance staff, and unconscious damage to leisure or training facilities.

13.4 Special Functions of Comprehensive Parks in Shenzhen

Since the foundation of the People’s Republic China in 1949, the development of comprehensive parks has been influenced by political, economic, and cultural factors. The development could be divided into four phases: comprehensive cultural leisure parks which were adapted from the Soviet model and served for propaganda and organized activities in the 1950s, parks as agricultural production areas due to booming production in the 1960s, commercial amusement parks due to the rise of the tourism industry which depended on amusement facilities in the 1980s, and leisure and recreational parks to improve urban leisure styles and the ecological environment since the 1990s. In particular, the construction of parks broke down due to China’s Great Cultural Revolution (1966–1976) (Luan and Chen 2004).

As Shenzhen is a new Chinese megacity, the construction, function, and cultural connotation of comprehensive parks have been closely related to urban development strategies. Until 2009, there were 39 comprehensive parks that took up a total area of 2,311.65 ha in Shenzhen (Wang et al. 2010). On the whole, comprehensive parks in Shenzhen have the following special functions.

13.4.1 For Urban Propaganda

Since comprehensive parks in Shenzhen SEZ were transformed into important green open spaces near urban built-up areas, they act as windows to publicize urban culture and the urban image of Shenzhen. The significant comprehensive parks for urban cultural publicity are the Lychee Park situated at the east of the office of the Municipal Party Committee of Shenzhen and the Lianhuashan Mountain Park located at the north of the new city center and the Shenzhen Municipal Government.



Fig. 13.7 Propaganda picture on the front square of Lychee Park (Juan Zhao 2010)

After Deng Xiaoping's inspection trip to South China in 1992, the Shenzhen Municipal Party Committee decided to set up a large picture on the front square of the southeast entrance of Lychee Park to publicize the reform and opening-up policy. The portrait of Deng Xiaoping was approved to be used as the propaganda picture in a size of 10 by 30 m. It serves as a significant sightseeing spot in the city center of Shenzhen (Fig. 13.7).

Meanwhile, in 1995, the Shenzhen Municipal Committee decided to set up a large commemorative sculpture of Deng Xiaoping on the 4,000 m² main hilltop of "Lianhuashan Park" to commemorate the 20th anniversary of Shenzhen SEZ and to further honor the contribution of Deng Xiaoping to the innovative spirit of the city. The position of Deng Xiaoping was arranged as if he was walking and taking a big step, conveying his words "The step of reform and opening-up should be bigger," and it faces the new urban center in the south and Hong Kong. The hilltop square has been opened to the public since 2000. It soon became one of the most significant sightseeing spots and an important reception venue of Shenzhen Municipal Government (Fig. 13.8).

13.4.2 For Transmission of Popular Science and Cultural Education

In the 1950s, the organized cultural and recreational activities in parks were very popular and important for urban residents, and parks served as large institutions of cultural education. Since the beginning of reform and opening-up, comprehensive



Fig. 13.8 Sculpture of Deng Xiaoping on the hilltop square of Lianhuashan Mountain Park (Juan Zhao 2009)

parks were assigned with the new task of conveying popular science to the public by various measures according to different situations and the main themes of each park. For example, the long cultural plate made of bamboo in a main road of Lychee Park introduces the urban development steps of Shenzhen, and the urban planning exhibition house in the north of the hilltop square of Lianhuashan Mountain Park offers basic knowledge about important decisions on the way toward sustainable development in Shenzhen.

The plates in the entrance street of the Coastal Ecological Park show the biodiversity of the Mangrove Nature Reserve, and in Evergreen Park situated in the mountain area “da nanshan” in the Nanshan District, one can get information about agriculture and the rainforest as well as about environmental protection measures. All in all, the concept of “ecological city, cultural city” (*shengtai lishi, wenhua lishi*) issued by the municipal government of Shenzhen in 2003 has been extended to the public level in various ways.

13.4.3 For Spontaneous Collective Daily Training and Sport by Urban Residents

Park facilities as public green spaces serve Chinese residents as important daily outdoor activity spaces to balance long indoor activities during working hours. Chinese like collective activities very much, and it could be easier for them to



Fig. 13.9 Chinese calligraphy training in Shenzhen's comprehensive parks (Juan Zhao 2008)

spontaneously organize people to do daily training and sport activities. In addition to the planned areas for training and sports facilities which were established in city and community parks in 2010, several spontaneous training and sports activities in appropriated places can be seen here and there in comprehensive parks. For example, this concerns daily group dancing, playing badminton, and Chinese calligraphy training with big self-made writing brushes on the ground of garden roads (Fig. 13.9).

13.4.4 For General Emergency Shelter

Since 2007, the Shenzhen Municipal Government has planned to set up outdoor emergency shelter places. In particular, after the great earthquake on May 12, 2008, in Wenchuan in Sichuan Province, emergency shelters were implemented all around the country and in park areas in particular. Therefore, emergency shelters were built soon after that, and Lychee Park and Lianhuashan Mountain Park were chosen as experimental projects because of their complete infrastructure. Meanwhile, the preliminary "Special Planning of Emergency Shelter Places of Shenzhen City (2009–2020)" regulations were issued by Shenzhen Municipal Government in December 2009.

According to them, special planning should care for seven functional zones in an outdoor emergency shelter: living areas, medical assistance zones, public security zones, emergency communication zones, water and electricity protection zones, environmental health zones, and goods and food distribution zones. Until 2020, 452

outdoor emergency shelters should be set up to serve four to five million people in parks, green spaces, sports stadiums, squares, school playgrounds, parking lots, empty areas, and so on.

13.5 Conclusion

Shenzhen is a unique megacity in China that has developed along with the Chinese policy of reform and opening-up. Thirty years ago, nobody would have been able to predict the speed of the urban development of Shenzhen.

Along with the beginning of extensive industrialization and full-scale urbanization in the whole administrative area of Shenzhen in 1992 (see Chap. 2), urban problems arose due to the large number of floating workers and the continuously increasing competition between urban construction and urban green spaces. Meanwhile, urban planners were aware of the limitations of the general planning of Shenzhen SEZ: the negative impact of uncontrolled, blind, and rapid urban construction in urban ecological environments, the mistake of ignoring original villages, and the large and increasing numbers of floating population that had not been originally foreseen.

Therefore, the city initiated general urban development planning efforts for the whole city. On the basis of the “belt cluster structure” of Shenzhen SEZ, the overall layout of urban construction of the whole administrative area was developed into a “radial structure” within the framework of “the comprehensive plan of Shenzhen City (1996–2010)” (Fig. 13.10). Along with that, an unprecedented construction of



Fig. 13.10 Urban layout structure plan of the comprehensive planning of Shenzhen (1996–2010) (Urban Planning, Land & Resources Commission of Shenzhen Municipality 1996)

parks, gardens, and other green spaces began in order to turn Shenzhen into a green city. Shenzhen should become not only an economic center based on the export-processing industry but also a liveable megacity in South China.

Although Shenzhen received awards as China's "National Garden City" in 1994 and as "International Garden City" in 2000, the rapid urban development of Shenzhen has faced the so-called four [problems] difficult to continue¹² (*si ge nany-wei-ji*) that are difficulties concerning land and space, energy and water resources, population, and environment. Although it requires complex and difficult decision-making processes to define development areas and green spaces, the municipal urban planners tried to balance the need to build large open green spaces and the demand for space by the construction boom, as they are aware of the role of parks as important infrastructure of a city, contributing to a good living environment, enriching urban culture, and improving the urban ecological environment.

The development of Shenzhen was to be transformed and upgraded from "Speedy Shenzhen" (*sudu Shenzhen*) into "Harmonious Shenzhen and Beneficial Shenzhen" (*hexie Shenzhen he xiaoyi Shenzhen*). Along with that, several green and open-space strategies were put forward by different stakeholders:

- The "Plan of the Green Space System of Shenzhen City (2004–2020)" issued in 2004 and the pilot project authorized by the Ministry of Construction for researching the systems of urban green spaces in rapidly urbanized Chinese cities
- The "Basic Ecological Control Line of Shenzhen City," which was generated by the Shenzhen government in 2005 and was the first strict planning for the control of built-up areas and the protection of nature areas in the urban development in China
- The "Plan of the Public Space System of Shenzhen SEZ," in 2006 which was a research project by the Urban Planning and Design Institute of Shenzhen
- The implementation of the "Greenway" construction, which was launched in 2010 according to the regional green space development strategy of Guangdong Province

Meanwhile, the development of Shenzhen's park facilities can be seen as pioneer in implementing sustainable development in modern Chinese cities within the framework of Shenzhen's urban development strategy "Ecological City and Cultural City." Shenzhen's rapid urban development should be slowly modified into a laboratory for sustainable urban development. The "radial structure" has developed into a "network cluster structure" within the framework of the "Comprehensive Planning of Shenzhen City (2010–2020)" (Fig. 13.11). Along with that, the integration of a variety of immigrant cultures, strict controls of blind expansion of urban built-up areas, the conservation of the urban ecological environment, the improvement of the urban living environment, and the enrichment of leisure and recreational facilities have become important factors in the current sustainable urban development strategy of Shenzhen.

¹²The Municipal Government of Shenzhen has put forward the concept of "four [problems] difficult to continue" that urban development of Shenzhen faced in 2005.



Fig. 13.11 Urban layout structure plan of the comprehensive planning of Shenzhen City (2010–2020) (Urban Planning, Land & Resources Commission of Shenzhen Municipality 2010)

Since March 2010, the project of “Shenzhen Greenway” has been being implemented within the framework of “The General Planning of Greenways in the Pearl River Delta,” and all the green spaces should ideally be connected with each other. Before the Universiade 2011, the number of parks in Shenzhen reached 824. However, the large number of parks does not guarantee an average allocation for each community or for everybody. In reality, the various urban green spaces could not be reasonably used by different social classes according to their service radius.

The quantity and the quality of park facilities represent the quality of urban living environment to a certain extent. Therefore, Shenzhen’s Planners drew up the system of parks based on the planning of three tiers, the so-called forest and suburban landscape parks, comprehensive parks, and community parks within the framework of “Planning the Green Space System of Shenzhen (2004–2020).” Along with that, park facilities for daily leisure have become a normal element of urban life and easily accessible for residents in high-density areas.

The improvement of the general park system makes the city of Shenzhen more and more liveable. Therefore, park facilities play a key role in choosing living and working locations. The system of green spaces will be gradually completed as the city strives to become a “City of Parks,” and the further development of different park facilities should play a continuous role in the sustainable urban development of a maturing Shenzhen.

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Chapter 14

The Role of Public Space in the Upgrading of Manufacturing Sites

Cai Qiang, Cai Tao, Ren Jibin, and Liao Hongchun

Abstract This chapter analyzes the status of the development of Shenzhen creative industry sites in the context of the period of industrial restructuring and urban regeneration and renewal and summarizes the transformation and development process of former manufacturing sites as a physical carrier of creative industries, such as OCT, Tianmian “*City of Design*,” and Shekou “*Nanhaiyiku*.” The spaces serve as production space not only for creative and design-related uses but also for design display and consumption space. The chapter will reveal how those spaces are “produced” and used and how, in the process of transformation and development, the production regimes work properly, based on the relative government policies, laws and regulations, the scheme of city development, and the support of special funding. At the same time, the success of having created immense social and commercial benefits from transforming former manufacturing sites to creative industry sites is a triumph in Shenzhen, even in the whole country.

Keywords Shenzhen • Public space • Creative industry sites • Redevelopment of former manufacturing sites • Urban renewal • Old industry • OCT • City of Design • Landscape design

14.1 Preface

With rapid economic development and urbanization, the structural transformation and upgrading of the manufacturing industry in Shenzhen has been seriously restricted by land resources since the reform and the opening up. In the urban renewal strategies implemented so far, the upgrading and adaptive reuse of

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manufacturing sites has produced a number of fascinating urban spaces that offer options for the creative milieu in postindustrial societies. Regenerated old buildings both provide inexpensive spaces for urban pioneers and offer a variety of functional options and serve as scenery for a staging of post-materialist and/or postindustrial lifestyles in a general environment of re-urbanization. Under these circumstances, the role of former industrial buildings has strategically changed. This chapter takes the redevelopments in Shenzhen as examples to illustrate and substantiate this process of redevelopment. While sometimes the urban fabric and the structure of the buildings is only partly affected, redevelopment approaches have to find simple yet attractive ways to change the entire outlook of urban spaces formerly closed to a wider public but nowadays increasingly opened up for art production, cultural events, and leisure activities.

For this purpose, traces of the manufacturing past of the sites are creatively blended with new design elements. Public open spaces are crucial for the production of new images of the sites, stimulated by works of art and landscape design that are a special focus of this chapter. The chapter aims to demonstrate the variety of such design approaches that can no longer rely on standardized building designs and a limitation on functional issues in the layout of open spaces, but have to compete with similar developments elsewhere, catering to the needs of an increasingly prosperous urban population whose consumer preferences are differentiating when basic needs have been satisfied.

14.2 Development Process of the Regeneration of the Old Manufacturing Sites and Their Distribution in Shenzhen

Shenzhen was the first Special Economic Zone in China and also the first to become prosperous among the coastal cities. Shenzhen set up six municipal districts: Futian District, Luohu District, Nanshan District, Yantian District, Bao'an District, and Longgang District. A large number of investments were attracted to promote industrialization, and enterprises were encouraged to implement the policy of “*sanlaiyibu*,” referring to export processing trade. Besides, land use was intensified, allowing for new policies and geographical space for Shenzhen’s urban development and regeneration (Zhu et al. 2011).

The regeneration of old industrial sites and the transformation of industries were also supported by related local policies. Since 2004, Shenzhen has implemented an urban renewal strategy. In 2007, the government promulgated “Opinions of Shenzhen Municipal Government on the Upgrading and Regeneration of Industrial Sites,” and in 2008, it began to implement the former “Opinions.” In 2009, it issued “Urban Regeneration Measures of Shenzhen City” (Shenzhen Municipal Government 2009 No. 211), which recognized urban renewal as the major strategic guidance for Shenzhen’s urban functional improvement and development, and also laid foundations for the improvement of urban functions and urban planning and

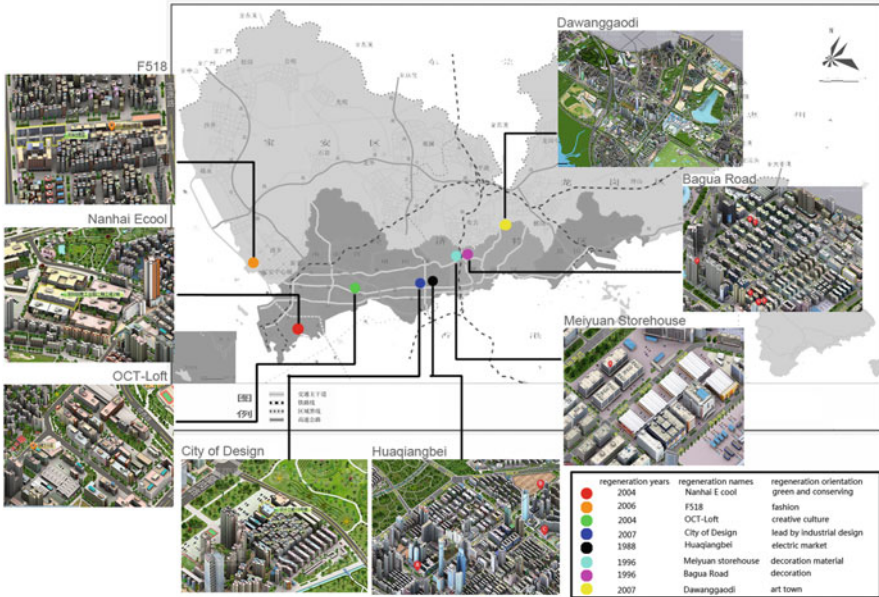


Fig. 14.1 Examples of old industrial areas in Shenzhen (Drawn by Ren J and Cai T 2011)

construction, as well as the standardization of management (Shenzhen Municipal Government 2010 No. 193).

The implementation of the regeneration of old manufacturing sites seized the opportunity provided by spatial adjustment to promote the partition and reconstruction of urban functions, to upgrade the physical space, and to push forward the differentiation of urban social space. Through restructuring and upgrading, new functions were assigned to those old manufacturing sites, such as electronics, business and trade, culture, product design, and creative industry sites.

Urban regeneration in Shenzhen can be divided into two categories: comprehensive improvement and demolition and reconstruction. The former refers to the project of beautifying the environment in industrial areas, excluding house demolition, but with an adaptation of their functions, while the latter to partially and entirely demolishing the former buildings and reconstructing them (Shenzhen Urban Planning and Design Institute 2007). Typical regeneration projects in Shenzhen include OCT LOFT, transformed in the eastern part of the Overseas Chinese Town (Shantou Street Industrial Site in Nanshan District); the “City of Design” Creative Design Industrial Estate transformed from old plants of the Tianmian Industrial Area in Futian District; Nanhaiyiku transformed from “Sanyang’s plants” in the Shekou Industrial Area, Nanshan District; Huaqiang North Business Area, one of the successful urban renewal and regeneration projects focusing on modern service industries in Shenzhen; and Shangsha Creative Science and Technology Park, the typical case of manufacturing industries changing from low-efficient industries to advanced industries (Fig. 14.1).

14.3 Analysis of the Development Background of the Creative Industry Sites in Shenzhen

With the rapid development of urbanization, Shenzhen is in a critical period of economic transformation and industrial upgrading. However, its traditional economic development model, characterized by constantly increasing input and unlimited resource consumption, has encountered bottlenecks. The limitations related to resources, environment, and land are increasing. Moreover, the requirements for industrial upgrading and an intensification of the land-use structure are also rising (Economic Daily 2007). Land, water, and environment in Shenzhen are at risk. Only by adjusting the economic structure and developing cultural and creative industries can Shenzhen maintain good and steady development, as new knowledge-based industries and cultural and creative industries are highly value added with features of low energy consumption, low emissions, and environmental friendliness. They also have the unique advantages of expanding domestic demand, increasing employment, and a positive influence on the sociocultural infrastructure.

Cultural and creative industries are part of a “creative economy” based on creativity as a major resource. Creative industrial sites are clusters formed by the gathering of creative enterprises and related services in those spaces. In the context of industrial transformation and urban renewal, former manufacturing sites in Shenzhen provide space for the development of creative industries in a timely manner. At the same time, Shenzhen, as a young city characterized by a great number of recent immigrants, offers a wide range of cultural diversity and talents, which is an important basis to develop the cultural and creative industry that is a strategic choice for successful socioeconomic development.

In 2003, Shenzhen established the strategy of “building a cultural city.” Since January 2006, Shenzhen has started to establish various types of cultural and creative industrial sites such as “demonstration enterprise sites,” “incubation sites,” and “teaching and training sites.” It has also built up a management department in this field, the Shenzhen Cultural and Industry Development Office. The government also developed the “Eleventh Five-Year Plan for Shenzhen’s Cultural Industry Development” and “The Strategic Planning for the Development of Cultural Industry in Shenzhen” (Economic Daily 2007). It can be seen from the series of policies and measures that the government had clear guidelines and created a good environment for the development of cultural and creative industries. At the same time, it led creative enterprises to enter market competition and completed the process from policy formulation to implementation.

The rise and development of Shenzhen’s creative industry sites are closely related with their unique social, economic, cultural, environmental, and urban development opportunities. Strongly guided and promoted by the government, the city has adopted the development strategy of industry agglomeration and spatial concentration. It has constructed a batch of major projects on cultural and creative industry promotion and has also developed more than 40 cultural industrial sites and bases with a certain scale and influence, such as Tianmian “City of Design,” OCT LOFT, and Nanhaiyiku. Tianmian “City of Design,”

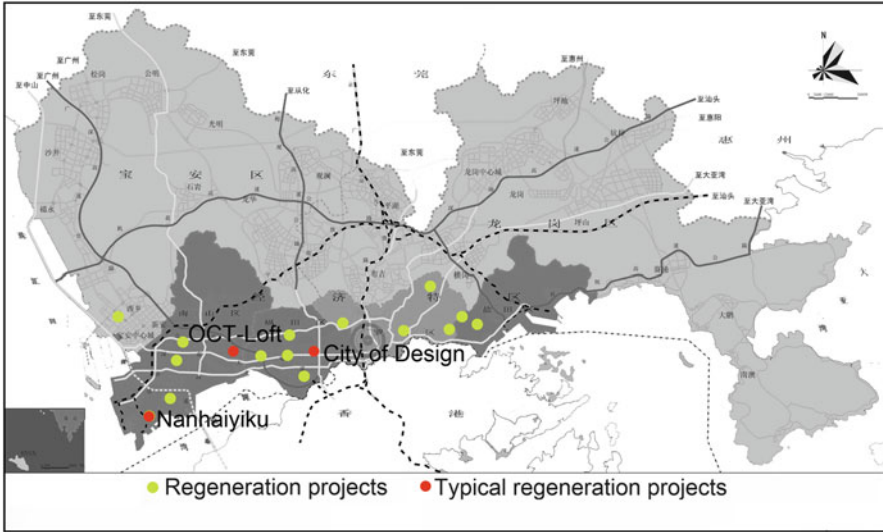


Fig. 14.2 Location of the creative industry sites in Shenzhen city (Drawn by Cai T 2012)

OCT LOFT, and Nanhaiyiku are used as typical cases to analyze the main features of the respective projects in this chapter (Fig. 14.2).

14.4 Case Studies

14.4.1 OCT LOFT in the Overseas Chinese Town (OCT)

14.4.1.1 Geographical Advantages

OCT LOFT is a key creative cultural project in Shenzhen on the site of the former Shahe Industrial Park. With the aim to change urban functions in the 1980s, the manufacturing industry gradually withdrew from the region and only some small factories stayed (Liang et al. 2007).

Basically, there are ten existing buildings including early plants, warehouses, and residence halls which were built in the 1980s (Urbanus 2007). These early residual buildings add an atmosphere of historical and cultural vicissitudes to the modern city. As a central cultural project of Shenzhen, it enjoys a unique environment and cultural atmosphere provided by the OCT Contemporary Art Terminal (OCAT for short) as well as geographical advantages for being located in both the Pearl River Delta and Southeast Asia that boast of active design companies and new industries. On one hand, the creation of OCT built a congregate platform for the development of creative industries in Shenzhen; on the other hand, it created a brand-new working and living space for artists in a unique environment. OCT also stimulates cultural creation and attracts design enterprises.



Fig. 14.3 The OCT's first and second stage of the project (Drawn by Liao H 2012)

14.4.1.2 Regeneration Progress

In 2003, He Xiangning Art Museum (a national museum named after the renowned artist He Xiangning) decided to transform one of the plants into a contemporary art center. This plant is located in the south of OCT LOFT, near Shennan Road. This decision coincided with the developer's idea of gradually changing this region into a mixed fashion community. The involvement of the museum became the starting point of the entire development process. The art museum, developers, artists, exhibition planners, and architects were all involved in the development planning (Urbanus 2007). They hoped that the decoration would be based on the original form by preserving the brick walls, concrete structures, and pipelines.

In 2004, led by the OCT Group, the OCT Properties Company started the LOFT project so as to promote the redevelopment from industrial plants at the eastern part of the Overseas Chinese Town to new space mainly used for creative industries. The project is divided into a northern and a southern part (Fig. 14.3). The first stage



Fig. 14.4 Morphological characteristics and basic frame of OCT building complex (Reproduced by permission of Urbanus Architecture & Design Inc.)

of the project (the southern part) covers an area of 55,465 m², with an original 59,000 m² of building floor space, basically completely regenerated; the latter stage of the project (the northern part) covers an area of 95,571 m² and was started in 2007.

14.4.1.3 Plans and Approaches for Regeneration

The orientation of the OCT LOFT project is to build a platform for creative industries in Shenzhen; to attract cultural, creative, and design companies; and to provide them a gathering place for creation, exhibition, production, processing, and communication, thus turning it into a creative public space focusing on creativity, design, and art. The public space is generated by the development of creative industries and the rise of creative industrial sites. Compared with the traditional industrial sites, it emphasizes the combination of work, life, and leisure. The personality and creativity of the people working on-site lead to the particularity of public space in creative industrial sites. At the same time, it has the characteristics of a charming urban public space, being open, diverse, and inclusive.

The initial planning strategy was to add a bar-shaped building that would accommodate the new art center into the existing plants and to fulfill the regeneration by expanding and restructuring step by step (Fig. 14.4). The open space between the plants would be gradually filled up with galleries, bookstores, cafes, bars, artists' studios, design exhibition halls, and artwork promotion stalls. These inserted spaces not only fill the gaps but also extend, wrap, and even penetrate the existing art



Fig. 14.5 The main entrance of the OCT first stage and the factory building entrance design (Liao H 2012)

formation so as to establish a new order and create an interconnected urban functional space and public facilities. Different from defining a clear boundary or adding a new form, the design attempts to establish a dynamic, interactive, and flexible frame to adapt well to new challenges in the continuously changing city (Urbanus 2007).

14.4.1.4 The Introduction of Modern Landscape Design Elements

Being different from the common traditional industrial sites, the space in creative industrial sites is mostly unique and creative in accordance with its special status. Public space and landscape design in creative industrial sites are closely related to arts production and are strongly influenced by it due to the presentation of works of art and the intentional design of public spaces by artists working on campus.

Overlooking the whole park, the existing light industrial complex of 150,000 m² was covered with a variety of trees. In such a complete space with intact buildings and a green environment, it was not necessary or reasonable to change the buildings to offices, therefore defining their functions and layout became an imperative. Following the idea of “decoration is evil,” the design of the LOFT advocates building structural spatial relations and providing places and space for lessees to design colorful symbols and decorations themselves and as well refuses integrated decoration. The park entrance and the factory building entrance design are based on the original building decoration. The designer tried to blend the original industrial history and culture to create a harmonious and unified modern public space (Fig. 14.5).



Fig. 14.6 Corridor and landscape parergon design of the second stage of OCT (Liao H 2012)

The OCT LOFT was the earliest creative park project for designing offices redeveloped from old factory plants. The southern part was put into use in 2005 for the first Shenzhen City Architecture Biennial. From the southern part, the original style and the features of the old plants were deliberately maintained in the creative park. This includes elements such as the mottled façades of the old plants covered only with waterproof glue. Attention was paid to spatial connections created by the landscape and the retained historical traces. For this purpose, the landscape design for the southern part was based on the original industrial environment, adding a new corridor and landscape elements.

The successful restructuring of the southern part has brought the second phase of the project (the northern part) a new enlightenment. The northern part not only kept its historical sites but took the features of its own architecture into consideration and built a connection center among the buildings. It relies on the corridors and central platform to unify the whole park and achieves harmony and respectively established two multifunctional art and exhibition centers in the east and the west of the northern part of the OCT modern art center to correspond to the southern art center. This sequence of actions has boosted the development of the whole OCT LOFT (Fig. 14.6).

The application of modern landscape design plays an important role in enhancing the overall spatial environment of OCT. In the renewal process, history and cultural elements were well selected and applied. Plants retain their original façades—chimneys, walls, plant assembly lines, etc. It is even difficult for many

people to distinguish the new walls from the old ones. OCT after restructuring has provided a place for the designers to exert their imagination. The park becomes a place for designers to maximize their creativity. “OCT LOFT T Street Creative Bazaar,” held each month, provides an extensive platform for the original designers and design teams to improve their exchange, communication, and promotion in design; at the same time, many students and citizens get the opportunity to participate in the creative activities.

14.4.1.5 Regeneration Effects

OCT LOFT Creative Park has now developed into a gathering place of galleries, art centers, design companies and home boutiques, restaurants, and bars. The interior design of the buildings is mainly based on the concise and modern style of LOFT, spacious and bright, a combination of steel structures and solid wood, all creating a mix of “cold” and “warm” design elements endowing the entire park with a strong atmosphere related to fashion and art. For instance, Pal’s Club covers an area of 500 m², including a workshop exhibition center and underground lecture hall. It is a creative space for holding professional training lessons, exhibitions, lectures, students’ parties, reading, meetings, academic exchange, and fashion conferences.

Efforts have long been made to build OCT LOFT into a new working and living space with the features of the postindustrial era and eventually make the LOFT evolve into a fashionable working space. When OCT LOFT was officially opened to the public, more than 20 top agencies involved in creation, design, and art settled there and preliminarily created an agglomeration effect (Fig. 14.7).

The opening of OCT LOFT promoted the transformation of industrial plants in the eastern part of Shenzhen Overseas Chinese Town (Shantou Street Industrial District) to new space used for creative industries. The redevelopment of OCT was not only one of the “meet-market-demand” choices of enhancing the industry but an innovative measure of economic transformation. At present, OCT LOFT has become the most accepted creative industry park in Shenzhen. Quite a few influential events of art, design, and creation, even some of the international note, have chosen OCT LOFT as their venue.

14.4.2 Shenzhen “City of Design” Creative Design Industrial Estate

14.4.2.1 Geographical Advantages

Shenzhen “City of Design” Creative Design Industrial Estate is located in the central business district (CBD) of Shenzhen, adjacent to the Civic Center, with Huaqiangbei Commercial Street in the east and Futian Central District in the west, south of Shennan Road, and the north surrounded by Shenzhen Central Park. Therefore, the estate is equipped with a tranquil atmosphere (Fig. 14.8). It covers an area of one

Fig. 14.7 Creative design enterprises settled in the park (Liao H 2011)

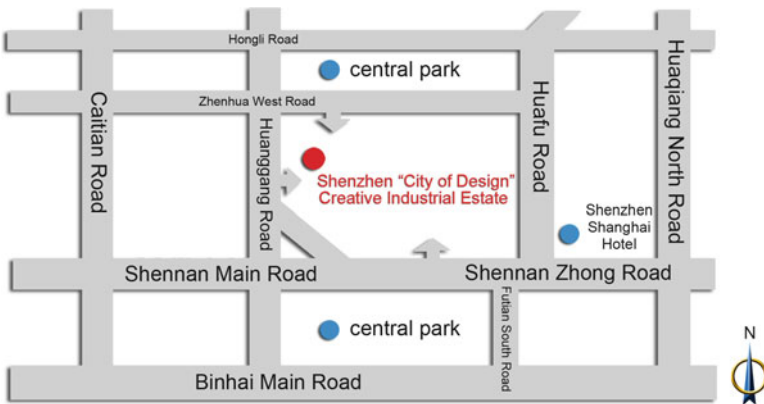


Fig. 14.8 Location map (Drawn by Cai T 2012)

and a half hectares with a construction area of nearly 50,000 m² and a total investment of RMB 180 million. The “City of Design” replaces ten old workshops in the Tianmian industrial district, including six former workshops and four staff quarters. The project was constructed in two stages, from May 2007 to December 2008, respectively.

The orientation of the project is a creative industry park focusing on a creative design and cultural industry zone with comprehensive functions such as creative design, research and development, production, trading, exhibition, communication, training, incubation, evaluation, and public services. The Shenzhen “City of Design” Creative Industrial Estate is the key project of the Eleventh Five-Year Program of Shenzhen Cultural Industry, an important part for promoting the economic development strategy of the Futian District around the CBD and the central park and the direct carrier and crucial part for Shenzhen to build a “City of Design” (City of Design 2008).

14.4.2.2 Regeneration Process

In the regeneration process, the Futian District Government provided guarantees for a rezoning of Tianmian old manufacturing sites and for making monetary and policy contributions. The district government and district committee made arrangements and participated in the whole planning, the initiation of the project, and the promotion of investment and fully supported the project. The Futian District Government also provided a one-stop service channel for the admission of creative enterprises, including receiving approvals and permits from industry and commerce offices, taxation departments, urban management authorities, and other governmental departments. On November 28, 2006, via open bidding, the Shenzhen Sphinx Cultural Industry Investment Co. Ltd. gained the authority of the restructuring and operational management of the Tianmian Creative Design Industrial Estate. Under the leadership of the officials of the Shenzhen Cultural Industry Office and the Futian District, “City of Design” Creative Design Industrial Estate has been officially established and has become the one and only Creative Design Industrial Site officially settled in the Futian District.

On February 8, 2007, the restructuring of the site started. The administrative area of the design companies inside the park covers approximately 3,500 m², with a public commercial service area of 8,000 m² and an exhibition hall and ancillary service area of 7,000 m². During the redevelopment of the park, Sphinx Company invested RMB 23 million in building reinforcement and interior decoration, while the Futian District Government spent RMB 25 million in building municipal roads, water and electricity facilities, and heat-proof roofs; painting façades; and constructing other projects and more than RMB 20 million in building underground parking lots. In addition, the government subsidized 9 months of rent to the Sphinx Company for its relocation and renovation (Shenzhen Commercial News 2009).

14.4.2.3 Plans and Approaches for Regeneration

Meant to become the design home of industrial designers, at the beginning of the planning process, the designers’ opinions were widely included in order to understand their actual demands for a suitable working environment, for the appearance of the design park, and for its integral structure. And target customers made suggestions on the entire redevelopment process and functional planning details, including design

spaces, commercial spaces, supporting spaces, spatial structure and distribution, lighting, air circulation, air condition system, and parking system.

After the regeneration, the park was divided into seven functional regions: a creative design area for design offices and businesses, a public commercial area (for holding creative work exhibitions, design contests, summit forums, lectures, academic exchanges, information releases, product trading, brand promotion, investment attraction, financing and legal services), an exhibition area for designers to exhibit their works, a hotel and design training center, designers' apartment blocks, supporting operational areas, as well as a leisure area set up in underground parking garages. A public service area, including exhibition halls, multifunctional halls, call centers, designers' apartments, bars, book bars, cafes, creative street shops, and other facilities, was also set up so that designers could benefit from all the above mentioned services at any time.

14.4.2.4 The Introduction of Modern Landscape Design Elements

The entire space design in the “City of Design” shows the style of industrialization and postmodernism. It adopts a duplex structure; the whole space is densely built up and spacious at the same time. The spatial arrangement of the park fuses with the reconstruction of the old city. The interior and exterior of all the buildings in the park try to pursue an organic blend of innovation, pragmatism, and both scientific and artistic outlooks. In the reconstruction of streetscapes and façades, there are not many structural changes of the former streets and buildings. By creating certain visual effects, the park realized a maximum value at minimum cost.

The external walls of ten buildings adopt a harmonious gray tone in order to resemble the solidness of a place of science and culture. At the same time, on two outer walls there are four masters' images (Da Vinci, Edison, Einstein, and Ieoh Ming Pei) assembled by tens of thousand pieces of matte stainless steel sheets (Figs. 14.9 and 14.10). The total area of the four images is 800 m² and the diameter of every stainless steel sheet is about 5–7 cm. The effect of the images' levels (density, depth) is achieved through the size and number of the stainless steel sheets. As an industrialized product easy to maintain, matte stainless steel sheets can be easily combined with the walls of the buildings.

On the public facilities design and object-oriented design, the entrances of the buildings adopt the concept of the Chinese character of a “door” to give orientation and symbolic order in public space. The door plates and signage get a strong visual impact through their 3D elements. In addition, the literal identification of the “City of Design” Creative Design Industrial Estate represents a sense of industrial structure. Many details in the space, like sculpture and metope graffiti, are also designed as a vehicle for conveying a spirit of creativity and art. Regarding the design of plants, the entire park chooses evergreen trees and shrubs. This brings the park the feeling of green and nature. In the central area of Shenzhen, where land is extremely expensive, the site, with its simple, stylish, and environmentally friendly buildings, forms an obvious contrast to the surrounding buildings and becomes a special city landscape (Fig. 14.11).



Fig. 14.9 Master image under construction (Cai T 2012; Reproduced by permission of CIGA DESIGN)



Fig. 14.10 Master image on the building façade (Cai T 2012)

14.4.2.5 Regeneration Effects

The “City of Design” Creative Design Industrial Estate is a successful case of promoting urban industrial upgrading by design. It is based on the successful operation of “Sphinx Mood” that has created a beneficial environment between

Fig. 14.11 Logo of “City of Design” (Cai T 2012)



government, enterprises, and the estate itself. “Sphinx Mood,” through many years of experiment and exploration, has been created by Shenzhen Sphinx Cultural Industry Investment Co. Ltd., which is the operator of “City of Design” Creative Design Industrial Estate in Shenzhen. It integrates resources, builds the platform for industrial design, promotes the joining among different industries and companies, and creates a new industrial cluster. Long-term practice proved to successfully serve the practical requirements of industrial design companies and broke a bottleneck in commercializing development in the sphere of industrial design. The site was visited and approved by the central government leaders, Wen Jiabao, Li Changchun, and Liu Yunshan, and the leaders of Guangdong Province and Shenzhen Municipal Government. Nowadays, the site has become an exemplary brand of Chinese creative industries.

In recent years, it has developed into the largest creative industry park in China. It also holds the most leading enterprises’ headquarters in China and is known as “The No. One Industrial Design Park of China.” The 170 creative design enterprises settled there mainly focus on industrial design. Besides the mainland companies, there are many world-renowned enterprises from Hong Kong, Japan, Australia, Germany, etc. In 2010, it was authorized by the Ministry of Science and Technology as the only national high-tech industrial base of industrial design in China (City of Design 2008).

The project pushes the original Tianmian old manufacturing sites to successfully transform their buildings with a strategy of keeping property ownership, formal land use, and same building structure making use of “five changes” (low-end industries change to high-end industry, old plants change to creative industry parks, blue collars change to white collars, low efficiency changes to high efficiency, and old appearances change to a new look). Before the regeneration, 51 enterprises occupied the area, including a metal processing plant, small printers, car maintenance workshops, a clothing factory, food stalls, and similar low-end industries, employing about 700 people, with annual revenues of less than 70 million RMB. The original average monthly rent of Tianmian old manufacturing sites was 19 RMB/m², while after the regeneration Sphinx’s, monthly rent increased to 29 RMB/m². In 2010, only the income generated by designing firms reached RMB 750 million, ten times more than the previous total income, and with an annual growth of 25 % (NetEase Asian Games 2010).

14.4.3 Nanhaiyiku Creative Park

14.4.3.1 Geographical Advantages

The Nanhaiyiku Creative Park is located in the Sea World area in Shekou in Shenzhen and consists of six four-story industrial plants covering an area of over 40,000 m², with a total construction area of nearly 100,000 m². It was founded in the early 1980s and occupied by Sanyo Co. Ltd. before the regeneration. It is one of the earliest “*sanlaiyibu*” buildings of China’s reform and opening up (Shenzhen Commercial News 2007). Due to its geographical advantages and the regeneration having taken place at a favorable time, Nanhaiyiku has become a model for regeneration from an old industrial zone to a creative industry park (Fig. 14.12).

14.4.3.2 Regeneration Process

The six old plants in Nanhaiyiku belonged to Sanyo Co. Ltd. In 2004, China Merchants Property Development Co. Ltd. (CMPD) began to upgrade and redevelop buildings with a history of more than 20 years and renamed the project “Nanhaiyiku.” Nanhaiyiku is a professional cultural and creative industries site jointly built by CMPD and the China Merchants Technology Group in accordance with Shenzhen’s strategy of “building a cultural city.” The purpose of the regeneration is to revitalize the buildings in old industrial zones and to make the project a model for Creative Industry Science and Technology Parks, especially with respect to the construction of green buildings.

The regeneration project was divided into two phases: the first phase included building one, building three, and building five, with a total construction area of 45,000 m² and a total investment of RMB 220 million. The redevelopments of

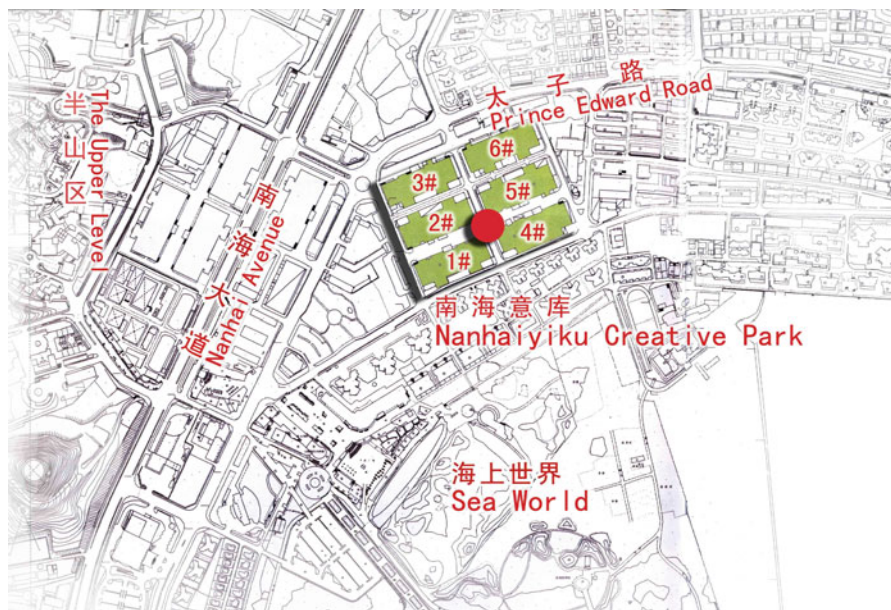


Fig. 14.12 Location map (Drawn by Ren J 2012)

building one and building five were completed the end of February 2008, and all three buildings were officially completed in August of the same year. After redevelopment, building one and building five were mainly used to accommodate creative design companies, and building three became the headquarters of CMPD. The second phase included building two, building four, and building six, which were all completed the end of June 2011. It shows a dramatic change from the original Sanyo plants at the beginning of the restructuring to the completed redevelopment in the final stage. Nanhaiyiku has now changed from a pure manufacturing site during the Sanyo period to a center of creativity (Anonymous 2011) (Fig. 14.13).

14.4.3.3 Plans and Approaches for Regeneration

The creative industry park mainly consists of six buildings. Odd and even number buildings stand in two separate lines. The two lines form a rectangle. The space between the buildings becomes the public space of the entire industrial park, including car lanes, footpaths, and public recreation areas.

The inside of the buildings is generally reorganized into five stories. Just as building three in the first phase, the inside space of some of the original buildings is released and is designed into platforms or terraces which, on the one hand, are used to grow vegetation enriching the façade of the whole building and, on the other hand, soften the rigid appearance of the concrete walls and enhance the general outlook of the



Fig. 14.13 Regenerated factory (Cai T 2012)

park. The vertical space is separated as a public atrium, and the material of the roof generally makes use of glass so as to meet lighting demands and enrich the entire interior space. Additionally, the design also meets the demand for diverse uses such as parking lots on the first floor of each building, cafes, restaurants, design studios, photo studios, fashion stores, galleries, exhibition halls, and art shops (Fig. 14.14).

Outside the plants there is an accurate guiding system helping to locate each building. The environment of the park is tranquil with interestingly designed art everywhere, benches in the park for the staff to relax by getting out of the offices and drinking a cup of coffee during leisure time. A half-closed space including two sides formed by walls is settled in the park, one of which is the cultural exhibition wall featuring information about Nanhaiyiku to inform tourists for a better understanding of its historical development, while the other is the company display wall showing information about the local companies. What is more, there is an iron wall surrounded by plants as decoration (Fig. 14.15). In addition, the consciousness about environmental issues integrated in the project leads to the extensive cultivation of plants irrigated by recycled waste water, which improves the air quality.

14.4.3.4 The Introduction of Modern Landscape Design Elements

Landscape design integrates all the spatial resources in Nanhaiyiku, so it plays an extremely important role in improving the original conditions and in enhancing the artistic charm of the whole park. Modern techniques applied in the park are

Fig. 14.14 The three-dimensional mark of Nanhaiyiku (Ren J 2012)



roughly classified as follows: scene simulation, cultural exhibition, and landscape reconstruction.

Scene Simulation: Creative activities are simulated with interesting scenarios in the park so that visitors can feel the enormous energy of creation. Some interesting graffiti is covering the entire outside wall of the buildings, their rich colors mingled with the deep, cold hue on the wall, altogether as if depicting an everyday life scene: a bunch of cynical guys enjoying their imagination of life while doodling with acrylic paint; on the other side, a bicycle crawling on the bare steel pipes makes an exaggerated sculpture which, combined with the wall, have vitalized the park as well as stimulated the brains of the viewers.

Cultural Exhibition: Nanhaiyiku simulates the living and working scenes of former Sanyo employees and artistically scatters and reconstructs them. A single slogan is used to demonstrate the working state of the staff at that time, and their daily necessities are presented here as works of art.

Landscape Reconstruction: The site makes use of reconstructing landscape by transplantation, imitation, combination, decomposition, exaggeration, deformation, and other means so as to achieve the goal of landscape design. Vertical vegetation

Fig. 14.15 Elegant atmosphere in the park (Ren J 2012)



enriches the façade and ingeniously transfers the ground vegetation to the design of the vertical wall. Additionally, the effect of air cleansing is maximized.

Moreover, the bare concrete wall structures and the rusted pipe facilities both add up to the historical outlook of the building and have become a part of the modern landscape in the park. Landscape design unifies the environment of the creative park and enhances the creative atmosphere (Fig. 14.16). For this reason, the participation of modern landscape design becomes extremely important.

14.4.3.5 Regeneration Effects

The outlook of Nanhaiyiku is so far still optimistic. Through an overall investigation into the reconstruction of the park, we can see that the whole park is filled with a creative and design atmosphere which is rapidly maturing. A large number of well-known large cultural and creative enterprises have settled there at the same time, supporting facilities such as restaurants, cafes, bars, and entertainment venues, which are also completed so that the operational mode of a creative park supplemented



Fig. 14.16 An art graffiti wall (Ren J 2011)



Fig. 14.17 The commercial atmosphere along the street after regeneration 1 (Ren J 2012)

by commercial facilities is formed. The creative park also becomes increasingly important in publicizing the industrial transformation in Shenzhen. The concept of integrating a green environment, creativity, and energy saving creates an eco-creative industry park (Fig. 14.17).

14.5 Conclusion

Cultural and creative industries will play an increasingly important role in China in the twenty-first century. The development of cultural and creative industries not only relates to the development of China's national economy and the adjustment of the industrial structure but also relates to China's cultural competitiveness in the world. Creative industry parks are core carriers of "building a cultural city" and of building a "design capital" in Shenzhen, and they are built by taking the opportunity provided by the redevelopment of the "three olds." After structural adjustments, creative industry parks promote economic transformation, speed up urban renewal, and conform to the development needs of the times. Affected by the government's adjustments of policies and strategies, they are mainly industrial parks with diverse development backgrounds and focus on developing creative industries with low resource consumption and high output. Due to the innovations of the Shenzhen government related to effective resource allocation and great financial support, alongside the continuous improvement of the influence and competitiveness of creative design industries under the operation of a mature market, the creative culture in Shenzhen has been given a fertile soil.

From "*sanlaiyibu*" and industrial upgrading to the development of cultural and creative industries, creative industry parks provide creative workplaces for intellectuals, designers, and avant-garde artists and form new working and living spaces with distinctive features of the postindustrial era through redefining, redesigning, and redeveloping buildings in old industrial sites. Working in creative industrial parks as designers allows people to experience the life of two worlds. Not only can they enjoy the architectural traces of the past but also live a fashionable and modern life. Apart from that, the public space in creative industrial parks becomes a place where communication can occur between members of creative classes and the wider public, allowing for additional creative inspiration. More importantly, artists, designers, intellectuals, companies, and creative and cultural enterprises in various fields such as painting, sculpture, video, architecture, landscape, graphic design, and industrial design gathered in the same park create cluster effects due to their daily intensive interaction.

In this sense, the redevelopment projects discussed in this chapter add a new facet to the picture of an economy based on service industries. Whereas office and commercial developments in CBD areas and subcenters were already launched in an earlier stage of development, on the one hand, the increasing importance of consumer culture, leisure, and even tourism, and on the other hand, the will to position the city as a center of design could build on strategies of adaptive reuse of industrial heritage already firmly established in Western countries and which are gaining ground in China as well.

It remains to be analyzed in more detail if the adaptation of this strategy in China, which often intentionally concentrates artists and designers in old factories following the 798 model in Beijing, will turn out to be as successful as elsewhere in terms of producing vibrant and mixed-use city quarters. As for now, some of the centers

can be identified as first steps toward a more open urban development approach allowing for some degree of appropriation by the users that is functional in terms of making the respective sites look attractive to visitors and the users themselves. However, it remains to be seen if future approaches toward the new centers will be able to integrate them better into the city and overcome the modernist urban fabric of Shenzhen that has so far shaped isolated art and design campuses.

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Chapter 15

The Role of Public Space in the Upgrading of Urbanized Villages

Katharina Wiethoff

Abstract When it comes to resource input for regeneration, strategic attention, and, finally, of course, quality of living, the maturing of mega-urban regions takes a long period of time that is characterized by severe inequalities among different micro-locations. While a universal trend toward intensification of land use, the upgrading of older building stocks, and outright urban renewal can be noticed, the residents—be they urban or rural population—find their ways to cope with the circumstances they live in, temporarily or in the longer run. This holds especially in areas that have not been covered by mainstreamed redevelopment strategies that are directed toward establishing professional real estate management in fenced-off compounds. People appropriate the immediate vicinity of their habitat and to a certain extent upgrade the semipublic space individually. This chapter investigates those coping strategies in urbanized villages in Guangzhou and shows different types of space production by intermediate use of space resources.

Keywords Guangzhou • Urbanized villages • Semi-public space • Appropriation of space • Informal space production • Upgrading of public space • Intermediate use

15.1 Introduction

Along with the economic and political reform processes in China since 1978, urban structures of the Chinese megacities have been transformed into a “modernized” urban fabric. Today, they are characterized by huge building densities and large areas with a high amount of total floor space. At the same time, an

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increasing division of labor between developers, investors, construction firms, and end users yielding a rising number of areas with orderly and effective physical structures can be noticed.

Megacities can be seen as enormous urban networks consisting of a great number of urban and rural settlement and manufacturing cores and clusters. The growth of megacities in China produced rural enclaves, the so-called urbanized villages (UV), which are villages in transition within the process of urbanization. Nowadays, UVs are an integral part of the Chinese urban and economic landscape and have contributed significantly to shaping the urban fabric as it appears today. They serve as cheap residential space for numerous migrants. Simultaneously, a rising land value in the course of redevelopment gives rise to sales and lease of land to investors, where such land is no longer available as living space for migrants. The resulting process of spatial reorganization within the UVs has considerable effects on public urban space which will be the focus of this chapter.

A direct consequence of the economic growth phase of the last decades is a rapid vertical and horizontal city expansion, which affects the villages in the periphery. They now become integral parts of the urban area. The number of UVs in Guangzhou grew from 109 in 1995, covering about 4 % of the built-up city area, to 138 in 2007, covering about 22 % of the total urban area (Qi et al. 2007). Approximately two and a half million migrants live in these villages, and their number is continuously increasing without any regulation of this process. The inflow of migrants and the decrease of the land resources available as living space for the migrants have drastic effects on the spatial structure and the supply of open space within the UV. Dense buildings are developed on agricultural land, and the original settlement structures of the villages are (informally) densified.

As an outcome of the different developments of land use, UVs are heterogeneous and dense urban structures with a high spatial dynamic and—in contrast to the newly constructed residential communities having a homogeneous social structure—with a heterogeneous residents' structure, consisting in the main part of low-income groups.

15.2 Subareas in the Course of Development of UVs

Morphologically, UVs are insular urban entities within the mega-urban landscape. The original village structure, characterized by buildings in traditional village structure and agricultural areas, remains visible despite all later densifications. There are different morphological patterns, depending on the development stage of the UVs. Most Chinese scholars describe the UVs relating to either their land use, cultural value, physical characteristics, or “dynamic modes” as Liu (2003) does. An overview of the different classification approaches can be found in Altrock and Schoon (2011).

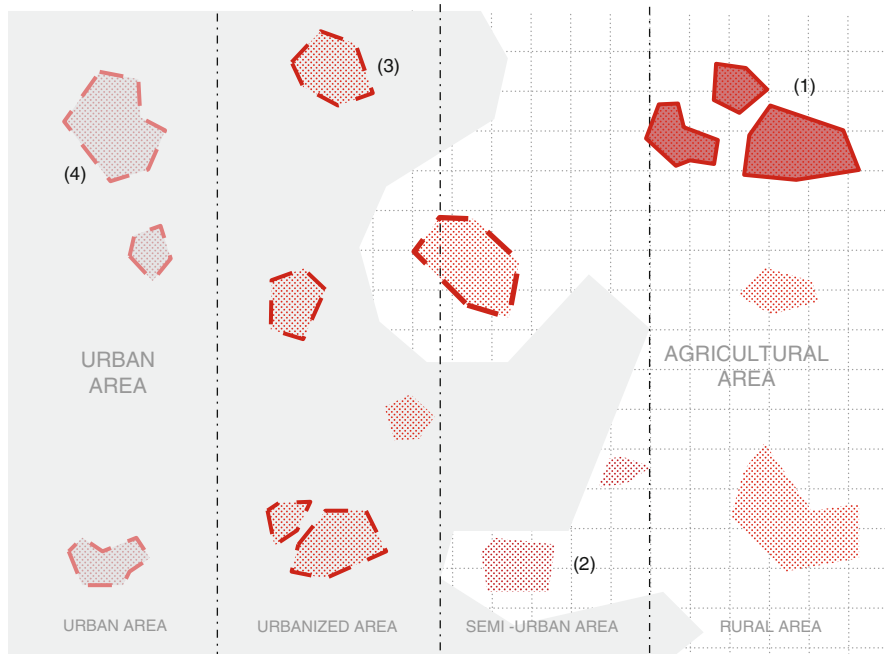


Fig. 15.1 Morphological characteristics of different development stages from village to integrated village (Wiethoff 2012, based on Vazzano 2008 and Jing 2006)

With respect to the phases of development (integrating spatial location and physical characteristics), the following four types (entities with a clear border, either village or urbanized village) could be identified by the author, which turn out to correspond to a modification of the dynamic mode classification by Liu:

1. *Rural village*: Village sites are considered in the urban land-use plan but are still situated far away from built-up urban areas; rural land use.
2. *Rural–urban village*: Urban development approaches the rural boundary, where urban and rural land uses interlace.
3. *Isolated urbanized village*: Rural farmland is converted into urban uses, but village sites remain as rural enclaves isolated within built-up urban areas.
4. *Integrated urbanized village*: Borders between UV and environment break up; urban structures penetrate village structures (Fig. 15.1).

Within the dynamic fabric of the UVs, the types illustrate the *degree of maturing* of different urban entities. In the process of transition between the aforementioned phases, areas arise which are hereinafter referred to as *subareas* and which result from the spatial overlay in the UVs caused by different urban growth phases and spatial expansions or reductions. The more development processes a rural village passes through, the more heterogeneous and dense the structure of these subareas is. And the more the village is absorbed by the city, the stronger is the fracturing of

spaces and the more the spaces lose their original coherence. With an increasing degree of urbanization, boundaries of the subareas become indistinct, and the permeability of transitional zones between inside and outside rises. The public open space of these subareas is often entitled for manifold use patterns (everyday urbanization phenomena). As the possibilities for uses in this type of open space are temporally limited, the subareas can be seen as a dynamic factor in the open-space structure of the UV.

15.3 (Public) Open Space in China

The reorganization process within the UVs clearly involves public space as one area which is available for satisfying the increasing demand for space.

However, in the Chinese context, the definition of public space is not simple. The term “public space” in the Chinese context normally implies public ownership or direct management by the state as stated by Guo (2005). Examples of semipublic or “elitist” spaces (defined as exclusively accessible to a closed group) can, for example, be found in the enclosed housing complexes of the gated residential compounds with strong access limitations and a homogeneous residents’ structure, in which the open spaces exclusively belong to the inhabitants. In case of new development projects, the respective part of public space is clearly regulated. In new business quarters, for example, the responsibility for the green areas is transferred to the commercial investors.

As the term *public space* is lacking a clear definition, the term *open space* will be used instead for the research context presented here. It is defined as the total of all open surfaces of the city with the possibility of public access.

The design and structure of open space is a result of concepts and projects realized on different scales. General benefits for open spaces in terms of the public domain are citywide upgrading projects such as the beautification of main streets or the improvement of open waterways and their banks (Altrock and Schoon 2011), mostly related to events of international interest, such as the Asian Games in 2010. Most of the projects and concepts follow large-scale developments and increase the quantity and the respective qualitative function of the (public) open spaces, whereas the small-scale possibilities for individual activities and uses or the creation of emotional spaces are not so much in the focus of the government (Hassenpflug 2004).

The market-oriented period of urban planning of the last decades of rapid urban growth has been characterized by a strong priority on quantitative growth, spatial expansion, and specialization, thereby emphasizing hard location factors (e.g., cost of land, traffic systems, or urban infrastructure). Since the mid-1990s, the growth of an urban middle class has more and more formed the social background for a growing attention on issues of spatial development, and “new residential projects are stressing the ‘soft’ character of [...] high quality environments” (Wang 2003).

In contemporary China, a discussion started concerning a (new) definition of public space (see, e.g., Du 2010; Gaubatz 2008; Guo 2005; Wang 2003; Zhu 2001).

Urban planning scholars recommend several measures, such as a comprehensive term for public open space including indicators such as the greening rate (Zhu 2001).

Open spaces in UVs have their roots in the rural area and traditional culture and undergo a dramatic social and spatial transformation due to rapid mega-urban development. Due to the shift from a village community with long tradition and cultural roots toward a dense urban area with short- to medium-term duration of residence, one can find different (socio-)spatial characteristics. The shifts in power relations and balances among groups within local society as well as among actors from state, market, and society are all reflected in the construction and uses of open spaces.

In terms of open-space development and socio-spatial questions concerning the UVs, one can find in recent time a rising interest in the neglected aspects (see three olds redevelopment approach starting in 2010 (cf. Chaps. 5 and 6), aiming to add the areas of the UV to the urban territory by transforming them into community units (Schoon 2012). But as the official planning and regenerating goals of UVs are also generally of large scale, the existent small-scale open spaces are usually neglected.

In general, the open spaces in Chinese cities which are not profitable components of large-scale projects are a dynamic factor in the townscape. They occur wherever different stages of urban development and growth meet, and subareas evolve within the *planning of no man's land*.

Before considering the different forms of space production in Guangzhou's UVs, the following part will give an overview about international occurring theories and discussions on space production processes, aiming toward a closer look at the rationale behind the facets of temporary use as manifestation of *everyday urbanization* and their effects on the urban and social fabric of the UV.

15.4 Space Production Processes and Their Effects on the Urban and Social Fabric: Formal Constraints and Informal Possibilities in UVs

How is space produced in Guangzhou's UVs? Which kinds of appropriation or informal upgrading can be identified to be the most common types of coping mechanisms? The research interest is based on the hypothesis that social issues are manifested in the physical area and allow for a reading of space. The focus is on actual changes and the related use and design of open space and their interpretations. Concerning the question of *maturing urbanization* through space production, the relationship between social and acquired physical space is very close. Especially those kinds of open spaces are of interest that may be used on the one hand for the production and reproduction of practices of social cooperation, problem solving, and social capital formation (Putnam 1993) and which are on the other hand unregulated (informal) or at least without any direct governmental management (Fig. 15.2).



Fig. 15.2 Space production in public open space (Katharina Wiethoff 2012)

In the urban-social fabric of the UVs (types 3 and 4 of the typology), life is subject to a continuous change resulting from the dynamic development pressure. The different cultural principles of the Chinese society find their expression in urban space formation as well as in a general understanding of space. It seems to be appropriate to look at the different fields of interaction forming an action-related *transformation area*. The space production and distribution in UVs has been affected considerably by the new self-understanding of the villages' collective: Over time, the village committees brought about numerous reallocations of individual properties in order to receive areas in line with the requirements for economic use (Herrle et al. 2008). Different types of *subareas* arose, resulting from those structural overlays (see Fig. 15.5).

Especially the small-scale open-space type of the subareas is subject to many subsequent transformation processes, as it has to react to the changing demands of a heterogeneous and dynamically transforming residential structure. The open-space structure therefore is, on the one hand, an instable element in the microenvironment of the UVs, while on the other hand, the unclear and undefined formal land-use specification particularly offers manifold development potentialities for interim uses in different time periods.



Fig. 15.3 Formal and informal space appropriation for symbolic economies (Katharina Wiethoff 2008)

The subareas are adapted in various ways in order to cope with the changing needs of the population. While the built-up surfaces give safe rental income to the “landlords” of the village collectives, the public spaces are used by the predominant part of the population, by migrants, small businesses, for temporary extensions, or other forms of temporary use (Wiethoff 2012), which will be described in a more detailed way in the following parts.

According to some socio-spatial theories (Deinet 2004; Löw 2001:158, production of space by creation of areas or “spacing”; Giddens 1984, Bourdieu 1985, Elias, see Löw 2001, production of space as social and multilevel process; Läßle 2003, theory of socially produced space; Deinet and Reutlinger 2004:8, “territorialization” and “education process in the space”; Chombart de Lauwe 1977:6, “communication process”), the spatial structures found in the UVs can be considered as a kind of intuitive space production or *everyday urbanization*, which is based on the inhabitants’ traditions (referring to the different social and intellectual backgrounds and geographical origins), beliefs, and available resources, as well as on their individual spatial and social demands.

Everyday urbanization is no smooth process. Depending on the social position, there are different spatial demands and the power-related negotiation of different appropriations plays a significant role in space, which is—in principle—accessible for everyone. Against the background of an increasingly heterogeneous social structure in the UVs, there is a rising potential for conflicts in negotiating the demands of space—not at least due to the problem of communication difficulties during spatial negotiation processes. Due to their low social position, the main part of the migrants, however, is hardly capable of successfully negotiating their spatial demands. Examples of negotiations are *symbolic economies*: representative, official poster walls or territorial, informal space acquiring for a job search in form of graffiti (Fig. 15.3). These interventions make the open space become an *urban interface* between formal de jure permissions concerning land use by national and local authorities and informal de facto reactions at the individual level.

In order to actively alleviate supply deficits by appropriation, there are different dimensions of problem-focused and constructive coping strategies (following the definition of Lazarus and Folkman 1984), at the individual level. Numerous subsequent uses and reuses of open spaces and especially of *subareas* (see below) show the variety of the resulting (informal) self-regulation processes. It can be differentiated by coping strategies aiming to:

1. Minimize quantitative and material supply deficits (such as space for enlargement or informal economy) or
2. Increase the quality of the individual environment and to obtain different levels of privacy or security.

In this context coping strategies are appropriation processes or *temporary uses* in the open space, depending on the strongly differentiating periods of use. The term “temporary use” generally describes new forms of design and use of open-space surfaces without a change of the owner and/or change of the planning-right options. A temporary use does not correspond to the planning-juridical intended use and occurs as temporally informal use between two formal land uses.

The large spatial demand in the dense settlement structures of the UVs leads to an increase of competition for open space. Here, the accessible space is distributed between the inhabitants according to their respective powers. The success of the coping strategies, and therefore the quality and quantity of the design of open space, depends at the *individual level* on the personal skills, as well as on economic power and social networks. At the *structural level*, the success of the coping strategies depends on the availability of spatial resources, on the suitability of the space for the intended appropriation, and on the accessibility.

For an analysis of coping mechanisms and statements concerning their success or failure, it will be of interest to analyze the two main levels of influence for appropriation and space production:

1. The actual access options to the public arena by mainly looking at the residential structure: Who can generally implement his/her interests in the urban interfaces and which resources are used? One has to thereby take into consideration the invisible and somehow informal¹ “codes of inclusion and exclusion” (Zukin 1997) and the duality between formal constraints and informal opportunities—both at the level of the village collectives and at the individual level.
2. The space-structural use potentials, by mainly looking at the physical shape: How can the space be used in an optimal way for the user? What is the expected duration of use?

¹The term “informality” is quite ambiguous. In the current context, informality is applied particularly to subsequently arranged spaces. The definition of “informal housing” used by the public authorities of the UVs is, however, mostly subject to its legal and not to its physical status. Informality has a significant influence in the case of the “mainstreaming” of residual informal structures in the reform of the UVs as Altrock and Schoon stated (cf. Chap. 1).

The following examples of space studies in Guangzhou aim to show the broad range of coping strategies depending on the kind of subarea. It will be shown that especially the small-scale subareas can significantly contribute to an improvement of the quantitative as well as qualitative space supply. It has been revealed during research that, first, each UV has its specific types of subareas, and that, second, specific structural and functional needs and deficits as well as potentials are readable by analyzing the different implementations of temporary use.

15.5 Two Villages, One UV: The Case Study Areas

The selected research areas are situated in the sphere of influence of Guangzhou's new urban development axis, with about five million square meters of planning surface (Strohschön et al. 2012): the UV Xincun and the villages Shibi and Yuangangcun. Due to their different positions in the large-scale project, the three areas are in different morphologic development stages. The analysis mainly refers to the UV Xincun, the two villages serving as reference for the general development process from village to UV (Fig. 15.4).

1. Xincun is a 2,100-year-old UV situated at the southern core of the New Axis in Haizhu District. It is one of the future development areas with a constantly growing spatial density (Strohschön et al. 2012). The population density exceeds the average value in Guangzhou by more than 20 times (Guangzhou Municipal Statistic Bureau 2007). The fraction of migrants rose from 50 % in 1993/1994 to 83 % in 2007, while the predominant part of the local inhabitants has moved away (Wehrhahn et al. 2008), leading to a strong densification since the middle of the 1990s. The open space was increasingly built over.

Xincun mainly consists of two settlement areas with building structures of different construction phases: (1) the heterogeneous core of the former village where the old original building and space typology have still widely remained in place, interconnected by an apparently disorganized alley system of equal hierarchy, and (2) the *fields of buildings* with five to eight stories dating from the



Fig. 15.4 Structural pattern of Xincun, Shibi, and Yuangangcun (Wiethoff et al. 2009)

1990s, arranged in a regular grid and placed at distances of only 0.5–1 m, resulting in poor lighting and ventilation conditions.²

2. Shibi Village is located in the Panyu District and characterized by a rural way of life, with a mainly open structure, dominated by one- to two-story courtyard houses, adjacent to agricultural areas. In 2008, some 10,000 permanent residents and about 10,000 migrants lived there (Wehrhahn et al. 2008).
3. The 800-year-old village of Yuangangcun is located in Panyu District and became part of the Nansha Development Zone in 1992, leading to large-scale land-use changes from agricultural to residential, industrial, and trade areas. Since 2008, the small-scale building structure has been demolished; modern high-rise complexes and related traffic infrastructure are being built in the northern part. This indicates the transformation from village to UV.

In Shibi and Yuangangcun, each having an average building density of 60 %, less growth and structural density than in Xincun can be detected. Old structures are left, while buildings with higher standards are constructed at the border of the settlement. Thus, a fragmented settlement structure arises, consisting of traditional buildings, abandoned surfaces, waste land, agriculture, and new housing estates. The building structure in the newer parts of the villages consists of densely built-up houses with one to three stories.

15.6 Subareas as Arenas of Space Production

The vacuum of state regulation allows a big variety of temporary uses, low-cost living space, and informal sources of income. There is a kind of situational or everyday urbanization. In the following, six different subareas in Xincun will be characterized with the most common types of space production as *arenas of space production*. Table 15.1 gives a short overview on the characteristics, such as the level of the development process of the area, its structural density, use pattern, character of use, and duration of use. This general consideration will be complemented by a short documentation of space studies³ giving concrete examples of appropriation. Complementary to the identified subareas in Xincun, insights concerning space production from the villages of Shibi and Yuangangcun will be taken for later comparison. Many of the space production activities occur especially in UVs but can be found increasingly in the villages in transition and thus may represent an indicator of the actual status of development in the examined areas (Fig. 15.5).

²The average floor space per person rose from less than 4 m² in 1980 to approximately 15.5 m² in 2010. However, many people are still living in accommodation with less than 5 m² per capita (cp. Hui and Seabrooke 2000; Hugentobler et al. 2002).

³In a first step, more than 500 spatial studies have been roughly analyzed in terms of size, density, current and former use, motivation of use, quality standard of equipment, duration and age, access, and degree of privatization. In a second step, clusters were created in order to identify several types of spatial pattern. Subareas represent one of the most common.

Table 15.1 Characteristics of the subareas (Wiethoff 2012)

Characteristic	Subarea 1	Subarea 2	Subarea 3	Subarea 4	Subarea 5	Subarea 6
Level of development process	Low dynamic	In process—high dynamic	Very high dynamic	High dynamic	Low dynamic	Medium to high dynamic
Structural density	High (in height and surface sealing)	High surface sealing, different heights and changing building structure, changing subareas	Low surface sealing due to agricultural surfaces	Low, dominated by light constructions	Low, open community spaces	Mostly high
User structure	Heterogeneous, mostly migrants having a more permanent status	Heterogeneous	Migrants with low social and economic power	Migrants with low social and economic power	Heterogeneous	Heterogeneous
Character of use	Quantitative and qualitative	Quantitative	Mostly quantitative, some qualitative	Quantitative	All kinds, mostly medium to long term	Medium to long term
Duration of use	Long term	Short term, partially developing to medium term	Short term	Short term	Qualitative	Qualitative (privatization and protection)

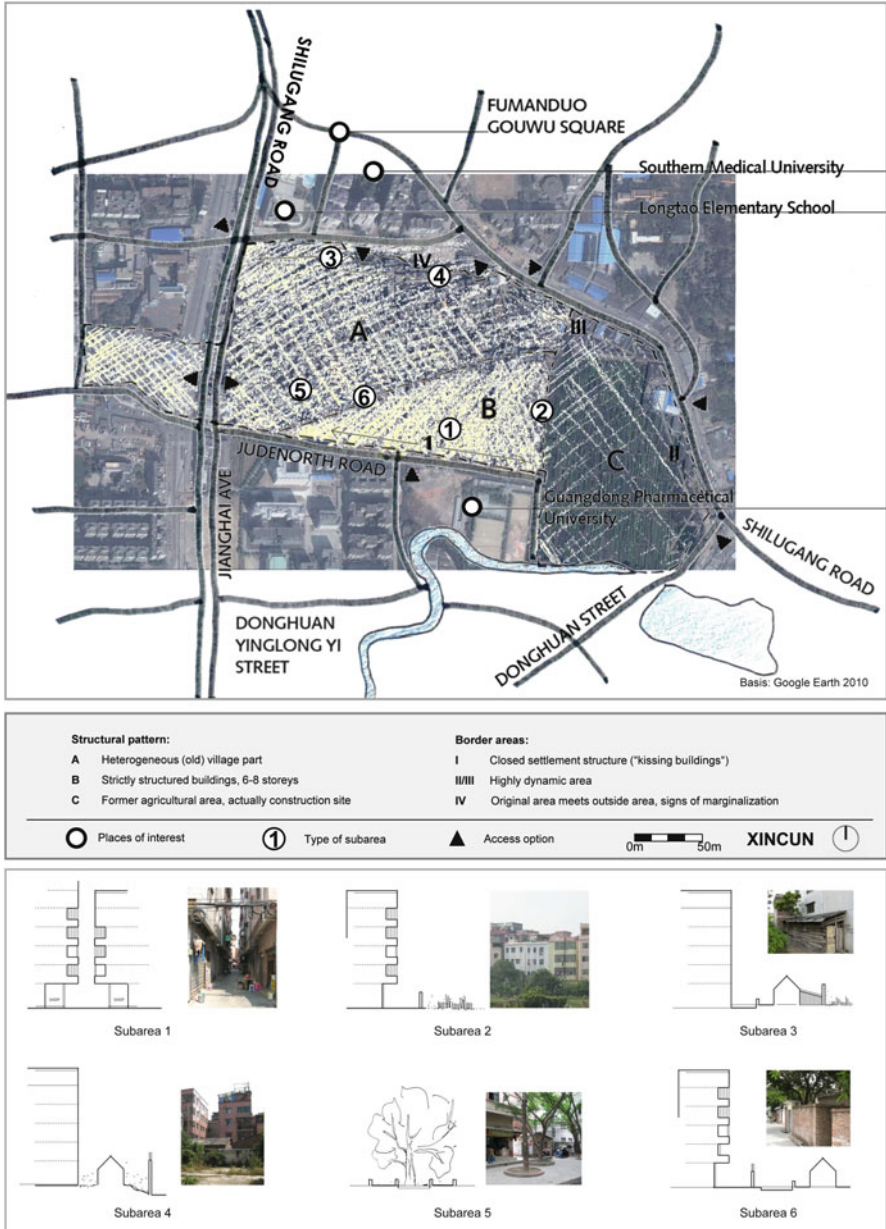


Fig. 15.5 Subareas as arenas of space production (Wiethoff 2012)

Subarea 1 is characterized by a closed building structure of so-called handshaking buildings. Each second row of buildings has an interspace of approximately three and a half meters of semipublic use. The houses have a high basement floor, accommodating shops and small trade facilities. With the common street area, these shops are in a spatial and economic exchange. In its extreme form and in comparison with the analyzed villages, this can be found only in Xincun. In the reference villages, this kind of highly densified area is just at its beginning.

Types of Space Production: Due to the high degree of densification, the possible surfaces for appropriation are narrow and rare. Most common types of temporary use are spatial enlargements for the tenants on roof level or use of the alleys for informal economy.

Subarea 2 describes the transition areas between real estate and agriculture area, with a huge dynamic manifesting itself in demolition and building activities, ruins, and abandoned spaces. There is a clear separation between the old, neglected areas and the closed building structure. But from the outside, the originally strictly organized residential structure is quite heterogeneous, as the existing spatial resource is thus no longer sufficient for the increased space requirements: the spatial pattern is characterized by different heights, superstructures, and other forms of redensification. Similar changes can be found in Shibi and Yuangangcun.

Types of Space Production: The high dynamic of this type of subarea leads to surfaces which can temporarily be appropriated. The often unclear length of residency is reflected in the relatively low identification with the space. One can find mainly short-term temporary uses with light structures, adapted to the dynamic way of life of its users: surfaces for secondary use (food gardening for self-sufficiency, cooking areas, areas for domestic need), storage spaces (for different goods, as, e.g., firewood, building debris), and sometimes also design surfaces (appropriation of the public space by different signs of demarcation as, e.g., flower pots, stones, seat walls, awnings).

Subarea 3: In the transition area between agriculture and the original village core, the transformation processes are most intense having large influence on the interior areas. It is the area with the highest risk of demolition activities, as the former agricultural areas have been already sold and partly transformed into built-up areas since 2011.

Types of Space Production: Mainly short-term adaptations can be found, following the same intentions as in the subarea type 2, but with a significantly lower design and building standard.

Subarea 4 is located in the old part of Xincun. The northern transition area is clearly separated by a wall against the *outside* city. There is a clear functional separation between the individual urban units, excluding any form of exchange. Here, the degree of impairment is generally the highest, resulting, for instance, from open sewers and garbage storage.

Types of Space Production: In this most unattractive part of the UV, marginalization phenomena find their spatial expression: old, partially purged building structures at the lowest standards and informal redensifications of single dwellings can be found nestled to the wall, aiming to resolve the most urgent spatial deficits.

Subarea 5 describes grown community places (temples, old trees, etc.). As these are actively used by the local community as places for recreation and venues, they are left untouched from land speculation as long as possible.

Types of Space Production: One finds spatial interventions, as, for example, shading elements or small market stalls which are shifted in the (public) open-space area in order to raise the design quality and use potentials and as space enlargements for economic use. The spatial overlay does not affect the appearance of the place very much as it is able to compensate small-scale interventions.

Subarea 6 is a spatial type which can be found in nearly all parts of the UV as it designates demarcation phenomena mainly at the individual level.

Types of Space Production: The demarcations range from a privatization of open space by design elements up to the densification and protection of private areas. The higher the spatial density and the population mix in the area, the larger is the safety requirement and demand for privacy. The intensity of individual space production is high, while in areas with a more homogeneous community structure, the design aspects of commonly used surfaces are instead relevant. To a certain extent, the traditional Chinese courtyard houses are reinterpreted and adapted to today's requirements and needs concerning security and privacy.

Especially the quantitative type of appropriation seems to be symptomatic for areas undergoing radical transformation. The basically heterogeneous and dynamically transforming structure of the subareas 2 and 3 offers the widest range of space production activities, only differing in the quality of standards and design resulting from different use periods. In subarea 2, the inhabitants' identification with their home and environment is relatively low, but a wish for more quality and open-space design becomes apparent. Here, the inhabitants are not as insecure concerning their duration of stay as the inhabitants of the subarea types 3 and 4.

In subarea 4, the existential need for more living space is the main driving force for informal enlargements and appropriations. The following examples from the case study areas give an impression of different appropriations. As it will be shown, the kind of space production can be seen as indicators revealing (1) the underlying needs of the users and (2) spatial and (3) social, economic, and/or cultural resources available. The produced spaces are restructuring efforts, intending to adapt the existent structures to the current demands in a mega-urban reality differing significantly from the era in which the structures were originally built and developed.

Figure 15.6: In the Xincun case, the degree of privatization is low; the temporary use aims to cope with an existing deficit (in this case a lack of storage areas). The standard is very low, resulting from both the limited financial possibilities and the short-term residency of the tenants (up to 6 months). It can be assumed that a continued use with a higher standard will be established if the area proves to be suitable for



Figs. 15.6, 15.7, and 15.8 Spatial studies of Xincun (Wiethoff 2011:61)

transformation and the requirements of the users rise following their improving social position. The existing spatial resources may be used more efficiently.

Figure 15.7: This example from Shibi shows a substantially higher degree of privatization and serves for food gardening, aiming to cope with an existing open space and supply deficit. The space has been occupied in this way for approximately 1 year; a gradual specialization from a storage space with small vegetation to a yield-oriented open space took place. While the human income increased, the space resource remained. This interplay between space and human being led to such a kind of space production.

Figure 15.8: It shows a private economic use. The area is used as extension area for a business (in this case a café with billiards). The current use has existed for approximately 8 months and has the opportunity to extend if the space resources will still be present. The human capital (represented by available money and other material possibilities), however, did not rise considerably since the appropriation so that the use probably will remain in its present state.

The examples essentially depend on the surrounding development activities. It can be differentiated between (1) areas with strong exchange and reciprocal influences between new and old structures, illustrating the ongoing fracturing of the rigid urban framework with its original spatial pattern, and (2) units being clearly separated from the exterior.

There are differences regarding motivation, number, density, and size as well as quality of applied construction standards (e.g., concerning quality of building, furnishing, or fittings), based on different resources and also depending on whether they are a short-term interim use or an already-established long-term solution. These facts allow insights into the degree of identification with and connectivity to the area, as well as into the sociocultural background of the user and thus designer of space (Watson and Bentley 2007).

Taking a closer look at established temporary uses may give helpful insights for urban planning. Figure 15.6, for example, shows a purely functional use for private household concerns, with low functional requirements, so that an appropriation easily can take place, while the temporary use shown in Fig. 15.7 aims to improve the food supply. The example of Fig. 15.8 is motivated by a design that has to be considered more nuanced in order to intensify the existing use. Transferred to future

urban planning, such spatial observations could be helpful to formally establish functional use patterns responding to the spatially articulated needs of the inhabitants.

In case of the shown examples, e.g., a functional zone for private use patterns may be established on temporary available surfaces to react to the needs illustrated in Fig. 15.6. The establishment of a commonly used area for food gardening may be an appropriate measure to meet the demands of the second example (Fig. 15.7), while a temporary parceling out of open spaces of a certain size may offer a more flexible way for temporary uses.

The example of the subareas in the UVs, however, demonstrates that especially disadvantaged groups have informal access to space resources by the adaptation of existing space and the intermediate use of abandoned sites. Not only existing deficits are compensated by appropriation. Moreover, the design of the space obtains a rising value in many of the analyzed subareas. This can be attributed to a higher degree of identification with the area, rising synchronously with the duration of stay. From a broader point of view, the numerous small-scale appropriations and interventions lead to a general increase of quality of the (public) open space.

15.7 Discussion

How can the findings about the individual adaptation and coping strategies in the subareas contribute to more sustainable urban planning? Firstly, it is certain that the use of open space after appropriation does not necessarily correspond to its official function. The formal functional assignments of surfaces represent a proposal rather than an obligation. The case studies reveal that informal practices of space production determine new urban habitats. Particularly, the individualization of open space creates points of identification within the urban structure.

The subareas and their qualitative as well as quantitative potential for space production constitute the public space, defining public space as an arena which is created by the inhabitants (Löw 2001; Deinet 2004). This process of space production is of interest, particularly since the original public space becomes semipublic or even private (in terms of being only accessible for a specific group), during the appropriation processes. Identified space production processes reveal that also in societal terms the subareas take over the role of public space. This can be seen as *maturing process* along with the current development status.

15.7.1 Informality = Ingenuity?

As the example of Xincun showed, the entity of the interim uses creates an organic and self-renewing urbanism: all of the introduced spatial interventions aim to

improve the individual life situation by informally using the accessible open space. The entity of these small-scale appropriations advantageously leads to a synchronously increasing quality of open space.

Urban renewal projects can use findings resulting from the various spatial adaptations, especially in the subareas, as current social and economic needs and space requirements are revealed. The analysis of the coping strategies through space production shows, on the one hand, to what extent the structure is able to cope with a permanently changing environment and which “self-healing” capacities are available. Moreover, by a reading of space (Frey 2004; Watson and Bentley 2007), the case studies show where problem hotspots and resulting possible areas for intervention from the urban planning side could be located.

The identified coping mechanism is an iterative maturing process in the utilization of space:

1. The most necessary needs are satisfied by increasing the quantitative supply (subareas 3 and 4).
2. The quantitative supply will be supplemented by individual design measures in order to raise the quality of the living surroundings (1, 2, 5).
3. The increasing quality of commonly used places and neighborhood is in the focus.

The quality standards of the temporary uses differ: the areas which are actually transformed on account of urban development trends (with a high degree of development dynamics, such as types 2, 4, and especially type 3) only allow for short- to medium-term interim uses, which turn, however, in some cases (namely, in types 1 and 5), into a long-term solution (Wiethoff et al. 2011). This form of *maturing by dynamic uses* of the subareas brings out a lively utilization of public space and shows ingenuity: the spatial options for appropriation may damp a serious deficit in the field of urban planning as they create new urban qualities until a new “official use” is established.

15.7.2 Urban Acupuncture as an Approach for Urban Renewal?

Based on the assumption that villages will transform in a way similar to Xincun, a strong planning demand exists in order to allow for sustainable development of villages on their way to UVs with special emphasis on open space. The examples of the subareas show different levels of appropriation and identified the quality of self-regulation measures. Based on these (socio-)spatial types of observations, urban planners may be able to identify the needs of the inhabitants of the UV also in other cases and to localize zones of utilization which are relevant for the community (e.g., access points, transitional areas, market surfaces, and cultural meeting places). A set of selective reorganization measures and revaluations, in particular of the zones of utilization, could be either an alternative to demolition strategies or at least an interim solution.

As future growth has to increasingly rely on domestic innovation and growth, an upgrading of the urban fabric as an enhancement of national concerns (and no longer exclusively responding to international market demands) is a good basis for the expansion of the innovative service industry. The UVs especially provide inexpensive spaces for urban pioneers offering a variety of options for rescaling efforts. The mega-urban landscape of the PRD is no longer only the manufacturing center of the world, but a *maturing region* as Guangdong Province plays a role as pioneer and “experimental province” focusing on redeveloping and upgrading built-up areas.

Altrock and Schoon (2011) identified a variety of strategies for individualized UVs, whereas five main strategies have been extracted: (i) a strategy of full demolition, (ii) project-based restructuring, (iii) upgrading, (iv) modified urbanization, and (v) incremental improvement (see Altrock and Schoon 2011; Schoon 2012 for a more detailed description of these strategies, Schoon and Altrock 2013). In order to distinguish and at the same time to encompass the different areas that are to be upgraded, the concept of “three olds redevelopment” (*san jiu gaizao*) has been formulated.

Considering the megacity as a complex and vivid organism, the term of *urban acupuncture* may describe the individualized processes in the UVs and their expected effects on the total urban system. The approach refers to certain extents of the theory of Casagrande who combines urban-design theory with that of traditional Chinese acupuncture in order to create an ecologically sustainable city (Kaye 2011): in the megacity, different spheres of influence (economic, social, ecologic, etc.) affect residents’ behavior and conduct, urban development, and space production. These levels of influence are considered as energy flows which are present in every spatial pattern. The approach of urban acupuncture follows the theory that the smallest possible interventions aim to balance the different levels in the urban space and to trigger the redevelopment by punctual manipulation of these urban energy flows.

Referring to what Frey (2004) calls “practical urbanism,” an explicit encouragement of temporary appropriation leads to a kind of *reprogramming of the spatial usages* and thus could be seen as a *maturing process* as, by ongoing appropriation processes, open space becomes a “learning space” (Frey 2004). Referring to the research question “What is the role of public open space in the context of a process of a maturing mega-urban region?” it can be asked whether the approach of urban acupuncture may be an adequate approach for urban renewal. Referring to some extent to the findings of Guo (2005) and transferring them to the case of the UV, an incorporation of a planning review process as an extension and integral part in current physical planning systems may serve as a bridge to incorporate the socio-spatial analyses into public upgrading policies.

As the approach of urban acupuncture is based on principles of already existing and—most importantly—grown spaces with an underlying development history, it is no successful tool for demolition strategies. But in the case of planned demolition or unclear future planning perspectives, this strategy of small interventions may trigger a rise in the quality of urban life for villages in transition. It can be seen as part of the urban upgrading process strategy (iii), which “is linked to a

comprehensive improvement of the existing fabric that is adapted to varying needs according to availability of sites” (Altrock and Schoon 2011). An extension of the approach may be to put an emphasis on such surfaces which are used for social and spatial functions. The temporary uses described in this chapter can be seen as indicators for future improvements as they show the real demands of their current users. In order to identify relevant trigger points for acupuncture (in terms of sustainable urban development), the micro-topology of the subareas has to be analyzed as in the examples presented.

Particularly referring to the “from point to surface” approach (Schoon 2011, 2012), the approach of urban acupuncture seems to be appropriate: on the one side (the informal inhabitant side), the individual space production leads to short- and/or medium-term improvements for the inhabitants. On the other side (formal and administrative steering level), such approaches of “experimental urban governance” can be transferred into future political programs for urban planning by best-practice examples. Thus, a formalization of the informal, and therefore a veritable “urbanization from below” (Ma and Lin 1993; Ma and Fan 1994), could take place and strengthen the already ongoing macro-level *maturing processes*.

The approach may be seen as a somehow indirect participatory approach, taking into account the social expressions manifested in spatial appropriations. The following benefits may be obtained:

- Assessment of the potential social impacts of policies and the physical plan to be implemented at the local community level
- Planning of social services and spaces for the expression and daily use of inhabitants
- A participatory planning approach to identify specific types of public spaces in a given community

It is, however, a quite idealized approach which must stand the “test of the market” on the one side and the existent competition between different experimental projects on the other (Altrock and Schoon 2011). Nevertheless, by taking into account the research findings, as well as theoretical works on space production, and being aware of its experimental status, urban acupuncture may become a successful model and serve as an example for prospective comprehensive approaches that are implemented later.

15.8 Prospects

The research and the discussion described in this chapter seem to leave many questions open. Until now, there are no adequate socio-spatial studies dealing with the interplay between appropriation of space at the microlevel and the possible impact on the total urban space. But the ongoing discussions show that there is a rising interest in understanding the role of public space as arena of social, as well as spatial, interactions and as an integral part of ongoing maturing processes.

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Part VII

Conclusion

Chapter 16

Maturing Megacities: Lessons from the Pearl River Delta Experiences

Uwe Altrock and Sonia Schoon

Abstract The concluding chapter summarizes the indicators for a changed picture of urban development in the maturing megacities of the Pearl River Delta. It discusses the policy answers to the challenges of mega-urban development at different spatial scales. At the regional level, significant steps in the direction of a much closer integration of the municipalities and their development efforts can be noticed. They translate, among other things, into tangible efforts toward regional planning by the province of Guangdong. At the municipal level, planning urban expansion seems to have overcome the traditional model of development zones with the help of more integrated strategic planning approaches. It is worth noting that the lack of space for development, combined with the efforts toward introducing a more “harmonious society,” has finally brought about a relatively sophisticated set of urban regeneration policies. As yet, not only have they produced a system of redeveloped former manufacturing sites that provide space for service industries and consumption, but they have also been able to offer experimental settings for a gradual upgrading of old town cores and urbanized villages. In sum, the facets of maturing mega-urban (re)development have demonstrated an astonishing degree of strategic capacity to adapt to profoundly changing development challenges. While in many respects, the solutions found so far seem to offer room for further sophistication and do by no means address all self-imposed claims of a “harmonious society” satisfactorily, they nevertheless show how dynamic the transformation of the planning and development system in the megacities of the Pearl River Delta still is and indicate that the southern Chinese development system may be able to master the challenges of mega-urban development successfully.

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Keywords Maturing megacity • Maturing megacities • Urban governance • Pearl River Delta • Urban upgrading • Urban regeneration

16.1 Introduction

The complexity and sheer size of rapidly growing mega-urban regions which sometimes transcend traditional borders of municipal entities obviously challenges the administrative and political capacity of the cities where they are located. Especially when it comes to poor agglomerations of the global south, conventional wisdom suggests that they strain the available resources, overburden utilities, ridicule minimum standards for decent housing, and destabilize the formal system of orderly urban management and development. Nevertheless, there has not yet been any effective means to contain urban growth in some of those regions and to really attenuate the potential negative impact on their attractiveness. Against this background, any approach promising orderly development in those regions seems to be more than welcome and necessary.

However, when analyzing mega-urban development in more detail, the unfolding complexity of how individuals, associations, companies, state entities, and the like try to cope with the challenges of mega-urban regions shows the establishment of a number of innovative formal and informal practices. The creativity of such practices neither means they contribute to anything we conceive of as orderly development nor that they use available resources efficiently. They optimize their own welfare and pursue their individual goals according to their particular rationalities that do not have to be in line with any overarching idea of proper development.

This does not mean mega-urban development necessarily has to be associated with apocalyptic visions of collapse, loss of governability, or outright failure of public institutions. Whereas signs of these are apparent in some fragile communities such as in Bangladesh, investigated in parallel to the research on which this volume is based, there is ample evidence that relatively stable political contexts like the one found in China may produce a conglomerate of reforms that address the challenges of mega-urban development successfully, even in conventional terms such as infrastructure provision, economic upgrading and restructuring, job growth, increasing livability, and improvement of the urban fabric. This does not mean the associated developments meet democratic standards or that they are necessarily the appropriate answers to the increasing challenges of sustainable development. What is worth noting, though, is that they express the will and the ability of public entities to act in close interplay with other actors in urban governance and that the reform process at least partly reflects the unconditional growth orientation that had prevailed for a long time, not producing outright new models of governance but at least cautiously testing additional approaches that complement the previous ones and, maybe one day, will be able to transform or even substitute them.

Thus, a careful analysis of the ongoing reform process in mega-urban governance embedded in its structural context, institutional milieu, and political culture is of

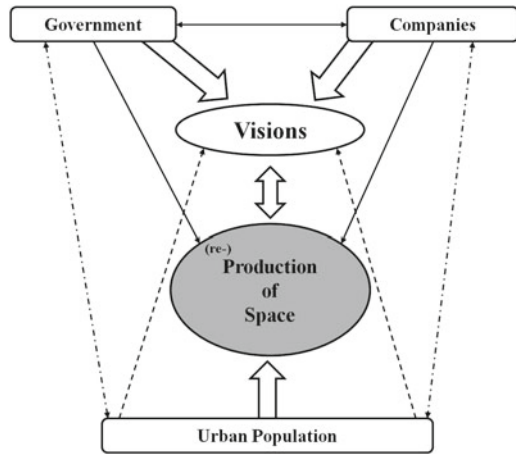
particular scholarly interest. The current challenges of urban development in China's coastal mega-urban regions put additional relevance on the analysis, especially after China's accession to the WTO and the global economic crisis have put the old model of elongated workbench under additional stress and have made economic restructuring and upgrading even more urgent for the stabilization of the competitiveness of those regions, not the least in the context of increasing wages and alternative development and job options in the hinterland. As the importance of saving agricultural land for food production has always been a key issue of national significance, the increasing consciousness about the lack of additional space for future urban growth has only accelerated the gradual political reorientation toward more sustainable development and the trend toward more actively addressing environmental issues, the overstraining of public utilities, and the demand for more livability in an urban fabric that seems to have grown without proper control.

It is in this context that the chapters of this volume have analyzed the maturing of mega-urban development. The productivity of such an approach has been demonstrated with a special focus on spatial development and redevelopment in the mega-urban cores. It has yielded a number of results that are summarized below and comments on their relevance and potential importance for further research. For this purpose, we briefly characterize the starting point of our analysis: the changing mega-urban arena of maturing stakeholder relationships that build on an established urban growth coalition, Chinese style, but which are slowly being put under pressure, not the least by the increasing challenges of urban regeneration and redevelopment. We continue by summarizing maturing mega-urban practices and changing policy answers on different spatial scales. The picture is rounded out by a look at the changing political culture and institutional setting.

16.2 The Mega-urban Arena of Maturing Stakeholder Relationships

On one hand, the analysis of the book is founded on the background of interaction of different tiers of government (Fig. 16.1 above left) and private companies (Fig. 16.1 above right) in producing visions of urban development. Additionally, production and reproduction of space on the ground happens as an interaction of government regulations and interventions, investment decisions by companies, and the local population's usage of space. There is some interaction between visions of urban development and the reproduction of space which can be understood as interchangeable. In the framework of "maturing" megacities, there is a need to restructure the land use in existing parts of the city. This happens as mindsets of the local population and the will to participate in planning efforts change (modernization, socio-cultural changes, etc.), as economic conditions influence the investment environment and contribute to a change from manufacturing to service and knowledge-based industries, and as government agencies try to adapt their plans to the observed changes. In that context, sustainability issues (in an all-encompassing understanding,

Fig. 16.1 Stakeholder constellations and the production of space (Drawn by Altröck, Ma, Schoon, Schröder, Wan, Wiethoff, Ye, and Zhuang during a workshop for this edited volume on May 19 2012 in Guangzhou)



putting more and more emphasis on environmental and social issues) are being increasingly considered by government agencies. Governments try to deal with elements of disorder that have resulted from rapid urbanization in the early stages of the transition of the country (Fig. 16.1).

16.3 Maturing Mega-urban Practices and Changing Policy Answers on Different Spatial Scales

The chapters in this book show clearly that maturing processes take place on different scales, reaching from the regional down to the city quarter level. It is worth noting that new practices are not necessarily invented and produced at the established levels of the regional and urban administration. Instead, they sometimes require new approaches which cut across the existing administrative hierarchy. In this respect, they may catalyze institutional reforms addressed below. However, they typically do not challenge the strict hierarchical order in general. As the main spatial levels in which policy reforms materialize, the chapters identified the region, municipality, district, street level, and the individual plot. In the following, relevant changes at those levels are summarized, relating them to policy changes that can be observed. In this context, we put a particular emphasis on demonstrating thematic reorientations in the field of urban development. This approach intends to allow for a more profound look at some key facets of maturing megacities, thereby necessarily having to neglect other policy fields that may be of similar importance for the changing picture of Chinese megacities but do not manifest themselves predominantly in a spatial way. This concerns a number of social, cultural, and economic and other policies such as welfare, education and qualifications, labor conditions, public funding of the arts sector, environmental and technological upgrading, migration, and integration and citizenship. Covering all those fields

would overstretch the possibilities of this volume and take the emphasis away from how the particular maturing of megacities, their urban fabric, and their physical structures plays out over time.

For practical reasons, we have also omitted traffic and transportation issues, although a lot of investment is put into upgrading public transportation, as we consider the ways the traffic infrastructure is currently developed and improved upon as relatively easy to explain as a modified continuation of heavy investment into the expansion of existing systems. Nevertheless, a closer look would indeed provide some more insights that shall briefly be mentioned as they are closely related to spatial development. Among them are the reinstated role of bicycles, standing for the transformation from an inexpensive means of transportation serving the basic needs of a population in an early stage of development toward its use in the context of leisure and recreation when other, more comfortable means of transportation have taken over to satisfy the basic demands of travel between home and workplace, to be conceived of as a result of modernization that allows for a voluntary reinterpretation of older social practices. Other observations would demonstrate the increasing complexity of transportation systems that try to balance between efficiency, possibilities of public funding, and livability issues and thereby require increasingly sophisticated approaches to satisfy rapidly growing mobility-related needs.

At the regional level, we notice the constitution of one mega-urban region with multiple administrations, consisting of nine municipalities at its core, subdivided into the provincial capital Guangzhou and the Special Economic Zone Shenzhen as vice-provincial municipalities and seven prefecture-level municipalities (Dongguan, Foshan, Jiangmen, Huizhou, Zhongshan, Zhuhai (SEZ), and Zhaoqing). The two Special Administrative Regions (SAR) Hong Kong and Macao, even though they belong to the Greater PRD, are not considered here because they are treated like provinces and are not under the administrative authority of Guangdong Province, which must be seen as the main driver of reforms. While planning and development activities are formulated for the entire province and relate the PRD to its less urbanized hinterland, an increase in planning efforts contributing to a better integration of the cities in the PRD is evident. This holds not only for plans focusing on the PRD as such but also for strategies concerning the distribution of labor between the PRD and the other areas of the province on the one hand (relocation of low-end manufacturing away from the mega-urban core, activities toward the promotion of a Pan-Pearl River Delta) and, on the other, inter-municipal integration below the level of the PRD, especially when it comes to cooperation between cities such as Guangzhou and Foshan (cf. Chap. 4) or the issue of incorporation and annexation. Regional planning efforts for the mega-urban core of the PRD itself are no longer exclusively oriented toward improving the competitiveness of the region understood as an addition of municipalities specialized in various and mutually differing sectors of manufacturing, supporting the respective economic clusters and industrial zones, and providing relevant infrastructure. Instead, they typically include sustainability issues such as the regional greenways (*liüdao*) built by the province of Guangdong and connecting major cities in the PRD and management issues such as better

coordination of municipal growth policies and their linkage to regionally integrated transportation corridors (cf. Chap. 3). The mantra of the inefficiency of a conglomerate of competing ports and airports in the region can be understood as a first hint toward a reflection on the possible negative impact of unleashed municipal growth policies. The reorientation toward major railway corridors and the strategic embedding of train stations as local hubs and growth poles in a service economy have to be seen as a new stage of integrated policy-making at the regional scale.

At the city level, the flourishing of spatial visions and development plans has been an indicator for a new paradigm in urban planning that has clearly overcome the older master plan ideology, especially in Shenzhen (cf. Chap. 2). Nevertheless, major developments and megaprojects in the cities of the PRD such as the Nansha Development Zone or the University Town in Guangzhou still sometimes breathe the spirit of isolated project-oriented developments. Additionally, a trend toward more integrated and multifaceted urban development policy-making pervades strategic programs such as the comprehensive “three olds” urban regeneration approach, the particular spatial domain of which is typically the city level (cf. Chaps. 5 and 6). This program encompasses different types of areas in potentially all parts of the respective city and a multitude of approaches toward upgrading. It is crucial to note the multi-sectoral nature of the policy that is obviously more than just a simple idea of how to promote the commercial redevelopment of derelict areas in the city. It coincides with a policy shift related to the designation of various types of development zones, once one of the most successful growth policies following the early reform era: the expansion of the SEZ status in Shenzhen to the entire municipality and the integration of the Guangzhou Development District into Luogang District in Guangzhou show that “zones” are no longer understood as locally specific sets of preferences for a narrow range of developers, clearly distinguished from the rest of the respective city or region, but rather as complex administrative bodies providing a wide range of public services and policies for a multifaceted set of possible customers and residents. Here, the experiences of preferential “development zone policies” are intentionally extended to a wider territory and thus are not only mainstreamed but also are related to other sectors of urban policy-making, thereby catering to the needs of an increasingly stable urban community instead of a selected few stakeholders seen as relevant for a simple growth agenda.

When it comes to the lower tiers of government, the picture is rather blurred. One can notice aspects of maturing at different levels in the strict institutional hierarchy of policy approaches below the municipal level. However, the chapters in this volume suggest that the outright definition, formulation, and agenda setting for city quarters identified as “regeneration units” in Shenzhen (cf. Chap. 5), being upgraded in the wider context of rural–urban transformation as in the case of urbanized villages (cf. Chap. 11), planned over and redeveloped as in the case of old town areas (cf. Chap. 12), and becoming the subject of plans and studies such as in the case of the Zhongda Cloth Market area and its surroundings (cf. Chaps. 7 and 8), are not necessarily congruent with tiers in the administrative hierarchy and represent flexible and incident-based adaptations which cope with emerging spatial contexts that cannot reasonably be captured with the existing framework of policy-making. Thus,

policy-making incorporates a set of actors tailored for the purpose of effective problem-solving in the respective field and gives rise to the formation of new governance arrangements. These have to be seen as a consequence of the programmatic setting put forward at higher tiers of local government, such as the local “three olds” frameworks or development strategies at district levels in the cases discussed above.

It remains to be stated that the project-related approach traditionally associated with a development-led growth strategy has by no means become outdated, yet it has also seen substantial adaptations to the new and more complex requirements in a changing world of urban regeneration. The subsequent modifications of the role of (private) developers in the renewal of urbanized villages reflect the search for an appropriate spatial entity which allows for reconciling the challenges of comprehensive upgrading and mobilization of resources. In some cases of urbanized villages, isolated real estate development projects are singled out and implemented while the more integrative regeneration strategy for the entire urbanized village is pending due to ongoing negotiations about compensation and land use issues. However, the redevelopment of old industry sites as one facet of the “three olds” framework still offers a major field for the traditional site-based mode on large individual plots due to the centralized control of the land by one single entity, often the former manufacturing company. The experimental paths toward reuse of old industry sites have brought about complex settings of stakeholders in the reproduction of urban space, often following the idea of differentiated appropriation at the microlevel contributing to showcase examples of adaptive reuse in an effort to produce vibrant locations. One must not forget that the scope of appropriation and differentiation is directed and controlled by the developers offering different degrees of freedom according to the location, the physical structure of the existing buildings, and the plot size, following early models such as OCT in Shenzhen (cf. Chaps. 6, 9, and 14). In contrast, appropriation and space production at the microlevel sometimes also happen in urbanized villages but in the context of livelihood strategies by a transitory population rather than in the context of production of “creative spaces” that can often be associated with the reuse of old industry sites (cf. Chap. 15).

The overview shows that the emerging problem-oriented strategies by the state and other actors discussed above are signs of more integrative governance approaches mobilizing resources from different state levels and non-state actors. This does not mean they provide open access toward policy-making arenas. They are rather selectively opened up for flexible or even experimental arrangements, gradually professionalized in terms of their degree of complexity, differentiated demand orientation, and institutional setup. This tendency is particularly noteworthy where the formative influence of existing urban structures seems to superimpose and modulate the technocratic rationality of a strong state in a radical course of modernization, thereby adding a flavor of user orientation, quality of life issues, integration of localized knowledge, and communicative action, especially when it comes to dealing with complex arrangements at the level of the city quarter.

Thematically, maturing can be associated with modification and adaptation against the background of an increasing body of implementation experiences of existing policies on the one hand and an enriched range of issues that come to the

fore in urban development-related policy-making on the other. Concerning the former phenomenon, one can notice a gradual shift in development policies away from a strict growth orientation of project-led and infrastructural development, leading to an increasing role of quality of life issues, especially at the microlevel. The numerous activities in the development of parks and open spaces can be interpreted at various spatial levels in this line, beginning with regional greenway projects which build on an international exchange of experiences and the processing of best practice examples from other continents and arriving at a thematic variation of thematically profiled parks and a substantial upgrading of squares, riverfronts, and creeks in the context of the Asian Games that obviously mainly serve to improve the quality of life and environmental conditions locally, without a predominant focus on the economic competitiveness of the entire megacities.

The latter phenomenon related to the thematic focus of development mentioned above could be identified in the context of identity formation, no longer looking mainly at symbolic megaprojects such as the new CBDs but also taking into account much more differentiated strategies such as the promotion of arts and design, the institutionalization of international exchange on cultural issues, or the more active reflection on built heritage. This comes with a more differentiated supply of leisure and recreation-oriented facilities that caters to the needs of an increasingly affluent urban middle class. Not least, the urban development strategies aiming at the promotion of economic growth have also obviously become more variegated. While the establishment of special zones for international investment in manufacturing has remained important, the necessity for an economic restructuring of former manufacturing sites in the urban cores has especially produced a number of approaches that set out to take new risks in creating potentially attractive environments to satisfy a specialized demand for smaller rental units, for which the relevant location factors are much harder to predict in detail than in the case of large-scale manufacturing companies. Consequentially, the strategies are willing to take risks and to test the market in a time of major change in the structure of the demand side. To summarize, one can say that development strategies have to cope with a much more differentiated and uncertain demand that requires much greater efforts in real estate market analysis, as simple growth strategies are no longer everywhere appropriate.

16.4 Maturing Political Culture

Long-term observations, field investigations, policy analyses, monitoring of the evolution of planning processes, extensive stakeholder interviews, and the local professional involvement of the authors of this volume contribute to the conclusion that there is a growing degree of political and institutional maturity to be found in the mega-urban region of the PRD. Among the major aspects consolidating these findings in a period of constant change though, the broadening and maturing control mechanisms of governments must be seen as crucial to strengthening their supervision role as paramount authorities (cf. Chaps. 2, 5, 6, 7, and 10). Interestingly, this

is not accompanied by a tightening of measures or by coercive strategies as one might suspect but rather by the government's willingness to learn and to make concessions, leading to increasing consultancy processes which are acknowledged to be owed to the generally flexible and experimental approaches toward finding solutions for eminent problems (cf. Chaps. 5, 6, and 10). From a rather abstract point of view, these developments are based on political objectives that not only have urban upgrading from economic and physical perspectives in mind but also use ideological components as catalysts for (re)development, as there is the well-known "harmonious society" concept that includes social factors in the promotion machinery for urban upgrading and restructuring (cf. Chaps. 6, 10, and 11). Equally important—and closely tied to social matters—is the promotion of environmental upgrading as an overdue political objective and a measure that significantly contributes to an overall improvement of the urban fabric (cf. Chaps. 5, 6, 10, 13, and 14).

The stronger focus on environmental and social issues is already a significant indicator for a paradigm shift from mere pro-growth orientation toward approaches now featuring sustainability and livability as key concepts (cf. Chap. 13), as well as the shift from only concentrating on the promotion of megaprojects toward also spotlighting projects at the microlevel that are difficult and potentially expensive rather than beneficial and prestigious. This shift is mainly driven by the necessity to cope with the increasing shortage of land resources and the simultaneous concentration of attention on factors in line with major political principles that are now considered as likewise important. Here, interests claimed by the Central Government are carried down to provincial as well as municipal levels, intermingling with local interests and demands.

Guangdong Province, as an experimental pioneer in respect to comprehensive urban upgrading, and which consciously and purposely wants to be a leader in socially and environmental-friendly urban upgrading without abandoning economic benefits, implemented the so-called Three Olds Redevelopment policy on a trial basis in early 2010. This was consecutively amended, substantiated, refined, and expanded (cf. Chaps. 5 and 6). At its core, Three Olds Redevelopment tries to bring together central demands and local interests, to assemble and improve knowledge and to find adaptive governance measures to adapt to changes in a long-term approach that finally should achieve sustainability. The more mature the Three Olds Redevelopment approaches become, the more binding are the characteristics of accompanying policy and decision-making processes. This is typical for the Chinese "groping" approach, the experimental governance approach that successively fathoms out appropriate strategies to deal with upcoming challenges, may they be urban planning related to or concerning economic development or other spheres.

To understand how Guangdong Province has come to enter the uncharted waters of sustainable urban restructuring, it is indispensable to pay attention to the objectives of the government. In an authoritarian hierarchical party system as in China, it is always the assessment by upper levels of government that decides whether its lower levels get approval or not. Therefore, and since the future of political leaders strongly depends on upper-level approval, the performance of Wang Yang, the party chief of Guangdong Province who is longing for an entry into the

Politbureau of the Standing Committee (PSC), is a key determinant for his future career. He has gained a good reputation for successful local economic transformation, focusing on innovative capacity, moving away from a low-wage labor market, and promoting a harmonious society through social balance. With the pioneer megaproject of Three Olds Redevelopment, Guangdong Province (and thereby Wang Yang) breaks new grounds of promoting the image of megacities in the PRD, emphasizing a harmonious society and the need for environmental protection. If successful, Three Olds Redevelopment may be used as a role model and implemented nationwide, and in times where the central government has officially shifted its focus from mere growth toward “harmonization,” Guangdong’s undertaking may be epoch-making for future urbanization and urban restructuring in all of China and an important milestone for a government that urgently needs legitimization.

16.4.1 Mega-events = Mega-challenges

Two multisport events, the Asian Games, which took place in Guangzhou in fall 2010, and the Universiade, which took place in Shenzhen in summer 2011, are two exogenous triggers for urban (re)development that posed extreme challenges to the municipal governments in the two cities of the PRD, both positively and negatively. It is necessary to comment on these two mega-events separately from “normal modes of governance” that show indicators for maturing, as the phases before and during those games belong to a kind of “exceptional mode of governance” according to Heilmann (2008), who speaks of “normal” and “crisis” modes of governance. Following his logic, the pregames phases must be seen as “outside the normal” modes, not as reaction to a crisis but rather as “exceptional” modes. When the two megacities were accepted as hosts for the sports games, ways were cleared for lots of funds and resources to increase the attractiveness of the cities. As international image flagship projects, these events—similar to the Olympic Games in Beijing and the World Expo in Shanghai, only on lower scale—triggered urban upgrading and restructuring tremendously. The support from central and provincial governments unleashed massive powers to push forward processes and policies to improve the urban image. A lot of projects like public greening, “dressing and capping,” and the improvement of public infrastructure (at least around the sports venues and along main transit routes) were implemented in a speed that would have been unimaginable under normal circumstances (cf. Chap. 13). Also, regional prestige and infrastructure projects were pushed forward as mentioned in Chaps. 3 and 4, and many concessions were made by the governments, as explained in Chap. 10.

Inevitably, the enormous implementation pressure (which also has a lot to do with the approval of upper-level governments as mentioned above) and the accelerated implementation lead to some development deficiencies, crude ad hoc decisions, and unpredictable outcomes as well as to high transaction costs under such pressure. Therefore, it must be considered that “maturing,” as we found in our volume, mainly refers to the “normal” modes of governance, even though these two mega-events also contributed to developments that are perceived as outcomes of

maturing megacities, especially with regard to greening, the improvement of water quality, construction of recreational and sports facilities, etc.

Nevertheless, the games also proved to show that the achievements of what has been implemented earlier and what has been implemented for the events find a very positive echo within society. All in all, the developments pushed forward by the two events are seen as lessons learned under high pressure that are to be continued on a more rational level in the future or, in other words, on a more mature basis with more opportunities for really sustainable approaches, even though it must also be stated that the governmental agencies show less willingness to compromise and resources are now scarcer.

16.5 Maturing Institutional Setting

What could clearly be observed in the course of time is increasing policy support accompanying urbanization and urban restructuring (cf. Chaps. 2, 5, 6, 7, and 10). Following the experimental governance approach, policy-making is also gradually proceeding from general to precise, from consultancy to a constitutional level, and from point to surface. Also, the willingness for interaction between local and provincial levels and between cities is thereby increasing. Even at the urbanized village and community level, a growing motivation to consult the experiences of others and to learn from mistakes or good practices can be noticed.

This is made possible by a professionalized and more differentiated institutional setting, which itself is undergoing a process of constant amendment. Administrative divisions are fine-tuned, and responsibilities are better defined and allow for more executive efficiency. Again taking Three Olds Redevelopment as example: under an administrative three olds umbrella, the spatially differentiated governance of old villages, old town, and old industries becomes well structured and efficient. This efficiency-driven approach also includes the productive integration of relevant stakeholders who can facilitate redevelopment procedures.

Developers and investors are invited to actively participate in urban regeneration projects which take advantage of their financial capacities, implementation experience, and know-how, thereby allowing for market-driven, bottom-up codetermination of urban governance (cf. Chaps. 7 and 8). What is more, urbanized village communities and factory owners are new stakeholder groups that also possess decisive roles in a maturing urban governance landscape (cf. Chap. 10) or at least try to fathom strategic ways of participation (cf. Chap. 11). Their positions within the institutional setting are not yet fully determined; their involvement must still be seen as at an experimental stage, but there is a necessity seen that those groups have to be involved in one way or another in order to get redevelopment done. The same applies to old-town residents, but as Chaps. 5 and 6 point out and Chap. 12 documents, this field proves to be one of the most difficult. Only the future will show how far maturing urban governance is able to take into account social and market demands, instead of pursuing rather short-term oriented authoritative or even coercive problem-solving strategies.

16.6 Conclusion

The facets of maturing mega-urban (re)development presented in this volume have demonstrated an astonishing degree of strategic capacity to adapt to profoundly changing development challenges. While in many respects the solutions found to date seem to offer room for further sophistication and by no means satisfactorily address all self-imposed claims of a “harmonious society,” they nevertheless show how dynamic the transformation of the planning and development system in the megacities of the Pearl River Delta still is. There is no easy answer to the question of how far that dynamism is driven by the simple fear of losing control over mega-urban development and thereby risks an aggravation of the quality of life in an important destination of the migrant rural population in the general urbanization trend that is profoundly transforming the whole of China. However, the fact that, after rather uncontrolled growth in many parts of the region (especially in the 1990s), there is not only an increasing body of knowledge and consciousness about the need for strategic mega-urban development but also a more and more differentiated set of policies, instruments, and measures that are made use of and fortuitously implemented indicates that the southern Chinese development system may be able to successfully master the challenges of mega-urban development.

Taking the challenges of climate change, resource consumption, global competition, demographic transition, and social tension within the Chinese urban society into account, there is still a long way to go. A number of research questions will have to be answered in this context in the future. This volume has attempted to contribute to the debate by presenting sufficiently convincing evidence of the strategic efforts taken by many governance agencies and stakeholders that justify the notion of “maturing” in the context of urban development, not only in physical terms but also with respect to the policy answers found so far.

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