

New Wave Urban Development in Shanghai: Planning and Building the Hongqiao Transport Hub and Business Zone

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“A fence needs the support of three stakes. An able fellow needs the help of three other people.”

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Abstract

Since launching policies of economic reform in the 1980s, China has emerged from several decades of economic and urban stagnation to become more integrated into the regional and global economy. Cities have been integral to the growth machine of economic development. China has experienced rapid development of industrialization and urbanization in the context of national institutional arrangements favouring decentralisation towards regions and cities, and reform towards a market-oriented economy. This political and economic transition has led to rapid changes in the urban landscape, including the construction of mega urban projects in peri-urban areas in the context of competitive and entrepreneurial urbanism.

The main body of this thesis describes the planning and development processes of the Hongqiao project, the project's relationship to urban development and spatial restructuring in Shanghai, as well as the nature of urban change. This thesis empirically investigates the construction of a mega urban project, its governance mechanism and its impact on relocated people and neighbouring districts. It includes an intensive case study of the Hongqiao project in Shanghai based on empirical data derived from questionnaires, interviews and secondary data.

The implementation of the project has involved the participation of government at various levels, state-owned companies, estate developers, banks, relocated people, all of them involved in numerous activities of flexible competition, cooperation, and negotiation. It is argued here that a land-based urban growth coalition was formed which became the driving force behind the Hongqiao project. The thesis argues that this coalition, led by the local state, has played a crucial role in the construction of the Hongqiao project in the context of competitive urbanism. The participants have maximized their own interests, particularly entrepreneurial government, which benefits most from lucrative land revenue place-making. The thesis argues further that competitive urbanism reveals a process of accumulation by dispossession, whereby the interests and voices of relocated people were ignored by powerful participants. The livelihoods of local residents of the Hongqiao project were impacted and compensation was limited, resulting in a paradoxical state of affairs that can be summarised as, "better living condition but worse life."

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Chapter 1

Introduction: Hongqiao and urban theory

1.1 Introduction

Since market-oriented economic reforms were launched in 1978, growth has become the main theme in China, not only in terms of the economy, but also in terms of China's cities. The Chinese economy has grown at an annual rate of more than 10 per cent in the past three decades, and in 2012, China became the second largest economy in the world. Meanwhile, the Chinese urban landscape has also experienced a huge transformation in the past three decades, with the rate of urbanization rising from 22% to 33% between 1983 and 1999. By 2009, it increased to 49.6%; in 2012, it exceeded 50%. The level of urbanization is expected to reach 75% in the 2050s (Cheng and Masser 2003; Liu, Yin and Ma 2011). Cities of various sizes have experienced wave after wave of urban projects, resulting in urban growth. Shanghai was, and remains, the largest city in China, but despite its size, it can be seen as representative of Chinese cities in the process of rapid urbanization. The city's image and its landscape have been shaped by a series of urban regeneration projects in the city centre (Yang and Chang, 2007; He and Wu, 2005), the development of Pudong New District (Wei and Leung, 2005) and a number of suburban developments (Tao, 2010). With the completion of various urban projects in the city centre and in Pudong on the east bank of the Huangpu River, the city's urban edge has attracted the attention of entrepreneurial local governments that see mega urban projects as the driving force of place promotion and economic growth. A number of recent studies have commented on projects on Shanghai's urban edge, including Shen and Wu's (2012a) work on an ersatz English town in Songjiang district, a new university town (Shen 2011) and competition with Kunshan (Chien 2013), a neighbouring city locked in fierce competition with Shanghai (discussed in Chapter 3).

However, systematic studies of mega urban projects in China are lacking. In this thesis, I attempt to shed light on a number of questions: why was the Hongqiao project constructed? How has the project been constructed in such a short time? What is the impact of the project on West Shanghai and local residents? By drawing on the findings of a case study of the Hongqiao project in West Shanghai, this research explores the context of entrepreneurial urbanism; the dynamics of the land-based urban growth coalition formed to see the Hongqiao project through the planning and construction process; and the impact of the project on local people who have been displaced and relocated as a result of the project. The results of the fieldwork will be fully discussed in Chapters 5, 6 and 7 following a review of urbanization in China, Shanghai's transformation and the regional background of competitive urbanism in Chapters 2 and 3.

1.2 Why study the Hongqiao project?

The Hongqiao project has two components. The first is a transport hub, including a new terminus station for high-speed trains linking to the existing airport, which itself has been expanded. The second is a business zone. Altogether, the project covers some 26 square kilometres. The Hongqiao project was expected to promote economic and urbanization growth west of Shanghai through the construction of the commercial and trade centre of Shanghai in Hongqiao. Much more effort was put into the Hongqiao project by the Shanghai Municipal Government to realize its dream of a global city; against this background, the Hongqiao project became a super mega urban project in China, which has attracted considerable concern from the society, the media and academia.

Since the start of the Hongqiao project in 2006, the transport hub was completed in 2010 after five years of intense construction work. Since then, Shanghai Municipal Government's focus has been on the core area of the Hongqiao project, the 4.7 square kilometres which include three parts of the first phase of the project. West Shanghai has become a new developmental hotspot. The Hongqiao high-speed railway line fuelled expectations among neighbouring districts governments. To take advantage of potential opportunities, those governments were commissioning consultation papers on the likely impact of Hongqiao's high-speed railway on regional economic development. Minhang District Government, which was responsible for overseeing the relocation of local residents to make way for the project, was actively involved in soliciting research on the potential for industrial upgrading presented by the project. As a graduate student, I was involved in the research in 2007, 2008 and 2009. At the time, I remember being shocked and fascinated by the tremendous scale of the Hongqiao project while conducting the fieldwork to evaluate its impact on Minhang district. The other face of this project was the rapid and large-scale land expropriation and relocation of local residents who lived in the area designated for the project. I was interested in the issues of the planning and construction of the new Hongqiao, as well as the relocation of residents, which had been ignored in earlier research. Local government had only paid attention to the economic opportunities brought by the high-speed rail station.

I wondered why the largest project to be undertaken in Shanghai, and indeed in the whole of the country after Pudong, could be expedited in such a short time while having to overcome a series of difficulties. I wanted to know how the Hongqiao project would be organised and coordinated among so many participants, what the governance mechanism was, and what impact the Hongqiao high-speed railway would have on regional development on West Shanghai and beyond it, in the Yangtze River Delta (YRD). As my doctoral research progressed, my research crystallised around the following four questions. Firstly, what are the principal modes of urban development in Shanghai and how are they changing? Here, I will look at infrastructure-led urban development and the strengthening of Shanghai's role as a service centre. The bulk of the material relating to this question will be addressed through written documents. Secondly, how is a mega urban project like Hongqiao undertaken (envisaged, planned and constructed) and what is its

relationship to surrounding areas? Thirdly, how have the governance structures for the Hongqiao project been developed and what are the issues and problems involved? Finally, how are local people affected by the construction of the Hongqiao hub?

1.3 Research aims and objectives

This dissertation is a detailed examination of the planning and construction of Hongqiao and its impact on local residents. In brief, the broad aim of my research is to investigate the process of the planning and development of Hongqiao transport and business zone; to examine its relationship with urban development and spatial restructuring in Shanghai; and to thereby comment on and critique the nature of urban change in contemporary China, which will be characterised as property-led and infrastructure-led. I break this aim down into three objectives.

The first objective is to obtain a full understanding of the nature of competitive urbanism in Shanghai and its region and, thereby, to shed light on the main features of entrepreneurial urbanism in contemporary China. Existing research on competitive urbanism has tended to concentrate on cooperation between cities from the perspective of city regions. For instance, Luo and Shen (2008) examine city region planning in the YRD to argue the role of state-led metropolitan governance, while Ye (2014) stresses the role of central government in promoting the formation of city regions in the Pearl River Delta. However, the nature of competitive urbanism in shaping urban structure has been much less examined. Therefore, this study will empirically assess the nature of entrepreneurial urbanism in Shanghai and its region. This objective will be covered primarily in Chapters 3 and 6.

The second objective is to investigate the main features of the land-based urban growth coalition formed in Hongqiao through a representation of the detailed picture of the Hongqiao project. I stop short of referring to the organisations that drove forwards the Hongqiao project as an urban regime as the concept of urban regime is mainly relevant to the U.S. context and is of limited utility here (see the following section). Nevertheless, the concept of coalition is relevant and helpful in understanding urban change in China. I argue here in this thesis that growth coalitions in China are evolving into land-based urban coalitions. My research attempts to explore the mechanism behind land-based urban growth coalitions in China. Chapters 5 and 6 provide material to support this argument, and Chapter 8 will link the findings back to my overall argument.

The last objective is to investigate the consequences of the Hongqiao project on local residents in terms of its impact on livelihoods and to discuss this in terms of accumulation by dispossession. The existing research on residential relocation has tended to focus on “urban villages” in and around Guangzhou and Shenzhen in the south and Beijing in the north, sidestepping Shanghai (see, for example, Hao et al., 2011). For Shanghai, most of the academic research has concentrated on urban restructuring in the inner city and consequent displacement of residents. (One among many examples is He and Wu 2007.) However, the urban periphery of

Shanghai and its urban villages are very different from those outside China's other large cities. This research aims to investigate the consequences of the Hongqiao project on local people who live in urban villages in Shanghai's peri-urban area and to place this in the context of accumulation by dispossession (see Chapter 7).

1.4 Theoretical issues

In this section, I will place my thesis within wider theoretical debates, laying the groundwork and setting a context for the detailed field case study that is discussed in Chapters 5, 6 and 7. My aim here is to show how a close reading of the process of execution of the Hongqiao project can tell us much about Chinese urban development and restructuring, more broadly, and about how urban change in China may or may not relate to theory-building that largely emanates from universities in "the West." Each of the subsections, below, relates to one of the three empirical chapters. In the first subsection, the literature on entrepreneurial cities and neoliberal urbanism is briefly introduced, followed by an introductory discussion of how some writers on China have drawn on the concept to interpret the Chinese urban political economy. Attention is drawn specifically to the planning and construction of mega urban projects such as Hongqiao, which, I argue, are one of the mainstays of competitive urbanism. These themes are developed, as they relate to Hongqiao, in Chapter 5.

In subsection 1.4.2, I discuss briefly the development of the concept of accumulation by dispossession in the recent geographical literature, looking at how David Harvey's adaptation of Marx's original insight has been further developed by scholars and writers, with attention to how the concept has been adapted to the Chinese context. It is within the conceptual framework of accumulation by dispossession that the evidence presented in Chapter 7 drawn from my fieldwork is given broader theoretical purchase. It is hoped that the principal contribution of this thesis will be in its articulation of the concept of land-based urban growth coalitions. In order to set this in context, two key theoretical constructs – growth machine theory and urban regime theory – are introduced in subsection 1.4.3. More specifically, my interest here is on the portability of these concepts, especially in the Chinese context. In line with other writers, I argue that neither can be translated in full into the Chinese urban scene and that it is more useful to think in terms of coalitions rather than regimes. However, the centrality of land to the Chinese urban political economy and the unquestioned imperative of growth make growth machine theory in particular quite an attractive explanatory mechanism in the Chinese context.

I should stress that in the subsections that follow, lack of space severely limits the extent and breadth of the discussion.

1.4.1 Entrepreneurial urbanism and mega urban projects from London Docklands to Hongqiao in Shanghai

In this subsection, I will provide a brief overview of what Kevin Ward (2003, 116) refers to as the “entrepreneurial-turn literatures.” It should be noted that these “literatures” use a range of different terms to express this new urbanism, the principal ones being *entrepreneurial*, *competitive* and *neoliberal*. While each indicates a difference of emphasis, they can be considered to represent a commonality of interpretation. In a seminal account, David Harvey (1989) mapped out the passage from managerial to entrepreneurial governance. While Harvey was writing in the context of Baltimore and the U.S., he was conscious of the fact that his comments had much wider relevance. Quilley (2000) gave his interpretation a specifically British twist. He described a move from municipal socialism to the entrepreneurial city, examining this shift in the cities of northern England, and especially Manchester, and seeing the break as less abrupt than sometimes considered.

Central to this understanding of change towards entrepreneurial urban governance is the notion of a more withdrawn role for the state counter-balanced by an increasing faith in the effectiveness of the market, bringing about an end to a whole range of conditions, approaches and actions normally associated with modernist urbanism and Fordist production. However, many writers qualify and even contradict this position. Over the last three decades, there has been a “slow erosion of key institutions enshrined in the welfare state and a major crisis in the legitimacy of modernist-inspired urban planning” (MacLeod et al., 2003, p. 1655). As Hall and Hubbard (1996, p. 155) argue, “It is difficult to assess whether the shift to entrepreneurial modes of governance is supplanting or merely supplementing traditional ‘managerial’ approaches.” Peck and Tickell (2002) delineate a period of “roll out” neoliberalism, following the “roll back” neoliberalism of the 1980s. In other words, they see the state as reasserting its authority, albeit in new ways and different guises. We will see echoes of these debates in the context of Shanghai and Chinese urbanism. A further discussion that also has a bearing on China, with its dynamic fiscal and regulatory relationship between central and local government, is that of scale. Brenner (1999) is among a number of writers who have signalled a sense of shifting scales of governance, shifts that have brought on a fluid situation without easy resolution. Of particular relevance to the context of urban East Asia is Jessop and Sum’s definition of an entrepreneurial city, which they apply to Hong Kong. For them, it has three defining features. It “pursues innovative strategies intended to maintain or enhance its economic competitiveness *vis-à-vis* other cities and economic spaces” (2000, 2289); it actively pursues these strategies; and it backs them up with the full panoply of entrepreneurial, market-oriented and marketing discourse.

In recent years, debates about the shift to entrepreneurial urban governance have sought to come to grips with the neoliberal underpinnings of the changed world of urban governance in which it is generally agreed we live today. In doing this, there have been occasional criticisms, especially from those who do not espouse a Marxian approach of monolithic theory-making. This has been countered in various ways, but primarily through articulations of a more fine-grained and variegated neoliberal urbanism. Brenner and colleagues see neoliberalism as variegated in its

discourses, uneven in its spatial distribution and inconsistent in its temporal penetrations (Brenner, Peck and Theodore, 2010). Larner (2003) and Perreault and Martin (2005) are among writers who move away from a view of neoliberalism that is centred in the North Atlantic towards an understanding of a much more protean force with a topography that is anything but hierarchical. Larner (2003), referring to Latin America and New Zealand, reminds us that neoliberalism has been as much, if not more, a product of the global periphery as it has been of the centre. Perreault and Martin (2005), in support of this contention, point out that it was first in Chile, and then in other Latin American countries, that neoliberal policies were applied.

This call for a more modulated appreciation of neoliberalism and its expression on the urban terrain in the form of entrepreneurial and competitive urbanism has provoked the interest of scholars working on East Asia, and especially China. One constant in discussions about the (neoliberal) economy of East Asian cities is the prominent, if not actually dominant, role of the state, a factor whose importance becomes clear in discussing the case of Hongqiao in Shanghai. This represents, as Hill and Kim (2000) convincingly argue, an important contrast to the market-centred regime characteristic of leading Western cities. This understanding has subsequently been reinforced in numerous works (see for example Bae 2012) and is seen as a leading characteristic in China (He and Wu 2009). Prominent among scholars writing on these issues is Wu Fulong, who has intervened in debates both about the nature of Chinese neoliberalism and the distinctive qualities of the Chinese entrepreneurial city. He and Wu, in their study (2009) of the relevance of neoliberalism to China and Chinese cities, are insistent on the importance of the role of the state, not only at the central level, but also the local state, which they see as giving a particular coloration to neoliberalism in China. Another distinctive feature of Chinese-style neoliberalism, they argue, are the contradictions that emerge between central and local governments and “between emergent neoliberal practices and social resistance” (2009, 291). Some of these contradictions are evident in the Hongqiao project, as will become clear, especially in Chapter 7. In an earlier paper, Wu stresses the path dependence of development patterns in (post-) socialist cities (Wu 2003). In the context of Shanghai, he delineates three periods in the city’s history according to the metaphors used to encapsulate Shanghai’s role in the national economy: first, as China’s bridgehead in the Nationalist period; then, as locomotive under state socialism; and finally, as dragon head in the contemporary era of so-called market socialism. Referring extensively to Jessop and Sum’s (2000) definition of the entrepreneurial city, he notes how deals were cut with central government that favoured, in fiscal and other terms, Shanghai’s emergence as a global city, how a discourse of entrepreneurial globalism was fashioned especially in city publicity, and in particular, how entrepreneurial spaces were created starting in 1983 with the Minhang–Hongqiao Development Corporation and development zone (see Chapter 5) and culminating in the decision to create a mammoth city district, Pudong, on the east bank of the river with its several special economic zones and especially the Lujiazui Financial and Trade Zone (see Chapter 2). However, he stops short of seeing Shanghai as a fully-fledged “entrepreneurial city” as defined by Jessop and Sum, and this on account of the role of the state as agent creating a “territorially based entrepreneurialism” (Wu 2003, 1694).

At the centre of this thesis is the Hongqiao project in the west of Shanghai, the second largest urban redevelopment project ever to have been undertaken in Shanghai and in China, after Pudong. It is a mega urban project on a scale with few parallels, and one that invites reflection on the nature of entrepreneurial urbanism in the Chinese context. It becomes the most recent example of the competitive rush to build mega urban projects in China's largest cities, which has seen the proliferation of new financial districts in Beijing and Guangzhou (Gaubatz 2005). Of equal importance has been the impact of the three mega events to have been held in recent years in China's main cities: the 2008 Olympic Games in Beijing, the 2010 World Expo held in Shanghai and the 2010 Guangzhou Asian Games. These have provided the occasion for large urban restructuring programmes involving the displacement of hundreds and thousands of people, especially in Beijing (Broudehoux 2007), as well as in the football World Cup venue cities of South Africa and Brazil. They have also contributed to the creation of a planning environment conducive to the creation of exceptional zones outside the normal regulatory sphere.

Mega urban projects are arguably the symbol par excellence of entrepreneurial urbanism, and it is not a coincidence that they have become a familiar part of the urban scene throughout the world, not least in East Asia (Orueta and Fainstein 2008). They can be seen as the consequence of and a response to the deindustrialization of leading cities, first, in North America and Europe, and then, in East Asia as economies converted to a globalized neoliberal condition. Many, but not all, European mega urban projects are at waterside locations, London Docklands being the preeminent example (and Paris La Défense the preeminent exception). They are all part of urban restructuring consequent on the 'capture of the city' by consumption capital.

Mega urban projects in East Asia are as likely to use space on the urban edge as they are to use land along waterways or the coast. The outskirts of cities lend themselves to these developments because land there is plentiful and relatively cheap. Satellite cities of varying sizes have been built around the leading urban centres of Indonesia, Vietnam and Cambodia, as well as China, developments that are often facilitated by loose regulation and strong (often regional) capital. The construction of satellite cities on the periphery of South East Asian cities such as Jakarta and Phnom Penh has created a lively, if sporadic debate about globalisation and the role of regional capital. In what became a much-quoted intervention, Dick and Rimmer (1998) argue that the use of common technologies and global capital lent Jakarta's satellite cities strong commonalities with those of California. More recently, Percival and Waley (2012) have argued that the role of regional (predominantly Korean and Indonesian) capital and technology plays a predominant role in the development and construction of satellite cities around Phnom Penh.

Academic discussion of peri-urban development around Chinese cities has followed a different trajectory, concentrating on the process in terms of the distinctive nature

of the Chinese dual land regime and the role of the state in the appropriating rural land, as discussed in more detail in Chapter 2.4. Nevertheless, as Pereira (2002) and Chua Beng Huat (2011) among others have argued, Singaporean capital has been instrumental in the urbanization process in a number of contexts, most notably that of Suzhou and its joint Sino-Singaporean industrial park. As will be argued throughout this work, as a mega urban project on the urban periphery, Hongqiao needs to be understood in the context of a competitive approach to urbanization engendered by a political economy that is characterized by a Chinese version of entrepreneurial, neoliberal urbanism. This theme is reflected in and reinforced by the empirical account of the development of the Hongqiao project laid out in Chapter 5.

1.4.2 Accumulation by dispossession and its relevance to Hongqiao

A notable feature of the increasingly entrepreneurial, neoliberalized city is the extent to which economic growth is sought through the expropriation of land and a whole range of other factors by the commanding institutions of capital and the state. The classic definition of this process in the context of the contemporary world is, by now, that of David Harvey (2003), who in re-pitching Marx's concept of primitive accumulation advanced the concept of accumulation by dispossession. A very brief introduction to the concept will be provided here in order to provide a broader theoretical context for the empirical material advanced in Chapter 7.

Harvey's reinterpretation of Marx was not designed to reject, but rather to update Marx's theory-making, linking it to insights that had been provided by Rosa Luxemburg (2003 [1913]). Arguing that Marx's primitive accumulation had contemporary relevance and should not be seen solely as a feature of the historical phase of feudalism, As Harvey wrote, "All the features of primitive accumulation that Marx mentions have remained powerfully present within capitalism's historical geography up until now" (Harvey 2003, 145). Of particular relevance to this study is Harvey's belief that "the monetization of exchange and taxation, particularly of land" (2003, 145) remains a leading means by which capital extracts value. Harvey himself has given greater definition and clarity to the term *accumulation by dispossession*, linking it to a process of privatization and corporatization that includes the extraction of resources and exploitation of the commons and the depletion of civic and public goods (2003, 148).

In the last few years, a number of writers have extended the range and signification of the term. Some writers have emphasised the role of international organizations such as the IMF and set accumulation by dispossession within the context of structural adjustment programmes and the pauperization of the Global South (see, for example, Bush 2007). Others have argued that accumulation by dispossession can be seen as a process by which not only people's livelihoods, but also their social identities are commandeered by the cultures of the Washington Consensus (Gillespie 2013; Elyachar 2005). Saskia Sassen (2010) delineates two processes in the operation of accumulation by dispossession -- extraction and expulsion -- and this is of particular relevance to the Chinese situation. She argues that for each type

of value extraction that occurs, there is an act of expulsion that sees people removed from their homes and displaced from their livelihoods. That can certainly be considered the case in China, where the urbanisation process has become a matter of high politics and apparent economic necessity and where, as a consequence, millions of people have been uprooted from their homes and relocated, often to distant urban suburbs.

As will be discussed in more detail in Chapter 2.4, there are predominantly two different locations in which registered urban residents (urban *hukou* holders -- see Chapter 2.2) are displaced and relocated in actions that can be considered as accumulation by dispossession. Many hundreds of thousands of residents have been moved out of inner city areas of Beijing and Shanghai, as well as other Chinese cities, in state-promoted gentrification drives, described in more detail in Chapter 2.8 (Broudehoux, 2007; He and Wu, 2007). Hyun Bang Shin (2014) has interpreted this urban restructuring in terms of accumulation by dispossession, which he compares with developments in South Korea in the 1970s. Equally a longstanding process of accumulation by dispossession has been occurring on the peripheries of China's large cities, with Hongqiao being a particularly egregious example. When the state appropriates collective rural land, villagers are displaced, their houses destroyed and they are relocated. This process has been widely commented on, with a number of writers stressing the lack of transparency in the process, the uncertainty experienced by villagers as to the actual amount of compensation they receive and the loss not only of housing, but also of income and livelihood (Ong 2014; Chen 2013). We are reminded too that it is often the case that as many migrants are affected as *hukou*-holding residents, as is the case in Hongqiao.

Harvey's re-formulation of Marx's concept of primitive accumulation has met with a number of criticisms, especially among autonomous Marxists. De Angelis (2007), for one, has argued that Harvey underestimates, or fails to take into account, the oppositional potential of "commoning" acts. In the Chinese context, one might point to the huge number of acts of protest and resistance to the forced relocation of residents by the state (Cai 2008). Many of these appear to go unreported; most, but not all, are suppressed. However, as I argue in Chapter 7, the picture is a complex one. A majority of residents were satisfied with the quality of their new housing, but what a much larger majority decried was the loss of livelihood, in terms of income from renting out housing, as well as small-scale farming and employment in local factories. Others have pointed out that while most villagers lose out substantially, a few manage to gain from the process (Wu et al., 2013). These disparities in outcome will become clear through discussion of the findings of the fieldwork, detailed in Chapter 7.

1.4.3 The Chinese urban growth coalition and Hongqiao

Economic growth through the exploitation and development of land lies at the heart of the Chinese economic model and of the concerns of this thesis. It is not surprising, therefore, that scholars writing on China have turned to growth machine

theory and urban regime theory in order to make sense of what has been happening in Chinese cities and to relate this to trends elsewhere. This is an important strategy in order to avoid what Choon-Piew Pow (2012) refers to as “China exceptionalism.” As Pow reminds us, “As a theoretical rejoinder to dominant ‘Western’ urban theories and discourses, scholars working in the context of the global south have often underscored the local uniqueness and particularities of their respective cities as a way to ‘speak back’ to Western theorization” (2012, 47). The references to these theories that grow out of U.S. soil are not without their difficulties and problems. We will examine some of these in the paragraphs that follow.

In the first place, several writers have questioned whether growth machine theory and urban regime theory really are theories at all. Mossberger and Stoker (2001, 811), for example, citing Dowding et al. (1999), argue that it is more appropriate to see urban regime theory as a concept rather than a theory as “it has limited ability to explain or predict variation in regime formation, maintenance, or change.” Dowding (2001) is careful to cast his analysis in terms of “regime analysis” in discussing regime theory. Further, it is unclear when a coalition becomes a regime; urban regime theory is largely silent on this point (Lauria 1999). It does indeed seem axiomatic that a theory should be open to transposition through time and space. Many of the critiques of both growth machine and urban regime theories argue that they do not travel well away from their original U.S. context. In addition, growth machine theory in particular is seen as less relevant outside of the temporal context of Fordist accumulation regimes and the immediate aftermath of their demise (Pierre, 2014).

Growth machine theory builds its basic premise from the coming together of local political, economic, landholding, media and other elites around the creation of profit through local expansionary development and construction projects. It reflects a specifically U.S. array of forces, including locally based banks and media, as well as a strong local business elite. For Harvey Molotch (1976), originator of growth machine theory, place had become a market commodity. Coalitions of local business elites marketed place to expand their city and make profits thereby (from increased tax revenue, in the case of local government). Molotch saw growth as the inevitable imperative of localities. Local government’s role was to promote place for the benefit of business. Many commentators, however, have argued that the theory has only limited purchase in Europe (Harding 1994; Wood 2004). They point to the greater degree of leadership shown by local government, to the more pronounced role of central government and to the wider array of institutional players, including civil society organisations. The preference in the European context has been for interpretations that emphasise the entrepreneurial nature of urban governance (Harvey 1989) and the centrality of public-private partnerships as tools for the advancement of projects. Furthermore, growth machine theory has been criticised for a tendency towards being too localist, failing to take into account the interplay between different scales of government (Wood 2005), and too voluntarist, affording too much theoretical weight to individual actors (Jessop et al. 1999). Growth

machine theory fails to take into account, Jessop et al. (1999) argue, the constraints stemming from the discursive space within which city elites move and act.

In general, urban regime theory tends to be seen as more relevant to wider contexts, and a number of writers have expanded its compass through extended definition (Dowding et al. 1999). Nevertheless, in order to qualify as regimes rather than mere coalitions, urban regimes need to meet certain criteria. They need to have “(1) a distinctive policy agenda, which is (2) relatively long-lived, and (3) sustained by coalitions of interest or personnel [and] (4) [cross] sectoral and institutional boundaries.” They should also “survive personnel and leadership changes” and would normally involve electoral politics and more than one party (Dowding 2001, 14). These conditions circumscribe the interpretative meaning of urban regime theory, but without them, the theory (or perhaps I should say concept) loses all explanatory force.

It is easy to see why both these theories have appeal to scholars writing on China. Equally, it soon becomes clear why there are limits to their applicability. Growth machine theory hinges on the use of land for profit and the expansion of local government’s tax revenues as a lubricant in the wheels of the growth machine. Both these premises are met fully in China (Shen and Wu 2012). Local governments throughout China have used projects involving the conversion of land, either through urban restructuring or through urbanization of land on the urban periphery, to make money out of the sale of land use rights, which are de facto treated as land sales. Under the terms of the tax-sharing system introduced in 1994, proceeds from land sales are not subject to division with central government, and thus are of considerable importance to local government as the central state implemented the new system in order to wrest back revenue control from local government. Furthermore, the Chinese state, particularly at local level, is nothing if not growth oriented (Zhu 1999), with central government regularly having to pull it back. Urban regime theory also appears to offer much in trying to interpret and make sense of urban change in China. It is clear that urban projects are generally undertaken by coalitions of actors who include business and private interests, including foreign companies (Yang and Chang 2007). Zhu Jieming (1999, 546) has argued that “informal local urban regimes” characterize the development of Chinese cities along the country’s more prosperous east coast.

However, on several counts, it would be hard to see pro-growth coalitions in Chinese cities conforming to the criteria that Dowding (2001, 14) has laid out for urban regimes. There is generally no “distinctive policy agenda”; multi-party representative government is lacking; and projects are undertaken on a case-by-case basis and tend to be driven by specific individual government office holders such as local party leaders and city mayors who are keen to promote their own political careers (Zhang 2002; Wang 2011; Chien 2013). Most writers, then, fall shy of using the term *regime*, even when they make explicit reference to theories or concepts in the broader literature. The preference tends to be to use the term *coalition*, or occasionally *alliance*, to refer to the groupings of interest who support and drive through urban restructuring projects. Above all, it is argued by a

preponderance of commentators on urban China that the state plays a much more prominent, indeed leading, role in urban restructuring and land conversion projects in Chinese cities (Liu et al. 2012; Shen and Wu 2012; Zhang 2014).

Some writers engage more explicitly with urban regime theory. Zhang Tingwei (2002) argues that in the post-reform era, urban coalitions have been central to urban change in China, as in the U.S., and that urban regime theory is applicable, but with certain caveats. These include the stronger public sector in China and the variation between the north, central and south of the country, urban regime theory working better in the south than in the north. Zhang further separates out the economic from the political dimension of coalition building, arguing that only the economic dimension provides material for a comparison with the U.S. Yang and Chang (2007) argue that Zhu's (1999) informal urban regime concept is too descriptive and fails to come to grips with the concept of power, which is central to urban regime theory. They propose an alternative analytical model, which they call the "rent gap seeking regime," and highlight the role of district government in driving the capital accumulation process, seeing it as a beneficiary of rent gaps.

Indeed, it is hard to argue other than that urban regime theory cannot be properly applied in the Chinese case, as to do so involves stretching the concept to the point where it loses its analytical purchase (Mossberger and Stoker 2001). However, while the use of the less theoretically loaded term *coalition* might appear more appropriate, there is nevertheless a distinct lack of definition around discussions of coalitions in the Chinese urban context, and it is a lacuna that is specifically addressed here in this thesis. In particular, there is a failure in the literature to analyse the nature of developers, many of them public-owned (Zhang 2002, 489) and other actors, their origins, their relationship with each other and the state, and a failure to theorise their role. In this work, I propose the concept of a "land-based urban growth coalition" to give broader meaning to the alliance of interests and entities that have driven forwards the Hongqiao project, believing it to be relevant to a broader context of urban restructuring and land conversion in China. The concept includes the three key components of China's unprecedented period of urbanization: land, growth and coalition. There are various ways of attaining urban growth, but in China, land has been and remains pivotal. Both literally and figuratively, everything is built on land. Equally, despite occasional attempts at control from central government, urban growth is an unchallenged mantra of the local state not least because of its relationship with revenue raising and the promotion of political careers. Coalitions are the binding agents that make land-based urban growth possible.

The concept will be developed in more detail at various points in the thesis, but especially in Chapter 6 (sections 6.4 and 6.5). It will be examined again and conclusions drawn in the thesis' final chapter. While it is hoped that this represents the thesis' most important contribution to wider conceptual and theoretical discussions, it sits alongside the discussions on competitive urbanism and accumulation by dispossession and the relevance of these theoretical constructs to the Chinese context. As well as the introductory discussions here, there will be

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further engagement with these ideas in Chapters 3, 5 and 7, with concluding reflections in Chapter 8.

1.5 Thesis outline

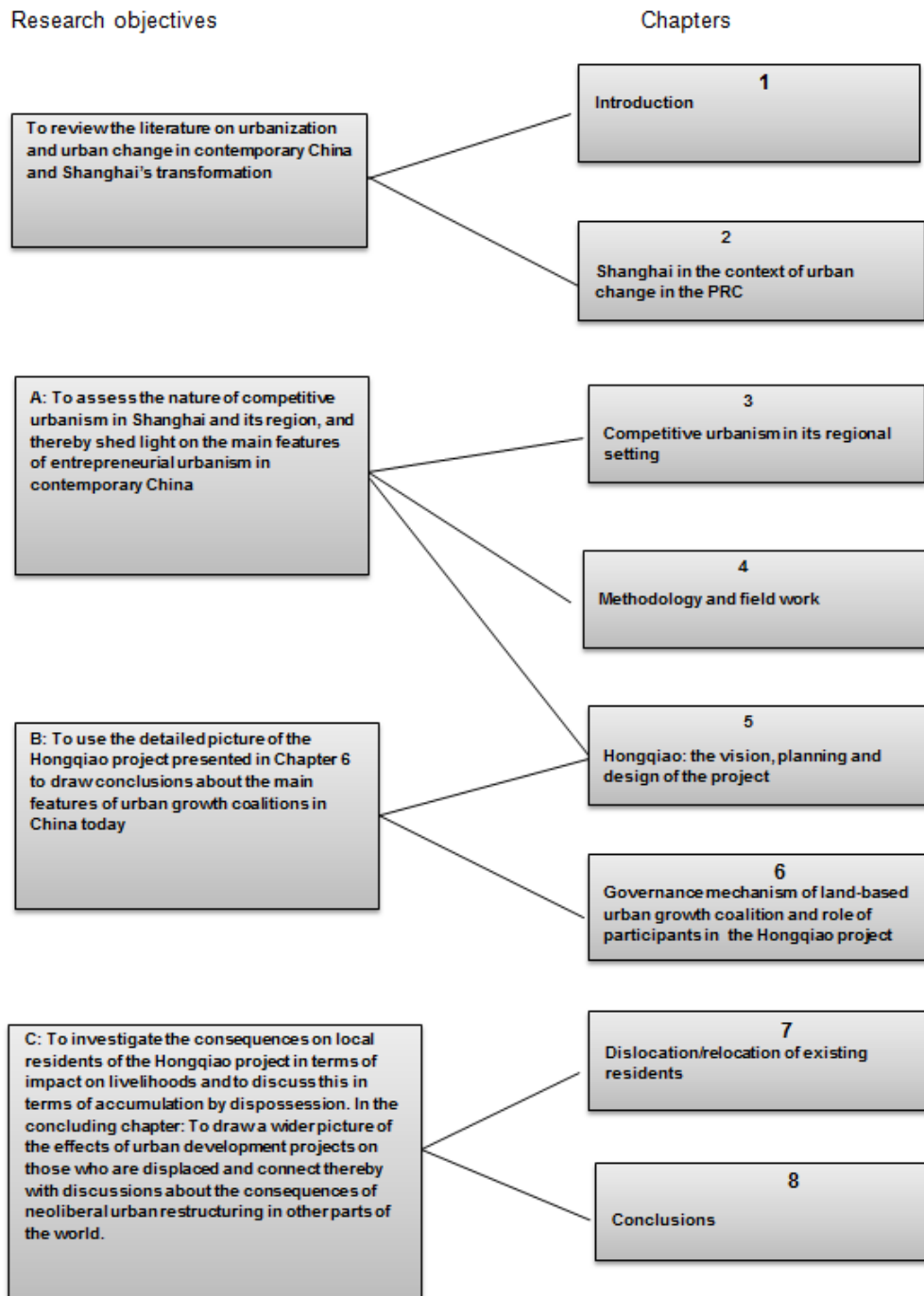


Figure 1.1 Research objectives and thesis content

A brief outline of this thesis is presented in Figure 1.1. Chapters 2 and 3 provide the basis and context from which the thesis can expand and develop. Chapter 2 deals with urbanisation policy, the process and consequences of urbanisation, government's role in urban change and Shanghai's transformation based predominantly on the English-language literature. This chapter examines the stagnation and fluctuations of Chinese urbanization in the period from 1949 to 1978. When the central government initiated the period of economic reform, Shanghai became the driving force of national economic development. Urbanization suddenly took off, and the whole of China has experienced a significant growth in urbanization and industrialization in the past three decades, to the point where the urban population according to the official census conducted in 2010 overtook the rural population in 2011. A series of urban projects has brought huge urban change to China, particularly to the east coast cities of Shanghai, Beijing and Guangzhou. Both central and local government promoted urbanisation, allowing the market to draw millions of rural dwellers into the city to work in industry and construction and in the service sector. Shanghai also experienced significant change as a result of urban regeneration projects in the city centre and inner city and the development of Pudong district, leading to an urban sprawl. The Hongqiao mega urban project in peri-urban Shanghai has ushered in a new wave of urban change in Shanghai.

Chapter 3 focuses on the geographical setting -- Shanghai and Hongqiao in the Yangtze River Delta -- providing a regional background for the construction of the Hongqiao transport hub and business district. The review of the hierarchical regional administrative structure in the YRD shows how new city-region alliances emerged in YRD and explains why their impact has been minimal and their success short-lived. The failure to create a more robust regional architecture is attributed to urban competition leading to a reluctance to cooperate on a regional basis in the YRD. Particularly in the field of industrial development, cities at different tiers have been competing to attract inward investment, which is generally seen to be a core interest of local government. This chapter also highlights Hongqiao within the wider context of the western peripheries of Shanghai, placing Hongqiao within its regional context. Hongqiao faces fierce competition from the neighbouring city of Kunshan, as well as other neighbouring districts in the west of Shanghai. Among the projects that have contributed to the intensely competitive urban environment in which Hongqiao has developed is the One City Nine Towns project in western Shanghai, which is discussed in Chapter 3.

Chapter 4 presents the research methodology and data resources used in this thesis. In order to obtain first-hand empirical data and secondary data, fieldwork was conducted during two periods: from 2011 to 2012, and again, in 2012. A quantitative survey and qualitative interviews were undertaken. Desk research was conducted before the first field trip to collect detailed information of the Hongqiao project and its detailed planning. This was followed by a pilot survey in Shanghai from November 2011 to February 2012. Extensive interviews were undertaken in both my field visits. Based on the preliminary findings of the pilot fieldwork, my research methods and questions for semi-structured and in-depth interviews and questionnaire were refined and redesigned. The second field trip was conducted in

June, July and August 2012. During that visit, extensive semi-structured and in-depth interviews, as well as a questionnaire were conducted. This was followed up by interviews with relocated villagers. Leading officials who are responsible for the Hongqiao project were interviewed in both periods of fieldwork, and published and unpublished policy documents were obtained. Other interviewees are planners, academics, real estate developers, the owners of relocated businesses and villager leaders, as well as other village relocatees.

A general picture of Hongqiao – the vision, planning and design of the project – is presented in Chapter 5, which is the first of three chapters drawing specifically on primary case study material. The chapter introduces the reader to the planning and layout of the Hongqiao project, focusing on its aims, main elements, planning process and land preparation. The chapter argues that the importance of the project can be attributed to the need to accelerate the pace of development in west Shanghai and to bring about industrial and spatial transformation in the context of place competition from within and outside Shanghai. The Hongqiao project, alongside a series of other urban projects in the west of Shanghai, aims to kick-start development by providing a new economic growth pole through the development of service industries, to integrate Shanghai with the Yangtze River Delta through the construction of a transportation hub and to create a poly-centred city by means of the development of a business district. When reviewing the scale and layout, planning and construction of the Hongqiao project, it is clear that Hongqiao is a grand urban project of a scale and importance almost equivalent to the Pudong project and out-rivalling similar CBD projects in Beijing and Guangzhou. The Shanghai Municipal Government has played a leading role in the case of the Hongqiao project in terms of establishing, planning and siting of the project and preparing of land in the process of project development. Through the joint efforts of government at different levels and after 6 years of intensive construction in Hongqiao, the Hongqiao transportation hub – a new landmark in Shanghai – is complete and the Hongqiao business zone is currently being built, soon to become a new city centre for Shanghai.

Chapter 6 provides an insight into the governance mechanisms behind the land-based urban growth coalition formed to carry out the Hongqiao project, seeing this in terms of a Chinese-style growth coalition. The chapter begins by reviewing the construction of the Hongqiao transport hub and business zone, then goes on to look at the role and responsibility of the main players. It, then, introduces the governance mechanism of the land-based urban growth coalition and its application of an urban growth alliance strategy in the Hongqiao project. It concludes by stressing that powerful and entrepreneurial local government has been the main driving force behind the project.

Chapter 7 begins with an introduction to the lives of villagers before the Hongqiao project. The evidence from the fieldwork suggests that the former farmers had a prosperous life, but lived in overcrowded conditions in Hongqiao. They were generally reluctant to move and were in a vulnerable position when it came to facing compulsory relocation. This chapter explores the displacement process; it

shows how the local Minhang District Government played a significant role in convincing farmers to accept the relocation and negotiated compensation and relocation between the state and residents. This chapter also reveals diverse views and expectations of the relocation process, providing an insight into the process and decisions on relocation and showing that many of them were conflict-ridden with different state actors involved in the project having different views and with local residents holding different expectations. The primary expectation of villagers, therefore, was to get compensation before relocation in the hope of being able to tide them over. This chapter also examines the compensation mechanism and villagers' concerns about their future. A lower compensation standard was applied when compared to those living in urban areas, which resulted in compensation negotiations and questions of fairness. Several important issues are raised concerning what local farmers got and lost and what the issues that most concerned them were. The biggest changes can be summarised as more convenient transportation and an improved living environment, but also a reduced income and fewer job opportunities for relocated villagers. Building on these insights, the lessons appear to be that local government as core participant in the urban growth coalition plays the leading role in the relocation process, while the voice and interest of relocated villagers are almost totally ignored.

Chapter 8 presents the main findings and conclusions of this research and places them within a wider context of entrepreneurial urbanism. These are framed by the concept of land-based urban growth coalitions working on a mega urban project. As well as summarising the empirical findings of previous chapters, the last chapter conceptualises the role of a land-based urban growth coalition in a government-led mega urban project. Suggestions for further research on urban change and growth in China are provided at the end.

Chapter 2

Shanghai in the context of urban change in the PRC

2.1 Introduction

A vast body of literature has sought to interpret and explain Chinese urbanization – both urban regeneration in the city centre and urban growth on the edges of the city over the past three decades. Urban growth has become a popular topic for research on China, with writers pointing to its rapid growth and distinctive patterns, which provides an important case for studying urban change in China. The aim of this chapter is to provide a general overview of the relevant literature on Chinese urbanization. The chapter describes two periods in the story of urban change since 1949. The first period is one of strong central control severely limiting the growth of cities and takes us up to the onset of the period of “opening-up and reform,” in the late 1970s and early 80s. The second period, up to the present day, covers years of vertiginous transformations, as Chinese cities sucked in migrants from the countryside and were transformed from low-lying urban settlements into the myriad of high-rise buildings we see today. The chapter will focus on Shanghai, the city above all others that encapsulates this metamorphosis. In particular, it will examine the process behind the planning and construction of Pudong New District, a process that has had a significant influence on the way that the Hongqiao project has been shaped and executed. This chapter lays out some of the background and context against which the story of Hongqiao can be better understood.

The chapter unfolds in the following way. In the next section, the stagnation and fluctuations in Chinese urbanization in the period from 1949 to 1978 is discussed in the context of the government’s role in urbanization, followed by an examination of the subsequent period, with its land-centred development model and property-led projects. An overview of housing, social segregation, migrants and the role of the *hukou* system and its effect on urbanization, urban villages and urban sprawl will be provided in sections 2.3 and 2.4. The chapter, then, goes on to look at the history of Shanghai’s development, and then more specifically at the development of Lujiazui and Pudong in sections 2.5 and 2.6. Sections 2.7 and 2.8 review the World Expo and the restructuring of Shanghai’s city centre and inner city. The debate over gentrification in Shanghai will be discussed in section 2.9, with a focus on Xintiandi and similar projects. Finally, some conclusions will be drawn in the last section. Throughout the chapter, Shanghai can be seen as a paradigm for urban China, not just reflecting processes and trends in other big cities, but also showing them to us as if through a magnifying lens.

2.2 Urban policy before the reform period

2.2.1 Stagnation and fluctuations in the pattern of Chinese urbanization, 1949 to 1978

Cities have played a leading role in China's economic development in the pre-reform period as well as more recently. Before China's transition from a planned economy to a socialist market economy, which began in 1978, urban development and growth were influenced by a series of factors such as changing policies, politics and economic planning (Hsu, 1994). In particular, changing policies directly affected the pace and process of urban growth.

It has often been said that urbanization lagged behind industrialization in the decades after 1949. Urbanization was shaped by Marxist socialist ideology and Mao's plans. Central government adopted regional development policies that attempted to promote a balance between rural and urban areas and encourage growth in agricultural productivity. This kind of urbanization has been called a plan-controlled mode (Ma, 2002). Others have seen this as a period of anti-urbanism, driven by Maoist ideological and political motives as the government adopted various steps to curb the pace and growth of urbanization (Kwok, 1987). Urbanization, indeed, was treated as a manifestation of capitalism by the Chinese government and, based on Communist ideology, the city was treated as a production centre rather than a consumption centre; stringent policies curbing migration from rural to urban areas were adopted in order to limit urban growth. In particular, China adopted de-urbanization policies in the period between 1960 and 1978 (Wei, 1994). Moreover, during the Cultural Revolution (1966-1976), large numbers of urban residents, particularly urban youth, were sent to rural areas to accept re-education from poor peasants (*xiangiang*) as government could not supply enough jobs and food to urban residents. The pace and pattern of urbanization in China have been shaped by changing ideologies and national policies. The following paragraphs will examine this process in more detail, outlining and reviewing three periods of urbanization since 1949. The three periods can be classified as the construction period, from 1949 to 1961; the period of urban stagnation, from 1962 to 1977; and the period of fluctuating urban growth, from 1978 to the present. Each period will be discussed in the following sections.

During the years from 1953 to 1957, the construction of a new socialist China became the top priority, and the Chinese Communist Party introduced the Soviet model as a prototype. Based on Marxist theory and the Soviet model, the policy of developing heavy industry was chosen as the first priority in an attempt to build a national industrial base in China (Ma, 2002). The Chinese government implemented its First Five-Year Plan in 1953. All important cities were divided into four categories according to their degree of industrial development and the number of industrial projects, as shown in Table 2.1. These cities were assigned to one of four categories: (1) top priority for new development; (2) reconstruction for major development; (3) modest development; and (4) other (essential maintenance of the

status quo). These categories had a direct impact on the development of Chinese cities (Hsu, 1993, 1994).

Table 2.1 Categorization of cities, China, 1952

Category 1	Category 2	Category 3	Category 4
to be developed as heavy industrial bases	to be developed as major industrial cities	to be developed as industrial bases	to remain as they were
Beijing	Jilin	Tianjin	All other cities
Baotou	Anshan	Dalian	
Xi'an	Fushun	Tangshan	
Datong	Benxi	Changchun	
Qiqihaer	Shenyang	Jiamusi	
Daye	Ha'erbin	Shanghai	
Lanzhou	Taiyuan	Qingdao	
Chengdu	Wuhan	Nanjing	
	Shijiazhuang	Hangzhou	
	Handan	Jinan	
	Zhenzhou	Zhongqing	
	Luoyang	Kunming	
	Kanlang	Neijiang	
	Wulumuqi	Guiyang	
		Guangzhou	
		Xiangtan	

Source: (Hsu, 1993, 1994).

156 major industrial projects supported by the Soviet Union were mostly located in these four categories of cities alongside a new wave of industrial investment in the chosen cities that promoted economic and urban development, as well as in newly built industrial and mining cities and old-city centres (Hsu, 1994). According to a Chinese Communist Party (CCP) report from the central government in 1953, "factories are well constructed based on plan, but cities are not; factories are managed well, but cities are not" (Cu, 1953, 102). Even with an urban policy that made "constraining" the growth of large cities and "developing small cities" its slogan (Kwok, 1987), China still experienced fast urban development in some larger industry-led cities.

The trend of urban growth lasted into the Second Five-Year Plan (1958-1962), but was curtailed by the Great Leap Forward in 1958, which was an attempt to achieve Mao's ambitious goal of *ganying chaomei* (translated as "to catch up with Britain and surpass the United States") through rapid economic development. However, the blind pursuit of development speed through policies such as nationwide production of iron and steel resulted in chaos and a collapse in economic development with mass famine and starvation in rural areas caused by failed harvests and severe problems in cities through a lack of job opportunities and consumer goods in cities. In these circumstances, cities were ordered to control

urban population by having work units reduce the number of their workers (Cao and Chu, 1990). As a result, urbanization tailed off in China. Factories in Shanghai laid off large numbers of workers to their original place of residence, which for many was in the surrounding Jiangsu province.

There followed a period of urban stagnation from 1962 to 1977. Slow economic and urban development was the main feature of this era. Having undergone the drastic consequences of the Great Leap Forward, China was shaken by the Cultural Revolution (variously considered to have lasted from 1966 to 1969, 1971 or 1976) until adjustment and recovery began in 1978 (Hsu, 1994). It is well known that the Cultural Revolution devastated economic and urban development. With “slower urban development” as one of its important slogans, there were limited funds available for industrial and urban development. Serious consequences stemmed too from the “third-front” (*san xian*) policy, launched in 1964. The essence of this policy was to develop military and heavy industries in interior provinces such as Sichuan. As a result of this policy, many plants were relocated from coastal areas to less accessible parts of central China in an attempt to safeguard industry in case of an invasion from the Soviet Union and to promote economic balance between central and coastal areas. The relocation not only wasted limited and valuable resources, but also resulted in the formation of inefficient new plants in isolated mountain areas and a decline in urban growth (Hsu, 1994).

It can be seen from Table 2.2 that the urban population increased from 39.49 million in 1949 to 101.30 million in 1961, and then declined. In 1961 and 1962, the urban population experienced a decline of 4.9 million. Meanwhile, cities were even downgraded into towns (Ma, 1994). The total number of cities, which had increased from 132 in 1949 to 208 in 1961 declined to 167 in 1964 (see Table 2.2), a decline that stemmed from centrally controlled urban policies (Hsu, 1994).

It can be seen that urban growth in China experienced significant fluctuations before 1978, with the proportion of the population living in urban areas growing from about 13% to 19.6% in the three decades beginning in 1949 (Hsu, 1994). In this period, China's urbanization had two main characteristics. Firstly, the central government was the driver of the mechanisms controlling urbanization prior to reform. A series of economic and urban policies implemented by government had a direct effect on the pace and process of urban growth. What is more, the geographical distribution of urbanization was governed by a highly centralized planning system and, as Hsu (1994) observed, the government's urban policies frequently led to a change in definitions of urban boundaries, reinforcing government control over urban development and growth during the 1950s, 1960s and 1970s. Secondly, urbanization was most pronounced around centres of industry, and many of these were sited near the location of the natural resources needed for industrial development, as for instance, with the mining cities of Panzhihua and Daqing.

Table 2.2 Cities and populations, 1949-1978

Year	Number of cities	Total city population (in thous.)	Non-agricultural population (in thous.)	Total town population	Number of town	Total population (in mil.)
1949	132	39,491	27,406			541.67
1952	153	47,880	34,910			574.82
1953	163			3372		587.96
1954	165				5400	602.66
1957	176	70,773	54,127	3047	3596	646.65
1958	184	92,187	60,667			659.94
1961	208	101,325	69,063			658.59
1962	194	94,611	64,152			672.95
1963	177	90,474	64,921		2877	691.72
1964	167	89,782	66,031			704.99
1965	168	88,576	66,906	3793		725.38
1969	176	93,241	66,449			806.71
1970	177			4576		829.92
1975	185	105,357	74,018			924.90
1978	193	116,571	79,867	5316	2850	962.59

Blanks indicate no data

Source: SSB (State Statistical Bureau), 1990, Statistical Yearbook of Chinese Cities. Beijing: China Statistical Press.

2.2.2 The government's role in urbanization

Clearly, there are major differences between political regimes in China and the West and the role that government plays in urban development. In discussing the mode of Chinese urban development and associated policies, academic research has revolved around two themes: talks about the mode of urbanization and the drivers of urbanization (Wu et al., 2011). Many scholars have focused their discussions on the mode of urban development. For instance, Rondinelli (1991) is one among a number of writers who focuses on Chinese central government's attempts to limit the expansion of large cities, controlling rural–urban emigration and trying to keep a balanced pattern of urbanization between cities of the East Coast and Central and Western China in the pre-reform period. At that time, rates of urbanization were low or, at times, flat. While China's urbanization mode in the pre-reform period was one that could best be characterized as central government-led top-down industrialization cum urbanization, the mode of urbanization experienced a sharp change of direction with the launch of reforms in 1978, since when it has interacted and been influenced by many factors at different levels, including markets, FDI and globalization. It can be argued that urbanization in some coastal cities has been driven through processes that originate in the lower echelons of government.

The second major theme of scholarly discussion revolves around the driving force behind urbanization. While in the transition economies of Central and Eastern Europe, the state no longer plays a leading role in the urban process, the picture in

China is completely different. Liu et al. (2011) have argued that in the European context, the state only plays a limited role in urban development. For instance, in the fields of city planning, construction and transport projects and the provision of social services, local government is normally but one of several actors. However, the situation is quite different in China. Government at various levels plays a leading and omnipresent role in the process of urbanization, not only in decision-making, but also in the operation of policies (Liu et al., 2011). In this context, it is necessary to examine what the governance arrangements are between central and local (municipal and district) governments and what the roles of various administrative levels are in the process of urbanization. Liu et al. (2011) see the mode of state-oriented urbanization in China as administrative urbanization, in which a different role is played by central and local governments in the process of urbanization. In particular, the roles that central and local governments played in pre- and post-reform periods are different.

Most scholars hold the view that centrally planned policy was the major driving force for China's urbanization (Wu et al., 2011; Wu, 1998a; Wu, 1998b; Han, 2000; Wu, 2002a). Central government controlled the growth of the urban population and the distribution of cities through the institution of *hukou* registration in the centrally controlled and planned economy (Kirkby, 1985; Xie and Costa, 1991; Chan, 1994; Zhang and Zhao, 2003). In addition, industrial production and distribution were planned and controlled by central government. Even the number of products was controlled by central government through its party-controlled machinery (Cui and Ma, 1999; Ning, 1998). In these conditions, government at provincial level just involved control over the production and distribution of goods under orders from the central government. To all intents and purposes, local government had no rights in the era of the centrally planned economy. In particular, powerful work units directly participated in the planned economy and held many of the responsibilities later undertaken by local government.

Since 1978, China has gradually conducted a policy of market creation and decentralization. Economic development has become the major goal of government at different levels. It came to be recognized that urbanization is an inevitable process associated with industrialization and modernization. National policies for guiding urban development were adopted in China (Wei, 1994), and certain non-state actors such as some township enterprises and foreign investors gradually became the driving force in transforming cities and lower-order urban settlements (Zhang, 2008). Above all else, a market-oriented approach has become the major driver for the urban development process in China (Davis, 1995; Gaubatz, 1999; Logan, 2002), and controls on rural–urban migration have been gradually loosened resulting in urban sprawl, in particular with the development of industrial parks on the urban fringe. While the market has played an increasingly important role in urban development, this does not mean that government has lost its commanding role in urban development. On the contrary, various levels of government are still leading actors in controlling the shape and direction of urbanization (Ma, 2002, Lin and Wei, 2002), but with the tendency for local government to be gradually playing the more prominent role, as was argued in Chapter 1 (Liu et al., 2011). At the same

time, as Yeh and Wu (1999) found, urban planners have been gradually facing greater challenges as a result of the transformation of the urban planning system from centrally driven to market-oriented. The major duty of central government – to set the general directions, policies and guidelines for urban growth – has been passed on to local government through the bureaucratic hierarchy. Municipal and (in Shanghai) district governments have gradually taken over the specific role of promoting urban development in China and are the dominant player in decision-making and the implementation of urban projects.

2.2.3 Urbanization of local government through the land-centred development model and property-led projects

Since the 1980s, local government has actively promoted the development of cities. Cities have become the driver for the development of China's economy. Through attracting business to construct industrial parks and high-technology parks, local government has actively conducted a pro-urban policy. City governments throughout China try their best to attract investors and find useful economic resources to promote the development of their local economy (Liu et al., 2011). They compete to attract investment and FDI in order primarily to get more financial revenue through leasing land to developers. Therefore, local governments are keen to realize urban renewal in the city centre and urban expansion on the urban fringe. The additional resources garnered through the sale of land leases enable them to promote the construction of modern urban projects and eye-catching buildings that will change the image of their city (Shen and Wu, 2012). This, at the same time, helps to enhance the performance of local officials, who can show off their achievements and press their case for promotion (Chien, 2013). This is why local government is the most prominent force behind projects of property-led redevelopment and the construction of industrial parks and housing estates in the inner city and on the urban fringe.

The process of urbanization in China is dual as a result of the difference between China's urban and rural administration setup. Land is separated into two categories: urban category (over which the state has ownership) and rural land (over which rural collectives have ownership). Rural areas of China are organized into villages and townships. Villages come under the jurisdiction of counties; however, urban areas come under the jurisdiction of districts, which are part of a separate administration system (Zhang and Wu, 2006). Villages become "urbanized" in a number of ways (Smith, 2014). Often, the county government will undertake a regional strategic development plan, in which it will stake out land for economic and industrial parks. The local government will compulsorily purchase the land from villagers, who will be moved out and relocated elsewhere. Then, local government will change the status of the land from rural to urban. The government will, then, based on the plan, start development projects, in particular high-profile ones (for instance, high-tech parks, special economic parks, university cities and, indeed, whole new cities). The local state oversees the construction of the physical structure of the new settlement and all the infrastructure by setting up a special

organization to undertake the projects. When they are finished, the control over the project will revert to the local state (Hsing, 2010). In some cases, if the settlement is reclassified as urban, the villagers will be granted an urban *hukou* and be provided with housing compensation and jobs available in the new industrial parks (Ong, 2014). As I will explore in more detail in Chapter 7, even in and around a big city like Shanghai, this is a fraught process with villagers often very unhappy about its prosecution and the consequences for their future lives.

With state tenure of land in China, local government not only regulates land use and transactions, but also owns the land and profits directly from land rents. In the past, government would not have had the right to undertake land transactions, but this situation changed with the launch of economic reforms starting in the 1980s when a series of institutional arrangements were put in place by central government, which resulted in a process of rescaling of fiscal and other powers. These institutional reforms were introduced in the context of a new ideology -- the concept of the socialist market economy, proposed in 1987. Against this background, rescaling has occurred in two directions: top-down institutional rescaling and horizontal market reforms (Wu, 1995).

From the perspective of institutional arrangements, China has gradually transformed itself from a centrally planned into a transitional economy, and the power of intervention in the economy has gradually transferred to the lower levels of provincial, and even district, government. Central government has gradually decentralized its powers to local government in the field of local economic development (Wu and Yeh, 1997). Meanwhile, a series of policies were introduced, such as reform of land policies; land-use rights were separated from land ownership. This represented an attempt to avoid unconstitutional restrictions on the trading of market, which today forms the basis of the prosperity of the land auction market. In the process of decentralization, local government have an important role to play in economic development rather than merely as coordinators, as they were prior to political decentralization.

From the perspective of horizontal market reforms, market forces began to play a role in the process of economic development. In particular, the influx of foreign capital started to play a crucial role in economic development (Smart and Hsu, 2004). Investment from the public sector and from private domestic and multinational companies has led to a faster speed of urbanization and industrialization.

With the deepening of reforms in the 1990s, more institutional arrangements were adopted by central government. In particular, a tax-sharing system was established in 1994; central government took for itself most of the revenue from value-added tax (75%), while 25% was left for local government. Meanwhile, social welfare and other costly responsibilities were transferred to local government from central government (Qing, 2010). Thus, local government had to carry the burden for costly local affairs, but without the revenue sources. In the 1990s, local government was actively attracting investment, particularly foreign investment, for industrial parks

and similar ventures. Some preferential policies were adopted by local governments to attract investment. For instance, some chose to reduce land premiums and management fees, expecting to benefit from tax revenues rather than land premiums. There were further institutional reforms in the field of housing. Government and state-owned enterprises have no longer been providing welfare housing since 1999, and this has contributed to a burgeoning housing market. Increasing demand for housing prompted a boom for the housing market. Meanwhile, the urban land market became overheated with land auctions, becoming the only source of land supply. The booming of markets for housing and land have led local governments to see 'land sales' as a crucial source of revenue.

When local government decides to transfer land-use rights to property companies, the money they gain by leasing land-use rights goes into their coffers. Land rent has, thus, become a major source of local government revenue and capital for urban exploitation, and local government leaders have a keen interest in promoting and boosting property prices with the consequent effect of boosting the price of land-use rights. In addition, property prices are used to gauge the success of a city's development (Hsing 2010). Local leaders are regularly promoted if their urban development projects are successful, so local government leaders not only benefit from the extra funds, but also from promotion. There are lots of advantages, therefore, for local leaders to use urban strategic development plans to change the city's image and boost property prices.

Urban land is owned by the state, and the state in this context is generally taken in practice to mean municipal and district government. The state leases land in theory (and generally in practice, too) through public auction, although the process can be less than transparent. However, before 2000, it was common for land to be leased through negotiation (Tian, 2008; Xu et al., 2010). The whole gamut of processes around the development of land gives rise to the concept of property-led redevelopment, as discussed in Chapter 1 (He and Wu, 2007). Property-led redevelopment has changed the built environment and the social neighbourhood.

2.3 Urban conditions today 1: Housing, social segregation, migrants

In line with the process of China's industrialization and urbanization, China has experienced many changes in terms of housing provision and, along with it, social segregation.

2.3.1 Housing

In the late 1980s, the policy of open door and reform was extended to the sphere of land and housing, with crucial implications on urban development in China (Wang 2005; Wu 2002b; Yeung and Howes 2006). Housing reform changed the system of housing provision. In the pre-reform era, housing had been provided by the work unit and government for urban residents. In 1988, the government changed the old welfare system of housing provision and introduced a system of commodified housing (Li and Wu 2006). From then, an increasing number of urban residents

have had to buy property on the market, thereby breaking the link between the work unit and residence (Li and Wu 2008; Wu and Ma 2006). Housing reform has created great demand for commodity housing, and all new built housing has been sold by means of the market (He, 2007). In particular, since the turn of the century, housing has become a financial product on the market, with the wealthy and middle classes trying to buy more houses to keep safe the value of their money. This has pushed up the price of housing in Chinese cities. Furthermore, as we have seen, local government benefits from land leasing, so local governments have a motive in promoting the development of real estate. The developers also have an incentive to build more houses as they benefit from the speculator-driven market and higher house prices. Today, even for the middle class, not to mention those on low incomes and new rural-urban migrants, it is not easy to afford a new property in cities. Due to the fact that both government and developers can benefit from property development, more and more high-profile property has been built in and around cities, and this has had a huge impact on social segregation, as we will see in the following paragraphs.

2.3.2 Social segregation

Much attention has been focused on socio-spatial segregation in Eastern Europe Africa, and Asia (Madrazo and van Kempen, 2011). Terms such as *dual cities*, *polarized cities*, *fragmented cities* and *partitioned cities* have been used by researchers to refer to social segregation (Mollenkopf, 1992; Marcuse, 1989; Marcuse and Kempen, 2002). In Madrazo and van Kempen's research (2012), the terms *divided cities*, *segregation* and *social division* have been used interchangeably with those words seen as indicating the same issues of spatial division in cities. Living together in a group is thought by many to make for easier access to economic resources and life chances. Living in isolated circumstances, on the other hand, is seen as being likely to gradually exacerbate social exclusion and concentrations of poverty in the cities (Friedrichs, 1998; Wacquant, 2008). Economic restructuring and social polarization are seen as the mechanisms causing spatial divisions (Marcuse and Van Kempen, 2000).

China has gradually experienced social segregation in the cities ever since the start of the opening-up period. Chinese cities have been transformed from spaces with no social and spatial division into spaces characterised by segregation and social divisions. Social segregation has been intensified by the direct foreign investment and rural-urban migration, which have accompanied reform and opening (Madrazo and van Kempen, 2011; Li and Wu, 2006). Nevertheless, it is government policy that has probably been the most important cause of socially segregated living patterns (Huang and Jiang, 2009; He et al., 2010). For instance, the policy of closing the many state-owned enterprises (SOE), which led to millions of workers being laid off, caused many urban workers who lived in company and factory complexes to become the new urban poor. In addition, the *hukou* system of household registration has been considered one of the most important elements in the restructuring of the socio-spatial patterns of Chinese cities (Madrazo and van

Kempen, 2011). More recently, government profit-driven entrepreneurial activities have had a significant impact on the spatial structure of cities.

2.3.3 Migrants

Massive numbers of rural migrants have been moving to urban areas in the years since the 1980s. Zhong (2000) and Jiao (2002) estimated that there was a 'floating population' of 30 million in the early 1980s and 70 to 80 million in the early and mid-1990s. This number increased to 100 to 140 million after 2000. By the time the 2005 population sample survey was conducted (NBS 2006), the floating population had increased to 147.35 million. Liang and Ma (2004) and Fan (2005a) confirm that the mobility of the floating population had significantly increased from 1985 to 1990 and from 1995 to 2000. Inter-county migration increased from 22.62 million to 78.5 million between 1990 and 2000, which clearly shows a growing rate of increase. Not only has mobility increased, but the distances moved by the migrants have also increased from the 1980s (Du 2004; Fan 2005b). The main direction of migration is to the three most developed and highly industrialized regions: the Pearl River Delta (Guangdong province), Yangtze River Delta (Shanghai, Jiangsu province and Zhejiang province) and Huangbohai regions (Beijing and Tianjin) (Chan, 2009; Fan, 2002 and 2008; Goodkind and West, 2002; Gu and Shen, 2003). The issues that migration in China raises – the scale of the migration and its social and economic impact – have resulted in more attention from researchers; these issues have given rise to controversy amongst researchers, observers and the general public. Goodkind and West (2002) look at the connection between migration and *hukou* policy and argue for the reform of *hukou* policy. Population censuses in 1990 and 2000 allowed for nine major reasons for migrants' move to cities: job transfer, job assignment, industry/business, study/training, friends/ relatives, retirement, joining family, marriage, housing change, and other. While this is the formal view, it is widely accepted that economic objectives such as increasing income and diversity of income sources are the major reason why migrants move to urban areas (Liang and Ma, 2004; Croll and Huang, 1997; Fan, 2002).

The *hukou* system was introduced in 1958. It was designed as a means to control population movements and mobility between rural and urban areas, and also as a central institutional mechanism defining the relationship between city and countryside. Changes from rural to urban *hukou* status need to be approved by government (Chan, 1996; Goodkind and West, 2002; Wang, 2004). *Hukou* registration not only provides the principal basis for establishing identity, citizenship and proof of official status, but is also essential for every aspect of life. Without it, people neither can get food, clothing or shelter through official avenues, nor obtain a job, go to school or marry. Although there is more research focusing on the impact of rural-urban migration and urbanization, less attention has been devoted to the effects of *hukou* in controlling population. Chan and Zhang (1999) point out that the *hukou* system played a significant role in formally controlling migration from rural to urban areas. As a result of the *hukou* system, many people who did not have jobs were sent back to the countryside. There was only a relatively small

increase in the urban population during the period from the inception of the policy in 1958 to the early 1980s, due to the strict *hukou* policy (Wang and Wu, 2010).

There are two *hukou* classifications: urban and rural. For the most part, both classifications are inherited from the parents. Agricultural *hukou* provides access to farm land, while the nonagricultural *hukou* gives citizens access to jobs, housing, food and state-sponsored benefits and rights (Fan, 2008). *Hukou* symbolises status in China. During the economic reforms of the past three decades, the *hukou* system has been loosened by the government to allow (if not to encourage) rural migrants to stay in cities and find temporary jobs (Wang, Wang and Wu, 2010). Although *hukou* policy is ultimately controlled by the central government, local governments have some room for manoeuvre in terms of adapting policy to local circumstances. China has transformed from an immobile to a relatively mobile society, even though the rate of Chinese population flow is relatively low when compared with western countries (Fan 2008).

Zhong (2000) argues that when the State Council approved reforms to the *hukou* policy in 1984 and peasants were permitted to work in cities and towns, it was thought that they would be self-sufficient in food grain supplies, symbolizing the liberalization of relationships between city and rural areas. Yu (2002) argues that the People's National Congress approved the use the citizen's identity card as a way for a migrant to prove identification. In addition, Fan (2008) also argues that the introduction of a liberal market for food, housing and other daily goods means that it often is easier for peasants to live and work in the cities and towns, even without an urban *hukou*.

Reform of the *hukou* system has become one of the major debates within the higher echelons of the Chinese Communist Party, as well as among municipal leaders of the country's largest cities. A number of cities introduced experimental reforms in the early years of this century, repealing restrictive regulations on non-urban *hukou* holders' access to housing, education and social welfare. However, the burden of cost of these reforms led to their being repealed (Wang 2010). At the same time, some of China's largest and wealthiest cities, Shanghai leading amongst them, initiated a system of charges for an urban *hukou*. This became known as the Blue *Hukou*, which has been stopped in the largest cities. In April 2014, Tianjin is the last one to stop the policy of Blue *Hukou* to control rapid growth population in the largest cities.

Particularly since 2001, there have been various attempts to reform the *hukou* system led by the State Council in an attempt to loosen internal migration between rural and urban areas (Wang, 2010). In 2001, the State Council approved a pilot policy. The urban *hukou* was granted to rural migrants with a stable income and stable housing in selected towns or small cities for more than two years. The policy was then expanded in 2002, with the promulgation of a directive affirming the rights of rural migrants to work in cities. Stable housing and income have become the major criteria for rural migrants who want to get an urban *hukou* in towns and small cities. The further step of "grand and deep *hukou* reform" was taken by the State

Council in an attempt to create a uniform national *hukou* system to reduce the income gap between rural and urban areas through a relaxation in controls on internal migration. This policy has been pursued in a number of medium and large cities. For instance, Zhengzhou, the capital of Henan province, attempted to realize an ambitious urbanization plan, with more than 250,000 rural migrants becoming urban *hukou*-holders; this resulted in a series of social problems including a lack of educational resources and job opportunities. Zhengzhou-style urbanization was subsequently criticised as Henan's Great Leap Forward in urbanization (Wang, 2010). *Hukou* reform faced widespread resistance from local government and special interests groups of local urban residents. Official media referred to *hukou* reform as being "stuck in deep water." Central government attempted to use a uniform *hukou* system to replace urban and rural *hukou* in 11 provinces and encountered difficulties and local resistance (Wang, 2010). *Hukou* reform has become an intractable problem, which has received much more attention from scholars and government.

More recently, the issue of urbanization and *hukou* reform was at the centre of attention at the Third Plenum of the Eighteenth Central Committee of the CCP held in Beijing in November 2013. The subsequent communiqué outlined plans, albeit still vague, that would allow for an accelerated process of conversion from rural to urban *hukou* (Chan, 2014). However, in all discussion of *hukou*, it is important to bear in mind that, based on the report of the Third Plenum, *hukou* reform was seen as one of the key reform hotspots by 2020. Cities are classified into four categories: small cities, medium cities, large cities and mega cities. Reforms of policy on the *hukou* is different according to the category of city. Large and mega super cities are more likely to tighten up *hukou* policy (ANU, 2014), making it harder for outsiders to become *hukou* holders of cities such as Shanghai, Beijing and Guangzhou. When it comes to small cities, *hukou* policy is becoming more open to in-migrants, while medium cities are moving towards applying an "orderly" open door policy. Small cities and counties will become the focus of urbanization according to the "new type" urbanization plans of Premier Li Keqiang (Chan 2014).

Based on the new urbanization plan announced in 2013, energy will be directed towards the urbanization of counties (*chengzhenhua*) rather than the urbanization of cities (*chengshihua*) and will focus on growth in incomes rather than growth in infrastructure. People's *hukou* status will depend on workplace rather than birthplace, but the *hukou* system will still act to control internal migration. The reforms are being criticized on a number of fronts, for example, for taking away the attraction of a small-city urban *hukou*, while making the most attractive large cities *hukou* even harder to obtain. The issue of greatest concern is that the reform merely reinforces the "three nos" of urban migrants – no land, no job opportunities and no welfare protection (Wang, 2010). Large-scale urbanization in small cities and counties will result in a large number of rural people obtaining urban *hukou*, which will require much investment in education and housing as well as welfare protection. At the same time, it should not be forgotten that a small number of highly successful rural migrants can satisfy the stringent criteria of most cities through educational attainments and/or party connections. Cindy Fan (2002), indeed, refers

to three of elite, urban and rural not two categories rural and urban. This is an important, but often neglected, addendum to the discussion of migration and the *hukou* system in China.

2.4 Urban conditions today 2: Urbanization, urban villages and urban sprawl

When launching its policies of opening and reform, the State Council issued institutional arrangements for the reform in two different, but ultimately related fields: rural policy and foreign investment. The whole reform process started with the introduction of rural land contracts and the loosening of *hukou* policy, meaning that farmers had land contracted out to them in return for a stipulated proportion of their harvest. This released many people from the need to work the land, allowing them to move to urban areas. At the same time, substantial FDI investment poured into the coastal cities, which became the driving force of economic development and the intersection between capital and the floating population, giving rise to massive urban growth and urban sprawl – trends that will be discussed in the following section.

2.4.1 Urbanization

China's unprecedented urbanization has caused massive urban sprawl, which intensified the loss of farmland in China's urban periphery (Lee, 1991; Heilig, 1997; Marton, 1999; Zhang, 2000; Hubacek and Sun, 2001; Xu et al., 2000). In the paragraphs that follow, we will review the process of urbanization and urban sprawl.

In the last three decades, there have been huge changes in terms of urbanization levels, both in terms of level of urbanization and number of cities. The rate of urbanization rose from 22% to 33% between 1983 and 1999; it increased to 49.6% by 2009. The level of urbanization is expected to reach 75% in the 2050s (Cheng and Masser 2003; Liu, Yin and Ma 2011). With respect to the number of cities, between 1978 and 2006, there had been a three-fold increase; from 1978 to 2007, the number of mega cities (with a population of over 1 million) increased from 13 to 56 (Wu, Zhang and Shen 2011). This rapid rate of urbanization has been the focus of much scholarly attention (Ma and Wu, 2005; McGee, 2007; Wu, Xu and Yeh, 2007). One of the principal distinctive hallmarks of the urbanization process is that it was prefaced by a period of rural industrialization, especially in that part of Jiangsu Province south of the Yangtze, lying more or less between the cities of Shanghai and Nanjing. This densely populated area later developed into a highly industrialized and urbanized landscape, but in the 1980s, it was here that rural industry in the form of factories owned and run by township governments, gave a kick-start to large-scale Chinese industrialization with the blessing of central government.

2.4.2 Urban villages

The process of city-based and land-centred urbanization is not only bringing with it the image and reality of state-of-the-art architecture and skyscrapers and landmarks in cities, but also the phenomenon of the 'village-in-the-city' (*chengzhongcun*), otherwise known also as 'urban village' in Western literature. Urban villages have become widespread in many Chinese cities, providing affordable and accessible shelter for rural migrants (Hao et al., 2012). Ho (2001) and Tian (2008) think that the widespread existence of urban villages in many large cities is due to institutional constraints such as government controls of public access to urban land. Urban villages dominate the low-cost housing market taking shape in many cities (Hao et al., 2012). The presence of urban villages is, therefore, not only widespread, but also distinctive and important within the overall picture of urban change in China.

Urban villages arise when municipal governments requisition rural land from rural collectives and convert it to urban land for urban development; rural villages are surrounded and captured by the newly built-up area. In order to avoid costly and time-consuming compensation resulting from relocating villagers, municipal governments only expropriate village farmland, leaving untouched villagers' housing. This, then, becomes enclosed spatially by new built-up areas creating urban villages. This is a particularly common phenomenon in southern cities like Guangzhou and Shenzhen (Hao et al. 2012; He et al. 2010). The urban villages are surrounded by built-up areas in which there are many factories. Therefore, these urban developments create a huge demand for jobs, giving rise to massive rural to urban migrations and a huge demand for affordable and accessible housing units near the urban area. The villagers build housing units without planning permission from government to rent out to satisfy the demand from workers, who gradually form a low-income housing market in these new urban area (Zhang et al., 2003; Tian, 2008; Wang et al., 2009).

Urban villages emerged in those cities with rapid urban growth, particularly in Shenzhen, Guangzhou, Shanghai, and Beijing. Urban villages have become the focus of much research. They are formed by rapid urban growth, surrounded by newly built plants and industrial parks, and contain affordable and convenient temporary housing for rural to urban migrants (Wang et al., 2009, Shen et al., 2002, Wu and Wang, 2002). However, these urban villages have different characteristics in different cities depending on their location. Much of the focus has been on Shenzhen. As Wang et al. (2009) state, as a former fishing village on the border with Hong Kong, Shenzhen experienced extraordinary urbanization driven by processing plants, workshops and factories, which resulted in rural land being seriously encroached. Due to the huge transformation of Shenzhen, large numbers of urban villages were absorbed within the rapidly growing city. Urban villages in Shenzhen are numerous and large and are scattered around the whole of Shenzhen city, with 91 located inside the SEZ and 150 outside the zone (Wang et al., 2009). When it comes to Shanghai and Beijing, because of the long history of these two cities, there are almost no urban villages in city centre or inner city areas.

Scholars have provided contrasting definitions of urban villages (Tian, 2008; Zhang et al., 2003). Some have emphasized the emergence of unusual forms of housing

settlement due to the institutional context. He et al. (2010) argue that a mixture of land, *hukou*, housing provision and village governance have resulted in the formation of urban villages. A number of writers have come up with detailed documentation in terms of physical setting, land and living conditions in urban village (Wei, 2000; Zhou and Gao, 2001). Others have looked in particular at the land-use patterns and ownership systems of urban villages, among them Jing (1999), Xie (2003). Yet other scholars have concentrated on the change in social structure (Lan 2001; Li 2002).

Urban villages have attracted researchers' attention from four perspectives – the perspectives of rural migrants, planners, government officials and indigenous villagers. For the rural migrant, urban villages play a vital role in providing affordable and accessible housing for low-income workers, who are shunned in the urban housing market due to the high cost of renting housing in urban areas (Zhang, 2005; Song et al., 2008). Therefore, urban villages are important shelters for rural migrants and low-income workers. For indigenous villagers who have lost their farmland in the process of urban expansion and so have lost their means of making a living, renting their housing to low-income workers has become the primary, and often the only, source of livelihood (Zhang et al., 2003) as we shall see for Hongqiao in Chapter 7. Chen and Jim (2010) point to the important role of urban villages in the low-income housing market and efforts that have made towards formalization. Nevertheless, as they point out, municipal governments retain a negative attitude, holding the view that the existence of urban villages is a physical and social problem, which suppresses the value of land around the urban village and in neighbouring areas and harms the image of the city. Migrants who lived in urban villages encountered institutional discrimination and the impact of market imperatives (Chen and Hoy, 2011). Policymakers and planners focus on land in the urban village; they hope for wholesale demolition and redevelopment of the area as a solution to the 'urban village problem'. Planners such as Zhen Jing use the term 'isolated island' (*gudao*) to describe urban villages, clearly indicating thereby that they wish to change the situation of these islands. However, indigenous villagers have been resisting urban redevelopment programmes.

While villagers have resisted redevelopment, many researchers have also criticized urban redevelopment schemes, arguing that the wholesale demolition of urban villages will exacerbate the housing crisis for the migrant population and the landless (Zhang, 2005; Song et al., 2008; Tian, 2008). The tendency has been on all sides to think of urban redevelopment schemes in terms of win-win solutions. One of the aims of this thesis is to understand the process of urban village development and the requirements of stakeholders in order to provide some findings and implications to help the government develop better policies towards urban villages (see Chapters 7 and 8).

2.4.3 Urban sprawl

Urbanization has a significant impact on urban sprawl in terms of land use. The population in China's largest cities has been surging and has reached more than 20 million in both Shanghai and Beijing. Large expanses of rural land have been expropriated and converted into 'construction land' (*jianshe yongdi*) to accommodate new waves of urban growth of construction of industrial parks and new towns (Liu et al., 2005). In line with the fast speed of urbanization in China in recent decades, urban sprawl has become widespread in many cities, even around some small and medium-sized cities. These cities have an incentive to promote urban sprawl through the building of new industrial zones and new towns, and this applies all the more so to big cities in developed areas of China, in particular in the eastern part of China, such as the Yangtze River and Pearl River Deltas, which has gradually led to the formation of urban megalopolises.

In examining the issue of whether urban sprawl in China is excessive and inefficient, scholars have argued that urban development has two contradictory phenomena, which are development zones and semi-urbanized villages in the process of urban sprawl (Deng and Huang 2004). Deng and Huang (2004) hold the view that traditional theories of excessive urbanization and normal suburbanization could not explain both types of urban expansion in China, where various levels of government have set up numerous industrial development zones, which are discontinuous and far away from city centres. They outline certain inefficient patterns of urban expansion that have been described using the term *urban sprawl*. There is, however, no consensus on the exact meaning of *urban sprawl* in the Chinese context. Most Chinese scholars have been treating urban growth as urban sprawl (Fung, 1981; Wei and Zhao, 2009; Wu and Yeh, 1999; Lin, 2001). Deng and Huang (2004) conclude that the definition of urban sprawl should, firstly, refer to inefficient or excessive urban structure, and, secondly, have the characteristics of leap-frog or low-density urban structure. They also conclude that *sprawl* does not equal *suburbanization*.

Wei and Zhao (2009) state that urban sprawl around China's megacities should be seen as having a different pattern to that which is found around Western cities. The pattern they describe is of many high-density developments along with plenty of open space – a pattern that is the result of joint action by local authorities and property developers at the urban fringe. Meanwhile, when it comes to the levels of township and village, a different land-use pattern of low density and less open space is revealed, mainly associated with local developments. Taken together, we see a pattern of urban over-spill and local urban sprawl. This amoeba-like pattern contrasts with the classic picture for cities in global south countries of development around the urban fringe of existing cities or along traffic arteries of highways and rail tracks (Torren and Alberti, 2000; Barnes et al., 2001; Hurd et al., 2001).

One simple measure of urban sprawl is the sum of the built-up area (Sudhira et al., 2004). In terms of built-up area, there was a huge increase to 1.38 million hectares in 1996, more than doubling that in 1949 (Lin and Ho, 2003). The dazzling speed of urban growth has been a prominent feature of the Pearl River Delta, where the urban area increased by 300 percent in eight years from 1988 (Seto et al., 2002),

with a further acceleration since 2001. In that year, China joined the World Trade Organization, and global capital poured into the country. Urban development and consequent sprawl was promoted by various intertwined forces of state policies (both central and local government), foreign investment, urban planning and changing governance (Cheng and Masser, 2003).

The creation of Special Economic Zones early in the reform period in the Pearl River Delta accelerated the trend of urban sprawl. More recently, in 1998 and 2008, central government took measures to speed economic growth when the regional and global economies were in difficulty. On both occasions, central government introduced credit and other policies to stimulate land- and construction-based growth. The result was a boom in the construction of industrial parks at the urban fringe of the east coast, a boom that was subsequently transferred to areas of central, and even western, parts of China. Not least as a result of these policies, the real estate industry has become the driving force behind China's economy in the past ten to twenty years, and local government has actively initiated a policy of property-led development. As a consequence, the areas around China's cities have been completely transformed and now include large numbers of gated communities and villas built on the urban fringe catering for the rich and middle class (Phelps and Wu, 2008). Large numbers of new cities and towns have also sprung up like bamboo shoots after spring rain. Among examples are Binjiang New District in Hangzhou, Songjiang New City in outer Shanghai and Hexin New District in Nanjing.

A further type of urban sprawl results from the proliferation of university campuses around Chinese cities. With the launching of reform of the higher education system in 1999, a wave of construction of new science and university towns on the city outskirts took place. Many universities planned and constructed new campuses on the urban edge, working with local government to build new urban areas to promote economic and urban growth. For instance, Shanghai Municipal Government established Songjiang University City, covering an area of more than 10 square kilometres (see Chapter 3). Nanjing local government has planned Xianning University Town, and Beijing and other cities have undertaken similar plans.

By now, China has experienced wave after wave of government-led urbanization projects. The rapid growth of urban sprawl has significantly transformed the urban spatial structure and pattern of large cities such as the eastern cities of Guangzhou, Shanghai and Nanjing, as well as Beijing and other small- and medium-sized cities. Rapid urban growth has brought the opportunity of urban development and benefitted local government. However, urban growth has also resulted in serious loss of arable land; China's cultivated land per capita had been reduced by 677 square metres from 1949 to 1995 (Cheng and Masser, 2003). This problem of the reduction in the amount of arable land has been getting worse due to urban sprawl. By 1998, it had become so bad that the State Council in Beijing, in its First National Land Use Master Plan, set a minimum national cultivated land area (Chen 2013, 107). In an attempt to protect farm land, it issued quotas for the conversion of land from agricultural to urban use. Central government strictly adheres to a line that agricultural land remain at the level of 1.8 billion mu. This has, however, led to

various schemes to circumvent the quotas. Thus, in some places, a trade in conversion rights has developed, with Kunshan (see Chapter 3) being involved in this (Chien 2013). At the same time, the construction of 'concentrated villages' has become popular, where attempts are made to use land more efficiently by uprooting villagers and relocate them into newly built high-rise housing (Ong, 2014).

The above examples show that it is necessary to understand urban expansion and sprawl in the Chinese urban context. Urbanization in the Yangtze River Delta will soon be all but complete. At the centre of this region stands Shanghai, and it is to an examination of urban development patterns in China's largest city that we now turn.

2.5 The history of Shanghai's development

Once a smallish trading town located near the mouth of the Yangtze River, Shanghai quickly grew to become the biggest city and economic centre in China. Even at the time of the economic stagnation brought on by the Cultural Revolution, Shanghai was the major revenue contributor for central government. With a population of about 23 million on a land area of 6341 square kilometres, Shanghai is recognised as the 'dragon head' (*long tou*) of the Yangtze River Delta. Due to its strategic geographical location near the sea, Shanghai has become the hub of China's industry and trading. Shanghai is also an important port city that links the inland of China with the rest of the world. The city, indeed, lives up to its name, which means "above the sea," being not only the largest city in the country, but also its financial, shipping, trading and economic centre. Shanghai's municipal politics are cast in terms of catching up with and overtaking Hong Kong and Singapore as a global city. Since the start of the 1990s, Shanghai has experienced two decades of fast development at unprecedented speed, involving a huge scale of urban rebuilding (Chen, 2009). In the history of Shanghai's modern development, four periods can be identified: pre-1949, 1949 to 1978, 1978 to 1990 and 1990 to the present. These periods are delimited by remarkable changes in policy.

2.5.1 Shanghai before 1949

When China lost the Opium War in 1842, the Qing government was forced to sign the treaty of Nanjing. As an outcome of the treaty, Shanghai became one of five cities chosen to become an open city – open to Western trade and residence. Shanghai became a connection to the Western world and an important port city. Thanks to Shanghai's location midway up the country's coast, it became the crucial link between port cities in northern and southern China as well as the principal link to port cities in Korea, Japan and Western countries (Feitelson, 1993, Chen, 2009). In addition, Shanghai's port linked the city to other major cities along the Yangtze River.

This central location meant that Shanghai soon became the base for foreigners doing business in China and, before long, the city became the centre of comprador capitalism in China and in the wider East Asia. Shanghai, thus, became a sort of semi-colony, with foreign settlers and Chinese residents having separate

jurisdictions. By 1930, Shanghai had been transformed from a small town into the seventh largest city in the world, a thriving and cosmopolitan settlement often referred to as the Paris of the Orient, a centre of fashion centre whose inhabitants enjoyed a vanguard cosmopolitan life (Chen, 2009). During the city's heyday, in the 1920s and 1930s, East Nanjing Road was recognized as the 'Ten miles foreign market' (*shili yangchang*), complete with pubs, clubs and leisure palaces that helped Shanghai live up to its billing. Shanghai had gradually become the first and leading industrial centre in China. The principal industry was textiles, with factories involved in spinning, finishing and fashion, using silk and cotton from the fertile flatlands of the Yangtze River Delta.

Many of Shanghai's new residents came from the southern part of Jiangsu Province, many of them driven into the city by the frequent floods that inundated that part of China. Others, especially factory workers and rickshaw pullers, came from those parts of Jiangsu Province north of the Yangtze known as Subei. Other more prosperous migrants came from the old trading port of Ningbo to the southeast of Shanghai. Shanghai became a staging ground for a variety of forces wrestling for control of China. During the Nationalist period, the China Communist Party established its first branch in Shanghai and gradually built a trade union movement and convened the first congress. Nevertheless, the city never became a Communist stronghold, and Communist activity in the city was crushed with relative ease.

2.5.2 Shanghai and its history since 1949

When the People's Republic of China (PRC) was established in 1949 with the China Communist Party's ascent to power, Shanghai's situation was totally changed. Scholars have divided Shanghai's history under the rule of the CCP into three phases – from 1953 to 1978; from 1979 to 1989; and from 1990 onward, with the development of Pudong (Feitelson, 1993, Song and Yeung, 1996). The different characteristics of these development stages will be discussed in the following paragraphs.

In the first era from 1953 to 1978, Shanghai experienced economic stagnation. In particular, the government in Beijing adopted a policy of even national development and, in 1958, promotion of industry in inland parts of the country to protect it from foreign attack. As part of this policy, many key elements of economic development such as factories, skilled workers, technicians, goods and machines were relocated to previously neglected areas in central and western parts of China (Pye, 1995). Shanghai was seen as the epitome of evil Western capitalism by Mao Zedong and the Communist leadership in China, causing strained relations between the Shanghai and central governments. Shanghai had not only to support development in the rest of China in terms of economic development, but also in terms of revenue. As Lynn T. White (1987) writes, Shanghai was forced to remit a larger share of its revenues than it should have remitted on the basis of what the political system required of other places. Between 1949 and 1983, Shanghai remitted as much as 87% of its revenue (about RMB 350 billion) to Beijing. Only 13% of its revenue was left for its own development, in obvious contrast to Tianjin, with an average of 30%

of its revenue spent on local development (Song and Yeung, 1996). With less revenue resource to support economic development, urban development in Shanghai stagnated, and dilapidated buildings proliferated in inner Shanghai. In the early 1990s, the Shanghai government initiated a policy of urban renewal in the inner city (*jiucheng gaizao*), which involved the demolition of dilapidated buildings and started the process of displacement of residents.

In the second phase from 1979 to 1990, China carried out its policy of reform and opening-up, but in this early period, the policy was centred on a number of southern cities such as Shenzhen and Zhuhai, which were designated as Special Economic Zones. Throughout the 1980s, Shanghai remained reliant on manufacturing (Lu and Wei, 2007). Shanghai lost out in the initial phase of economic reform, even though it was chosen as one of fourteen open cities in 1984. Its annual economic growth speed of 7.5% was below the national average, even as it contributed one sixth of central government's revenues (Song and Yeung, 1996). This is why Shanghai was described as a "golden cash cow" (White, 1989). Shanghai lost status, and the reputation of its manufactured products, which had held high even during the Cultural Revolution, fell.

The third phase refers to the rapid economic growth since the start of development of Pudong in the early 1990s. Since then, Shanghai has experienced a new wave of economic growth, with Pudong becoming the new platform for Shanghai's development. Shanghai's gross domestic product had reached RMB 197.2 billion in 1994, while in 1978, it was only RMB 27.3 billion (Song and Yeung, 1996) 55). Shanghai's GDP has enjoyed a growth rate of more than 10% per year for 17 years. It was only in 2008 that the economic growth rate dropped below 10% as the global financial crisis caused a decline in exports and in the real estate sector, which had been the driving force behind economic growth in Shanghai as elsewhere in China (Chen, 2009).

2.6 The development of Lujiazui and Pudong

2.6.1 Behind the development of Pudong

When Shanghai was chosen as one of fourteen open cities in 1984, Hongqiao Economic and Technological Development Zone (ETDZ), Minhang ETDZ and Caohejing High-Tech Park were created in order to attract foreign investment. However, these zones were located in the far western suburbs of Shanghai and were too small to effect scalar change (Wu and Barnes 2008, 367). Development thus avoided the city centre, where there was less room for further development, given high densities of building and population. Even after Shanghai had adopted reform policies, its speed of development lagged behind that of cities in southern China, and even more so that of Shenzhen Special Economic Zone (SEZ) (Yeh, 1996:290). Shanghai did not have room to attract foreign investment. Shanghai's leaders decided, therefore, to develop Pudong (east of the Huangpu river), seeing it as receptive terrain for development (Huang, 1992). Development of Pudong had been restricted previously because of the lack of bridges across the river, and the

area had remained largely agricultural with a few factories despite its proximity to the city centre.

Pudong was given SEZ status in 1990, with special features (outlined below) and with backing from the State Council in Beijing (Wu and Barnes 2008, 367). The development of Pudong was actively supported by former mayor of Shanghai and then State Council Premier Zhu Rongji. The city government formed a leading group in order to develop Pudong in 1988. The State Council approved the plan to develop Pudong New District on April 18, 1990. With the establishment of Pudong and its designation as a 'new district', Pudong was able to enjoy more preferential policies similar to those applied to Shenzhen and other SEZs (Yeh, 1996:290). An administrative commission was set up to run Pudong New District with a development corporation for each of the four special zones that were also set up. In 2000, a special administration, the Pudong District Government, was established with a high status directly under the Shanghai Municipal Government (McGee et al., 2007, 223).

Pudong was able to incorporate many of the lessons learned and development experiences of Shenzhen and other SEZs in the field of urban planning and attracting foreign investment, the most successful of which were preferential policies and infrastructure development (Yeh 1996:290). The central government approved ten preferential policies in an effort to attract investment to Pudong and, in particular, foreign investment as shown in Table 2.3.

These preferential policies relating to the financial sector were only applied in the newly established Pudong New District as part of an attempt to make Shanghai into an international economic centre. Even Shenzhen and the other SEZs were not allowed to apply these preferential policies. The Pudong project gained strong support from the central leadership. The development of Pudong New District became a national strategy when Premier Li Peng announced that the State Council had agreed to the development of Pudong New District on April 18, 1990. Based on a directive from the central leadership, the Shanghai municipal government proposed a 16-character slogan to articulate the principles behind the development of Pudong: Fazhan Pudong, zhenxing Shanghai, fuwu quanguo, mianxiang shijie (translated as "Develop Pudong, revitalize Shanghai, serve the entire country and face the world"). Meanwhile, Li Peng proposed that planning, infrastructure and finance and trade should be top priorities in the development of Pudong. With the support and encouragement from central government, the development of Pudong was divided into three phases by Shanghai Municipal Government. The first phase covered the Eighth Five-Year Plan period (1991-1995). The state focused initially on preparations and planning, environmental remediation and the solution of traffic problems. The second phase covered the Ninth Five-Year Plan period (1996-2000), which focused on the development stage and continuing to build the backbone of the roads and municipal infrastructure. The third phase, in the years since 2000, is the stage of comprehensive development. In order to drive the development of Pudong, the Shanghai Municipal Government established a leading group, with the then mayor as its head. Waigaoqiao Free Trade Zone,

Lujiazui Finance and Trade Zone and Jinqiao Export Processing Zone were established in September 1990, pushing Pudong into a substantive start-up phase.

Table 2.3 Preferential policies issued by the State Council to support the development of Pudong New District

Preferential policies	Content
for local government	
1 Fiscal waivers	To speed up the construction of the Pudong New District, providing development, investment in the necessary infrastructure. Additional revenue was to be used to further the Pudong New District. There was no need to remit revenue to central government from the newly established Pudong District Government.
2 Establishment of free trade area	Pudong was allowed to build a free trade area in Waigao qiao.
For foreign investors: loosening conditions for FDI	
3 Export trade	Allowed foreign institutions to engage in export trade and provided convenient visa services for management personnel.
4 Infrastructure projects	Foreigners could invest in infrastructure projects including airports, railways, ports, roads and power plants. For the first five years, investments are exempt from corporation tax; tax is halved in the second five years.
5 Tertiary sector	Foreigners could invest in the financial and retail sectors.
6 Bank branches	Foreign banks could open branches in Shanghai, as well in Pudong New District. Tax rates for foreign banks reduced.
7 Land leasing rights	Foreign investors can sign contracts with government for land leasing for 50-70 years for development and investment.
8 Customs duties and tax exemption	Customs duties were waived for imports of machinery, equipment, vehicles and materials needed for construction in Pudong New District, and exemptions were applied from consolidated industrial and commercial tax.
9 Export-oriented products sales in China	Export-oriented products can be sold in China, on condition that they are approved by the competent authorities and customs duties and the business tax are paid.
For Domestic enterprises	
1 Relief from Corporation Tax	Businesses are exempt from corporation for the first two years of operation, and their tax rate is halved in the third year.

Source: (Shanghai Municipal Government, 2000).

In line with the State Council's declaration, in 1990, the Shanghai Municipal Government approved nine sets of regulations and guidelines for promoting the development of Pudong New Area as shown in Table 2.4.

Table 2.4 Preferential policies issued by Shanghai Municipal Government for the development of Pudong New District

NO	Preferential policies issued by Shanghai Municipal Government for the development of
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-	Pudong New District
1	Regulation of administration of financial institutions
2	Regulations on reduction and exemption of enterprise income tax
3	Customs regulations concerning the control of goods entering and leaving the Waigaoqiao free trade zone
4	Regulations to encourage of foreign investment
5	Measures affecting the management of Waigaoqiao free trade zone
6	Land administration in Pudong New District
7	Provisions of administration of planning and construction in Pudong
8	Approval measures for foreign-invested enterprises
9	Guidelines for industries and investment in Pudong New District

Source: Shanghai Pudong New Area: Investment Environment and Development prospect. China Construction Bank, Shanghai branch, 1991.

These preferential policies and guidelines, which were approved by the State Council and the Shanghai Municipal Government, are part of an effort to promote the fast development of Pudong New District. The Shanghai Municipal Government focused its energy on the development of Waigaoqiao Free Trade Zone, Jinqiao Export-Processing Zone, Zhangjiang High-Tech Park and Lujiazui Financial and Trade Zone. This latter zone was planned to become the CBD of Pudong and the whole of Shanghai, earmarked as China's Manhattan (Yeh, 1996:290). Shanghai Municipal Government issued preferential policies and guidelines related to finance in an effort to build up Lujiazui as Shanghai's new CBD and financial centre.

2.6.2 Lujiazui financial centre and suburban industrial zones

Of Pudong's four special zones, Lujiazui was the nearest to the old city centre and was designed as a centre for global higher-order service companies, especially finance companies. The competition to design Lujiazui became something of a *cause célèbre* and has been well described by Kris Olds (2001). Lujiazui is located opposite the old economic core of Shanghai. It was designed to be a fitting CBD for Shanghai as the dragon head of Yangtze River Delta (Yeh, 1996:290). In this sense, it has been successful in attracting a wide variety of modern service industries such as branch offices of international banks and consultancy companies. As a result, Pudong has been transformed in the last 20 years from agricultural land to CBD and financial and trade centre with much state-of-the-art architecture.

Apart from Lujiazui Business District, three other industrial parks were planned in an attempt to promote the development of Shanghai. Jinqiao Export Processing Zone was designed to attract FDI and relocated manufacturing from Shanghai city centre. Waigaoqiao Free Trade Zone is mandated to coordinate development of the Jinqiao Export Processing Zone in Pudong. Modern port facilities were built at Waigaoqiao. In this zone, sino-foreign joint ventures and foreign-funded corporations were invited to locate, in particular, corporations who could bring advanced skills and technologies. Public service agencies related to the free-trade zone established

offices in order to facilitate the trade of imports and exports. Zhangjiang High-Tech Park is located in the eastern part of Pudong; its function is to develop the science and education sectors. Among companies to move to the park have been firms producing precision medical equipment and computer software. Most FDI, however, has gone to Jinqiao Export Processing Zone while, more broadly, there has been a move from investment by predominantly joint-venture companies to foreign-owned companies. The development corporations have tended to use two development systems, known colourfully in Chinese as *zhuchao yinfeng* and *yinfeng zhuchao* or 'fix the nest then attract the phoenix, and attract the phoenix then fix the nest'. In other words, the first refers to the construction of infrastructure and buildings prior to attracting investing companies, while the second involves first obtaining interest from investors who then develop and make profits from the sale of property. In Lujiazui, the development corporation has tended to construct buildings and infrastructure, and then find buyers rather than vice versa. Elsewhere in Pudong, where foreign-owned companies are involved, they have tended to lease land first (Wu and Barnes 2008, 371). Much of the actual construction, however, especially outside Lujiazui, has been unrelated to the plans of the district government and the development corporations.

2.6.3 The construction of new infrastructure

Pudong learned many lessons from Shenzhen SEZ, which is widely considered to be the most successful SEZ in China (Yeh, 1985). It was clear from Shenzhen that, apart from the preferential policies, infrastructure development plays a significant role in attracting foreign investment and economic growth (Yeh, 1996:290). Thus, Shanghai Municipal Government paid considerable attention to the development of infrastructure in Pudong. Shanghai government spent a total of RMB 25 billion (US\$ 3 billion) to finish ten major projects (Wu, 2009: 137) from 1990 to 1995 (see Table 2.5).

From 1995 to 2000, the Shanghai government spent about RMB 100 billion to finish the second round of infrastructure construction in Pudong, including Pudong International Airport, Metro Line 2, the Outer Ring Road and Pudong Information Port (Table 2.6). Large-scale investment on infrastructure development has significantly improved the urban environment. From 2000 to 2005, a new round of infrastructure construction was started in Pudong; this involved the second phase of construction on Pudong Airport, the construction of the Yangshan Deep Water Container Port and the construction of the Maglev line (Wu 2009: 137). To this series of projects must be added the construction of facilities for the World Expo, held in 2010. This became a source of competition for Shanghai with Beijing, which only two years earlier had hosted the Olympics.

Table 2.5 Ten major infrastructure projects launched between 1990 and 1995

1990-1995	Ten infrastructure projects
	Linkage projects across the Huangpu River between Pudong and Puxi
	Nanpu Bridge

- Chapter 2 -

Yangpu Bridge
Pudong section of the Inner Ring Road
Sewage Treatment Project
Projects focused on Pudong
Pudong Gas Plant Phase II
Yang Gao Road widening
Waigaoqiao New Harbor first phase
Waigaoqiao Power Plant
Pudong New District Communications Centre
Liaoqiao Water Plant

Source: Shanghai Pudong New Area: Investment Environment and Development prospect.
China Construction Bank, Shanghai branch, 1991.

Table 2.6 Second round of ten major construction projects launched from 1995 to 2000

1995-2000	Ten infrastructure projects
1	Pudong International Airport
2	Waigaoqiao Port Area Phase II
3	Pudong International Information Port
4	No 2 underground phase I
5	Pudong New District light rail
6	Waigaoqiao Power Plant Phase II
7	Pudong section of the Outer Ring Road
8	Sewage Treatment Project Phase II
9	The Bund Sightseeing Tunnel
10	East China Sea oil and gas supply project

Source: Development Report of Shanghai Municipal Government from 1995 to 2000.

2.7 Shanghai and the World Expo

As we have seen, central government policies first worked to hold Shanghai back and then, from around 1990, preferential policies and support from central government made a major contribution to the city's fast development, especially with central government's approval of the plan for Pudong when Shanghai was chosen as the first city to allow foreign capital to invest in finance and banking.

As capital of China, Beijing enjoys the biggest advantage in applying for preferential policies. Indeed, Beijing has been cooperating with nearby Tianjin, China's third largest city, to form an economic and industrial centre to perform similar functions for the north of the country as Shanghai does for the centre. Once Beijing won the nomination to hold the Olympic Games in 2008, many factories moved to Hebei province and Tianjin in order to alleviate the problem of pollution in Beijing. For instance, Beijing Capital Steel Mining moved to Hebei Province. In the context of hosting the Olympic Games, Beijing has been building up its position as economic and financial centre for the northern part of China. Indeed, the city orientation is

similar to that of Shanghai, so it is inevitable that the two cities would find themselves competing for the title of economic and financial centre of China. Beijing's biggest advantage over Shanghai is the proximity of the offices of central government. Beijing is also home to the headquarters of central banking and financial institutions such as the People's Bank of China (China's central bank), the China Banking Regulatory Commission, the China Insurance Regulatory Commission and the China Securities Regulatory Commission, the headquarters of the four major state-owned banks, two major investment banks and domestic futures companies, regulators and other decision-making bodies, as well as China's top-level financial groups. Shanghai had been hoping that central government would move the headquarters of those banks and regulatory commissions to Shanghai, but up until now, only the central bank has established a second headquarters in Shanghai – such has been the strength of Beijing's competition with Shanghai as China's financial centre.

Shanghai has an advantage when it comes to the number of listed companies with head offices in the city. The level of economic development in Shanghai is higher than in Beijing, both in terms of GDP and the rate of increase of GDP according to Chinese Statistical Yearbook in 2013. In addition, Shanghai has a much higher number of multinational companies with offices in the city, and the first stock exchange in China was established in Shanghai. Finally, Shanghai is better located in terms of its economic hinterland than is Beijing, as the Yangtze River Delta is the largest economic and industrial base in China. In sum, while Shanghai has the advantage of economic development, Beijing has political and policies advantages.

The competition between Shanghai and Beijing goes beyond the economic perspective and has been extended to other issues such as the hosting of large-scale events. In the process of preparing to host the Olympic Games, Beijing municipal government spent RMB 280 billion on infrastructure, RMB 13 billion on the construction of sports venues and RMB 2.3 billion on the operation of Olympic Game (New Beijing News, 2008). In terms of infrastructure, Beijing built three underground lines to alleviate traffic congestion and its fifth and sixth inner ring roads (China.com, 2002). Beijing has expended much effort on urban renewal; in particular, much old and dilapidated alley (*hutong*) housing was demolished (with small quantities being upgraded and preserved). Large-scale infrastructure investment became the driving force for Beijing's development.

At more or less the same time, the Shanghai Municipal Government was actively bidding to host the World Expo in 2010. In the process of preparing for the Expo, Shanghai spent RMB 310 billion on infrastructure, including RMB 18 billion on the construction of the Expo pavilions. The rest of the money was used to build public conveyance systems. Of the 9 underground lines built in Shanghai in the decade leading up to the World Expo, Lines 10 and 7 were specially built for the Expo (Sun, 2010). Importantly, in terms of this thesis, the Hongqiao transport hub was finished and began operations before May 2010, when the Expo opened. In addition, large-scale urban renewal projects were undertaken in the city centre. Indeed, the whole of the city was given something of a face-lift. Hosting the Expo became an

important driving force for Shanghai's economic development and brought in huge investment in infrastructure.

2.8 New projects and the restructuring of Shanghai's city centre and inner city

The market-oriented reforms that China has adopted since the 1980s, including administrative and fiscal decentralization, land and housing reform and real estate development, have led to a transformation of the inner-city areas of Shanghai and other large Chinese cities (Leaf, 1995). Property development has driven urban redevelopment, with real estate providing much of the funding. Shanghai, as the largest city in China, is at the leading edge of urban restructuring.

Given that China's urban redevelopment largely relies on the realisation of value on property, a strategy of property-led redevelopment has been adopted by many Chinese cities with a huge impact on urban space and restructuring (He and Wu, 2007). Shanghai has played the role of pilot city initiating land and housing reform in China (He and Wu, 2007), but urban redevelopment has lagged behind economic development because Shanghai has remitted a large part of its revenue to central government. Shanghai has been facing the problem of a dilapidated built environment since the 1990s. In 1990, there were 6.6 square metres per capita of residential living space in 1990, while in 1976 there had been 4.4 square metres (Shih, 2010).

Throughout Shanghai's central districts were numerous backstreet alleys, *lilong*, with red-brick terrace housing built by landlords to house rural migrants to the city in the first half of the twentieth century. By the 1980s and 90s, this form of housing was deemed to be of a quality no longer acceptable. Schemes were designed to improve housing conditions by eliminating *lilong* and other 'sub-standard' housing from central and inner areas, notably the so-called 365 Plan (see below) and post-2002 Facilitation Plan (Shih 2010; He and Wu 2007). These development projects are seen to have been largely successful.

The process of conversion of Shanghai into China's leading centre for the service sector – with a vastly enlarged city centre built and decked out for international companies and the transnational and Chinese elites that work in them – has been driven in a fairly ruthless fashion with the profit motive as paramount in the redevelopment of central urban areas (Li and Wu 2008, 407). Various conflicts arose around relocation, resulting from the precedence given to developers and their priorities and from ambiguities in the legislation (Shih 2010). In 2002, an attempt was made to bring all the developers under one roof, with the formation jointly by the municipal government and the Communist Party of Shanghai Real Estate Group Company, but, if anything, corruption intensified as a result (Hsing 2010, 49).

In this way, property-led redevelopment became the preferred route to capital accumulation (He and Wu, 2007). The demolition of old slums and dilapidated urban areas came to be seen as Shanghai Municipal Government's major task. The

government set off a wave of urban transformation activities with the goal of demolishing 15 million square metres of slum housing in deteriorated areas. The scheme aimed to redevelop 3.65 million square metres of structurally unsound *lilong* housing by 2000, as part of its 365 Plan (He and Wu, 2007). After 2002, a new round of urban redevelopment was launched by the Shanghai government, providing a series of preferential policies to developers, for instance, by exempting land leasing costs and administrative fees. By 2005, *lilong* had decreased to 23.8 million square metres; by now, there is little left (Shih, 2010). Today, Shanghai looks like a different city, with more than one million residential relocations since the adoption of the city renewal policy in 1991 (Shih, 2010).

This process of the transformation of central and inner Shanghai is symbolised by Xintiandi, a project that has become a classic example of slum clearance and gentrification. Here, in one of the most fashionable parts of the city, a handful of *lilong* have been preserved and gentrified while their erstwhile occupants have been relocated elsewhere in the city (He and Wu 2005). Other projects have involved the demolition of sub-standard housing in inner-city areas and its replacement with up-market condominiums as, for example, at Liangwancheng in a process of state-led gentrification (He 2007). The reconstruction of Xintiandi is the classic example of a Shanghai-government implemented project of urban renewal. Xintiandi is the name of a place (meaning “new heaven and earth”), located in Huangpu district; before the urban redevelopment, it consisted of *lilong* with houses, in which about 6 or 7 families shared two or three-storey housing. It was transformed into a high-quality commercial and recreational district to cater to elitist consumption demands as a major tourist destination (He and Wu, 2007).

These urban redevelopment projects in the inner city and urban expansion projects on the urban fringe have resulted in a large scale of displacement and residential relocation. According to Li’s calculations (2004: 66), 72,728 households were relocated in 2001, of which 97% were relocated to the urban fringe, differing radically from the original neighbourhood of the relocates. This resulted in large-scale conflicts between relocated households and local government over relocation and compensation issues (Shih, 2010).

In line with Shanghai’s goal of fostering four development poles – shipping, finance, economy and trading – Shanghai has changed its master plan by transforming its development axis from north-south to east-west. The main factories had once been distributed from north to south. Baosteel was located in Baoshan district in the north of the city, while a number of companies in the oil refining and chemical industry were located in the south of Shanghai. In recent years, Shanghai has been aiming to develop its service industry from east to west and, as a consequence, Shanghai’s focus of development has gradually shifted to an east-west axis (Zhang, 2009: 178). Central to this reorientation of the city are Pudong in the east, designed as Shanghai and China’s financial and economic centre, and Hongqiao in the west, the new commercial, service and transport hub that forms the focus of this thesis.

2.9 The debate over gentrification in Shanghai, with a focus on Xintiandi and similar projects

With so much attention focused on the issues of urban redevelopment and expansion in China, many scholars have written of urban restructuring in the city in terms of gentrification (He, 2007, Shih, 2010, Wu et al., 2007, He and Wu, 2007). Wu Fulong (2009: 137) has provided some important data on the role played by the Asian Development Bank. Zhang Tingwei (2009) has examined the changing fortunes of the three central wards of Huangpu, Luwan and Yangpu and how this has related to economic and spatial restructuring in Shanghai. Lu et al. (2009) look at how globalization impacts at the local level in Shanghai, examining FDI, foreign communities and gated communities. Neighbourhoods, they argue, become more differentiated in the process of urban renewal. He and Wu (2007) study the socio-spatial impacts of property-led redevelopment on China's urban neighbourhoods, focusing on the cases of Xintiandi and Liangwancheng. They conclude that the wave of urban renewal and the consequent widespread displacement in Shanghai has changed urban functions, land use and appearance. In the case of Xintiandi and Liangwancheng, the land has been transferred from low-income residents to upper-end commercial land use and high-status residential land use. City renewal comes at the expense of communal values. Old *lilong* communities have been almost destroyed out of existence in Shanghai due to the large scale of demolition (Imrie and Thomas, 1999). Projects such as Xintiandi and Liangwancheng might be thought to help Shanghai's economic development, but they have been criticized for failing to take into account the cultural status of old *lilong* neighbourhoods and, more importantly, the interests and preferences of their residents (He and Wu, 2007). The interests of developers have been prioritized throughout, while those of the residents have been neglected.

The adverse effect of the Xintiandi and Liangwancheng projects have pushed up house prices in the surrounding areas and pushed low-income inner-city residents to the urban fringe, where house prices are anything but low. In almost completely redeveloping the inner city, Shanghai Municipal Government, along with the local district governments, has become addicted to land leasing and to the revenue that results, thereby causing a huge bubble in property prices.

2.10 Conclusion

As we have seen, China has experienced rapid urbanization since the 1980s, in particular in its East Coast cities, which were chosen as pilots of reform and opening-up. Before that, however, urbanisation had been strictly controlled through the centrally planned economy and central urban policy. Limited capital and resources were invested in the western and central parts of China in an attempt to realize the goal of balanced development and national defence needs. However, since the launching of reform policies, coastal cities have been seen as the drivers of economic development in China.

The unprecedented scale and speed of urbanisation has attracted the attention of scholars, planners and, latterly, social media. Even after decentralization, however, central government has continued to play an important role in the process of urbanization, but local government has become the leading player as a result of reform in housing and land policies. The furious pace of urbanisation has been caused by rapid migration to urban areas, but this has resulted in social segregation and urban sprawl. While urban restructuring has led to the appearance of phenomena arguably similar to those in Western cities such as gentrification, urbanization in the Chinese context has a number of aspects generally considered to be unique such as the two-track system of land ownership. Urbanization in China has Chinese characteristics.

Urban restructuring in Shanghai has occurred both in the city centre and inner city and on the urban fringe. Various forces have driven this urban restructuring, including local government and central government, plans and global investments working together in a process that has been characterised as post-socialist urbanization. The development of Lujiazui and Pudong and the restructuring of Shanghai's city centre and inner city have been the flagship projects, alongside smaller projects such as Xintiandi.

Shanghai faces competition from inside and outside the city region. The Hongqiao project, which is the focus of this thesis, was launched under conditions of competitive entrepreneurial urbanism, with the competition coming not only from rival cities and regions such as Guangzhou and the Pearl River Delta, but also from cities such as Kunshan adjacent to Shanghai. Shanghai sits at the head of a region, the Yangtze River Delta, which is one of the country's three industrial bases and economic growth poles and has been at the forefront of reform. It is to the regional setting that this thesis turns next in the following chapter.

Chapter 3

Competitive urbanism in its regional setting

3.1 Introduction: Shanghai in the context of the Yangtze River Delta

The Hongqiao project needs to be considered in a regional context for three main reasons. In the first place, the sheer size of the project necessitates a regional focus. Secondly, Hongqiao is designed to become the new commercial and service sector for its region. Thirdly, Hongqiao should reinforce Shanghai's place as 'dragon head' of China's richest and most populous region, the Yangtze River Delta (YRD), with its population of over 32 million. Unlike some projects which incorporate an agenda that underpins regional strategies, Hongqiao is an undertaking launched by the Shanghai Municipal Government with support from the central government, but without input from nearby authorities, whether at provincial or city levels. Indeed, as we shall see in section 3.4, the project is designed specifically to boost the fortunes of the western part of Shanghai in the teeth of fierce competition from neighbouring municipalities in Jiangsu province. In this sense, one might almost argue that Hongqiao is a localist project supported by a strongly regional discursive platform. It is, therefore, a project that can best be understood within a regional context both because of the realities of inter-urban competition on the ground and because of the claims made for it as a means of reasserting Shanghai's pre-eminence in the YRD as a metropolitan region.

In this light, it is important to preface this chapter with a brief description of the region. The YRD is by now predominantly urban and, like other Chinese city regions, it is not an administrative entity -- a mismatch between urban spread and administrative boundaries being a normal feature of contemporary city regions. Both of the country's two largest city regions, the Yangtze River Delta and the Pearl River Delta (PRD), have vast central cities (Shanghai and Guangzhou) next to various other often-large cities (especially in the case of Shanghai). The core area of YRD consists of the economic centre of Shanghai, the two sub-centres of Nanjing and Hangzhou, both provincial capitals, and 13 lower-rank cities.

Although the YRD is not an administrative unit and has no institutional authorities, it has recognised boundaries. These were expanded in 2008 by the State Council in Beijing to include the two provinces of Jiangsu and Zhejiang as well as Shanghai municipality. The YRD is now one of the two major manufacturing centres of China. Its GDP has reached 11833.3 billion RMB, which accounts for about 20.80% of China's total of GDP in 2013, as shown in Table 3.1. Indeed, the YRD has become the most economically developed region not only in the eastern part of China, but also in the whole of the country. The gross domestic products of Shanghai, Jiangsu and Zhejiang are among the highest ranking in the country, holding 11th, 2th and 4th places respectively, with average growth rates of 9.7, 10.1 and 12.5% in 2013 based on China Statistical Yearbook, released by National

Bureau of Statistics. Secondary and tertiary industry has developed not only in quantity, but also in quality. In 2009, the total value of tertiary industry was higher in the YRD than secondary industry, showing how the balance of development is changing in the region (see Table 3.2). Thus, it is now not only the YRD's level of economic development, but also its quality that is improving.

Table 3.1 Proportion of the YRD in China's GDP (1978–2013)

Year	China's total GDP (RMB100mil)	Yangtze Delta's GDP (RMB 100 mil.)	Proportion
1978	3624.10	645.77	17.82%
1980	4,517.80	811.37	17.96%
1985	8,964.40	1,546.06	17.25%
1990	18,547.90	3,070.94	16.56%
1995	58,478.10	11,142.61	19.05%
2000	89,403.60	19,170.22	21.44%
2001	94,346.40	21,210.90	22.48%
2002	102,398.00	23,836.51	23.28%
2003	116,694.00	27,902.61	23.91%
2004(First half)	58,774.00	15,285.00	26.00%
*2008	314,045.00	66,514.53	21.18%
2010	401,513.00	85,002.51	21.17%
2012	519,470.00	108765.85	20.94%
2013	568,845.00	118333.00	20.80%

Source: China Statistical Yearbook.

Note: YRD has been enlarged to whole area of Jiangsu and Zhejiang provinces and Shanghai since 2008.

Sources: Statistical Data for 50 Years of New China, Beijing: China Statistics Publishing House, 1999.China Statistics Almanac 2003; Communiqué on Statistics of China's National Economy and Social Development, China Statistical Information Web; Industrial Map of the Yangtze River Delta (2005), Shanghai: Fudan University Publishing House, 2005; Shanghai Industries report: Shanghai Industries and the Yangtze Delta Megalopolis, International magazines, January 2008.

Table 3.2 Main figures of Yangtze River Delta Economic Region in 2009

Cities	GDP	Secondary Industry	Tertiary Industry	Population
Shanghai	15046.45	6001.78	8930.85	1379.39
Jiangsu	34457.3	18566.37	13629.07	7625
Zhejiang	22990.35	11908.49	9918.78	5060

Source: (NBS, 2010)

This chapter starts with an examination of the complicated hierarchical national and regional administrative structure before going on to discuss the city-region alliance in the YRD. The Hongqiao project was launched in a climate of fiercely competitive urbanism from Shanghai's neighbouring cities. It has been seen as a new platform and trading centre for Shanghai's existing four functional centres, in finance, economics, shipping and trading. Therefore, the regional background of the Hongqiao project needs to be examined before looking into the planning process behind the project, its governance mechanism and its wider implications for urban

change in Shanghai. This chapter aims to put the Hongqiao project in the context of competitive urbanism in the YRD.

The rest of the chapter is divided into four sections. In the first section, the hierarchical national and regional administrative structure in China is reviewed and background information is provided to understand the reasons for competitive urbanism in the YRD. In the second section, the new city-region alliance in the YRD is examined, alongside the failure of examples of city-region alliances, a failure which reflects the fierce urban competition present in the YRD. In the third section, Hongqiao is discussed within the wider context of the western peripheries of Shanghai. The Hongqiao project is designed specifically to boost the fortunes of the western part of Shanghai in the teeth of this fierce competition from neighbouring municipalities in Jiangsu province. Finally, a discussion of competitive regional growth in the west of Shanghai concludes this chapter.

3.2 The hierarchical national and regional administrative structure

In China, both historically and in the contemporary period, power has swung between the centre and the provinces. The last few decades have seen considerable budgetary and political power being exercised at the provincial level and, indeed, at lower city, county and even district levels. The Chinese administrative system has been significantly restructured since the period of economic reform began in 1978. Much of the power of economic reform was gained through the decentralization of administrative and economic decision-making from central government to local government at various levels (Ma, 2005).

In the era of the centrally controlled and planned economy, horizontal links between cities were recognised as less important, but the links between cities at a hierarchical administrative level were important because central government directly engaged in economic activities. Even in industrial planning and layout in specific cities, central government played a dominant role (Vogel et al., 2010). The shifting of the economic power of decision-making and production from central to local government has led to an era of intense competition between neighbouring governments, between urban centres and the urban edge, between cities and rural areas and, above all, between city and city competing for national and global investments (Ma, 2005). The intensified competition and conflicts have impacted on the formation of city regions. This situation is more pronounced in the YRD due to the region's role as pilot for economic reform.

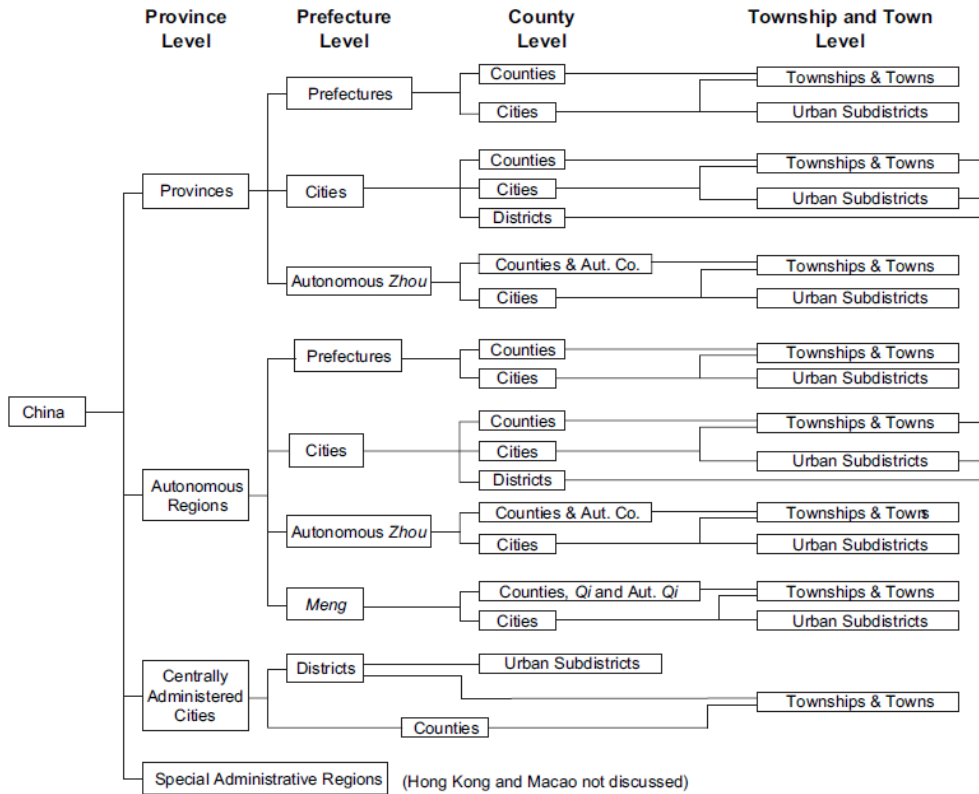


Figure 3.1 China's administrative structure

Source:(Ma, 2005).

Government at city and district levels have become more entrepreneurial in order to attract investment, particularly in terms of planning industrial parks. However, an excessive emphasis on the city rather than the city region impacts on the formation of city-region alliances in the YRD. However, before we discuss city-region alliances in the YRD, it is necessary to review China's hierarchical administrative structure, which has four basic administrative levels (Figure 3.1) (Ma, 2005). The higher the rating of a city, the more political weight it carries, so the leadership of a provincial-level city, prefectural-level city and township have an interest in enlarging and rescaling the administrative rank of their jurisdiction. This phenomenon is most common in the transformation of administrative entities from county-level cities to districts. In a regular process of up-scaling, counties are being converted into cities (Chien, 2013). Many counties changed from rural status to urban in order to upgrade (Ma and Wu, 2005).

YRD is no exception to the above points. It has a complicated administrative structure, and there are no regional administrative bodies covering the Delta. In the YRD, there are one provincial-level city, Shanghai, and two provinces, Jiangsu and Zhejiang. Each province has five levels of administrative structure, while Shanghai has three, and like in the rest of China, there exists a separate administrative structure for urban and rural areas. Shanghai today is sub-divided into 16 districts and one district-level county, Chongming Island. Pudong New District is a sub-provincial-level district higher than the others (Figure 3.2). Zhejiang and Jiangsu

provinces have five administrative levels: provincial, prefectural, district, town and township. At the prefectural level, some cities enjoy different administrative statuses. For instance, Nanjing, Hangzhou and Ningbo are sub-provincial-level cities, and Wenzhou and Zhenjiang are prefectural-level cities (see Figure 3.2).

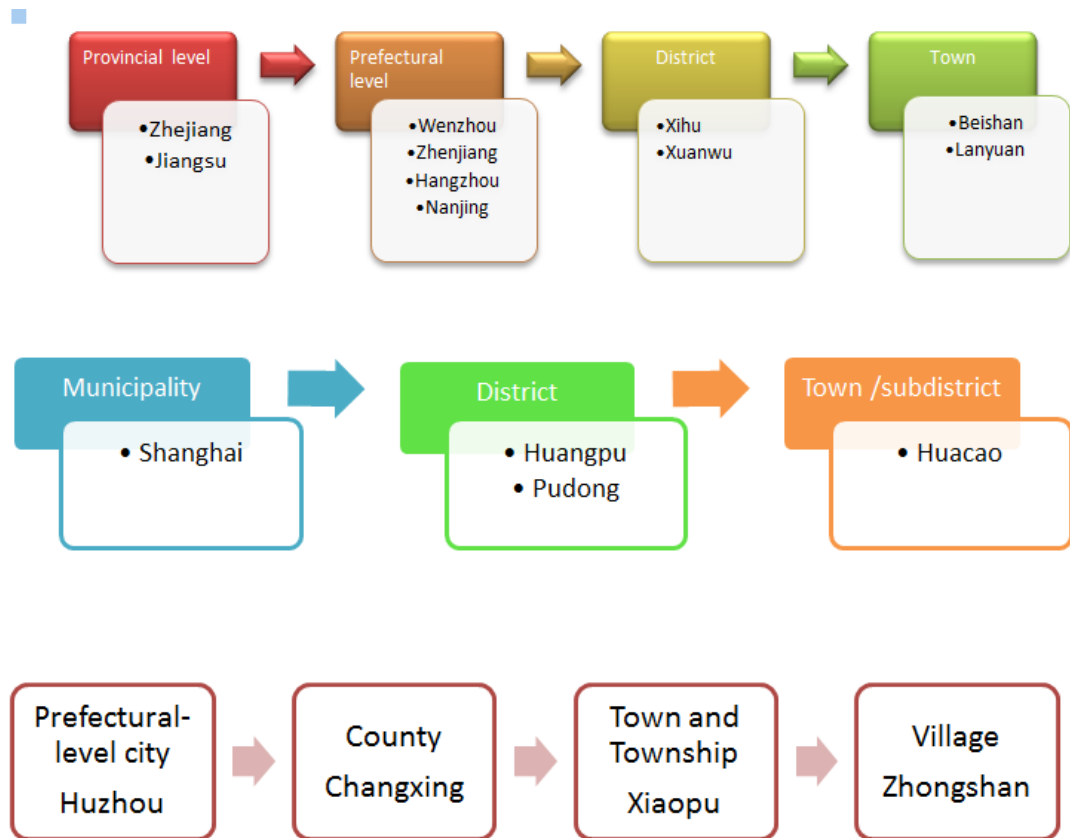


Figure 3.2 Administrative structure in urban and rural system

Source: the author

As elsewhere, the formation of a city-region alliance depends on the cooperation of each administrative unit in the YRD. It is obvious, therefore, that powerful local governments leading growing economies are unlikely to push hard for regional coordination, especially when the success of officials is judged on local results. Nevertheless, there are impulses towards the creation of a regional institutional infrastructure, as we will see in the next section.

3.3 New city-region alliances in the YRD

Globalisation of local economies has hastened the development of city regions in the past three decades; the internationalization of markets and specialization of different functions as well as the labour force are promoted by globalization at different geographic scales (Zhao and Zhang, 2007). Against this backdrop, a city-region agenda has been slowly emerging in China, especially in the PRD, where the regional cities are contained within one province, facilitating regional coordination plans (Ye, 2014). As the report by the China Mayors Association (2004)

points out, China needs to adjust its strategy to pay more attention to the development of city regions rather than the rampant urban sprawl of each city. Between 1996 and 2005, during the Ninth and Tenth Five-Year Plans, central government proposed about 10 trans-provincial economic regions in the eastern and western parts of China (Xu and Yeh, 2010). The rise of city regions in China will be discussed in the following sections in terms of exogenous and endogenous forces before considering the process of building city-regions alliances in the YRD.

3.3.1 Exogenous and endogenous forces driving the formation of city regions in China

According to Xu (2008), there are various reasons for the creation of city regions in China. First, provincial and local governments expect to get more financial and policy support from central government when they undertake regional development following the guidance from central plans. Second, they hope that forming an institutional city-region base can help in getting an advantageous position on the national and global economic map. Third, central government wants to see some governing capacity to be transferred to the region to enhance its regional development policy. Here, the emphasis is put on exogenous and endogenous forces pushing towards the creation of Chinese city regions. While the formation and development of city regions has a different trajectory according to the region, it can be argued that the formation of Chinese city regions can be attributed to two main driving forces: FDI flows and promotion by governments at different levels.

First, FDI inflows have been impacting on the development and formation of Chinese city regions (Zhao and Zhang, 2007). Given economic liberation and decentralization, in particular, the flow of FDI from Taiwan, Hong Kong and elsewhere in East Asia, as well as from some developed countries has shaped the landscape of China's geo-economy (Zhao and Zhang, 2007). China has actively integrated itself into the global economy. Particularly as a result of its accession into the World Trade Organization (WTO) in 2001, a large amount of FDI and investment has poured into China. FDI has tended to be concentrated in coastal urbanized areas of China, in particular the Pearl River Delta region in the south, the Bohai Rim Region (BRR) in the north and the Yangtze River Delta region as shown in Table 3.3. These have become major recipients of FDI in China, ushering in a heated wave of industrialization and urbanization, spatial clustering, economic development zones and industrial parks, all of which have reinforced the formation of city regions.

Table 3.3 The flow of FDI in three city representatives in three city regions (1987–2009)

City	The flow of FDI in 1987-2009 Billion/dollars
Shanghai	90.94
Beijing	47.47
Shenzhen	44.60

Source: China Statistical Yearbook in 2010.

Second, local entrepreneurial government has also made a significant contribution to the formation of city regions in China. A series of institutional arrangements were taken by local governments to mobilize all economic resources to promote economic development, in particular promoting the spatial convergence of economic activities of industrial clusters and parks. The formation of city regions has also been reinforced by wave after wave of preferential policies promoting the creation of economic development zones and industrial parks issued by governments at various levels (Zhao and Zhang, 2007). Xu and Yeh (2010) argue that central government puts pressure on cities to form city regions in order to be able to assert more central control.

The three coastal regions of PRD, BRR and YRD have become concentrations of FDI, attracted by the large number of export-oriented assembling and processing plants (Zhao and Zhang, 2007). They have polarised the whole national economy of China. In particular, the YRD has been almost completely urbanized in the past three decades around its 16 core cities, with Shanghai remaining the largest and most important city. The YRD city region has been labelled as the sixth-largest city region in the world in terms of economic scale (Ning, 2002) and has now become the largest one. As centralized controls were gradually relaxed, city planners and local governors were influenced by internal and external drivers (Yuan and James, 2002). The YRD has experienced significant transformation. Scholars have examined this transformation in terms of cooperation and competitiveness within the city region, attracting FDI, regional transportation planning and pollution (Luo and Shen, 2008, Luo and Shen, 2009, Wu and Zhang, 2007). These themes will be discussed in the section that follows.

3.3.2 Examples of city-region alliances in the YRD

The impulse towards city-region planning and alliances in the YRD can be attributed not only to competition from global city regions, but also to intercity competition in the YRD. With intensified intercity competition in the economic transition from central planning to a relaxed market economy, local authorities have become more entrepreneurial in pursuing their local interests (Wu, 2007). This has contributed to urban sprawl to the point where the land between the core cities of the YRD has been more or less completely urbanised, leading to the gradual formation of an urban agglomeration. The high-speed rail lines from Shanghai to Nanjing and Hangzhou have brought these cities closer together, accelerating the trend towards the formation of city agglomerations in the YRD. In addition, economic globalization and industrialization have boosted the performance of some small city and rural areas and transformed them into economic centres, leading to a polycentric structure for the YRD. (These are examined in more detail in section 3.5.) At the same time, however, a series of negative externalities have accompanied intensified intercity competition, such as the duplication of port infrastructure, environmental pollution of Taihu Lake and surrounding area and urban sprawl in the YRD. In an attempt to deal with the problems created by intercity competition, city-region planning has come to the fore in China in the last ten years. A series of city-region plans and regional strategic plans have been

proposed in the YRD, which can be variously considered as bottom-up, state-led and top-down.

While there is a lack of any cross-prefecture regional governance in China at the mega urban level, there has been recent activity to create city-region alliances. There are examples in both the PRD and the YRD. Here, I will discuss the example of the following city-region alliances: the Nanjing city region and the Suzhou-Wuxi-Changzhou city region. Both offer the potential of greater integration in the Yangtze River Delta.

As the first cross-jurisdiction plan, the Nanjing city-region plan was launched in 2001 and approved by Jiangsu province government in 2003. Luo et al. (2008) describe the Nanjing project as 'bottom up' and contrast it with the Suzhou project, which they see as 'top down' (p. 317). Nanjing city actively formulated the Nanjing city region in response to the challenge seen to be posed to Nanjing by the cities of Suzhou and Wuxi, even to the extent of losing its status as capital city of Jiangsu province. Nanjing believed its economic status to be under threat due to the rise of Suzhou, Wuxi and other cities in the lower reaches of the YRD. Nanjing city government attempted to break through jurisdictional fragmentation and combine with surrounding cities. It formulated and introduced the Nanjing city-region plan in an attempt to consolidate the central role of Nanjing city and strengthen economic linkages with surrounding cities. The Nanjing city region was composed of eight prefecture-level cities in two provinces: Nanjing, Zhenjiang, Yangzhou and Huai'an (from Jiangsu province) and Wuhu, Ma'anshan, Chuzhou and Chao'hu (from Anhui province). The developmental axis reflects the Yangtze River economic belt and traffic axes into and out of Nanjing (Luo et al., 2010a). Nanjing city region is very important also because it includes cities in Anhui Province. There is a tension between the desire to be market-led, on the one hand, and the leading role of the state, on the other (p. 319). Anhui province was actively involved in working on the city region plan proposed by Nanjing city; the province had been attempting to cooperate and integrate with the YRD (it stands outside the conventional borders of the region), and the Nanjing city region plan was seen as a good opportunity to strengthen economic ties with the YRD.

'At city level, all member cities in Anhui province were willing to be member cities of Nanjing city-region. They repositioned their statuses in consideration of the new context of building Nanjing city-region in related plans and development strategies. For example, Ma'anshan repositioned its status as a suburban area of Nanjing and a key leisure and vacation base in Nanjing city-region in its urban master plan.' (Luo et al., 2010b)

The Nanjing city region plan focused on strategies of spatial and industrial relocation, infrastructure planning, regional coordination and ecological and environmental protection. Among these strategies, industrial development and planning were the most important aspects of the city-region plan for local governments, but they led to significant disagreements among city governments in terms of where the city-region plan saw industry being relocated – industrial

development and location being regarded as key to local development because of the tax and job opportunities it brings. Industrial planning was excluded from the Nanjing city-region plan, and this ultimately contributed to the short life span of the Nanjing city region. Luo et al. (2010a) wrote that they were not optimistic about the future of the Nanjing city region because of fragmented planning and a lack of long-term political vision. Indeed, the city-region plan did not last long and was almost suspended in 2010.

When the leadership of Jiangsu changed, the original development strategies and plans developed by the former leadership were also changed. Luo Zhijun, Communist Party Secretary of Jiangsu province since 2010, wanted to put his imprint on the province's economic development strategies. He shifted the focus to development along the Yangtze River in Jiangsu. Luo changed the development strategy for two reasons. First, as the newly installed leader, he wanted to construct his own development strategy and distinguish it from that of the former leaders. Second, he feared that Jiangsu province had become divided into two parts -- the first part, south of the Yangtze River, including some cities in Anhui province, and the second part, north of the Yangtze River, in the north of Jiangsu. If Jiangsu province were to be divided into two parts, it would lose its economic advantage and position as an economic powerhouse (interview S2012063004).

Other examples exist in the YRD, such as the Suzhou-Wuxi-Changzhou (SWC) city region. The SWC city region was established in 2002 and was the first one to be approved by central government. It was seen by the Ministry of Construction as a good solution to address excessive urban competition. The SWC city region was composed of the three prefecture-level cities of Suzhou, Wuxi and Changzhou. It was created by Jiangsu provincial government as a new regional entity. It had four objectives (Luo and Shen, 2008). Its first objective was to become the engine of development in Jiangsu province and to play a dominant role in promoting the development of the central parts of Jiangsu. Its second objective was to address excessive urban competition and to promote integration and enhance regional competitiveness. Its third objective was to adjust competitive relationship with Shanghai. Its final objective was to enhance regional competitiveness in the light of competition from economic globalization. Based on these objectives laid out in the SWC city-region plan, the intention of provincial government was directly reflected in this plan, which was implemented in a top-down manner according to Luo and Shen (2008).

Local city governments have been bargaining with the provincial government to maximise their local rights and interests in the process of implementing a city-region plan. One interesting instance is the competition to host a new airport. A proposal to construct a new airport in the SWC city region was developed due to the relocation of international flights from Hongqiao to Pudong airports. As will be discussed later in Chapter 5, each city was actively battling to house the airport, with each city putting their own interests first. Finally, though Wuxi was given permission to build it, Suzhou and Changzhou still continued to expand their own airports despite their limited capacity (Luo and Shen, 2008). Although the goal of the SWC city region

plan is to address excessive urban competition, the provincial government wanted further compromise in the plan. It lacked the teeth to lessen the existing problems of urban competition in the SWC city region, and this has been seen as the main reason for the unsuccessful plan completion (Luo and Shen, 2008). The SWC city-region plan has been all but scrapped since a change in leadership in 2009. Entrepreneurial local government turned its focus to local interests rather than regional ones. This suggests that intercity competition counts for more than regional cooperation, as a result of which the SWC city region exists in name only. In particular, Suzhou has been seeking to actively integrate itself into Shanghai's economic orbit rather than integrating into Nanjing city region. The same can be said, if to a lesser extent, of Wuxi and Changzhou (S2012063004).

In order to alleviate urban competition and to regain functional importance in terms of economic governance for central government in the YRD, the State Council in Beijing proposed guidelines for the industrial and economic development of the YRD. In the guidelines, the YRD was enlarged to include two provinces, Jiangsu and Zhejiang, and Shanghai municipality, which contained a total of 16 core cities in 2008. These guidelines have been implemented, proving advantageous to a larger spread of the core cities of the YRD. In addition, this has led to the strengthening of the governing capability of central government as a result of the adoption of its industrial guidelines. Since the launch of the industrial and economic development guidelines in the YRD in 2008, the sheer number of local city governments at different tiers of the municipal structure has handicapped the smooth implementation of regional plans. As a result, the municipal government of Shanghai and the prefecture-level city government of Changzhou have increasingly promoted their own interests rather than those of the whole region. Against this background, the city-region alliance has not functioned well, and it cannot be said to have been successful (interview S2012070101).

The lack of success of city-region planning in the YRD can be attributed to a tendency to revert to urban competition, a lack of coordination among administrative entities, conflict of interests among governments at various levels and the arbitrary action of local government leaders (Luo and Shen, 2008, Luo et al., 2010a, Xu, 2008). Let us look at each of these in a little more detail. First, the fever to attract FDI, which might be said to be an inevitable concomitant of the CCP's approach to economic development, has made urban competition with city regions (Zhang, 2011); the contradictions and conflicts for local government have been and remain irreconcilable, even now. Second, while city-region alliances were formulated both through "bottom-up" and "top-down" processes, there was no regional-level administrative entity to coordinate regional governance. Even though provincial governments played a coordination role, local prefecture-level cities have gradually become more powerful with decentralization, and their governments, responsible for local development, have resisted implementing plans when they have considered that their interests were being infringed (Luo et al., 2010a). Third, the focus was on the interests of local cities rather than those of the whole city region; the participants of city-region alliances have been competing and protecting their interests, with no city willing to sacrifice some of its interests for the city-region

alliance. Finally, in the context of pursuing economic growth as a core goal, local leaders treated growth of GDP as their top priority, and local leaders have significant power to implement their own economic and strategic planning during their limited term of office. Economic performance is seen as the core indicator for promotion, but the new wave of city-region planning and alliances are framed in the medium and long term, and not in the short term (interview S2012071002). For these reasons, the various city region plans in the YRD have failed so far.

At a city level (both at provincial and prefectural levels), the picture is clearer. Shanghai is being transformed into a modern service centre, which focuses on tertiary industry. Nanjing and Hangzhou have become regional sub-centres, and Suzhou and Changzhou have become traditional industrial centres in the YRD. These cities have tended to form organic city regions, but it remains the case that the YRD has no regional administrative structure and its cities have formed informal and impromptu intra-regional links in order to cooperate in terms of industrial development and transport and industrial planning in order to gain competitive advantage. It is obvious that urban cooperation has become increasingly important in the YRD, particularly in the field of transportation planning and environmental conservation, but what cooperation there is exists in the teeth of fierce competition. The Hongqiao project is also encountering fierce competition from surrounding districts in Shanghai and neighbouring cities in the YRD. It is against this background that the next section will discuss Hongqiao within the wider context of the western peripheries of Shanghai before focusing on the mega urban project of Hongqiao in Chapter 5.

3.4 Hongqiao within the wider context of the western peripheries of Shanghai

3.4.1 Rough geography of the west of Shanghai

Since 1978, the Shanghai Municipal Government has been focusing on urban regeneration in the city centre and the development of Pudong district, which was a national development strategy in the 1990s. Less attention was paid to the field of urban development in the suburbs, with the consequence that Shanghai could not compete with its neighbouring cities. Shanghai's growth rate of GDP and FDI lagged behind those of neighbouring cities (Li and Wu, 2012). It was under these conditions of regional urban competition and under pressure from central government that a series of active steps were taken by the Shanghai Municipal Government. The most compelling one is the Project 173 launched on April 23, 2003 in an attempt to attract FDI investment to the suburb of Shanghai (Li and Wu, 2012).

West Shanghai has four suburban districts -- Jiading, Qingpu, Songjiang and Minhang -- located on the border with Suzhou in Jiangsu province and Jiaxing in Zhejiang province (Figure 3.4). The west of Shanghai has not yet reached complete urbanization. Land-use characteristics are mixed, with a scattered distribution of industrial parks, rural villages and gated communities, one next to the other in a state of disorder. Hongqiao, located in the less-developed district of Minhang, is no

exception. The site of the old Hongqiao airport was surrounded by *chengzhongcun* (villages in the city; see Chapter 2) and the more-developed urban areas of Suzhou in Jiangsu province (Figure 3.4). In short, west Shanghai had been a semi-rural area sandwiched between the urban-developed Shanghai city centre and neighbouring cities to the west.

As we saw in Chapter 2, Shanghai has experienced fast economic development and urbanization from the late 1980s. Since then, a series of urban projects were launched by the Shanghai Municipal Government such as the development of Pudong New Area and urban regeneration in the city centre (He and Wu, 2005). In the process of the regeneration of the city centre, measures were taken to encourage the manufacturing sector to relocate in industrial parks in the western suburbs of Shanghai, giving room for commercial and housing development in the city centre. Measures have included special incentives of land at reduced prices, tax incentives and lower administration fees (Luo and Shen, 2008). Under the impetus of the Shanghai Municipal Government and, increasingly, entrepreneurial district governments, the city centre of Shanghai has been transformed from a dilapidated, crowded and disinvested infrastructure to a modern downtown (see Chapter 2). Meanwhile, the construction of industrial parks attracting FDI in the west of Shanghai has been an important factor kick-starting the urbanization of suburbs in this part of the city since the 1990s (He and Wu, 2005).

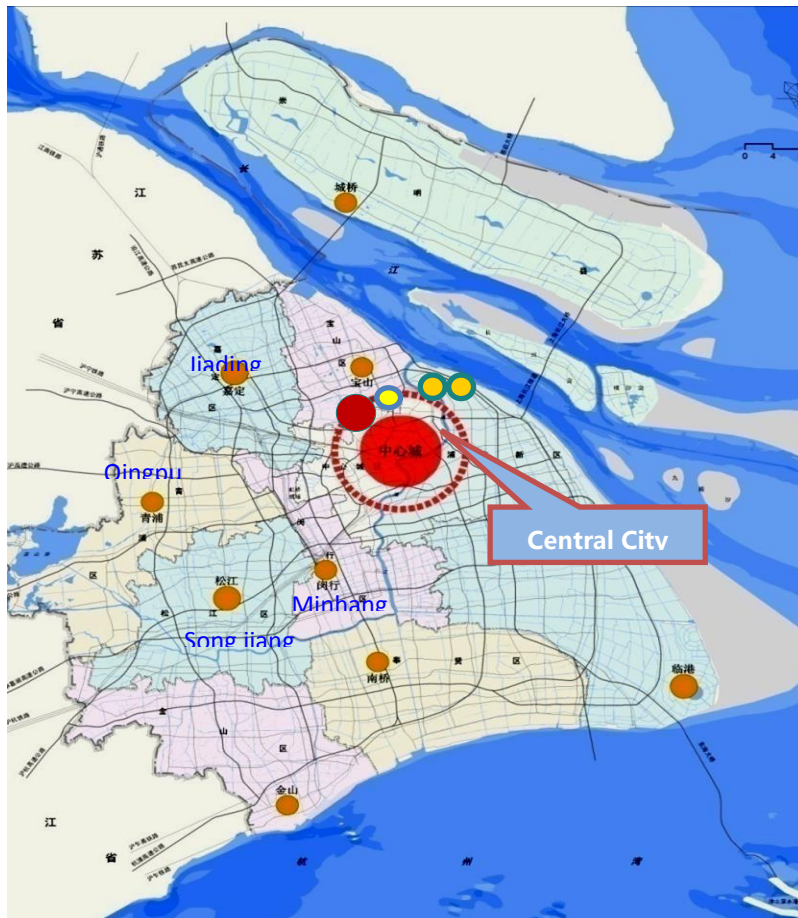


Figure 3.3 Location of West Shanghai and City Centre

Source: compiled from Shanghai Urban Planning.

In 1986, Shanghai was selected as one of 14 Open Coastal Cities to be an arena for the establishment of Economic and Technological Development Zones (ETDZ) (Luo and Shen, 2008), which enabled this city to finally catch up with others, which had been selected as Special and Economic Zones by Deng Xiaoping in the 1980s. Hongqiao was the first ETDZ established in Shanghai.

Table 3.4 Main national economic development zones in Shanghai

Name	Level	Scale (sq km)	Time	Leading industries	Location
Waigaoqiao Free Trade Zone	National State	10	June 1990	International trade, logistics, advanced manufacturing industry	Pudong
Zhangjiang High Tech Park	State	25	July 1992	Biomedicine, integrated circuits and software	Pudong
Jinqiao Export Processing Zone	State	27.38	1990	Electronic information, optical and electrical machinery, precision machinery, fine chemicals	Pudong
Minhang Economic and Technological Development Zone	State	3.5	1986	Mechanical and electrical; medicine, medical and Light Industry	Minhang
Caohejing New Technology Development Zone	State	10.7	1991	Microelectronics, optoelectronics, computer machine software and new materials	Minhang
Hongqiao Economic and Technological Development Zone	State	0.625	1986	Business, tourist residence and foreign affairs	Changning
Lujiazui Finance and Trade Zone	State	28	1990	Finance, Insurance and Securities and Trading	Pudong
Shanghai Zizhu high-tech Industrial Development Zone	State	13	2001	Software technology, new materials, optical communication devices and systems, Micro Electro Mechanical, life science, aerospace	Minhang
Shanghai Economic and Technological Development Zone of Chemical Industry	State	29.4	1996	Petrochemical processing and natural gas chemical industry	Jinshan

Source: (SMG, 2010).

It was set up by the municipal government in 1983, but was the smallest ETDZ in the whole of China with a size of 0.625 square kilometres. It was granted national-level status in 1986 (Shanghai Development Park, 2009). A hierarchic system of different levels of manufacturing-oriented ETDZs was established in the spring tide of the “zone fever” since 1986. Each of these “levels” came with different preferential policies (tax breaks, cheaper land prices and lower business rates); those granted by the central government came with more benefits. Each district and county was actively building its own ETDZ in Shanghai. By 2001, the number of ETDZs (at different levels) had reached its peak of 177 within Shanghai. Of these, only 9 ETDZs acquired the higher status (and preferential powers) granted with their status by central government within the suburbs of Shanghai. These 9 ETDZs have become Shanghai’s development focus in terms of the manufacturing sector. The location, leading industries and date of establishment of these ETDZs are given in Table 3.4 (Shanghai Development Park, 2009).

In the 2000s, the process of “zone fever” was key in the urban expansion of Shanghai’s suburbs by attracting foreign investment, firms and residents. This was accompanied by a strategy of state-led suburban new town development in and around Shanghai (Shen, 2011).

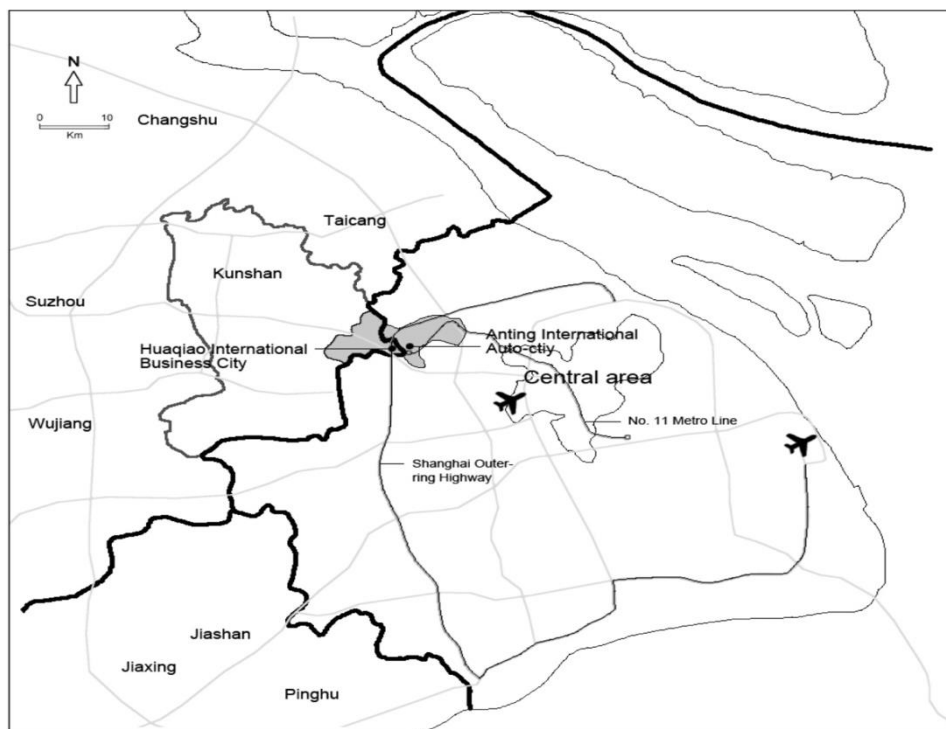


Figure 3.4 Location of Hongqiao and other cities close to Hongqiao.

Source: (Li and Wu, 2012)

3.4.2 Placing Hongqiao within its regional context (west Shanghai and YRD)

This chapter now moves on to look in more detail at the regional background to the Hongqiao project. In the districts around Hongqiao and across the border in Suzhou, there has been a series of urban development projects, including One City and

Nine Towns, university towns, property-led projects and infrastructure development of underground line within West Shanghai, which has accelerated urbanization. These projects will be discussed in the following pages before we come to a review of the Hongqiao project. However, in order to understand the development and role of Hongqiao in a regional context, it is beneficial to dedicate a few pages to an analysis of the rapid growth of Shanghai's immediate western neighbour, the city of Kunshan.

3.4.2.1 From the perspective of Shanghai's neighbouring city, Kunshan

Kunshan and its rapid development has attracted much investment and attention. Located on the border with Jiading district of Shanghai, Kunshan is an internationalized and economically advanced county-level city under Suzhou in Jiangsu province (Li and Wu, 2012). Kunshan has attracted a lot of attention from academic researchers and policy-makers (HAO et al., 2012). Its development is not primarily attributed to the Township Enterprise Programme of the 1980s in the south of Jiangsu (Sunan), but rather to huge investment from Taiwan in particular, as well as from companies re-investing from the Third Front and some companies moving out of Shanghai (Li and Wu, 2012). Driven by these factors, Kunshan has transformed itself into one of the fastest developing county-level administrations of China, rising from a rural county in 1978 to the point where it is now a county-level city; in the process, it has internationalized its manufacturing base. Due to its proximity to Shanghai, Kunshan appeals to potential investors by playing on its being "not Shanghai, but almost Shanghai" (Chien, 2013) when it comes to competing for investment with Shanghai.

The most recent venture in Kunshan, Huaqiao International Business Park, has been proposed and promoted by both Kunshan local government and Jiangsu provincial governments (Li and Wu, 2012). Based on investment brochures and marketing literature by Kunshan government, Huaqiao International Business Park was designed as a place for the development of service industry and to serve the 10 planned new towns in the west of Shanghai (see below). More broadly, thanks to factors such as its entrepreneurial government and FDI and policy support from higher tiers of government, a mismatched relationship has come into being between economic performance and Kunshan's administrative level. This is referred to as a mismatch between a small shoe (Kunshan's lower administrative ranking) and a big foot (successful economic performance) (Chien, 2013). Kunshan's administrative level has been county level, which is a rank lower than city; however, Kunshan's economic performance has greatly exceeded what its administrative ranking should merit. Kunshan's dazzling economic performance can be explained from the perspective of Kunshan's contribution to national GDP. Kunshan's total GDP was 2,430 million RMB in 2011, which was more than that of some western and inland provinces such as Hainan, Tibet, Qinghai and Ningxia. In 2010, Kunshan produced 4.7% of all China's GDP and 2.5% of its trade (Chien, 2013). The reasons behind Kunshan's extraordinary growth rates will be discussed in the following paragraphs.

The transformation of Kunshan can be attributed to the following three factors: locational advantage, the crucial role of entrepreneurial leaders and the driving force of FDI. First, locational advantage has been recognised as one of the important factors for the transformation of Kunshan. Kunshan has made full use of its locational advantage close to Shanghai and the greater opportunity this provides to promote economic development. Because of the advantage of its proximity to Shanghai, Kunshan has gained huge collateral support from Shanghai Municipal Government in terms of funding and skills. The most prominent example of this support is that the collective township and village enterprises (TVEs) of rural Kunshan, to a large extent, relied on the cooperation of state-owned enterprises in Shanghai in the field of attracting investment, equipment, skilled workers and engineers from Shanghai in the early days of reform and opening up (HAO et al., 2012). Importantly, in terms of attracting FDI, relying on Shanghai's convenient location and the opportunity of development of Pudong, a large amount of FDI was poured into Shanghai and neighbouring cities, including Kunshan (Li and Wu, 2012).

Second, entrepreneurial leaders have had a crucial role to play in promoting the transformation of Kunshan, as discussed by Chien (2013). Kunshan's status as a Special Economic Zone would not have been granted by the State Council without entrepreneurial leaders. With the designation came a series of special institutional arrangements such as low-priced land, preferential policies and tailored institutions catering to the requirements of enterprises (HAO et al., 2012, Chien, 2007). Third, FDI has also been an important factor for the transformation of Kunshan, which has become an international manufacturing base of high-tech information communication industries (Chien and Wu, 2011). Taiwanese investment has formed spectacular landscapes in terms of the IT industry in Kunshan.

The importance of Taiwan's investment is reflected in a number of economic indicators. Taiwan's investment has produced 50% of revenue and 60% of taxation; it has created 70% of employment and brought 80% investment and 90% of exports for Kunshan (Chien and Wu, 2011). At the same time, a large number of senior technical and management personnel from Taiwan have settled in Kunshan. Many Taiwanese-style buildings and shops have appeared in Kunshan, and there are Taiwanese schools there too. Indeed, Kunshan is known as 'little Taipei' (Interview S2012063004).

Finally, new local state power produced by administrative restructuring can be also attributed to Kunshan's administrative transformation, as discussed by Chien (2013). Local cadres in Kunshan have left no stone unturned in realizing the process of administrative restructuring from rural county to county city. This rapid ascent up the administrative ladder brings huge policy gains and funding advantages for local government. Kunshan's local government officials have, therefore, been able to build greater competence to mobilize resources to promote economic development.

Across the border from Shanghai, Kunshan, and even Suzhou itself have experienced fast development in terms of GDP growth, and this has posed severe pressure and threats on West Shanghai and, indeed, the whole of Shanghai. The

city of Shanghai itself has been brought into competition with Suzhou and Kunshan in attracting FDI. Not only is Hongqiao facing fierce competition from outside, but it is also facing huge competition from neighbouring districts west of Shanghai.

3.4.2.2 From the perspective of western Shanghai

While much of Shanghai has been transformed by any number of urban projects including airports, convention centres, a new CBD, new districts, gated communities, skyscrapers, downtown plazas and the like sprouting up all over the city, the picture in the western suburbs has been somewhat different. This section examines the western suburbs in more detail, relating developments there to those in Kunshan across the border. Prominent among the projects to have been undertaken in areas not distant from Hongqiao are One City, Nine Towns (*yicheng jiuzhen*), Songjiang University Town and Project 173; these will be discussed in the following paragraphs.

In order to promote urbanization in the fridge of Shanghai, under the leadership of former Shanghai party chief Chen Liangyu, the pilot project known as One City, Nine Towns was planned and launched in the western suburbs of Shanghai in 2001 (Shanghai Municipal Government document no. 1, quoted in Shen and Wu, 2012). Ten towns were built in the style of towns in Britain, Italy, the Netherlands, Germany, Spain, North America and Scandinavia respectively (Xue and Zhou, 2007, Shen, 2011). After several years of intensive construction, even though the project faced a great deal of criticism, the planned towns have taken shape in the suburbs of Shanghai, with the exception of two towns in the original plan. These are Chenjiazhen in Chongming County and Lingang in Nanhui district, which were abandoned (Shen and Wu, 2012). The One City, Nine Towns project has triggered a fierce debate among professionals, planners and citizens because the eight western-style high-end new towns have been likened to ghost towns due to low occupancy rates (Miller, 2013). Even though new flats in some new towns are sold out, they were treated as real estate investments by buyers (mostly from Shanghai city centre and the surrounding cities) rather than as residences (Hao et al., 2012). While the new towns have been criticised for the huge investment from government and private sectors not only in their construction, but also in supporting projects of transportation and greening, the wider districts, in which the new towns have been built have urbanised at very high rates. In particular, Songjiang has ceased to be an isolated county partly through the new towns, but also through the establishment of a university, which will be reviewed in the following paragraphs.

Songjiang was chosen as the one city in the One City, Nine Towns project. As part of the project, Songjiang was designated as a university town. Songjiang University Town is just one drop of water in the tide of the construction of new towns in China (Xue et al., 2013). However, after Hongqiao, it is the most important project in west Shanghai, in particular for Songjiang, whose district government has brought large educational investment from Shanghai for the construction of several university campuses and a large property investment from the private sector and

transportation infrastructure. The whole project covers more than ten square kilometres of built-up area in Songjiang.

Songjiang University Town consists of seven universities; the campus covers an area of 5.47 square kilometres. This land was donated by Songjiang district government to support the development of education in Songjiang. Songjiang district government and Shanghai Municipal Education Commission (SMEC) have played an active role in the construction of the university town. Songjiang district government has managed the transformation of “immature land” into “mature land” (see Chapter 5) through land levelling and the provision of infrastructure; SMEC was in charge of the construction of facilities surrounding the university campuses, with each university responsible for the construction its own campus (Shen, 2011). The project was launched in the context of the reform of higher education in 1999 in China as a result of which the enrolment rate into higher education increased and was expected to reach 50% of all young Shanghainese in 2005, according to plans drawn up by the Municipal Education Commission (MEC) (Shen, 2011). Such a sharp increase in the number of students exceeds the capacity of the old campuses in the city centre, and some universities would have to be relocated to the suburbs according to the MEC plan. Helped by the plan to construct the new Songjiang City as part of the One City, Nine Towns project and thanks to the lobbying undertaken by the Songjiang district government, Songjiang was chosen as the location for the university town. Seven universities with about 100,000 students and staff were relocated to Songjiang University Town by 2005 (Shen, 2011). There is no doubt that the university town has promoted urbanization and the development of infrastructure and real estate in Songjiang (Shen, 2011).

Another important project in Songjiang has been the construction of Thames Town. Modelled on an assortment of English town landscapes, this is a prestige project designed to attract wealthy Shanghainese and Taiwanese working in Kunshan (Shen and Wu, 2012). The project of Thames Town is an upmarket residential area; the houses have mainly been bought by private investors for investment rather than actual residence and mainly let empty. Although this project has been criticised in part for being outside commuting range of Shanghai, it has attracted much attention and served as a publicity flag bearer for the district.

In 2003, Project 173 was announced in an attempt to attract more FDI in the context of Shanghai’s city rivalry in the manufacturing sector with neighbouring parts of Jiangsu Province (Li and Wu, 2012). This project was more related to the development of manufacturing in Shanghai and so differs from the two projects mentioned above. Shanghai’s Project 173 was an attempt to promote industrial development in the suburbs of west Shanghai. It consists of three industrial development zones, which were chosen by Shanghai Municipal Government in the west of Shanghai in Songjiang, Qingpu and Jiading districts, together covering 173 square kilometres (Figure 3.5).

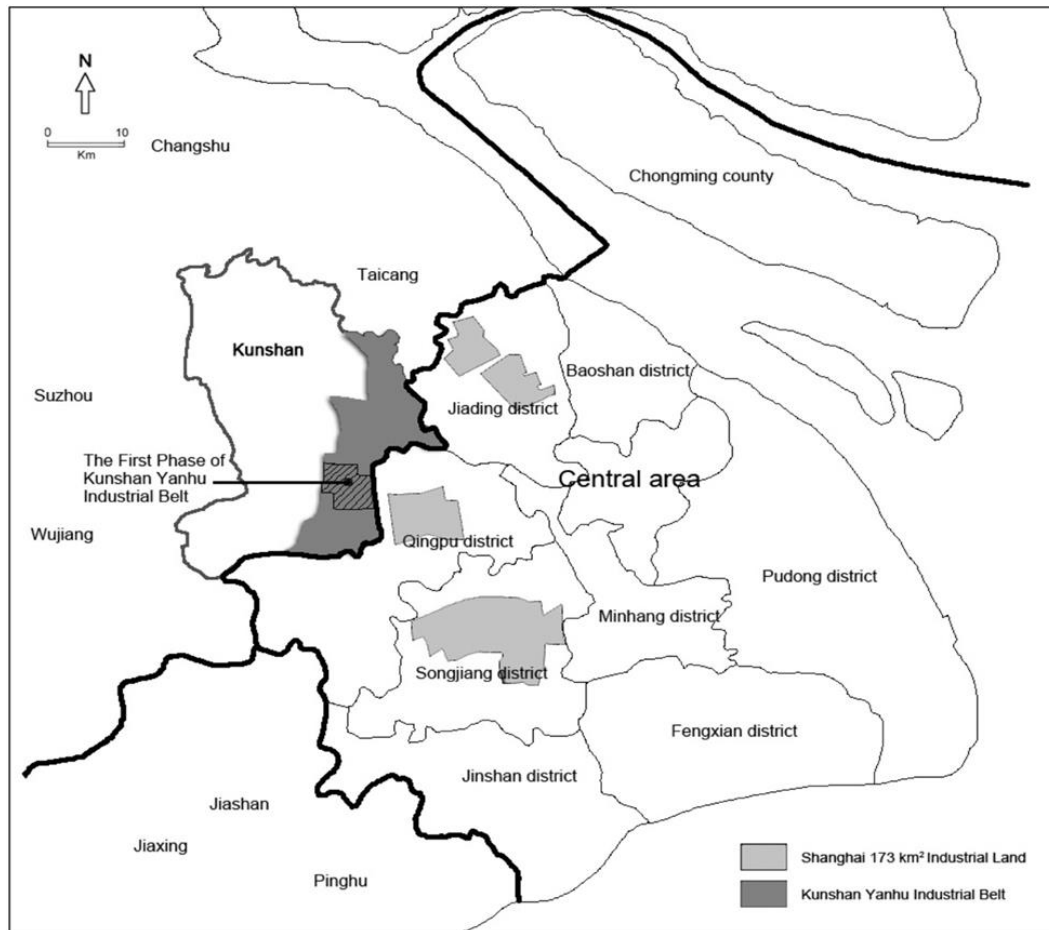


Figure 3.5 Location of 173 Project in Shanghai

Source: Li and Wu, 2012.

With neighbouring cities in Jiangsu Province capturing the lion's share of inward investment, Shanghai Municipal Government adopted a series of policies including government subsidies, tax relief and preferential land policies to attract manufacturing investment into the west of Shanghai. Arguably, however, these policies damaged Shanghai's interests by stoking up competition in reducing land premiums. Ultimately, Shanghai could not compete with cities in Jiangsu province, which have a lot more land that can be developed than Shanghai.

Due to the limits in the amount of land it had at its disposal compared with neighbouring cities in Jiangsu province, Shanghai Municipal Government did not treat Project 173 as its primary development priority and abandoned related preferential policies when Chen Liangyu stepped down as Shanghai Municipal Party Committee Secretary in 2006 (Li and Wu, 2012). Shanghai's development focus has gradually shifted from an emphasis on the manufacturing sector to developing the service sector. This has led to a transformation in the competitive relationship between Shanghai and Suzhou in the past few years. As a result of competition between Shanghai and cities in Jiangsu and Zhejiang provinces, guidelines for the promotion of reform and in the economic and social development of the Yangtze River Delta region were announced by the State Council (Shanghai

Municipal Government, 2010) in order to reduce damaging industrial competition and achieve harmonious development in the Yangtze River Delta.

3.5 Some conclusions on competitive regional growth in the west of Shanghai

How has this regional competition affected the districts around Hongqiao? The impact appears to have differed somewhat between the two closest districts that once included the land on which Hongqiao stands. Stretching eastward from Hongqiao, Changning lies much closer to the city centre and has grown much faster. There is, indeed, a huge difference in the degree of development in the adjacent districts of Changning and Minhang. In Changning district, near Hongqiao Airport with its transportation advantages, two prestigious state guesthouses have been built to receive central leaders and foreign guests, as well as to host business events (Wang, 2005). Economic growth in Changning has also been driven by the establishment in the district of the Hongqiao Economic and Technological Development Zone designed to develop foreign trade. The zone was proposed by the Shanghai Municipal Government in 1982 and approved by the State Council in 1986, and this then grew into the Hongqiao Foreign Trade Centre, Shanghai's largest high-standard integrated industrial and commercial area together with residential facilities (Wang, 2005). As discussed earlier, Hongqiao ETDZ was the first one in Shanghai with national status (higher preferential policies) and has gradually become a foreign trade centre due to its location in the city centre. A large number of foreigners live there, turning it into an upmarket residential area. In addition, being one of the smallest ETDZs in China, with just 0.625 square kilometres and high demand for location, the cost of commercial activities has been rising sharply here, which has forced relocation of other industries, in particular the manufacturing and small companies. It has suffered fierce competition, and its role has gradually weakened in terms of driving economic growth of the surrounding area.

A series of further projects were undertaken on the Changning side of the Hongqiao area. Luxury villas first directed to foreigners were built along Hongqiao Changning district between 1980 and 2000. An international consular district was constructed as well as a hotel district and a new zone for commercial buildings and up-market apartments between 1990 and 2000. The part of Changning district closest to Hongqiao has become a foreign business area and a high-end residential area after 20 years of intensive development (Wang, 2005). Meanwhile, there has been much less development on the Minhang side of Hongqiao airport. Minhang district to the west and southwest lies further from Shanghai city centre and, as such, has been characterised by rural villages and small suburban factories (Interview G2012062101).

As we have seen, the suburban districts of Qingpu, Jiading and Songjiang in the west of Shanghai have experienced intensified competition in terms of economic and urban development. From the perspective of economic development, these districts have established industrial parks to attract investment. In order to win the battle of attracting investment, each district has been competing to offer preferential

policies of tax reductions and exemptions, providing cheaper land and reductions in management fees for investors. From the perspective of urbanization, a series of urban projects were launched by local governments in order to realize economic and urban growth. The launching of the Hongqiao project is recognized as a good opportunity for surrounding districts as it has brought large amounts of investment from the public and private sectors in infrastructure and transportation in west Shanghai. Most important have been the preferential policies issued by the central and Shanghai Municipal Governments.

When the Hongqiao project is placed into the expanded picture of its neighbouring cities in the YRD, intensified competition for Hongqiao comes from the core cities of the YRD, including the neighbouring cities of Kunshan, Suzhou, Hangzhou and even Nanjing. We can explain intensified competition based on the perspectives of industrial planning and mega urban projects. Based on industrial planning, Hongqiao project faces intense competition from Huaqiao Business Zone launched by Suzhou and Jiangsu province, which has basic rationale similar to that of the Hongqiao project. It shows that competition between west Shanghai and its neighbouring cities has changed and evolved from the manufacturing sector towards the service sector, and the same process has occurred with the cities of Hangzhou and Nanjing. Nanjing and Hangzhou, as leading sub-centre cities in the YRD, have launched mega urban new-city projects earlier than Hongqiao. The Hongqiao project was launched in the context of competitive regional growth and has attracted a great deal of attention from media and government circles. In Chapter 2, we reviewed the literature on Chinese urbanization and Shanghai's transformation. In this chapter, we have discussed the regional context within which the Hongqiao project has been developed. We have seen how inter-urban regional competition has become a crucial feature of the picture of urban growth. Shanghai has experienced wave after wave of urban change and growth, the Hongqiao project being a landmark project in the process of urban growth. Before moving on to a discussion of how Hongqiao is being developed (in part as a rival centre to Kunshan and other growth centres west of Shanghai) in Chapter 5, we will review the research methodology, fieldwork, data collection and related issues in the next chapter.

Chapter 4

Fieldwork and methodology

This chapter explains and justifies the methodology used in this research and the main constraints of this work. Despite the recommendations put forward by many scholars doing fieldwork in China (Heimer and Thøgersen, 2006, Cornet, 2010, Turner, 2010), a full survey reviewing urban change is still rare in China. This research uses as its case study the Hongqiao project in Shanghai to review urban change in China through fieldwork. The first part of this chapter (section 4.1) will describe the aims, scope and phases of fieldwork in Hongqiao. Information regarding methods used to collect data and arrangements for the fieldwork will be provided. The second part of the chapter (section 4.2) explores the study area and initial access to the fieldwork. The section, then, continues with a presentation of a full survey questionnaire, which introduces the process of observation and analysis of documents, the pilot questionnaire survey, in-depth interviews and the full questionnaire survey itself, followed by a discussion of the major problems encountered in the process of conducting the fieldwork. A copy of the questionnaire survey with a sample answer and the interview questions can be found in the Appendix.

4.1 The aims, scope and phases of fieldwork

As mentioned in Chapter 1, the primary aims of my research are to assess the nature of competitive urbanism in Shanghai and its region and to contribute to the literature on the main features of entrepreneurial urbanism in China. The detailed picture of the Hongqiao project presented here is used to draw conclusions about the main features of urban growth coalitions in China today and to investigate the consequences of the Hongqiao project on local residents in terms of impact on their livelihoods. In the concluding chapter, comparisons are made with other projects in Shanghai (He and Wu, 2007) and Beijing (Broudehoux, 2007) to draw a wider picture of the effect of urban development projects on those who are displaced and thereby to connect with discussions about the consequences of neoliberal urban restructuring in other parts of the world.

The aim of my fieldwork was to collect detailed information and data about primarily the following: (1) Hongqiao Airport and the surrounding area, particularly relating to the economic development and the characteristics of the urban villages in the environs of the airport; (2) the Hongqiao project; (3) the number of relocated local residents, villagers and factories and shops, as well as land expropriation and compensation issues; (4) the attitude of relocated villagers towards relocation and resettlement in Hongqiao and the situation of their lives before and after relocation; (5) the impact of the project on people who live in surrounding areas; (6) the main participants and their different interests in the twin projects of Hongqiao transport

hub and business district to examine the question of who benefits and who loses out in the project; (7) the governance mechanism used and the methods of project promotion; (8) preferential policies introduced by government at various levels; and (9) the policies of Hongqiao Business District Committee and the surrounding district government towards attracting investment.

Due to the complexity and scale of the Hongqiao project and in order to shed light on these aims of my fieldwork, several methods were adopted to collect the various data, as follows:

- An analysis of planning and economic development documents
- Observation of the development site
- Survey questionnaires with relocated villagers (preceded by a pilot survey)
- In-depth interviews with experts
- In-depth interviews with relocated villagers

The details of these aims and the constraints I encountered will be presented in the following sections.

Prior to the actual fieldwork, desk and Internet-based research was conducted to collect background information about the Hongqiao area (as shown in Figure 4.2), the progress of the Hongqiao project and its detailed planning based on research materials collected when I worked on a research project for Minhang District Government in 2009.

The fieldwork itself took place in two different phases. The first phase was between November 2011 and February 2012 during which various methods were tested by conducting a pilot survey and interviews and through observation. In order to gain a first impression of the Hongqiao project and the relocated villagers' attitudes towards the Hongqiao project, I walked all around the Hongqiao project construction site, the demolished area and the Aibo Community resettlement site, where a new settlement has been gradually formed with a vegetable market, schools, nursing home, small hotels, restaurants and other living facilities. In addition, secondary data about the planning of the Hongqiao transportation hub and business district and industrial development policies was obtained. Alongside this, information on the actual mechanisms of the relocation scheme and construction of Hongqiao transportation hub was collected in preliminary interviews with officials of Hongqiao business and Minhang district, developers, planners, experts and academics who have been heavily involved in the project. Based on these preliminary findings in the pilot survey, a much more detailed and accurate understanding of the governance mechanisms of the Hongqiao project and the attitudes of relocatees towards the Hongqiao project was formed, and my research questions and research methodology were refined for the second phase of fieldwork.

The second phase of the fieldwork took place between June 2012 and August 2012. In this phase, extensive semi-structured and in-depth interviews were conducted to collect first-hand data, and a questionnaire survey was carried out to collect qualitative information. The target interviewees were participants of the Hongqiao

project -- government officials, planners, academics, real estate developers, relocated villagers, urban residents and villager leaders. Interviews were conducted with at least three people from each of these groups and many more in the case of government officials and relocated villagers. I was also able to interview one relocated business owner. The questionnaire survey mainly focused on relocated people with the aim of understanding their attitude towards the Hongqiao project and its impact on their lives.

4.2 The study area and initial access to fieldwork

Hongqiao is a newly created district located in the western part of Shanghai. This part of the western suburbs of Shanghai had been almost entirely ignored in round after round of industrialization and urbanization since the 1990s. Hongqiao was, therefore, semi-rural and semi-suburban before the Hongqiao project was initiated in 2007. The launching of the project started a new wave of urban development in Shanghai – not only with the planning and building of the hub and business district, but also through the construction of new high-speed railway lines linking Shanghai to the main cities of the YRD, as shown in Figure 4.1. The newly created business district covers an area of 26.2 square kilometres, to which its neighbouring district of Minhang has contributed 17.8 square kilometres. The Hongqiao project has led to the relocation of 11 villages, 3874 households and 1381 businesses and shops. Relocated households were resettled in a newly built housing complex named Aibo Community located in the northwest part of Hongqiao business district as shown in Figure 4.3. Business companies and shops were relocated to other places of Minhang and other districts.

Prior to undertaking my PhD fieldwork, when I was a Master's student at East China Normal University, I conducted fieldwork for a consultancy project funded by Minhang District Government. The fieldwork focused on investigating the impact of the Hongqiao transportation project on the development of Minhang district. During this research, I carried out a site investigation and visited the Hongqiao transport hub in 2009, which at the time was a construction site. All the transportation facilities were being built, while local residents and factories had already been relocated. The focus of that research project was purely on the impact of the transport hub on the development of Minhang district; other issues such as the effect of the urban development project on relocated residents was not investigated. When the focus of my PhD research shifted to the study that I have undertaken here, I was able to build on the good connections I had secured with a number of officials involved in the Hongqiao project.

Choosing East China Normal University, one of the foremost centres in China for urban research, as my base in Shanghai was important for my fieldwork. Students of my former colleagues provided a lot of help in conducting the survey as they were very experienced with survey methodology and the Shanghai context and some of them could speak the Shanghai dialect.

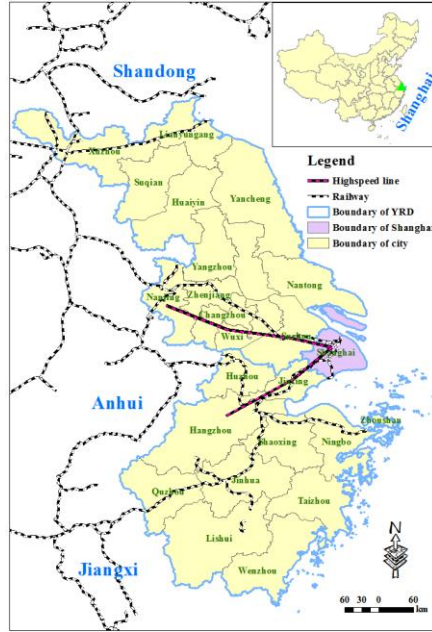


Figure 4.1 The position of Hongqiao and Shanghai in the YRD showing the high-speed rail lines terminating at Hongqiao station

Source: Author.



Figure 4.2 The location of Hongqiao project within Shanghai

Source: Author.

In China, relationships and networks are extremely important factors in conducting fieldwork; my former teachers at East China Normal University helped me contact officials for my in-depth interviews. In particular, my contacts in Minhang district were essential as they arranged interviews with other officials and were able to obtain policy documents for me, which was vital for me in completing my research. Without my contacts it would have been impossible to interview local officials and obtain invaluable data of a sort that is rarely made publicly available.

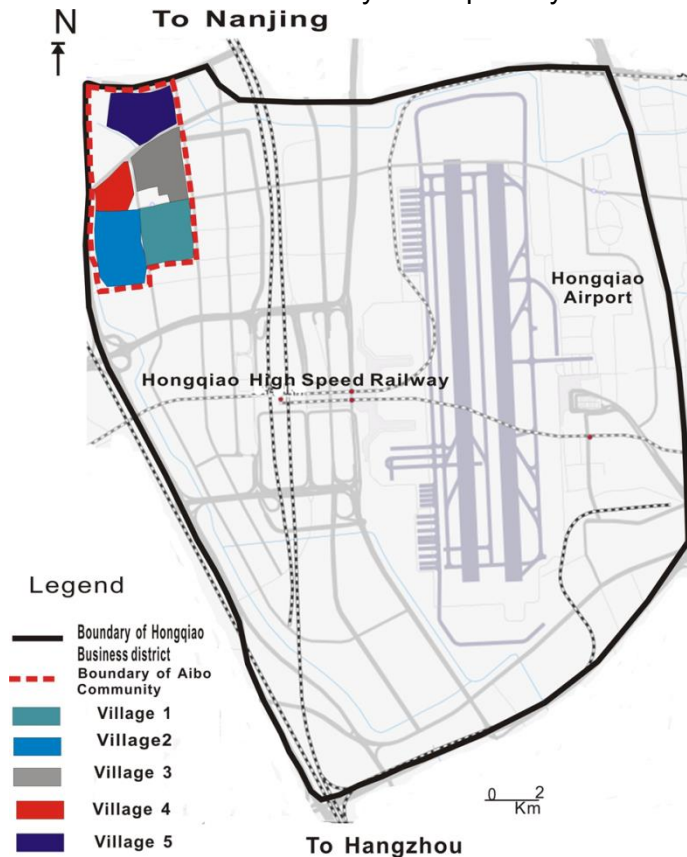


Figure 4.3 Layout of the Aibo Community villages in Hongqiao business district
Source: Author.

4.3 Survey questionnaire

My research involved observation and document analysis, interviews and a questionnaire survey. There was some overlap between the interviews and the questionnaire survey because in the process of administering the questionnaire, it became clear that some respondents were illiterate; as a result, the questionnaire survey was inevitably transformed into an interview. The questionnaire survey and the interviews each had their own focus. The survey was designed to obtain comprehensive data on the impact of the project on relocated villagers through a questionnaire; meanwhile, interviews were designed so as to get further detailed information on attitudes towards relocation.

4.3.1 Observation and document analysis

Before starting my pilot survey, I spent seven days and a number of nights in the Aibo Community in order to have a good understanding of this area. During this time I walked around the whole area and the site of the business district, observing the situation of the Hongqiao project and Aibo Community. Direct observation was important in helping me to understand the scale of the project, the type of building work going on, the nature of the new spaces being created and the living conditions in the newly built Aibo villages.

Secondary data for this research has mainly come from the governments of Shanghai City, Minhang district and Hongqiao business district. Policy documents, planning and design documents, internal reports as well as promotional materials were obtained from Shanghai Municipal Government, Hongqiao Business District Management Committee, Minhang District Government and Shenhong Company. These documents provided detailed information about Shanghai's developmental strategy, both short and long term, and the municipal government's targets for the Hongqiao business district.

Among documents that I analysed for this research are regional planning documents for the Yangtze River Delta, Shanghai's Twelfth Five-Year Plan (2011-2015). Minhang district's master plan and regional development plan, Minhang district yearbook and economic data as well as Shanghai's master plan, which provides direction for Shanghai's urban and industrial development, are important for obtaining an understanding of the Hongqiao project. Other materials analysed include documents introducing the Hongqiao transport and commercial hub, the Hongqiao Business District regional plan, planning documents for Shanghai Hongqiao business district's commercial development, spatial planning documents for Hongqiao transport and commercial hub, the plan for the core area of Hongqiao transport and commercial hub, industrial planning documents for Hongqiao business district and the plan of the greater Hongqiao area, which contains abundant information on the function and position of Hongqiao business district in the YRD, including maps.

Shanghai and Hongqiao business district websites provided plenty of information about the progress of the project and preferential policies issued to attract companies to locate in Hongqiao. In particular, substantial information on land premiums, leased land plots and real estate developers were obtained from websites.

The review and analysis of these documents not only provided factual data on the project before fieldwork began, but also furnished me with very important information on the aims of the government's strategy for the Hongqiao project. In sum, observation and document analysis were very important steps for me to take in order to acquire up-to-date data before conducting the pilot survey.

4.3.2 Pilot survey questionnaire

In the first period of fieldwork, a pilot survey questionnaire was conducted with 30 relocated villagers in the new Aibo Community. This pilot survey was carried out to spot any potential problems such as precision and conciseness of questions, length of questionnaire, language comprehension, appropriate time for interviews and access to respondents. The pilot questionnaire was also an opportunity to explore the main themes and problems that the relocatees face and hence refine my research questions and redesign the questionnaire. Through the pilot survey, I was able to gain a first impression of the Hongqiao project, its progress and the attitude of relocated villagers towards relocation and compensation. In particular, I was able to gain an understanding of the general situation of villagers after relocation; this was extremely important in helping me redesign the questionnaire.

The main lessons from this pilot questionnaire survey were the following. Firstly, I found that villagers were less willing to be interviewed or surveyed when they assumed that members of my team and I belonged to the local government or were supported by government. Villagers feared that that we were collecting information for the government and, thus, were reluctant to answer our queries. Villagers were particularly sensitive to questions about their personal information such as income and household members. They were afraid to expose their names. In terms of length of the survey, I soon found that a questionnaire with more than 25 questions took too long to administer, and the patience of respondents dwindled. In addition, many respondents could not speak Mandarin Chinese. I first showed written proof that I was not from government, and I explained that I was actually conducting independent research as part of an academic study designed to look into the impact of the project on their lives. In order to encourage them to agree to an interview, I prepared some small gifts for the interviewees, and I was as efficient as possible, saving time by simplifying questions and focusing on the main ones. Secondly, when I conducted the pilot survey in the five villages of Aibo Community, I found out that interviewees who were relocated from same villages before relocation had similar basic information about relocation. To ensure the quality of the interviews, I limited the number of respondents from the same village before relocation. I decided to choose two households out of 26 in each residential building in the Aibo Community to avoid repetition of information. In addition, I created a representative sample in terms of age, economic class and gender. Where possible, I tried to ask family members other than the (male) household head to respond to our survey. I realise this is at best a somewhat improvised way to obtain a demographic balance, but in the circumstances it seemed to be the best approach available.

Lastly, I learnt how to conduct interviews efficiently. Many interviewees complained about the issue of insufficient compensation and repeatedly asked us to report this complaint to the higher levels of government. Our interviews were often interrupted by their complaints about their future prospects in terms of job opportunities and income, all of which prolonged our interview. In order to ensure that each interview did not occupy too much time, I learnt how to deal with these points without creating dissatisfaction or unhappiness on the part of the interviewees.

4.3.3 In-depth interviews

In-depth interviews were very important in complementing, nuancing and furthering the information gathered from the secondary sources. In particular, when it came to issues of relocation and displacement of villagers, it was very important to contrast the information gathered from the surveys with that received from government officials. This reflects a key point made by Heimer and Thøgersen (2006) that while interviews are likely to be the central task when conducting fieldworks in China, conversation is a key way of collecting data. For this purpose I decided to carry out in-depth interviews with several relocatees who were resettled in Aibo Community and a number of local officials, planners, and scholars in several organizations who had been responsible for issues raised by the Hongqiao project such as land acquisition, relocation of villagers and factories and the construction of Hongqiao Business Zone. In terms of access to these professionals, I was greatly indebted to my contacts from East China Normal University. With this help, I was able to interview senior officials from Minhang District Government, Shenhong Investment and Development Company (abbreviated to Shenhong Company in the following chapters), Hongqiao Business District Management Committee, Shanghai Airport Group, the planning departments of Minhang and Hongqiao districts, the Development and Reform Commission in Minhang district, Xinhong street committee, Huacao town government, the demolition and relocation headquarters in Huacao township and relocated villagers.

The purpose of the in-depth interviews with officials and relocated villagers was to collect information to answer questions concerning the following issues: (1) what the process of relocation involved; (2) how the Hongqiao project was managed; (3) what governance mechanisms were in place for the project; (4) what the impact of the project was on local residents; and (5) what the attitudes of relocatees were. Many specific details on the planning of the project, land acquisition and development, the relocation of villagers, the operation and coordination mechanisms of the project and the concerns and expectations of relocated villagers were obtained through in-depth interviews. In particular, I was able to form a coherent picture of the land-based urban growth coalition and rolling development in the Hongqiao project, as well as gain a clearer understanding of the role of entrepreneurial local government as the main driving force behind the project as a result of my in-depth interviews.

53 in-depth interviews and three group discussions were conducted during the two periods of fieldwork in Shanghai. The duration of each interview ranged from one to two hours. The interviews were held with relocated villagers, officials, planners, scholars, administrators from state-owned companies, village leaders and real estate developers. (For detailed information on the interviews, see Appendix.) In addition, before and after interviews with officials, three group discussions were held with officers from Minhang District Government, Hongqiao Business District Management Committee and Shenhong Company to get their views on the main research questions. I should state that I interviewed some key officials and planners

more than three times. However, officials tended to be reluctant to answer questions related to land acquisition and financing of the project.

Face-to-face interviews gave me a thorough understanding of the process, operation and management mechanism of the project as well as the attitude of relocated villagers towards the project.

4.3.4 Survey

In my second period of fieldwork, I carried out a questionnaire survey with villagers displaced from the settlements, which were destroyed to make room for the Hongqiao project. This represents important and valuable data as there has been very little systematic research on the attitudes of displaced residents.

In order to get the best results, preparatory work for the survey was conducted. As 350 questionnaires were planned and each questionnaire would take more than one hour to complete, it would have been impossible to carry out such extensive work without the help of a team. Therefore, I recruited 16 students from East China Normal University and chose students with extensive experience in fieldwork who had conducted fieldwork for their supervisors. There was, thus, no need to provide them with detailed training. I gave them a short introduction to my research aims and intentions and the data and information I needed to collect through the survey, as well as a health and safety briefing. The full survey proved invaluable in giving me the data to analyse the impact of the project on relocated villagers (see Chapter 7).

As there were around 3874 households displaced from 11 villages and resettled in the newly built Aibo Community, I had to create a sample representative enough to be valid for research purposes. The relocation process was very complicated (as will be shown in Chapter 7), and compensation and allocation to new flats was based on the type of property previously held (size, type of land, construction materials, etc.), which means that residents interviewed needed to be from different economic backgrounds. At the same time, displaced residents were more or less rehoused together with their former neighbours making these villages relatively homogeneous. It was important, therefore, that the sample captured residents from the different villages in Aibo to show the diversity of situations. In order to make the survey sample representative, questionnaire survey sheets were distributed almost equally among the five villages.

As can be seen from Table 4.1, 350 questionnaires were distributed when we went around door by door in the five new villages of Aibo Community. Two households were randomly selected for each of the residential buildings that make up each of the villages. In order to ensure the randomness, I chose flats numbered 202 and 404 in each block as our surveyed households. As some households in some buildings were empty, apartments 301 and 501 were visited as alternatives. I did not have help from the Village Committee in delivering the questionnaires (see below), so I decided to visit the households and conduct the survey in situ. To

maximise the response rate I chose to knock on doors, deliver questionnaires and have them filled in through face-to-face interviews around the middle of the day when hot conditions outside made it most likely that people would be at home. Our response rate was very high, with 344 out of 350 questionnaires collected, which was the result, I believe, of conducting home visits and the initial site survey.

Table 4.1 Sample distribution by village

Villages in Aibo Community	No of questionnaires
Village 1	76
Village 2	74
Village 3	74
Village 4	66
Village 5	60
Total	350

Source: Author's survey, 2012.

Before the survey, I trained my survey team to choose respondents from as wide a range of demographic factors as possible, trying to keep a balance between male and female, and young and old in an attempt to ensure representativeness and a lower chance of bias from survey methods and procedures. Each member of the interviewing team was told to try to choose both female and male interviewees and to provide a cross-section of age groups as I noted above.

Table 4.2 Questionnaire distribution by age and sex

Age/ Sex	Village 1	Village 2	Village 3	Village 4	Village 5	Total	Percentage
<40	16	10	8	12	6	52	15.12
41-60	38	34	32	24	18	146	42.44
>61-80	22	30	34	30	30	146	42.44
Female	30	27	30	25	22	134	38.95
Male	46	47	44	41	42	210	61.05

Source: Author's survey, 2012.

Table 4.2 shows that our survey was relatively successful in covering different age groups. The lower rate of respondents who were younger than 40 reflects the loss of young people from the Aibo Community. This can probably be attributed to a belief that there are fewer job opportunities in the Hongqiao area for young people, pushing people to look for jobs in the city centre and for housing nearer to jobs, while the older generation who used to rely on income from agriculture and renting out their properties told us that they felt they had little choice but to relocate to Aibo and stay there. Table 4.2 also shows that there were fewer female respondents.

Based on my survey experience and understanding of the project, I believe this can be attributed to two factors. Firstly, many women are still illiterate or only partially literate, making it difficult for them to understand all the questions in the questionnaire; I noted that several hesitated and then refused to answer my questions, and the role of respondent was passed on to their husbands or sons. Secondly, mainly male household heads were in charge of relocation and compensation issues, so women were less confident about responding to these issues.

Table 4.3 Questionnaire distribution by occupation

Groups	Before relocation	Percent %	After relocation	Percent %
Villagers	286	83.14	243	70.64
Self-employed persons	30	8.70	24	7.00
Teachers and village leaders	12	3.49	12	3.49
Security workers and cleaners	4	1.16	65	18.90
Factory workers	12	3.49	0	
Total	344	100	344	100

Source: Author's survey, 2012.

Table 4.3 shows that the majority of our respondents had been farmers, which reflects their social and economic status before relocation. It is worth noting that self-employed persons can be divided into a number of sub-groups including traders and artisans, which I found to be an important group when I interviewed Aibo Community residents. I have grouped together teachers and village leaders as both were actively involved in relocation and compensation tasks for local government. As they were in charge of relocation issues, so their answers were fuller and more informed than those of relocated farmers. It should also be noted that job opportunities for manual workers in factories and self-employed workers declined after relocation, while job opportunities in the lower-order service sector -- security guards and cleaners -- absorbed 18.90 percent of respondents, reflecting a change in the job market and a lowering of employment status after relocation.

4.3.5 Major problems encountered in the fieldwork

The major problems and difficulties in the two fieldwork phases in Shanghai were accessibility issues, sensitivity over undisclosed data and unwillingness to be interviewed.

I will discuss the issues around accessibility first. The themes of relocation, compensation and resettlement have become the topics of heated debate in the context of rapid urbanization in China, and they have attracted a lot of interest and concern on the part of the mass media and planners. As a result, local governments who are responsible for issues of land acquisition, compensation and resettlement have come under considerable pressure. In the case of Hongqiao, one resident in

particular has fought against Minhang District Government for more compensation through intense protests which have elicited media attention at home and abroad (Interview G2012062102). In addition, eight displaced families have still not signed a relocation agreement with Minhang District Government, even though their houses were demolished and the land taken away from them. These cases have meant that fieldwork has become much more difficult in Hongqiao; local government did not want us to interview villagers relocated to Aibo Community. When I went to Aibo to conduct my first site survey in November 2011, I was easily distinguished from local villagers. When I took some photographs of local residents and their dwellings, we were followed by the police, who appeared to believe I was journalists.

At the start of my fieldwork, I was able to contact the village committee leaders through my connections, and I attempted to get help from them to carry out the survey questionnaires. This would have made the survey much easier to carry out because local villagers are still very cautious when interviewed by strangers. However, when leaders of the village committee went through my list of interview questions and questionnaire, they thought the questions covered issues that were too sensitive and were reluctant to offer help. Therefore, I had to carry out the survey directly with the villagers themselves. As I mentioned in 4.3.4, the majority of younger villagers moved to the city centre to find jobs rather than live in resettlement sites, so there is an over-representation of more senior villagers in our sample. As the older residents generally have lower educational levels, it was difficult sometimes for them to understand our survey questions. The questionnaire, even after revisions from the pilot survey, was too long (20 to 30 minutes) for some respondents particularly in the heat of a Shanghai summer (temperatures often exceeding 35 degrees centigrade). In addition, some villagers were unwilling to take part in the survey because they thought it would not help improve their situation.

Some useful steps were taken to deal with these problems, where they arose in time after the pilot survey had been completed and before the full survey. Firstly, after the pilot survey, I decided to focus on the main issues during the process of the questionnaire survey, shortening the length of some questions and redesigning the survey to make it easier to understand. Secondly, as far as the interviews were concerned, it soon became clear that I needed one set of questions for officials and another for relocatees. For officials responsible for relocation and the construction and operation of the Hongqiao project, interview questions focused on the planning of the Hongqiao project, the process of land acquisition, relocation, resettlement and compensation and the governance mechanism of the Hongqiao project (see Appendix). As for questions put to relocatees, these focused on what they had lost and won in the relocation process, and their attitudes towards relocation and resettlement.

I turn now to issues around sensitivity over undisclosed data. Some topics to do with land acquisition, its cost to the district government and the attitude of relocatees towards relocation were treated as sensitive data in my communications with local officials. Particularly when it came to the amount of land expropriated,

local officials became cautious when interviewed. They refused to give me data about land expropriation and documents on compensation, and even refused to answer some of my questions. However, officials whom I interviewed sometimes shared their comments and opinions with me off the record. For instance, officials admitted to me in private that relocated villagers contributed most, but lost most in the Hongqiao project when asked on the subject. I immediately agreed to anonymise the names of officials and experts I interviewed who had been in charge of the relocation scheme so as not to cause them any problems. All relocatees have also been anonymised.

I encountered difficulties of access to various groups of relocatees. Relocated people can be categorised as villagers, urban residents, owners of relocated factories and shops and migrant (or floating) workers. It is difficult to track certain displaced populations, particularly the migrant workers who have been forced to move back home or find work in other places. They were not relocated by the authorities as they were not registered to live there. As for the owners of factories and shops, they have been displaced to surrounding districts in Shanghai and other cities to continue their businesses as they do not fit the requirements for the high-end service sector sought for the Hongqiao business district. Without a hugely challenging investigation, it is not possible to track down these people, so I have inevitably concentrated on the relocation of people who were officially registered with a *hukou* to live there. There are further important reasons that prompted me to focus on relocated villagers. Firstly, they formed the majority of the relocated population affected by the Hongqiao project. Compensation and resettlement of local villagers was the key task for local government. Secondly, local villagers are the only actors that have contributed land for the project; even local officials admitted that villagers have made a major contribution but lost most in the project. For these reasons, therefore, when it comes to the impact of the project on former residents, emphasis was placed on villagers in my research.

4.4 Conclusions

I completed my fieldwork in half a year. My questionnaire survey and list of questions for interviewees experienced many rounds of modification after pilot fieldwork in Hongqiao. In the two periods of fieldwork in Shanghai, I used a variety of methods: analysis of planning and economic development documents, observation of the development site, a questionnaire survey with relocated villagers (including a pilot survey), in-depth interviews with experts and officials as well as in-depth interviews with relocated villagers. The pilot surveys helped me understand the basic situation and context in Hongqiao and, in particular, the demands and thoughts of relocated villagers. This pilot phase was important in helping me improve the questionnaire and interview questions and identify the main problems faced by local officials and relocated villagers.

Due not least to my contacts in the field, it was easy to progress into the second part of my fieldwork. The in-depth interviews provided a series of good opportunities to meet local officials and planners responsible for the operation of Hongqiao

project and, importantly, to conduct face-to-face interviews with local officials. This helped me build a close relationship with them, which became a useful way of obtaining data. Through an intense schedule of interviews and questionnaire survey work during the two field trips, a wide variety of first-hand and second-hand research data was collected. The results of the questionnaire survey, which directly reflects the attitudes of relocated villagers towards relocation and compensation, is the main foundation of this research. However, I encountered a number of difficulties, including principally accessibility to interviewees such as local officials, planners and relocated residents, and sensitivity to the release of documents and data related to the Hongqiao project. Thanks to my good connections in Hongqiao I was able to overcome at least some of these difficulties.

The empirical findings in the chapters that follow are based on the first- and second-hand research data described above. The findings and discussion are presented in the following way. Chapter 5 introduces the Hongqiao project in detail, setting out the principal elements of first, the transport hub, and then, the business district. This chapter is based both on documents that I was able to obtain and on in-depth interviews with officials. In Chapter 6, I focus in on the main actors in the project, looking at the role of government at various levels, at the bodies that were specially created to drive the project forwards and at the coalitions that were formed to promote the project, fund it, attract investment and organise the compensation and relocation. The chapter relies heavily on the in-depth interviews that I conducted during my fieldwork. Lastly, Chapter 7 introduces the results of the questionnaire survey and discusses relocatees' answers to questions about their lives before relocation, the relocation process, compensation and their new lives in Aibo Community. The discussion is alimented with observations from in-depth interviews both with village leaders and with officials.

Chapter 5

Hongqiao: Vision, planning and design of the project

5.1 Introduction

The western outskirts of Shanghai have been treated as a growth battleground. A game of geographical one-upmanship through the development of a Special Economic Zone (SEZ), campaigns to attract inward investment and economic growth was sparked by Kunshan's early move to create an SEZ in 1980s (see Chapter 3). A later response was generated from Shanghai Municipal Government with their designation of industrial zones such as "auto city" (car manufacturing) in Jiading district (Li and Wu, 2012) and One City, Nine Towns in the western suburbs. From then on, this area of suburban and peri-urban Shanghai has been caught up in competition for economic development and urbanization. This competition has shifted from the promotion of manufacturing to a concentration on the higher-order service sector, exemplified by Huaqiao International Business Park just across the border from Shanghai in Kunshan (see Figure 5.1). This competitive regional environment has recently seen elements of cooperation, but only on an ad hoc basis, as discussed by Li and Wu (2012). Indeed, one of the key points in this chapter is that one of the driving forces behind the idea of the Hongqiao project was to compete with Kunshan's Huaqiao and put Hongqiao on the regional and global map as a CBD for the whole of the Yangtze River Delta and even the whole of China, its central location enhanced by the construction of the transport hub. This is readily apparent in the case of the underground Line No. 11, which the Shanghai government had originally refused to extend the short distance across the provincial border to Huaqiao. However, with the coordinated intervention of two top leaders Yu Zhengshen, the then-party secretary of Shanghai, and Li Yuanchao, former party secretary of Jiangsu province, the line was finally extended in 2013 (Interview G2012062101).

This chapter focuses on the vision, planning and design of the Hongqiao twin transport and commercial project. The Hongqiao transport hub project came to fruition from a blueprint in a very short period of time, while the business zone is being built now. Hongqiao will be a new urban centre for Shanghai, and its sheer scale has attracted the attention of researchers, public media and planners (Interview G2012062101) and made it a suitable topic for my research in the field of urban change and growth in Shanghai. This chapter aims to investigate the issues behind the construction of the Hongqiao project -- its aims, form, functions and main elements, and planning process, as well as the state of play in the construction of the business zone. The chapter consists of two themes: an introduction to the Hongqiao project and its aims, and the preparation of land for development in the core area of the Hongqiao project.

The main empirical concerns relating to the regional context and circumstances

under which the Hongqiao project was elaborated were discussed in Chapter 3. The remainder of this chapter is divided into four main sections. In the first section, the main aims and elements of the Hongqiao project are introduced with an examination of the conception, functions and forms of the project to reveal the scale of the whole project. This is followed by an account of the process of planning and the construction of the Hongqiao transport hub. Lastly, the process of preparing the land for development in the core area from an 'immature' to a 'mature' state is presented, followed by a discussion and conclusion.

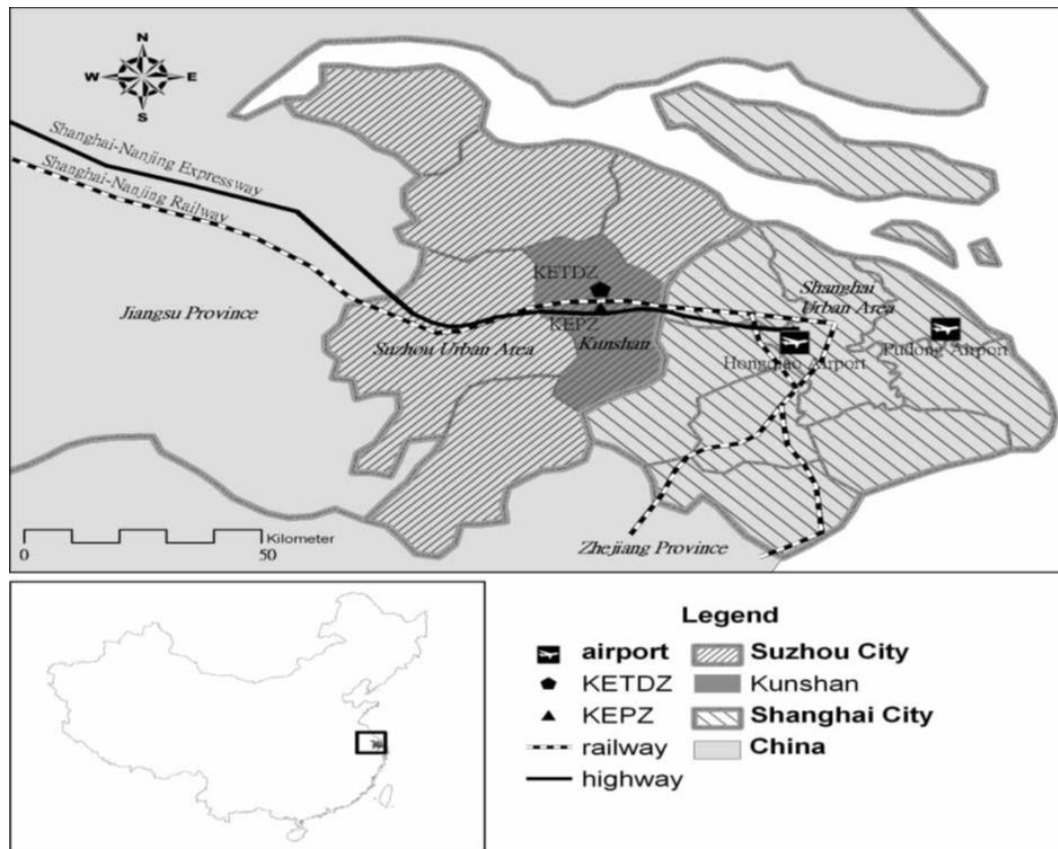


Figure 5.1 The layout of Hongqiao Airport and its neighbouring cities of Suzhou and Kunshan in Jiangsu Province.

Source: Chen et al., 2010.

5.2 Main aims of the Hongqiao project

This section consists of a discussion of the issues of overall conception of the project, the principal elements of the project, Hongqiao's overall layout and its form and functions.

5.2.1 Overall conception of the project

The Hongqiao project was launched with a series of main aims, which can be categorised as promoting economic development, improving urban spatial planning and transforming the city's industrial structure. Under the heading of promoting economic development, the Hongqiao project is an attempt to kick-start the

development of the west of Shanghai by providing a new economic growth pole through the provision of convenient transport arteries and the development of a business zone to form a strong service sector nucleus (SMG, 2007). In terms of improving spatial planning, the aim is to create a poly-centred city with a west core to rival Pudong and, with this aim in mind, from the perspective of the entire Yangtze River Delta, Hongqiao Integrated Transport Hub is designed to link Shanghai to the YRD (Figure 5.2). This is a project to produce new space in the construction of a metropolitan region in the YRD (Shen, 2011). Under the heading of transforming the city's industrial structure, the Hongqiao project is being undertaken in order to promote the development of the service sector as a leading component in Shanghai's industrial structure. In the process of transforming the city's industrial structure, a series of strategies were launched by the Shanghai Municipal Government starting in 2005 to de-emphasise and relocate the manufacturing sector and develop service industry (HBDMC, 2010). The strategy of "emptying the old cage and attracting new birds," as discussed in Chapter 2, was adopted in Guangdong Province and the neighbouring cities of Suzhou and Kunshan (Chien and Wu, 2011; Chien, 2013). Shanghai is no exception to this process, with its four new centres being constructed for service industries including Hongqiao, financial and shipping centres in Pudong, and a Special Economic Centre Zone in place for the whole of Shanghai (although the significance of this latter is as yet unclear). The Hongqiao project has become the leading platform for Shanghai's transformation into a centre for international trade (SMG, 2010).

The strategic planning of the Hongqiao project in Shanghai is vividly summed up in the catchphrase, "One, two, three, four, five and six," the meaning of which is presented in Table 5.1 (Hongqiao Business District, 2013). The Hongqiao project comes with ambitious aims and strategic planning, but also with some concerns such as traffic congestion and an oversupply of office space; the success of the project will not come without its costs and will depend on the cooperation of a number of parties (Interview S2012070101). In the sections that follow, the overall conceptualization of the project and its aims are examined, with a consideration of the principle elements of the project.

Table 5.1 The real meaning of catchphrase in poster of Hongqiao business district.

Catchphrase	Meaning of catchphrase
One	One goal of building Hongqiao into a world-renowned business district, in an attempt to form a new CBD for the cities of the YRD.
Two	Two functional projects: one is the Hongqiao Integrated Transportation Hub, which integrates eight transportation modes into one of the biggest transportation hubs in China; the other is the National Exhibition Centre project, which is planned to become the country's biggest exhibition centre. These are the two flagship projects in Hongqiao which will form the "heart" of Hongqiao business district.
Three	Three "integrations": first is the integration of transportation and business functions, relying on the transportation hub to develop the business zone; second is the integration of Hongqiao business district with its surrounding administrative districts of Minhang, Qingpu and Jiading in an attempt to promote the development of West Shanghai; third is the integration of Shanghai with the Yangtze River Delta Region and to large enterprises to move their headquarters from other parts of the YRD to Hongqiao.
Four	Four functional orientations, which are a focus on a concentrated area for modern services; a new platform for international trade; a gathering place for corporate headquarters and trade institutions, and a high-end business centre serving the Yangtze River Delta Region, the Yangtze River Valley and the whole of China.
Five	The project is based on the so-called five advantages, which are locational advantage, transport advantage, cost advantage, "late-development" advantage and policy advantage. The transport and policy advantages are most important advantages of the Hongqiao project due to the newly built transportation hub and preferential policies from central and local government.
Six	The six construction concepts: transport hub, trade platform, low-carbon experimental area, commercial community, smart city and urban complex, which are used to enhance the status of the project.

Source: (Hongqiao Business District, 2010).

5.2.2 Principal elements of the project

The launch of the Hongqiao project was driven largely by an expansion of the old Hongqiao Airport, the newly expanded Hongqiao Airport being a key component of the Hongqiao transportation hub. When it comes to a review of the principal elements of the project, the basic history of the old Hongqiao Airport and its surrounding land in the Hongqiao area needs to be discussed first.

Hongqiao Airport is located at the junction of Minhang and Changning districts, 15 kilometres from the city centre (Figure 5.2). Planning restrictions and aircraft noise caused by Hongqiao Airport have restricted development of its surrounding area

(Interview G2012072603).

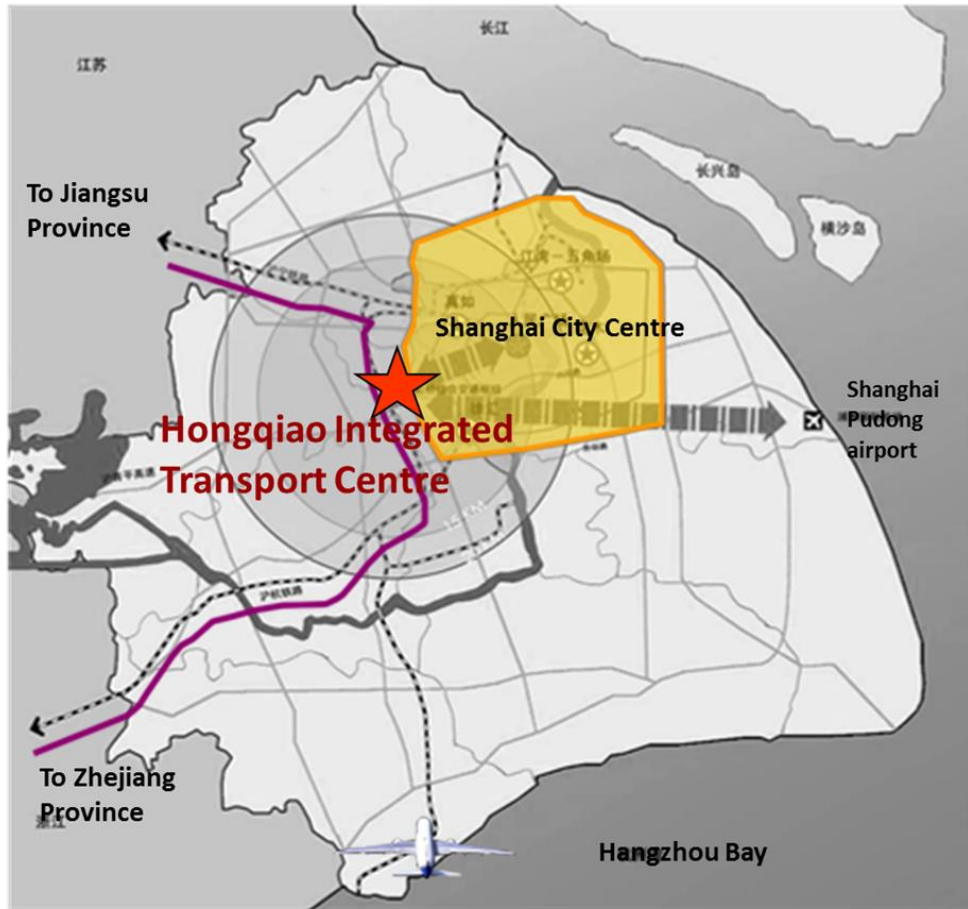


Figure 5.2 Location of Hongqiao Airport in Shanghai.

Source: Author

Hongqiao had been known for its old Hongqiao International Airport and for the Hongqiao Economic and Technology Development Zone for many decades (Interview G2012072904). Hongqiao Airport has a long history and has played an important role in connecting Shanghai to other cities in China and the rest of the world since its establishment in 1921. From 1949 it was used as a military airport until 1964, when airline routes were opened between Shanghai and Pakistani cities (Wang, 2005). The airport has been expanded and upgraded three times since 1964.

The expansion of the airport is now complete, and Hongqiao with its two runways has become one of China's most important international airports. However, the airport is only one of the elements of the Hongqiao hub, the others being the high-speed railway station, five underground lines stations and the coach station, which together form China's biggest transport hub.

Alongside the transport hub, Hongqiao business district was planned and constructed as the other major important component of the Hongqiao project. The business zone comprises a series of private-led projects – a shopping mall and high-end residential and office towers -- and some government-driven projects --

the National Exhibition Centre, an office tower for local government and state-owned enterprises. The high-end residential projects have been an important selling point for Hongqiao Business District Management Committee in its attempts to attract investors. Average prices for apartments are higher than those of real estate in city centre as shown in Table 5.2. In addition, there is a medical centre planned, green spaces and waterways, which piece together into this mega urban project of Hongqiao.

Table 5.2 The high-end residential projects in Hongqiao business district

Residential project	Average price (RMB/ m ²)	Average price in city centre in 2014 (RMB/ m ²)
Fuli Hongqiao	43000	30676
Vanke Zone	45000	30676
Xu Hui Hongqiao International	50000	30676

Source: Hongqiao Business District, 2014.

5.2.3 Hongqiao's overall layout

The planning area of Hongqiao business district covers an area of 86 square kilometres including parts of four districts -- Minhang, Changning, Qingpu and Jiading -- as shown in Figure 5.3 (SMG, 2007). The Shanghai Municipal Government emphasises the importance of developing the 26.3 square kilometres of the main functional area of Hongqiao by 2015 (zone in red in Figure 5.5) (SMG, 2007).

The overall layout of the Hongqiao project is referred to in plans for the district as "one ring, two axes, three cores, and five areas" (Figure 5.4) (SMG, 2008). One ring refers to the ecological green ring, which is a combination of the public green space and an artificial waterway; the green area is designed to protect the environment while the artificial waterway is advertised as the guarantor of ecological quality for the Hongqiao business district (SMG, 2007). The artificial lake, waterfront and green space have been used to enhance the appeal of the Hongqiao project. The two axes refer to north-south and east-west spatial developmental axes, which are intended to provide bases for service industry in Hongqiao business district (SMG, 2007); along these axes will be situated a number of office towers to attract the headquarters of large companies especially those in the service sector. Three cores refers to three places which were planned as key development areas in Hongqiao business district.

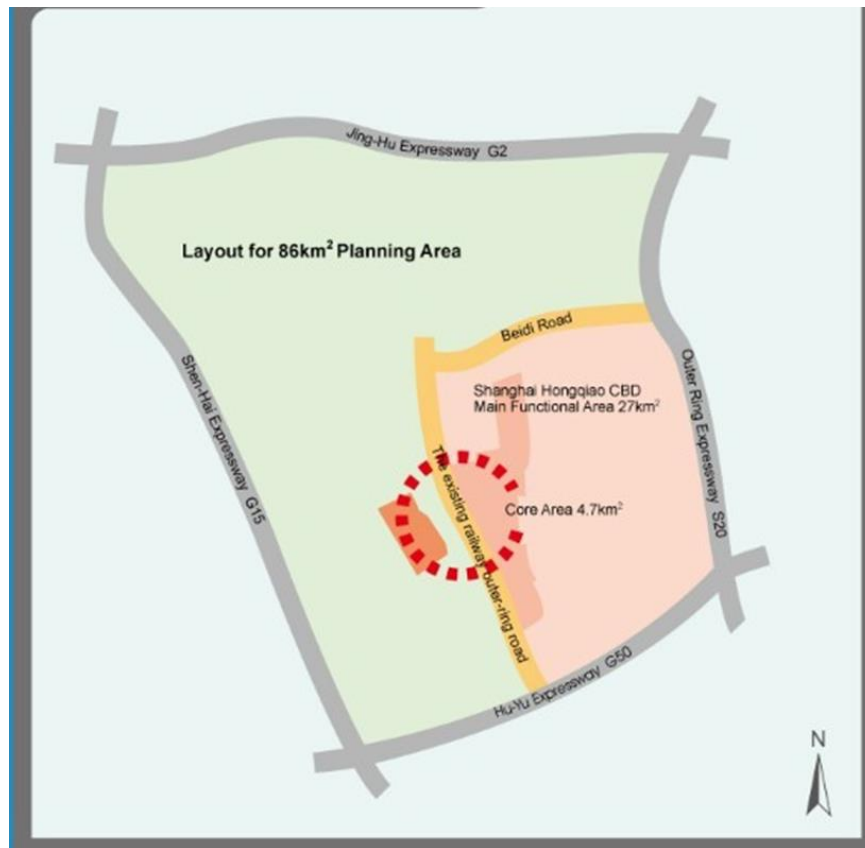


Figure 5.3 The layout of Hongqiao business district in 86 sq km

Source: Hongqiao Business District, 2010

These are the transportation functional area, the core area of Hongqiao business district and the airport east area (SMG, 2007), as shown in the three coloured circles in Figure 5.4. The five areas are the transportation functional area, the core area of Hongqiao business district, the airport east area and the south and north part of the core area (SMG, 2007). The overall layout of the project aims to use two industrial axes to link the key development zones in order to improve development of key areas.

The Hongqiao transport hub was completed in 2010 after a five-year construction period (Figure 5.6) (Interview G2012072603). Since then, Shanghai Municipal Government's focus has been on the core area of the Hongqiao project, the 4.7 square kilometres which include three parts of the first phase of the project (SMG, 2008).



Figure 5.4 The overall layout of core area of the Hongqiao business district
Source: Hongqiao Business District, 2010

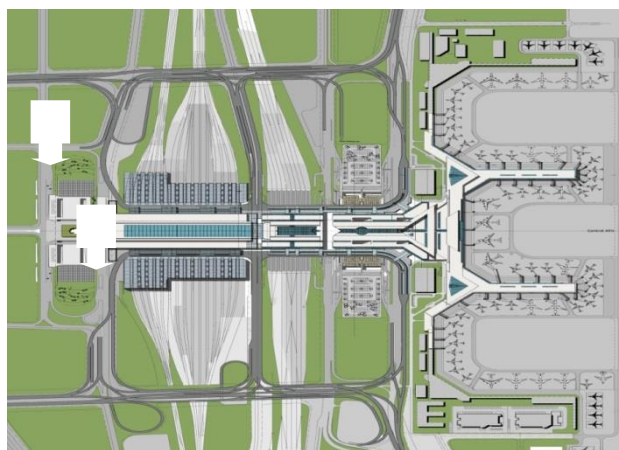


Figure 5.5 The layout of the transportation hub in Hongqiao
Source: Hongqiao Business District, 2010

Land leasing for the projects in the first phase of the core area was completed in 2011. Private construction projects are now being undertaken by private investors in

the auctioned land, and these will be finished by 2015 if all goes as planned.

5.2.4 Forms and functions

The aims, principal elements and overall layout of the Hongqiao project have been reviewed in the previous section. Here we review the forms and function of the project in order to better understand its overall positioning. The project is designed as an integrated district with a mix of functions, as shown in Figure 5.6.

The aim of Shanghai Municipal Government is to build a new international trade centre to create a "trading platform," "business community," "smart Hongqiao," "low-carbon experimental area" and "urban complex" (Hongqiao Business District, 2013). Hongqiao is supposed to become a fusion of city, service industry nucleus and high-end community -- quite different from established special economic zones (Interview G2012081106). The next paragraphs will consider what is meant by the concepts referred to above in the context of the Hongqiao project.

Shanghai Municipal Government has proposed the notion of Smart City Demonstration Zone (*Zhihui chengshi shifanqu*) for Hongqiao. This is characterised by digitalization and networking and intelligent operations in the core area of the Hongqiao business district. Advanced information technologies will be applied in the field of planning design, infrastructure facilities, community management, local government services and life support in the Hongqiao business district (Hongqiao Business District, 2013). According to one of the planning documents (Hongqiao Business District, 2013), the Smart Hongqiao concept is designed to enhance Hongqiao's image and highlight this as a high-end project.

The Hongqiao project is designed as a multi-functional urban complex (*Duo gongneng chengshi zongheti*) rather than just a business centre, given that established business centres already exist in Shanghai and other places. As well as business, Hongqiao will include shopping, leisure, culture and entertainment facilities. In this sense, Hongqiao business district was planned to be built as a new type of urban complex bringing business and leisure together (SMG, 2007).

Hongqiao business district is planned to become Shanghai's low-carbon experimental area (*Ditan shijian qu*); this, at any rate, is the project's slogan and selling point for attracting investors and residents (Interview G2012081309). In order to achieve this aim of becoming a low carbon district, a series of energy-saving and low-carbon measures have been taken. The construction of walkways linking various office towers and buildings means that walking will replace vehicle travel on the site of the Hongqiao project. As stated on the business district's website: "Energy-efficient buildings that meet national standards of green build are planned and being built in order to reduce energy consumption and increase efficiency of energy utilization through the construction of central heating and cooling systems for the whole hub" (Hongqiao Business District, 2013; also Interview G2012072904).

A waterfront along an artificial lake has become the standard template in the construction of new districts and towns in China. Indeed, the creation of an artificial lake is almost routine in the wave of construction of new districts and towns across China and an important selling point. The Hongqiao business district adopts the style of a traditional Jiangnan Water Town. In Jiangnan region, the southern part of Jiangsu Province south of the Yangtze River (see Chapter Three), towns were built on the banks of rivers and canals; the waterway flowed through and linked the whole town, and boats were the main transportation mode.

Apart from importing the concept of a Jiangnan water town, a large area of green space in four public green parks has been planned and built in Hongqiao business district. Along with the artificial lake and waterway, green parks, small hills and a waterfront green belt are being built in an attempt to form a modern urban waterfront with the characteristics of a Jiangnan water town. Three artificial hills (referring to land) and artificial lakes and water (water and sky connecting in the sea) have been created, the hills situated in the artificial lake, which was designed in order to symbolize “interaction between heaven and earth” (*tian di hu dong*). The design principle of the core area in Hongqiao business district is to realize a combination of tradition and modernity, parks and waterways in the city.

All these designs are supposed to position Hongqiao as a high-end business district in China. In order to promote the development of West Shanghai, governments at all levels in Shanghai treated the project as the part of their key projects in the Twelfth Five-Year Plan period. Shanghai Municipal Government has successfully persuaded the Ministry of Railways to change the location of Shanghai’s high-speed railway station from Qibao to Hongqiao (see below), which was the first time that there has been a change in national railway planning. The ambition of government at various levels is revealed by the decision taken in 2009 to enlarge the scale of the project to 86 square kilometres from 26 square kilometres, a decision that was criticised by scholars and some planners who questioned the necessity of building such a large business district when there were already overcapacity problem for office towers in Shanghai (Interview S2012070101).

Along with one of the biggest high-speed railway station in China, a number of government buildings have been built including those of Hongqiao Business District Government and Shenhong Company. This has been done, according to local officials, to enhance the confidence of investors (Interview G2012072603). Some good practice from other cities has been adopted and adapted, including green space and waterfront, a high level of planning and government-led projects. On this basis, Hongqiao project has been planned as a more ambitious project than the new districts in Hangzhou and Nanjing.

5.3 Hongqiao as the transport hub

5.3.1 A Hub for air and land transport

The project to expand Hongqiao Airport and build a high-speed railway station here

was planned and prepared by the authorities in Shanghai before 2005. The two projects were prepared separately, but contemporaneously by a constellation of multi-level government organisations and did not have the same aims – if anything, had competing aims (Interview G2012062102). While the two projects are located side by side in Minhang district, they are in different townships -- the high-speed railway station in Qibao and the airport in Hongqiao (Interview A2011120803). Even as Minhang District Government was preparing land acquisition for the projects, the two townships of Qibao and Huacao were competing to be chosen as project site because of the large investment this would mean from central and municipal governments. Finally, Qibao was chosen as site of the high-speed railway station. Since the two projects of the Hongqiao Airport expansion and the construction of the high-speed railway station were being built separately, there was an initial failure to consider questions of movement of passengers between airport and high-speed railway station. In light of this, the mayor of Shanghai proposed to combine the two projects on 7 March 2005 after a number of meetings and much discussion (Interview D2011120602). Through negotiations conducted with the Ministry of Railways by Shanghai Municipal Government, the two separate projects were finally merged into one Hongqiao transportation hub.

The Hongqiao transportation hub was completed in 2010 with a variety of transportation modes integrated into the hub. These include high-speed rail, air transport, intercity rail and bus to form a traffic centre for the Yangtze River Delta region (SMG, 2007). The Hongqiao hub is the biggest transport hub in China both in terms of traffic modes and number of passengers.

Actual passenger flows through the Hongqiao transport hub since completion has reached 182 million per person in 2011 increasing to 220 million in 2012 (see Table 5.3). High-speed railway transportation and air travel are the two main external transport modes. As Table 5.3 shows, the number of passengers using high-speed rail at Hongqiao transport hub was about 50.1 million in 2011 and grew to 63.14 million in 2012, while airport passenger traffic kept steady at almost 33 million in both 2011 and 2012. Other transportation modes also have an important role to play in Shanghai's internal traffic, as shown in Table 5.3.

Table 5.3 Flow of passengers in the Hongqiao transport hub. Unit: 1000 passengers.

Mode of Transport	2011		2012	
	The number of passengers	Average daily	The number of passengers	Average daily
Airport	33112	91	33080	91
Railway	50110	138	63149	173
Coach	1063	3	1697	5
Local transportation	97732	268	122646	335
Whole hub	182017	499	220756	603

Source: (Hongqiao Business District, 2012). Notice: Local transportation includes modes of transportation such as mode of subway, bus, taxi and private vehicles.

- Chapter 5 -

Passenger flows of various transportation modes in Hongqiao are shown in Table 5.3; they demonstrate the key role played by the Hongqiao hub in terms of linking Shanghai with core cities in the YRD and beyond.

Table 5.4 Flow of passengers in the Hongqiao transport hub in 2012. Unit: 1000 passengers.

	Airport	Average daily	Railway	Average daily	Coach	Average daily	Local transportation	Average daily	Hub	Average daily
1	2595	84	5045	163	121	4	9369	302	17072	551
2	2420	87	4105	147	101	4	8406	290	15270	527
3	2818	91	4765	154	12.1	4	9369	302	17072	551
4	2802	93	5598	187	150	4	10306	344	18856	629
5	2775	90	5413	174	136	4	10147	327	18471	596
6	2727	91	5229	174	144	5	9796	327	17895	597
7	2967	96	5875	190	167	5	11259	363	20266	654
8	2849	92	5850	189	164	5	11056	357	19920	643
9	2814	94	5382	179	147	5	10694	357	19037	635
10	2948	95	6054	195	158	5	11566	373	20729	669
11	2757	92	4962	165	141	5	10454	349	18314	611
12	2607	84	4873	157	145	5	10226	330	17855	576
Total	33080	91	63150	2074	1697	55	122648	4021	220757	7239

Source: (Hongqiao Business District, 2012).

Notice: Local transportation which includes modes of transportation such as mode of subway, ground bus, taxi and private vehicles.

Since the start of the Hongqiao transportation hub's operation, the Hongqiao area has become the west gate of Shanghai, forming different traffic radiuses within one, two and three hours travel time according to transportation mode (SMG, 2007). Intercity rail creates a "one hour radiation circle" centred on Hongqiao business district. Long-distance bus transport forms a "two hour radiation circle." Air forms a "three hour radiation circle." High-speed rail creates a "four hour radiation circle" (HBDMC, 2010). As a result of the construction of Hongqiao transport hub in West Shanghai, Shanghai and cities within and beyond the YRD are connected by different transportation means which shorten travel time between those cities and Shanghai. From this perspective, Shanghai's status as regional centre and even national centre in China is strengthened. In particular, with the high-speed rail links within the YRD, the principal regional sub-centre cities, Nanjing and Hangzhou, are even more closely connected to Shanghai with travel time shortened to less than two hour and one hour respectively, reinforcing economic linkages, in line with one of the main aims of the Hongqiao transport hub.

5.3.2 Context of expansion the project of Hongqiao Airport

The expansion project of Hongqiao Airport was carried out in the face of a decline in its importance resulting from an inability to cope with increased traffic demand, in the face of competition from new airports in other parts of the YRD. These issues will be reviewed in the following paragraphs.

With the completion and operation of Pudong International Airport in 1999, international flight routes to Hongqiao Airport were being gradually transferred to Pudong, resulting in a decline in the importance of Hongqiao Airport, which soon became an auxiliary airport for Pudong focusing on domestic routes (Interview A2011120803). At the same time, fast economic development in the YRD has meant increasing demand for air services, which Hongqiao Airport with its one runway has not been able to meet (Interview A2011120803). In particular, the success of the electronic manufacturing base mainly funded by Taiwanese enterprises in Kunshan (Suzhou) (see Chapter 3) depended to some extent on convenient international flights to Hongqiao Airport (Interview A2011120803). Against this backdrop, Hongqiao Airport was repositioned by Shanghai Municipal Government as an international regional hub designed to support the economic development of Shanghai and neighbouring cities based on approved strategic planning by Shanghai Municipal Government and China Civil Aviation Administration in 2004 (Shanghai Municipal Government, 2004).

Facing potential competition for the construction of a new airport in some cities of the YRD, Shanghai Municipal Government moved its flights bound for Hong Kong and Macao from Hongqiao to Pudong on 27 October 2003. However, this move led to inconvenience for enterprises in southern Jiangsu and Zhejiang Province as it takes much longer to reach Pudong compared to Hongqiao (Interview A2011120803). For instance, for Suzhou IT manufacturers, a two-hour increase in transport time meant that freight charges increased by at least 20%, and this has brought significant losses for local government in Zhejiang and Jiangsu provinces in

terms of lost investment opportunities (Interview S2012071002). Hongqiao's location advantages had been repeatedly emphasized when the local governments of Suzhou and Wuxi made their pitches to attract investment (Ye, 2006). At that time, it took only an hour to travel from Suzhou to Hongqiao Airport, even less than from Shanghai city centre to the airport (Interviews S2012071002 and A2012080201).

Those neighbouring cities that used to benefit from Hongqiao Airport lost their locational advantage when it came to attracting investment. To overcome this problem, Wuxi Local Authority was seeking permission to build its own international airport (Interview S2012071002), while Hangzhou constructed its own airport in Xiaoshan district. According to one informant, a plan to expand Hongqiao Airport and construct a second runway had been prepared by Shanghai Airport Group (SAG), which was the organisation managing Shanghai's airports in early 2003, but the plan was not approved by Shanghai Municipal Government. The Shanghai Municipal Government argued that there were considerable limits to SAG's plans, which were only concerned with airport infrastructure and not with the whole picture of regional development. It was in this context that Shanghai Municipal Government proposed that the expansion project of Hongqiao Airport be combined with the project to construct a high-speed railway station at Hongqiao to form a transportation hub to solve the above-mentioned problems.

5.3.3 Background to the construction of a high-speed rail station at Hongqiao

Since the construction of the high-speed railway network was first proposed by the State Council of China in 2004, the whole of China has experienced a veritable high tide in the construction of high-speed rail lines. Shanghai Municipal Government attached considerable importance to site selection for a high-speed railway station. To this end, three rounds of coordination meetings – the last one being held on 19-20 February 2004 -- were jointly held by Shanghai Municipal Government and the Ministry of Railways on the issue of construction of high-speed rail in Shanghai (Interview G2012080305). Qibao Township in Minhang district was chosen as the location for Shanghai's high-speed rail station (Interview G2012062102). Deputy Minister of Railways Lu Dongfu, as representative of the Ministry of Railways, and Deputy Mayor Yang Xiong, as representative of Shanghai Municipal Government, jointly hosted the meeting, reflecting the importance attached by Shanghai Municipal Government and the Ministry of Railways to the construction of a high-speed railway station in Shanghai (Interview P2012072101).

After those coordination meetings, Shanghai Municipal Government gave a positive response to the construction of Qibao high-speed railway station. There then followed a series of seminars and preparatory measures, as a result of which in March 2005 a new proposal selecting Hongqiao as the high-speed railway station forming a transportation hub with the airport was considered a more favourable proposal. It was argued that the new proposal to construct a transportation hub would not only save a lot of construction land, but also shorten transfer time for passengers and, importantly, combine the projects of airport expansion and high-

speed railway station, thereby reducing investment in transport infrastructure from project sites to city centre. Based on this, Shanghai Municipal Government, Shanghai Airport Group and the Shanghai Railway Bureau also benefited from the new proposal, while the project was moved out of Qibao township.

This new proposal was accepted by Shanghai's leadership in the same month of March 2005, and the Shanghai Municipal Government formally proposed that the high-speed railway station be moved north from Qibao and merged with Hongqiao station in order to be closer to Hongqiao Airport and to become part of the Hongqiao Integrated Transport Hub on the west side of the airport (Interview G2012081308). In order to obtain the consent of the Ministry of Railways for the new proposal, Deputy Mayor Yang Xiong went to the Ministry of Railways in Beijing to discuss the issue of site selection and construction Hongqiao transport hub on 14 May 2005 (Interview G2012072603). Finally, agreement was reached between Shanghai Municipal Government and the Ministry of Railways. The concept of Hongqiao Integrated Transport Hub was formally put forward (Interview G2012081308). Hongqiao transport hub had now been put on the agenda. We will now consider the question of how Hongqiao Integrated Transport Hub was constructed.

5.3.4 Construction of the Hongqiao Integrated Transport Hub

As one of the most important elements, the Hongqiao high-speed railway station was given top priority in the work schedules for the Hongqiao hub, Shanghai Airport Group having already taken responsibility for the airport expansion project. As the responsible parties for the Hongqiao high-speed station, the Ministry of Railways and the Shanghai Municipal Government launched an international design competition for the station construction in the second half of 2005 (Interview A2011113002). An international planning competition notice was published. Five companies -- Shanghai Xiandai Architectural Design (Group) Co., Ltd, the Reconnaissance and Design Institute of the Ministry of Railways, AECOM Technology Corporation of America, China Urban Planning Institute in Beijing and Landrum & Brown of America -- were invited to participate. After expert and public reviews, China Urban Planning Institute and a joint entry from Shanghai Xiandai Architectural Design (Group) Co., Ltd, and the Reconnaissance and Design Institute of the Ministry of Railways won first prize. This joint proposal won the competition on the grounds of its treatment of scale, the construction plan, traffic organization and other aspects of the rail passenger station (Interview G2012080305). On this basis, Shanghai Urban Planning and Design Institute, as a state-owned company, prepared a structure plan for the Hongqiao Integrated Transport Hub under the orders of Shanghai Municipal Government. The plan was reported to the Shanghai Municipal Government in January 2006 and approved by the municipal government in February 2006. This, then, became the final plan for the Hongqiao high-speed railway station (Interview G2012080305).

As work started on the construction of the Hongqiao high-speed railway station, the focus of the Shanghai Municipal Government shifted to the transport hub linking

airport and station. The question of how to maximize the functions of the transport hub and how to achieve a seamless connection of passenger flow among a variety of transport modes in the hub became the focus of consideration. Another international competition was launched in the spring of 2006 by Shanghai Municipal Government, this time for the Hongqiao Integrated Transport Hub Structure Plan (Interview G2012081106). The competition was inconclusive, and the Shanghai Airport Group held a second international competition. This competition was held later in the same year. Five planning and design companies were invited to submit their plans: AECOM Technology Corporation of the US, the American firm of Landrum & Brown, the British company WS Atkins, China Urban and Planning Institution in Beijing and the local Shanghai Modern Architectural Design (Group) Co., Ltd. Again, an expert panel was formed by academics, planners and officials from the Ministry of Railways, Shanghai Municipal Government and China Urban Planning Institute, and an academic conference, the 12th Asian Congress of Architects (known as the Shanghai Forum), was held to discuss and determine the winning scheme (Interview G2012080305). However, the jury was not completely satisfied with any one entry. Finally, the first prize was won by a joint project from Landrum & Brown and Xiandai. This joint project satisfactorily resolved the problem mentioned above of transfer and access through the construction of internal corridors (Interview G2012080305).

The construction of the Hongqiao transport hub was finished in 2010, with only the proposed maglev lines yet to be constructed. The Maglev Project includes an extension project for a “commercial demonstration Line” (a pilot line to test the commercial viability and safety of the line), as shown in Figure 5.7, from Longyang Road in Pudong to Hongqiao Railway Station (SMG, 2007) as well as a line from Hangzhou to Hongqiao, which was opposed by local residents (Southern Weekend, 2008). From the perspective of the Shanghai Municipal Government, the aim is to make the commercial demonstration line profitable, to reduce travel time, to enhance convergence between the two important growth poles of Pudong and Hongqiao and to facilitate the flow of resources from Pudong and the city centre to Hongqiao (Interview G2012081106). Local residents, however, are concerned that the planned maglev line passes too close to residential areas resulting in the possibility of suffering from magnetic radiation (Nan Fang Metropolis Daily, 2007). In order to prevent the construction of the maglev near their houses, local residents walked to People’s Square in 2007 to express their silent protest (Southern Week, 2008). (This was called “taking a walk” as public processions are not allowed.) As a result of these protests, the project was shelved (Nan Fang Metropolis Daily, 2007), and the link was now to rely on the existing underground line. This became the first ever case in which local government was forced to accept the voice of local residents. It contrasts interestingly with the relocation of villagers to make way for the Hongqiao project. While Minhang District Government encountered a lot of resistance from local people (see Chapter 7), local concerns were not listened to. The focus of work gradually shifted to land requisition in Hongqiao and preparation of land for construction, issues that will be examined in the section that follows.



Figure 5.6 Propose maglev line across residence area.

Source: Author.

5.4 Preparing land for development in the core area, from 'immature' to 'mature'

As mentioned above, the Hongqiao project is located in West Shanghai in a mixed urban and rural area. Given that large areas of vacant land were needed for the Hongqiao project, the question that this section will address is how land was converted from rural into urban functions. The paragraphs that follow will examine what measures local government took and how land has been developed.

5.4.1 Purchasing and storage of land by Minhang District Government

The Hongqiao transport hub covers an area of 26 square kilometres, of which 12.9 square kilometres of land have been transferred from Minhang District Government to Shenhong, the company wholly owned by Shanghai Municipal Government, overseeing the construction of Hongqiao business district. (See Chapter 6 for an explanation of this body.) Shanghai Municipal Government forced Minhang to transfer the land at a cheap price of 1.4 million yuan per mu in 2006, and the transfer was completed by 2007(15 mu are equivalent of 1 ha) (Interview

G2012081309). Once the valuation had been confirmed, all the farm and factory buildings were demolished in the planning area and land was restructured for development. (For a discussion on displacement of local residents, see Chapter 7.) Shenhong Company was appointed to manage the newly converted land and provide public infrastructure and facilities. This is the so-called process of 'seven linkages and one levelling' (*qitong yiping*), a Chinese planning term used to describe road construction, water supply, drainage works, electricity supply, gas supply, the laying of cables, communication networks and land levelling. Bank loans financed the provision of infrastructure and utilities, and the consequent transformation of the land from immature to mature (to use the expression current in China). With the land conversion process complete, the 'mature' land was ready to be placed on the primary market. The mature land was used as collateral by Shenhong Company to get bank loans of 20 billion RMB from four banks including the Industrial and Commercial Bank of China and the Shanghai Pudong Development Bank (Interview G2012062101).

Like most other urban development projects in China, the Hongqiao project has been fuelled by bank loans. However, a strategy of rolling development (*gundong fazhan*) was used in Hongqiao business district due to a shortage of funding. This involves developing one area and then using the income from the development of that area to fund construction of a second area. Development of the first phase of the Hongqiao core area was started in 2010. At the time of writing, there was still much work to be done before the development of the Hongqiao business district is complete.

5.4.2 Providing infrastructure and utilities

The provision of infrastructure for the Hongqiao transport hub has been an immense undertaking. The hub building includes a high speed railway station, airport terminal buildings, airport square as well as a second runway; these were managed respectively by the Shanghai Railway Bureau, Shanghai Airport Group and Shenhong Company. Meanwhile, the project to construct a network of 15 underground pedestrian passageways to connect underground space in the core area of Hongqiao business district was managed by Hongqiao Business District Management Committee under the supervision of Shanghai Municipal Government. The supporting projects are huge. The passageways total 655 metres in length and have a total construction area of 7320.44 square metres; the total investment is estimated to be 2.9 billion RMB. In addition, 6 pedestrian bridges were being built (construction started in 2012) with a total length of 378 metres and a total investment of about 76.93 million RMB. Public green space in the core area of Hongqiao business district will account for a total land area of 112,697 square metres, at a total cost of about 3.1 billion RMB. Construction of an elevated road to link the city centre and Hongqiao business district was completed in 2010. The extension of Metro Lines 2 and 10 linking Hongqiao to the city centre is also complete (Hongqiao Business District, 2013).

These supporting projects are vital for the construction of Hongqiao business

district, but have put Hongqiao Business District Management Committee under considerable funding pressure. Land has been a trump card in helping the committee to obtain the bank loans to undertake these projects through the leasing of plots of land, as we will see in the following section.

5.4.3 Leasing plots of land for development

Revenue from land auctions is an important driving force for the development of Hongqiao business district and a pivotal source of funds for rolling development. Shanghai Municipal Government and the Hongqiao Business District Management Committee have had to put a lot of effort into land auctions (Interview G2012081309). There have been 13 auctions held for land leasing since September 2010, and 18 land plots were leased by March 2013 in the first phase of the development of the core area (Figure 5.7). The price of auctioned land leases in the core area is lower than in the city centre of Shanghai due to various factors (i.e. distance from the city centre, noise pollution); land auction revenue reached a total of 24.3 billion RMB, which enhanced the confidence of local leaders relying on land auction revenue for development of further parts of Hongqiao business district. The vast majority of purchasers of land leases were domestic real estate enterprises, but their number included some enterprises from Hong Kong such as Shui On Land Limited and Top Victory Investments Limited (Table 5.4).

The mechanism of land auctions in Hongqiao business district involved plots that had been planned and prepared so as to control land use. This was a response to events in Pudong, where leases for plots were auctioned without plans. As a result, many developers did not strictly comply with land use planning in Pudong, leading to disorderly use of land in the four themed divisions of the new district (Interview P201207210).

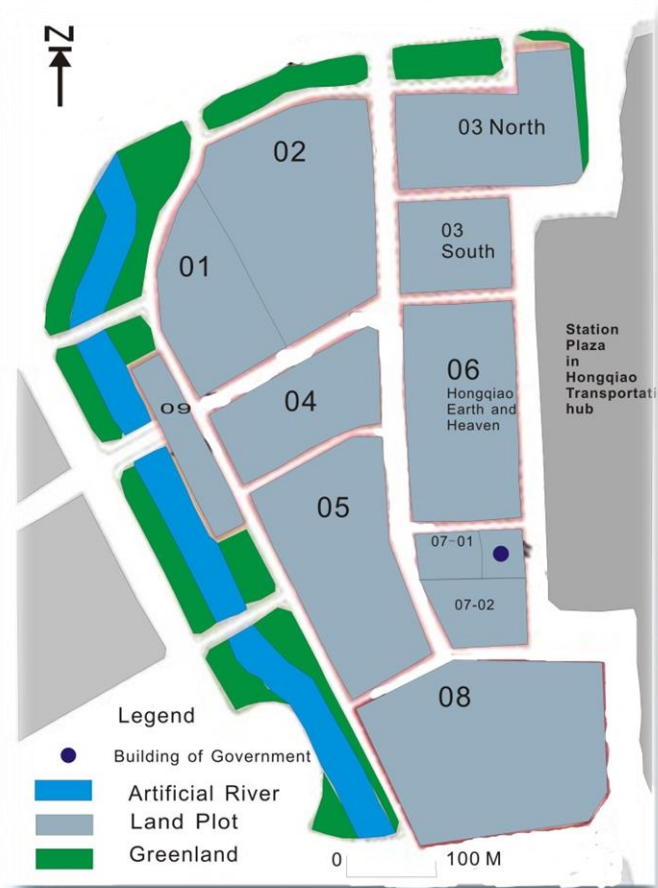


Figure 5.7 The location of land plots in north area of the core area of Hongqiao business district

Source: Author

5.4.3.1 Progress of projects within the core area of 4.7 square kilometres

The construction of the transport hub building and supporting infrastructure such as roads, water and energy pipelines was finished in 2010. Attention then shifted to development of the core area in Hongqiao business district. Ten projects were included in the first phase of the core area, and work was started on the 6th and 8th land plots on 26 March 2011 (Figure 5.7). Plot 6 is called “Hongqiao Xintiandi” (Hongqiao New Heaven and Earth), covering an area of 62,000 square metres. The project is being managed by Shui On Ltd., a Hong Kong company which has a good relationship with Shanghai Municipal Government and is the company behind the prominent Xintiandi development in central Shanghai (Interview G2012081106). Shui On’s involvement was a gesture of support for the Hongqiao project; the company was the first to sign a contract with Hongqiao Business District Management Committee. The Plot 8 Project is called “Hongqiao Green Valley” and is the biggest project in the core area of Hongqiao business district (Table 5.5). Construction work is now underway on the other eight projects, and all should be finished by 2015.

Table 5.5 Land leasing in the north and south areas of the core area of Hongqiao business district.

Location	Land plot	Size of land plot (m ²)	Nature of land use	Land leasing (million)	Winner of bid	Floor price (RMB/m ²)	Time
South	02	8130	Commercial office	140.49	Shanghai Baochuang Land Company Limited	10801	August 1, 2012
North	11	112863.5	Commercial, residential and office	2032	China Vanke Co., Ltd.	11395	August 1, 2012
North	14	1632	Other commercial services---Gas station	7.92	China Petroleum & Chemical Corporation Shanghai Branch	4852	July 11, 2012
North	12	45516	Commercial, cultural office	1306.64	Chongqing Xiexin Real Estate Co., Ltd etc.	13049	August 22, 2012
South	04	49464	Other commercial services	1320	King Wei Group (China) Investment Development Limited	20371	January 23, 2013
South	05	15820.7	Commercial office	273.39	Shanghai Longshi Investment Limited	10800	March 21, 2013

Source: Hongqiao Business District, 2013.

A focus of the first phase of work in the core area is the National Exhibition Centre project. This is a central government funded project that is on the west side of the transport hub, but included in the 4.7 square kilometres and covering an area of one square kilometre. This project, which was initiated on 28 July 2012, was government-led and funded by the Shanghai Municipal Government (40%) and the Ministry of Commerce (60%) with a total investment of 23 billion RMB (Interview P2012072101). After several rounds of an international planning competition for the centre, held in 2011, the final winners were East China Architectural Design and Research Institution and Tsinghua University (Interview P2012072101). Work will be finished by 2015 if all goes according to plan (Hongqiao Business District, 2011).

5.4.3.2 Government and private projects

The projects in the Hongqiao business district are of two types. One type is built and driven by the government, while the other is constructed by the private sector (see Table 5.6). Each will be introduced and discussed in the following paragraphs.

Shanghai Municipal Government and Hongqiao Business District Management Committee have been the main driving forces behind the Hongqiao project as a whole. Government support for the project is mainly reflected in preferential policies and financial and taxation support. In addition, a series of government-led projects were launched as part of the Hongqiao project. The Hongqiao Business District Management Committee building, National Exhibition Centre project and transport hub were projects led by Shanghai Municipal Government and local district government with the aim of creating some landmark buildings and a new city centre in the core area of the Hongqiao business district. The Hongqiao Business District Management Committee building was given the best location in the Hongqiao business district next to the Hongqiao transport hub in an attempt to enhance the confidence of private investors (Interview P2011010402). The construction of the National Exhibition Centre was planned and funded by the central government's State Council and the Shanghai Municipal Government, embodying thereby support from central government to attract investors. These public government buildings are indeed nothing less than an attempt to create a new city centre in West Shanghai with government investment and support. Their presence is intended to ensure that the aim of attracting more private investment will be realised.

Hongqiao business district has invested much in landscaping and greening, in particular in the areas around the centre of Hongqiao business district and the artificial river waterfront. The riverfront and green space and landscaping in the core area relate to the theme of ecological greenbelt and are planned as an attempt to mitigate any adverse impact of the transport hub on the environment and try to realize the aim of making Hongqiao an 'ecological city'. In addition, three other urban green spaces -- Huaxiang, Tianli and Yuxia -- are being built in the Hongqiao business district. The Yuxia greening project involves a total investment of 645 million RMB. Three artificial hills and a lake are being designed and built as part of this project. These greening projects are supposed to improve the quality of the urban environment and realize the aims of creating an ecological and low-carbon city. The discourse is a common one in China and tends, as here, to be geared more towards economic returns, to attract individual housing investors and corporate investors from the public and private sectors (Interview P2011010402). However, as Caprotti (2014a) argues, eco-urbanism and eco-cities such as Hongqiao are unlikely to benefit those who are most impacted by climate change; the new eco-urbanism project was, after all, constructed through land dispossession.

These projects are all part of Shanghai's image enhancement effort to realize its aim of becoming a global city and, within this, to promote the strategy of Hongqiao as a new centre and an important part of the urban entrepreneurialism of Shanghai

Municipal Government. On the one hand, the government-led projects have played an important role in the development of Hongqiao business district; on the other hand, they have been designed to enhance the confidence of investors by encouraging them in the belief that investment returns will be promising precisely because the government is showing the lead (Interview G2012081308). With this background of promotion and encouragement from government, both domestic and international private investors gradually have expressed a positive interest in the Hongqiao project and have become the main driving force for construction in the core area in Hongqiao business district. There have been 17 land plots leased in the first phase of construction of the business zone in the core area of Hongqiao business district. The private investors can be divided into three categories based on source of capital, Hong Kong, Taiwan and Mainland China (Table 5.6).

Table 5.6 Land leasing in the first phase of the core area of Hongqiao business district.

Land plot	Size of land plot (m ²)	Nature of land use	Land leasing (million)	Winner of bid	Floor price (Yuan/m ²)	Time
06	62299.4	Commercial, entertainment and office complex	3188	Shui On Land Limited	13674	September 30, 2010
08	89805.6	Commercial, entertainment and office complex	3217	Shanghai Land (Group) Co., Ltd. etc.	11308	September 30, 2010
01	45282.1	Commercial services	1441.20	Lih Pao Consturction Co., Ltd etc.	12100	March 1, 2011
04	27893.8	Commercial services	1550	Beijing Vantone Real Estate Co., Ltd etc.	15099	March 31, 2011
09	15052.6	Other commercial services	525	Shanghai Sanxiang (Group) Co., Ltd. etc.	15658	April 27, 2011
05	78751.7	Commercial office	3054.22	Longhu Real Estate Co., Ltd etc.	10503	August 3, 2011
07-01	8203.2	Commercial office	282.85	Top Victory Investments Limited etc.	13000	August 8, 2011
02	92133	Commercial office	3066.66	Macalline (Group) Co., Ltd. etc.	9095	August 30, 2011
03-north	51294.7	Other business service	2380	Luen Mei (China) Investment Co.Ltd etc.	9789	November 15, 2011
03-south	32176.6	Other commercial services	1480	China Vanke Co., Ltd. etc.	13398	November 15, 2011
07-2	15461	Other commercial services	637	Shanghai Zhaochen Real Estate Co., Ltd. etc.	11105	August 1, 2012

Source: Hongqiao Business District, 2012.

5.4.3.3 The main actors in the construction of the Hongqiao business district

Investors from Hong Kong, Taiwan and Mainland China are the main actors in the construction of the core area of Hongqiao business district. Some of the bigger

investors will be introduced here to consider their background and their role in the Hongqiao project. Among the flag-ship projects is Hongqiao Xintiandi owned by Shui On Land Limited from Hong Kong. Another project involves the construction of new Shanghai head offices by Top Victory Investments Ltd., while the Hongqiao Green Valley project was constructed by Shanghai Land (Group) Co., Ltd.(Hongqiao Business District, 2011).

As I mentioned above, the role of Shui On Land is of particular significance. At the time of the Asian financial crisis in 1997-98, many property companies were reluctant to involve themselves in urban regeneration projects in Shanghai, which at that time were mainly driven by municipal and local governments (Interview G2012081106). Nevertheless, Shui On Land signed an agreement with Huangpu District Government to help the local government realize its aim of transforming some old city blocks (He and Wu, 2005; Yang and Chang, 2007). The land use rights for an area of 52 hectares within 23 residential blocks were leased to Shui On Land in instalments. The contract included some planning gains. In order to improve the quality of the project, Shui On Land helped the local district government construct Green Park, an artificial lake on the south side of the project, which was used to promote the environment and improve the image of the area. In return, Shanghai Municipal Government promised that Shui On Land would be given use rights to plots of land around the park at a low price in a part of the city where the price of land leases had risen many times, not least because of the environmental improvements credited to the Green Park. In addition, Huangpu District Government changed the terms of the contract for Shui On Land to mitigate perceived risk stemming from the Asian financial crisis. Demand for commercial office and shop space was declining at that time, and the municipal and local governments were even persuaded to change the office and hotel space that predominated in the original plan to residential use of space and, as a consequence, some blocks were re-designated as residential. In today's Shanghai, Xintiandi is seen as a flagship project, one of the most important leisure and tourism centres in the city (Zheng, 2011). (For a discussion of other aspects of the development of Xintiandi, see Chapter 2.8 and 2.9.)

The active participation of Shui On Land in Xintiandi was highly appreciated by Shanghai municipal and local district governments. So close became the relationship between the company and the municipal and district governments that the chairman of Hong Kong Shui On Land, Vincent Lo, was heard joking that he should be recognized as the son-in-law of the city based on his contribution to the project (Interview G2012081106). Shui On Land was given priority in obtaining rights to new land development projects in Shanghai. Luo's close relationship with leaders of the Shanghai Municipal Government provided him with an important resource network and meant that Shui On Land had a virtual *carte blanche* in Shanghai's property market. Indeed, after Xintiandi, Shui On Land constructed a series of projects in Shanghai, including Shanghai Chuangzhi Square, as well as property development in Pudong.

Another main participant in the construction of the Hongqiao business district is Top

Victory Investments Limited from Taiwan, which focuses on the development of electronic products. This company bid for use rights to a plot of land near the building housing the Hongqiao Business District Management Committee. The plot is being developed, with the encouragement of the Shanghai Municipal Government, as its regional headquarters. Top Victory meets the requirements of the Hongqiao Business District authorities, which have been encouraging service companies to locate their regional and global headquarters in Hongqiao. Top Victory's direct investment in Hongqiao business district is, therefore, actively supported.

In addition to these private sector investments, Shanghai's state-owned companies have also been actively involved. One of the main actors, the state-owned Shanghai Land (Group) Co., Ltd., is representative of Shanghai local businesses involved in Hongqiao. It is in charge of the flagship Hongqiao Green Valley project, located on the opposite side of the transportation hub.

Both private and state-owned investors in Hongqiao have suffered from the impact of the slowdown in the Chinese economy. This has affected both government enterprises at different levels and private companies involved in the Hongqiao project (Interview G2012072904). Although the then-premier and head of the State Council, Wen Jiabao, launched a series of stimulus policies to counter the slowdown in 2008, the main players involved in Hongqiao have still faced huge pressure in terms of funding. Public and private companies involved in Hongqiao have been relying on financial support from banks even as banks tightened the money supply and made loans hard to obtain, slowing down significantly the speed of development in Hongqiao (Interview G2012062102).

Many projects under construction are facing pressure to complete on schedule. Hongqiao Business District Management Committee has been urging that projects be finished according to plan by the end of 2015. Making matters more complicated are regulations and controls issued by government at various levels to tackle the soaring price of housing in Shanghai and China's other main cities. To this end, the State Council in Beijing has issued regulations which have ended up inhibiting the progress of the project. This has made it hard to sell many of the residential projects under construction in Hongqiao. The state and private property companies have become less willing to auction land use rights in Hongqiao during the latter part of development. This has created a series of chain reactions with land auction revenues drastically reduced, meaning that the Hongqiao Business District Management Committee has been facing pressures in repaying bank loans for investment in infrastructure (Interview G2012081309).

5.5 Conclusion

It is widely known that new towns, new districts and new CBDs have been sprouting up throughout China since the late 1990s (Chien, 2013), and the trend has been fuelled by a large influx of domestic and foreign investment since 2000. The Hongqiao project is one major example in the new wave of urban projects. This

chapter has introduced the reader to the planning and layout of the Hongqiao project, focusing on its regional context, aims, main elements, planning process and land preparation. It started by briefly reviewing and analysing Hongqiao within the wider context of the western periphery of Shanghai, arguing that the importance of the project can be attributed to the need to accelerate the pace of development in West Shanghai and bring about industrial and spatial transformation in a context of place competition from within and outside Shanghai. Against this background, the Hongqiao project, alongside a series of other urban projects in the west of the city, aims to kick-start development by providing a new economic growth pole through the development of service industries, to integrate Shanghai with the YRD through the construction of a transportation hub and to create a poly-centred city by means of the development of a business district.

When reviewing the scale and layout, planning and construction of the Hongqiao project, it is clear that we are looking at a grand urban project of a scale and importance equivalent to the Pudong project. The Shanghai Municipal Government has played a leading role in terms of establishing, planning and siting the project and preparing land in the process of project development. Through the joint efforts of government at different levels, after six years of intensive construction in Hongqiao, the Hongqiao transportation hub is complete -- a new landmark in the city -- and the Hongqiao business district is currently being built, soon to become a new city centre for Shanghai. This raises questions around how this huge project was set up in such a short period of time. Further, while there is no doubt that many major players have been involved in the process of construction, a series of questions are inevitably raised around who they are and what their role and responsibility is, as well as how this project is managed and what the relations are between these main players. In order to answer these questions, the next chapter will focus on how the main players -- government agencies, private corporations and other organisations -- have acted and interacted in contributing to the development of the Hongqiao project.

Chapter 6

Entrepreneurial governance and land-based urban growth coalitions in the development of Hongqiao Business District

6.1 Introduction

The Hongqiao transport hub -- an important part of the Hongqiao Business District - has become the biggest transport hub in China since the inauguration of the high-speed railway station in 2010. While the Hongqiao business district is undergoing intense construction, the first phase of the project is expected to be finished by 2015. The progress of the whole project has been rapid because of the co-operation between the main governmental players at various levels, state-owned corporations, private investors and other organizations closely involved in the project. This chapter focuses on the governance of the project in terms of the relationship between public agencies and private corporations and other organizations responsible for the development of the project. It seeks to contribute to discussions about the nature of growth coalitions in Chinese cities. In particular, through rich description of the make-up of the corporate actors involved, it adds a new layer of elaboration to these discussions, which have heretofore been characterised by a lack of specificity.

The chapter is divided into five sections. In the first section, the overall project coordination is reviewed. The body coordinating both phases of construction of the Hongqiao transport hub and Hongqiao business district is introduced, and the transformation of the group leading the project in its different phases is explained. In the second section, the role and responsibility of the main players in the project are examined, and questions around the governance mechanism, project leadership and coordination are discussed. In the third section, the entrepreneurial Hongqiao Business District Management Committee will be discussed in terms of urban growth coalitions. The details of a series of entrepreneurial measures adopted by local government will also be reviewed. From there, discussion will expand to consider the intra- and inter-urban competition from other business districts in the region and what advantage Hongqiao Business District might have in becoming a CBD serving the Yangtze River Delta. Finally, this chapter concludes that powerful and entrepreneurial local government is the main driving force in the overall management of the project and that entrepreneurial government organises itself and its tailor-made institutions into urban growth coalitions based around land and a faith in its continued rise in value.

6.2 Overall project coordination

Shanghai Municipal Government is the chief policy maker and original proposer of the Hongqiao project and, therefore, the overall coordinator for the process of

construction. As we have seen in Chapter 5, the whole project includes Hongqiao transport hub -- the biggest transport hub in China -- and Hongqiao business district, which jointly constitute Hongqiao Business District. Overall construction of the Hongqiao project can be divided into two phases of construction: Hongqiao transport hub (up to 2010) and Hongqiao business district (from 2010).

A project of this size involves many stakeholders. Participants are drawn from a wide range of sectors and cover different areas. They are from the districts of Minhang and Changning, from different types of enterprises, small and medium-sized private companies, state-owned companies, and private companies and collectives. The large number of participants increases the difficulty of coordination. A feature of this type of mega urban project in China is that new ad hoc state bodies are created and tailored to the requirements of individual tasks. As such, in an attempt to expedite the progress of the project, Shanghai Municipal Government set up a series of government bodies such as Hongqiao Business District Management Committee (*Hongqiao shangwuqu guanweihui*) and the state-owned Shenhong Company to jointly coordinate the project. Among those newly established organizational bodies, the most important are the Shanghai Hongqiao Business District Development and Construction Headquarters for the business district and the Shanghai Hongqiao Integrated Transport Hub Project Construction Leading Group (*Shanghai Hongqiao zonghe jiaotong shuniu lingdao xiaozu*) for the transport hub.

Shenhong Company, as implementer of Shanghai Hongqiao Integrated Transport Hub Project Construction Leading Group, has authority over Minhang and Changning districts, while the Shanghai Airport Group (SAG) and Shanghai Construction and Management Company are responsible for the transport hub and business district projects respectively. Their specific responsibilities will be discussed in section 6.3.

6.2.1 Governance arrangements for the construction of the Hongqiao transport hub

Looking at the first phase and the construction of the transport hub, the coordination framework of the Hongqiao transport hub is as shown in Figure 6.1. The Shanghai Hongqiao Integrated Transport Hub Construction Leading Group had a leading role to play in the construction of the Hongqiao transport hub. The deputy mayor of Shanghai Municipal Government was head of the leading group, which was responsible for coordinating the construction of the high-speed rail line and station and the integrated transport hub. The Construction Headquarters of the High Speed Railway supervised the construction of the high-speed rail line and station, which are managed by the Shanghai Railway Bureau. The Shanghai Hongqiao Integrated Transport Hub Construction Headquarters is in charge of the whole project apart from the high-speed rail line and station. Shenhong Company executed the project on its behalf.

It is important to note that in carrying forwards the construction of the Hongqiao

transport hub, Shanghai Municipal Government learnt from its experience in Pudong New District. Shanghai has more experience now in project-based planning and so policy ideas, mechanisms and governance arrangements are transferred from one mega project to another. Based on its previous experience in Pudong, Shanghai Municipal Government's first step was to establish the leading group headed by the deputy mayor.

The transport hub construction leading group was established to implement and lead the project on behalf of Shanghai Municipal Government (Interview G2012081106). Its role is equivalent in function to the Shanghai Pudong Development Office. It was in charge of the construction of the two construction headquarters, the construction headquarters for the transport hub and that for the high-speed railway station (Interview A2012080201). The leading group, chaired by Yang Xiong, then deputy and now mayor of Shanghai, coordinated the project. After completion of Hongqiao transport project and the establishment of Hongqiao business district, the leading group was dissolved and its functions were transferred to Shanghai Hongqiao Business District Development and Construction Headquarters and Hongqiao Business District Management Committee.

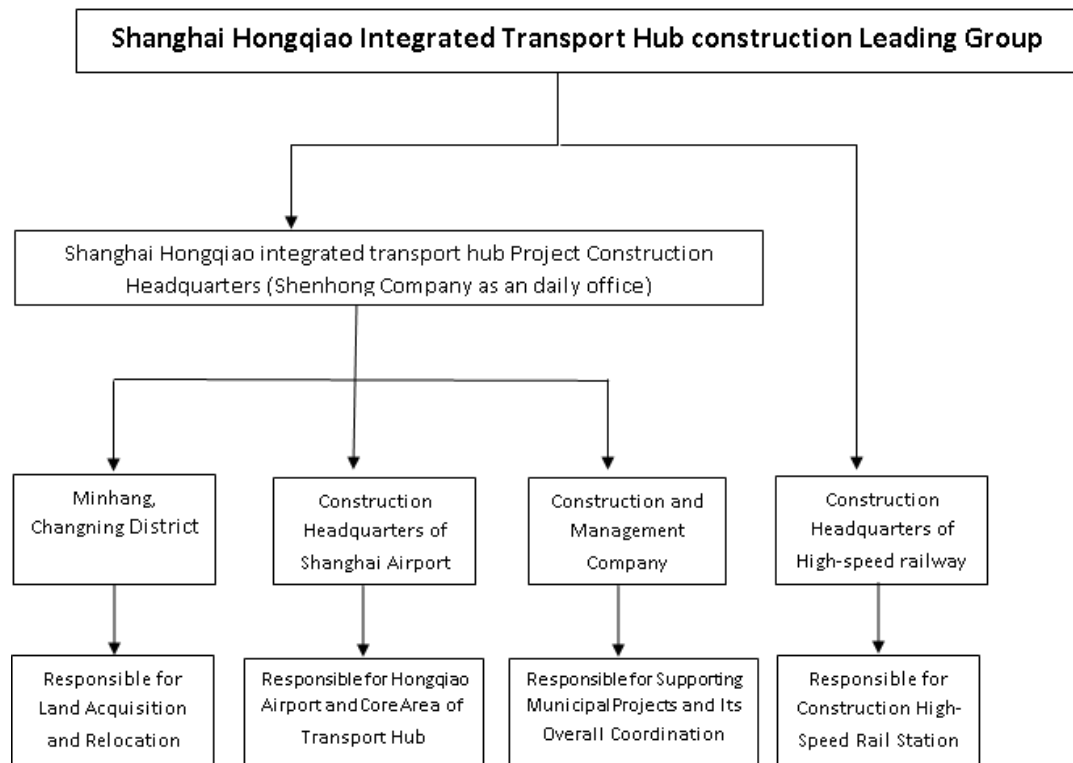


Figure 6.1 Management set-up of the Hongqiao transport hub

Source: Interview G2012072603.

The Transport Hub Construction Headquarters, acting under the Integrated Transport Hub Construction Leading Group, took charge of the construction of the Hongqiao transport hub at the start of the project in 2006. The headquarters supervised the activities of Minhang and Changning district governments, Shanghai Airport Group, state-owned construction companies and Shenhong Company.

Shenhong Company was established specifically for the construction of Hongqiao transport hub and, therefore, played a crucial role in the project. The offices of the transport hub construction headquarters were located in the Shenhong Company building with the result that Shenhong Company undertook a coordinating role on behalf of its parent organisation (Interview G2012072904).

With Yang Xiong as its chair, the leading group included the leaders of Minhang and Changning district governments, Shenhong Company and Shanghai Airport Group. In practical terms, most of the work was coordinated by the head of Shenhong Company as shown in Figure 6.1 (Interview G2012072603). The specific tasks and responsibilities of the main players will be discussed in section 6.3.

Because of the effective coordination role played by construction headquarters in the construction of the transport hub, the area around the hub has been transformed from urban fringe to a new urban centre within a short time. A series of landmark buildings, including the solar-powered train station building and a new airport terminal building, has changed its image. Its success was largely due to co-operation between all participants under the coordination of transport hub construction headquarters (Interview A2011113002).

6.2.2 Governance arrangements for the construction of the Hongqiao business district

Since the completion of the transport hub project as well its supporting infrastructure projects in 2010, Shanghai Municipal Government has turned its attention to the task of developing Hongqiao business district. The construction of the Hongqiao business district has become one of the six major tasks of Shanghai Municipal Government during the Twelfth Five-Year Plan (2010-2015).¹ While construction of the Hongqiao transport hub involved principally planning implementation, provision of land, construction management and coordination as well as disbursement of funds (Interview G2012062101), construction of the Hongqiao business district has meant concentrating on policy support from central and Shanghai municipal governments and interaction on the economy and planning with several surrounding districts -- Minhang, Changning, Qingpu and Jiading. The participants here are no longer state-owned enterprises, but administrative entities in their own right, and the state-owned Shenhong Company, which was responsible for coordinating much of the work on the transport hub, is no longer able to exercise the same degree of authority. Shenhong Company, a state-owned company under the leadership of the Shanghai Municipal Government, cannot easily reconcile power struggles between participants from competitive local district governments (Interview G2012072603). Despite its municipal ownership, Shenhong Company is neither a government body nor an organisation able to provide leadership for the

¹ The six major tasks are Hongqiao business district, the Expo site, international tourist resort, Riverside area, Front Beach area and the waterfront of Huangpu River.

surrounding district *governments*. *In order to manage these tensions, a new coordination organization, the Shanghai Hongqiao Business District Development and Construction Headquarters (Hongqiao shangwuqu kaifan he jianshe zhihuibu)* was established in March 2012.

The new governance and management mechanism formed for the construction of Hongqiao business district involved Shanghai Municipal Government taking active steps to establish new administrative entities at different levels with preferential policies for Hongqiao business district. Here we see the state reshaping ad hoc to be able to coordinate an urban development project -- what we could call urban project-led state restructuring. Preliminary work included the tasks of land requisition and the displacement and resettlement of villagers and factories, after which the crucial task was to construct Hongqiao business district, and at the same time attract investment. In order to contend with intense competition from other districts and to better promote the development of Hongqiao, Hongqiao business district was established in 2009 along with its management committee, which has gradually taken over the role that Shenhong Company had previously played (Interview A2012080201). Hongqiao Business District Management Committee (*Hongqiao Shangwuqu guiweihui*) is the acting organization on behalf of Shanghai Hongqiao Business District Development and Construction Headquarters (as was Shenhong for the transport hub); it negotiates and coordinates with surrounding districts to fix a unified policy on attracting investment between Hongqiao business and Minhang districts (Interview G2012062102).

Paralleling the role of Shenhong, Hongqiao Business District Management Committee has become the executive arm for Shanghai Hongqiao Business District Development and Construction Headquarters (*Hongqiao shangwuqu kaifa jianshe zhihuibu*). Jiang Ping, who at the time was deputy mayor of Shanghai, was given the concurrent post of chair of Hongqiao Business District Management Committee, while an acting head was in charge of actual daily work (Interview G2012072603). The leaders of Shanghai Municipal Government departments related to the construction of Hongqiao business district were appointed deputy chairs of the management committee, on which sit officials from the four surrounding districts and related state-owned companies. For instance, the heads of Shenhong Company and Minhang and Changning district governments, Shanghai Municipal Construction and Transportation Commission and Shanghai Commerce Commission all sit on the committee (Figure 6.2). With the management committee taking over as the driving force behind the business district, the role of Shenhong Company has dropped out of the picture, as have Shanghai Airport Group and Shanghai Railway Bureau (Interview G2012080305).

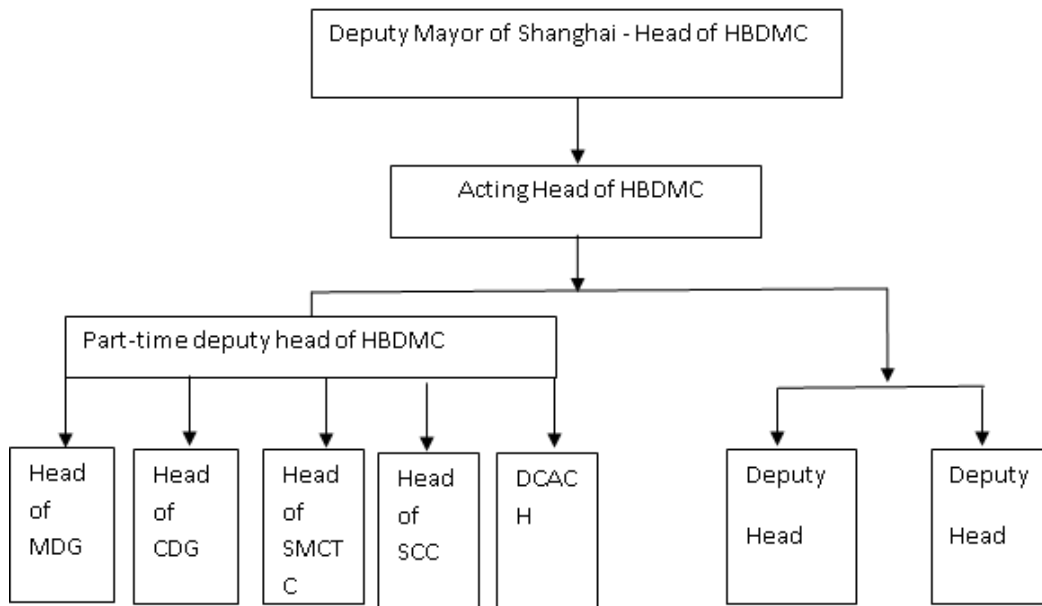


Figure 6.2 Governance structure of Hongqiao Business District Management Committee

Source: Interview G2012072603.

Hongqiao Business District Management Committee (HBDMC)

Minhang District Government (MDG)

Changning District Government (CDG)

Shanghai Municipal Construction and Transportation Commission (SMCTC)

Shanghai Commerce Committee (SCC)

Deputy Commander of Airport Construction Headquarters (DCACH)

In the process of constructing Hongqiao business district, there have been calls for more coordination between government organizations at different levels. Shanghai Commerce Commission was added to the management committee, while Shanghai Airport Group left the committee. Coordination by the management committee was crucial in dealing with conflicts of interest among local governments and other stakeholders. Conflicts of interest exist in terms of attracting investment and preferential policies between Hongqiao business district and surrounding districts, particularly Minhang district (Interview G2012062102). Local cadres face pressure with their promotion dependent on success; each district, therefore, wants to attract more investment relying on the Hongqiao project. All this makes it difficult for Hongqiao Business District Management Committee to negotiate with the main stakeholders, and this had been all the more so for Shenhong Company with its lack of administrative clout (Interview G2012062101).

6.3 Role and responsibility of main players

In this section we discuss the roles and responsibilities of the main actors, starting with Shanghai Municipal Government in its coordinating role and then the other bodies lower in the hierarchy. Table 6.1 lays out the role and responsibility of the main players.

Table 6.1 Roles of main players in the project

Government body responsible	<i>Resettlement</i>	<i>Transport hub</i>	<i>Business district</i>	<i>Policy & long-term planning</i>
Ministry of Railways		Approval for construction of Hongqiao transport hub		
Ministry of Commerce			Policy and funding support	
Shanghai Municipal Government		Project decision-maker coordination and supervision	Coordinating the project	Coordinating and supervision
Headquarters of construction of Hongqiao transport hub		Supervision of process of transport hub on behalf of Shanghai municipal government		
Hongqiao Business District Management Committee			In charge of land lease and attracting business	Responsible for integrated transport organization and management, regional planning and development co-ordination, organization and implementation of regional development, guidance and coordination of territorial management
Minhang District Government	In charge of funding allocations for the relocation and resettlement of farmers and factories	Providing land		
Changning District Government	In charge of funding allocations for the relocation and resettlement of farmers and factories	Providing land		
Shanghai Airport Group		In charge of construction of the hub facilities		
Shanghai Railway Bureau		In charge of construction of the railway station		
Shenhong Investment Ltd.	Providing relocation funding	Land allocation to project	In charge of infrastructure and facilities construction and planning	
Huacao street committees	Carrying out schemes to relocate farmers			
Xinhong street committees	Responsible for social issues in Aibo community after relocation			
Village committees	Involved in schemes to relocate villagers			

Source: Interviews G2012072603 and D2011120602.

6.3.1 The role and responsibility of policy makers: Shanghai Municipal Government

As principal policy maker for the construction of Hongqiao transportation hub and business district, Shanghai Municipal Government has been in overall charge of the whole Hongqiao project. The main role of Shanghai Municipal Government has been and remains to provide institutional arrangements and policy support. In addition, it has been coordinating the principal participants, Shenhong Company, Minhang and Changning districts, Shanghai Airport Group, Shanghai Railway Bureau and Hongqiao business district in the period of construction of the transport hub and business district. It also set up a series of agencies of Shenhong Company, Hongqiao Business District Management Committee and New Hongqiao Street Committee (Xinhong jiedao weiyuanhui) to coordinate and supervise the whole project from 2006 to 2013.¹ During this period, Shanghai Municipal Government experienced three changes of personnel with three deputy mayors, Yang Xiong, Shen Jun and Jiang Ping, all acting as heads of Hongqiao business district.

6.3.2 Acting coordinator: Hongqiao Business District Management Committee and Shenhong Company

Hongqiao Business District Management Committee and Shenhong Company, under the umbrella of Hongqiao Business District Development and Construction Headquarters, coordinate and participate in the planning and construction of Hongqiao business district. The former has been focusing on overall project planning and coordination of the main players. The main focus of the latter has been on land auctions and provision of basic transportation infrastructure.

Hongqiao Business District Management Committee was established to take over part of the task of coordination and management from Shenhong Company in October 2010 when the Hongqiao transport hub was almost completed (Interview G2012072904). As an affiliated agency of Shanghai Municipal Government, this management committee is not an administrative entity in the way that Minhang and Changning districts are. Functionally, it is equivalent to Pudong Development Leading Office (*Pudong fazhan lingdao bangongshi*), which oversaw the early stages of development in Pudong (Interview G2012081106). Again, as with the creation of Shenhong, here a new separate organization was created – separate from the district-level authorities -- to be able to mediate between them. Hongqiao Business District Management Committee coordinates regional planning and development and is involved in the preparation and improvement of the Hongqiao business district and planning of the surrounding area. Its main role is to promote

¹ Street committees are the lowest tier of local government and are staffed by paid officials. They are equivalent in urban areas to the township governments of rural areas. The existence of the township government shows how Minhang district (and Shanghai, of which the district forms part) have sprawled and grown around rural settlements.

the development of modern service industries within the 86 square kilometre project area in tandem with the surrounding districts of Minhang and Changning. With infrastructure largely in place, the most important thing is to attract investment. Hongqiao Business District Management Committee has expended a great deal of effort to attract capital and investment.

Table 6.2 Investment Division of Shanghai Hongqiao Transport Hub

Name of facilities	Investment and operational management body
Transport Facilities	Airport: Shanghai Airport (Group) Ltd.
	Metro: Shanghai Shentong Metro Co. Ltd.
	Railway: Beijing-Shanghai High-Speed Railway Co. Ltd.
	Maglev: Shanghai Maglev Transportation Development Co. Ltd.
External Roads	Shanghai Urban Construction Investment and Development Corporation
Energy Facilities	Shanghai Electric Power Company
	Shenneng (Group) Co. Ltd.
	Shanghai Information Investment Incorporation
The Projects of Supporting Construction	Postal Facilities: Shanghai Post Company
	Fire Station: Shanghai Fire Bureau
Other Ancillary Projects	Corresponding Agencies or Departments

Source: (Hongqiao Business District, 2010).

Shenhong Company has played a crucial coordinating role in the construction of the Hongqiao transport hub as well as Hongqiao business district, although decreasingly so in the latter case. Shanghai Shenhong Investment and Development Co., Ltd. (*Shenhong touzi yu kaifa gongsi*; to give Shenhong Company its full title) was established by Shanghai Municipal Government in July 2006 to promote the construction of the Hongqiao transport hub. Shenhong Company, as a state-owned diversified investment and development company, was capitalized by three companies owned by Shanghai Municipal Government -- Shanghai Jiushi Company, Shanghai Airport Group and the Land Reserve Centre of Shanghai Municipality (*Shanghai tudi chubei zhongxin*), as shown in Figure 6.3 (Interview A2012080201). Of these three, Shanghai Airport Group was the most active in the construction of the Hongqiao transport hub. In the phase of construction of the Hongqiao transport hub before 2010, Shenhong Company was the only authorised representative of the municipal government (Interview A2011113002). Under the supervision of Shenhong Company, many state-owned companies were involved in constructing the transport hub, in particular in terms of its infrastructure. In addition to the airport terminal and high-speed railway station building, the construction of many other infrastructure facilities such as energy pipelines and road systems was coordinated by other state-owned companies such as Shanghai Urban Construction Investment and Development Corporation (*Shanghai jianshe touzi he kaifa gongsi*) and Shanghai Electric Power Company (*Shanghai dianli*) (Table 6.2). Shenhong Company also oversaw the tasks of demolition of buildings and relocation of residents within 26 square kilometres.

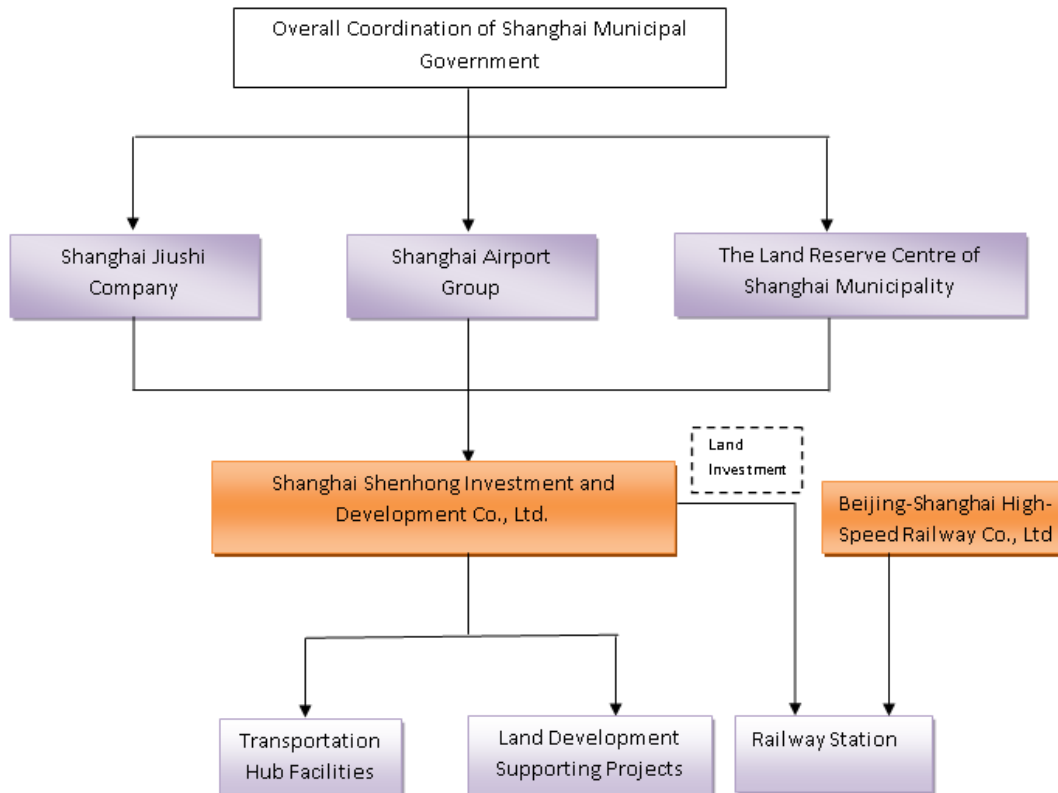


Figure 6.3 Main structure of investments of Hongqiao Integrated Transport Hub

Source: Interview G2012072603.

Shenhong Company has become the entrusted implementer of preliminary land development; it is an important investor in core areas of Hongqiao business district and the main investor and builder of supporting public service projects such as the projects of green space in Hongqiao business district (Interview G2012072603). Since the establishment of the Hongqiao Business District Management Committee in 2009, the division of tasks of management and coordination has gradually been refined and adjusted between Shenhong Company and Hongqiao Business District Management Committee. The former has gradually focused on three principal business activities: early-stage land development and management, construction of public service facilities and operation of Hongqiao transport hub, as shown in Table 6.2. In particular, early-stage land development has become of crucial importance for Shenhong Company because development of Hongqiao business district depends largely on the revenue from land leasing in the district.

Shanghai Airport Group, one of the state-owned companies of Shanghai Municipal Government, is in charge of the operation of Hongqiao International Airport, as well as Pudong International Airport. Given the centrality of Hongqiao Airport to the whole project, it is inevitable that Shanghai Airport group has been playing a leading role in the process of construction of Hongqiao transport hub. The head of Shanghai Airport Group became deputy head of the construction headquarters of the transport hub directly under the Shanghai Municipal Government deputy mayor. Shanghai Airport Group was in charge of construction of the main buildings of the

transport hub and supporting project. With the completion of the transport hub, the role of Shanghai Airport Group has moved to operational management of the city's two international airports.

Finally, in this section, we should mention briefly an organization that is not actually under the ownership of the Shanghai Municipal Government. Shanghai Railway Bureau, another leading participant in the transport hub, is affiliated to the Ministry of Railways, which itself was transformed into the state-owned China Railway Corporation in 2013. Shanghai Railway Bureau worked under the direction of the Ministry of Railways in building Hongqiao high-speed railway station. With the completion of the station, the task of Shanghai Railway Bureau shifted from construction to operation in 2010.

6.3.3 Minhang District Government and its related stakeholders

The land for the Hongqiao project was carved out of Minhang and Changning districts, with Minhang district in particular providing 98% of the land for the project (about 13 square kilometres), while the remaining 2% of project land was taken from Changning district as shown in Figure 6.4 (Interview A2012122804). Apart from supplying the land, Minhang and Changning district governments were tasked with finishing the job of land expropriation, relocating villagers, urban residents and small factories and compensating relocatees. Shenhong Company "bought" land from Minhang district government at a price of 1.4 million RMB per *mu* (15 *mu* are equal to 1 hectare), and these funds were used to compensate relocated residents. Some of these funds will have been retained by the district government, the township government and the village committee (Interview D2012072801). As we will see in Chapter 7, compensation funds destined for villagers were held back in private accounts specially set up for them by the district government and were only released once the villagers have actually moved house.

The important role of the various stakeholders in the funding and disbursement model for the Hongqiao project is shown in Figure 6.4. In this figure we can see the flow of resources. Under the coordination of Shanghai Municipal Government and with funding from banks, Shenhong Company purchased the land for the Hongqiao project. Meanwhile, Minhang District Government has been in charge of land acquisition and the release of compensation funding (using the funds from Shenhong), compensation that eventually reached the hands of relocated residents, but as we can see in the figure there were a lot of stakeholders, and this resulted in a reduction of the amount of compensation, as shown in Figure 6.5.

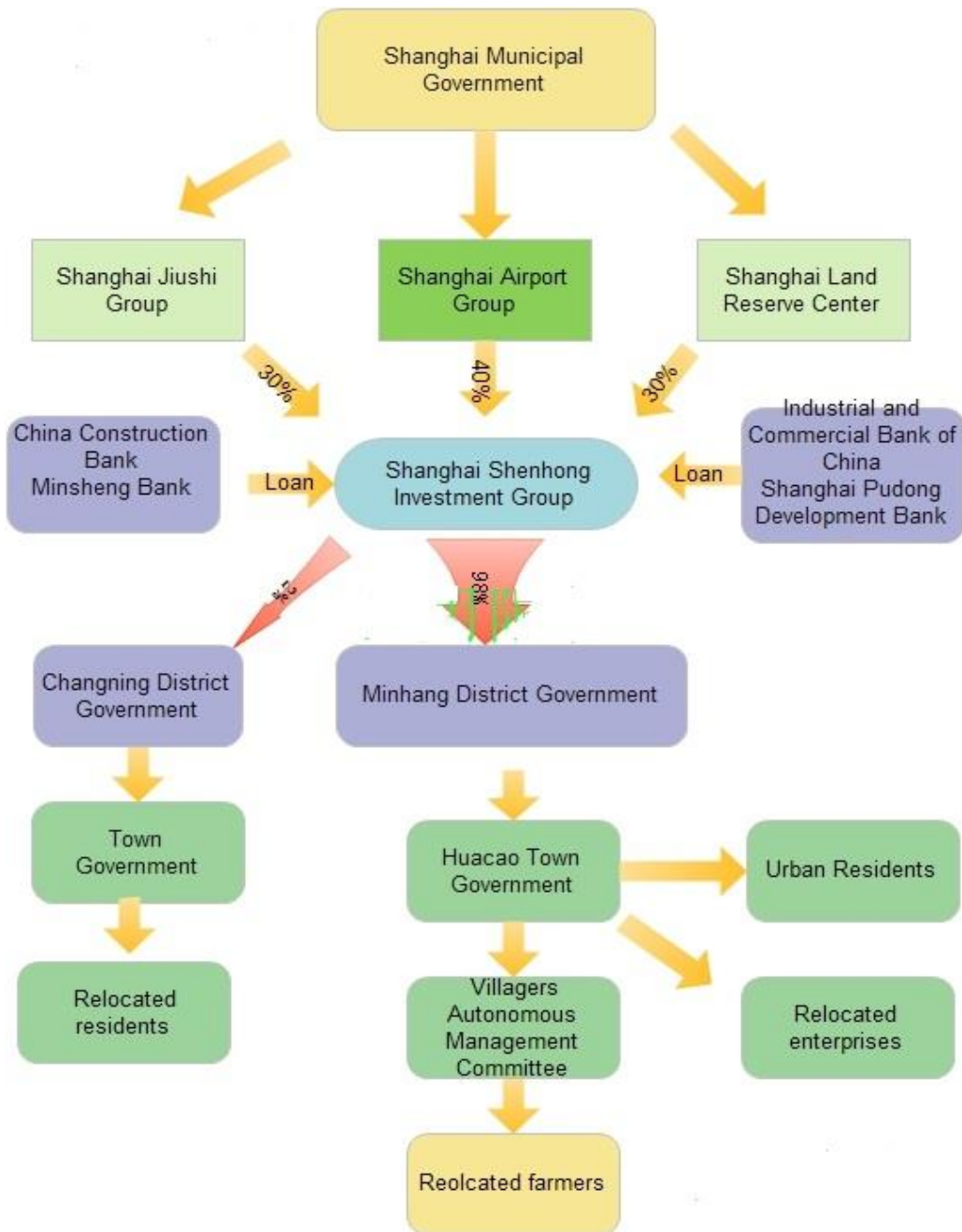


Figure 6.4 Funding sources and disbursement model for Hongqiao project

Source: Compiled from interviews.

Minhang District Government has played a coordinating role in the process of relocation and compensation of relocated villagers and factories. In particular, it has played the leading role in the disbursement of relocation compensation in Minhang district. Huacao Township is the specific location in Minhang district from which villagers and factories were relocated. Minhang District Government supervises Huacao Township and villagers' committees in implementing the task of relocation and disbursement of relocation funding from Shenhong Company (Interview G2012080807). These governance arrangements are further explained in Chapter 7. Minhang District Government, using some of the proceeds of the land sales to Shenhong Company, also undertook the task of constructing resettlement housing

in the new Aibo community, which was planned and constructed for relocated residents in Hongqiao business district (see Chapter 7).

A series of supporting infrastructure facilities and social and educational facilities such as primary and high school have also been built, as well as a hospital and market near Aibo community. Minhang District Government expended a great deal of effort in the daunting task of relocation in the early stages of the project, and then dealing with the aftermath of the demolition, when relocated villagers complained and protested about their relocation compensation. Relocatees lodged complaints and protested for more follow-up subsidies. Minhang District Government faced huge pressure given that the number of protesting villagers has become a “hard indicator” used to evaluate officials’ performance (Interview G2012062102). This indicator can lead to a veto on promotion for officials.

With the completion of Hongqiao transport hub, Minhang District Government has also been involved with the Business District Management Committee in attracting investment and providing assistance for the construction of Hongqiao business district. Minhang District Government and Hongqiao Business District Management Committee have set up a joint Enterprise Service Centre (*Lianhe qianye fuwu zhongxin*) to attract service-oriented enterprises and have offered a series of preferential policies to entice companies. (These will be fully examined in section 6.4.)

Table 6.3 Government bodies and state-owned corporations involved in the development of Hongqiao Business District

Government bodies	Aims	Date of foundation
Shanghai Shenhong Investment and Development Co., Ltd.	Overall organization and coordination of development and construction and planning, design of hub and management of construction building	July 2006
Xinhong Street Committee	Responsible for social issues and planning in east area of Hongqiao transport project	January, 23 2010
Shanghai Hongqiao Business District Management Committee	Integrated transport organization and management, regional planning and development co-ordination, organization and implementation of regional development, guidance and coordination of territorial management	July, 17 2009
Hongqiao Business District Development and Construction Headquarters	Development and construction of Hongqiao Business District, and coordination of the main players in each district	March, 9 2012

Source: Interview G2012080305 and Hongqiao Business District, 2013.

Huacao Township Government and Xinhong Street Committee (both within Minhang District Government) have become leading contributors to the Hongqiao project with their work of project preparation. The newly established Hongqiao Street Committee under the umbrella of Minhang District Government has also become a prominent actor in the project, but it was Huacao Township Government that directly faced up to the relocated farmers and factory officials. As there was as

yet no street committee under the aegis of Hongqiao Business District, Xinhong Street Committee was established in an attempt to deal with social issues in Hongqiao Business District. (It should be remembered that Hongqiao Business District Management Committee is an agency affiliated to Shanghai Municipal Government.) Xinhong Street Committee has undertaken the task of government looking after relocated villagers resettled in Aibo community, taking over responsibility from Huacao Township Government. It has faced huge pressure from protesting relocatees (see Chapter 7.4). In addition, Xinhong Street Committee has also undertaken the task of promoting economic development and industrial planning in the eastern part of Hongqiao transport hub as related in Chapter 5.3. The role of Xinhong Street Committee has become more and more important in the construction of Hongqiao Business District in terms of social management.

Village committees, as autonomous organizations of villagers, must also be considered in this complicated network of organisations. Based on China's administrative system, village committees are in charge of all collective property in a local village, so when it comes to compensation, village committees are important stakeholders in disbursing funding, with leaders of village committees becoming even more important. In theory, leaders of village committees are elected representatives; in practice, committee officials are normally the more powerful men in the village, people who are accepted by villagers and government and who have close party ties or, more likely, are members of the party (Ong, 2014). In the case of the Hongqiao project, village committees stood on the side of local government while trying to hold out for more compensation for the village committee (Interview C2011012201). Village committees have also played an important role in helping in the relocation task, in particular by persuading relocated farmers to sign up early to relocation contracts with local government. Negotiations conducted by Minhang Government with villagers were held in secret and with one household at a time, as will be explored in Chapter 7.3.

Huacao Township Government has kept 30% of relocation funding in the process. The funding is being used to help relocated farmers who are over 60 years old to buy endowments and medical insurance (but the level of medical cover is lower when compared to that of urban residents in the centre of Shanghai [Interview G2012080807]). Because expropriated land and relocated farmers are under its jurisdiction, Huacao Township Government has borne the responsibility for taking care of landless villagers. Huacao Township Government undertook the follow-up work post demolition until January 2010, when this work was taken over by the new established Xinhong Street Committee.

There are three main conclusions that we can extract from the analysis in this section. Firstly, the rapid progress of the Hongqiao project is inseparable from various parties which have been actively involved, starting with Shanghai Municipal Government as acting coordinator. Hongqiao Business District Management Committee and Shenhong Company have played lead roles directing a number of state-owned companies and organizations as shown in Table 6.3. What we see here is the making of a relatively flexible network of structures that come in and out

or adopt or lose responsibilities as the project moves forward into different phases, but all within a clear set of hierarchical relationships. In the next section we will discuss these relationships as coalitions.

Secondly, we can see that through a mega-urban project, in this case the construction of Hongqiao, the state is actually being reshaped. The one-off nature of this project-led urban regeneration process means that ad hoc organisations are created for specific purposes. New state bodies emerge which take important responsibilities and disappear or are reformed into something else. Beyond the specific institutional arrangements, what is also created is a new way of statecraft and new relationships between different bodies, agencies and people, which then linger on and get subsumed into normal policy-making and politics. This state reshaping is particularly relevant in terms of rescaling; some district and municipal authorities become more important while others lose out; whole new districts are created and populations displaced. We could argue, therefore, that what we are seeing here is state restructuring led by urban redevelopment projects, where the state itself is reshaped due to urban redevelopment projects.

Another important conclusion from this section is the importance of the flow of resources through the network of organisations as shown in Figure 6.5. This is very important in understanding the three important elements that characterise this project and that we will discuss later: entrepreneurial urban/regional governance, land-based urban growth coalitions and financialised urban development. The commodification of land and its conversion into money is only possible thanks to debt financed by banks and to the dispossession of their land from villagers. The pressure is then to keep costs down to be able to compensate villagers and minimise their complaints. The pressure is also to raise the value of the land to lease it off and pay back the loans.

6.4 Urban growth coalition in the Hongqiao project

As the effects of global financial crisis spread to China, China's economy slowed down in 2010 and has remained slow by its own standards. Central government has shrunk the money supply, and public and private investors are finding it hard to get access to credit. This is particularly true for private and small-sized companies, who find it even harder. This has suppressed the willingness of investors to invest. The Hongqiao project has been greatly affected. One of the most obvious indicators of this is that the speed of land auctions has significantly slowed down. Furthermore, there is no sign of a rise in the value of auctioned land, and the progress of the entire Hongqiao project has been significantly decelerated. In this context, local government has faced huge pressure because one of the main tasks of Hongqiao Business District Management Committee is to attract investment. Indeed, the repositioning of Hongqiao business district as a commercial and business centre at the national level, full of enterprises belonging to the modern service industry, is a priority target for local government. In particular, they are focussing their efforts on attracting regional and global headquarters of service companies. Both central and Shanghai municipal governments see the Hongqiao

project as a key to strengthening the higher order service sector in Shanghai and linking the city to the rest of central China. However, it has been the municipal government that has largely been the architect of the urban growth coalition that has executed the project. The coalition, property-led and dependent on increases in land values, has been made up of local district government and the tailor-made government organisations that we have already met in this chapter, under the leadership of top Shanghai officials.

6.4.1 The entrepreneurial Hongqiao Business District Management Committee

As we discussed in Chapter 3.4, the case of Kunshan has shown that an entrepreneurial city administration has a crucial role to play in boosting economic development (Chien, 2013), particularly in terms of offering preferential policies to attract investment and also through a process of administrative restructuring and upgrading. Many local city authorities have started to learn lessons from the cases of Kunshan and Suzhou (the city of which Kunshan forms part) in order to attract investment, encourage economic development and be successful in regional competition. Shanghai Hongqiao Business District Management Committee, as a newly established local authority, has learned the meaning of entrepreneurial administration from Kunshan's local government (Interview G2012072904). In order to better achieve the aim of rapidly developing Hongqiao business district, a series of entrepreneurial measures were adopted to promote the urban competitiveness of the district among its neighbouring entities in Shanghai and among other cities in the YRD. In the following paragraphs, we will look at the institutional arrangements and preferential policies, adjustments of administrative bodies, regional cooperation and urban entrepreneurialism that were adopted by Hongqiao Business District Management Committee.

The institutional arrangements and preferential policies for the development of Hongqiao business district are shown in Table 6.4. Preferential policies, many of which have been used by other local authorities, have played an important role in attracting investment. The city governments of Suzhou and Hangzhou have also used tax incentives, management fee waivers and subsidised land prices as a means of planning (Qian, 2011, Chien and Wu, 2013). Hongqiao business district is no exception, central and Shanghai municipal governments having issued a series of institutional arrangements at national, municipality and district levels to encourage and support the development of Hongqiao business district as shown in Table 6.4. These will be discussed in the following paragraphs.

Table 6.4 Preferential policies for the development of Hongqiao business district introduced by different levels of government

Funding Schemes	Aims	Amount (RMB)	Funding period	Level
National comprehensive pilot of modern service industry special funds	Promote the service sector - modernization, networking, standardization and brand development	2 billion	2012-2015	National
Hongqiao business district special development funds	Key support for gathering of modern service industry, the Hongqiao business district, the focus of construction international trade platform and building it with function of smart Hongqiao	2 billion	2012-2015	Shanghai Municipal Government
Hongqiao business district special funds to promote the development of modern services	Foster the development of modern services and promotion agglomeration of modern service companies	300 million	2012-2015	Hongqiao Business District Management Committee
Hongqiao business district special funds for resettlement of the headquarters of large companies	Attracting resettlement of listed companies and large domestic corporations to create an agglomeration effect	100 million	2012-2015	Hongqiao Business District Management Committee
Minhang district special funds for "adjustment of industrial structure and transformation of development mode"	Relying on the development of Hongqiao business district, realize "a comprehensive structural adjustment, in-depth urbanization" process in Minhang district, to build the main agglomeration area for Shanghai International Trade Centre	50 million	2013-2015	Minhang District Government

Source: Hongqiao Business District, 2013 and Interview G2012062102.

At the national level, Hongqiao business district was selected as a pilot area for a national modern service industry in 2011. Consequently special funds were provided to support the development of a modern service sector in Hongqiao business district by the State Council in 2009. Specifically, this policy involved the Ministry of Commerce providing funding of 2 billion RMB to assist the development of a modern service sector within three years. Its aim was to promote the networking and brand development sectors amongst others in the district (Interview G2012081309). At the municipality level, in accord with the policy of developing a modern service sector in Hongqiao business district, Shanghai Municipal Government provided 2 billion RMB towards the development of a pilot area in Hongqiao within three years. Shanghai's support funding matched central funding. (Provincial government matching funding for a pilot area is a mandatory requirement.) In this case, Hongqiao Business District Management Committee was also required to support the development.

At the district level, Minhang and Hongqiao business district have actively

responded to higher level government requests to provide funding to promote the development of a modern service sector. In particular, resettled companies in Hongqiao business district are supposed to conform to the listed ‘enterprise’ category of the modern service sector, although in fact not all do (see Section 6.5.2 below). As we can see from Table 6.5, Hongqiao Business District Management Committee has provided a full range of support mechanisms to attract investment, including subsidies to individuals and enterprises and education opportunities for the children of investors to lure entrepreneurs into settling in Hongqiao. In theory, all companies receiving funding should conform to the government’s industrial classification as service sector companies. Minhang District Government has also set up special funds to support 50 companies in the modern service sector in Minhang in an attempt to realize the goal of “a comprehensive structural adjustment, deep urbanization process in Minhang District, to build a central agglomeration area for the Shanghai International Trade Centre” (Minhang District Government Twelfth Five-Year Plan). The main aims are to effect a transformation of the industrial structure from manufacturing to the service sector and further urbanize Minhang district.

Table 6.5 Inducements for companies locating in Hongqiao

Categories of reward	Content
Costs and expenses incurred by relocation	Shanghai Municipal Government will disburse according to application and provide reasonable compensation.
Rewards for resettlement of offices of large companies renting space	Annual subsidies will be released to resettled companies based at a ratio of 40%, 30% and 30% over three years.
Subsidies for companies building or buying office space	Subsidized rent for three years
Household allowance for senior management	Providing house rent
Education for senior managers’ children	Providing education opportunities

Source: Interview D2011120602.

As we saw in Chapter 3, administrative restructuring has become a new way of promoting entrepreneurialism amongst low-level administrative tiers of the Chinese state (Chien, 2013). A paradigmatic example of this strategy is Kunshan, which has shown an impressive transformation from agricultural county to important economic hub by means of “flexible implementation of administrative restructuring” (Chien, 2013: 107), which meant changing city classification from rural to urban as well as relations between upper-level authorities and boundary revisions (Chien, 2013). The experience of Kunshan has been learnt and transferred across to the Hongqiao development (Interview G2012081106). Following on from my point above about the importance of state restructuring and rescaling, Shanghai Municipal Government has also adopted the tactic of administrative restructuring to cope with fierce competition from other cities, principally Suzhou, Nanjing and Hangzhou, in terms of construction of central business districts. Thus, the Hongqiao area, which started off under the jurisdiction of Minhang District Government, was upgraded from township level to prefecture level with the development of Hongqiao transport hub and business district in an attempt to lift its administrative level to provide more

administrative and economic resources to boost industrial development. Against this background, Hongqiao Business District Management Committee was established, taking over the administration of the area from Minhang District Government. The new administration has greater vetting and approval powers in terms of fixing tax and revenue preferential policies. Much more important is that local leaders of the management committee have greater administrative and economic powers to attract investment (Interview S2012080103). Upgrading of the administrative level means promotion of local leaders, giving more promotion opportunities to local officials. Shanghai Municipal Government also approved the request for the establishment of Xinhong Street Committee (Interview G2012072904). In addition to the establishment of government agencies, state-owned companies dedicated to the Hongqiao project were also established, while construction companies such as Hongqiao Development Company were also established to provide supporting services, as shown in Table 6.3 (Interview G2012062101).

Attracting investment has become a top priority for leaders of the management committee; in particular, attracting regional and global headquarters of modern service companies has become an important indicator to evaluate the success or failure of Hongqiao business district (Interview G2012081106). The management committee has tried many means of attracting investment. The most effective has been a one-stop enterprise service centre established by Minhang district and Hongqiao Business District in an attempt to attract modern service enterprises to locate in Hongqiao. This parallels practice elsewhere. On site and one-stop administrative services for newly settled enterprises have been adopted by many entrepreneurially minded governments. Hangzhou Municipal Government, for example, created a one-stop shop for the building of a new central business district. This has shortened the time needed for approval of the project (Qian, 2011). The joint enterprise service centre of Minhang and Hongqiao business districts has brought together different departments involved in approving the relocation of new companies and has also consolidated the functions of business consulting, registration and approval into one (Interview G2012072603). The slogan of the enterprise service centre is "Simple, Coherent, Effective, Transparent," with the stated aim of providing one-stop comprehensive services for companies and investors who invest in Hongqiao business district (Hongqiao Business District, 2011). The enterprise service centre claims to provide preferential policy consultation, credit consultation, company registration and permit approval for investors in the one building (Interview G2012081309). In this centre, staff from Minhang and Hongqiao business districts man three counters – one for consultation with interested companies, one for services for investing companies and one for the receipt of applications for policy services.

Although fierce competition exists between the two districts in terms of attracting modern service companies, the two district governments have cooperated to provide joint services to newly settled companies. It is claimed that the time required for companies to relocate in Hongqiao has been significantly shortened (Interview D2012072801). What is more, the enterprise service centre helps

investors apply for preferential policies from municipal and central government and provides help to facilitate access to various economic resources (Interview D2011120602). Indeed, one could say that the two districts have raided the rule book of neo-liberal place promotion for the purposes of attracting FDI.

Hongqiao Business District Management Committee has held three marketing events in 2011 and 2012 to attract companies from the foreign service sector to invest and settle in Hongqiao (Table 6.6).

Table 6.6 A series of matchmaking symposiums to attract foreign investment were held by Hongqiao Business District Management Committee

Matchmaking Symposium for attracting foreign investment	Aims	Date	Place
Hongqiao Business District Hong Kong Enterprises Seminar	Attracting foreign investment from Hong Kong to Hongqiao	October , 18 2011	Hong Kong
Hongqiao Business District Japanese Enterprises Seminar	Attracting Japanese enterprise investment in Hongqiao	March, 1 2012	Shanghai
Shanghai Hongqiao Business District International Business Entrepreneur Advisory Council	Attracting foreign investment in Shanghai resettlement in Hongqiao	September, 27 2012	Shanghai

Source: Source: (Hongqiao Business District, 2013).

Hong Kong was chosen as the site of the first seminar, organised in order to attract international foreign investment, particularly from Taiwan and Japan. During the planning and construction stage in Pudong, Hong Kong had also been chosen as a location for promotion seminars to attract investment; the seminars were successful in attracting Japanese investment. Two out of three of the most famous landmark buildings in Pudong (Jinmao Tower and Shanghai World) were funded and built by Japanese financial groups, contributing to the success of the development of Pudong (Interview S2012071002). In addition, Taiwanese companies have also made considerable investments in the four industrial parks in Pudong. Hongqiao is learning from Pudong's successful experience. Seminars and matchmaking symposiums to attract investment from Taiwan and Japan were also launched in Shanghai, and these were also fruitful. Five international financial groups invested in Hongqiao business district in the initial period. Shui On Properties Group, the Hong Kong based company behind the Xintiandi development in central Shanghai (see Chapter 2.9), became the first enterprise to settle in Hongqiao business district. Two Taiwanese companies have also located their regional headquarters in Hongqiao (Interview G2012080305). Several others had decided to invest in Hongqiao business district as the development entered into the second phase of the core area as shown in Table 6.7.

It can be concluded that the entrepreneurial Hongqiao Business District Management Committee has adopted a series of active steps to realise the place marketing of Hongqiao business district. Firstly, Hongqiao Business District Management Committee has set up a joint centre to attract investment with Minhang district; there has been, in other words, both cooperation as well as

competition between Minhang and Hongqiao business districts. Secondly, matchmaking symposiums and marketing events were held. Thirdly, transfers of entrepreneurial practices occurred as Hongqiao learned from practice in Kunshan and Pudong.

Table 6.7 New influx of investment in Hongqiao Business District

Investors	Capital Properties
Xuan Hongkong Limited	Private
Shanghai New Changning Group	Shanghai State-owned
Zhengrong Group	State-owned
China Petroleum & Chemical Corporation Shanghai Branch	State-owned
Shanghai Wanshu Property Group	Private
Beijing Chuan Fu Holdings Limited	Private
New Hualian Real Estate	Beijing State-owned

Source: Source: (Hongqiao Business District, 2013) and Interview G2012062102.

6.4.2 The creation of land-based urban growth coalitions

Rapid progress in the Hongqiao project within a short time can be attributed to the successful work of the land-based urban growth coalition that has been guiding the project. While many stakeholders have been involved in the coalition, land has been at its central focus. All the participants prioritised land at every step of the way, entailing inevitably a strong degree of speculation -- speculation, that is, that the value that can be derived from land would continue increasing -- but also requiring debt financing to cover the gap between payment of compensation and eventual payback. The paragraphs that follow detail the membership of the land-based urban growth coalition that has driven the Hongqiao project. Chapter 8 discusses issues raised by the slower growth rate in property prices in 2011 to 2013; it also provides a further refinement to the coalition concept by attempting to shed light on its various parts and capture its dynamic nature.

Over the last 35 years of economic reform, central government has gradually reduced its role in specific urban development projects (Zhang, 2002), and local municipal government has gradually replaced it. Shanghai Municipal Government has played a crucial role in orchestrating the Hongqiao project and, in particular, in supervising land quotas and giving direction to the project. What is more, Shanghai government has promoted important ad hoc administrative reforms and arrangements (such as the creation of Hongqiao business district and the state-owned Shenhong Company as well as the Integrated Transport Hub Project Construction Headquarters). These newly established organizations have played a crucial role in progressing the project; my interviews with officials confirm that they are at the heart of this land-based urban growth coalition.

Shenhong Company was in charge of project planning and land reserves in the early stage of the project and was particularly responsible for the development of land for the project. It relied on start-up capital to implement land acquisition from

Minhang District Government based on the policy of “*dabaogan*” (see Chapter 7.1). The converted land was used as collateral to get bank loans from Shanghai Pudong Development Bank and China Agricultural Bank under the guarantee of local government. With the support of bank loans, rural land was appropriated and exploited based on the principle of seven connections and one levelling (*qitong yiping*; the supply of water, gas, telephone lines, the Internet etc and land levelling).

As the project progressed, Hongqiao Business District Management Committee became the main player in the urban growth coalition. It has organized and implemented the project relying on the leverage exercised by the state-owned Shenhong Company to realize its goal of land exploitation in Hongqiao. The auctioning off of the ‘mature’ urban land (on which the seven connections and one levelling had been completed) was undertaken by Shenhong Company under the direction of Hongqiao Business District Management Committee. Land revenues were used to finish infrastructure facilities and develop post-project land as well as repay bank loans, based on the conventional strategy of rolling development. (.See 5.4.1) In this way, banks, investors from the public and private sector as well as Minhang District Government all benefited from the land leasing. The Hongqiao Business District Management Committee, pilot of the Hongqiao project, is made up of about 75 staff, who have been seconded from Shanghai Municipal Government, from Minhang District Government and, in a few cases, from other district governments.

Private investors clearly benefit as one of the main participants in the urban growth coalition. Investors from the private sector, alongside developers from the public sector, are leasing land to build office towers in Hongqiao. When the office towers are built, they rent out office space or sell the property to private investors, who become owners either of whole buildings or of properties within them. They get profits from rising prices for property and from office rentals.

Local government also benefits from the improved image of the city and lucrative land leases, this being the main driving force for local governments that actively organise and participate in urban growth coalitions. However, I also see that some local authorities benefit more than others. Minhang district, for example, has had to supply a lot of land to the project and carry out difficult tasks of coordination in the process of relocating villagers. Because of difficulties in negotiations with villagers and resulting complications, the position of some local government officials has been put in question. The clear losers from the project are the relocatees and the local communities who in effect make their own contribution in providing land for the Hongqiao project and other similar developments. Local residents are forced to relocate to make room for the development project, but they are not consulted and their interests are taken for granted, resulting in serious complaints (see Chapter 7). Therefore, clearly not all partners are equal in the delivery and results of this mega urban project. Organisations and politicians and officials higher up in the hierarchy are set to benefit the most while those lower down have to shoulder criticism or find themselves deprived of their land. There are also enormous environmental costs from the demolition and construction work as well as from the generation of new

travel to the area. These issues however are never considered.

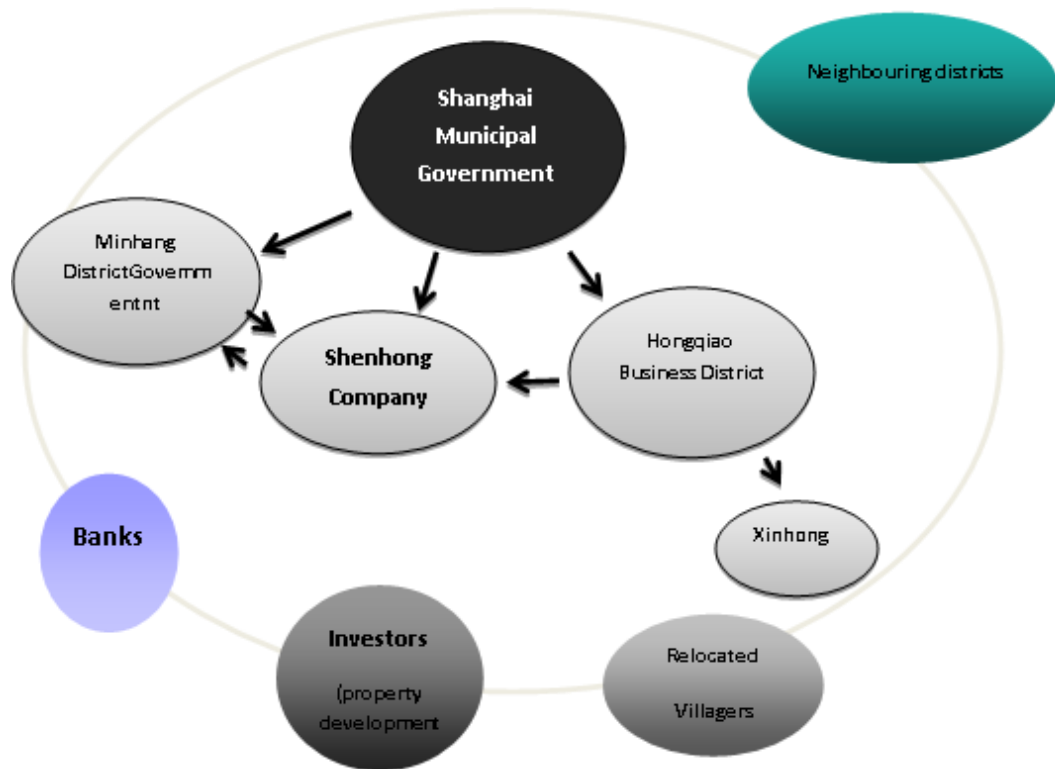


Figure 6.5 The main participants involved in the land-based urban growth coalition in the Hongqiao project.

Source: Interviews D2011120602

The first element to bear in mind from this discussion of the Hongqiao land-based urban growth coalition is that land has given the coalition a sharp focus, and converting this fixed asset into the maximum rent has become the chief aim of the project with other aims dependent on this. A second important feature is the uneven nature of the coalition, where not all actors benefit equally and, in fact, the success of the overall project is based on the unequal nature of roles and returns. It can be seen from Figure 6.6 that the main participants in the urban growth coalition -- the Shanghai Municipal Government, Shenhong Company and Hongqiao Business District Management Committee -- are closely associated with land development and the conversion of rural land to urban land. Land development and place-making in the west of Shanghai is the motivation for governments at various levels to form this coalition, and they are the ones set to gain the most; banks and investors on the edge of the coalition have shared aims with governments and have benefited from the projects through land development. However, for Minhang District Government and Xinhong Township Government, the coalition is a mixed blessing; Minhang District Government has given up much land, which has then been turned over to the jurisdiction of Hongqiao Business District, while newly established Xinhong Township Government shouldered the responsibility for taking care of

landless villagers. Neighbouring districts have also benefited from rising land values, government investment in transportation and investment opportunity brought on by the project.

6.5 Intra- and inter-urban competition and the creation of a new CBD for the Yangtze River Delta

Shanghai Municipal Government has placed great expectations on the Hongqiao project. From a regional perspective, the Hongqiao project was designed to become the new CBD for the Yangtze River Delta. From a local perspective, the project was expected to lead development in the surrounding districts. The Hongqiao project has brought large amounts of investment, not least because it offered preferential measures, which was a key factor behind the influx of investment. Meanwhile, the project has also brought much financial support from the central and Shanghai municipal governments. Alongside the landmark buildings already mentioned in this thesis, another such project is the Convention and Exhibition Centre, which is intended to lift the image of western Shanghai and serve as a focus for business in the YRD. All the time, Shanghai Municipal Government is attempting to learn the lessons of Pudong, just as Hangzhou Municipal Government did in planning its new CBD (Qian, 2011). Such large-scale projects have brought great opportunity to other areas not only in the west of Shanghai, but also in other cities of the Yangtze River Delta. Districts surrounding Hongqiao aim to take a slice from the opportunities afforded by the Hongqiao development. This will inevitably lead to intense competition between these districts in terms of attracting investment. In addition, the functional orientation of Hongqiao business district is to become the regional centre for the modern service industry. This has led to similar plans being drawn up by nearby cities such as Hangzhou, Nanjing and Suzhou, and in particular, Huaqiao business district in nearby Kunshan. As a result, Hongqiao business district is facing fierce competition from within and beyond the region, and this will be discussed in the following sections.

6.5.1 Competition from core cities of the YRD

Shanghai has been facing regional competition from the core cities in the YRD, particularly since the start of the period of reform. The cities surrounding Shanghai relied on Shanghai's skilled labour and flows of capital and information through the city to develop manufacturing industries in the 1980s. Suzhou is an example, with the development of its manufacturing sector being hastened through the employment of retired engineers from Shanghai on part-time contracts (Interview G2012062101). With a deepening of reform, these cities competed with increasing intensity to attract global investments in the field of manufacturing relying on preferential policies and cheaper land compared to Shanghai. Shanghai was somewhat powerless when it came to competing with these cities for investment due to the limited amount of undeveloped land. This competitive relationship reached a peak in 2005 when the classic 173 project was launched by Shanghai Municipal Government in the face of intense competition to attract FDI (see Chapter 3.4). Since then, Shanghai Municipal Government has implemented a new

industrial policy of withdrawal from the low-end manufacturing sector and promotion of tertiary industries (*tui er jin san*) in an attempt to upgrade its industrial level. Competition in the manufacturing sector has become less important, and competition has gradually given way to cooperation between Shanghai and the cities of the YRD (Li and Wu, 2012). Meanwhile, other core cities in the YRD are facing pressure to upgrade, and the development of modern service industry has become the favoured policy, intensifying regional competition in this sector.

Nanjing and Hangzhou have not missed the opportunity to develop their central business districts to promote the development of service industries. Nanjing Government had been planning to establish and build its own city region. This was promoted by Li Yuanchao, former party secretary of Jiangsu Province and now state vice president (Luo et al., 2010). A new district called Hexi was established, its location equivalent to that of Hongqiao business district, and its function also being to develop a modern service sector. The same situation exists in Hangzhou. Hangzhou has expended much effort to attract company headquarters to settle in the newly planned Binjiang district as shown in Table 6.8. This competitive urbanism has been stoked by the involvement of several tiers of local government.

Table 6.8 Competition from core cities in the YRD.

Cities	Positioning
Huaqiao International Business District in Suzhou	Aim was to construct an international service industrial park and become service centre for areas in and around the west of Shanghai
Nanjing Hexi New District	Development of central business district in Nanjing city region
Hangzhou New District	Forming a central business district to attract companies to locate there

Source: Interview G2012062101.

6.5.2 Competition from surrounding districts in Shanghai

The establishment and development of Hongqiao business district has been treated both as a threat and an opportunity by surrounding districts in the west of Shanghai. Even before construction started on the Hongqiao project, Jiading district was already facing pressure from Huaqiao in Kunshan in terms of attracting investment. This competitive pressure was sharply increased when Hongqiao business district was established in 2009. Equally, surrounding districts have seen it as a development opportunity not only by improving transportation infrastructure, but also by bringing in capital investment and preferential policies (Interview G2012062101). The implementation of the “*tui er jin san*” industrial policies discussed in the previous section is treated as a “hard index” to evaluate the economic and political performance of the head of each district (Interview G2012062101). This helps to explain the intense round of construction of business districts in and around Shanghai. Each administrative district appears intent on developing its own business district. There were already six business districts with the same functional orientation in Shanghai when Hongqiao business district was established, as shown in Table 6.9 and Figure 6.7. This has resulted in fierce competition among these business districts in terms of attracting investment. The

aims and functions of Hongqiao Foreign Business Zone in Changning, Putuo District Changfeng Ecological Business Zone and Minhang Qibao Ecological Business Zone are almost identical to that of Hongqiao Business District. To take the example of Changning's Hongqiao Foreign Business Zone, Changning District Government has been taking advantage of Hongqiao transport hub to develop 2.7 square kilometres in the west of the district near Hongqiao business district. To this end, the head of Changning district has been coordinating a joint development strategy with Hongqiao business district while attempting to focus on Changning's own interests (Interview G2012072904). All are competing to attract companies in the services sector.

In addition, more intense competition for Hongqiao comes also from Pudong New District and, in particular, Lujiazui in the centre of Pudong. The functional orientation of Lujiazui is as a financial centre, but since planning controls were not strictly enforced in the process of construction, like the rest of Pudong it now has a variety of functions (Olds, 1997). Based on conditions today, the functional repositioning of Pudong New District means that the Hongqiao project more or less aligns itself to Pudong, with large numbers of office towers built in each district to attract modern service companies. In particular, an area of 26 square kilometres in Pudong New District is planned to become the Shanghai Free Trade Zone. Central government has issued a series of preferential policies to support the development of the free trade zone in an attempt to attract modern service corporations. Special funds as part of a national comprehensive pilot scheme for the modern service sector were also available for Pudong. In summary, Hongqiao business district has been facing fierce competition from surrounding districts and beyond.

The district that stands to lose most is Minhang. Minhang district has provided 12.8 square kilometres for the construction of Hongqiao business district, and, as we have seen, this has resulted in the loss of a lot of development space and land resources for the district itself. Minhang has been excluded from the preferential policies and support afforded to Hongqiao and so, inevitably, Minhang district has not been able to compete in terms of attracting investment and business (Interview D2011120602). Although new planned areas in Minhang district next to Hongqiao business district (including Minhang Qibao Ecological Business Zone) have not yet ushered in much development, given its current limit of 27 square kilometres of development land, it is inevitable that Hongqiao business district will expand. This expansion is anticipated by Minhang District Government, whose officials fear that it will suffer the fate of "losing its wife as well as losing its soldiers" (pei le fu ren you zhe bing) (Interview G2012062101). More specifically, Minhang district is concerned that it will be merged with and swallowed up by Hongqiao business district as happened to Nanhui district, which was merged into and swallowed up by the more powerful Pudong New District in 2009. Minhang's concern and fear of being merged has led to intense competition between Hongqiao and Minhang districts. As a result, Minhang District Government has itself adopted a series of preferential policies such as providing special funds for "the adjustment of industrial structure [and] transformation of development mode" (Minhang District Government, 2012) in an attempt to attract company headquarters.

Table 6.9 Competition from surrounding business-oriented districts

Established and newly planned business centres		Function and positioning	Companies sought
Hongqiao Foreign-related Business Zone in Changning	Hongqiao Foreign Business Centre	Functional orientation highlights the following characteristics: "international, business, culture."	Business enterprises and Multinational procurement headquarters
	Zhongshan Park Business Centre	Commercial, leisure and e-commerce	Commercial enterprises, media companies
	Hongqiao Airport Economic Zone, Changning District	Modern service sector	Company headquarters, logistics enterprises, information services and other high-tech enterprises
Minhang Qibao Ecological Business Zone		International Ecological Business Park with emphasis on cultural and creative industries	Cultural and creative enterprises, company headquarters
Xincheng International Ecological Business District, Songjiang District		"Eco-business" as the dominant function, alongside an urban complex with functions of financial and cultural entertainment, business services and other functions	Business, finance, culture and entertainment
West Hongqiao commerce and business gathering area, Qingpu District		Convention and exhibitions as the focus, business dominated	Convention and Exhibition service industry, distribution service industry headquarters economy, modern financial services industry as well as creative industries for the five leading industries
West Shanghai Business Zone in Jiangqiao, Jiading District		Productive service gathering area	Regional headquarters of multinational corporations, domestic enterprises R & D institutions and purchasing centre
Putuo District Changfeng Ecological Business Zone		Modern service gathering area	Corporate headquarters, regional headquarters

Source: (Hongqiao Business District, 2013).

The paragraphs above can only begin to give a sense of the intensity of competition among the various districts within the west of Shanghai and administrative entities on the Jiangsu side of the provincial border, such as Kunshan in Suzhou, and further afield, Nanjing and Hangzhou, capital of Zhejiang Province. There is, one might say, an epidemic of construction of CBDs in the YRD (Gaubatz, 2005). Significant, too, is the fact that central and municipal government plans for Pudong and Hongqiao are treated in a somewhat cavalier fashion by the relevant district governments that appear prepared to attract companies regardless of whether they belong to the requisite sector. Thus, just as Pudong New District was happy to accept companies to locate in Lujiazui Finance Zone regardless of whether they were in finance, so Hongqiao Business District Management Committee has solicited companies from any and all sectors, not just the higher order service sector. Finally, it is worth observing too that, as with Changning District Government and its Hongqiao Foreign Business Zone, attempts are made to hide the

competitive urbanism behind a semblance of cooperation.



Figure 6.6 Location of established and newly planned business districts in Shanghai.
Source: Author.

6.6 Conclusion: Powerful and entrepreneurial local government as the main driving force behind the project

This chapter has examined the governance mechanism and structure and, in particular, the relationship among public agencies, private corporations and organisations responsible for the process of the construction of the Hongqiao project within what I have called the land-based urban growth coalition. As I have shown, the official management organization known as Shanghai Hongqiao Integrated Transport Hub Project Construction Headquarters and the state-owned Shenhong Company played a crucial role in the early stages of the project, while the other official organizations, especially the Hongqiao Business District Management Committee, have come to play the predominant role in the process of construction of Hongqiao business district. In the two phases of construction of the Hongqiao project, although different governing bodies have been in charge of the project, it is evident that powerful and entrepreneurial local government has been and remains the driving force.

One interesting conclusion is that I can actually observe more than one coalition being formed and it could be more accurate to talk about shifting coalition alliances as the requirements of the project change. So at different phases I have seen different constellations of actors coming together. Thus I can talk of a land-assembly coalition, a funding coalition, a displacement and relocation coalition, a policy and planning coalition and an investment attraction and promotion coalition. I can see these as different shapes of a fluid and malleable coalition which has land at its centre and Shanghai government at the top of the coordinating hierarchy. This concept is examined in more detail in Chapter 8.

The Hongqiao development model is centred on land development, which relies on appreciation in the value of the land. What is critical for entrepreneurial government is to achieve an appreciation in land value in the process of land transformation from rural land to urban land. Meanwhile, the main players in the urban pro-growth coalition -- local government, developers, banks and local officials -- have all achieved their aims in the process of transformation of land use, but relocated residents and villagers have lost out. Local government in the form of Hongqiao Business District Management Committee gets converted land that can be leased to potential developers, which is the most reliable source of revenue. As we have seen in Chapter 5, there were 17 plots of land to be leased in the first phase of development of the core area of Hongqiao business district which have brought land premiums of more than 20 billion RMB for Hongqiao business district. More importantly, the Hongqiao project has transformed the image of the west of Shanghai, which is a significant political and economic achievement for leaders of the Shanghai municipal and Hongqiao district governments.

The land premiums have allowed Hongqiao Business District Management Committee to have money to pay interest on bank loans, and, most importantly, the revenue from land leases has enabled the rolling development model to function successfully. In addition, property developers have also benefited from the Hongqiao project, having obtained auctioned land and built on it office towers and luxury property in the spring tide of rising property prices. Even though there was a slowdown in property price rises between 2010 and 2012, the trend of rapid growth resumed in 2013. Banks, as providers of funds, also take a slice from the construction wave in the new district, maintaining high financial returns through incoming interest payments. Shenhong Company, as the established governing body in the process of construction of the Hongqiao project, uses the converted land as collateral to get loans from five banks. Banks have a high level of willingness to grant loans to Shenhong Company because the loans are guaranteed by local government in the shape of Hongqiao Business District Management Committee. This is despite the fact that the management committee faced some difficulties in paying interest on bank loans on time in 2012 because high land prices and rising housing prices in previous years had inhibited the willingness of investors and local residents to buy housing. The ripple effect was caused by property developers hesitating to buy leases for new plots, which curbed growth in land revenues for local government (Interview G2012072904).

The higher price of leases led to soaring property prices for housing in Shanghai. Commodified housing has become increasingly unaffordable for Shanghai residents, which has resulted in regulation and control policies issued by central government. These regulations and policies have led to restrictions on the sale of housing in Hongqiao, affecting land lease auctions on the primary land market, which ultimately affects local government's fiscal revenues. As a result of the financial crisis and regulation policies from central government, Hongqiao Business District Management Committee has had to face the pressure that stems from a reduction in financial revenue. These pressures have been considerable given the

size of the investment in infrastructure in Hongqiao. Government policy on these matters is a hotly debated issue, not least because of the local government debt crisis it is engendering. This has given rise to debate about how to achieve sustainability in this kind of development model. With rising prices for housing, normal residents cannot afford housing, and it is more difficult for local government to lease converted land to developers. The Hongqiao project continues to face funding pressures, and this has slowed down the pace of construction.

The Hongqiao project has faced criticism from three perspectives. Firstly, the whole position of Hongqiao Business District has been criticised because the project involves the construction of a central business district with large scale office towers and luxury properties being built, resulting in the same landscape and orientation as Pudong and its central business district of Lujiazui. Given the amount of surplus office space that exists in Shanghai, it is questionable as to whether it was necessary to construct a new CBD in Hongqiao (Interview S2012070101). Secondly, with two existing railway stations in Shanghai, and particularly in view of the fact that Shanghai South railway station was just finished in 2006 (the other being Shanghai's central station), it has been argued that the capacity of the two railway stations was sufficient to meet the needs of economic growth. The new Hongqiao high-speed railway station has also exacerbated traffic congestion between the city centre and the west of Shanghai (Interview S2012070101). Finally, the Hongqiao project has been criticized as a vanity project planned as a result of a lack of investment-driven projects for Shanghai Municipal Government once the development of Pudong was complete. With urban regeneration, public infrastructure facilities and Shanghai Expo in place, Hongqiao has been seen as the engine for economic growth.

Nevertheless, the Hongqiao project has made rapid progress so far even in the face of criticism and funding constraints. Entrepreneurial leadership and urban planning have played an active role not only in the construction of Hongqiao, but also in Pudong and other developments in and beyond the west of Shanghai. Local government has been the driving force behind the Hongqiao project, not least through the greater role it has played in marketing. Because the Hongqiao project is led by local government and state-owned companies, the voice and interest of the main players in this urban growth coalition has been given priority, but those who contributed most to the project have been ignored by local government. The relocated local residents were a vulnerable group among the players involved in the Hongqiao project; the power of the state in its various forms perhaps made it inevitable that the voice of local people was not heard, and their interests ignored in the process of relocation. As a result, relocated residents have been complaining, and this has created concerns for the authorities. The questions of what the relocation and compensation mechanism is, what relocated residents got and lost in the process of relocation, and what their expectations and concerns were before and after relocation will be fully examined in Chapter 7.

Chapter 7

Displacement and relocation for Hongqiao's local residents

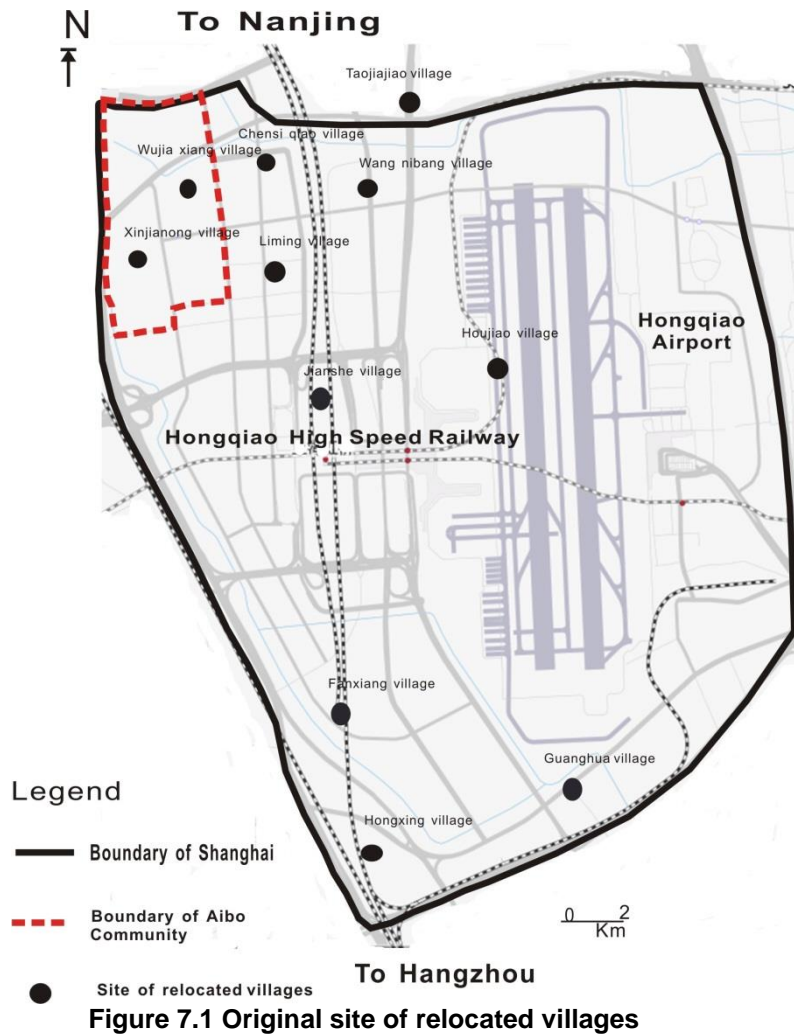
7.1 Introduction

The Hongqiao transport hub has become a landmark set of buildings standing in the heart of Shanghai's newly planned urban centre and has witnessed huge passenger flows with 182.01 million in 2011 using the transport hub since its inauguration in 2010. During this period, Hongqiao business zone has been in the process of intensive construction. The project has had a profound impact on the west of Shanghai – on its landscape, economic development and urban spatial structure. The project is a huge national project, as mentioned in Chapter 5, which has also affected a large number of local villagers, urban residents and small and medium-sized factories and companies, which have been forced to make room for the project. The Hongqiao project involved the acquisition of 17.7 square kilometres and the demolition of all that stood on this land, including a total of 11 villages made up of 76 smaller communities, involving more than 11,000 residents, 4000 households and over 1700 enterprises as shown in Figure 7.1. This represented a new demolition and relocation record for Shanghai (Interview A2012122804). In addition, 7 schools located in the affected area were moved, which resulted in 5800 students having to change schools. In particular, the greatest sacrifice has been made in the early stage of construction by local residents who have been forced to relocate to make way for the project. Compensation too is a vital factor, not only for relocated villagers, factories and other relocatees, but also for the local government. It is important to note that two types of compensation exist in China – one for permanent residents with an urban *hukou* (household registration system) and a lower level of compensation for those with a rural *hukou*. Although the area of Hongqiao in which they lived was becoming increasingly urbanised, the local residents retained their rural *hukou*. This will be discussed in more detail in section 7.2.

As for the relocatees, their future lives hinge upon compensation to a large extent. It is not surprising, therefore, that relocated villagers and local residents have been hugely concerned about the compensation mechanism and have had both deep fears and high expectations for the relocation. Meanwhile, local government has been trying to find ways to reduce the cost of relocation and resettlement of residents. Because the project budget is fixed and compensation is deducted from the budget for the whole project, the amount of compensation payments directly determines the funds available for the project thereby affecting its progress. Compensation, therefore, has become the principal concern of local government.

Due to the importance of compensation payments in the project, disbursement of compensation funding has involved various stakeholders. Relocated villagers are

the most vulnerable group and at the bottom of the compensation distribution mechanism. As they are contributing land for the project, the compensation mechanism and disbursement of compensation funding is a crucial step in the preparation land for the project. These are, therefore, important elements within the project, and a study of compensation mechanisms forms an important part of the current research.



As we saw in Chapter 6, Shanghai Municipal Government is the main supervisor in the project, directing the work of Minhang and Changning districts, which, along with Shenhong Company, have shouldered the specific practical task of disbursement of compensation funding (Interview G2012062101). Under the supervision of Shanghai Municipal Government, an agreement was reached between Shenhong Company and Minhang and Changning districts; the core of the agreement is *chaiqian dabaogan* (literally, to take overall responsibility for land expropriation), an approach which has been commonly used in other cases of relocation (Interview G2012072904). Under *chaiqian dabaogan*, Shenhong Company pays compensation for collective land at a price of 1.4 million yuan per mu to Minhang and Changning district governments and, in return, obtains the

converted land. The district governments are responsible for the completion of land acquisition for Hongqiao project and the process of relocation, and for issues of compensation and resettlement after relocation, in particular, helping relocated villagers in terms of arranging job opportunities, pensions and medical insurance for relocated villagers (Interview G2012080807). The role of the district governments here on the western outskirts of Shanghai is the normal role that district or municipal governments play in relocation projects, reflecting the practice of land expropriation, relocation and compensation that has become the conventional approach throughout the country.

The Hongqiao project is located in contiguous areas of Minhang and Changning districts. Most of the area from which residents were removed is located in Huacao township within Minhang district, which provided 98 percent of the land, with the rest provided by Changning district. As the local district government of Minhang has been in charge of the operation of compensation funding, compensation payments were allocated to the bank account of Minhang District Government, then were used to provide resettlement housing, pensions and medical insurance and compensation for relocated villagers. The compensation payments were allocated at a ratio of 3:3:4 among the main players -- Minhang District Government, Huacao Township Government and the villagers, who thus obtained 40% of all compensation funding (Interview G2012080305). The relocatees were removed to a set of new apartment blocks in the brand new settlement of Aibo Community (see Chapter 6), expressly built for the relocatees.¹ Aibo Community is located not in Huacao township, but in Xinhong township, which is a newly established sub-district government organization, also in Minhang district, and is responsible for relocated villagers who resettled in Aibo Community (Table 7.1). The actual work of relocation was undertaken by a number of state-owned companies specialising in relocation projects, as explained in more detail in section 7.4.

In my interviews with villagers, relocated villagers were concerned that compensation payment would be withheld from them by the different tiers of local government. They were worried that their interests would be ignored and that they would be embezzled, reflecting concerns that were voiced by villagers interviewed by Lynette Ong in Anhui Province (Ong 2014). These concerns lie at the heart of the questions that this chapter will examine -- the relocation and compensation of existing residents in the Hongqiao area, what was lost in the process of relocation and what they received through compensation. In particular, the chapter will report the results of interviews with relocatees and reflect on a comparison of their lives before and after relocation. The material in this chapter is derived from the interviews I undertook in Hongqiao (see Chapter 4), as well as the questionnaire survey (see Appendix) undertaken by myself and a team of students from East

¹ Aibo literally means "I like World Exposition," in reference to the World Expo held Shanghai in 2010, in time for which the Hongqiao transport project was completed.

China Normal University in Shanghai. Full details of the research methods were discussed in Chapter 4.

Before going on to discuss details concerning the relocation, the chapter begins with a brief introduction to the key players in the Hongqiao project: Shanghai municipality, Minhang District Government, Huacao Township Government, local officials, relocated villagers and village leaders. While migrants were severely affected, their voice and interests were ignored, and so they cannot be considered key players. From the perspective of Shanghai Municipal Government, the project was planned as the biggest transportation hub in China with a central business district that would transform Shanghai's spatial and economic structure.

While Minhang District Government and Huacao Government are the principal players in the project, the attitude of their officials towards the project differs. Officials of Minhang District Government have been facing huge pressures both from Shanghai Municipal Government and from local affected villagers and factory workers. Minhang district has had, unwillingly, to provide 12.8 square kilometres of land for the project involving hugely expensive land purchases for which they did not get any grants (Interview G2012062102); and it is also undertaking the expensive task of disbursing compensation for relocatees, who have remained in the jurisdiction of Minhang after relocation. Huacao Township Government is directly in charge of the relocation process under the supervision of Minhang District Government; they have faced huge pressure from higher tiers of government as well as relocatees. Relocated villagers delivered any complaints to Huacao Township Government officials, who thus had to handle procedures and rebut complaints on behalf of Minhang District Government (Interview G2012080305). The local township officials teamed up with village leaders to supervise the process of relocation, assess the value of new housing, conduct negotiations over compensation and encourage villagers to move. It is important to note that some local officials and, of course, the village leaders were among the relocatees and were themselves recipients of compensation. Some of them admitted to me that they benefited most from the relocation not only because their jobs were enhanced, but also because they are enjoying the benefits of housing compensation (Interview A2012122804). In addition, the project has given them a good opportunity to be promoted.

Both the interviews and the questionnaire survey focused on officials from Minhang district and Huacao Township Government and villagers. This is because it would not have been easy for me to track relocated factories and migrant workers, many of whom moved to other cities and even other provinces because they were without a local *hukou*. Relocation compensation was mainly focused on local relocated residents and villagers, and it is to them, for the most part, that my research was directed. However, this tactic did mean that the voices of a number of other protagonists were not heard. Neither the spouses of villagers and migrant workers, in particular, nor the owners and managers of industrial and commercial establishments were consulted. Some of the migrant workers who rented rooms in the area were themselves employees of the local factories, but they could only lose

from the project as they were not in line to be offered any compensation at all, whether monetary or in kind.

Indeed, the interests of migrant workers have been ignored in the demolition and relocation of urban villages throughout peri-urban China. No affordable and convenient housing has been provided for them, not to mention relocation compensation (Wu et al., 2013). Next to the migrant workers, relocated villagers are the most vulnerable groups in the process of relocation. They get compensation for their housing and land, but even though many of them were given more than one apartment in Aibo Community and often as many as three apartments, they did not see this as full compensation for their loss. What they gained and what they lost will be fully discussed in section 7.4. Even local officials have admitted that villagers have sacrificed a lot for the project and their interests have been ignored by local government (Interview C2012072902). Relocated factories owners have had difficulty even in winning some monetary compensation in the process of relocation. Since many factory owners rent the factory buildings from local villagers and village committees, the owners of relocated factories were not able to sign contracts to get compensation.

It is clear that the project has become an opportunity for Shanghai Municipal Government and village leaders rather than Minhang district and Huacao Township Government, let alone the relocated villagers, who have suffered most among players in the project.

This chapter follows a temporal logic. Section 7.2 reviews the conditions under which people lived before relocation. This is followed in section 7.3 by a discussion of the displacement process: negotiating compensation and relocation between the state and residents. Diverse views and expectations on the relocation process are explained in section 7.4. The chapter moves to an appraisal of the extent and nature of the impact of the Hongqiao project on surrounding areas. The chapter concludes with an analysis of the project's balance sheet.

7.2 Life before Hongqiao project in Minhang: Huacao's environment and villagers' lives

Before discussing the impact of the project on relocated villagers, a review is needed of the conditions that displaced villagers had enjoyed previously. It is important to understand the lives of former residents in Hongqiao before their relocation and the arrival of the Hongqiao mega project. We can do this by looking at three perspectives: the environment for everyday life, living conditions and their income situation prior to relocation. All people displaced by the Hongqiao project came from Minhang district, most of them from Huacao township. They were all are compensated and resettled in Aibo Community.

Before the development of the Hongqiao project, Minhang district in the far west of Shanghai had been peripheral to the economic development of the city; it was a

suburban area with a low rate of urbanisation. Huacao, as one of 12 townships within the jurisdiction of Minhang district, was semi-rural and semi-urban, characterised by a mix of a large number of small-sized collectively owned factories and scattered settlements, urban villages on the fringe of Shanghai. There were two main reasons for the relative under-urbanisation of this area. Firstly, the presence since 2003 of Hongqiao Airport restricted the urbanisation of the surrounding area due to a height limit on buildings, noise pollution and poor transportation around the airport (Interview G2012062101). Secondly, due to these unfavourable circumstances, investment from public and private sectors and preferential policies of government at various levels did not reach this relatively isolated area in the spring tide of construction and development in Shanghai in the years since 1980 (Interview G2012080305).

These unfavourable factors severely constrained urbanisation in the area. This is mirrored in the category of household registration of the residents I surveyed. The overwhelming majority of residents held rural *hukou* (as can be seen in Table 7.1), with only a minority of 6% holding urban *hukou* before relocation, although it should be noted that relocatees were given urban *hukou* after relocation. Therefore, we have to see the requisitioned area in Huacao township before the strategic mega project of Hongqiao as semi-rural, with many small private and collectively owned factories scattered around in villages.

Table 7.1 What is the category of your household registration?

<i>Hukou</i> categories	Frequency	Percentage %
Rural <i>Hukou</i>	324	94.2
Urban <i>Hukou</i>	20	5.8

Source: Author's survey, 2012.

In other words, Huacao contained a number of urban villages (*chengzhongcun*). These are discussed in more detail in Chapter 2.4.2, but it is important to recall that urban villages of this nature are characterised by a mixture of land use: factories, farmland and scattered villages as shown in Figure 7.2, which gives some impression of what Hongqiao looked like, with a mixture of farms and small-sized enterprises. The factories had originally been relocated to Hongqiao as a result of inner-city regeneration in Shanghai around the year 2000 when a large number of factories were moved out from the city centre to peri-urban areas. In this way, Hongqiao gradually became a resettlement site for small and medium enterprises. According to what local people told me, Huacao township was seen by relocated factories as favourable compared with other suburban and peri-urban districts because of cheaper land prices and rents and the advantage of relative proximity to the city centre. With the increasing number of factories moving to Hongqiao, Huacao township can be considered to have been a typical Shanghai village-in-the-city, somewhat different from equivalents in the Pearl River Delta and

in Beijing. These differences stem from its location on the outskirts of the city rather than in the inner city and from the fact that rather than requisitioning farmland and leaving the housing intact, the Shanghai authorities demolished the housing and expropriated the farmland. Parts of the local rural land were rented by several village committees to private factories for the construction of factory buildings, while other parts were used for vegetable farming by local villagers (Interview C2012072902). Their land, whether used for farming or factories, boosted the income of local villagers and was their main source of income.



Figure 7.2 Urban villages of this nature are characterised by a mixture of land use: factories, farmland and scattered villages. The buildings in this photograph were demolished as part of the Hongqiao redevelopment

Source: Huacao Township Government.

The living environment in the requisitioned areas of Hongqiao can be characterised as a chaotic environment with a high population density, poor education and healthcare facilities, narrow streets and deficient public space. One important aspect, which had repercussions for the compensation process, was the densification of the area due to the building of “extra-legal” housing in the compounds (*zhajidi*) of villagers’ housing for the accommodation of the floating population of migrant workers attracted by the arrival of factories, as shown in Figure 7.3 (Chung, 2010). As explained above, the increasing number of factories in Huacao township provoked an influx of floating workers attracted by new job opportunities and demand for rooms to rent increased dramatically. The lack of planning or response from the local state to provide housing was gradually filled by the local villagers who started to build or expand housing (generally upwards) on their own farmland without land-use planning and government permission. This was confirmed by my interviews with villagers, with almost 90% of local villagers relating that they had built extra housing for rent by the time of relocation, and with some families earning more than 10,000 RMB each month (Interview C2011012201).

What is more, the fact that these were recognized as illegal buildings by Minhang District Government caused considerable controversy in the process of relocation in terms of compensation (Interview G2012080807) (see Wu, 2004, for a discussion of these issues). Importantly, the building of this extra housing on the villagers' own land became crucial in generating income to support villagers' living cost. Indeed, in this they have been successful in the sense that many have received more than one apartment in Aibo Community (Interview G2012080807).



Figure 7.3 The white house visible in the middle ground of this photograph, rented out to migrants, was built in the courtyard of the red brick house on the left
Source: Huacao Township Government.

Interviews with villagers confirmed that their houses had been the most important thing for them. The condition of their houses directly reflected their economic and social status in the village, which not only gained them respect, but also enhanced their children's marriage prospects; if they had nice houses, it would be much easier for their children to get married favourably. Many houses were multi-storied and well decorated, which, as our survey showed, accounted for a large part of the household income.

According to our survey, over 90% of respondents had houses with more than two storeys, and 31% of all respondents had built houses that had more than four storeys (Table 7.2). Houses had been a large part of their household wealth, an important source of income for them through rents. The houses in which they actually lived were large, some of them very large; 77% of interviewees had a total floor space of more than 200 square metres (Interview P2012072101) (Table 7.3). This is larger than the size of an average Shanghai family house – average per capita living space in Shanghai is 15.5 square metres according to 2003 data (Interview G2012081106).

These densely populated buildings have not only produced considerable income, but have also generated a series of problems as a result of diminished public space,

narrowed roads and lack of proper drainage and waste disposal systems, resulting in a living environment that is dirty, chaotic and unhygienic as shown in Figure 7.4 (Interview P2011011003). Although the living environment had dramatically deteriorated as a result of the many small rooms built by villagers in their compounds for renting, local residents were reluctant to be relocated and resettled, as we will see.



Figure 7.4 The messy environment of a requisitioned area.
Source: Huacao Township Government.

Table 7.2 Size of housing belonging to families in Huacao town before relocation.

Categories	Frequency	Percentage
Bungalow	4	1.20
Two-storey building	126	36.60
Three-storey building	74	21.50
Four-storey building	106	30.80
Private housing	8	2.30
Other	26	7.60
Total	344	100.00

Source: Author's survey, 2012.

Table 7.3 Size of floor space in houses belonging to families who faced relocation.

Size of housing m ²	Frequency	Percentage
< 100	14	4.10
100-150	20	5.80
150-200	46	13.40
> 200	264	76.70
Total	344	100.00

Source: Author's survey, 2012.

In our survey, we asked villagers about their main source of income prior to relocation. Answers revealed that the main source of income for villagers was from farm production and house renting. Table 7.4 reveals that for 62% of respondents, agricultural produce was the top income-generating activity, followed by housing rental, which was the top income source for 48%.² Factory work was the main source of income for 45% of respondents. These answers show that Huacao used to have a rural profile, but with many residents earning considerable income from renting housing built on their farmland and working as accountants and lower-tier white-collar employees in factories. The younger generation was more likely to be working in factories; the older generation in farming. According to my interviews with villagers, when it comes to gender, women were more likely to be working in factories compared to men. In addition, 15% of respondents in the survey chose as their main source of income land dividends, yearly payments from the village committee to villagers whose land was rented out and had factories built on it (Table 7.4). Our survey shows that these four were the main income sources, well above the others, and this was confirmed by the results of my interviews with villagers and local village leaders.

² Based on my observation and conversations with local officials and villagers, I would suggest that these data, while broadly correct, are not totally reliable. I suspect that some villagers were inflating their income and floor space in the hope that I would pass on information to government so that they could get more compensation.

Table 7.4 What was the main income source for your household prior to relocation?

Factor	Frequency	Percentage
Farm production	214	62
Factory work	156	45
Professional activities	4	1
Land dividends	50	15
Business	26	8
Self-employed business	20	6
Housing rental	164	48
Other	8	2

Source: Author's survey, 2012.

Planting and selling vegetables and housing rental were the main income sources for many villager households in Huacao township. Gradually, farming made way for renting land for factory buildings; with increasing numbers of small and medium-sized factories appearing, more and more agricultural land was transformed into industrial usage, which in turn brought large numbers of migrant workers to Hongqiao who themselves needed rental accommodation. Due to their relatively low salaries, migrant workers could not afford the high price of commercial housing and housing rented from villagers became their only choice. In this, Huacao was no different from any other village-in-the-city (Wang et al., 2009). This accommodation had the further advantage of being conveniently located. Villagers' households, with their many spare rooms and 'self-built' houses (*zìjiānfāng*) and factories, were living a lifestyle for which they were referred to as landlord ladies, a literal translation of the Chinese *baozupo*, a term that vividly displays the nature of local villagers' lives (Interview C2012072902).

Villagers who lived in Huacao township not only enjoyed some of the benefits of urban residents in Shanghai, but also benefited from their villagers' status before relocation (Interview C2012072902). Shanghai Municipal Government provided various subsidies for agricultural production. In addition, the influx of small and medium-sized factories from the city centre to Hongqiao brought job opportunities, flows of capital and migrant workers (Interview C2011012201), and this had all led to a dramatic boost in the incomes of many villagers before relocation, as was shown by the results of my interviews and answers to questions concerning annual household income. The result of the survey reveals that 21% of households had incomes exceeding 50,000 RMB (Table 7.5). In particular, some villagers had monthly incomes from rental activity exceeding 100,000 RMB, a very substantial sum of money.

Table 7.5 How much was the total annual income of your whole household prior to relocation?

Income standard (RMB)	Frequency	Percentage
0-10,000	68	19.77
10,000-20,000	92	26.74
20,000-40,000	82	23.84
40,000-50,000	30	8.72
≥50,000	72	20.93
Total	344	100.00

Source: Author's survey, 2012.

Based on the evidence given in interviews and questionnaires, it can be concluded that former villagers had a prosperous life, but in overcrowded poor living conditions in Hongqiao. It can be well-imagined that former villagers were reluctant to move when they had become accustomed to this way of life, but they were still in a vulnerable position when it came to facing compulsory relocation. In the following section we deal with the start of the process of compensation and relocation.

7.3. The displacement process: Negotiating compensation and relocation between the state and residents

7.3.1. The displaced / relocatees

Despite their reluctance to move, the relocatees had no other choice but relocation to make room for the Hongqiao project. The relocatees were settled in five villages of the new Aibo community which go by the name of Aibo village 1, 2, 3, 4 and 5 (Interview D2012072801). In terms of the compensation and relocation process, we can think of all these displaced people in terms of four groups according to the category and origin of their *hukou* and whether they are residents or own a commercial business.

The following describes each category that was affected differently by the compensation mechanisms:

1. Villagers (by far the majority) who have rural *hukou* and 'owned' their land (or, to be more precise, had a 30-year contract to farm the land) and houses
2. Urban residents who have an urban *hukou* of Shanghai and who did not own land, but might have been living in houses bought on the open market
3. Migrants who did not have a Shanghai *hukou* and migrated in from elsewhere and lived in precarious accommodation offered by the villagers and, for the main part, worked in local factories

4. Factory and business owners who might or might not have been local, but who rented the premises from the village committee

For the purposes of this chapter, the first group (villagers) is the most important as it is the most numerous (around 11,000), and these villagers are the ones who stood to lose the most. The second category, urban residents, is much smaller, and the compensation mechanism for these residents is standardised across Shanghai. For the floating population (group 3), as explained in Chapter 4, it is difficult to track the numbers and migrants' situations; they did not get any compensation as, indeed, is the case with migrants generally in China. The authorities were less concerned about factory workers as many were migrants without local *hukou* registration in Shanghai. As for the factory/business owners (group 4), they were given financial compensation for relocation, but their factories were not expected to be relocated into the Hongqiao area (because of its service-oriented function). As for the land where their businesses were located, compensation was negotiated between the village committee and the relocation companies (see below for an explanation).

7.3.2. Negotiating compensation

Displacing, compensating and relocating over 11,000 residents and workers is a hugely complex process undertaken by various arms and branches of the state. The diagram below is a way of showing the different state agencies and other actors involved in the process. It also shows the flow of resources and money and the purchase of land (see Figure 7.5). The main actors in this process were: Minhang District Government, Huacao Township Government, Hongqiao project headquarters, a series of relocation and negotiation "arms-length" bodies set up by Minhang District Government, village committees, and Xinhong street committee, which, as we saw in Chapter 6, was responsible for social issues in the Aibo Community after relocation. In the following paragraphs we explain the different activities and functions that all these state actors undertook.

We can think of these actors involved in the complex process of relocation in various phases. First came a sort of consultation phase, involving the diffusion of information and propaganda trying to convince villagers to move. This was followed in order by measuring up land and housing size, negotiation and bargaining, agreeing compensation, relocation to temporary housing, start of construction, choice of house type, and finally the first moves to new Aibo Community in July 2009.

In order to promote the relocation scheme, a series of preparatory tasks was undertaken by Minhang district and Huacao township governments. The relocation headquarters for Hongqiao Integrated Transport Hub were established by Minhang District Government on 11 April 2006. This was made the command centre for the relocation and displacement of local villagers and factories. A relocation team with 650 officials from various departments of Minhang district and village "leaders" was established and divided into 12 groups, with each group allotted to one of the villages to be displaced (with one group working on two villages). These were called

“relocation working groups” (*chaiqian gongzuo xiaozu*). Each group was in charge of collecting land and housing information from the affected villagers’ families and companies. This involved the controversial process of measuring up and agreeing on the size and dimensions of the land and properties of the villagers and factory owners so that a compensation fee could be agreed. The relocation working groups were established with two aims. The first aim was for the state to duplicate itself, create branches and arms-length bodies to handle the complex task of demolition. The second aim was for this to act as a “shield” or cushion to deal with the problems of the villagers and protect officials at higher levels.

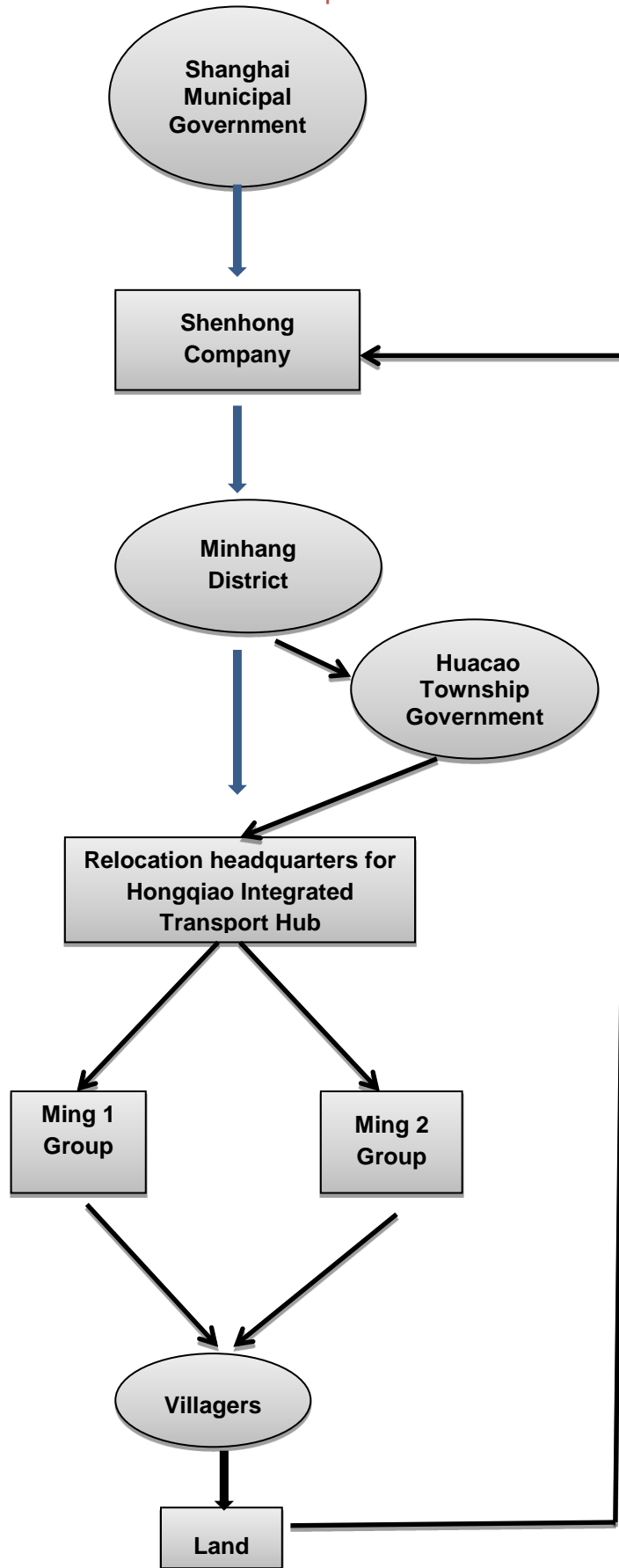


Figure 7.5 Relocation agencies of Hongqiao project
Source: Author.

When relocation decisions are made by Shanghai municipality, despite the fact that they are core stakeholders, local residents generally are not allowed to participate in the process of decision-making. There was, however, initially a process of diffusion of information and propaganda. The process of displacement started with a reaching out by the state towards the affected residents, informing them of the situation and trying to negotiate. In order to promote the benefits of relocation, three open letters were sent, one each for affected local villagers, factory owners and migrant workers, in order to encourage them to leave. The letters to local villagers stressed the benefits of becoming urban residents in the new modern living quarters and public facilities of Aibo.

After four months of preparation, collecting information and persuasion, Minhang District Government officials started the relocation project. A mobilization meeting was held by Minhang District Government on 18 August 2006. Shen Jun, Deputy Mayor of Shanghai Municipal Government, attended the meeting, indicating the importance that the city's government placed on the task of relocation; the meeting marked the establishment of the relocation headquarters of Hongqiao Integrated Transport Hub. In the meeting, Party Committee Secretary of Minhang district was nominated as head of the relocation headquarters, of Huacao Township Government as well as of the 12 relocation groups. Members of these various offices and groups were seconded from Minhang District Government, from Huacao Township Government and from village committees. Minhang District Government, as the authority most directly responsible for the relocation project, was in charge of relocation. However, the brunt of the relocation project was gradually shifted from Minhang to the relocation headquarters of Hongqiao Integrated Transport Hub, with Huacao Township Government undertaking the major task of relocation under the aegis of the relocation headquarters.

The first working meeting of the relocation headquarters was held on 24 August 2006 to mobilise villagers. One of the 12 relocation groups was assigned to each of the relocated villages. Public propaganda meetings were then held in each village to introduce the process of negotiation around displacement, compensation and relocation. In addition, some promotional materials about the benefits of demolition and relocation were distributed in the villages to persuade villagers to leave. After those public meetings, relocation group teams negotiated with relocated villagers on a household level with each household head and factory owner.

In the process of relocation, Minhang District Government adapted a strategy of "divide and rule" (see Huang Xuan's work [2014] on social welfare reform in China for a similar appraisal). Relocation working groups negotiated with household heads on a private basis rather than negotiating publicly with the villages as a whole. The amount of compensation for each family was kept confidential; villagers were not allowed to publicise their compensation payments. Relocation working groups had households due for relocation sign secret deals. In addition, "relocation rewards" were promised to families who moved early to private housing -- before, that is, the new Aibo settlement was completed. Families, therefore, faced pressure to sign relocation contracts early. In this way, relocation working groups completed the

demolition tasks, and any resistance from households to be relocated was weakened. This process makes clear how families were 'dispossessed', allowing the state and its agents to 'accumulate' the land which they were then able to translate into a massive urban development that they fully expected to be profit-making.

The urgency of the relocation task was driven by the need to have the Hongqiao transport hub operating in time for the opening of Shanghai Expo on 1 May 2010. The relocation had to be finished within the prescribed period in 2009, so the initial moves to win villagers over, undertaken by Minhang District Government shortly before it handed over duties to Huacao Township Government, were of particular importance. Great play was made of the fact that local villagers would be resettled in the purpose-built Aibo Community, which had the important advantage of being very near to the Hongqiao hub, thus assuaging villagers' concerns that they might be relocated far away from their former homes as has frequently happened in Shanghai (Interview G2012062102). Secondly, Minhang Government published the community planning provisions, which portrayed the internal structure of the resettlement housing in order to let relocatees have a real image of their new housing. This step played a significant role in convincing villagers to accept the relocation (Interview G2012080807).

Local officials in Huacao township told me that, in order to dispel the doubts of those families who took up its offer early on, Minhang District Government promised that compensation levels would not be increased for those who relocated later on. After this series of active steps had been adopted by Minhang District Government, the task of relocation was finished within four years from the start of relocation in August 2006 (Interview G2012072904). All relocatees who signed a contract obtained their resettlement flats before or during 2010. In addition, eight households refused to sign a contract because they were dissatisfied with the relocation compensation. Those eight households have been protesting for their compensation and appealing to Shanghai Municipal Government and even central government. So far, there is no agreement between them and Minhang District Government (Interview C2012072902). The project of displacement and relocation was managed by different state actors in different ways and assuming different roles. While the responsibility for the relocation project stayed at the top of the hierarchy (Minhang District Government), the actual 'dirty' work of communicating with residents and negotiating compensations was passed down the chain to purposely created arms-length agencies, with Huacao Township Government inserted into the relocation headquarters of Hongqiao Integrated Transport Hub, which was the main arms-length agency. These purposely created agencies effectively acted as buffer zones or cushions softening any conflicts or complaints from residents vis-à-vis the more senior officers in Minhang district.

In the following section we present the results of my findings regarding expectations and concerns of villagers.

7.4 Villagers' expectations for the relocation process

Once local residents got to know that they were to be relocated, they harboured expectations as well as many concerns. Villagers strongly desired to be settled near the project site and to receive full compensation. Mainly based on my survey questionnaire, this section examines these issues, firstly, in terms of their general expectations and secondly, in terms of their expectations more specifically for the compensation.

7.4.1 Diverse views and expectations towards the relocation process

The process and decisions on relocation were inherently conflictive with different state actors involved in the project having one set of views and local residents holding different expectations. In this section we discuss these varied views and expectations to show the complicated negotiating process.

In our fieldwork all surveyed residents said that they would have preferred to stay at home rather than be relocated even to a better living environment. However, given the lack of choice, our survey showed that the greatest desire of relocated villagers was to be settled near the project site so that they could enjoy the benefits of redevelopment, and this is what they expected. Throughout the process, however, they felt that their interests were in danger of being ignored due to their weak position. In my interviews, local villagers complained that their voice was not being taken seriously by Minhang District Government.

The issue of where to relocate the local residents displaced by the mega project was one that generated controversies between different state actors, clearly showing that the state does not act with one voice. Planners from Minhang district and Shenhong Company did not necessarily share the villagers' views as to where they should be relocated. For these planners, it was better if relocated villagers could be resettled far away from Hongqiao for the following reasons. Firstly, the aim of the Hongqiao project is to develop a service-dominated economy and attract high-end urban elites and regional headquarters of large corporations. The resettlement of villagers in the vicinity would not match the aims of the project for the repositioning of the area. Secondly, the construction of a resettlement community would occupy large tracts of land and this would affect government revenue from land leasing. Finally, construction of resettlement housing would not fit with the planned of construction of luxury property in the business district (Interview G2012062101).

However, based on the views from higher up the ladder, Minhang officials in the relocation working group who were in charge of the task of relocation decided that the relocatees should be resettled nearby the Hongqiao project for two main reasons. First of all, the desires of villagers to be relocated nearby should be respected as many of the relocatees had been living in the district for generations. They stood to lose too much, officials felt, if they were relocated far away (Interview G2012080807). Linked to this, it would be more difficult to finish the task of

relocation in the limited time available if villagers' main desires were rejected as they might resist. Secondly, concern was stated by local officials in internal discussions that relocating them far away in suburban districts would lead to a loss of compensation funding for township governments and local village committees in the area of Hongqiao as these funds would go to the "host" township government and local officials in that area. Local officials in Huacao township, while expecting compensation benefits from their management of the relocation, instead found themselves with the prospect of unexpected trouble in the form of complaints and protests from relocatees (Interview G2012080807) unhappy about moving far away. In the end, after a lobbying campaign, their views were accepted by officials of Minhang district.

Here we can see therefore that there were conflicting opinions from different state actors about where the displaced residents should be relocated. Ultimately, officials higher in the hierarchy managed to impose their views and although the residents' views were respected this was mainly to appease local officials and keep up the strict timescales of the project. Another important factor was to avoid those high officials' reputation being tainted by residents' complaints.

Once it became clear that there was no choice other than to move out, the villagers' next step was to try to get as much compensation as possible. In the following section, we explain the complex process of compensation, and then we go on to discuss the negotiation process and the expectations and fairness issues.

7.4.2. The compensation mechanism and villagers' concerns about their future

7.4.2.1 Compensation mechanism and negotiations

We have already discussed the relocation process and the role of various agencies. Compensation is a crucial incentive encouraging residents to relocate. In the following text, this will be discussed from the perspective of types and standards of compensation; this relates to the different types of relocatees that we have identified in section 7.2. It is worth stressing here that the whole relocation project had to be kept below the figure of 1.4 million RMB per mu that the dedicated state agency Shenhong Company had given Minhang district. Therefore, officials from the relocation working group had to try to keep relocation costs down, and compensation to villagers was the main "cost" that was open to being cut.

In the case of the Hongqiao project, compensation was divided into two categories that villagers could choose from: monetary compensation (cash) and "in-kind" replacement accommodation in the purpose-built compound of Aibo. Our survey shows that the vast majority of villagers (91%; Table 7.9) chose housing compensation over cash compensation for the following reasons. Firstly, this was the choice strongly encouraged by the state. Minhang District Government encouraged relocatees to choose "in-kind" housing relocation (over cash) because they feared that it would become a burden to the government if compensation

payments were squandered by relocatees, causing social instability and public order problems; to convince them, through the compensation mechanism, Minhang government offered them reduced housing prices to buy more space in the resettled community (Interview D2012072801). Secondly, Shanghai's house prices were rising year on year (and still are at the time of writing). Villagers could expect their assets to continue rising in value. Furthermore, the price of a resettlement flat was much lower than the price of a private flat in the surrounding area, and this was one of the biggest motivations for relocatees to choose in-kind compensation rather than monetary compensation. Lastly, and most importantly, because of the way compensation was calculated, many villagers actually received more than one property in the new Aibo resettlement community. This was a crucial incentive as they could be sure their new housing would bring them a steady stream of rental income, which would compensate for their loss of housing rental due to demolition and relocation.

Relocatees received either urban or rural levels of compensation for their housing depending on their *hukou* status. The area affected by the project was a mixed urban-rural area, which included rural residential housing, factory buildings and some urban housing. When it came to demolition and relocation, relocatees obtained compensation according to their *hukou* registration. The vast majority of relocatees were villagers and received compensation for their land and house based on the rural compensation standard; a minority of relocatees were urban residents and only received house compensation based on the urban standard.

Compensation for relocated companies and manufacturing establishments came in monetary form. Companies had almost no bargaining power with which to negotiate with the local government, which is why commercial outlets and factories were relocated in the first stage, with Minhang District Government helping companies to find new locations.

Compensation for villagers was by far the most important and difficult issue to calculate and negotiate. Even though most of the compensation was in fact in the form of a new home in the resettlement community in Aibo, there were complicated calculations to work out including exactly how much space villagers would be given in their new homes, which as we said normally resulted in more than one flat being allocated. Shanghai Municipal Government's compensation standards are relatively low, so in order to encourage villagers to relocate, the incentive mechanism mentioned earlier in this chapter was used by district government. There were, as is normal in Shanghai, two different mechanisms for calculating house and land compensation, with the incentives representing a third (including, that is, the incentives): house compensation (assessment at a unit price) and assessment according to type of land using land expropriation compensation standards. We explain these in more detail below and in Table 7.6.

Table 7.6 Compensation mechanism of relocation in Hongqiao project

Mechanisms for compensation	Itemisation
House compensation	Compensation for housing for a certified area; compensation for household decorations and appendages; compensation for the replacement of equipment, incentive fees and costs of transportation
Land expropriation compensation standards	Paddy fields, dry land, vegetable fields, ponds and homesteads
Assessment Unit Price of villagers' housing	Depending on whether steel and concrete composite structure, brick and concrete structure, or brick and wood structure
Resettlement housing "quota"	Based on the following indicators: the size of the original dwelling, the size of the household, and the demographic structure of the household

Source: Author's survey, 2012.

1. House compensation. This breaks down into four different areas: compensation for housing for a certified area (in other words, excluding extra-legal additions of floor space), compensation for household decorations and appendages and compensation for the replacement of equipment (such as farming equipment). Housing compensation was calculated through the following formula: Assessment Unit Price + 1480 RMB (Minhang District land use rights base price) + 761 RMB (price subsidies) × certified construction area of the demolished houses (Interview G2012062102). The Assessment Unit Price is an important factor affecting housing compensation; it is assessed according to housing type, for which housing is divided into three categories, and further sub-categories are formed based on the quality of housing and its architectural structure as shown in Table 7.7 (Interview C2011012201).

Table 7.7 Assessment Unit Price of villagers' housing in Hongqiao project

Housing categories		Compensation standard
Steel-concrete composite structure		510
Brick and concrete structure	Level 1	383
	Level 2	340
	Level 3	298
Brick and wood structure	Level 1	272
	Level 2	238
	Level 3	205

Unit: RMB per square metre

Source: Author's survey, 2012.

2. Types of land compensation. In the Hongqiao project, the relocation subsidy was based on the relocation regulations drawn up by Minhang district and Shanghai municipal governments. Land was divided into five categories (Interview D2012072801): paddy fields, dry land, vegetable fields, ponds and homesteads (land used for building housing). Relocated villagers received land compensation according to the categories in which their land fell but only taking into consideration legally built land. The land compensation standard for paddy fields, dry land, vegetable fields, ponds and homesteads was set at 24,544, 15,619, 34,213, 24,685 and 22,581 RMB per mu respectively as shown in Table 7.8 (Interview D2012072801). Compensation levels for land expropriation were low and failed to reflect the future value of the land for the time when the land would be put on the market (Table 7.8). Compensation, here, was calculated on the basis of rural land. However, after rural land was converted to urban land, the value of the land increased hugely to at least 100 million RMB. This provoked frequent complaints from relocated villagers, who, in order to get more compensation, gathered in front of the offices of Huacao and Minhang governments to protest. In order to put pressure on local government, relocated villagers protested in Hongqiao Airport terminal for their less compensation in 2012.
3. Incentive fees to relocate. Relocated villagers complained to me in conversations that the level of house and land compensation based on the land and housing compensation standards shown in Table 7.7 and Table 7.8 was too low. It was, indeed, clearly the case that compensation standards were low compared with market property prices of 7000 RMB per square metre in 2007. In order to encourage relocated villagers to move, Minhang District Government offered some relocation subsidies and rewards (for example for agreeing to move earlier) and costs of transportation to lure villagers into relocation (Interview D2012072801).

Once villagers had signed the contract agreement for relocation, compensation payments were sent to a bank account jointly set up by Minhang district and relocated villagers. The relocatees were then able to buy their quota (in terms of square metres) of resettlement housing at the preferential price of 3000 RMB per square metre using compensation payments. The quota itself was derived from an assessment made by the demolition company based on the following indicators: the size of the original dwelling, the size of the household and the demographic structure of the family member. The bigger the size of the housing and the greater the size of the household, the larger the quota of resettlement housing families were able to purchase. My interviews with village leaders and villagers revealed that relocated villagers tried to get as many flats as they could. The quota for some relocated families was less than 260 square metres, but they nevertheless bought additional floor space at a higher price of 4200 RMB per square metre (Interview C2011012201). According to my survey of villagers, 90% of interviewees ended up with three flats from local government. Any remaining money in villagers' accounts was returned to them as cash; local government officials were keen to ensure that relocated villagers did not use up all their compensation funds before buying their

new house (Interview D2011122303).

Table 7.8 Land expropriation compensation standards

Land categories	Compensation standards				Sum	Remark
	Compensation fee for land	Resettlement fees	Subtotal	Compensation fee for crops		
Paddy field	11220	12623	23843	701	24544	annual output value of 1402.5
Dry land	7140	8033	15173	446	15619	annual output value of 892.5
Vegetable field	15640	17595	33235	978	34213	annual output value of 1955
Pond	11220	12623	23843	842	24685	
Homestead (land used for building a rural house)	11220	11361	22581	/	22581	

Unit: RMB

Source: Author's survey, 2012.

Table 7.9 Choice of compensation method

	Frequency	Percentage
Monetary compensation	30	8.72
Off-site housing compensation	314	91.28

Source: Author's survey, 2012.

7.4.2.2 Compensation negotiations and questions of fairness

Compensation was the most vexed issue in the process of relocation for villagers, and monetary and housing compensation were the most important part of the whole compensation package, directly affecting their future lives. According to local officials and village leaders, the question that villagers most frequently asked Minhong District Government officials was “how much compensation funding can my family get based on the compensation standard” (Interview D2011122303). In addition, local villagers had been worrying about how many flats they could get from relocation and were confused by the evaluation process employed by local government. When I interviewed local villagers, they told me that the evaluation form was so complicated that they were totally confused and remained so even after receiving explanations from local officials. As for housing compensation, the number of flats they could expect to get was the most practical problem when it came to the complicated evaluation standards.

In my survey, villagers were asked what they expected most from the relocation. They were asked to pick factors of pre-eminent importance from a list. Compensation before and after relocation and future income resources were the top two choices, reflecting villagers’ expectations. 80% of interviewees chose compensation before and after relocation as being of pre-eminent importance, while 67% chose income as the item of pre-eminent importance from among the other factors as shown in Table 7.10. As we have seen in the section above the compensation mechanisms and levels were very complex. The attempt of relocated villagers to obtain higher compensation levels was countered by local government and relocation agencies wishing to reduce the cost of relocation compensation. While relocatees clearly harboured a variety of expectations, others paled beside their concerns over future income and job opportunities.

Relocated villagers were also concerned by issues of fairness around compensation; they tried to compare the compensation payments that they received with those of their neighbours. This was stressed to me by my interviewees and was confirmed by the results of the questionnaire. As can be seen from Table 7.11, 82% of my interviewees chose fairness of compensation when asked the question: “What factors affect your evaluation of the work by officials in the process of relocation?” The level of relocation compensation was chosen by 170 interviewees, while 138 out of 344 interviewees chose the attitude of government officials working on the project, directly reflecting relocatees’ concerns over relocation. Because the resettlement site was fixed and announced before relocation, the distance between resettlement housing and original house and the assessment of house value were of less concern to relocatees and were only chosen by 16 and 72 interviewees out of 344 respectively.

Table 7.10 Relocatees' expectations for the results of relocation: The most important factors

Factor	Frequency	Percentage
Compensation	274	79.66
Job opportunities	120	34.88
Income	232	67.44
Housing	104	30.23
Living environment	60	17.44
Purchase power	72	20.93
Infrastructure	48	13.95
Relations with neighbours	30	8.7
Healthcare	126	36.62
Education	70	20.34
Welfare for the elderly	142	41.27
Other	20	0.58

Source: Author's survey, 2012.

Table 7.11 What factors affect your evaluation of the work by officials in the process of relocation?

Factors	Frequency	Percentage
Attitude of government officials working on the project	138	40.11
Fairness of compensation	282	81.98
Level of relocation compensation standard	170	49.41
The distance between resettlement housing and original house	16	4.65
Assessment of house value	72	20.93

Source: Author's survey, 2012.

Because of the lack of transparency and the individualistic way in which the compensation was negotiated, there were further worries from villagers around the timing of when to finally agree to sign the compensation contracts. Villagers worried that the earlier they signed their contract, the less compensation they would receive and so they held back. This wait-and-see attitude was countered by Minhang and Huacao governments, which initiated their incentive policy. Relocated villagers signing a contract within a fixed period of approximately two years were able to bank on obtaining relocation subsidies and rewards; villagers who waited

lost out on the reward. This proved to be a device that successfully nudged villagers towards signing (Interview C2011012201). Relocated villagers also complained to me of unfair compensation treatment because, they claimed, those local officials from Huacao township government and villager leaders who were also relocatees won more compensation. In particular, they criticised village leaders for getting a greater number of flats through relocation.

Another point of discontent was how much of the compensation would be actually left after paying for the new housing and resettlement. When I interviewed local villagers, more than 60% of interviewees told me that they received between 0.9 and 1.1 million RMB in their special bank account for relocation compensation. They claimed that after payment for their new dwellings, there was not much money left over. Villagers also found that a lot of money was needed for resettlement in Aibo Community. Decorating their new flats accounted for a large proportion of compensation funds, as shown in the results of my survey. Table 7.12 shows that 63% of survey respondents regarded “apartment furnishing” as the principal use of their compensation funds among a selection of other factors, including establishing a business, saving for the future, marriage ceremony for their children, buying a car and other consumption items.

Table 7.12 Principal investments methods of relocated villagers with compensation funds

Response	Frequency	%
Apartment furnishings	216	62.79
Establishing business	0	0
Saving for the future	18	5.23
Marriage ceremony for your children	12	3.49
Buying car and other consumer goods	10	2.9
Other	88	25.58
Total	344	100

Source: Author’s survey, 2012.

After spending on decorating their flats, many families found that there was not much money left. What they obtained was only newly decorated flats. That is why many relocated villagers complained that relocation had brought nothing for them but a new urban house of the type that can be seen in Figure 7.6, while they had lost their old house, which was a source of income (Interview D2011122303).

The level of compensation for land was determined by many factors and hinged on location, quality and category of the land to be expropriated, and the level of local economic development. The area where the villagers came from was a rural area

with, therefore, rural collective land; the compensation standards applying to rural land were applied, lower than for urban land.

At the heart of my investigation was the question of the extent to which villagers felt they had lost out from this relocation process or whether, alternatively, they felt they had gained something. The answer to this question, of course, depended on expectations and diverse views from the displaced residents themselves and state officials, based on the kind of compensation mechanism used. Officials in Shanghai have tended to argue that many relocatees in cases of big urban projects can get well paid in cases of private-led development and relocation, and indeed that private development and relocation has been treated as an opportunity to get rich by many local residents (Interview D2011120602). This can be seen, for example, in the property-led redevelopment project in Taipingqiao, central Shanghai (He and Wu, 2005). My fieldwork aimed at establishing this point by surveying local residents and analysing the compensation mechanism.

When I interviewed villagers, the question “Is relocation an opportunity to get rich?” elicited a very different picture from that painted by the officials. Villagers told me that they had lost out through the process of relocation as they had lost a good standard of living due to the income they derived from rent and land dividends. They had lost their source of income when they were relocated; relocation was, therefore, not an opportunity but a big loss. This view is confirmed in Table 7.13, which shows 88% disagreeing with the statement that relocation is an opportunity to become prosperous.

Table 7.13 Is relocation an opportunity to become prosperous from your perspective and in your experience?

	Yes	No	No response	Total
Frequency	26	302	16	344
Percentage	7.6	88	4.4	100

Source: Author’s survey, 2012.

An important point to bear in mind in contrasting this sense of loss stated by our surveyed villagers to views expressed by officials is that compensation levels were lower because the relocatees had been occupying rural land. In interviews with villagers it was clear that they regarded the compensation and relocation process as less beneficial than the one that normally takes places when residents are compelled to move out of inner-city areas. In densely populated urban areas, after compensation residents are often able to move away from very crowded housing conditions towards better housing options in the periphery because of higher compensation rates. This gap in compensation rates has been even larger in projects such as Xintiandi, the renowned commercial gentrification project discussed in Chapter 2 (He and Wu, 2005). The differences between the displacement and relocation process in urban and rural areas are clear. Firstly, as holders of rural *hukou*, villagers had their own house, bigger and more comfortable

than that of urban residents in inner city areas, who often live in cramped back alley houses or flats. Secondly, unlike for relocated villagers, urban residents can generally retain their jobs, and even where they cannot, they are covered by the urban social security system. For relocated villagers, their house and collective land is their crucial source of livelihood. It is not surprising, then, that 81% of local villagers in the survey chose to answer 'no' when asked the question: "Did you wish to be relocated." This explains why villagers in the Hongqiao project area were far less willing to move than those in the city centre regeneration projects.

Having dealt with expectations and problems in terms of compensation for villagers, it is also worth exploring the situation for factory workers and owners. Factories and shops were relocated in the first stage of relocation. Factory owners and shopkeepers had similar concerns about where would they be relocated and how much they would receive in compensation funds. While agreeing on a compensation rate created difficulties, the real concerns were around new sites for these factories and compensation for the time they could not work during the relocation. However, the process of forcibly relocating them was easier because the government could put pressure as a result of their illegal land status and sometimes of previous incidences of tax evasion (Interview G2012080807). The relocation process was individually negotiated and the factories were dispersed across various townships in Minhang and other Shanghai districts, but none of them were relocated to the Hongqiao business zone because they did not fit the high profile of this project. Most of the smaller shopkeepers lost their businesses. Relocated small-sized enterprises were encouraged by Minhang district to move to other townships in the district rather than other districts in order that Minhang could retain its tax revenue base. Some relocated migrant workers left for other places to find jobs, while others followed the move of their factories, but by definition it is hard to track their movements. Some students were incorporated into other schools in Minhang district, while the children of migrant workers went elsewhere following their parents.

7.4.3 Living in the new Aibo Community

7.4.3.1 The new urban living environment

After signing contracts for compensation and relocation, most villagers had to find temporary housing in the open market with part of the financial compensation they received. The elderly were given state accommodation provided by Minhang District Government. The temporary accommodation lasted at least three years. Because resettlement housing in the Aibo Community was at least three years off completion, in the course of construction relocated villagers were forced to rent house and get income to support their families (Interview D2012072801). Once the housing was complete, relocated villagers and their families returned to a place close to where they had been living, but without land and a source of income -- and in a completely different environment.



Figure 7.6 The blocks of flats of Aibo Community

Source: Author.

We have discussed what villagers won and lost from an individual and family perspective, above. Here we will discuss it from the perspective of the whole community. Since the first batch of relocatees settled in 2009, Aibo Community has become fully equipped with physical and social infrastructure and is now a newly built modern residential community that appeared in the north-west corner of Hongqiao business district. There are more than one hundred 13- storey buildings in the five villages of the Aibo Community. Most of them are organised more or less in the same way as the former villages so that villagers still live next door to their former neighbours. Based on the results of interviews and my survey in the Aibo Community, a majority of relocated villagers admitted that their living environment had improved compared to what it had been, and they were satisfied with their new flats. The Aibo Community is equipped with various facilities which are normally only to be found in gated communities in urban areas. Fitness facilities and green spaces have been provided by local government, and an activity centre was built for relocatees for weddings and other ceremonies.

These and other facilities were also designed to attract other, non-relocatee residents to the Aibo Community. Initially the first phase of the Aibo Community was built to house the relocatees. As we know, villagers got more than one flat so many of them started to sell and rent their secondary dwellings on the open market, bringing new people attracted by new employment opportunities in Hongqiao project. A second phase was designed and started in 2013 to attract new urban residents with higher incomes and educational backgrounds to create a mixed community (Interview P2011011003). First, a new good-quality high school affiliated to Shanghai Foreign Language University was moved to Aibo Community, greatly improving the quality of educational provision in the surrounding area. Second, due

to a relatively high proportion of elderly people, a nursing home was built to cater for senior citizens, as well as a market and some hotels. In addition, a number of public government agencies were located in Aibo Community. For instance, a building for the new Hongqiao Township Government was built here, as well as a police station and hospital, which were moved from the surrounding area. In terms of transportation, a bus service linking Aibo to the city centre and other townships of Minhang district was established and the Hongqiao transportation hub was built. All in all, I was left in no doubt both by relocated villagers and village leaders that the living environment in Aibo Community was superior to that which had been left behind.

7.4.3.2 Nice flats but no jobs

In this section, the impact of the Hongqiao project on the life of relocatees will be examined in terms of income, living standards, housing and the living environment. The biggest changes from before relocation can be characterised as reduced income, more convenient transportation, improved living environment, and fewer job opportunities. Each of these factors will be discussed separately in the following paragraphs.

In my survey, we asked the question “What is the biggest change brought by relocation for you?”, providing factors for respondents to choose from. The most common positive answer was convenient transportation, followed by improvement in living environment. However, over half gave reduced income as an answer. The figures in Table 7.14 show a majority of positive answers over those who saw the negative consequence of reduced income, but not by much (approximately 6%), and this probably is simply a reflection of the choices that were listed.

Table 7.14 The biggest change brought on by relocation.

Response	Frequency	%
Convenient transportation	122	35.47
Improvement in living environment	82	23.89
More job opportunities	0	0
Increased income	10	2.9
Reduced income	192	55.81
Other	48	13.96

Source: Author’s survey, 2012.

Interviewees tended to respond that they could live without advanced facilities, but not without jobs and rental income. When comparing their lives before and after relocation, villagers maintained that they were more concerned about their income

and job opportunities as sources of livelihood rather than about improving the living environment.

In order to find out what respondents thought had changed for the better and for the worse, a question was included in our survey allowing respondents to choose 12 factors from different perspectives. Respondents were asked to choose between the categories “much better,” “better,” “same,” “worse” and “much worse” when compared with conditions before relocation. No one answered “much better” for their income after relocation; although the most important improved factor was infrastructure, in general few factors were highlighted. Table 7.15 shows the results for respondents choosing “much better,” “better” and “worse” among these factors. The view expressed by local officials in interviews, not surprisingly, was rather different. They argued that Shanghai Municipal Government and Hongqiao Business District Management Committee spent a lot of effort and money on investing in transport infrastructure to create convenient connections between Hongqiao hub and the city centre by underground and highways (Interviews P2012072101). At the current time of writing, there are two underground lines linking Hongqiao to the city centre with a further two planned, and two highways have been completed since the inauguration of the transport hub in 2010.

While there is no denying that great progress has been made in Hongqiao in terms of transport infrastructure, there are a number of reasons why relocated villagers do not feel the progress in terms of better transport links. First, Aibo Community was planned and built in the northwest of Hongqiao hub some distance from the underground stations and the highways (see Figure 7.1). Second, a majority of relocated villagers still choose bus as their means of transport, and their choice for shopping is neighbouring Huacao township rather than the city centre. As for the choice of “better” after relocation, some 41% of respondents chose infrastructure as the highest ranking, followed by welfare, environment for daily life and education, which were chosen by 40 %, 38%, and 34% of respondents respectively, as shown in Table 7.15.

When relocatees were asked what factors were worse after relocation, the number one factor (51%) was the compensation subsidy, followed by income and job opportunities, with 40% and 27% respectively, findings that were confirmed in my interviews with local villagers. We can conclude that relocated villagers were keen to receive more compensation to support their lives. The level of compensation was their biggest concern before and after relocation, even more than having a good living environment after relocation.

After relocation, relocated villagers lost their land and housing, which means they lost their source of income. When asked the question “What is the greatest difficulty for your household after relocation?”, it can be seen from Table 7.16 that 68.6% of the surveyed respondents chose “less income” as their greatest problem after relocation, followed by “worse standard of living” and “fewer job opportunities,” with percentages of 22.09 and 16.86 respectively.

Table 7.15 The percentage of respondents answering "much better," "better" and "much worse" among the selected factors

(N=334)

Factor	Much better	Better	Much worse
Compensation subsidy after relocation	0	5.23	50.58
Job	0.58	3.49	26.74
Income	0	9.89	40.12
Housing	2.33	21.51	13.95
Environment for daily life	1.16	37.8	7.56
Level of consumption	2.33	15.12	17.44
Infrastructure	5.88	44.77	3.45
Relations with neighbours	1.16	11.63	9.88
Healthcare	0.58	21.51	2.9
Children's education	1.16	33.72	1.74
Welfare	0	39.53	15.7
Other	0	2.9	4.65

Source: Author's survey, 2012.

Table 7.16 What is the biggest problem in your present life?

Response	Frequency	%
Less income	236	68.6
Worse standard of living	76	22.09
Inconvenient life	32	9.3
Fewer job opportunities	58	16.86

Source: Author's survey, 2012.

Based both on the answers of interviewed respondents and survey respondents, it can be concluded that the greatest problem faced by relocated villagers is a lack of opportunity to make money to support their households. The main conclusion is, therefore, that while they were indeed enjoying a better living environment, villagers felt this did not compensate for the lack of job opportunities. Due to low skill levels and lack of qualifications, relocated villagers found there were not enough suitable job opportunities for them. Among the few jobs available were as security staff in Hongqiao business district. At the time of my last field visit, only 1000 job

opportunities had been created in the whole of Xinhong Township, in which Aibo Community is located (Interview G2012062102). In particular, younger relocatees had difficulties finding a job. Since the inauguration of Hongqiao hub, more and more younger people have moved towards the city centre to find job opportunities (Interview V20120712).

A series of social problems have arisen since relocation due to the fewer job opportunities. After resettlement in Aibo Community, there was a lot of work done furnishing the new apartments. Just about every family had at least one new flat to furnish, which cost a considerable part of their compensation funds. In addition, officials claimed in interviews that some relocated families had unrealistic expectations of the possible rewards from their compensation, claiming that some relocatees had been eager to buy a new car, and indeed local officials even claimed that despite the shortage of good job opportunities, relocated villagers were reluctant to take on manual labour and some villagers had even become addicted to gambling (Interview C2012072902).

A variety of social problems have occurred after other relocation settlement projects both in Shanghai and other parts of China and, in the case of Hongqiao, this presented local officials with a tough problem (Interview C2011012201). How relocated villagers earn their living after relocation has become an urgent problem for local governments in Shanghai and, indeed, throughout China. China's massive urbanization has resulted in 40 million landless peasants, and this has become a serious social problem. Relocated villagers affected have become landless peasants in Chinese large-scale urbanization in the past three decades. For relocated villagers who with non-farming skills, there is no way to make a living once they run out of compensation funds, and this has gradually become a serious social problem.

7.5 Impact on neighbouring areas and their residents

The question of the impact of the Hongqiao project and how it is affecting those who live in surrounding settlements will be addressed in the following paragraphs. This section introduces issues that have affected the residents of Shamao, a community like Aibo constructed some years earlier before the Hongqiao project was begun. It does, therefore, act as a signpost to the sort of issues that might arise in Aibo in the future. Because the relocation to Aibo is so recent, it is hard to predict what issues might arise. In this sense, Shamao can be considered as a sort of proxy for Aibo, and it is in this context that it will be briefly introduced in the paragraphs that follow.

There is no doubt that Hongqiao has brought opportunities to the surrounding local governments, and local officials have been treating the project as a driving force for economic development (Interview G2012080807). The Hongqiao project has, indeed, attracted a large number of investments to the surrounding area, investments in the field of transportation and infrastructure, along with construction. In addition, the price of leaseholds at auction in the Hongqiao area has increased

from 10,000 RMB to 20,000 RMB in the past two years (Interview G2012072904). This has had a knock-on effect on prices in surrounding areas, in particular in Minhang district, and this has brought large revenue for local government. Because limited development land is available in Hongqiao business district, Minhang District Government has been attempting to attract more corporations and companies to invest in the area surrounding Minhang district. All in all, the benefits for local government of surrounding areas can be characterised as increased revenue from land auctions, job opportunities and tax revenue.



Figure 7.7 The Shamao community is surrounded by viaducts and airport slip roads
Source: Author.

The project has also affected residents living in neighbouring areas. One of the most significant changes for residents of neighbouring areas has been the increasing value of their houses. The construction of Hongqiao business district has brought many bonuses to the surrounding area, including new roads with which it is easier to access the city centre, and education and health resources. In addition, the improved image of the area has brought investment and job opportunities as enterprises have located in the surrounding area (Interview G2012072603).

Shamao Community is located just to the northwest of Hongqiao Airport under the flight path. It was constructed for villagers relocated by Minhang District Government before the Hongqiao project was begun at a time when Hongqiao Airport was a regional airport without a second runway, when aircraft noise was not a serious problem. With the expansion of Hongqiao Airport, local villagers in surrounding areas were relocated, and Shamao was left an isolated community surrounded by the chaotic environment created by the construction of the Hongqiao

project. Shamao Community is surrounded by overhead roads as shown in Figure 7.7 and lies under the flight path, which has resulted in serious issues of noise pollution for local residents. Local residents in Shamao Community have been complaining and protesting about these issues and especially the noise pollution. In order to catch the attention of government officials, local residents painted slogans complaining about bad planning and aircraft noise on the main community gate, as shown in Figure 7.8.

Shamao Community, with a population of about 1000 people in 300 households (Interview G2012080807), is too big to be demolished and relocated by Minhang District Government due to a shortage of compensation funding (Interview G2012062102). Because it is located outside the Hongqiao Business District Planning Area, Shamao Community was not planned as a relocation project by Shanghai Municipal Government, which means there was no compensation funding allocated to Minhang district for the project. Indeed, I was told that the compensation funding would be a big economic burden for Minhang District Government if Shamao community were to be relocated (Interview G2012062102).



Figure 7.8 Residents of Shamao Community expressed their complaints about noise environment and bad planning in slogans painted on the entrance archway
Source: Author.

As the task of relocation of Shamao Community has been too arduous for Minhang District Government to implement, it has become a tricky problem without an obvious solution for government (Interview G2012062102). After rising protests and

complaints by local residents, some small amounts of monetary compensation were allocated. However, the protests and complaints were thought likely to reappear after a while (Interview G2012080807). Both local officials and residents wished that the problem of Shamao Community would be dealt with by Shanghai Municipal Government. The frequent petitions from residents in Shamao Community have become a major headache for local officials (Interview G2012080807), and this is not to mention the disturbance to local residents caused by the aircraft noise.

Finally, residents of Shamao and of other nearby areas have been adversely affected by increasing congestion. The improvement in the transport infrastructure in the Hongqiao area and the growth in investments has led to an increase in the number of migrant workers living in the area surrounding Hongqiao and a deterioration in traffic congestion from Minhang to the city centre in the morning rush hour and from the city centre back to Minhang in the afternoon. The greater attention paid to transport links with the city centre has meant that less emphasis was put on transportation within the Hongqiao area, and the many overhead roads constructed to link Hongqiao hub with the city centre have complicated the road network in the surrounding area (Interview G2012062102).

7.6 Conclusion: Better living environment but worse life in Hongqiao

In this conclusion, I will return to the evidence given by villagers in the questionnaire survey and in interviews to argue that there is a very clear distinction to be made in the way that the former villagers have reacted to their relocation. On the one hand, they say their new living environment is a great improvement, but on the other, they have grave concerns about their future livelihoods.

Section 7.2 focused on the context of the villagers' lives in Hongqiao. The affected area in Hongqiao had been semi-rural and semi-urban, with a mix of a large number of small-sized factories in private and collective ownership and villagers living in scattered dwellings. While this landscape bore some of the characteristics of an urban village, it was different from the classic urban villages found in southern cities such as Guangzhou and Shenzhen. The biggest difference is that the area affected by the project in Hongqiao was not surrounded by a built-up urban landscape. Secondly, the area was located in the western outskirts close to Hongqiao Airport and because of air and noise pollution as well as building height restrictions, this had limited the possibilities for development in surrounding areas. That the area earmarked for development was rural was confirmed by the result of our survey, in which 94% of those questioned had rural household registration before relocation (but converted to urban *hukou* after the move). As we explained the Hongqiao area suffered from a lack of social and public infrastructures, as well as from noise pollution, inconvenient transportation, less capital investment and shortage of policy support.

The former villagers of Hongqiao shared features of their daily life with other urban villagers in their living environment, living conditions and main source of income. The affected area in Hongqiao was built without unified planning with households

scattered in villages with mixed land use functions of factories and farmland. The lack of unified planning generated a series of problems in terms of squeezed public space, narrow roads, lack of proper drainage and waste disposal systems resulting in a chaotic environment. Due to the influx of migrant workers in the Hongqiao area, local villagers built multi-story housing in their compounds so as to be able to rent out rooms to rural migrants. The condition of their houses reflected their economic and social status in the village. Their houses were built as high as possible and were well decorated even in the poor environment of the villages. From the perspective of income, farm production, rents from housing, factory work and collective land dividends were the main income sources for local villagers. The money that could be easily made through renting out accommodation made villagers extremely unwilling to be relocated.

In section 7.3 I discussed the displacement process: negotiating compensation and relocation between the state and residents in the Hongqiao project. It is worth noting the expectations and concerns of relocatees and, in particular, local villagers as the largest group among relocatees. The expectation of villagers was to be resettled near the Hongqiao project so that they could enjoy the benefits of the development project. This would contrast with other urban relocation projects in Shanghai in which relocatees were moved out of city centre and inner city areas to distant suburbs. However, local villagers regarded the Hongqiao project as a big loss for them rather than a good opportunity to get rich. When the decision to relocate was made by the government, the villagers were aware that they had no choice but to move so they were keen to get as much compensation as possible in relocation subsidies and monetary and housing compensation. Villagers were concerned about their future after relocation as they realised they would lose their source of livelihood in the form of housing rental and land dividends. Their primary expectation therefore was to get compensation before relocation in the hope of being able to tide them over.

The relocation project was a tough and urgent task for the local district government. In sections 7.3 and 7.4, I examined the relocation process and its results. Since the decision to undertake the Hongqiao project was made by Shanghai Municipal Government in December 2005, a series of steps were taken to expedite the relocation. These included posting open letters, holding group meetings, providing rewards for those relocating early, publishing plans of the new community and choosing a nearby site for the resettled community. Despite the preparatory work undertaken by Minhang district and Huacao township governments, local villagers were still reluctant to move because of their concerns for their future lives, which they feared would be without health and pension insurance after relocation and without a stable source of income. Local residents were relocated to the new blocks of flats built nearby and known as Aibo Community, but local factories were encouraged to move to other townships and districts. The compensation was divided into two categories: monetary and off-site housing compensation. Most relocated villagers chose housing compensation whilst most owners of relocated factories chose monetary compensation in the process of relocation. Rural

compensation standards were applied in the case of Hongqiao as the area was still categorised as rural. Compensation levels were therefore lower than those for urban areas, and this elicited complaints from local villagers. Villagers received new flats in Aibo Community, but at the cost of their house and land. The biggest change can be summarised as more convenient transportation and an improved living environment but a reduced income and fewer job opportunities for relocated villagers.

Section 7.5 reviewed the impact of the Hongqiao project on neighbouring areas and their residents. It was inevitable that the project influenced neighbouring areas and their residents not only in terms of economic development opportunities, but also in the form of the lived environment. There is no doubt that the project has brought opportunities to surrounding areas from the perspective of economic development. A series of institutional arrangements and preferential policies were issued resulting in an influx of capital investment projects promoting economic development in Hongqiao business district and surrounding areas. It was inevitable that residents and local governments in surrounding areas would benefit in some way from the public and private investment brought by the project. The investment has increased land lease revenue and tax revenue for local government, but has also lifted house prices for residents. An improved transport infrastructure including an upgraded road network was built to replace the old narrow roads which had characterised the area previously. Meanwhile, there is no doubt that negative impacts resulted too. The relocated community of Shamao have been badly affected by noise pollution, giving rise to complaints and protests. In addition, the living environment has been damaged due to the number of overhead roads extending in all directions, and an increase in traffic volume has exacerbated traffic congestion in the surrounding area.

The main conclusion that I wish to draw from this chapter concerns the local residents. They were given no voice in the whole procedure. While various local government officials went out of their way to explain the relocation and support the relocatees, they themselves were at no point given any choice in the matter, other than whether they wished to receive compensation in the form of new housing or in monetary form. On the contrary, the state in its several forms, took away the land and housing that formed the basis of their household living in order to convert the land into a platform from which it could extract maximum profit as part of the project to construct at Hongqiao a new CBD for Shanghai. While this can be considered as one type of accumulation by dispossession, it should at the same time be differentiated in its detail, if not in its overall approach, from similar urban restructuring projects in and around Beijing, Guangzhou and other large Chinese cities. A discussion of these differences, while alluded to here and there in this chapter, is beyond the scope of this thesis.

Chapter 8

Discussion and conclusion: Accumulation by dispossession by land-based urban growth coalitions in the context of a fiercely competitive urban environment

8.1 Introduction

This dissertation is a detailed examination of the planning and construction of Hongqiao and of its impact on local residents. In brief, the broad aim of my research has been to investigate the process of planning and development of Hongqiao transport and business zone; to examine its relationship with urban development and spatial restructuring in Shanghai; and thereby to comment on and critique the nature of urban change in contemporary China, which I have characterised here as property-led and infrastructure-led. This chapter summarises the thesis by presenting key points from previous chapters and discussing the main findings of the thesis. The main arguments that appear in previous chapters are critically reviewed with reference to the thesis aims and objectives. A summary of key points from each chapter is presented in section 8.2. This is followed by a discussion of the three main arguments of the thesis around competitive urbanism, accumulation by dispossession and land-based urban growth coalitions in section 8.3. The last section suggests possibilities and directions for further research.

8.2 Summary of key points from previous chapters

The introductory chapter presented the background to my research, introducing the Hongqiao project and indicating its importance and probable impact on regional development in west Shanghai and beyond it, in the Yangtze River Delta (YRD). The bulk of Chapter 1 was taken up by an introductory discussion of the theoretical issues that surround the three main threads that hold this thesis together: entrepreneurial urbanism and mega urban projects, accumulation by dispossession and its relevance to Hongqiao and Chinese urban growth coalitions and their manifestation in Hongqiao. It was suggested here that it is through the bringing together of land-based urban growth coalitions that projects of the size and nature of Hongqiao can be realised.

In the second chapter, the literature on Chinese urbanisation and Shanghai's transformation in the past three decades was reviewed. This chapter highlighted the changes that have occurred in China's urbanisation policy, the process and consequences of urbanisation, the government's role in urban change and the several transformations that Shanghai has undergone, culminating in the development of the massive Pudong project on the east bank of the Huangpu. The chapter went on to show how Shanghai Municipal Government has restructured its city centre and inner city areas through urban regeneration projects. These projects

have, in its own eyes, helped it address the problem of urban slums, many of which have been transformed into luxurious property and commercial real estate; they have changed the city's image into that of a prosperous business centre. The chapter discussed how they have raised revenue through land leasing for district governments, which are thus able to have a long-term source of tax revenue to use for further projects both in inner city areas and in the development of the urban fringe. In Chapter 3, the regional context was highlighted; the chapter positioned Hongqiao within the wider context of the western peripheries of Shanghai. Hongqiao faces fierce competition from the neighbouring city of Kunshan as well as other neighbouring districts in the west of Shanghai. On a more general level, the chapter noted that the failure to create a more robust regional architecture can be attributed to urban competition leading to a reluctance to cooperate on a regional basis in the YRD.

In Chapter 4, the study area of Hongqiao was introduced, as was the research methodology used. Hongqiao's mixture of urban and rural, so characteristic of peri-urban China, was described in some detail. The primary research was conducted during two periods of fieldwork, during which extensive semi-structured and in-depth interviews were conducted, and a questionnaire survey was also undertaken. This was followed up by interviews with relocated villagers. Leading officials responsible for the Hongqiao project were interviewed in both periods of fieldwork, and published and unpublished policy documents were obtained. Others interviewed included planners, academics, real estate developers, the owners of relocated businesses and villager leaders.

The following three chapters presented the core findings of the primary research conducted in Hongqiao. Chapter 5 investigated the planning and layout of the Hongqiao project, focusing on its aims, main elements, planning process and land preparation. In the chapter, I argued that the importance of the project can be attributed to the need to accelerate the pace of development in the west of Shanghai and bring about industrial and spatial transformation in the context of place competition from within and outside Shanghai. The purpose of the whole project was to kick-start development by providing a new economic growth pole through the development of service industries, to integrate Shanghai with the Yangtze River Delta through the construction of a transportation hub and to create a poly-centred city by means of the development of a business district. The chapter showed that Shanghai Municipal Government has played a leading role in the Hongqiao project in terms of the establishment, planning and siting of the project and preparing of land in the process of project development. Through the joint efforts of government at different levels, after 6 years of intensive construction, the Hongqiao transportation hub is complete, a new landmark in Shanghai, and the Hongqiao business zone is currently being built. After completion of the Hongqiao project, the development land will have been converted from immature to mature status, allowing local (i.e., district) government to reap substantial rewards from the project. The chapter showed how the construction of mega urban projects has been central to Chinese-style competitive urbanism.

In Chapter 6, I highlighted the governance mechanisms behind the Hongqiao project and argued that they could best be understood as forming a land-based urban growth coalition. This chapter looked at the way in which different new organisations exercised power as part of the project. The consequences on district administrations were particularly severe in the case of the business zone, where the district government found itself handing power and responsibility over to what is de facto a new district government. This reflected a shifting of power within the coalition, even as the Shanghai Municipal Government continued to exercise overall authority through the placing of prominent municipal officials to leading positions in key committees. While interpreting urban change in Hongqiao in terms of a land-based urban growth coalition, this chapter drew attention to the fluidity and malleability at the centre of the coalition.

Chapter 7, the last of these three chapters discussing results of the research, began with an introduction to the lives of local villagers before they had been displaced by the Hongqiao project. The business of compensation is a highly complex one for a number of reasons, as I show in this chapter. This complexity derives in large part both from the dual urban/rural land system that leads to the existence of urban villages within urban districts, but also from the informal status of much of the housing in the urban villages. As a result, households stand to lose a lot more than is officially recognised by the authorities as they lose the income they gained from the renting out of informal dwellings and extra floors built without permits on their residences. The upshot of these problems is that villagers felt they had been poorly compensated for their relocation to new apartment blocks built for them in the Hongqiao project area, having received compensation levels for rural not urban residents. Alongside this, however, they expressed positive feelings towards the new accommodation to which they had been allocated. While this complicated mixture of feelings is captured in the survey and interviews that I conducted, in this chapter I conclude that for many residents, the overwhelming consequences have been negative as a result of their reduced potential for gaining an income. The chapter ends with a brief examination of the problems faced by another group of relocatees, who were moved some years ago and whose longer experience of new conditions can be regarded as a proxy for those of the recently relocated residents I surveyed. Significantly enough, they have been protesting against aircraft noise from Hongqiao Airport.

8.3 Reflections on urban coalitions, the state and its marginalised citizenry

8.3.1 Dispossession and inadequate compensation for relocatees

I have used conceptual constructs -- accumulation by dispossession, competitive urbanism and land-based urban growth coalitions -- emanating largely from the 'Western' academy to interpret my findings in Chapters 5, 6, and 7, hoping thereby both to contribute to the insertion of Chinese urban and social change into this body of theory-making, but also to test the robustness of these concepts and, indeed, to extend their range of applicability. In this section, I will draw on my findings and relate them to these conceptual underpinnings.

The process of state-led urban restructuring in China has led to widespread displacement of local residents while the state uses the consequent profits to reinvest in the construction of infrastructure and public consumption facilities, a process that Hyung Bang Shin (2014) characterises cogently as accumulation by dispossession. Residents in the Hongqiao area have been no exception to this process, having been displaced and resettled in a corner of the newly established Hongqiao Business District. As I argued in Chapter 7, compensation has become the most important issue in the process of relocation both before and after resettlement; in this context, one must remember that relocated Hongqiao residents were resettled near their original home (although the whole landscape has been transformed), and this differs significantly from resettlement far away from the location of the original home when compensation fails to cover for the social and economic impact of the distant relocation site (Wu et al., 2007). Compared with relocatees who are moved a long distance away from their former homes and who lose out substantially, one might almost say that Hongqiao relocatees got off lightly, and a few managed to gain from the process (Wu et al., 2013). It should be noted that many relocated villagers obtained two flats in place of their old house and land and some even purchased a third, and they were therefore able to rent out two flats, providing an income that compensated for lost rental income in their former residence. The most prominent concern among Hongqiao relocatees was the securing of a livelihood, and this appears to have been only partially addressed by the provision of several flats per household. However, perhaps their concerns -- and this is something I was not aiming to capture in my survey -- were centred subconsciously around the psychological loss involved in the destruction of their old home environment and their enforced move into a completely new one. In this sense, they were indeed dispossessed.

The difficulties and uncertainties faced by relocatees have rebounded onto local government. Relocated former villagers have been putting pressure on Hongqiao Business District Management Committee on a number of different fronts, including the speedy disbursement of compensation payments. They have lost their land and houses, their basic elements of survival, but with what many of them feel is inadequate compensation. The Hongqiao project, like so many other urban development projects in China, is based on land provided by relocated villagers, but the voice of these villagers and their interests have not received attention. This is, in short, urban restructuring based on accumulation by dispossession -- the concept stands up well in the Chinese context.

8.3.2 Competitive urbanism and the role of the state

As we saw in the empirical account of the development of the Hongqiao project in Chapter 5, the project was planned by Shanghai Municipal Government and driven forward by Hongqiao Business District Management Committee. The wider context within which the Hongqiao project was initiated is one of entrepreneurial and competitive urbanism in China. In particular, the whole area in the west of Shanghai around Hongqiao has experienced fierce competition amongst neighbouring cities and districts within and beyond Shanghai, as each has tried to cap the other with

new projects and administrative reforms designed to attract inward investment, boost local economies and improve the chances of promotion for local government leaders. It is against this background that Hongqiao has been built as a new CBD for Shanghai and for the wider Yangtze River Delta. The constant manoeuvring in the face of competitive pressures makes it clear that the role of the state is paramount in the development of mega urban projects such as Hongqiao. However, the question then is, which branch of the state? The discussions in Chapters 5 and 6 have shown that central government plays a quite withdrawn role, setting the wider parameters for action, but that these are sometimes ignored or even contravened. The municipal government has been the main architect and promoter of the project, retaining overview and control in large part through placing top officials on boards and committees. However, the everyday running of the project, as well as the coordination and implementation, have been effected by two types of organisation. One type is local government, both the district government and the equivalent organisation set up to administer the newly developed area (the Hongqiao Business District Management Committee). Beneath them, one should note, too, the role of the street committees (Huacao and Xinhong). The second is a number of organisations specially established by the municipal government to undertake the project -- the Integrated Transport Hub Project Construction Headquarters and the Shenhong Company.

The following paragraphs set out some more detailed conclusions on the role of central and municipal governments. Central government has been a primary source of support for Shanghai, which, as one of the four municipalities, reports directly to the State Council. This support has come not only in terms of funding, but also at a policy level. In Shanghai, Pudong's development has been largely dependent on the support of preferential policies from central government. In particular, Shanghai has historically been the pilot city for new policies in China, and this has played a crucial role in Shanghai's development as Pudong New District bears evidence. In order to achieve the goal of promoting Pudong's development, a series of pilot policies have been implemented in Pudong since the 1980s, all of them mandated by central government. These included special permission for foreign banks to locate there, supporting the development of the service sector in Pudong, a measure not replicated anywhere else in China. With the support of these policies, Pudong New District and Shanghai achieved huge progress in terms of development. In the case of the Hongqiao project, central government has also set up a series of preferential policies. The Ministry of Commerce is funding the construction of an International Convention and Exhibition Centre, and a series of policies has been issued by central government to support development of a modern service industry in Hongqiao. Special funds for a national comprehensive pilot scheme for modern service industry were provided by central government, enabling many companies to settle there. Policy support from central government has therefore actively boosted the development of Hongqiao business district.

That is not to say, however, that the role of central government has ever been a particularly visible one. On the contrary, its influence is exercised behind the scenes. Moreover, it needs to be recognised that central government policies and

directives are not always followed and are sometimes directly contravened. In the case of Hongqiao, central government, along with Shanghai Municipal Government, envisaged Hongqiao as becoming a centre for higher-order service companies, but the Business District Management Committee has been intent primarily on leasing the floor space to the highest bidder in order for the project to be a fund-raising success and has been much less concerned as to whether the companies who invest there are in the service sector (Interview G2012062102).

Shanghai Municipal Government has played a crucial role in the planning, design and execution of the project. It is the prime mover, promoter and overseer, whose influence and imprint is everywhere traceable. We will see in the paragraphs below how Shanghai's role played itself out specifically in the context of the coalition that oversaw the Hongqiao project, but a word here is needed on Shanghai's economic strength, without which the Hongqiao project could never have happened. Shanghai's economic policies have been a powerful factor in Hongqiao's development. Shanghai has been the economic centre of China since 1840. Even in the period of the Cultural Revolution, Shanghai was the country's industrial centre (Wu, 1999). With the development of Pudong in 1990s, Shanghai has become the so-called dragon head of the YRD, and its total GDP reached RMB 2 trillion by 2012. In addition, Shanghai's proportion of tertiary industry exceeded 60% for the first time in that year, indicating that Shanghai has become a service-based economy and has reached its goal of being the centre of economic, financial, shipping and trading life in China. Due to Shanghai's privileged place in the Chinese economy, it is hardly surprising that many companies are keen to locate their headquarters in the city.

Shanghai also promoted the construction of Hongqiao Business District because it wished to reap the benefits of the transport hub, the successful completion of which has enhanced the city's centrality within the YRD and China as a whole. As a result, travel time from Shanghai has been reduced to 50 minutes for Hangzhou and 2 hours for Nanjing. Journey times between Shanghai and all other major cities in the YRD have been reduced due to the construction of high-speed railways and motorway networks, consolidating Shanghai's status as the central city in the YRD. In addition, the integration of the airport and high-speed railway station within the Hongqiao transport hub has shortened transportation time for export cargos from the cities of the YRD. Because of the Hongqiao transport hub, Shanghai's status as the biggest economic centre in China has been vastly strengthened.

All of this serves to remind us that the arguments advanced so convincingly for Tokyo and Seoul by Hill and Kim (2000) about state-centred global cities in contrast to the market-centred regimes of Western cities like New York and London apply also, in fair measure, to Shanghai. One of the principal differences with a city like Tokyo probably resides in the extent of the role of the local state in Shanghai, as in other large Chinese cities. The analysis in Chapters 5 and 6 make it clear to what extent district and municipal governments have been driving the Hongqiao project, albeit with general support from Beijing. This aspect differs from the case of Tokyo, where local (district) governments are sometimes less enthusiastic about urban

restructuring projects than the metropolitan and national governments, who are often closely allied in support of urban projects that promote the interests of the country's large corporations (Waley, 2007).

8.3.3 Land-based urban growth coalitions and the effects of speculative urbanism

Alongside accumulation by dispossession and competitive urbanism, this thesis has identified land-based urban growth coalitions as a key characteristic of urban restructuring in China. These coalitions are formed based on the principle that participants can benefit from rising land values through land development projects, but participants in the urban growth coalition in Hongqiao benefited unevenly from land development with the most powerful organisations benefiting the most while those authorities lower down the hierarchy such as Minhang District experienced some costs and the displaced villagers were marginalised.

As a result of the discussion in Chapter 6, it has become clear that more emphasis needs to be placed on the way that coalitions are formed and how their membership shifts. On the evidence provided in that chapter, it seems reasonable to develop and refine the idea of land-based urban growth coalitions by identifying their contingent parts; they can be read, I would suggest, as being made up of a number of different coalitions (sub-coalitions, one might say), whose participants vary at different times, but whose aims remain more or less the same: to extract maximum profit from land development projects. These sub-coalitions might be read as follows: a policy and planning coalition, a displacement and relocation coalition, a funding coalition and an investment attraction and promotion coalition. We can see these as different shapes of a fluid and malleable coalition which has land development for profit at its centre, and we can identify each of them in Hongqiao. Shanghai Municipal Government stands at the top of the coordinating hierarchy, while the entrepreneurial local government of the Hongqiao Business District Management Committee has played a vital role as a key part of the sub-coalitions mentioned above. It needs to be stressed, however, that these coalitions are all interpretive constructs of informal groupings -- they reside only in the realm of conceptualisation.

In the initial stage of the Hongqiao project, a policy and planning coalition was formed by different stakeholders -- Shanghai Municipal Government, Shanghai Railway Bureau, the Planning Bureau of the municipal government and Shanghai Airport Group have built Hongqiao project from a high-speed railway station into a huge mega urban project. The Hongqiao area was planned as a new city centre and CBD for Shanghai and beyond as part of an attempt to realise industrial upgrading by developing a service centre in Hongqiao. In the policy and planning coalition, the municipal government was in charge of the coalition, while planners became more powerful in the policy and planning coalition. Meanwhile, local district government stood outside the policy and planning coalition, its fate controlled by higher levels of government. Local district government could do little more than persuade municipal government to ensure that new plans cover their territory as

this brings more preferential policies and public investment.

The displacement and relocation coalition was formed to prepare the land, which was a precondition for the successful launching of the Hongqiao project. In the early stages of the project, Shanghai Municipal Government, as project coordinator, supervised the formation of this coalition, which consisted of Minhang District Government, Shenhong Company, Shanghai Municipal Government, relocation companies, the Relocation Headquarters of the Hongqiao Transport Hub and relocated villagers. Under the direction of Shanghai Municipal Government, Minhang District Government was in charge of land expropriation and transferred the land to Shenhong Company at a price of RMB 1.4 million per mu. The Relocation Headquarters of the Hongqiao Transport Hub was in charge of relocation and compensation on behalf of Minhang District Government. .

Funding is crucial for any mega urban project, particularly so for the Hongqiao project because of its sheer scale. The Hongqiao Business District Management Committee has shouldered the role of fund raiser for the project. The funding coalition for the Hongqiao project was formed by the Hongqiao Business District Management Committee, Shenhong Company, banks and property developers. Hongqiao Business District Management Committee was at its centre. The mechanism in place to raise funding involved local district government and Shenhong Company using urban land as collateral for bank loans guaranteed by the municipal and local district government. The bank loans were released to Shenhong Company to promote land development and infrastructure investment. Once the land is prepared and ready for construction (the process known as the conversion of immature to mature land), it is leased to property developers on the land market. The funds raised through the leasing go to reinvestment in developing another plot of land and payment of interest on the bank loans.

Attracting inward investment has been the top priority of local government, in Hongqiao as elsewhere in the country. Transforming Hongqiao Business District from rural land to a modern built-up area on such a scale has needed huge investment. Against this background, something that we can call an investment attraction and promotion coalition was formed in Hongqiao, led by Hongqiao Business District Management Committee. Its main players include Shanghai Municipal Government, central government, Shenhong Company and property developers from the public and private sectors. Central and Shanghai municipal governments are involved in this coalition through the provision of preferential policy support; local district government is the most active stakeholder in terms of doing the work to attract investment. The core task of this coalition is to realise the land leasing and the sale of new property as well renting out and selling of space in new office blocks and other constructions under the umbrella of the construction of Hongqiao business district. Local district government and property developers share the same interest in getting returns on their investments. District government leaders are heavily involved in place marketing to enhance economic performance during their term in office.

This examination of the constituent parts of the land-based urban growth coalition

shows that the coalition can be characterised as being led by local district government, with land sitting at its core. Land-based urban growth coalitions are formed based on the principle that participants can benefit from rising land values through land development by government-led coalitions. In particular, local district governments tend to be enthusiastic advocates of land-based urban growth coalitions as the coalitions help to coordinate the development projects that provide local governments with important sources of revenue. All the stakeholders are focused on land development; land is the key element in land-based urban growth coalitions, as the stakeholders benefit from increasing land values.

My extended case study of Hongqiao shows that entrepreneurial local district government has been the most active participant in this land-based urban growth coalition, sharing the same interests with investors from the public and private sectors in an attempt to realise growth. Central government, however, has not always been aligned to this coalition. In the first instance, as we have seen, central government alongside municipal government played a key role supporting the Hongqiao project with preferential policies. Central government created the regulatory and administrative framework that pushed local districts to become entrepreneurial. However, fearing a property bubble crisis, Beijing has become more cautious in recent years. Its recent, more restrictive policies have put the land-based urban growth coalition at serious risk, affecting thereby the economic environment. Local district governments have faced huge pressure as a result of government debt, and the availability of finance for land-based urban growth coalitions has become a serious problem in the Hongqiao project and beyond. It is as if local and central government have been involved in a game in their pursuit of urban growth in China. On the one hand, local government has gone helter-skelter in promoting urban and economic growth to raise revenues; on the other hand, central government has been desperate in the last few years to curb excessive urban growth because of its inflationary impact especially on house prices and because of the potentially severe consequences of excessive speculative urban growth.

The role of debt and finance is an important issue in these land-based urban growth coalitions. Based on a local government debt report released by central government, many city governments are on the brink of bankruptcy (National Audit, 2014). Even Shanghai Municipal Government has a debt of RMB 500 billion, 44% of which is supposed to be covered by revenue from the sale of land leases. The situation of many other smaller cities is proportionately much worse. Local government debt has, therefore, become a serious problem as a result, ironically, of the success of earlier rounds of speculative land development organised by land-based urban growth coalitions to extract profit.

With the price of real estate and land having soared dramatically in Shanghai and much of China resulting in a property bubble, the central government in Beijing decided to take measures in 2010, and again in 2012, to slow down the growth in property prices. Beijing launched a series of active steps to limit the money supply and impose restrictions on lending to developers, crucially affecting land-based

urban growth coalitions in Shanghai and elsewhere. An important aim of these measures has been to curb exorbitant house prices, which restrict the purchasing power of citizens, impacting inevitably on urban restructuring projects.

The Hongqiao project has faced huge pressures of debt as a result (it should be stressed) of the smooth running of the coalition and its success in driving the Hongqiao project forwards. However, this piling up of debt can only be repaid through revenue derived from the sale of land leases in a booming property market in Hongqiao. The current slowdown has affected the confidence of potential property investors and buyers; housing market transactions are, at the time of writing, in a state of near-stagnation in Shanghai. Progress in the construction of Hongqiao business district has been held back considerably, much to the annoyance of local government in Hongqiao, which has found itself hamstrung as a consequence.

It can be seen, therefore, that the land-based urban growth coalition is affected by the policies of central government. Therefore, while the central government creates a framework which compels local authorities to become entrepreneurial, it also intervenes to cool down urban speculation and property bubbles. Land-based urban growth coalitions need to take this into account. At least their success in doing this, in part, stems from their fluidity and malleability, characteristics that have been described above. It is hoped that the discussion above has made it clear how a more nuanced examination of these coalitions brings a greater level of understanding and makes these concepts more relevant to the Chinese urban terrain.

8.4 Further research and concluding remarks

This thesis investigated the process of planning and development of Hongqiao transport and business districts; examined their relationship to urban development and spatial restructuring in Shanghai; and thereby commented on and critiqued the nature of urban change in contemporary China. It characterised this as property-led and infrastructure-led, and suggested that the Hongqiao project, which formed the basis of the investigation, might best be conceptualised in terms of competitive urbanism, urban growth coalitions and accumulation by dispossession. The research attempted to represent the extreme complexity of urban change in China, particularly in the case of the Hongqiao project, with its mix of land expropriation, displaced villagers and factories, compensation mechanisms, resettlement issues, construction plans and processes and institutional arrangements. The task of investigating such a huge project involving the construction of a new CBD with only partial research funding proved rather onerous.

In this thesis, progress has been made in understanding the nature of competitive urbanism and the main features of the land-based urban growth coalition formed in Hongqiao. This was done through the presentation of a detailed picture of the Hongqiao project and the consequences on local residents in terms of impact on their livelihoods from the perspective of accumulation by dispossession. Meanwhile,

this huge project has been the centre of a dynamic process in which each factor impacting on the construction of Hongqiao business district has been in continual flux. During the course of the research, policies issued by central government have been changing, and this has influenced the construction of the Hongqiao business district, particularly in the field of project funding sources and land sales, which directly affect the progress of the project. Obviously this thesis is not the final word on the issues raised by the Hongqiao project, but it provides a basis for further research.

In future, more effort might go into bridging the gap between the rich literature and theoretical insights in the Western context with urban change in China. A more complete picture of the sustainability of land-based urban growth coalitions associated with mega urban projects might result, adding considerably to our understanding of urban change in China. In particular, further research might extend the concept of land-based urban growth coalitions, for example, by looking at the impact of local government debt and the effect the local government debt crisis is having on urban growth coalitions. With the local government debt crisis becoming increasingly serious, research will be needed on how entrepreneurial local governments cope with debt and on the issues of sustainability of land-based urban growth that arise.

The voices and interests of relocated villagers have been largely ignored in the decision-making that drives the restructuring projects undertaken by urban growth coalitions. Relocated residents lose their housing and land, but get inadequate compensation, while powerful players in local government realise the profits from accumulation by dispossession. More research should be directed towards how relocated villagers can realise win-win situations, introducing issues of fairness into the process of relocation. Research could thereby provide useful suggestions for local government.

Entrepreneurial local governments have stoked up a highly competitive urban environment. A final line of further research might aim to come up with proposals that reduce the level of interurban competition and enhance regional integration and cooperation in the context of a new type of urbanisation in China.

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List of Abbreviations

Abbreviation	Name
BRR	Bohai Rim Region
CBD	Central Business District
CDG	Changning District Government
CCP	Chinese Communist Party
DCACH	Deputy Commander of Airport Construction Headquarters
ETDZ	Economic and Technological Development Zone
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HBDMC	Hongqiao Business District Management Committee
MDG	Minhang District Government
PRC	People's Republic of China
PRD	Pearl Region Delta
SEZ	Special Economic Zone
SWC	Suzhou, Wuxi Changzhou
SAG	Shanghai Airport Group
SMEC	Shanghai Municipal Education Commission
SCC	Shanghai Commerce Committee
SOE	State-owned Enterprises
SMCTC	Shanghai Municipal Construction and Transportation Commission
TVEs	Township and Village Enterprises
WTO	World Trade Organization
Expo	World Expo in Shanghai
YRD	Yangtze River Delta

Glossary of Chinese terms

Chinese in Pinyin	Chinese	English
Aibo	爱博	Aibo Community
Baozupo	包租婆	Landlord ladies -- make a living through rental housing
Chaiqian dabaogan	拆迁大包干	To take overall responsibility for land expropriation
Chaiqian gongzuo xiaozu	拆迁工作小组	Relocation working groups
Chengzhongcun	城中村	Urban villages
Chengzhenhua	城镇化	Urbanization of small cities and counties
Chengshihua	城市化	Urbanization
Daqing	大庆	One mining city of Heilongjiang Province
Dajiao	大脚	Successful economic performance
Ditan shijian qu	低碳实践区	Low-carbon experimental area
Di yige wunian jihua	第一个五年计划	First Five-Year Plan
Duo gongneng chengshi zongheti	多功能城市综合体	Multi-functional urban complex
Fazhan Pudong, zhenxing Shanghai, fuwu quanguo mianxiang shijie	发展浦东 振兴上海 服务全国 面向世界	Develop Pudong, revitalize Shanghai, serve the entire country and face the world
Hukou	户口	Household registration system
Hongqiao shangwuqu guanweihui	虹桥商务区管委会	Hongqiao Business District Management Committee
Hongqiao shangwuqu kaifa jianshe zhihuibu	虹桥商务区开发建设指挥部	Shanghai Hongqiao Business District Development and Construction Headquarters
Gundong fazhan	滚动发展	Rolling development
Ganying chaomei	赶英超美	Catch up with Britain and surpass the United States
Gudao	孤岛	Isolated place out of city centre
Jianchengqu	建成区	Built-up area
Jian she yong di	建设用地	Construction land
Jiangnan	江南	The southern part of Jiangsu Province
Jinnainiu	金奶牛	A steady stream of supply of cash like cows
Jiucheng gaizao	旧城改造	Urban renewal in the inner city
Long tou	龙头	Dragon head
Lilong	里弄	Backstreet alleys with red-brick terrace housing built by landlords to house rural migrants in Shanghai the city in the first half of the twentieth century

- Glossary -

Lianhe qianye fuwu zhongxin	联合企业服务中心	Joint enterprise service centre
Pei le fu ren you zhe bing	赔了夫人又折兵	Losing one's wife as well as losing one's soldiers
Pudong fazhan lingdao bangongshi	浦东发展领导办公室	Pudong Development Leading Office
Qitong yiping	七通一平	The supply of water, gas, telephone lines, the Internet etc. and land levelling
San xian	三线	Third-front
Shili yangchang	十里洋场	Ten Miles Foreign Market
Shanghai Hongqiao zonghe jiaotong shuniu lingdao xiaozu	上海虹桥交通综合枢纽领导小组	Shanghai Hongqiao Integrated Transport Hub Project Construction Leading Group
Shenhong touzi yu kaifa gongsi	申虹投资开发公司	Shenhong Investment and Development Co., Ltd
Shanghai tudi chubei zhongxin	上海土地储备中心	Land Reserve Centre of Shanghai Municipality
Shanghai jianshe touzi he kaifa gongsi	上海建设投资开发公司	Shanghai Urban Construction Investment and Development Corporation
Shanghai dianli	上海电力	Shanghai Electric Power Company
Sunan	苏南	Parts of Jiangsu Province south of the Yangtze
Subei	苏北	Parts of Jiangsu Province north of the Yangtze
Tian di hu dong	天地互动	Interaction between heaven and earth, harmonizing relationships.
Tui er jin san	退二进三	New industrial policy of withdrawal from the low-end manufacturing sector and promotion of tertiary industries
Urban hukou holders	城市居民	Urban residents
Xinhong	新虹桥	New Hongqiao
Xintiandi	新天地	Place named as new heaven and earth in Hongqiao
Xiaxiang	下乡	Urban youth were forced to go to rural areas to accept re-education from poor peasants during the Cultural Revolution
Xiaojiao	小脚	Kunshan's lower administrative ranking
Xinhong jiedao weiyuanhui	新虹街道委员会	New Hongqiao Street Committee
Yicheng jiuzhen	一城九镇	One City, Nine Towns
Yinfeng zhuchao	引凤筑巢	Attract the phoenix, then fix the nest
Zijianfang	自建房	Self-built houses
Zhaji	宅基地	The homestead
Zhuchao yinfeng	筑巢引凤	Fix the nest, then attract the phoenix
Zhihui chengshi shifanqu	智慧城市示范区	Smart City Demonstration Zone

Appendix A- List of Interviews

Categories	Theme	Code	Date
Government officials (Nine cases)	The positioning and aims of Hongqiao Business District	G2012062101	21/06/2012
	What measures have been taken by Minhang District facing opportunities and competition from Hongqiao?	G2012062102	21/06/2012
	What roles of Hongqiao Business District are on the project.	G2012072603	26/07/2012
	The function of Xinhong Street Committee	G2012072904	29/07/2012
	Planning process and construction of Hongqiao project	G2012080305	03/08/2012
	The industrial layout in Hongqiao Business District	G2012081106	11/08/2012
	What is difference in Hongqiao pre- and post-relocation?	G2012080807	08/08/2012
	What are the roles of Hongqiao Business District Management Committee and Shenhong Company in the construction of the Business District?	G2012081308	13/08/2012
	The issues of investment and land lease	G2012081309	13/08/2012
Group discussion (Three cases)	Relocation compensation mechanism	D2012072801	28/07/2012
Categories	Theme	Code	Date
Group discussion (Three cases)	Governance mechanism of Hongqiao project	D2011120602	06/12/2011
	What they got and lost in relocation	D2011122303	23/12/2012
Planners (Three cases)	The aims of the construction of Hongqiao transport hub and business district, and Shanghai's urban transformation	P2012072101	21/07/2012
	Different opinions of the planner and officials about the relocation of Aibo Community	P2011010402	04/01/2012
	Planning of Hongqiao business district	P2011011003	10/01/2012
Professors and scholars (Four cases)	The role of Hongqiao hub on regional development, and critics' views about the Hongqiao hub and business district	S2012070101	01/07/2012
	The role of the hub on the regionalism	S2012071002	10/07/2012
	The industrial layout in Hongqiao business district	S2012080103	01/08/2012
	Development of Suzhou	S2012063004	30/06/2012
Administrators and leaders from state-owned company (Four cases)	Function, role and operation of Shenhong Company	A2012080201	02/08/2012
	What is the role of Shenhong Company in land expropriation and the construction of the transportation hub?	A2011113002	30/11/2011
	Governance mechanism of Hongqiao project	A2011120803	08/12/2011 04/06/2009
	Relocation issues by Hongqiao project	A2011122804	28/12/2011
Village committee staff (Two cases)	What are the attitudes of relocated villagers towards the project after relocation?	C2012012201	22/01/2012
	What are the expectations of relocated villagers towards the project before relocation?	C2012072902	29/07/2012
Categories	Theme	Code	Date
Real estate developers (Two cases)	Are there some incentives or preferential policies for settled enterprises?	R20120724	24/07/2012
	Why invest in Hongqiao?	R20120726	26/07/2012

- Appendix A -

Local residents (Four cases)	The impact of the project on their lives	R2012071501	15/07/2012
	The impact of the project on their lives	R2012071502	15/07/2012
	The impact of the project on their lives	R2012071603	16/07/2012
	The impact of the project on their lives	R2012071604	16/07/2012
Villagers resettled in Aibo Community	Villager's attitude toward relocation	V20120712	12/07/2012
	Villager's attitude toward relocation	V20120712	12/07/2012
	Villager's attitude toward relocation	V20120712	12/07/2012
	Villager's attitude toward relocation	V20120713	13/07/2012
	Villager's attitude toward relocation	V20120713	13/07/2012
	Villager's attitude toward relocation	V20120713	13/07/2012
	Villager's attitude toward relocation	V20120714	14/07/2012
	Villager's attitude toward relocation	V20120714	14/07/2012
	Villager's attitude toward relocation	V20120714	14/07/2012
	Villager's attitude toward relocation	V20120715	15/07/2012
	Villager's attitude toward relocation	V20120720	20/07/2012
	Villager's attitude toward relocation	V2120720	20/07/2012
	Villager's attitude toward relocation	V2120720	20/07/2012
	Villager's attitude toward relocation	V20120721	21/07/2012
Villager's attitude toward relocation	V20120721	21/07/2012	
Villagers resettled in Aibo Community	Villager's attitude toward relocation	V20120721	21/07/2012
	Villager's attitude toward relocation	V20120722	22/07/2012
	Villager's attitude toward relocation	V20120722	22/07/2012
	Villager's attitude toward relocation	V20120722	22/07/2012
	Villager's attitude toward relocation	V20120126	26/01/2012
	Villager's attitude toward relocation	V20120126	26/01/2012
	Villager's attitude toward relocation	V20120126	26/01/2012
	Villager's attitude toward relocation	V20120127	27/01/2012
	Villager's attitude toward relocation	V20120127	27/01/2012
Villager's attitude toward relocation	V20120127	27/01/2012	

Appendix B-Parts of the transcript of interview

This interview was conducted with officials responsible for the construction of the Hongqiao project and relocation task.

Why was the Hongqiao project proposed by the municipal government?

“Hongqiao project was an expanded project due to construction high speed railway station in Shanghai, high speed railway line was expected to promote economic and urban growth in Minhang district, based on comprehensive thought of Shanghai municipal government, project of High speed railway station and Hongqiao airport expansion were combined and site selected in Hongqiao. In this background, proposal of Hongqiao transport hub was promoted. along with construction transport hub, Shanghai municipal government attempt to build Shanghai as global city through construction four centres of shipment, trade, economic and financial. Hongqiao business district was expected to be trade centre to develop service sector in Shanghai, and promoted development of western shanghai.”

What is the administrative mechanism in the process of the construction of Hongqiao transport and commercial hub? Who governs?

“Hongqiao project is governed and proposed by Shanghai municipal government. Construction of Hongqiao project divided into two phases of construction Hongqiao transport hub and Hongqiao business zone. On order to coordinating progress of Hongqiao project, Shanghai municipal government established leading group of Hongqiao project, deputy mayor was nominated as head of this leading group, then related departments of municipal government and surrounding district aer part of this leading group. Then, under umbrella of this leading group, a series of organization bodies of Shenhong Company, Hongqiao business district management committee and Xinhong street committee were established by municipal governmen , among this governance bodies, Shenhong Company and Hongqiao business district management committee have played leading role in construction Hongqiao transport hub and Hongqiao business zone. Among construction Hongqiao transport hub, Minhang district and Huacao township government have also played crucial role in task of relocation and compensation of local villagers”

What is the background of establishing Shenhong Company?

“China has issued the open door policy since 1978, in particular, when Shanghai started project of developing Pudong new area in 1993, Shanghai has achieved stunning success which led shanghai to be re-emerged and on the course to global city. Along with almost finished projects of its inner urban regeneration and Pudong new area, Inner district has gradually become place of consumption from productive district; Pudong has also gradually on way to be become financial centre of

Shanghai. Construction of financial centre has fostered financial and its related industries gathering in Lujiazui of Pudong new area with policies support from central government (Such as the second operating headquarters of The People's Bank of China moved to Pudong from Beijing to support construction of financial centre in Shanghai). Even there is long way to go in terms of construction of financial centre, the prototype of the financial centre has gradually appeared to some extent in Pudong, overall, Shanghai municipal government has reached its goal and original aim in terms of developing Pudong new area and construction financial centre. But when it comes to issue of construction trade centre in Shanghai, there is no outstanding overall specific strategic plan to develop trade and commercial industry in entire Shanghai in the past decades. The existing planning only caters to part district of Shanghai not for whole Shanghai. Development of trade and commercial industry largely depend upon a few of roads, such as Nanjing Road, which could not form agglomeration effect, not to mention building commercial centre in Shanghai. Therefore, Shanghai municipal government has formed the strategy to build trade centre in Hongqiao, the reasons of Hongqiao was chosen as location is its location advantage, such as fast traffic advantage of Hongqiao airport and Hongqiao high speed train which promoting economic connection between Shanghai and Yangtze River Delta, which was expected to form the effect of city integration (同城化) and agglomeration.

With an attempt to implement Shanghai municipal government's goal of building Hongqiao as one commercial centre of four centres, therefore Shanghai municipal government established Hongqiao business district to carry out its planning.

The municipal government set up the state-owned enterprises to responsible for the preliminary work of building the business district: Shenhong Company (the State-owned enterprise: Shen means Shanghai, Hong means Hongqiao airport), full name of Shanghai Shen Hong Investment and Development Co., Ltd., (referred to as Shenhong Company) which was jointly invested 5 billion yuan by three units of Shanghai Airport Group, Shanghai Jiushi Company and Shanghai Land Reserve Centre was set up in 2006. In order to achieve smooth development, Shanghai municipal government has paid much attention on the issue of share of Shenhong Company, Shanghai Airport (Group) Co., Ltd., accounted for 40%, both Shanghai Jiushi Company and Shanghai Land Reserve Centre accounted for 30% respectively. The shares arrangement of Shenhong can form perfect combination land reserve and transportation construction.”

What is the role of Shenhong Company in the process of constructing Hongqiao transport hub and business zone?

“Shenhong Company as a state-owned enterprise was authorized by Shanghai Municipal government to implement special land reserve and to lead preparation of the detailed planning within Hongqiao business district. So Shenhong Company replacing part of government's function and role has played a pivotal role in land expropriation and infrastructure construction in the project of Hongqiao transport and business zone.

In terms of land expropriation, Shanghai municipal government allocated 2 billion yuan as start-up funding for Shenhong Company, then, Shenhong Company borrowed money from bank to purchase land under guarantee of Shanghai municipal government. Shenhong Company delineated scope of demolition and the number of land should be purchased from Minhang district based on the planning of Hongqiao transport hub and business district. Minhang district government was in charge of project of demolition and farmer replacement, Shenhong Company bought land from Minhang district at price of 1.40 million yuan per mu (1,000 mu is about 66.7 hectares or 166.7 acres), Minhang district government is fully responsible for everything after demolition. After project of demolition, vacant land was prepared by Minhang district government, the rural land was converted to urban land which was under supervision of Hongqiao Company. Hongqiao transport hub has taken up some part land for infrastructure construction such as the second runway of airport and high speed railway station which was paid by Hongqiao airport group and Shanghai Railway Bureau. The rest of land has transformed into commercial land which under supervision of Shenhong company as landlord. The main feature of Shenhong Company is to explore land, provide supporting construction for construction Hongqiao business zone and to implement land reserve. Before land leasing auction, Shenhong Company need provide basic infrastructure such as pipeline of energy and network, road to link the various plots, elevated road and downlink channel which is prerequisite to land before the auction. Shenhong Company has established subsidiary companies to be responsible for the construction of these projects.

Shenhong Company also provided relocation cost. Shenhong Company has bought rural land from Minhang district at price of 1.40 million Yuan per mu, the total amount of land is 12.8 square kilometres (about 1500 12.8 mu) costing 27.072 billion yuan, which is bank loan by Shenhong Company using land as collateral. During period of providing basic infrastructure, Shenhong Company also gets bank loan which was guaranteed by Shanghai municipal government. The entire bank loan used in terms of land purchasing and providing basic construction will be paid by the money from land leasing auction. Also because of needs a lot of money during the construction period, Shenhong Company is ranked the seventh largest loan customers of Shanghai Pudong Development Bank, the loan amount up to 14.6 billion yuan in 2008.”*

Does financial crisis affect the development progress?

“It brought some negative influence to development progress. Its impact has revealed on two aspects: on the one hand, private real estate could not access to credit from bank which was controlled by government causing slow down progress of the construction project; on the other hand, due to financial crisis, the growth rate of GDP (Gross Domestic Product) and government revenue is slower than those of pre-crisis, so government has been facing fiscal constraint. In particular, the speed of land sales is slower meanwhile land income is also reducing which is big problem

for government, because government expenditure is largely dependent on revenue from land sales”

Interviews with relocated villagers.

How much land and how many houses did you have before relocation?

“I have four stories building, which cost me a lot money to build and decorate it. It is a pity we need displace from my house, in addition, I family had 3.2 mu lands for production and rent, my life standard dropped compare to pre –relocation”.

What did you get from the construction of the Hongqiao transport and commercial hub?

“My family got three new flats; I admitted that design, quality and environment of community are good which looks like new urban community. The new community provided basic facility as the urban community have such as underground parking, public green land, sport facilities, outdoor walking and leisure venues for elderly. But except this, I have lost my source of income, land divided, housing rental, agricultural production all lost after relocation, most important, we could not find job here, particularly for young generation, my son have not been finding a job, compensation payment was run out after decoration of flats.”

What did you expect from the Hongqiao transport and commercial hub?

“Now, we have been settled here, I expected Hongqiao project can bring job opportunities for us, and bring more renters to rent my new flats which will increase my income.”

What is difference in your life pre- and post-demolishment?

“I do like to resettle Aibo community, my family’s income has dropped so much, the difference between pre and post relocation is drop of income. I almost have nothing income, before relocation, I have large amount of income from housing rental, I could not live now, money was run out, I hope government gen more compensation for us and get job for me.”

What issues are your most concerned about?

“Income, job opportunity, get more compensation for our future life, fair issues are our most concerned issues.”

“There are not enough job opportunities in Hongqiao area, there is only some low-end job opportunity in there such as security staff with low salary which has less attractive to ex-farmers. The situation get worse, younger generation could not find job in Hongqiao area when Hongqiao business zone is being built, which has caused many social problems in there, for instance, many farmers addicted to gambling, I do not like this.”

“I requested Minhang and Hongqiao government to get more compensation for us. Because pension subsidy is the only source of their livelihood, as for the old villager

in particular reply heavy on the pension subsidy. But the level of pension subsidy of ex-farmers is sub-district level which is lower than those of retired old workers have in urban area. We were protesting for high level and got more compensation.

We complained unfair economic compensation. Because there were some phases to relocate villagers, the earlier to be relocated, the less compensation to get, we were relocated earlier we get big lost compared to those who relocated later, this is unfair. In addition, local village leaders got many more flats in the process of relocation, they benefited so much from relocation. Income and job opportunity are most concerned issues for us, we need job and more income for our life”

Appendix C-Questionnaire

Dear Citizens:

We are students from the East China Normal University, conducting questionnaire surveys for the research of Yanpeng Jiang who is a PhD candidate from the University of Leeds. His thesis title is New Wave Urban Development in Shanghai: Planning and Building the Hongqiao Transport Hub and Business Zone. I hope that you can take ten minutes to support our research.

This questionnaire is anonymous. All replies will be kept strictly confidential and used only for the purpose of the study. There is no right or wrong answer. We simply would like to understand your views on some issues [relating to your experience of relocation]. Our investigators will introduce to you some background information regarding this research to facilitate your process of answering your questionnaire. Your help is important to us! Please OFFER more support, very grateful! If you have any questions, please do not hesitate to contact Mr. Jiang Yanpeng, School of Geography, University of Leeds, UK.

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- Appendix C -

Time and place

Questionnaire No and Interviewer

Village	Age	Educational level	Occupation	Number of household members
---------	-----	-------------------	------------	-----------------------------

Please tell me the category of your household registration.

A. Rural Hukou

B. Urban Hukou

When did you sign the contract and move out of your home?

Date---2006-2007-----

When did you move to Aibo Community?

Date---2009-2011-----

1.1 How many *mu* of land did your household have?

A. Cultivated land

B. Paddy fields

C. Mountain forest

D. Other

1.2 How many labour forces did your family have? -----

1.3 What was the main income source of your household prior to relocation please?

A. Farm production

B. Factory work

C. Professional activities

D. Land dividends

E. Business

F. Self-employed business

G. Housing rental

H. Other

1.4 How much was the total annual income of your whole household prior to relocation (Yuan RMB)?

A. 0-10,000

B. 10,000-20,000

C. 20,000-40,000

D. 40,000-50,000

E. \geq 50,000

1.5 How much is the annual income of your whole household after relocation (Yuan RMB)?

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- A. 0-10,000 B. 10,000-20,000
C. 20,000-40,000 D. 40,000-50,000
E. $\geq 50,000$

1.6 What is the main income source of your household after relocation?

- A. Factory work B. Professional activities
C. Business D. Self-employed
E. Housing rental F. Other -----

1.7 What kind of structure was your house prior to relocation?

- A. Bungalow
B. Two-storey western-style building
C. Three-storey western-style building
D. Four-storey western-style building
E. Commercial housing

1.8 How many square metres of floor space do you have in your house?

- A. $< 100 \text{ M}^2$ B. 100-150 M^2
C. 150-200 M^2 D. $> 200 \text{ M}^2$

1.9 How much money did your house cost to build?

2.0 Were you invited to give any suggestions (e.g., received information, participated in meetings and was visited by officials and researchers) for your relocation before you moved?

- A. Meeting B. Paper materials
C. Visit D. Propaganda

2.1 Is relocation an opportunity to become prosperous from your experience?

- A. Yes B. No

2.2 What kind of compensation methods did you choose?

- A. Monetary compensation B. Off-site housing compensation

2.3 How many sets of your apartment do you have now?

set M²

2.2 How much monetary compensation did you get?

Unit: thousand Yuan

2.5 Did you wish to be relocated?

A. Yes B. No

2.6 What has been your biggest problem in the process of relocation?

A. Too low compensation B. Excessive losses
C. Sadness at leave D. Uncertain future

2.7 How satisfied are you with the compensation standard?

A. Very satisfied B. Satisfied
C. A little dissatisfied D. Very dissatisfied
E. More satisfied than dissatisfied

2.8. Is the compensation standard the same in the process of relocation?

A. Yes B. No

2.9 On which of the following have you principally invested with your compensation?

A. Apartment decoration B. Establishing business
C. Saving for future D. Marriage ceremony for your children
E. Buying car and consumption

3.0. How satisfied are you with job of relocation?

A. Very satisfied B. Satisfied
C. More satisfied than dissatisfied D. A little dissatisfied
E. Very dissatisfied

3.1 What factors will affect your evaluation of the work by officials in the process of relocation?

A. Attitude of government officials working on the project

- Appendix C -

- B. Fairness of compensation
- C. Level of relocation compensation standard
- D. The distance between resettlement housing and original house
- E. The reasonableness of assessment of house value

3.2 How satisfied are you with the infrastructure and facilities in the new resettlement area after relocation?

- A. Very satisfied
- B. Satisfied
- C. More satisfied than dissatisfied
- D. Very dissatisfied
- E. A little dissatisfied

3.3 What is the greatest difficulty for your household?

- A. No land
- B. Hard to become employed
- C. No funding to invest
- D. No way to get rich

3.4 What is the biggest problem in your present life?

- A. Less income
- B. Worse standard of living
- C. Inconvenient to live
- D. Fewer job opportunities

3.5 What problem are you most concerned about?

- A. Job opportunity
- B. Health care
- C. Pension insurance
- D. Child education
- E. Standard of living
- F. Other

3.6 What is the biggest change for you brought by relocation?

- A. Convenient transportation
- B. Improved living environment
- C. More job opportunities
- D. Increased income
- E. Reduced income
- F. Other

3.7 How did you deal with problems arising from your relocation?

- A. Put up with them
- B. Complained
- C. Reported them to government
- D. Accused local leaders
- E. Deviate actions

- Appendix C -

3.8 Do you wish to get further support from the government after your resettlement (e.g., funding, policies, job opportunity and technology)?

- A. Very much B. Wish
 C. Do not wish D. No

3.9 Please make a comparison between your pre- and post-relocation experience by ticking the most appropriate box.

	A: Much better	B: Better off	C: The same	D: Worse off	E: Much worse
1: Compensation					
2: Job opportunities					
3: Income					
4: Housing					
5: Living environment					
6: Level of consumption					
7: Infrastructure					
8: Relations with neighbours					
9: Healthcare					
10: Children's education					
11: Welfare for the elderly					
12: Other					

4.0 Please indicate how important each factor will be for your family in the process of relocation by ticking the most appropriate box.

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	A: Of pre- eminent importance	B: Of great importance	C: Of some importance	D: Of no importance
1: Compensation				
2: Job opportunities				
3: Income				
4: Housing				
5: Living environment				
6: Consumption level				
7: Infrastructure				
8: Relations with neighbours				
9: Healthcare				
10: Education				
11: Welfare for the elderly				
12: Other				

尊敬的市民：

我们是华东师范大学学生，正在研究课题-大型城市交通枢纽工程对区域空间结构的影响和国家自然科学基金项目-城市建成区扩张的最低成本驱动与周期响应机理研究所持观点的问卷调查，希望您能抽出十分钟支持我们的研究。

这份问卷不会记录您的姓名，您所提供的所有答案和信息我们都会严格保密并且仅仅用于本项研究。您的回答没有对错之分，我们只是想了解您对一些问题的真实看法。在答卷过程中，我们的调查员还会为您介绍一些背景信息以方便您回答相关问题。您的热心帮助对我们至关重要！请多加支持，万分感谢！

- Appendix C -

时间地点

问卷编号采访人

村		年龄		文化程度		职业		家庭人口	
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搬迁前您的户口分类

A 农业户口

B 城市户口

您什么时候签搬迁合同并迁出您的住房？

日期-----

您什么时候搬到爱博家园？

日期-----

-

1.1 请问您家里原来有多少亩土地？

A.耕地

B. 田

C.山地

D.其他

1.2 请问搬迁前您家里有多少劳动力？

1.3 搬迁前您家里的主要收入来源是什么？

A. 种地

B.工厂工作

C 做手艺

D.土地分红

E.做生意

F.搞副业

G 房屋出租

H 其他

1.4 搬迁前您家的年收入是多少：

A 0-10,000

B 10,000-20,000

C 20,000-40,000

D 40,000-50,000

E ≥50,000

1.5 搬迁后您家的年收入是多少：

A 0-10,000

B 10,000-20,000

C 20,000-40,000

D 40,000-50,000

E ≥50,000

1.6 搬迁后您家的收入来源是什么？

- A. 工厂工作 B 手艺工作
C. 做生意 D. 搞副业
E 房屋出租 F 其他

1.7 您家房子是什么样的结构？

- A 一层楼的平房 B 两层的洋楼
C 三层的洋楼 D 四层及四层以上的洋楼
E 商品房

1.8 你家的原来的房子有多少平米？

- A $<100 M^2$ B 100-150 M^2
C 150-200 M^2 D $>200 M^2$

1.9 你家的这栋房子共花了多少钱？

2.0 搬迁前，有没有向您征求过意见（比如开会，发材料和访问等）

- A 开会 B 发材料
C 访问 D 宣传

2.1 从您的经历看，搬迁能否成为脱贫致富的机遇？

- A 是 B 不是

2.2 您选择的搬迁补偿方式为：

- A 货币补偿 B 异产权房屋安置

2.3 你家的新分的房子有多少套？ 套 M^2

2.4 你家共得到多少补偿金？ 万

2.5 您愿不愿意被搬迁？

- A 愿意 B 不愿意

2.6 您认为搬迁中你的最大的困难是什么？

- A 搬迁费太少 B 搬家损失太大
C 不舍得家园 D 前途不定

2.7 您对确定的农民搬迁补偿标准是否满意？

- A 非常满意 B 满意

C 不满意 D 非常不满意

2.8 虹桥搬迁过程中，搬迁补偿的标准是否一致？

A 一致 B 不一致

2.9 您把补偿金都用在哪些方面？

A. 房屋装修 B. 生意买卖

C. 储蓄存款 D. 操办婚事

E 买车或者消费

3.0 您对搬迁工作满意吗

A 很满意 B 基本满意

C 一般 D 不满意

E 很不满意

3.1 那些因素影响您对搬迁工作的评价？

A 政府工作人员的工作， B 补偿的公平性

C 搬迁补偿标准的高低 D 搬迁后的房屋安置远近

E 房屋价值评估的合理性

3.2 您对现在的基础设施（供电供水，道路，通讯和市场）满意吗？

A 非常满意 B 满意

C 说不上来 D 非常不满意

E 不满意

3.3 您认为现在最大的困难是什么？

A 没有土地 B 就业困难

C 无钱投资 D 致富无门

3.4 您认为生活中最大的问题是什么？

A 收入减少 B 生活水平下降

C 生活不方便 D 工作机会少

3.5 你现在最关注的问题是什么？

A 就业机会 B 医疗保障

C 养老保险 D 小孩教育

E 生活水平 F 其他

3.6 您觉得动迁给你带来了最大的变化是什么？

A 交通便利 B 居住条件改善

- Appendix C -

- C 就业机会增多 D 收入增加
 E 收入减少 F 其他

3.7 在搬迁过程中您的要求不能满足，利益受损时，您是怎么处理的？

- A. 忍耐 B 发发牢骚
 C 反映情况 D 上诉告状
 E 极端行为

3.8 在搬迁后，您希不希望政府给予后期扶持（资金，政策，就业和技术等）？

- A 非常希望 B 希望
 C 可有可无 D 没必要

3.9 请您对搬迁前后的情况进行一下对比（在合适的地方打勾）

	A:好多了	B: 好一些	C: 差不多	D: 差一些	E: 差多了
1: 补偿					
2: 工作机会					
3: 收入					
4: 房子					
5: 生活环境					
6: 消费水平					
7: 基础设施					
8: 邻里关系					
9: 医疗保健					
10: 孩子教育					
11: 老人福利					
12: 其他					

- Appendix C -

4.0 您认为在搬迁过程中，以下方面重要与否（在合适的地方打钩）

	A: 非常重要	B: 很重要	C: 一般	D: 不重要
1: 补偿				
2: 工作机会				
3: 收入				
4: 房子				
5: 生活环境				
6: 消费水平				
7: 基础设施				
8: 邻里关系				
9: 医疗保险				
10: 孩子教育				
11: 老人福利				
12: 其他				