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# CHINA'S

# URBAN

# CHAMPIONS

## THE POLITICS OF SPATIAL DEVELOPMENT

## KYLE A. JAROS

# CHINA'S URBAN CHAMPIONS

**Princeton Studies in Contemporary China**  
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*The Contentious Public Sphere*, Ya-Wen Lei

# **China's Urban Champions**

## **The Politics of Spatial Development**

Kyle A. Jaros

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*Kyle A. Jaros*

Oxford, United Kingdom

## ABBREVIATIONS

<b>BRI</b>	Belt and Road Initiative
<b>CAGR</b>	Compound annual growth rate
<b>CCP</b>	Chinese Communist Party
<b>CDB</b>	China Development Bank
<b>CRPZ</b>	Comprehensive Reform Pilot Zone
<b>CYLC</b>	Communist Youth League of China
<b>CZX</b>	Changsha-Zhuzhou-Xiangtan
<b>EEZ</b>	Ecological Economy Zone
<b>ETDZ</b>	Economic and Technological Development Zone
<b>FAI</b>	Fixed Asset Investment
<b>FDI</b>	Foreign Direct Investment
<b>FIE</b>	Foreign-Invested Enterprise
<b>FYP</b>	Five-Year Plan
<b>GDP</b>	Gross Domestic Product
<b>HTDZ</b>	High and New Technology Industrial Development Zone
<b>ISI</b>	Import-Substitution Industrialization
<b>IT</b>	Information Technology
<b>JING-JIN-JI</b>	Beijing-Tianjin-Hebei
<b>LIANGXING BAN</b>	“Two-Oriented” Society Construction Office
<b>LIC</b>	Local Government Investment Company
<b>MOC</b>	Ministry of Construction
<b>MOF</b>	Ministry of Finance
<b>MOLAR</b>	Ministry of Land and Resources
<b>NBS</b>	National Bureau of Statistics
<b>NDRC</b>	National Development and Reform Commission
<b>NMC</b>	Nanjing Metropolitan Circle

**xiv LIST OF ABBREVIATIONS**

<b>NSCC</b>	New Socialist Countryside Construction
<b>PRC</b>	People's Republic of China
<b>SDPC</b>	State Development Planning Commission
<b>SEZ</b>	Special Economic Zone
<b>SOE</b>	State-Owned Enterprise
<b>SWC</b>	Suzhou-Wuxi-Changzhou
<b>TDP</b>	Telugu Desam Party
<b>TVE</b>	Township and Village Enterprise
<b>XI-XIAN</b>	Xi'an-Xianyang
<b>USSR</b>	Union of Soviet Socialist Republics
<b>WTO</b>	World Trade Organization
<b>YRD</b>	Yangtze River Delta

## SELECTED CHINESE NAMES

An Qiyuan	安启元	Pan Yiyang	潘逸阳
Bo Xilai	薄熙来	Shen Daren	沈达人
Chen Deming	陈德铭	Shi Wenqing	世文清
Chen Huanyou	陈焕友	Shu Huiquo	舒惠国
Cheng Andong	程安东	Shu Shengyou	舒圣佑
Chiang Kaishek	蒋介石	Su Rong	苏荣
Chu Bo	储波	Wang Guangtao	汪光焘
Deng Xiaoping	邓小平	Wang Jianhua	王建华
Fei Xiaotong	费孝通	Wang Maolin	王茂林
Hu Jintao	胡锦涛	Wen Jiabao	温家宝
Huang Qifan	黄奇帆	Wu Guanzheng	吴官正
Hui Liangyu	回良玉	Wu Xinxiong	吴新雄
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Jia Zhibang	贾治邦	Yang Zhengwu	杨正午
Jiang Zemin	江泽民	Yuan Chunqing	袁纯清
Li Jianguo	李建国	Zeng Qinghong	曾庆红
Li Keqiang	李克强	Zhao Leji	赵乐际
Li Peng	李鹏	Zhao Zhengyong	赵正永
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Mao Zedong	毛泽东	Zhou Qiang	周强
Meng Jianzhu	孟建柱	Zhu Rongji	朱镕基





# CHINA'S URBAN CHAMPIONS



# 1

## Introduction

### PICKING WINNERS IN SPACE

Utilize the law of uneven development; persist in prioritizing advantageously placed areas.

—ZHANG CHUNXIAN<sup>1</sup>

Can [a nation's] rebirth be based on the swelling-up of four percent of its territory, and the ongoing impoverishment of the people and production of half its regions?

—JEAN-FRANÇOIS GRAVIER<sup>2</sup>

In 2012, news spread of a planned skyscraper in Changsha, the capital city of Hunan province, that was superlative even by Chinese standards. At 838 meters tall, with 202 floors and space for up to 30,000 occupants, Sky City (*tiankong chengshi*) aimed to surpass Dubai's Burj Khalifa as the world's tallest building. As if this were not enough, Broad Group, the company behind the project, boasted that it would erect the tower in a matter of only months by using cutting-edge construction techniques (Hilgers 2012). On July 20, 2013, company executives, flanked by dozens of dump trucks and backhoes, held a ground-breaking ceremony on the outskirts of Changsha. Soon after this bold start, however, it emerged that Broad Group had failed to secure the required permits. Work on Sky City halted and has not resumed since.<sup>3</sup>

The dream of constructing the world's tallest skyscraper in mere months might have seemed feverish all along, but it was not out of place: Changsha itself was in the middle of an extraordinary rise. As late as the mid-1990s, Changsha had been a sleepy hinterland city with a modest industrial base.

After more than a decade of some of the fastest economic growth of any major city in China, however, Changsha by 2012 had become a multi-million-person metropolis. Its manufacturing sectors as well as its cultural and entertainment industries were major players in the national market. The city's consumer economy had taken off, too, with nightlife and shopping that drew visitors from across China. Rows of high-rise office towers and apartment blocks radiated out in all directions from the city center, and miles of riverfront had been remade with new parks and bridges. Changsha's GDP numbers rivaled those of big eastern cities like Nanjing and Qingdao. With or without Sky City, it was on the map.

Changsha's rise is emblematic of the broader metropolitan boom that has unfolded across China in the past two decades. As urbanization and industrialization have swept the country, provincial capitals and other big cities have captured a disproportionate share of the action (Lin 2007; Hsing 2010). Major metropolitan centers have become more dominant in China's urban system and national economy, and in many provinces big cities have outpaced secondary cities and outlying regions in economic growth and urban construction.<sup>4</sup> These trends stand in contrast to development patterns in China during the first 15 years of reform, when smaller cities were at the forefront of industrial growth and were expanding more quickly than large cities (Wei 1994; Fan 1999; Anderson and Ge 2005).

The rapid metropolitan development seen in China since the late 1990s may seem natural enough in an era of "glocalization," when large cities have emerged as key pivots and players in the world economy.<sup>5</sup> But, as I argue in this book, the red-hot growth of big cities across China is also very much a product of policy choices—of state efforts to pick winners in space. China's metropolises have not just risen under their own power or ridden global market waves to success. To a greater extent than most observers recognize, they have been favored and fostered by the party-state. Like "national champions" of industry, big cities in China have received huge injections of public investment and policy support. Higher-level authorities have rushed to groom urban winners that can compete with domestic rivals and stand among the world's great cities. Hoping to replicate the success of Shanghai and Shenzhen, they have invested lavishly in metropolitan industry, infrastructure, and image.

Changsha's economic success, in particular, depended heavily on policy support—not least from provincial authorities. Hunan remained a poor agrarian province throughout the twentieth century, best known outside China for its red politics and the red chilis of its cuisine. After the mid-1990s, however, Hunan plunged into the wave of urbanization as boldly as any province. Provincial leaders announced plans to turn Changsha and the neighboring cities of Zhuzhou and Xiangtan into a more powerful "growth pole" (*zengzhang ji*) for Hunan. With a mantra of "lift up the whole province's strength to build

Changsha,” policymakers launched huge investments in the city and nearby areas.<sup>6</sup> Even after a decade of rapid growth, provincial party secretary Zhang Chunxian in 2008 told Hunan officials to “persist in prioritizing advantageously placed areas” and “make the Changsha-Zhuzhou-Xiangtan urban cluster into the leading area for new-style industrialization” (Zhang 2009, 9).

Of course, prioritizing the development of some places means neglecting others. For every urban winner like Changsha, there are many cities and sub-regions that lose out. And for every wealthy big-city neighborhood, there are many struggling communities in the hinterland. Shaoyang, a prefecture-level city in southern Hunan, exemplifies the economic deprivation that has persisted across much of the province as Changsha has prospered. Shaoyang is one of Hunan’s most populous regions but also its poorest. In 2012, Shaoyang’s per capita GDP was less than one-sixth of Changsha’s (China Data Online [CDO]; author’s calculations), and in recent years the region has suffered governance scandals linked to resource shortfalls.<sup>7</sup> Unsurprisingly, marginalized regions such as Shaoyang have been hotbeds of social discontent.

Proactive state favoritism toward major cities, or what I refer to in this book as metropolitan-oriented development models, can worsen distributive inequalities, fan regional and social grievances, and fuel overheated urban growth. Such approaches are therefore controversial, and they have not prevailed everywhere. Whereas development policies in some Chinese provinces have given preferential treatment to leading urban areas, policies in other cases have put more emphasis on secondary cities and rural regions. And whereas spatial development has become increasingly polarized in some provinces, urban and industrial growth have been more regionally balanced elsewhere. Like China’s shift over time toward a more metropolitan-oriented paradigm, such variation in the development models of different provinces presents an empirical puzzle and points to larger theoretical questions: How do state actors in developing economies intervene to shape the geography of urban and industrial growth? Why do government policies in many cases favor what are already the largest, most economically advanced urban areas, reinforcing spatial and social disparities? Under what conditions do development policies promote more spatially dispersed and socially inclusive growth?

To address these questions, this book examines China’s contested embrace of metropolitan-oriented development and the related politics of spatial policy. At a time when the economic advantages enjoyed by big cities around the world are taken for granted, I refocus attention on the ways that state actors engineer such competitive strengths. Whereas urban and regional policies are often seen as an afterthought in state-led development, a closer look at cases from China reveals that spatial policies have figured centrally in the near-term allocation of resources as well as the long-term trajectory of regional development and governance. Over the course of the book, I demonstrate how state

actors at different levels have worked to shape the growth of China's urban system through ambitious plans and initiatives. And I show how the relative dominance of different policy concerns and of different political actors has determined which spatial development models take shape.

## Metropolitanization and Its Discontents

The development of big cities has repercussions far beyond GDP figures and far outside municipal limits. How urban and industrial growth is distributed across space—and, more specifically, how the development of dynamic metropolises is balanced with that of secondary urban areas and peripheral regions—affects economic, political, social, as well as environmental outcomes. Metropolitanization, or the concentration of economic activity and people in and around major cities, has benefits but also worrisome costs.<sup>8</sup>

On the one hand, the achievements of rising Chinese metropolises seem to bear out optimism about big cities' economic potential. Concentrated urban growth can make possible great developmental leaps, as in Changsha. As economists like Paul Krugman (1991) and Edward Glaeser (2008, 2011) explain, big cities enjoy powerful agglomeration effects—self-reinforcing productivity gains from the proximity of large numbers of market actors and different types of economic activity. These benefits of proximity can help large metropolitan areas thrive as hubs of industry, innovation, and job growth and economic engines for wider regions or countries. Urbanists like Saskia Sassen (2006) note big cities' particular advantages in a context of economic globalization, given that they serve as loci for transnational finance and business services. In recent years, experts from the World Bank and influential consultancies like McKinsey have advocated mega-city development as a way for emerging economies around the world to achieve fast, sustainable growth (World Bank 2009; McKinsey Global Institute 2009).

But metropolitan-oriented development also has worrying downsides, and these too have grown more acute in recent years. Scholars and policymakers in China and worldwide have long recognized the perils of spatially uneven urban and industrial growth. Writing in the 1940s, geographer Jean-François Gravier described with alarm how France was degenerating into an overgrown Paris metropolis and an economic “desert” beyond. In the decades since Gravier wrote about France, observers have diagnosed a wide range of problems associated with top-heavy urban development. Some of these problems are internal to big cities. Big cities often grapple with serious air and water pollution, transportation challenges, housing affordability issues, and public health threats. These problems of urban congestion and sprawl carry significant economic, environmental, and social costs (Cohen 2004; Henderson 1999). Large cities also tend to have high, and highly visible, socioeconomic inequality

(Jones 1990; Baum-Snow and Pavan 2013). The metropolitan wealth manifested in gleaming streetscapes and skyscrapers often fails to trickle down to ordinary people (Huang 2008). Dramatic rich-poor gaps can, in turn, provoke powerful resentment.

Other problems go beyond city limits. Fast metropolitan development often fails to spill over to other areas, and economic growth in smaller cities and rural regions can remain stunted as people and firms cluster in leading cities (Hirschman 1978; Henderson 2002). With a “metropolitan bias” in resource allocation, poverty may become deeply entrenched in smaller cities (Ferré et al. 2012). The tug of war between rich metropolises and poorer peripheries for policy attention and resources can create mounting social polarization and political tension (Brenner 2004; Wei 2000; Vogel et al. 2010). Overgrown cities themselves can become tinderboxes for social grievances, and unrest in major cities can destabilize national economies and ruling regimes (Wallace 2013).

As the economic divide between booming metropolises and stagnating hinterlands has worsened around the world in recent decades, sociopolitical fault lines have also deepened. Enrico Moretti (2013) finds that the divergence of fortunes between thriving metropolitan centers and stagnant secondary cities and rural areas has propelled a broader socioeconomic split between big-city dwellers and hinterland denizens: not only the wages and wealth but also the health and social well-being of the latter have fallen far behind those of the former (96, 112–13). These divisions have, in turn, roiled the politics of several countries. Richard Florida (2017) acknowledges the toxic political fallout of “winner-take-all urbanism,” wherein a subset of “superstar cities,” and within them a subset of neighborhoods, capture most economic gains. In the United States, he argues, such undercurrents merged into a swell of support for a populist Donald Trump backed by “anxious, angry voters in the left-behind places of America” (xix). This kind of anti-metropolitan backlash is hardly limited to the United States. In the United Kingdom, the 2016 Brexit referendum revealed a gaping political divide between metropolitan London and Manchester and frustrated secondary cities and rural regions. Across the globe in Thailand, protracted conflicts between the elites of greater Bangkok and rural dwellers angry about capital city privilege undermined democratic political processes and paved the way to the 2014 military coup.<sup>9</sup>

Expressions of political discontent linked to metropolitan bias are more muffled in authoritarian settings such as China, but scholars like Carl Minzner (2018) note the buildup of anger in a society increasingly stratified between big-city elites and excluded urban poor and migrants (42, 54–55). Such anger surfaced momentarily during a protest in Beijing in December 2017 in response to measures by the city to evict thousands of members of what one municipal official called the “low-end population” (*diduan renkou*) (Phillips



TABLE 1.1 A spectrum of spatial development models

Model	Definition
Metropolitan-oriented development	Developmental priority given to largest, most advanced urban areas; limited attention to small cities and rural areas
Mixed spatial development	Limited priority given to any one region; support for cities of various sizes as well as rural areas
Dispersed development	Developmental priority given to smaller cities and rural areas; reduced attention to major cities

2017). More diffuse discontent, which could one day coalesce into political action, pervades the ranks of China's rural dwellers and migrants. Amid city-centered economic development, large parts of China's countryside have been devalued and forsaken by policymakers—leaving behind what Driessen (2018) refers to as “rural voids.” Villagers have sometimes been rushed into cities on terms they are unhappy with, leaving them insecure and resentful in their new surroundings (Zhan 2017).

Given the costs as well as benefits of uneven development, it matters a great deal whether governments pour fuel on the fire of metropolitan growth or, conversely, work to moderate growth and rein in glaring spatial disparities. The varying approaches to urban and regional development, or *spatial development models*, that we find in different settings constitute the main outcome of interest in this study. Governments promote different models of spatial development insofar as they explicitly or implicitly prioritize some places over others in the distribution of state support and economic resources. To simplify, we can think of spatial development models as falling along a spectrum, as shown in table 1.1. On the one extreme, state policies can promote *metropolitan-oriented development*, concentrating investment and policy support in and around big cities, while neglecting secondary cities and rural regions. On the other extreme, they can promote *dispersed development* models that target resources and policy support to secondary cities and rural areas.<sup>10</sup> In other cases, governments may pursue *mixed spatial development*, supporting the parallel development of big cities, smaller cities, and rural regions without showing obvious bias either toward or away from large metropolitan regions.

As I explain in more detail in the following chapters, any given model of spatial development has both advantages and disadvantages. Given the varying challenges different countries and regions face, specific models of spatial development may be more or less appropriate in certain contexts or at certain stages of economic development. While there may be sound technical reasons for choosing one model over another, however, decisions about what form of urban and regional development to promote are ultimately political.

## What Model of Spatial Development for China?

The political stakes of spatial policy in the People's Republic of China (PRC) have been high from the start because of the speed of development, the sharpness of inequalities, and the clashing imperatives of growth and stability. For much of its history, the Chinese Communist Party (CCP) displayed a wary attitude toward big cities and spatially concentrated development (Yeh et al. 2011). Mao Zedong led a rural-based revolution that relied on the mantra of “using the countryside to encircle the cities” (Mao 1992), and the CCP's suspicion toward cosmopolitan cities lingered even as China pursued rapid industrialization in the 1950s and early 1960s. Driven by geostrategic concerns and Cultural Revolution ideology, China's leaders in the late 1960s and early 1970s shifted people and industry away from crowded metropolises to smaller cities and remote parts of the interior (McGee et al. 2007, 33–36). Fierce debates over spatial policy continued after China embarked on economic reform in 1978 under Deng Xiaoping. Notwithstanding the Dengist dictum of “letting some people get rich first,” policies that further concentrate resources in the most developed provinces and, within provinces, in the most developed subregions and cities, have provoked controversy (Wang and Hu 1999; Fan 1995). Worried about overly rapid and concentrated urban growth, Chinese policymakers maintained a policy of curbing the growth of large cities during the 1980s and well into the 1990s (Marton 1995).

As China pursued more ambitious economic and social development goals in the 1990s and 2000s, policy elites accepted the need for faster urbanization but remained divided on the question of how to urbanize. Many leaders and academics continued to champion “small city-based urbanization” (*cheng-zhenhua*) and balanced regional development, and the official policy of limiting the growth of China's largest cities remained on the books. Other policy elites, concerned with economic efficiency, called for “big city-based urbanization” (*chengshihua*) and faster development of metropolitan regions (Gu, Wu, and Cook 2012; Yeh et al. 2011). Far from receding, such debates have persisted into the 2010s. Following the rise to power of Xi Jinping and Li Keqiang in 2012, the central government made urbanization one of its top development priorities,<sup>11</sup> but high-level consensus on urban policy issues remained surprisingly elusive. Disagreements among top policymakers delayed the adoption of a new national urbanization strategy and continued even after the government released a National New-Type Urbanization Plan in 2014 (Yao 2013; *Economist* 2014).

With debates continuing at the national level, provinces have been key arenas for spatial development policy in practice. Provincial units have long played a crucial governance role in China (Donaldson 2010). With populations often exceeding 50 million people, provinces are as large as medium-sized

countries and face country-sized development challenges. There are sharper economic disparities within provinces than across them, and provinces' leading cities are often vastly wealthier than small cities and rural areas (Wei and Fan 2000). Many important policies take shape at the provincial scale, especially regarding urban and regional development. Provincial governments formulate industrial and spatial development strategies for their units and assign the cities under them different functional roles. Provincial governments are responsible for coordinating the growth of different cities, allocating fiscal resources and land quotas, supporting industrial development, and helping localities obtain financing and policy support from the central state (Gu, Zhao, and Zhang 2012; Watson et al. 1999, 93). Provincial authorities play a key role in the construction of regional infrastructure like highways, rail lines, and utilities (Lin 2012; Vermeer 2004). And, given their position in the state hierarchy, provinces are indispensable for policy initiatives that span multiple levels of government or cut across functional domains. Provincial-level policies therefore have a direct bearing on urban and regional development processes.

At the provincial level, we find marked variation in the spatial development models promoted by policymakers even in otherwise similar units. As already seen in the case of Hunan, urban and industrial development in some provinces has focused heavily in recent decades on leading metropolitan areas. A disproportionate share of policy attention and economic resources has gone to top cities, further reinforcing their advantages. Elsewhere, however, policymakers have pursued a more dispersed model of urban and industrial development. In Jiangxi, which is located next to Hunan and resembles it in terms of geography and development level, development policies have distributed state support and resources more widely across the province. Jiangxi's spatial strategy after the late 1990s did not show the same singular emphasis on metropolitan growth as seen in Hunan, but instead stressed the development of rural areas and small cities. Besides variation across provinces, we find dramatic shifts over time in individual provinces' spatial development approaches. Within Jiangsu, for example, the spatial focus of development policies changed frequently between the late 1990s and the early 2000s. At some moments, policies explicitly favored hinterland regions; at other times, they prioritized metropolitan regions.

Different provincial policy approaches in turn have affected more tangible economic outcomes. There has been striking variation across China's provinces in the spatial distribution of new development, as we can see by examining patterns of fixed-asset investment (FAI), a key indicator that covers investment in infrastructure, industry, and real estate. The black bars in figure 1.1 reveal wide variation across China's provinces in the share of total FAI in different provinces captured by the leading metropolitan center.<sup>12</sup> During the

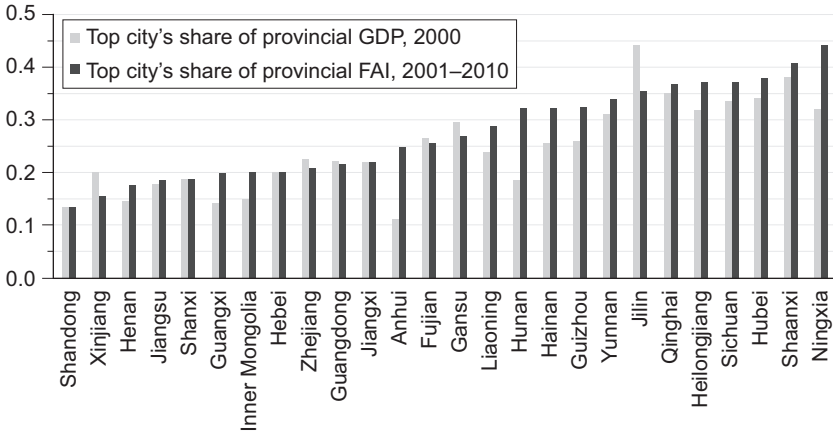


FIGURE 1.1: Share of investment (FAI) captured by each province's top city, 2001-2010  
 Source: China Data Online (CDO); provincial yearbooks; author's calculations

decade between 2001 and 2010, the leading cities in provinces like Shaanxi and Ningxia accounted for nearly half of the total FAI in their provinces, while leading cities in Shandong and Xinjiang received less than one-sixth of total investment. Even after taking into account the initial economic dominance of each province's leading city, we find dramatic differences in the slant of investment toward or away from leading cities. The gray bars in figure 1.1 indicate the leading city's share of provincial GDP in the year 2000. Because this ex ante measure of economic importance is a good predictor of top cities' share of FAI on average, it helps in identifying cases where top cities received disproportionately large or small shares of investment. Comparing top cities' FAI shares with their initial GDP shares suggests that provinces like Hunan and Anhui had a strong metropolitan bias in investment, while investment was tilted away from leading cities in provinces like Gansu and Jilin.

We also find surprising variation in the spatial pattern of development over time within provinces, as I discuss in detail in later chapters. In Jiangsu, for instance, investment and GDP became more concentrated in major metropolitan centers like Suzhou and Nanjing during the early 2000s, only to grow more dispersed later in the decade. In Hunan, Changsha's share of economic output increased fairly steadily between the mid-1990s and mid-2000s, but then rose even more abruptly in the late 2000s.

Sharp inflection points in time and varying outcomes in similar provinces show the limits of historical legacies and basic structural factors in explaining patterns of spatial development. These empirical puzzles underscore questions about how the state intervenes in urban and regional development and manages the relationship between metropolis and hinterland. Given that public policies must respond to a mix of regional conditions and political

pressures, it is understandable that spatial development approaches have varied widely across China. Yet, it remains important to clarify which economic and political factors matter most in shaping spatial development approaches, and why policymakers tolerate—or encourage—more uneven development in some cases than others.

## Explaining Spatial Bias in Development

Scholars have long sought to understand the role governments play in spatially uneven development. Past work often has focused on the accidental or incidental ways that public policies give rise to metropolitan bias in development. This can occur without the explicit aim of governments, whether as an outgrowth of underlying economic trends or as a side effect of authoritarian politics or state-led industrialization. Although such explanations help to make sense of broad trends in China, they downplay the agency of the state in spatial development and they struggle to account for the within-country variation described above. We need instead to foreground urban and regional development policies and the politics behind them, and this is precisely what I go on to do in the rest of the book.

### AGGLOMERATION ECONOMIES AND PATH DEPENDENCY

Economic geography offers the simplest explanation of uneven development: what looks like distributive bias toward or away from big cities may simply reflect underlying patterns of urban-industrial growth. The economic development of countries and regions is invariably a polarized process. Some areas develop before others, because a critical mass of resources and people is required for more sophisticated economic activities to emerge, and there are powerful path dependencies and returns to scale in urban development. Scholars since Friedmann (1956), Hirschman (1978), and Williamson (1965) have noted that urban and industrial growth often becomes more concentrated in the early stages of development before diffusing thereafter. More recent scholarship by Krugman (1991), Sassen (2006), Glaeser (2008), and others explains how agglomeration economies can lock in the advantages of larger cities over time, as positive returns to scale emerge in industry and labor markets.<sup>13</sup>

These agglomeration dynamics in turn may constrain the choices of governments. For example, policymakers face pressure to provide infrastructure and public services in rapidly growing urban-industrial centers. But the expansion of infrastructure and public services in these locations may enable even more growth and further increase imbalance, especially when governments

are slow to undertake investment outside leading urban areas (Henderson 2002). During the contemporary era of economic globalization, in which large cities around the world are growing rapidly, it may seem only natural for them to receive the most attention and policy support from governments, even if state support further heightens these cities' advantages.

Yet, seeing governments as captive to development trends and market realities obscures the independent agency of the state and the important sense in which political factors undergird market conditions. While historical legacies and basic geographic, structural, and economic conditions may constrain government policies, they do not determine them. Considerations of economic efficiency are often important to policymakers, but what counts as efficient is not obvious or immutable. As Glassman (2004) notes, "agglomeration economies and 'market' advantages are real and inescapable in the short term. But these 'market' advantages have been created historically (with the assistance of distinctly 'non-market' forces, such as militaries), and are constantly renewed with the assistance of state (and statist) institutions" (119). During some historical periods, particularly times of rapid economic growth and urbanization, the economic landscape of countries or regions is especially malleable. Many of the competitive advantages certain cities and regions enjoy are conferred by government policies, whether decisions about where to build infrastructure and locate state economic assets or policies that govern the mobility of economic factors across space (Henderson 2002; Glaeser 2008). These policy decisions take economic conditions into account, but they are ultimately political outcomes and must be explained as such.

As I discuss in more detail in later chapters, development patterns in China's provinces reflect the importance of path dependencies in shaping urban and regional growth but they also suggest that there is something more at work. While historical trends and structural legacies clearly affect provincial development trajectories, they do not fully determine them. Even provinces that started out with similar geographic and economic-structural conditions have sometimes followed different policy approaches and ended up with diverging spatial development patterns. And provinces' spatial development approaches have sometimes shifted abruptly over time. During a period of rapid, state-led development, China's economic geography has been fluid and prone to the influence of policy.

## REGIME TYPE AND ADMINISTRATIVE STRUCTURE

Previous work also points to basic political institutions as an important explanation of developmental bias toward big cities. The regime type and administrative architecture of a country determine who the key decision-makers are

and what patterns of political pressure they face from society more broadly. Depending on whom policymakers answer to politically, and which socioeconomic and territorial constituencies exert the most leverage over policy, they are likely to allocate resources differently.

It has long been noted that authoritarian and/or centralized political systems are prone to metropolitan bias in the allocation of resources. Whereas rural areas and smaller urban centers often succeed in obtaining state assistance in majoritarian systems,<sup>14</sup> decision-makers in authoritarian or highly centralized systems are more insulated from the demands of society at large. However, in authoritarian settings, urbanites, and especially capital-city dwellers, often have *de facto* leverage over state actors due to their proximity and their collective action potential. Urban constituencies may actively siphon resources and policy favors from the state, and regime incumbents may attempt to buy off urban constituencies by doling out public largesse (Bates 1981). Indeed, scholars since Jefferson (1939) have interpreted top-heavy urban growth in authoritarian and politically centralized countries as evidence that the state is lavishing benefits on major cities (Ades and Glaeser 1995; Davis and Henderson 2003; Galiani and Kim 2011).<sup>15</sup> Recent work by Wallace (2014) argues that bias toward capital cities is greatest under politically insecure autocrats with short time horizons, who discount the future risks of high urban concentration.

While there is little doubt that authoritarian politics has influenced the geography of resource distribution in China, national-level political institutions cannot fully explain observed outcomes. Following the logic of Ades and Glaeser (1995), one might interpret the metropolitan turn in China's development as an attempt to reduce the political grievances of urban dwellers. The Tiananmen events of 1989 surely gave regime elites in China a reminder of big cities' revolutionary potential and impressed on them the need to more effectively co-opt urbanites. However, as Wallace (2014) notes, favoring big cities in resource allocation is ultimately a "Faustian bargain": it proves self-defeating in the long run by inducing more in-migration to big cities and thus setting the stage for greater upheaval.<sup>16</sup> Given that the Communist Party operates from a position of strength *vis-à-vis* society and displays an impressive (and often repressive) capacity for long-term planning, it is unclear why it would opt for such a risky solution.

Whether or not China's leaders have consciously sought to co-opt big-city dwellers, China's regime type and basic administrative structure do not directly explain the spatial allocation of economic resources and policy benefits. Under the same system, provinces have pursued varying development models, and China as a whole has taken different policy approaches over time.<sup>17</sup> While political institutions certainly matter, it remains important to clarify the specific institutional mechanisms through which state support is targeted.



## INDUSTRIAL DEVELOPMENT PARADIGMS

Another factor shaping the spatial distribution of economic resources and policy support is a country's industrial development paradigm. A range of past scholarship notes that the growth strategies pursued by modernizing regimes have influenced the shape of urban development. Even economic institutions and policies that are not overtly spatial affect how development is organized geographically and which locations are privileged. Michael Lipton's seminal account of "urban bias," for example, notes how national development strategies that favor industry at the expense of agriculture and modern sectors at the expense of traditional economic activities benefit cities and harm the countryside (Lipton 1977). In many settings, state-led industrialization programs have not merely privileged cities over rural areas but have specifically favored the largest cities.

Efforts to foster modern, large-scale industry through subsidies, economic infrastructure, and preferential policies are likely to help the largest urban centers if these areas have the best infrastructure or the highest concentration of such firms to start with. In this way, import-substitution industrialization (ISI) policies led to extreme urban primacy in several Latin American and African countries (Gilbert and Gugler 1992; Bates 1981). Looking at the Chinese context, Donaldson (2011) describes how a focus on large-scale industry in the province of Yunnan during the 1980s tended to concentrate investment in space, while a "micro-oriented" development model in Guizhou spread benefits more widely. By a similar token, the outward-oriented growth strategies adopted by many countries in recent decades have often favored cities with the market scale and amenities to position themselves as gateways for the global economy (Kresl and Fry 2005; Veltz 2000). And the expansion of knowledge-intensive industries such as finance, IT, and biotechnology attracts more investment and attention to the metropolitan cities where such industries tend to cluster (Glaeser and Ponsetto 2007).

China's big-city boom since the turn of the century is linked to a wider development paradigm shift. However, rather than being epiphenomenal to that shift, it is one of its defining parts. Amid what Whittaker et al. (2010) call China's "compressed development," development of advanced industry, integration with the global economy, and urbanization have occurred simultaneously and been closely interwoven in practice. In each domain of development, a state capitalist tendency has been increasingly apparent since the late 1990s.<sup>18</sup> Policymakers have allowed an opening to greater market competition, but they have also tried to influence the outcomes of market competition by supporting a select set of firms, sectors, or regions. Past scholarship has documented efforts in China to groom national and provincial champions in industry—firms with market dominance and durable competitive advantages—



through the use of restructuring, state subsidies, and preferential regulation.<sup>19</sup> In the urban and regional development realm as well, state actors have intervened proactively to help a select set of localities gain a stronger competitive position. Like key state-owned enterprises (SOEs), some Chinese cities have enjoyed rapid growth as a result of targeted policy support, financial assistance, and investment.

Yet, we know less about the technical and political logics that guide these efforts to pick winners in space. To what extent are such efforts prone to the same problems seen in the rush to groom national champions of industry? China's national and provincial SOEs, which are at least partially insulated from market competition and have grown fat on state support and cheap finance, are notorious for achieving low returns on their assets and being organizationally dysfunctional (Leutert 2016). Such firms thrive by being bigger and more politically connected than their rivals, rather than being better. Is it the same with China's urban champions? To what extent is their success a product of policy rents rather than underlying dynamism?

### **Toward a Statist Theory of Spatial Development**

Spatial bias in the allocation of economic resources and policy support can occur without clear intention or agency. But spatial bias in development often happens on purpose, as governments adopt policies that explicitly target more resources to some localities than others. A key argument of this book is that the metropolitan-oriented development occurring across much of China is happening by design and, in many cases, has been spearheaded by provincial governments. I build upon past scholarship that has highlighted the proactive, and not merely indirect or reactive, ways that higher-level state actors influence urban and regional growth. Going further than past work, however, I develop a political explanation of why different spatial policies win out in different cases.

#### **SPATIAL DEVELOPMENT POLICIES**

In addition to decisions over macroeconomic policy, industrial policy, and foreign economic policy, governments make various choices regarding where to target resources and policy benefits in space. Insofar as governments decide where to build infrastructure and industry, how to allocate construction land and financing, and where to provide preferential policies and public services, they influence which cities and regions thrive economically and which become marginalized (Davis and Henderson 2003; Glaeser 2008, 204).<sup>20</sup> Sometimes spatially selective policies are adopted without consideration of their ultimate impact on urban and regional development. But in many cases they

are used proactively, with an eye toward influencing how economic activity is distributed in space.

Beyond their countless case-by-case choices about how to target policy benefits and resources, governments often pursue more systematic spatial development strategies. These are plans and institutional frameworks aimed at coordinating policy decisions across different areas or different points in time in order to shape the overall geographic configuration of development. To promote urban or industrial growth in specific locations, and to shape the larger spatial structure of the economy, state actors apply different policy instruments in a concerted manner. The tools at their disposal include infrastructure construction, investment policies, fiscal and financial policies, land-use policies, migration policies, and public service provision, among others.<sup>21</sup> While efforts to engineer the spatial pattern of development are especially characteristic of state-dominated economies, they are found in virtually all countries and subnational regions.

In some cases, spatial development strategies have a redistributive intent, with governments attempting to mitigate cross-regional disparities and promote more balanced growth. During the heyday of nationally directed urban and regional policy in the 1960s and 1970s, policymakers from France to South Korea to sub-Saharan Africa launched major initiatives to disperse urban and industrial growth away from congested primate cities like Seoul and to foster new corridors of development across their territories (Hansen et al. 1990, 47–48; Park et al. 2012). Even in more market-oriented economies like the United States, federal and state-level policymakers have orchestrated a variety of spatial strategies to help lagging areas. The historical case of the Tennessee Valley Authority is well known, but contemporary examples also abound, such as recent efforts in New York State to aid depressed upstate cities like Buffalo and Syracuse using support for infrastructure and industrial investment.<sup>22</sup>

In other cases, spatial policies accentuate regional disparities instead of reducing them. Growth-oriented spatial policies often seek to concentrate resources in economically dynamic regions to create more competitive nodes of industry, commerce, or innovation. As with state-directed industrialization, wherein policymakers typically focus on a small number of key firms and launch “big pushes” of coordinated investment to economize on limited capital and know-how, growth-oriented spatial strategies seek to exploit economies of scale and positive spillovers. The hope is that larger, more advanced economic centers will boost aggregate efficiency and produce knock-on effects for nearby regions. After the 1950s, the selective buildup of certain cities as regional or national “growth poles,” a practice pioneered by Soviet planners, became an integral part of state-led development programs in various settings, from France to China to various African countries (Parr 1999; Higgins and Savoie 1995).<sup>23</sup> In some cases, governments invested in smaller cities to

serve as growth poles for lagging regions, but in many settings governments built up major metropolitan centers—whose existing economic bases and infrastructure made them well suited to host advanced sectors—as growth engines for larger national or regional economies. For example, economic planners in postwar Japan and South Korea prioritized industrial development in Tokyo and Seoul, respectively (Glickman 1979; Chung and Kirkby 2002). In Thailand, policymakers for decades favored the Bangkok region in the allocation of capital investment and public services, only adding to Bangkok’s long-standing economic dominance (Glassman 2004; Dixon 1999).<sup>24</sup> Such efforts to build up globally competitive urban champions can take on the runaway dynamic familiar to scholars of state-led development more generally.

Worldwide economic liberalization since the 1980s has not meant the end of growth pole strategies and other spatially selective policies so much as the reconfiguration and repurposing of such programs. To be sure, national borders have become more porous in recent decades. Cities themselves have become entrepreneurial players in the global economy and important actors in territorial governance (Kresl and Fry 2005; Wu and Zhang 2007). But the top-down logic of concentrating resources to achieve economies of scale in investment and enhance aggregate economic efficiency has persisted in “rescaled” form, as transnational economic links have become stronger and key aspects of governance have been devolved to subnational scales (Brenner 2004). From South Korea to India’s states, higher-level governments have contrived to build up metropolitan regions that can serve as platforms for export industries and for global business services (Park et al. 2012; Kennedy 2014).

As the next chapter explains, spatial policies have long been an integral part of state-led development in China and have, if anything, experienced a resurgence in recent decades. Since the late 1990s, the central government has launched a series of macro-regional initiatives like the Western Development (*xibu da kaifa*) campaign to stimulate the growth of industry and infrastructure in lagging regions. Meanwhile, dozens of spatial development initiatives have emerged across China’s provinces, from the Pearl River Delta Reform and Development Plan in Guangdong to the Xi’an-Xianyang Economic Integration scheme in Shaanxi. As Xu (2008) and Ke and Feser (2010) note, many of these initiatives have explicitly aimed at building up provincial capitals and other large cities. Such strategies often enjoy high-level political backing and can bring significant economic benefits to the areas they target.

While existing scholarship notes that spatial policies and related practices of governance rescaling are key factors shaping urban and regional development in China and beyond, however, many questions remain about how such policies take shape and why spatial policies vary so much across cases. It is one thing to say that politicians and bureaucrats see spatial policies as key means for achieving their economic goals, but it is another to explain why or under

what circumstances specific types of policies win out. The state is not a unitary actor, and it is not clear at the outset to what end state resources and authority will be directed. Existing scholarship on city-region planning and spatial development initiatives offers rich descriptions of the origins and outcomes of specific programs, and highlights political conflicts in the making of spatial policies.<sup>25</sup> Yet, with few exceptions,<sup>26</sup> there has been little effort to flesh out the larger political context in which spatial policy takes shape, or to develop more general explanations for the varying policy approaches that prevail in different settings or historical moments. It is for these tasks that the theoretical and methodological toolkit of political science is well suited.

### THE MULTILEVEL POLITICS OF SPATIAL POLICY

This book uses the logic of intergovernmental politics to explain variation across provinces and over time in spatial development policies. In China, the party-state plays a key role in spatial development and enjoys a considerable degree of autonomy from societal interests in policymaking. But “the state” is hardly monolithic, comprising a wide variety of territorial and bureaucratic actors with different interests, information, and incentives. Spatial development policies are formulated and implemented through a multilevel process that brings together state actors with varying concerns and preferences. Which policies are adopted, and how earnestly they are implemented, depends heavily on politics within the state: how the policy process operates, and which actors and agendas dominate. It is often far from clear at the outset which actors and interests will prevail in shaping policies. In contrast with analyses of China’s development politics that draw a clear dichotomy between growth-obsessed local governments and a rationalizing central state, I take a multilevel politics approach that focuses on intermediate scales of analysis and distinguishes the policy preferences and roles of central, provincial, and local (city-level and below) actors.<sup>27</sup>

Because spatial policies affect where in space resources go and which geographic scales are used to organize development, I argue, they are particularly likely to awaken and bring into conflict the territorial interests of central, provincial, and local governments.<sup>28</sup> Central, provincial, and local authorities identify with different territorial units and have different policy mandates and time horizons. As a result, they have varying preferences about which locations to prioritize and how to organize development in space. To put it differently, governments at different levels have “competing conceptions of economic space”<sup>29</sup> and seek to apply different territorial templates or spatial hierarchies to development. We can make sense of the policy outcomes that emerge in a given case by summing up the policy preferences of different government levels and the power relations among them.

Provincial authorities, who play a key role in the making of urban and regional policies, see metropolitan-oriented development as a way to enhance regional economic competitiveness, amass visible political achievements, and assert administrative influence. In a context of inter-provincial economic and political competition, big cities are economic assets. Big cities are not only home to the most advanced industries and most highly developed economic, cultural, and communications infrastructure; they are also the most outwardly visible parts of a province and serve as showcases for larger provincial economies. Provincial authorities' preference for metropolitan-oriented development is particularly strong in provinces that are lagging economically, because concerns of economic competitiveness loom especially large in such cases. However, insofar as all provinces engage in economic and political competition with their counterparts, provincial authorities generally place high priority on developing major cities.

If provincial authorities are champions of metropolitan-oriented development, however, government actors at other levels have reason to favor more spatially balanced development approaches. Local authorities in China, as in most of the world, aggressively defend the economic interests of their own jurisdictions. The governments of metropolitan cities are undoubtedly pleased to see development strategies that give their own cities pride of place, but the majority of local officials represent non-metropolitan jurisdictions. These local authorities from secondary cities or predominantly rural regions tend to resist policies that would narrowly concentrate resources in major urban areas while marginalizing their own areas. Even if they are unable to coordinate their efforts, localities in the aggregate can exert considerable pressure on higher-level authorities to distribute policy benefits and resources more equally across space.

China's central-level policymakers, for their part, represent a diverse set of bureaucratic and political concerns and thus juggle different policy priorities. With longer time horizons and broader governance mandates than sub-national officials, central leaders prioritize the inclusiveness and sustainability of development as well as provinces' economic dynamism. Although central policymakers seek industrial upgrading and recognize the efficiency rationale for building up a select set of cities as major economic centers, they have historically remained very uneasy about overly concentrated industrial and urban development. As such, central authorities prefer mixed approaches to spatial development that neither overly concentrate nor overly disperse resources.

In this context, I highlight two key explanatory variables—the balance of power between different government levels and the relative economic performance of a province—that affect which spatial development model emerges. First, intergovernmental power relations affect which development priorities win out in policymaking. When provincial governments are politically and

administratively strong relative to other government levels,<sup>30</sup> it is easier for them to orchestrate policies that reflect their relatively pro-metropolitan preferences. By contrast, when localities and/or central policymakers have greater influence over the design and implementation of policies, there is less emphasis on the development of leading metropolitan areas. Power at the provincial level is thus associated with more metropolitan-oriented development.

In addition, the relative economic performance of a province can influence policy outcomes. The economic logic of growth before redistribution—of enlarging the pie before dividing it—is widely accepted. When provinces trail behind their counterparts in terms of economic growth and upgrading, concerns about external competitiveness come to outweigh concerns about how even or uneven development is within provinces. Lagging economic performance therefore increases political support at each level for metropolitan-oriented development, which promises a relatively fast (albeit narrow) way to enhance provincial competitiveness. Conversely, when provinces are performing well relative to their counterparts, the problem of internal disparities becomes more salient relative to concerns over external competitiveness, and this leads to greater support for spatial redistribution of development. In short, we find greater emphasis on metropolitan development in lagging provinces than in leading provinces.

My theoretical framework does not ignore the importance of basic economic and structural parameters in shaping development policy approaches and outcomes. Nor does it challenge the idea that national-level institutions and policies matter. Within the basic constraints imposed by these background factors, however, there is considerable scope for state actors to shape spatial patterns of development through the use of regional development planning, land-use policy, fiscal and financial policy, investment policy, and other tools. These policy outcomes, in turn, depend on both the horizontal relations of competition among provinces and the vertical power relations among government tiers.

## The Research Design

I develop and test the book's arguments using a combination of in-depth case studies and quantitative analysis. My focus is on China's recent past, specifically the interlude from the late 1990s to the early 2010s. This period spans the final term of the Jiang Zemin-Zhu Rongji leadership (1997–2002) and the full Hu Jintao-Wen Jiabao leadership tenure (2002–2012), and also encompasses China's 9<sup>th</sup> (1996–2000), 10<sup>th</sup> (2001–2005), and 11<sup>th</sup> (2006–2010) Five-Year Plan periods. Focusing my analysis on this time frame is instructive for several reasons. First, this period constitutes a historic boom phase in China's development—it was an era of remarkable economic dynamism, with booming

growth, foreign economic linkages, and urbanization. Second, this is a historical period in which the Chinese party-state played a resurgent role in development, exerting a powerful influence on urban and industrial growth through resource allocation, planning, and state restructuring. With China's urban and industrial landscape very fluid, and vast quantities of economic resources in play, the stakes of spatial policy were especially high. The development outcomes of this period are not only significant in and of themselves, but likely will exert a powerful influence on China's economy and politics for years to come. Third, this period encompasses different central leader tenures, policy periods, and economic cycles. It therefore enables us to look at how shifting macroeconomic and macropolitical backdrops affect policymaking.

To help identify the factors that shape urban and regional development approaches, I take advantage of subnational variation in China. For reasons mentioned above and further elaborated in the next chapters, I focus on provincial-level policy outcomes, exploring variation in spatial policies and development trends both across provinces and over time. To get a broad view of subnational outcomes in China, I gather development data on twenty-six provincial-level units. This sample excludes four centrally governed municipalities (Beijing, Tianjin, Shanghai, and Chongqing), which have distinctive institutional and territorial structures and are not readily comparable to other provincial-level units.<sup>31</sup> It also excludes Tibet, for which the availability of economic data is limited. As key spatial development indicators, I examine the extent to which FAI, GDP, and public goods are concentrated in the top economic centers of different provinces as opposed to being more spatially dispersed.

From the larger set of twenty-six provinces, I select the four provincial cases of Hunan, Jiangxi, Shaanxi, and Jiangsu for in-depth analysis.<sup>32</sup> Hunan and Jiangxi are located side by side in south-central China. Shaanxi lies deep in the interior on the edge of China's northwest. Jiangsu sits on the east coast and straddles the lower reaches of the Yangtze River. This selection of cases thus captures different macro-regions and gives due weight to inland China. While inland provinces typically receive less attention from foreign scholars than coastal provinces, they contain the larger part of China's population and the vast majority of its territory. Contemporary urban and industrial growth has been especially fast and jarring in inland areas, so understanding their development politics is crucial. Figure 1.2 shows both the four main cases and the extended sample of provincial units.

Beyond regional representativeness, my choice of cases reflects several analytical considerations. First, the four cases display varying initial developmental conditions. I examine provinces at different levels of urbanization and industrialization that faced distinct economic predicaments. Historically agrarian provinces, Hunan and Jiangxi remained structurally "backward" or





FIGURE 1.2: China's provinces: the four main cases and extended sample of 26 units

Source: Map by Thomas Caton Harrison

“underdeveloped” as of the 1990s. Both had weak industrial bases, low levels of urbanization, and limited external economic ties, and both provinces lacked major metropolitan cities. Shaanxi, too, was a relatively underdeveloped region, albeit one with a more dualistic economic structure. Because of its legacy as an important base for state-owned heavy industry, and because it was home to Xi’an, the dominant urban center of northwest China, Shaanxi had a more sophisticated urban-industrial economy to begin with than Hunan or Jiangxi. But the province also had an underdeveloped periphery and stubborn rural poverty. Finally, Jiangsu, located on China’s east coast, was one of China’s most economically developed and open provinces. Like Shaanxi, however, it grappled with severe internal regional disparities.

Second, the four cases represent a mix of outcomes and regional development trajectories, as shown in table 1.2. On the whole, Hunan is a case of strongly metropolitan-oriented development. Shaanxi is a case of moderately metropolitan-oriented development, with some variation over time. Jiangxi and Jiangsu display more marked variation over time in policy approaches, alternating between dispersed spatial development models and more mixed



approaches. Beyond providing a descriptive picture of different development approaches, this variation in outcomes offers an opportunity to clarify the factors influencing spatial policy. I am able to compare similar provinces with different outcomes, analyze intertemporal variation within provinces, and juxtapose dissimilar units with similar outcomes.

As neighboring provinces that both struggled with lagging urban-industrial growth but took different policy approaches, Hunan and Jiangxi offer an ideal opportunity for a “controlled comparison” of cases.<sup>33</sup> Historical legacies, geography, development level, and economic structure all influence provinces’ urban and regional development approaches. By comparing provinces that are similar in these respects, however, we can at least partly control for such factors’ influence. As of the late 1990s, both Hunan and Jiangxi were economic laggards that lacked large, advanced urban centers. The provinces resembled one another in terms of economic structure and geography and, as part of China’s designated central region, faced the same basic policies from the central government. These similarities allow us to observe more clearly the impact of political variables on development approaches.

Sharp change over time within provinces in spatial development approaches, especially in the cases of Jiangxi and Jiangsu, also provides a chance to isolate key factors contributing to specific policy approaches. Although development policies in Jiangxi generally placed heavy emphasis on rural areas and secondary cities, the province saw an interlude of more metropolitan-oriented development in the early 2000s. Jiangsu, too, experienced sharp swings over time in the orientation of spatial development policies, with emphasis on lagging regions and smaller cities in the late 1990s, a focus on larger cities in the early 2000s, and renewed attention to developing smaller cities and lagging regions in the late 2000s. Like variation in outcomes between similarly situated units, these discontinuities in time are difficult to attribute to historical path dependencies and thus give us a chance to examine the role of political forces in guiding urban and regional development.<sup>34</sup>

Finally, juxtaposition of similar development dynamics in dissimilar settings offers a chance to abstract away from the historical and structural peculiarities of particular cases and glean more general causal insights. Provinces in different parts of the country have grappled with varying sets of challenges, and initial conditions have undoubtedly shaped both policy approaches and development outcomes. When we find congruence across otherwise different units in the policy considerations and political circumstances under which specific particular development models are adopted, however, we can gain confidence in the independent importance of these factors. The comparison of development approaches in Shaanxi and Jiangsu is telling in this regard. The economic challenges confronting Shaanxi, an underdeveloped inland economy, and those confronting Jiangsu, an economically dynamic coastal province, were very different. Yet in both cases, spatial development policies

TABLE 1.2 Overview of four main provincial cases

Province	Region of China	Key development challenges	Spatial development model	Leading city/cities and their share of total investment (FAI), 2001–2010
Hunan	Central	Lagging urban and industrial growth; rural poverty	Consistently metropolitan-oriented	Changsha: 32%
Jiangxi	Central	Lagging urban and industrial growth; rural poverty	Changes over time between dispersed and mixed model	Nanchang: 22%
Shaanxi	Western	Industrial decline; rural poverty; legacy of economic dualism	Increasingly metropolitan-oriented	Xi'an: 41%
Jiangsu	Eastern	Regional disparities; competition with neighboring areas	Changes over time between dispersed and mixed model	Suzhou: 18% Nanjing: 15%

Sources: CDO; author's calculations.

swung between strategies of regional balancing at some moments and more metropolitan-oriented development approaches at other times. Linking the emergence of specific policy approaches to similar political factors in these disparate contexts suggests that these factors are important more generally.

### TESTING THE GENERALIZABILITY OF KEY CLAIMS

While detailed case studies form the backbone of the study, I also examine whether and to what extent the key arguments illustrated in the case studies generalize to a larger population of cases. First, I analyze variation in outcomes across a set of twenty-six Chinese provinces and over time within provinces as a broader test of the importance of provinces' relative economic performance and intergovernmental power relations in determining spatial development models. Using regression analysis, I check whether the explanatory variables highlighted in the case studies account for differences in the metropolitan slant of development across provinces and over time. To assess whether existing explanations are better at accounting for observed outcomes, I also include a range of control variables and alternative explanatory factors in the analysis. A full discussion of my quantitative methodology and results appears in appendix A.

Another way to test the validity of my argument and assess its generalizability is to examine cases from other national settings. Though certainly unique in some respects, China is only one of several countries around the world that have confronted spatial development challenges in recent decades. I examine subnational shadow cases from Brazil and India, which like China

are large developing countries with multilevel administrative systems and statist economic legacies. These case studies, which are based on secondary literature on the development politics of Brazil's Minas Gerais state and India's Andhra Pradesh and West Bengal states, reveal striking parallels across national contexts. The book's final chapter summarizes these cases, while appendix B presents the Brazil and India shadow cases in full.

#### DATA SOURCES AND RELIABILITY

The case studies and analysis of national-level policies and institutions draw on a wide variety of sources, many of which were gathered during thirteen months of fieldwork in multiple locations in China between 2011 and 2016. Fieldwork provided the opportunity to conduct approximately 110 interviews with government policymakers and experts, academic researchers, urban and regional planners, businesspeople, and journalists in Beijing, Shanghai, Guangdong, Jiangsu, Hunan, Jiangxi, and Shaanxi. It also provided the chance to gather primary and secondary written sources from various libraries, bookstores, media sources, and individual scholars and experts. Research at the National Library of China, the Peking University Library, and local documents (*difang wenxian*) collections of provincial libraries in the main research sites proved especially fruitful. The project also draws on a wide range of Chinese- and English-language primary and secondary materials obtained through university library collections in the United States and Hong Kong, including official documents and reports, government yearbooks and gazetteers, media reports, academic and private-sector research.

Meanwhile, the statistical analysis that appears in the book uses data from China's official yearbooks and official datasets, as well as original datasets of provincial political variables and leader characteristics. I draw most economic, development, and fiscal data from the "provincial statistics," "city statistics," and "national statistics" data series on the China Data Online service and from relevant provincial statistical yearbooks. Meanwhile, data on provincial leaders are obtained from Radiopress's *China Directory* series; the China Vitae website; and the Baidu Baike online encyclopedia.

In all research settings, but especially in places like China, serious questions about the reliability of both qualitative and quantitative data arise. Of particular concern has been the apparent tendency of provincial and local authorities across China to inflate or otherwise manipulate economic indicators for political reasons.<sup>35</sup> My strategy for dealing with issues of data quality, and the reliability of sources more generally, is one of triangulation. In a context where statistical, textual, and interview data all must be treated carefully, it becomes even more important to use diverse sources and mixed methods. Instead of assuming that any one source or method is fully dependable, I

gather information from a range of textual, interview, and statistical materials and use different types of evidence to develop and test the book's claims.

In addition to methodological issues, a brief word about the normative orientation of this study is also in order. This book is centrally concerned with explaining why and how different spatial development approaches take shape in different settings. Although I call attention in places to the downsides or excesses of metropolitan-oriented development, it is not my purpose to argue for or against one particular approach to urban and regional development. Indeed, it is doubtful that there is one spatial development model that is either appropriate or inappropriate under all circumstances. What I do see as deeply problematic, however, is the rigid application of the same development templates to diverse settings, or the imposition of heavy-handed government policies without proper attention to and consultation with affected communities. As scholars like Heilmann and Perry (2011) note, governance in contemporary China has shown a remarkable degree of adaptation and sensitivity to local conditions for an authoritarian and politically centralized system. But the concentrated power structures of China's party-state can also make the system vulnerable to overzealous policy design, large-scale corruption, and brute-force implementation. This study may not do enough to expose the human toll of top-down development schemes, but I hope it at least sheds light on the policy logics and political drivers behind them and offers a foundation for future research into the societal consequences of China's spatial policies.

### **Plan of the Book**

The next two chapters lay a historical and theoretical foundation for the book's main case studies. Chapter 2 fleshes out the key premises of the study, discussing the importance of spatial policies in the PRC and describing in more detail the political debates that have surrounded spatial policy. I explain why spatial policies have become increasingly important and contentious in the past two decades. As the chapter makes clear, evolving national-level policies and governance institutions have contributed to China's overall metropolitan turn, but the ambivalence of national policies and the multilevel nature of policymaking means that much of the real action has fallen to provinces.

Chapter 3 lays out the study's theoretical framework. Departing from past accounts of metropolitan-oriented development that stress explanatory factors external to the state, I emphasize the need to explore how politics within the state shapes policy outcomes. I develop a multilevel framework for analyzing the politics of spatial development, highlighting the different territorial interests and preferences of central, provincial, and local actors, and considering how province-specific political and economic variables affect policy outcomes.

The core of the book consists of the case studies of Hunan, Jiangxi, Shaanxi, and Jiangsu. Chapters 4 and 5 look at the politics surrounding urban and regional development in central China, where anxiety over lagging economic performance has colored policymaking. The paired case comparison of Hunan and Jiangxi traces how varying development approaches emerged in otherwise similar provinces. I link Hunan's metropolitan-oriented development model to the strength of provincial institutions and the initiative of provincial leaders and show how Jiangxi's more dispersed development approach reflects central and local influence in the policy process, and the province's less stubborn economic difficulties.

The case studies of Shaanxi and Jiangsu turn to provinces with legacies of uneven development and complex province-city relations. Chapter 6 analyzes the experience of Shaanxi province in western China to understand how patterns of uneven development are reinforced over time. I explore the varying approaches higher-level authorities have taken to urban and regional development, culminating in recent efforts to build an integrated Greater Xi'an metropolis. Chapter 7 traces the making of urban and regional policy in the coastal province of Jiangsu during the past two decades. The case study looks at the distinctive spatial development challenges Jiangsu has faced as an economic leader and explores how the province's development strategy has changed along with shifting political and economic conditions. These case studies also delve into the politics that unfold within metropolitan regions as provincial authorities attempt to steer the growth of powerful cities.

Finally, chapter 8 synthesizes the key findings from case studies and explores the broader generalizability of the argument. I test quantitatively how well key claims generalize across the broader sample of twenty-six Chinese provinces, using regression analysis to examine whether metropolitan bias varies in the expected way with lagging economic performance and provincial government strength across provinces and over time within provinces. I also discuss whether and to what extent the argument travels to other national settings, using shadow cases from Brazil and India to demonstrate the applicability of the argument in other large developing countries.

The book as a whole reassesses the metropolitan turn in China's development and rethinks the politics surrounding urban and regional development in China. Breaking with the idea that China's leaders have worked to contain and roll back regional inequality, I call attention to the ways in which higher-level state actors have actively promoted uneven development. Furthermore, I provide a new framework for analyzing the politics of development, showing how spatial policy questions place different levels of government in conflict, and how such conflicts in turn shape the fortunes of cities and regions.

# 2

## Spatial Policy in China

State-led development in the People's Republic of China (PRC) has always been an enterprise aimed at shaping the spatial economy as well as building a modern industrial juggernaut. Since the 1950s, policymakers have worked to foster economic “growth poles” (*zengzhang ji*) and make the distribution of cities and industry across the country more “rational” (*heli*). Even amid reform and opening and China's integration into the global economy, higher-level state actors have intervened extensively in spatial development. These have never been idle—or uncontroversial—efforts. With its control over economic resources and administrative levers, the party-state has a considerable capacity to pick winners in space.

If anything, the capacity of China's higher-level (central and provincial) authorities to shape spatial development has grown stronger during the past two decades. Since the late 1990s, policymakers have sharpened their tools for intervening in the growth of cities and regions. From regional planning and land-use regulation to mega-project investment and fiscal and financial policies, stronger hierarchical policy controls have been introduced. This has given central and provincial policymakers potent means to target economic resources in space and has made localities' development prospects increasingly reliant on the ability to secure state support.

Precisely because spatial policies carry real weight in China, they are contested. Urban and regional policy has long been torn between the goals of economic productivity, on the one hand, and political stability, on the other.<sup>1</sup> Throughout the history of the PRC, leaders have debated how much to privilege wealthier coastal provinces relative to poorer inland provinces and how to weigh the development of large urban centers against that of smaller cities and rural regions. The specific question of whether, or to what extent, the state

should support the growth of major metropolises has become more urgent over time as urbanization has accelerated. During the 1980s and early 1990s, China's leaders sought to limit the growth of big cities even as they pursued a regional strategy that favored coastal provinces at the expense of the interior. With China experiencing more robust economic development by the mid-1990s, top national leaders called for doing more to address spatial disparities across provinces and within provinces. By this time, however, a growing number of policy elites had embraced metropolitan-oriented development on economic grounds, setting up important disagreements at the central level. With different leaders, bureaucracies, and public intellectuals entering the debate in the following years, central policies remained unstable.

By showing how spatial policies have for decades remained an integral but unsettled aspect of China's development politics, this chapter provides crucial historical and institutional context for the rest of the study. Below, I first highlight the proactive role of the state in targeting resources and policy support in space across different time periods, showing the continued importance of urban and regional policy. I then examine evolving debates over spatial development policy—in particular, arguments about whether or to what extent the state should proactively support large cities' development. I conclude by discussing how the lack of policy consensus at the national level has made provincial units key arenas for spatial policy in practice.

### **Activist Spatial Policy in the PRC**

As the leaders of the PRC have worked to promote political integration and economic development across a vast territory, spatial questions have loomed large. Policymakers have confronted problems of scale (which territorial units should serve as frames for development?) as well as sequencing (which locations should get priority?). Perhaps not surprisingly, Chinese policymakers have been receptive to development theories that put geography front and center. Soviet growth pole theories gained currency in China during the 1950s and remained an enduring influence on economic thinking (Larsen 1992, 108–9). After the 1980s, Chinese policy intellectuals like Lu Dadao embraced ideas about uneven development from Gunnar Myrdal, Albert Hirschmann, and Jeffrey Williamson, popularizing the notion that urban-industrial activity needs to reach a critical mass in economic core regions before diffusing more widely (Fan 1997). In practice, however, Chinese policymakers have gone further, turning descriptive theories of regional development into prescriptive strategies of spatial development.

Much regional policy in the PRC is based on the premise that it is not merely inevitable but also desirable that some places should develop before others (Yin 2011).<sup>2</sup> It has been less a question of *whether* the state should pri-

criticize certain places' development over others, and more a question of *which* places to privilege. While the aims and targeting of spatially selective policies have varied over time, a conviction that the state must guide urban and regional development has persisted. Activist spatial policies survived into the reform era, and in some respects spatial policy has grown even more powerful in recent decades.

## STATE-LED SPATIAL DEVELOPMENT IN THE MAO AND DENG ERAS

Spatial policies figured prominently in development and governance during the early decades of the PRC. In the planned economy, central and provincial policymakers made authoritative decisions about where to target resources and policy support, including choices about where to locate state-owned industry, where to invest in infrastructure and public services, and how to allocate fiscal resources and bank financing. China's First (1953–1957) National Five-Year Plan (FYP) took cues from the Soviet Union's development model, emphasizing the development of heavy industry and infrastructure to support it. But the plan was concerned as much with where to promote investment as with what kind of investment to promote.

Planning aimed to correct an “irrational distribution” of industry and urban population across China's territory and to better integrate the country through the construction of railroads and other infrastructural links. Beijing planned a constellation of urban-industrial growth poles across the country where investment would be concentrated, and sought to steer urban development by prioritizing growth of some cities and limiting the growth of others (Harvard Center for International Affairs [HCIA] 1962, 47–60; Larsen 1992, 106–9).<sup>3</sup> Spatial development policies grew even more ambitious as the Mao era continued. The Great Leap Forward campaign (1958–1961) involved huge rural-to-urban transfers of people and resources. Capital and labor were concentrated in industrial centers and in infrastructural mega-projects like the Sanmenxia Dam. Later in the 1960s, Mao and other leaders carried out a major regional redistribution of investment under the “Third Front” (*san xian*) strategy, as many heavy and defense industries were moved to remote parts of the interior (Naughton 1988).

Despite major shifts in China's development philosophy after 1978, the idea that the state should actively steer spatial development proved resilient. Radical policies like the Third Front program were discredited, and the scope of central planning was reduced. But policymakers did not adopt a spatially neutral economic policy (Yang 1990). On the contrary, Beijing took new steps to support the development of a subset of provinces and cities using both indirect and direct policy means. Following a logic Zweig (2002) calls “segmented



deregulation,” higher-level authorities granted some localities—including, most famously, the four Special Economic Zones (SEZs)—the opportunity to experiment with market-oriented reforms and foreign trade and investment before others. Preferential fiscal arrangements allowed provinces like Guangdong and Fujian to retain and reinvest large amounts of revenue, and selective devolution of administrative powers conferred economic advantages on selected localities.

Beijing and provincial authorities also supported favored localities in more proactive ways. During the 1980s and early 1990s, higher-level authorities used direct investments as well as preferential policies for industry, infrastructure, financing, fiscal relations, pricing, and foreign economic opening to help a subset of cities and regions (Fan 1995). Special development zones of different types, which directly embodied the mantra of “concentrating resources to do big things” (*jizhong ziyuan ban da shi*), were vanguard areas for liberalization, industrialization, and urbanization. The creation of four SEZs in 1980, fourteen Coastal Open Cities and a first batch of state-level Economic and Technological Development Zones (ETDZs) in 1984, and a set of state-level High and New Technology Development Zones (HTDZs) in 1988, singled out specific cities and city districts for enhanced policy autonomy and special state support (Solinger 1993, 158; Yin 2011; Interview XA071202a). In the early 1990s, the central state further scaled up support for the development zone concept, establishing the Pudong New Area in Shanghai (Wu 2003) and approving new batches of state-level ETDZs and HTDZs across the country, including many in inland provinces. Central and provincial authorities supported infrastructure development in these areas and gave them preferential regulatory treatment. At the same time, large parts of China, including historically important urban centers such as Wuhan, found themselves excluded from special policies and fell increasingly far behind coastal areas economically (Solinger 1996).

Economic liberalization reduced the central state’s capacity to coordinate investment and steer development in space but did not destroy it. To be sure, higher-level authorities had difficulty reining in the rapid economic growth and “development zone fever” (*kaifaqu re*) that followed Deng Xiaoping’s 1992 Southern Tour. Yet, even amid the internationalization and marketization of the 1980s and early 1990s, central and provincial policy support continued to shape localities’ growth prospects. Local governments looked to higher-level authorities, scrambling to obtain administrative approvals or special designations that would help them access policy perks and economic resources (Zweig 2002). For cities like Wuhan, securing special policies from Beijing proved essential for catching China’s new wave of reform and opening in the early 1990s (Solinger 1996). Even as it loosened many economic controls, then, the party-state remained a key force in spatial development.

## THE RENAISSANCE OF SPATIAL POLICY

Since the mid-1990s, spatial development policies have remained an integral part of economic governance in China. In some ways, spatial policies have grown even more important amid a rebuilding of central state capacity and a sharpening of policy tools—from regional planning, to land-use regulation, investment policy, and fiscal and financial policy. At a time of rapid growth, state interventions have been considered necessary to coordinate the development of different regions and sectors, and to address the externalities of local economic competition.

The state's capacity to target resources in space has benefited from a retrofitting of the administrative apparatus that involved recentralization of fiscal, planning, and administrative powers. China's 1993–1994 fiscal reforms, which redefined the central-local division of fiscal revenues and empowered Beijing to collect its own taxes, built a foundation for efforts to strengthen higher-level administrative authority.<sup>4</sup> Following the reforms, central finances improved and Beijing gained an important source of political leverage over the provinces in the yearly distribution of fiscal transfers (Tang 2011, 87). Around the same time, restructuring of China's central bureaucracy enhanced Beijing's capacity for concerted action. In the late 1990s, premier Zhu Rongji oversaw a wave of administrative restructuring aimed at creating more authoritative and responsive central agencies in policy realms such as land, investment, and finance. A new Ministry of Land and Resources (MOLAR) was created, China's economic planning authority was reformed, and the People's Bank of China and commercial banks underwent recentralization and restructuring, bringing them under more direct political control of the center (Yang 2004, 81–99). Administrative reforms continued in the early 2000s after Hu Jintao and Wen Jiabao took office. In 2003, the central government created an upgraded National Development and Reform Commission (NDRC) meant to serve as a super-ministry for economic planning and regulation (*ibid.*, 59–64). Following these organizational changes, higher-level authorities had increasingly powerful means to intervene in urban and regional development.

### Policy Tools for Spatial Development

Central and provincial authorities in contemporary China wield a number of potent policy tools for shaping spatial development. Some of the most important policy instruments, discussed below, include regional development planning, land-use planning and regulation, targeted investment in infrastructure and industry, and preferential fiscal and financial support for urban development.<sup>5</sup> The renewed use of these kinds of hierarchical policy controls has strengthened Beijing in some ways, but has also empowered provincial

governments and made it easier for them to concentrate resources in favored locations.

### NEW MODES OF REGIONAL DEVELOPMENT PLANNING

Perhaps the most explicit way that the central state has reinvigorated spatial development policy is through elaboration of new forms of regional and urban planning.<sup>6</sup> As China's growing economic complexity and openness have reduced the effectiveness of sector-by-sector economic coordination, Beijing has come to rely more heavily on regional planning as a means of both broad economic regulation and targeted state intervention (Wu 2007, 129–40).

Regional development planning work gained a higher profile after the early 2000s, as part of a broader revival of economic planning. Wen Jiabao and NDRC director Ma Kai pushed for a new, more implementation-oriented approach to planning, and Beijing shifted the official parlance from *jihua*, which signifies a short-term, quantitative plan, to *guihua*, which connotes a more strategic, longer-term plan (Heilmann 2011b). The new regional development planning efforts that have taken shape since the turn of the century have been designed to facilitate concrete results by enhancing cooperation among different government levels, functional systems, and jurisdictions.<sup>7</sup> Planning processes have involved greater central-provincial and inter-agency consultation and cooperation, and the resulting plans have been backed by stronger central state capacity, including an upgraded NDRC system and a much larger fiscal base (Wu 2007, 115–21).<sup>8</sup> As Zhang (2011) notes, the center has provided policy authority, material resources, and strategic guidance, but subnational governments often have played the lead role in drafting and implementing plans.

Like economic planning more generally, regional planning is important for the process as well as the product. Planning exercises bring together different levels of government, different agencies, and government and nongovernment experts, facilitating communication around development goals. By providing a forum for “information gathering, consultation, analysis, document-drafting, implementation, experimentation, and revision,” planning processes enable greater coordination across what is otherwise a highly segmented and stove-piped policymaking system (Heilmann and Melton 2013, 617). Meanwhile, the plan documents that emerge out of this process set authoritative goals and help align concrete policies behind them. First, regional plans identify specific projects and programs to be prioritized, thereby helping to facilitate the necessary administrative approvals, financing, and policy support to allow these undertakings to move forward.<sup>9</sup> In addition, plans assign broader strategic “designations” (*dingwei*) to different locations and economic sectors that may

have important implications for their development. For the places or industries that receive them, favorable designations confer significant policy benefits, opening up new channels for accessing support from the state in terms of tax policy benefits, financing, land-use quotas, and direct investment (Interview BJ061202a). And, insofar as plans signal that localities are politically favored, they can also stimulate private investment (Vogel et al. 2010).

Starting at the turn of the century, Beijing and provincial governments launched a series of macro-regional initiatives to accelerate development in parts of the country that were passed over in the 1980s and early 1990s, such as the 2000 Western Development program, the 2003 Revive the Old Northeast Industrial Base campaign, and the 2004 Central China Rising strategy. The Western Development program, the largest such initiative, promoted central policy goals such as regional economic integration, environmental restoration, and poverty alleviation while also addressing provincial priorities of economic development and industrial upgrading. Under the program, Beijing has channeled various forms of state support to provinces and localities in the west: preferential investment policies, major regional infrastructure improvement projects, fiscal aid, social spending, and environmental construction. Provincial governments have worked closely with the center throughout and have orchestrated supporting policies at the provincial level (Yang 2010, 87–92; Goodman 2004; Interview XA101206b).

During the 2000s, central and provincial authorities also threw their weight behind efforts to coordinate major city regions' development. These initiatives took slightly different forms, including “comprehensive reform pilot zones (CRPZs)” (*zonghe peitao gaige shiyanqu*) such as Hunan's Changsha-Zhuzhou-Xiangtan initiative that stressed both policy experimentation and development as well as narrower “economic area” (*jingji qu*) plans like Jiangsu's Coastal Development strategy.<sup>10</sup> Central and provincial officials touted these urban-regional initiatives as a way to prevent vicious local competition and wasteful duplication of infrastructure, address regional-scale governance challenges such as pollution and inequality, and reassert higher-level control over runaway urbanization and industrialization (Xu 2008). In practice, of course, urban-regional planning often functioned principally as a means of promoting local development and competitiveness (*ibid.*; Zou 2006).<sup>11</sup> As I discuss in the following chapters, many of the more than two dozen state-level urban-regional initiatives that emerged after the mid-2000s laid out ambitious urban growth targets in addition to their putative sustainable development goals. Regions granted such status have enjoyed significant benefits in preferential policies, access to key development-related resources, and investment (Interview BJ061202a), resulting in intense competition among cities and provinces to win such designations.

## STRENGTHENED LAND-USE PLANNING AND REGULATION

Beyond regional planning, land-use regulation represents another key spatial policy tool and another area where hierarchical mechanisms of administration and resource allocation have strengthened since the late 1990s. Although local authorities have the most direct control over land resources and play a leading role in land development, China's urban land ultimately belongs to the central state. With the land resources local governments depend on to support economic growth and finance their operations now controlled more strictly by higher-level authorities, land-use planning and quota allocation have become key spatial policy instruments.

Land is a surpassingly valuable resource for China's localities. It not only functions as physical space for urban and industrial expansion; it is also a highly fungible economic asset. Municipal governments raise fiscal revenue by leasing land out, borrow huge sums of money from banks using land as collateral, and offer subsidized land to lure industrial investment (Tao 2011, 33–35; Rithmire 2015).<sup>12</sup> Since the 1990s, municipal governments across China have exploited their control over urban land to drive rapid urban and economic development. In the process, they have become highly dependent on land-based finance and reliant on obtaining new land resources (Hsing 2010).<sup>13</sup> But access to land resources for urban expansion, especially the large parcels on the urban periphery most coveted by developers, has become tighter. To convert land from rural to urban uses, or to develop urban construction land, localities require administrative quotas that are granted by higher-level (provincial and central) authorities.

After the late 1990s, the central government established new mechanisms for land-use planning and regulation. Confronted with China's rapid loss of farmland and wasteful land use in new development zones and urban districts, the central government between 1997 and 1998 strengthened the Land Management Law and created MOLAR.<sup>14</sup> These reforms were directed at better protecting arable land and curbing wasteful land development efforts through stronger hierarchical planning and oversight. Whereas land conversion and development had gone through various channels in the mid-1990s, the revised Land Management Law required that land parcels be transferred to municipal governments before being leased to developers (Hsing 2010, 39–41). To protect China's arable land stock while also ensuring a supply of land for development, MOLAR and its subnational counterparts were empowered to regulate the amounts and types of land used in different areas of the country. After its creation, the ministry led a new round of "overall land-use planning" (*tudi liyong zongti guihua*), whereby governments at each level plotted out long-term land-use quotas for different categories of land and for their administrative sub-units (Wu 2007, 123). A new system of "dynamic balance" (*zhanbu*

*pingheng*) was established at the provincial level and below, whereby any loss of farmland beyond the assigned quota had to be replenished by a reduction in land use or reclamation of new farmland elsewhere (Zhong et al. 2017). The upshot of such changes was to strengthen state control over land use, and particularly to enhance the role of provincial authorities in overseeing local governments. Meanwhile, stricter enforcement of land-use quotas and the dynamic balance model made it possible for provinces to skew the distribution of land resources in favor of their top urban areas, with other city regions functioning as net suppliers of land-use quotas and as sites for replenishing arable land.

A renewed burst of land development in the early 2000s led to the introduction of stricter, more targeted central and provincial controls on land use.<sup>15</sup> In 2003, the central government began requiring provincial-level oversight of farmland conversion and of personnel appointments to municipal land bureaus and announced that land policy would henceforth be used as an instrument for macroeconomic regulation. The following year, Beijing imposed stricter controls on the development of arable land and conducted nationwide audits that recovered large quantities of land illegally occupied by development zones. In 2005, a new policy aimed at protecting farmland amid rapid urbanization linked expansion of urban land with conversion of rural construction land back to agricultural usage. Provincial authorities were tasked with allocating permits for such swaps, and provinces developed new mechanisms for transfer of such permits within their jurisdictions (Zhong et al. 2017).

Still struggling to rein in localities' land development, the center adopted further reforms in 2006. For the first time, the central government stipulated in the 11<sup>th</sup> FYP period a formal "red line" (*hong xian*) of 1.8 billion mu below which China's stock of arable land would not be allowed to fall (Nanfang zhomou 2014).<sup>16</sup> To enhance central oversight capacity, the State Council No. 31 document created a national land superintendency that would operate outside of the normal administrative hierarchy. Beijing also made provincial leaders more politically accountable to the center for land outcomes (Naughton 2007).<sup>17</sup>

While imposing stricter regulations on localities, both Beijing and provincial governments have maintained considerable discretion over the allocation of land-use quotas to different cities. Key decisions regarding the allocation among different localities of construction land quotas are made in Beijing and provincial capitals, according to a tiered system in which higher-level governments review the land-use needs of lower levels and assign quotas downward. Beijing assigns annual "construction land quotas" (*jianshe yongdi zhibiao*) to each province, and provincial governments divide this quota among the different prefectural-level cities under them. Although the allocation of land quotas factors in several technical criteria, central and provincial policymakers

have room at the margins for giving “preferential treatment” (*qingxie*) to particular localities or pet projects (Interviews CS061203b, BJ141307a). In particular, it is typical for provincial authorities to assign extra land quotas to cities prioritized under their development strategies (Interview NJ051204a), thereby concentrating economic opportunities in space.

## TARGETED INVESTMENT IN INFRASTRUCTURE AND INDUSTRY

Planning and oversight of major capital investment projects is another, closely related means by which higher-level actors influence spatial development. Of course, China’s municipal governments play an extremely important role in promoting investment in industry, urban infrastructure, and real estate (Hsing 2010; Interview BJ051112a). However, higher-level policies affect the ease of investment and availability of space, and Beijing and provincial authorities play a major part in the provision of economic infrastructure. Indeed, following several years of overheated growth, Beijing and provincial governments exercised stricter oversight of investment projects after the early 2000s. After 2003, central leaders insisted that projects be included in official plans in order to gain approval, and NDRC chairman Ma Kai presided over efforts during the mid-2000s to clamp down on excessive local investment through stricter planning and oversight (Naughton 2008).<sup>18</sup>

Central and provincial authorities have various means for shaping the spatial distribution of investment. On the one hand, higher-level authorities play an important role in approving and supporting the large-scale development zones and urban new districts that have been the focus of industry and real estate development since the early 2000s. While development zones proliferated in a bottom-up fashion during the 1990s, Beijing and provincial governments regulated zones more tightly after the turn of the century. Especially after 2003, higher-level authorities cracked down more harshly on unauthorized zone construction. As development zones and new districts in China’s cities have increased in size and sophistication since the turn of the century, higher-level state support has become increasingly important. With a growing number of municipal governments seeking to build large-scale development zones or sprawling urban “New Areas” in the style of Shanghai’s Pudong district and Tianjin’s Binhai New Area, the importance of winning state approvals and obtaining large allotments of urban land and financing from above has increased. Designation as a national-level (*guojia ji*) zone or provincial-level (*sheng ji*) zone, which brings improved policy treatment in matters such as land use, tax reduction, and administrative fees, requires approval from the corresponding level of government. And city governments typically need higher-level approval to alter the administrative configuration of development zones, or to expand the land area of zones (Interviews XA111206b, XA021202c,



CS171205a; Yew 2012).<sup>19</sup> For localities, the major upshot of zones is more access to land, capital, and key policy support. Different types of zones, such as ETDZs and HTDZs, notionally have different purposes, but their consequences for local development are similar, and “ostensible differences between the two types of zones are of minor significance to local authorities” (Ngo et al. 2017, 62). Without active support from above, cities can easily run out of room to expand.

Just as urban growth in China has increasingly taken the form of huge, planned new districts, industrial and infrastructural construction has often involved mega-projects—whether sprawling factories, real estate megablocks, or large-scale urban and regional transportation systems. Higher-level authorities play a key role in facilitating and financing undertakings on this scale. Central and provincial governments oversee the development of regional transportation and utilities infrastructure that spans multiple jurisdictions, including rail, highway, and water infrastructure projects. For interprovincial infrastructure, relevant central ministries typically work with provincial governments, SOEs, and state banks to plan, finance, and build projects.<sup>20</sup> When it comes to highways, for example, Beijing and provincial governments work jointly to develop national expressways, while provinces take the lead in building and financing intra-provincial highways (Lin 2012).<sup>21</sup> For major urban infrastructure projects such as subways, airports, and high-speed rail, central and provincial-level planning and administrative approval is necessary, and specific arrangements for financing and construction can take various forms.<sup>22</sup> Localities compete to obtain central approvals for projects such as subways, which are granted selectively (Interview XA101206b). In the process of securing administrative approvals from Beijing for large projects, and the subsequent work of mobilizing financing and policy support from central ministries, provincial authorities often serve as key intermediaries (Interview XA021112b).

Higher-level authorities also have important influence over the industrial and real estate mega-projects that local governments rely on to drive local economic development. Investment projects above certain size thresholds are subject to provincial or central approval, and higher-level authorities also steer investment projects in more active ways. To promote development in specific locations, higher-level authorities can exert pressure on foreign and private companies to locate major investments in particular cities (Xu and Yeh 2009). Higher-level authorities’ capacity for political targeting of investment by state-owned industries is far greater still. Both historically and in recent years, central and provincial leaders have used their control over the location of major industrial projects as a tool of regional development policy (Wei 2000, 68). Even if the hands-on role of central and provincial authorities is confined to a subset of industrial projects, these projects are some of the largest and most influential.



## PREFERENTIAL FISCAL AND FINANCIAL SUPPORT

Fiscal and financial policies are also powerful tools of spatial development policy. In the context of a stronger central government with a larger resource base, higher-level fiscal and financial policies significantly influence the development prospects of different cities and regions. Both the tiered structure of China's fiscal system and the politicization of bank lending mean that higher-level policies and political pressures can significantly influence which localities enjoy access to development financing.

China's cities have faced challenges in financing local government programs and development projects due to the structural mismatch between their spending responsibilities and their fiscal revenue. Administrative decentralization during the 1980s and 1990s left sub-provincial governments in China responsible for the lion's share of social service provision and a growing portion of basic capital investment (Wong 2013, 275–82). Meanwhile, increased economic competition among localities from the early 1990s on has placed pressure on localities to improve local economic infrastructure and to offer an array of tax, export, and land subsidies (Tao 2011, 33–35; Zweig 2002, 50–63). Yet fiscal recentralization in China after 1994 produced a drastic mismatch between local government expenditures and local fiscal income. China's mid-1990s fiscal reforms sharply increased the central share of fiscal revenue and kept the provincial share roughly steady but gave little consideration to municipal- and county-level finances. Fiscal reforms left localities dependent on transfers from higher government levels and forced many to supplement their resources with extra-budgetary revenues and bank loans (Wong 2002, 283–90). Following efforts by Beijing to curtail the rampant collection of administrative fees by local governments, land-leasing revenues and land-backed bank loans and bond issuances became increasingly important. Consequently, many localities remained on a precarious fiscal footing, relying heavily on unpredictable fiscal transfers, fast-paced land development, and access to inexpensive bank financing.

In this context, central and provincial fiscal and financial policies can greatly affect localities' development prospects. While the 1994 fiscal recentralization and subsequent fiscal policy reforms instituted a more unified tax-collection system and stipulated how different revenue streams would be divided between Beijing and provincial governments, they did not fully standardize central-provincial (or sub-provincial) fiscal transfers or clarify sub-provincial fiscal arrangements. It is up to provinces to determine how different types of fiscal revenue and expenditure will be split between the provincial level and different cities (Wong 2002, ii, 26–28).<sup>23</sup> The specific breakdown of revenue and expenditure sharing between provincial governments and the cities under them reflects provincial discretion and province-city negotiation

(Interview SZ011307a). As such, there can be significant variation in province-city fiscal relations over time, across provinces, and even across cities within a given province. Apart from making fiscal transfers highly volatile, this makes them highly political and subject to policy considerations and intergovernmental bargaining.

While fiscal expenditures are key for funding local governments' administrative operations and programs, lending from domestic policy and commercial banks has provided much of the funding for major capital projects in China's cities and counties (Wong 2013). Because local governments were not authorized to borrow directly from banks, much of this lending has occurred through local government investment companies (LICs). After the late 1990s, municipalities across China established various types of platforms for promoting, managing, and financing infrastructure and industry development. Though under the *de facto* control of local governments, these entities have existed in a regulatory gray area. They have been used to take out huge bank loans and to issue corporate bonds, skirting Beijing's ban on debt issuance by local governments.<sup>24</sup> While LICs may raise some of their funds from foreign or private investors, they rely heavily on state banks.

Lending to LICs is a political as much as a commercial affair. Among the financial institutions that have lent to LICs, the China Development Bank (CDB), China's flagship policy bank, has played a particularly important role—especially in inland provinces where the financial sector is less developed and market-oriented (Sanderson and Forsythe 2012; Interviews XA031202c, XA111206b). Although it functions on a quasi-commercial basis, the CDB is an appendage of the state. Originally created in 1994, and restructured between 1998 and 2000, the Bank holds ministerial-level status, and has the special prerogative of being able to raise capital by issuing long-term debt with *de facto* sovereign status (Sanderson and Forsythe 2012, 40–41, 66–67).<sup>25</sup> As part of its reorganization, the CDB absorbed the regional branches of the erstwhile China Investment Bank, giving it a presence in provincial capitals across the country. Under the leadership of bank governor Chen Yuan, an early and ardent champion of state-led urbanization, the CDB from the late 1990s on carved out a distinctive niche in financing large-scale urban infrastructure.<sup>26</sup> The bank worked with subnational governments to set up LICs that could serve as fund-raising and management platforms for large-scale urban modernization projects (Interview BJ121206a; Sanderson and Forsythe 2012).<sup>27</sup> Localities' ability to forge agreements with the CDB and secure huge tranches of developmental finance could mean the difference between rapid growth and economic marginalization.

Thus, in the realm of public finance, as in the realms of regional planning, land policy, and investment policy, higher-level authorities continue to possess powerful instruments for targeting economic resources and policy

support in space. The fact that central and provincial actors have a large measure of discretion in allocating special policy designations and resources enables them to selectively support certain locales and leads localities to lobby higher-level authorities aggressively for such benefits.

### **Continuing Debates over Spatial Policy**

While the policymakers running China's "socialist market economy" (*shehuzhuyi shichang jingji*) have powerful tools for shaping spatial development, there has never been a simple answer to the question of how these tools should be used. Should spatial policies serve the goal of economic growth and upgrading, prioritizing the most dynamic cities and regions? Or should such policies be used to promote more geographically balanced growth and to rein in dangerous spatial and social disparities? Although spatial policies have featured prominently in the PRC's development from the beginning, conflicts between the economic and political imperatives of spatial policy have never been resolved. In recent decades, as in years past, the relative salience of economic and political concerns has varied over time, and national leaders have shown more tolerance for uneven development at some moments than others. Central policies have continued to shift frequently and display conflicting logics.

### **A LEGACY OF CONFLICTED SPATIAL POLICIES**

To understand contemporary policy debates, it is necessary to return briefly to early PRC history. When China's leaders took up the dual goals of rapid industrialization and regional rebalancing in the 1950s, they adopted spatial development policies that were regressive within provinces but redistributive across provinces. The First FYP report insisted that "our task in municipal construction at present is not to develop big coastal cities but medium and small cities in the interior, at the same time duly restricting the development of big cities" (HCIA 1962, 60). For a regime that had come to power through rural revolution and denounced the moral decadence of capitalist cities, there were ideological reasons for suppressing the commerce of metropolitan cities. But China's spatial development policies also reflected practical necessities. Mao, in particular, worried that the excessive concentration of people and investment in big cities and coastal provinces would make China vulnerable in case of nuclear war (McGee et al. 2007, 33). By fostering new industrial growth poles, the regime hoped to reap economies of scale without channeling even more resources and people to eastern metropolises. Meanwhile, to prevent urban-biased development policies from giving rise to overgrown cities, policymakers regulated migration into cities with strict enforcement of the

*hukou* (household registration) system after the late 1950s, and they stifled the urban character of cities by curbing commerce and carving up cities into highly regimented production units, or *danwei* (Wallace 2014; Yeh et al. 2011).<sup>28</sup>

This uneasy compromise between economic and political considerations was upset later in the Maoist period, when the logic of dispersing industrial development for strategic purposes was taken to an extreme under the Third Front program. Driven by military anxiety and ideological fervor, the scattering of investment and human capital in hard-to-access locations defied economic logic and proved a waste of resources. Third Front policies were effectively discontinued in the early 1970s, to be disavowed by later leaders and policy experts as a mistake (Naughton 1988). More broadly, the late 1960s and early 1970s were a nadir in China's urban development. The paroxysms of the Cultural Revolution years brought political violence and economic disruption to many cities and resulted in the rustication of millions of urban youth. With an anti-urban mentality prevailing among China's leaders, the growth of major cities was limited, and greater political attention was devoted to rural areas.

During the first two decades of the reform era, leaders tried to find a new balance between developmental imperatives and political concerns. Even as China tolerated new experiments with market reform and economic internationalization, and placed greater emphasis on developing coastal provinces, leaders remained cautious about overly rapid or concentrated urban development and sought politically safe ways to absorb surplus rural labor. Policymakers used active measures to limit the growth of larger cities and promote dispersed industrial and urban growth. China's 1978 Third National Conference on Urban Work called for controlling the size of larger cities and developing more small towns, and the central government's 1980 National Urban Planning Work Meeting endorsed a small city-based urban model. Renowned academics, including, most famously, Fei Xiaotong, argued that addressing the problem of surplus agricultural labor would require China to concentrate on developing small towns and make the development of larger urban centers secondary to this task (Cao and Zhu 2010, 195–96). Rapid growth of light and processing industry could occur while minimizing population growth in big cities by having peasants “leave the fields without leaving the village” (*li tu bu li xiang*). A new City Planning Law, discussed for years and formally adopted in 1989, upheld the small-city orthodoxy, stipulating that “the state shall guide itself by the principle of strictly controlling the size of large cities and developing medium-sized and small cities and towns” (National People's Congress 1989). Such policies led to the adoption of restrictive population and land area growth targets for provincial capitals and other larger cities.

Again, China's policymakers tried to square restrictive urban policies with the requirements of economic development. In an inversion of the approach taken during the early Maoist period, policymakers after the late 1970s

adopted spatial development policies that were regressive at the national scale but often redistributive within provinces. The central state supported the development of China's advantageously located coastal provinces, but it also guided development to smaller cities and rural areas on the fringes of major urban regions. Emblematic of this logic were the first four SEZs in Guangdong and Fujian, which were established outside of large cities (even if they later grew to become major urban centers in their own right). Meanwhile, by authorizing decentralization of more economic powers to local governments, higher-level authorities enabled booming industrial development in erstwhile rural areas and small cities. Such policies had important implications for spatial development patterns of the early reform era. During the 1980s, in both coastal provinces like Guangdong and inland ones like Hunan, the fastest economic growth took place not in top provincial cities but in secondary urban centers (Fan 1995).<sup>29</sup> In Jiangsu and Zhejiang, township and village enterprises thrived just beyond the boundaries of major cities.

China's 1989 Tiananmen demonstrations, the ensuing nationwide protest wave, and the harsh crackdowns that followed had profound but mixed implications for urban policy. On the one hand, China's leadership recognized urban economic discontent as a key precipitating factor for the political upheaval of 1989. National leaders understood that they would have to do much more to ensure the economic livelihood and political loyalty of urban residents. The leadership reshuffle that occurred following the Tiananmen events elevated a new team of leaders with extensive urban management experience and close ties to urban-based state industries (Huang 2008, 41). On the other hand, the events of 1989 were a painful reminder of the revolutionary threat of large, cosmopolitan cities, and of the dangers associated with rapid yet uneven economic growth (Wallace 2014, 101). The experience surely impressed on China's leaders the need to keep close political watch of big cities and carefully manage their growth.

To the extent that China's national leaders had any overarching strategy for urban and regional development in the early 1990s, it was a mantra of fast but dispersed development. The guiding principle of "strictly controlling the size of large cities and developing medium-sized and small cities and towns" remained in place. But with Deng Xiaoping and China's party leaders signaling support for a renewed reform and opening drive after 1992, and dozens of new national-level and provincial-level development zones authorized across the country, city authorities saw a new window of economic opportunity. Perceiving a more permissive policy environment, municipalities across China used the development zone model to sharply expand investment in real estate, urban infrastructure, and industrial projects.

The investment craze and "zone fever" of the early 1990s were hardly confined to China's largest cities, however. Central and provincial policymakers encouraged faster investment in cities of various sizes, not simply in provincial

capitals and other metropolitan centers. Development policies displayed greater urban bias across China in the early 1990s, as Huang (2008) stresses, but there was not clear favoritism toward the biggest cities. Particularly in coastal provinces like Guangdong, Jiangsu, and Zhejiang, medium-sized urban centers like Dongguan, Changzhou, and Wenzhou captured much of the new investment and economic growth (Wei and Fan 2000; Gu et al. 2001). Accelerated urban construction and faster growth of urban industry and commerce—especially outward-oriented economic activity—contributed to growing regional divergences in development. The economic gap between coastal and inland provinces widened during the early 1990s, and core-periphery gaps grew starker within many provinces, too (Wang and Hu 1999). Still, in most of the country the new development push of the early 1990s did not translate to narrowly concentrated and hierarchically structured urban-industrial growth so much as fast (and often disorderly) development that was dispersed across multiple urban centers.

#### SPATIAL POLICY CONFLICTS RISE TO THE SURFACE

While spatial policies in the 1980s and early 1990s had tried to sidestep conflicts between the economics of concentrated development and the political need to disperse urban and industrial growth, it became harder to avoid development tradeoffs thereafter. On the one hand, China's pursuit of economic upgrading and internationalization required more attention to leading urban centers. By the late 1990s, many policy elites in coastal provinces believed a growth model based on labor-intensive, low-margin industries was losing steam. They argued for a turn toward capital- and knowledge-intensive sectors based in larger cities with the right infrastructure and amenities to support upgrading (Tian 2011, 502–4). For China quickly to move up the industrial value chain and expand its global trade and investment links, it would also be necessary for coastal provinces—which were home to the most competitive cities and industry clusters—to maintain their vanguard role. On the other hand, however, the perceived political risks of unbalanced spatial development were mounting. Worsening coastal-inland disparities and intra-provincial inequalities prompted calls to target more resources to poorer regions. In an influential 1999 book, for example, academics Wang Shaoguang and Hu Angang argued that China's spatial inequalities could lead to political instability and appealed for a powerful central government role in redistributing growth both across and within provinces.

During the late 1990s, these tensions between competitiveness and redistribution were apparent in China's broad economic strategy and in spatial policies, specifically. Under Jiang Zemin and Zhu Rongji, the central government charged ahead with reform and opening but also sought to compensate some of the losers of economic transition. Zhu pushed forward sweeping

reforms of state-owned industry in line with the principle of “grasp the large, release the small” (*zhua da fang xiao*). In hopes of restructuring SOEs as competitive modern enterprises, central and provincial authorities divested themselves of large numbers of smaller, struggling SOEs while building up and tightening control over large firms in strategic sectors.<sup>30</sup> Beijing also advanced the commercialization of urban housing, ending allocation through work units (Yang 2004, 25–33; Yeh et al. 2011). In 1999, central leaders cleared the way for China’s 2001 WTO accession, which would further reduce barriers to trade and entice outside investment but also would expose localities across the country to intense foreign and domestic competition. At the same time, however, the center committed to using its growing fiscal capacity to help China’s worst-off groups. The Ninth (1996–2000) FYP had called for greater aid to China’s rural poor and less-developed regions, and national leaders signaled concern for firms, workers, and localities hardest hit by liberalization.<sup>31</sup>

Spatial development policy was marked by similar tensions. China’s efforts to promote industry upgrading and to expand international trade and investment stood to benefit the country’s most dynamic and globally oriented city-regions, places such as Shanghai, Shenzhen, and Qingdao. At the same time, however, Beijing took new steps to target state assistance to lagging regions. The Ninth FYP had placed greater emphasis on “coordinated regional development” (*quyu xietiao fazhan*) and poverty reduction, both at the national scale and within China’s provinces. China’s 1999 Central Economic Work Meeting announced the Western Development program as its top priority for the coming year. Although the central government did not go as far in efforts to balance development as had been the case under old Mao-era policies, Beijing used infrastructural investment and preferential policies to help western provinces develop as economic growth centers in their own right, and to better integrate these areas into the national and global economy. At the end of the 1990s, the central government also scaled up social assistance to impoverished rural regions and to the old industry centers hardest hit by SOE restructuring (Bao 2009, 29–30, 93–95). This way, Beijing endeavored to make faster restructuring and opening up compatible with economic and political stability.

While policymakers felt an economic need for faster urbanization and investment in cities, they remained wary of overly fast metropolitan growth. Central leaders’ concern with maintaining social stability and regional and urban-rural balance led them to reaffirm an urban development model centered on smaller cities and towns. During the mid-1990s, China’s Agenda 21, a report drafted by the State Planning Commission and State Science and Technology Commission and endorsed by the State Council, had called for development policies to support medium-sized and smaller cities and towns. The Ninth FYP maintained this emphasis on dispersed urban growth, and



through the end of the decade top national leaders as well as officials from key urban policy agencies such as the Ministry of Construction (MOC) refrained from endorsing a more metropolitan-oriented approach (Gu, Wu, and Cook 2012; Interviews BJ081206a, NJ081205a).<sup>32</sup> Meanwhile, several prominent academic researchers, including Liu Jiaqiang and Zheng Hongyi, argued for continuing to focus on the development of small and medium-sized cities (Gu, Wu, and Cook 2012). At the turn of the century, the central leadership issued a sequence of policies emphasizing the development of towns and small cities. In October 1998, the Third Plenum of the 15<sup>th</sup> Central Committee passed a “Decision on Several Major Problems in Agricultural and Rural Work” that emphasized building up small towns as a “major strategy for spurring along rural economic and social development.” In July 2000, the party center and the State Council released an opinion on developing towns stating that the time was right to accelerate “small-city based urbanization” (*chengzhenhua*), and in October of the same year the party center suggested for the 10<sup>th</sup> (2001–2005) FYP that developing small cities and towns—particularly county-level cities and select towns—was a key approach for pushing urbanization forward (Cao and Zhu 2010, 196–97).

By this time, however, a growing chorus of academics and officials in China was advocating an adjustment of urban policies, stressing the economic advantages of large cities and the greater efficiency of infrastructure and service provision in such cities. As China’s State Development Planning Commission (SDPC) and Ministry of Finance (MOF) began planning work for the 10<sup>th</sup> FYP period, they engaged experts from the World Bank and other organizations to help launch new research on urbanization and outline a more aggressive urban development agenda. Technocratic elites such as Lou Jiwei of the MOF and Zhu Baozhi of the SDPC argued that there should be greater latitude and policy support for the growth of major cities, even as China continued emphasizing the development of smaller cities (Gu, Wu, and Cook 2012).<sup>33</sup> State financial institutions such as the CDB also represented an important pro-urbanization constituency within the central state. Following its restructuring as a more autonomous, market-oriented institution in 1998, the CDB emerged as a champion of what president Chen Yuan called “development finance-powered urbanization” (Chen 2013, 99–100). Beyond their technocratic affinity for large-scale, concentrated development, such institutions had a profit motive in lending to large and medium-sized cities.

If differences of opinion in Beijing provided subnational actors with more political space to try out new urban development policies, the economic circumstances of the late 1990s gave them stronger motivation to do so. Just as it contributed to China’s economic restructuring more broadly, the 1997–1998 Asian Financial Crisis fueled interest across the country in faster urban development and urban policy reforms (Gu, Wu, and Cook 2012; Tong 2011,



48–49). To limit spillover from the crisis, Beijing launched a major economic stimulus effort, sharply scaling up fiscal spending and bank lending after 1998. Provincial and municipal leaders recognized that accelerated construction of urban infrastructure and real estate could help revive economic growth while also enhancing the business environment and living conditions of their cities. The availability of stimulus funding and general loosening of economic policies in the late 1990s gave subnational governments greater room to experiment with bolder urban development approaches. As I discuss in later chapters, provinces such as Jiangsu and Hunan did just this. In adopting metropolitan-oriented development strategies, however, provincial leaders had to take the initiative: while not exactly defying Beijing, they were venturing past the central policy line.

### URBANIZATION AS A DEVELOPMENT STRATEGY

The early twenty-first century brought significant adjustments to national-level urban policies, as economic globalization created pressure for new approaches and as the political weight of pro-metropolitan actors grew. Emerging from the Asian Financial Crisis and seizing on the turn of the century as a symbolic watershed, China's national economic policymakers prioritized fast growth and internationalization. As final preparations were made for WTO accession, concerns about the economic competitiveness of China's cities took on special urgency. With more central bureaucrats and provincial leaders starting to embrace more metropolitan-oriented growth strategies, China's senior leaders came under pressure to outline a new spatial development paradigm in the early 2000s. Urbanization was elevated to the status of a national development strategy, and there was greater acceptance of the role of major cities in China's development. But some top leaders and central actors remained deeply skeptical of metropolitan-oriented growth, and different central government actors continued to clash over the proper approach to urban development.

Under the 10<sup>th</sup> FYP plan, central policymakers stressed rapid growth, reform, and opening up. Following China's 2001 WTO accession, policymakers at each level worked to increase industrial and regional competitiveness. Beijing continued promoting SOE reforms in the early 2000s, and supported the growth of larger-scale, more capital- and knowledge-intensive industry (Yang 2010, 54). In line with the broader elitist turn in economic policy, the 10<sup>th</sup> FYP outline put more weight on developing "key points" (*zhongdian*), strategic locations that could serve as foci of growth and reform for larger regions. Meanwhile, as Lin (2007) notes, relaxation of policy controls over municipal finance, real estate, and urban construction enabled fast development in cities with access to local, foreign, or state capital.

For the first time, urbanization was explicitly named as a national development strategy, setting the stage for expanded investment in cities but also giving rise to sharper bureaucratic conflict over the content and control of urban policy.<sup>34</sup> Whereas urban and regional planning had for many years been the domain of the MOC, officials from China's planning commission now began to play a larger role. The MOC, which focused on physical planning and was responsible for overseeing construction of smaller urban settlements as well as major centers, continued to advocate a more balanced and inclusive approach to urban development (Interview BJ081206a). Indeed, in the following years, construction minister Wang Guangtao would decry what he viewed as blind growth of large cities and excessive spending on urban vanity projects (McGee et al. 2007, 207). Compared with MOC officials such as Wang, technocrats from the SDPC and its successor agency, the NDRC, placed greater emphasis on efficiency and scale in urban growth, and thus were more sympathetic to metropolitan development (Interview BJ081206a). From the early 2000s on, the NDRC would remain a champion for rapid urbanization and for development and integration of China's large metropolitan regions.<sup>35</sup>

As debates between big-city and small-city urbanization advocates continued, top national leaders shifted toward a more mixed urban development approach but stopped short of endorsing a metropolitan-oriented growth model. While granting larger cities freer rein to develop, the 10<sup>th</sup> FYP called for a mixed and gradual urbanization process (Gu, Wu, and Cook 2012). In 2001, the party center's Suggestions for the 10th FYP stressed "a diversified urbanization path with coordinated development of large, medium, and small cities and small towns," and specifically "placing emphasis on development of small towns, actively developing medium and smaller cities, improving the function of regional central cities, and giving play to the radiating and driving function of larger cities" (Cao and Zhu 2010, 196–97). Meanwhile, discussions on urban policy at the 2001 Fifth Plenum of the 15<sup>th</sup> Central Committee highlighted the need to correct imbalances in China's urban growth. Party leaders at the meeting reiterated the need to build up medium-sized and smaller cities, noting that a high concentration of people in large cities was bad for the stability of the urban system (*Zhongguo jianshe bao* 2001).<sup>36</sup> In November 2002, Jiang Zemin's report to the 16<sup>th</sup> National Party Congress called for "adhering to coordinated development of large, medium, and small cities and town towns, and following an urbanization path with Chinese characteristics" (Cao and Zhu 2010, 196–97).

Even as they loosened urban policies somewhat, national leaders underscored their concern for balancing economic growth with other considerations, and for making development more inclusive. After 2003, the new Hu-Wen leadership advocated stronger development planning and state guidance

to achieve “the five comprehensive coordinations” (*wuge tongchou*), which included coordinated urban and rural development, regional development, economic and social development, human and natural development, and domestic development and international opening (Heilmann and Melton 2013). National leaders continued to give strong organizational and material support to the Western Development program and approved new strategies for other lagging regions of the country. In 2003, Beijing officially launched a new Revive the Old Northeast Industrial Base strategy. And, in early 2004, premier Wen Jiabao mentioned a new Central China Rising strategy to support the economies of central provinces (Lai 2007).<sup>37</sup> Thus, Beijing continued to stipulate the need for a balanced approach to urban and regional development, and this concern for coordinated development would become even more apparent after Jiang left the stage and Hu and Wen put their stamp on policies later in the 2000s.

### RESCALING AND REBALANCING STATE-LED DEVELOPMENT

In the second half of the 2000s, the Hu-Wen leadership intensified efforts to rebalance China’s development and address problems that had emerged over the course of several years of extremely rapid urban and industrial growth. Under the 11<sup>th</sup> FYP, Hu and Wen advanced a more comprehensive development agenda, stressing not just headline GDP but also rural development, inter-regional coordination, resource conservation, and environmental sustainability. To achieve this, the national leadership backed a new set of spatial planning and governance initiatives. On the surface, Beijing’s call for more “balanced” development was not necessarily welcome from the standpoint of growth-hungry provincial and local governments. In reality, however, sub-national actors would find ways to turn new state-level initiatives to their own advantage.

By the mid-2000s, problems with China’s urban-biased, resource-intensive growth model had become clear to central leaders. Despite Beijing’s efforts to cool local land and industry development, red-hot urban growth was continuing unabated. Increasingly, urban expansion threatened China’s stock of arable land. Insufficient compensation for requisitioned land and job opportunities for displaced farmers were creating substantial social hardships and instability risks. Large—and growing—development gaps separated major cities, on the one hand, from rural areas and smaller urban centers, on the other (Neikan yaowen 2005). With strict residency registration systems still in place in most large and medium-sized cities, migrants could find short-term employment opportunities in metropolitan areas but often lacked access to public services such as education and healthcare, presenting social risks (Tao 2011, 20). Public intellectuals appealed to central leaders to manage urbanization more cau-

tiously, and to address the economic and social crisis facing China's rural dwellers (Day 2008).<sup>38</sup>

Hu Jintao and Wen Jiabao proved more receptive to these concerns than their predecessors. The 11<sup>th</sup> FYP framework, the first prepared under the Hu-Wen administration, emphasized the need for a “scientific development outlook” (*kexue fazhan guan*) and for “taking people as the root” (*yi ren wei ben*). In their signature policies and public statements, Hu and Wen took a broader view of China's development challenges, emphasizing social welfare, environmental protection, urban-rural coordination, and regional integration in addition to more economic concerns of industrial competitiveness and innovation capacity. The 11<sup>th</sup> FYP called for rebalancing China's economy toward social development and more sustainable growth drivers—rural modernization, domestic consumption, service- and knowledge-based industries, and energy-conserving, environmentally friendly technology (Fan 2006; Yang 2010, 18–20, 54).

The Hu-Wen leadership insisted that China's urbanization model, too, should balance economic goals and sustainability. Top leaders and central government planners expressed concerns about the overcrowding and overdevelopment of large cities (Saich 2008; Yang 2010, 30–31).<sup>39</sup> At a September 2005 Politburo session, Hu argued for a Chinese-style urbanization model that would promote intensive rather than extensive growth, protect the environment, and foster social harmony (Gu, Wu, and Cook 2012). A set of Suggestions for the 11<sup>th</sup> FYP passed at the October 2005 Fifth Plenum of the 16<sup>th</sup> Central Committee advocated “healthy” urban development with balanced growth of large, medium, and small centers and stricter conservation of land resources (Cao and Zhu 2010, 196–97). China's leaders also stressed the need for gradualism in urban residency reforms and continued efforts to steer rural migrants to smaller cities and towns (Fan 2006). Echoing these themes, national leaders at the 17<sup>th</sup> Party Congress in October 2007 highlighted the need to foster economic growth poles and develop a stratified urban system in which larger cities could help smaller cities, but at the same time demanded attention to sustainability, regional coordination, efficient land use, and overall urban-rural planning (Cao and Zhu 2010, 198–99).

Central policymakers also viewed regional and urban-rural coordination of growth as vital for ensuring both rapid economic growth and inclusive, sustainable development. During the second half of the 2000s, Beijing continued with implementation of different macro-regional initiatives, and also pursued new, more actionable modes of regional development planning. Wen Jiabao and NDRC director Ma Kai backed efforts to develop “urban clusters” (*chengshi qun*) and integrated growth corridors across China (Wu 2007, 130–31).<sup>40</sup> Supporting this vision, Beijing designated several new state-led CRPZs and strategic “economic areas” (*jingji qu*) across the country. The

central government also began work on a “principal function area” (*zhuti gongneng qu*) scheme that would assign a development focus to each county in China (Li and Wu 2012). Following lengthy internal debate in the NDRC, this plan was finally promulgated in late 2010 (Shue 2017, 105).

Meanwhile, the central government supported new initiatives aimed at urban-rural coordination of development. From the mid-2000s on, central leaders championed “New Socialist Countryside Construction (NSCC)” (*she-huizhuyi xin nongcun jianshe*) through renovation of villages across the country and better public service provision. After 2004, the Hu-Wen leadership devoted each year’s No. 1 Central Document (*zhongfa yi hao*) to rural work and backed up their rhetoric with policies to support rural economic development and social welfare, such as the abolition of the agricultural tax (Looney 2012, 204–13). And, in 2007, the National People’s Congress (NPC) passed a new Urban and Rural Planning Law to guide urban-rural integration efforts.

While the Hu-Wen leadership called for improved state coordination of economic and spatial development, however, much of the concrete work of designing and implementing new strategies was entrusted to subnational actors, who often had strong pro-growth inclinations. Provinces enjoyed considerable policymaking latitude under the 11<sup>th</sup> FYP as the central government slashed the number of binding development targets (Yin 2011, 128). And Beijing’s emphasis on coordination and integration of multi-city economic regions made provinces crucial as units for planning and administration (Gu, Zhao, and Zhang 2012).

The Global Financial Crisis of 2008 and its aftermath would also expand the space for provincial initiative. In 2008, the global economy reeled as the full implications of a subprime mortgage crisis in the United States hit world markets. The rapid descent of several of the world’s largest economies—and China’s largest export markets—into recession threatened to reverse China’s economic momentum. This prompted China’s national leaders to take drastic pro-growth measures, and to relax some of their policy controls on subnational governments. With a \$580 billion economic stimulus package announced in response to the Global Financial Crisis, Beijing opened the floodgates for a nationwide investment spree.<sup>41</sup> Between late 2008 and 2010, Beijing and provincial governments jointly launched a large number of urban and regional development initiatives such as the Guanzhong-Tianshui Economic Area in Shaanxi and the Wanjiang Urban Belt in Anhui, many of which were to be financed by state bank lending rather than through the central government’s budget (Li and Wu 2012). From 2010 on, Beijing also authorized a growing number of Pudong-style New Areas in major cities such as Chongqing, Lanzhou, and Guangzhou, giving provincial and municipal authorities freer rein and additional resources to pursue fast urban development. Such schemes—centrally endorsed but locally driven and primarily growth-

oriented—embodied the contradictory impulses and shifting targets of spatial policy in the Hu-Wen era.

### PERSISTING TENSIONS AND MIXED MESSAGES IN CENTRAL POLICIES

As this historical overview has shown, China's central leaders grew more tolerant of metropolitan-oriented development models over time, yet the shift toward a big-city paradigm was hesitant and policy debates have continued. Beijing's promotion of an outward-oriented growth strategy and emphasis on capital- and knowledge-intensive industry since the 1990s have implicitly favored larger urban centers with the market scale, factor endowments, and amenities to serve as hubs for advanced industrial and commercial activity. And the central government's more explicit embrace of urbanization and metropolitan-regional development as economic strategies since the early 2000s has facilitated growth of large cities. Since the turn of the twenty-first century, central policymakers have given more rhetorical and material support to the development of extended metropolitan regions. Some central actors, such as the NDRC, have trumpeted the economic potential of big cities. Indeed, the type of state-led industrial and urban development the NDRC has promoted often privileges large urban areas, insofar as these locations have the infrastructure to support advanced economic activity and the "administrative capital" to plan and manage large-scale projects (Xu 2008).<sup>42</sup>

But central policies have not always been clear-cut, and Beijing has rarely spoken with a single voice. Debates and conflicts among central officials and policy intellectuals about what form of urban growth to pursue persisted through the 2000s and beyond. Many central policymakers continued to call for developing smaller urban centers and better coordinating development between different regions and between city and countryside. Indeed, top national leaders such as Hu Jintao proved reluctant to embrace a development approach focused heavily on major cities. Central leaders have been slow to jettison their long-standing policy of curbing growth in big cities and favoring smaller urban centers. Alongside policies that help the development of infrastructure, real estate, and industry in major cities, Beijing over the past two decades also has adopted stronger policies to support lagging regions and rural areas, and demanded stronger efforts to coordinate development and mitigate economic dualism. Indeed, central support for the recent wave of urban-regional strategies centered on big cities has been justified in large part as a way to promote more integrated regional and urban-rural development.

On the whole, China's national leaders struggled during the 1990s and 2000s to strike the right balance in urban and regional policy. During these decades, vigorous debates continued over what model of spatial development

China and its provinces should pursue. The central government took tentative policy positions, neither leaning too strongly in favor of metropolitan-oriented development nor rigidly sticking to historical policies of curtailing large cities' growth.

Rather than being resolved at the national level, China's metropolitan dilemma—like many other development questions—fell to the provinces. As Heilmann and Perry (2011) note with regard to China's governance system, “strategic decisions are the preserve of the top leadership; yet operationalization and implementation require substantial latitude for [subnational] initiative and independence” (13). Indeed, the principle of implementing policies “in accordance with local conditions” (*yin di zhi yi*) is widely invoked and deeply ingrained (Heilmann 2011a, 67). The policy influence of subnational actors is even greater when there is ambiguity in central guidelines. With central policies conveying mixed messages about urban and regional development during the late 1990s and 2000s, provinces had political space as well as a practical need to craft distinctive policy approaches. Held responsible for development within their jurisdictions, provincial leaders had to translate vague and sometimes inconsistent guidelines from Beijing into specific choices about where to target resources and how to weigh the development of key metropolises against that of secondary cities and rural areas. Their challenge was to find spatial development approaches that were politically in-bounds but also convergent with regional interests.

## Conclusion

As this chapter has shown, spatial policies have long been a vital mode of developmental governance in the PRC and have enjoyed a resurgence in the past two decades. In the making of urban and regional development policies, however, there have been recurring tensions between economic goals, on the one hand, and broader social, political, and strategic concerns, on the other. These conflicts have become salient in an era of rapid economic growth and global integration, when both competitive pressures and concerns over inequities and instability are acute. Some policy elites have argued that building stronger metropolitan cities—with their advanced infrastructure, industrial clusters, and concentrations of talent—is necessary for China and its regions to hold their own in a fiercely competitive global economy. But others have contended that there is more need than ever for efforts to rebalance development to contain development gaps between rich and poor regions, to address yawning socioeconomic gaps, and to ensure the political and environmental sustainability of growth.

With national-level debates continuing, China's provinces enjoyed a significant degree of policy latitude and became key arenas for spatial develop-

ment politics in practice. As the case studies of Hunan, Jiangxi, Shaanxi, and Jiangsu in chapters 4–7 will show, varying policy priorities came to the fore and varying spatial development models won out in different parts of the country and at different points in time. Before turning to these case studies, however, the next chapter builds a theoretical framework for understanding the pivotal role of provinces in China’s multilevel system and for explaining variation in outcomes across units and over time.



# 3

## The Multilevel Politics of Development

In a polity as large and regionally diverse as China, subnational units play a crucial role in spatial development. While central leaders outline broad policy goals, many aspects of planning and administration fall to the provincial scale. So do many of the hard decisions.

China's provinces are as large as countries and they contain economically developed metropolitan regions as well as poorer peripheral areas. At the provincial level, theoretical debates about the correct model of urban and regional development are inseparable from practical decisions about whether to target resources to burgeoning big cities or less-developed hinterlands. Meanwhile, China's party-state architecture makes provinces pivotal to spatial development policy. In a system where central state institutions are powerful but fragmented, many key planning processes and resource allocation decisions—concerning regional development, land, large-scale investment, and financing—take place at the subnational level.

Provinces in China have a spectrum of spatial development models from which to choose, but each approach involves clear costs as well as benefits. On the one hand is the option of *metropolitan-oriented* development, or prioritizing growth in the largest, most economically advanced cities. By building on the existing strengths of big cities, it may be possible to enhance urban competitiveness and accelerate industrial upgrading. Such an approach, however, is likely to worsen regional disparities and urban congestion problems. On the other hand, policymakers can promote *dispersed* urban and industrial development—spreading investment and policy benefits across a large number of smaller economic centers, including secondary cities and rural areas. Al-

though such a model can help mitigate spatial disparities and achieve more diversified economic growth, it may sacrifice aggregate economic efficiency to achieve these goals. Between these extremes, policymakers can promote *mixed* models of spatial development that aim simultaneously to support growth in larger and smaller economic centers. However, development strategies that attempt to do everything at once risk doing nothing particularly well. These different models of spatial development in China constitute the main dependent variable of this study and connect to its larger theoretical questions: How does the state intervene in and shape the development of cities and regions? Why do public policies reinforce spatial inequities in development in some cases while reducing disparities in others?

To explain the varying development approaches of China's provinces, we must take seriously the proactive role of the state but also unpack "the state" and the conflicts within it. China's party-state commands vast resources and has a large measure of autonomy vis-à-vis society. Notwithstanding market reforms and liberalization, the capacity of higher-level state actors to mobilize developmental resources and target them to specific locations has in many ways grown stronger since the mid-1990s. Yet, while state actors have a powerful capacity to mobilize and target resources for urban and regional development, the Chinese state is a "divided leviathan,"<sup>1</sup> riven by internal conflicts. How the state's energies and resources are actually used depends heavily on politics within the state—on which actors and agendas dominate the policy process. Spatial development policies are particularly likely to elicit conflicts among different state actors because such policies affect the territorial distribution of resources, people, and economic activity, and sometimes also influence the structure of territorial governance.

Building upon insights from past scholarship, I develop a political explanation for why development policies are more metropolitan-oriented in some provinces than others. First, I highlight the multilevel politics of spatial development, focusing on provincial units but conceptualizing policy outcomes as a product of conflict and cooperation between different government levels with distinct territorial interests. I then discuss how the spatial development concerns of provincial, central, and local authorities vary, and consider how the power relations among different actors affect the policy approaches that take shape.

As I argue below, provinces' spatial development approaches depend on both the horizontal economic competition among different subnational units and the vertical power relations among government tiers. I highlight two key explanatory variables—*relative economic performance* and *provincial-level strength*. We are most likely to find metropolitan-oriented development, I contend, where subpar economic performance leads provincial policymakers to fixate on urban competitiveness, and/or where provincial authorities

are strong enough politically to channel resources to their would-be urban champions.

### **The Intergovernmental Politics of Spatial Development**

Provincial units are critical arenas for China's spatial development politics, but they are not closed systems. To understand why specific provincial-level development approaches emerge, we need a clearer conception of how policymaking is structured, which interests are at stake, and where power resides. Here, I adopt a multilevel politics framework that focuses on how policy outcomes emerge through the actions and interactions of governments at different levels, highlighting what Falleti (2010) calls the "conflicting territorial interests among levels of government and geopolitical units" (32) and what Sinha (2005) describes as interplay of "the central rules of the game, subnational strategic choices, and regional institutional variation" (4). As I explain, a model of development politics that places territorial concerns front and center is especially fitting when looking at China and when examining policies that affect the distribution of economic resources and governance authority.

#### **WHY PROVINCES MATTER**

China's sheer size makes provinces, which are themselves country-sized, critical units for administration (Chung 2000; Donaldson 2010). This is particularly true when it comes to urban and regional policy. Many administrative powers relevant to spatial development reside at the provincial level.<sup>2</sup> For example, provinces serve as key platforms for urban and regional development planning, insofar as provincial governments are responsible for economic governance and inter-city affairs in their territories (Gu, Zhao, and Zhang 2012, 29).<sup>3</sup> It was provincial governments that most directly oversaw many of the twenty-first-century spatial development schemes discussed in the previous chapter. Several of these initiatives aimed at the development and integration of urban clusters within, rather than across, provincial boundaries, and were thus coordinated by provincial authorities. When Beijing granted state-level status to more than twenty urban cluster schemes in the late 2000s, provincial authorities were given considerable *de facto* policy discretion. This was particularly clear with the CRPZs Beijing approved from 2005 on. As Lam (2010) notes, "when the central level approved the [pilot] zone status, it only set the overall direction and broad outlines, and asked the provincial authority to prepare an implementation plan and to submit it to the central level for approval" (353). At the end of the day, central agencies such as the NDRC simply

had insufficient organizational capacity to manage the rollout of these initiatives (Interview BJ061202a; Heilmann and Melton 2013).<sup>4</sup>

Provinces play similarly important roles in other aspects of spatial development policy. Provinces have been integral to China's strengthened land policy regime, even when the impulse for tighter regulation has come from Beijing. Provincial governments allocate land-use quotas among different cities, and provinces have been the largest units for implementing a "dynamic balance" of land stocks (Zhong et al. 2017). Provincial authorities also play a crucial role in the development of large-scale infrastructure and industrial projects that affect the economic fortunes of cities. For example, provinces, working in concert with central ministries and state-owned banks, typically oversee planning, financing, and construction of highways and other key transportation infrastructure (Lin 2012).<sup>5</sup> Direct or indirect support from provinces is also important as localities work to attract industry and real estate mega-projects. While local governments may serve as the front line for investment recruiting efforts, provincial leaders, like governors in the United States, play an active role in wooing high-profile investment projects. Beijing and provincial governments are known to instruct the SOEs and state investment companies they oversee to place major industrial projects in politically favored locations and to steer major foreign investment projects to their preferred sites (Xu 2008; Interviews NJ071205a, XA031202c). And, despite centralizing fiscal and banking reforms in the 1990s and early 2000s, provinces have continued to exert considerable sway over the targeting of fiscal and financial resources within their territories (Yang 2004; Wong 2013).

Paradoxically, provinces are so important because of their intermediate position in the party-state hierarchy. As Goodman (1986) notes, provincial leaders are "'political middlemen' par excellence" (13). The provincial level has long remained pivotal in China's policy process as a mediator and broker between a central state that controls resources and administrative authority but lacks physical turf, and local entities that control physical turf but need resources and administrative approvals. In some ways, provinces have become even more important central-local brokers in recent years. As discussed in the last chapter, Beijing has sought to rationalize urban and industrial development and reassert control over local governments in various policy realms, but often it has had to settle for indirect control and "soft centralization," vesting more authority at the provincial tier to tighten oversight of local governments (Mertha 2005). And, due to limited policy consensus and bureaucratic cohesion at the central level, provincial actors have often been able to penetrate central decision-making processes and mobilize state support for their own priorities. In their negotiations with the center, provincial leaders have taken advantage of bureaucratic stovepiping to bargain separately with

different ministries and agencies for support (Yang 2010, 41–48). Provincial pressure was instrumental in the launch of China's macro-regional initiatives. The Western Development program, the Revive the Northeast Old Industrial Base initiative, and the Central China Rising scheme all came about after aggressive lobbying for aid by provincial leaders, and provincial governments drew up and oversaw many of the investment projects and policy experiments launched under these programs (Chung et al. 2009; Lai 2007; Li 2004). Similarly, China's urban cluster strategies tended to originate as provincial plans before undergoing modest revisions to win ministerial approval (Interview BJ061307b). National-level schemes like the Pearl River Delta Reform and Development Plan (2008–2020) grew out of provincial initiatives,<sup>6</sup> and Lam (2010) describes how, in drawing up plans for CRPZs, “provincial actors also bargained with central actors over the detailed reform plans” (353). It was also common after the turn of the twenty-first century for provinces to partner with specific central bureaucracies or financial institutions to launch initiatives that held out benefits for both sides. One example was the far-reaching developmental symbiosis that sprang up between provincial governments and the China Development Bank.<sup>7</sup> Such endeavors allowed provincial governments to tap into rich veins of state resources without being subject to coordinated central government oversight.

Of course, along with provinces' key role in policymaking have come difficult decisions. In the absence of fully clear or stable central instructions, provincial governments are responsible for crafting coherent development strategies. While central policies lay out broad policy guidelines such as harmonizing the development of cities of different sizes or planning urban-rural development as a whole, concrete decisions have to be made at the provincial level. Provincial policies specify which cities and subregions are to be prioritized for development, how to link different localities together with infrastructure, and how to regulate flows of economic factors and people between different cities, and between city and countryside. Questions of urban policy and regional policy converge at the provincial scale, because the territorial subunits of provinces among which policy support and resources must be allocated are themselves city regions of varying types, sizes, and development levels. And spatial policy tradeoffs at the provincial scale are especially difficult. Many provinces have pronounced core-periphery economic geographies, with significant differences between their leading one or two metropolitan cities, secondary cities, and rural hinterlands (Fan 1995; Liao and Wei 2012). Considerations of economic competitiveness may therefore conflict sharply with the demands of developmental equity or territorial cohesion. In short, it is at the provincial scale that the metropolitan dilemma is most acute and spatial policies most directly shape the urban system.

## A MULTILEVEL POLICY PROCESS

China's provinces are important administrative units with a measure of autonomy, but the making of provincial development policies is an inherently multilevel process. Donaldson (2010) notes, "within the broad outline of national economic policy, provinces establish and implement strategies for economic and social development. In this way, provincial leaders have had a profound impact on politics, influencing (paraphrasing Harold Lasswell) who gets what, when and how" (28). As Zheng (2007) further explains, "the provincial government is not just an agent of the center, acting on behalf of and subordinate to the latter. It is a government with its own resources and interests" (63). Yet, provinces are not independent, stand-alone units; their relationship with authorities above and below is characterized by mutual dependency and "dual accountability" (Li 1997; Zheng 2007; Brown and Xie 2015). In such settings, provinces' development policy approaches are a "joint product of central rules, provincial strategic choice, and subnational institutional variation" (Sinha 2005, 27). Policy outcomes are shaped by actions taken at different government levels, and there is constant consultation, coordination, conflict, and bargaining across tiers. Governments at each level shape development policies both directly, using their own authority and resources, and indirectly, through the pressures they place on other levels.

On the one hand, provinces rely on political permissions and resources from above, operating in what Heilmann (2009) calls the "shadow of hierarchy." Central authorities set the basic policy frameworks within which subnational development programs operate, and central leaders can impose targeted demands on specific subnational units. Central actors also play a key role when it comes to the implementation of provincial development strategies. They grant administrative approvals that are crucial for subnational initiatives to move forward, and assist in the planning, financing, and execution of large-scale infrastructural and industrial projects.

On the other hand, provincial authorities, like central authorities, depend on information, administrative capacity, and initiative from below.<sup>8</sup> It is subprovincial authorities who occupy the front lines of policy implementation and economic development, providing day-to-day administration and oversight of public programs and investment projects. And local governments work closely with business actors, arranging the land, financing, and public services needed for their ventures.<sup>9</sup> Local governments' key implementation-level role in development means that they usually enjoy a voice in the formulation of policies as well. City-level concerns factor into the design of provincial development strategies through both formal and informal channels: local governments consult with higher-level authorities during the drafting of plans

and policies, and they bargain with higher levels for specific benefits (Xiaolong Luo 2011; Interview NJ011204b).

The development strategies of China's provinces thus reflect input from multiple actors. At the formulation stage, it is not only the priorities of provincial-level actors but also the demands of national authorities and the pressure of local actors that shape the outlines of development policies. And, at the implementation stage, it is central support and local initiative as well as provincial-level efforts that determine how effectively strategies are carried out.

### CONFLICTING TERRITORIAL INTERESTS

The multilevel character of the policy process matters politically because authorities at different levels have conflicting interests, and coordinating their efforts is no trivial matter. Different levels of government, and different territorial units at the same level, represent distinct geopolitical entities whose priorities vary because of their particular geographic domains, resource endowments, policy mandates, and time horizons (Tarrow 1978; Falletti 2010; Zheng 2007).<sup>10</sup> In China's provinces and localities, the territorial (*kuai*) dimension of governance is more politically pronounced than the functional (*tiao*) dimension. Political authority is concentrated in top leaders, and subnational bureaucrats typically are more directly accountable to the political leader at their own government level than to their functional superiors at the next level up (Lieberthal and Oksenberg 1988; Schroeder 1992). Territorial interests come to the fore as subnational units compete with their counterparts for economic resources, and as different government levels—national, provincial, local—vie with one another for policymaking authority. Though different bureaucratic systems (*xitong*) may have strong corporate identities and interests, and bureaucrats may have ties with their functional counterparts at other levels, the political personalities of territorial governments transcend the interests of their constituent departments. Even as bureaucracies at a given level of government jockey for turf and resources, they have a shared interest in the fate of the territory they govern.

The territorial dimension of politics is especially salient where urban and regional development policies are concerned. Spatial policies create winners and losers along territorial lines and privilege certain geographic scales over others.<sup>11</sup> By their nature, spatial policies give priority to certain locations over others, and integrate (or partition) regional economies in varying ways. Spatial policies can focus investment and policy support narrowly in certain locales, promote broader corridors of connected development, or disperse economic resources across larger regions. Because government actors at different levels identify with different territorial units, they care about different locales

and prefer different configurations of economic space. In general, territorial governments prioritize development of the main political and economic centers in their own jurisdictions, and they seek as much as possible to organize their spatial economies around these centers.<sup>12</sup> As a result, national, provincial, and local authorities favor different spatial formations and hierarchies of development.

Spatial development policies also have implications for territorial governance arrangements that can create conflicts between different government levels. Depending on the geographic scale at which development is planned and coordinated, and on how many “growth poles” or priority areas are designated, it may be necessary for different levels of government to take the lead.<sup>13</sup> For example, while efforts to coordinate development across multicity economic regions place provincial-level authorities in the driver’s seat, policies that stress urban-rural integration within municipal boundaries place city-level authorities in a leading role. Territorial governments are likely to favor development approaches that give them a coordinating role, because this represents a way to mobilize resources, assert territorial-administrative power, and allocate patronage. They are also likely to favor policies that are conducive to the economic and administrative cohesion of their territories.

Furthermore, spatial policies relate to more general development questions on which the preferences of governments at different levels diverge. As noted earlier, spatial policy questions connect to issues of sectoral policy. Because different types of economic activity are based in different cities and regions, preferentially developing certain locations means favoring some sectors over others, and vice versa.<sup>14</sup> Spatial policies also relate to considerations about how much to emphasize economic development relative to other policy goals. A spatial pattern of development that is optimal for economic efficiency, for instance, may have social, political, environmental, or geostrategic drawbacks. And spatial policy choices inevitably relate to decision-makers’ time horizons. Different spatial development models pay dividends over different timescales: their distribution of benefits and costs in time, as well as in space, varies.<sup>15</sup>

In sum, then, spatial policies bear on the interests of territorial governments in a number of ways, and they do so differentially. Urban and regional development approaches may align with the concerns of provincial governments but run counter to the interests of localities or the central government, or vice versa. By adopting a multilevel politics framework, we can see these intergovernmental conflicts more clearly without having to exclude other dimensions of politics. Such an approach supposes that we can speak about the interests and policy preferences of different levels of government, but it does not assume that these interests are entirely fixed—or that a given level of



government behaves in a fully unitary manner. Instead, a multilevel framework leaves analytical space to take into account other types of political dynamics, like inter-bureaucratic conflict or conflict between different economic sectors.<sup>16</sup>

To flesh out this analytical framework in the contemporary Chinese setting, we must clarify the basic preferences of different actors, the conditions that should influence these preferences, and the capacity of different levels to achieve their objectives. In the next section, I discuss the spatial development preferences of provincial-level authorities and how they should vary under different economic conditions. The following sections describe the competing concerns of central and local actors, and consider how power relations among different government levels should affect policy outcomes.

### **Provincial-Level Policy Priorities**

The provincial establishment as defined here includes top provincial leaders such as party secretaries and governors. It also includes the broader constellation of second-tier leaders and bureaucrats in the provincial party and government and apparatus, policy intellectuals at provincial universities and think tanks, and executives at provincial state-owned enterprises, banks, and other economic institutions linked to the provincial leadership.

Though the central party establishment appoints top provincial leaders and holds them accountable for economic and social development and political stability, provincial governments usually have both opportunities and incentives to promote provincial-level interests. To advance their careers, party secretaries and governors need economic and political accomplishments that will impress superiors in Beijing, but they also need to cultivate political clients and bases of support in their regions (Huang 1996; Bo 2002; Zheng 2007). Party secretaries and governors can expect to get more done and to win powerful allies more readily when advocating for the interests of and working with, rather than against, the larger provincial establishment. Top leaders in practice rely heavily on second-tier officials like deputy governors and heads of key provincial bureaucracies for policy ideas, implementation, and political support, which gives these figures considerable influence over provincial development strategies. Unlike top leaders, who often hail from outside the province, second-tier officials tend to have close career and personal ties to their regions, which inform their preferences (Donaldson 2011). The policy visions that emanate from the provincial establishment thus favor provincial-level interests.

Like territorial actors more broadly, provincial authorities seek to promote economic development and fiscal revenue growth in their jurisdictions, raise the outward profile and influence of their regions, and consolidate political-administrative control over their turf. As they pursue these goals, however,

provincial authorities tend to operate with limited time horizons, discounting long-term policy costs and benefits relative to near-term results.<sup>17</sup> One reason for limited time horizons is frequent leadership turnover—typically every few years for party secretaries. This creates political pressure for rapid development and governance achievements and creates uncertainty about the future for other officials in the provincial establishment. Another reason for limited time horizons is the existence of interprovincial externalities. Economic and political spillovers between provinces mean that provinces have incomplete control over their own futures and also mean they can externalize some long-term costs of their own policies. This makes them less likely to factor future costs or benefits into their decisions.

### AN AFFINITY FOR METROPOLITAN-ORIENTED DEVELOPMENT

The policy priorities and time horizons of provincial governments, along with the larger economic and political environment in which they operate, bear on their spatial development preferences. First, insofar as provincial leaders strive to boost economic growth and upgrade their economies in short order, they have compelling reasons to pursue metropolitan-oriented development models. As noted in the previous chapters, large cities tend to enjoy productivity advantages. This is because they make possible economies of scale in investment and encourage positive spillovers among different firms and sectors, and because with high-quality hard and soft infrastructure, business-friendly institutions, and large local markets they have an advantage in attracting investment (Glaeser 2008; World Bank 2006). Metropolitan cities' market size and urban amenities are particularly important as provinces work to develop outward-oriented economic sectors and upgrade their economies into capital- and knowledge-intensive industries. Cutting-edge industries and globally oriented commerce require infrastructure, amenities, business networks, and human talent that are more likely to exist—or are more efficiently provided—in large cities (Henderson 1997; 2002). Beyond innate productivity advantages, however, large cities also enjoy political advantages in state-dominated economies such as China's. Like national champions of industry whose very size makes them too important and influential for the central state to neglect, urban champions can gain easier access to state investment and preferential policies once they grow "too big to fail." Based on their scale and administrative rank (*xingzheng jibie*), provincial capitals and other major cities are well positioned to secure key state investment projects that carry generous central support (Hsing 2010, 214; Cartier 2016).

Second, insofar as provincial leaders seek to raise the outward profile of their regions and make their own governance achievements visible, metropolitan centers function as natural showcases—and showpieces. While major

cities have long served as “theaters of state power” (Blockmans 2005), they have also come to serve as billboards of economic prowess that can help in efforts to attract outside investment and international attention (Myers and Dietz 2002). Meanwhile, making administrative achievements—particularly positive economic results—visible to higher-level authorities is important for provincial officials’ career advancement in China’s hierarchical political system (Newland 2015). Public works and large-scale business investments in and around large cities are easy to observe and apt to leave strong impressions on political superiors, investors, and tourists alike. And large cities’ existing economic bases, infrastructure, and talent make it possible to bring large development initiatives to fruition quickly. This is very appealing to provincial authorities, with their relatively short time horizons.

Third, from the standpoint of provincial leaders, metropolitan-oriented regional strategies provide an opportunity to play a larger role—for good or ill—in managing the growth of cities and industry. As scholars like Xu (2008) and Hsing (2010) note, the growing power of municipal governments since the 1980s has created a twofold problem for higher-level authorities: it has contributed to increasingly fragmented and inefficient patterns of urban development and has also weakened higher-level authorities’ control over the most economically and politically strategic pieces of their territory. Coordinating the behavior of various localities, state agencies, and economic actors is necessary to achieve better development and governance outcomes in the extended metropolitan regions around big cities. Such coordination can also justify an increase of higher-level authority over developmental and administrative affairs in larger cities. In China, provincial-level governments are responsible for coordinating inter-city affairs and intra-provincial regional governance issues. Metropolitan development initiatives give them an opportunity to take on larger governance roles and insert themselves into new administrative and physical turf (Kennedy 2014; Vogel et al. 2010). Insofar as new turf brings greater possibilities for patronage and rent-seeking, such initiatives are likely to appeal to provincial-level officials.<sup>18</sup>

Fourth, and finally, insofar as provincial leaders are held accountable for near-term political stability, they have incentives to target state support to societal groups that pose the greatest immediate threats. As Bates (1981) and Wallace (2014) note, these are typically inhabitants of metropolitan cities, with their disproportionate capacity for anti-regime collective action. Preferential treatment toward metropolitan cities is self-defeating in the long run, because urban congestion problems and grievances related to social and spatial inequality are likely to mount over time (Wallace 2014). But, as discussed above, provincial authorities have limited time horizons, and due to cross-provincial spillovers, they have incomplete control over political stability in

their jurisdictions in the long run regardless of which policies they pursue. Near-term stability concerns may thus give provincial leaders another reason to support large urban centers.

#### RELATIVE ECONOMIC PERFORMANCE AND THE LIMITS OF METROPOLITAN BIAS

While provincial authorities have strong reasons to prioritize the development of their leading urban areas, the degree of favoritism toward top cities is likely to vary from case to case due to countervailing economic and political considerations. Marginal returns to investment in the largest urban areas are likely to diminish as congestion problems mount, such that provinces can reap greater benefits from channeling resources elsewhere (Henderson 1997, 1999).<sup>19</sup> The accumulating governance challenges and political problems associated with socio-spatial inequality may also give pause to provincial governments. Policies that marginalize outlying areas may spur subregional grievances and trigger large migrant flows, and in some cases severe overcrowding in large cities may be an immediate problem rather than a future risk. Meanwhile, as just noted, provincial authorities in some cases worry about losing their administrative grip on metropolitan cities, particularly cities that have high political profiles and are powerful, semi-autonomous territorial entities in their own right. Provincial authorities therefore may be hesitant to channel large amounts of investment and policy benefits to cities that they do not fully control (Fitzgerald 2002; Solinger 1993).

How much heed policymakers pay to these countervailing concerns depends partly on the specific conditions in a province. Provincial leaders are likely to have second thoughts about concentrating policy support and economic resources in their leading cities when urban congestion in metropolitan cities is particularly acute, when intra-provincial disparities are severe, and when the political risks associated with metropolitan-oriented development are significant.<sup>20</sup> This, however, begs the question of when urban congestion problems are perceived as severe, and what levels of intra-provincial inequality and political risk are too high. The decisive point, politically speaking, is how salient problems of unbalanced development are compared to leaders' other priorities—especially their concerns about a province's overall economic competitiveness. And this depends on a province's external environment, not only its internal conditions.

I argue that the salience of intra-provincial development disparities and associated problems depends to a large extent on a province's *relative economic performance*, by which I mean a province's trajectory of economic growth and restructuring as compared with that of its domestic counterparts. Scholars

since Gerschenkron (1962) have noted important differences between early-developing areas and late-developing areas in both the mentalities and institutional modalities of development. The “backwardness” of late-developing areas is often perceived as a crisis that requires an active government response. As Hirschman (1978) observes, “this condition is bound to make their development into a less spontaneous and more deliberate process” than in early-developing regions (8). In contemporary China, provinces’ relative performance—leading, lagging, or middling—matters because provinces compete with one another for both economic resources and political recognition. Firms and workers move between provinces, and Beijing selectively grants policy benefits to and promotes leaders from certain provinces over others. If a province is able to out-compete its counterparts, it stands to gain wealth and new political privileges.<sup>21</sup> When a province trails its counterparts developmentally, it risks economic as well as political marginalization.

We should observe an inverse relationship between a province’s relative economic performance and the priority policymakers assign to metropolitan development. When a province is lagging behind its peers on the basis of key development indicators, provincial officials are likely to fear both for the economic prospects of their territory and for their own careers. In such a situation, they are likely to prioritize investment in leading urban regions as a strategy for rapid growth and industrial upgrading, even if they know this will exacerbate the spatial unevenness of development.<sup>22</sup> By contrast, when a provincial economy is well-positioned to compete with its counterparts, provincial policymakers have more scope to address intra-provincial disparities and non-economic concerns. A long record of strong economic performance assuages policymakers’ concerns about external competitiveness, allowing greater attention to shift to issues around the economic and political sustainability of development.<sup>23</sup> Moreover, the economic plights of less developed subregions or localities in a province are more likely to stand out at a time of general prosperity, when inequities are especially obvious and resources are available to help lagging areas. In these cases, policymakers may prefer to move beyond a narrow developmental focus on their most dynamic regions to target resources and policy support to a larger number of cities and subregions. This type of mixed spatial development model can make economic development more broad-based and sustainable and can help policymakers integrate their territory.

In short, while provincial-level authorities always have a strong interest in the development of their metropolitan centers, they are likely to assign more priority to building up leading cities in some cases than others. Maintaining the external competitiveness of the provincial economy is a significant concern for leaders, but not always their sole concern.

## Policy Preferences of Local and Central Actors

While provincial authorities generally favor metropolitan-oriented development strategies, localities below and central leaders above often have differing priorities. Given their varying territorial domains, functional responsibilities, and time horizons, actors at these other levels are, on the whole, likely to prefer more dispersed urban and economic development.

### LOCAL AUTHORITIES

Local authorities, by which I mean sub-provincial (generally prefecture-level) governments and closely associated policy elites and economic institutions, form another important class of actors in the multilevel politics of spatial development. Local governments are powerful territorial-administrative entities in their own right, and they have direct linkages to local economic interests and societal groups. Local authorities capture many of the benefits associated with economic growth, and they bear many of the costs when their jurisdictions experience economic stagnation or decline.<sup>24</sup> In China, where local leaders' promotion chances depend in large part on how well their jurisdictions are performing relative to counterparts in terms of economic growth and fiscal revenue generation, the underlying pro-growth incentives of localities are reinforced by political institutions (Tong 2011; Lü and Landry 2014). Given these interests, and given the fierce competition among localities for economic and political resources, local governments tend to aggressively promote their jurisdictions' development.

Taken in the aggregate, local authorities can be seen as a force for more spatially dispersed urban and economic development models. The vast majority of localities are situated outside of metropolitan regions and receive only indirect benefits from metropolitan-oriented development models. Focused on promoting their own development, localities on the whole are likely to oppose development policies that concentrate benefits in top cities. They instead favor development approaches that distribute public investment, state resources, and preferential policies more evenly across space. Most should prefer to see the economic surplus generated by top cities diverted to support more inclusive regional development, and to see major industries or state institutions like universities relocated to outlying areas. Even in cases where local authorities are reluctant for political reasons to loudly challenge provincial strategies that favor metropolitan areas, they can take advantage of formal institutions such as provincial people's congresses as well as political back channels to lobby for favorable distributive policies.<sup>25</sup> When city-level leaders have political ties to top provincial leaders or seats within key

provincial decision-making bodies, they are likely to exploit these avenues as well.

Of course, big cities such as provincial capitals (and immediately adjacent localities) have selfish reasons to support metropolitan-oriented development strategies, since it is their jurisdictions that stand to benefit economically. And municipal authorities from provincial capitals and sub-provincial cities themselves play a crucial role in the buildup of metropolitan infrastructure and industry (Yeh and Xu 2005; Rithmire 2015). But even though they tend to be more prominent and powerful than other localities, major cities form only a small subset of sub-provincial units and are likely to be outweighed politically by the mass of non-metropolitan localities. Moreover, despite sharing an interest in metropolitan-oriented development with provincial authorities, big-city governments often have rather different preferences than provincial leaders when it comes to the configuration of growth and division of economic spoils within metropolitan regions. In some cases, big cities' love-hate relationships with their provincial superiors can complicate development and limit their political influence.<sup>26</sup>

While localities in the aggregate favor dispersed spatial development, the intensity of local preferences may fluctuate with provinces' economic circumstances. Even self-interested local governments may be more tolerant of metropolitan-oriented policies when provincial economies are lagging. Localities' fortunes are connected with the fates of larger provincial economies: provincial units' economic dynamism, outside reputation, and resource base affect local development prospects as well. City-level economies are likely to suffer when provincial economies are weak and there is less access within the province to business investment and fiscal resources. Moreover, to the extent that crises of provincial economic competitiveness make appeals for solidarity and shared sacrifice appear more legitimate, localities may not fight as hard for particularistic benefits when provincial economies are struggling. On the other hand, secondary cities and rural areas are less likely to accept the "grow the pie first, then divide it" logic of metropolitan-oriented development during good economic times. Hoping to tap into the growing pool of private and public resources, poorer localities are likely to clamor for more investment and state support. As such, we can expect to see stronger pressure from localities for regional redistribution following extended periods of strong economic performance.

### CENTRAL AUTHORITIES

Central authorities—state and party leaders at the national level and the central government agencies, economic institutions, and research institutions and think tanks directly linked to them—are also less supportive of



metropolitan-oriented development than provincial authorities, if for different reasons than local governments. Central state actors have a broader territorial ambit and longer time horizons than subnational actors. Large countries with sovereign powers are not subjected to external economic competition to the same degree that subnational units are, and therefore national policymakers can afford to worry less about outward economic competitiveness than subnational leaders do. On the other hand, many of the costs of rapid, uneven urban growth that subnational units can externalize—latent social tensions and political threats, environmental pollution, inflation, wasteful investment, etc.—are internalized at the national level. Meanwhile, top leaders and central bureaucrats typically serve lengthier terms in their posts than subnational leaders and have a mandate to ensure political and economic stability over the longer term as well as in the near term. Legacy concerns may motivate farsighted policymaking by some leaders; others may face pressure from the state and societal intelligentsia—media, academics, civic organizations, and cultural authorities—to address long-term economic, social, and environmental problems.

These demands make national-level leaders more progressive in their development policy outlook than provincial leaders—more likely to devote attention to economically marginalized regions and social groups.<sup>27</sup> Indeed, in China, central policymakers—especially the senior politicians who make up the central Politburo and State Council leadership and have the most encompassing interests—have tended to assign less weight to the short-term development outcomes of specific provinces and to place more emphasis on ensuring the economic and political order of the country at large (Huang 1996). As discussed in the previous chapter, China's leaders historically have seen concentrated urban development, sharp regional and urban-rural disparities, and rising social inequality as long-term threats. Although there has been variation over time in the relative weight placed on economic efficiency versus equity, central policies have generally promoted inclusive growth.

Of course, the central state is fragmented, and different central actors and constituencies contend with one another. Bureaucracies associated with economic development functions are likely to approach spatial development differently than central actors charged with addressing security, social welfare, and environmental sustainability. In China, institutions such as the NDRC, the MOF, and the CDB have been more supportive of metropolitan-oriented policies given their perceived efficiency advantages. But other central state actors are more attentive to the social, political, and environmental costs of metropolitan-oriented development and favor more dispersed urban and regional growth. In particular, bureaucracies like the Ministry of Housing and Urban-Rural Development<sup>28</sup> and the Ministry of Agriculture historically have advocated development approaches that balance emphasis on metropolitan



areas with attention to secondary cities and rural areas (Gu, Wu, and Cook 2012; Interview BJ081206a).

On the whole, then, the central government is a force for mixed spatial development policies. At the apex of the system, senior leaders in the central government and party establishment are likely to weigh different concerns and pursue a mixed approach to urban and regional development. To be sure, individual leaders' policy preferences may vary somewhat. But with relatively lengthy time horizons, broad mandates, and concerns for their political legacies, senior leaders tend to proceed in a cautious, relatively balanced manner, favoring different policy approaches in accordance with shifting economic and political circumstances. And one level below top leaders, the divided nature of the central bureaucracy keeps different priorities in tension, moderating the overall thrust of central policies.

Although central authorities generally are less concerned about economic competitiveness than provincial-level actors, provinces' relative economic performance may in some cases affect the center's calculus. When a given province faces economic distress, large-scale outmigration may occur, and the burdens of financing public services and promoting development are likely to fall more heavily on the central government (Yang 2010, 69). In such instances, central policymakers may support provincial-level efforts to foster regional growth poles. On the other hand, central authorities are less likely to back metropolitan-oriented strategies in economically advanced provinces. With their longer time horizons, central actors worry more than provincial leaders about the social, political, and environmental risks of growing congestion—especially in provinces with large inflows of labor from other regions.

In sum, central authorities, like local authorities, have a different set of concerns than provincial-level actors. Table 3.1 summarizes these divergent policy preferences. Whereas provincial-level authorities generally attach high priority to the development of their core metropolitan areas, central authorities and local governments, taken in the aggregate, favor more spatially dispersed urban and industrial development. The preferences of policymakers at all levels may shift in accordance with the relative economic position and spe-

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**TABLE 3.1** Different government levels and their policy preferences

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Actors	Preferred model of spatial development
Provincial	Metropolitan-oriented (more or less so depending on relative economic performance of province)
Central	Mixed (internally conflicted and variable over time, but general preference for mixed spatial development)
Local (sub-provincial)	Regionally dispersed or mixed (non-metropolitan localities favor regionally dispersed development)

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cific internal conditions of a given province. However, regardless of specific provincial circumstances, different government levels' preferences are likely to vary. These differing preferences set the stage for conflict in both the design and implementation of policies and make intergovernmental power relations important in determining ultimate policy outcomes.

### Intergovernmental Power Relations and Policy Outcomes

The extent to which provincial-level authorities are able to assert their policy preferences in the face of competing priorities from above and below depends on how much power is concentrated at the provincial level. In order to target large quantities of policy support and resources to leading metropolitan areas, provincial authorities must be able to shape the agenda, mobilize resources widely, and focus them narrowly in and around leading metropolitan areas for a sustained period of time. Yet, as Hirschman (1978) points out, under the typical pressures of politics, "the temptation is strong to scatter the investment effort far and wide" (190–91). When provinces are weaker and central and local actors have more influence in decision-making, development policies may disperse resources more widely in space and fluctuate more over time.

Policymaking power in a multilevel system is not simply a question of what each tier can accomplish on its own; it is also a matter of a government's ability to apply pressure to or withstand pressure from other levels. To shape the making and implementation of development policy, provincial governments need authority and resources of their own, in order to take the initiative and work independently toward a goal if necessary. But they also need autonomy from and leverage over other levels of government, to apply effective pressure to and enlist cooperation from other actors. This is especially true in China, where policymaking is not fully institutionalized and the division of labor across different government levels is often unclear. Absent strong decision-making rules and legal enforcement, underlying power structures can significantly shape policy outcomes. Which policy approaches are taken may depend on which state actors possess the resources, organizational capacity, and political appetite to move first. And informal intergovernmental lobbying can play an important role in policy decisions and resource allocation.<sup>29</sup>

In this multilevel policy process, the ability of a subnational government to advance its own priorities depends on different forms of power. Taking cues from past scholarship, we can differentiate among three currencies of policymaking power—*administrative authority*, *financial resources*, and *political capital and connections of top leaders*.<sup>30</sup> Though these different types of power may be somewhat fungible in practice, it is useful to consider them individually because they can occur separately and because they arise from distinct sources.

### ADMINISTRATIVE AUTHORITY

First, there is the question of how administrative authority is distributed across different levels of government—that is, to what extent institutional and normative structures locate policymaking power at different tiers. The autonomy a provincial government has to pursue its own priorities depends in part on administrative arrangements and shared understandings that specify the legitimate decision-making processes for different areas of policy. Having technical authority over major areas of policymaking (e.g., urban and regional planning, infrastructure investment, land policy, and financial policy) is important. Also crucial, however, is how much organizational autonomy a provincial government enjoys vis-à-vis other players—to what extent provinces are, by their structure and composition, internally cohesive and insulated from outside pressures.<sup>31</sup> Subnational governments that are organizationally centralized and inwardly accountable, and that enjoy institutionalized policymaking authority, should be in the best position to orchestrate development strategies that reflect their own preferences.

In the Chinese context, the administrative authority of provincial governments has both upward (central-provincial) and downward (provincial-local) dimensions and depends on both contemporary administrative arrangements and historical legacies. Both formal and informal administrative arrangements concerning the economic, fiscal, and regulatory powers of governments at different levels influence the distribution of authority. Although there is little variation in the formal policy powers accorded to China's different provinces,<sup>32</sup> provinces with traditions of greater governance autonomy vis-à-vis Beijing should generally have an easier time pursuing their own priorities.<sup>33</sup> Both provinces' geographic distance from Beijing—close central oversight historically was more difficult in provinces farther from the center—and the density of provinces' institutional linkages with the central state affect how much autonomy they have traditionally had in governing their territories. Generally speaking, provinces located farther from Beijing and less closely integrated into the state-run economy have experienced less stringent central oversight (Whitney 1970; Lieberthal and Oksenberg 1988, 351).

There is also considerable variation within provinces in the extent of formal and informal devolution of economic, fiscal, and regulatory authority to lower levels. Provinces are likely to have greater administrative authority in cases where fewer policy powers have been devolved to sub-provincial authorities, and where provincial-level decision-making processes are relatively insulated from local actors. While most city regions in China are clearly subordinated to provincial-level authority, a subset of cities enjoys a higher degree of formal autonomy because they have been designated as deputy-provincial

(*fu shengji*) status cities or granted other special economic and administrative powers. Provincial leaders have less effectual authority over their own territories when they have to deal with these administratively upgraded cities. Province-city relations also depend on the composition of strategic policy-making bodies. When provincial decision-making bodies such as the provincial party standing committee exclude city-level actors, it should be easier to adopt policies that reflect provincial-level interests. But provincial leaders' autonomy in policymaking may be limited when localities have a direct role in provincial policy decisions (Luo and Shen 2008).<sup>34</sup>

Beyond institutional arrangements, cultural and ideational factors also affect the authority provincial-level actors possess in administering their jurisdictions. Organizing development and governance on a provincial scale relies on the idea that provincial units matter. This idea, however, is not always well established. How meaningful—and legitimate as frames for policymaking—provincial units are depends on the extent to which both political elites and societal actors identify with them. Historical political geography can affect how strong the “state idea” of a given territory is (Whitney 1970), and territorial boundaries are also more “salient” and acceptable as a basis for policymaking when “various aspects of identity (regional, linguistic, ethnic) overlap and reinforce one another” (Kennedy 2014, 29–30). As Singh (2010) shows in her study of India's Kerala state, subnational units with vibrant political traditions or shared cultural identities have greater legitimacy—and ease—in orchestrating policy programs than units lacking such prestige or symbolic attachment. In China, too, there is variation in how socially “real” different provinces and localities are. Some provinces, like Hunan, comprise relatively cohesive political and cultural communities in their own right; others, like Jiangsu, operate more like administrative subdivisions of the national unit or arbitrary collections of localities.<sup>35</sup> Governing provinces as units—consolidating and coordinating at the provincial scale resources needed for development, and establishing spatial hierarchies to guide development efforts within provinces—is far easier when the belief that provinces *are* units is widely held.

## FISCAL AND FINANCIAL RESOURCES

Apart from the issue of how administrative authority is divided among different government levels, intergovernmental power relations also depend on the distribution of fiscal and financial capacity across different government levels—which government levels control or have easy access to economic resources to fund public projects and programs. All government policies come with a price tag, and the ability to launch major programs of urban and regional development in particular requires access to large quantities of funding.

Governments' fiscal and financial resources also affect how much organizational capacity they can sustain, and how much "infrastructural power,"<sup>36</sup> or penetration of and influence over society broadly, they can muster.

Provincial authorities have an easier time taking action on their own and bargaining with actors at other levels when they have more control over, or easier access to, fiscal and financial resources. In China and elsewhere, subnational units have greater autonomy and influence in policymaking when they do not have to beg for fiscal and economic assistance from above (Li 1997; Falleti 2005). Conversely, when subnational units must rely on the favor of central bureaucrats to obtain fiscal resources and investment for their jurisdictions, they have less latitude to design and implement policies in self-serving ways (Solinger and Jiang 2016). By the same logic, provincial authorities are better able to exert control over their localities when localities rely on higher-level economic and fiscal assistance: it is much harder for provincial governments to impose their preferences on localities when localities have resources of their own, or when provinces depend on localities' support. Thus, provincial authorities' policymaking autonomy and ability to target resources to their own priorities should be greatest in cases where fiscal resources are relatively concentrated at the provincial level.

#### POLITICAL CAPITAL OF LEADERS

Beyond administrative authority and financial resources, the distribution of power across different government levels also depends on the political relations among different tiers, which may be more personalistic and fluid than the aforementioned currencies of power. What is crucial here is the extent to which leaders at one level enjoy political leverage over actors at other levels—their ability to pressure or withstand pressure from superiors or subordinates. Insofar as actors at one government level have the political status or political capital to pressure, punish, or reward actors at other levels, this enhances their ability both to take the initiative and to enlist help from other levels.<sup>37</sup> As Gibson (2005) observes, asserting territorial power at the provincial level depends not only on managing provincial-level affairs but on exerting influence in national-level politics and sub-provincial affairs, and controlling interactions across levels. To maximize their own influence, provincial actors must achieve control over these "linkages" between higher- and lower-level authorities, ensuring that key decisions and resources pass through rather than circumvent them (*ibid.*).

In the Chinese context, the political leverage provincial governments have relative to other levels depends substantially on the characteristics of top leaders, both because of the concentration of authority in top provincial leaders and because of such figures' historical role as central-local power brokers

(Goodman 1980). The presence of politically well-connected or individually dynamic leaders can strengthen the provincial level's bargaining position. In a multilevel policy process, proactive leadership is needed to launch major policy initiatives, mobilize state resources, and defend provincial-level priorities in the face of pressure from other levels (Chung 2000). For lack of a more inspired turn of phrase, I refer to provincial leaders who achieve high political office at a relatively early age and appear to enjoy strong elite-level connections as "rising stars."

Ironically, close personal ties to national-level leaders serve to increase rather than decrease the policymaking autonomy of subnational executives. Privileged connections with senior party or state leaders in Beijing can provide provincial leaders with political cover and special access to central decision-making processes, giving provincial governments more policy latitude and a greater ability to extract central resources (Lieberthal and Oksenberg 1988, 350–51; Zheng 2007, 270).<sup>38</sup> Furthermore, because provincial leaders with patrons in high places have less need to please all constituencies (they are likely to be promoted anyway), they are in a better position to pursue policies that conflict with the preferences of central ministries or local governments. Political rising stars are also likely to have greater bargaining power with central state ministries, which may hope to curry favor with their potential future superiors.

The characteristics of individuals appointed by the party center to serve as top provincial leaders are at least partly independent of intra-provincial conditions. Provincial party secretaries and governors are powerful actors within the Communist Party hierarchy, holding seats on the Central Committee and sometimes on the Politburo, and their appointments are thus a matter of national elite politics. In rare cases, provincial leaders may be handpicked to fulfill province-specific policy missions. Most of the time, though, the placement of leaders in particular provinces is likely to be driven by national-level political considerations such as striking a factional balance or rotating rising officials to broaden their career experience. At least to some extent, then, leader assignments can be seen as exogenous determinants of provincial-level strength.

## PROVINCIAL-LEVEL STRENGTH AND POLICY OUTCOMES

As summarized in table 3.2, these different currencies of power—administrative authority, financial resources, and political capital—are theoretically distinct and can occur either separately or together. Subnational governments can deploy any of the three types of power to advance their goals, and these different types of power are at least somewhat fungible.<sup>39</sup> That said, there is not perfect substitutability between different forms of power, and different

TABLE 3.2 Conceptualizing provincial strength: Key dimensions and indicators

Dimension	Definition	Empirical indicators
Administrative authority	Policymaking power based on institutional arrangements and historical norms	Tradition of subnational autonomy; distance from Beijing; limited devolution of powers to local governments; absence of local leaders on provincial standing committee
Fiscal and financial resources	Capacity to finance or raise funds for projects and programs	Share of local expenditure at provincial level; province's overall ratio of revenues to expenditure
Political capital of provincial leaders	Political profile and elite-level connections of provincial leaders	Presence of rising-star leaders (based on age at appointment); known factional ties to national leaders

dimensions vary in terms of their “stickiness” in the short run. Administrative authority and fiscal capacity, for example, depend in large part on structural factors that may be relatively fixed in the near term. On the other hand, leaders’ political connections are more dynamic over time. These relations are mediated by personalistic factors, and top provincial leaders (or their fortunes) can change overnight. Ultimately, different forms of power should exhibit a cumulative relationship, and provincial authorities should be strongest when able to draw on multiple forms of power.

When a provincial government possesses institutionalized policy authority, financial resources, and/or rising star leaders, it should have an easier time advancing its own policy priorities. By contrast, when provincial governments are weaker relative to the central government above and/or localities below in these respects, it is harder to initiate and carry out development strategies of their own choosing. In these cases, pressures from Beijing and from localities should influence provincial development approaches to a greater extent.

### Applying the Theoretical Framework

The development strategies of China’s provinces take shape through a multi-level policy process in which government actors at different levels compete to advance their own priorities. To understand variation in policy outcomes across provinces and over time, I have argued, we must take into account both the balance of power among different levels in the policy process and the specific provincial circumstances that shape each actor’s preferences. I have stressed two key explanatory variables that should affect provinces’ spatial development models.

On the one hand, I have argued that the intergovernmental balance of power—and, in particular, provincial-level strength—affects spatial policies, insofar as provincial governments prioritize metropolitan development more than central and local authorities. When provincial governments have greater administrative, fiscal, or political authority relative to other tiers and are in a better position to advance their own priorities, policies are likely to slant more strongly in favor of leading metropolitan areas. By contrast, when local governments or central policymakers exert a stronger influence over policymaking, there is more pressure to distribute resources across multiple cities and subregions, resulting in a more dispersed spatial development model. Empirically, we can expect to observe a positive relationship between provincial government strength and metropolitan-oriented development both across provinces and within provinces over time. “Strong” provinces, those in which administrative and fiscal capacity is more concentrated at the provincial level, and which have high-profile leaders, should show a greater metropolitan bias over an extended period of time than their counterparts. We can also expect the spatial orientation of development to fluctuate over time within a given province as provincial-level strength changes (as, for example, with the turnover of leaders).

On the other hand, a province’s economic performance relative to its competitors should influence the policy preferences of authorities at each level and the spatial development approaches that emerge. Other things equal, we are more likely to see metropolitan-oriented development in provinces that have been lagging economically relative to their counterparts, and are more likely to find dispersed development models in provinces that have outpaced their counterparts. When provinces are underperforming economically, policymakers at different levels attach greater importance to enhancing regional competitiveness and accordingly place greater emphasis on metropolitan development. In leading provinces with strong economic performance, enhancing competitiveness is likely to be a less salient concern than addressing internal spatial and social disparities. We can thus expect to observe greater metropolitan orientation in provinces whose rate of economic growth and progress in industrial upgrading has lagged behind the national or regional norm, and vice versa.

These two causal pathways shaping policy outcomes—one based on the relative weighting of different actors’ preferences, one based on shifts in preferences themselves—work in tandem, in a cumulative fashion. We should observe the most metropolitan-oriented development in cases with both high provincial strength and lagging economic position. Under these conditions, each level’s preferences should be relatively pro-metropolitan, and provincial preferences (the most pro-metropolitan) should be weighted relatively heavily. We can expect to find dispersed development models in cases of both



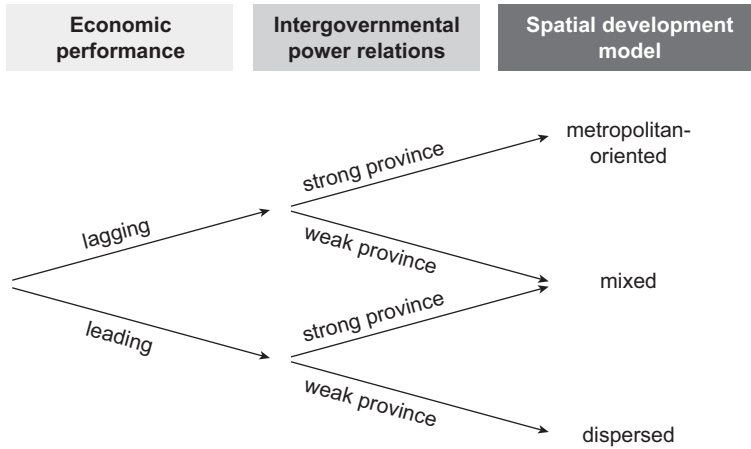


FIGURE 3.1: Key explanatory variables and expected outcomes

leading performance and low strength, where both the configuration of policy preferences and the balance of power work against metropolitan-oriented development. Meanwhile, we can expect to see mixed spatial development models, with simultaneous efforts to develop metropolitan cities and secondary city-regions, in cases where the explanatory variables take on conflicting values—namely, when the provincial level is strong but a province is in a leading economic position, or when the provincial level is weak but a province’s economy is lagging. Neither the dependent variable nor the explanatory variables here are dichotomous, and we can accordingly expect to see outcomes at different points on the spectrum between metropolitan-oriented and dispersed development in cases where explanatory variables take on intermediate values. High provincial-level strength may contribute to relatively metropolitan-oriented policies even when economic position is average, and the combination of provincial weakness and intermediate economic position may produce relatively dispersed development approaches. To simplify, however, we can expect an empirical relationship between key explanatory variables and outcomes that follows the pattern shown in figure 3.1.

In the following chapters, I illustrate and further elaborate the argument in relation to specific cases. Chapters 4 and 5 feature a controlled comparison of the cases of Hunan and Jiangxi. Starting the case analysis in China’s hinterland may seem counterintuitive, but there are good reasons to foreground the experience of inland areas. Despite their reputation as economic “laggards,” provinces like Hunan and Jiangxi have been extremely dynamic settings for the politics of urban and regional development, and their stories highlight the capacity for higher-level interventions to shape spatial development. Hunan’s and Jiangxi’s similar starting conditions and diverging outcomes help to clarify

the importance of intergovernmental power relations and varying economic trends in shaping provincial policies. In chapters 6 and 7, I turn to the cases of Shaanxi and Jiangsu, analyzing intertemporal variation in spatial development policies in each province and the drivers thereof. These case studies explore the interplay of economic legacies, administrative institutions, and political agency, and identify similar political dynamics of spatial development in what are otherwise dissimilar settings. These chapters also examine in greater depth the territorial politics that unfold within major metropolitan regions, and not simply the tug of war between advocates of metropolitan-oriented development and dispersed development.

Comparison across provinces and analysis of within-province, over-time variation in spatial development policies lends credence to the theoretical framework laid out above. As the following chapters show, the explanatory factors I have highlighted co-vary across provinces and over time with spatial policy outcomes in the ways predicted by the framework. Yet, the value of the case studies is not simply to paint more detailed pictures of explanatory factors and outcomes; the case studies also illustrate the causal logics that link these variables. They show that the motives of different actors and the multilevel policymaking processes I have described in stylized terms above resemble the actual dynamics of spatial development in China's provinces.

# 4

## Hunan: The Making of an Urban Champion

If it is at the provincial scale that policymakers have confronted spatial development dilemmas most directly in recent decades, it is in inland provinces that the stakes of spatial policy have been highest. Hinterland regions like Hunan and Jiangxi, my first two cases, have felt the whiplash of development even more forcefully than China as a whole. Because these provinces remained poor, rural, and insular as China's economic growth was entering high gear, they grappled with complex challenges of urbanization, industrialization, and internationalization all at once. In such settings, there was greater scope—and more perceived need—for state actors to drive the growth of cities and industry. While state interventions profoundly influenced development in both Hunan and Jiangxi, however, the thrust of interventions varied.

Hunan's and Jiangxi's similar starting conditions and varying outcomes give us an opportunity to isolate key causal factors shaping development policies. Although the two provinces closely resembled one another and encountered similar economic predicaments in the 1990s, Hunan pursued a far more metropolitan-oriented development model than Jiangxi. Between the late 1990s and 2010, Hunan was quicker to adopt and more forceful in implementing a strategy of uneven development. Policies consistently prioritized growth in and around the capital city, Changsha. Jiangxi's development policies, which I examine in chapter 5, changed more over time and promoted a more dispersed pattern of urban and industrial growth. These varying policy approaches in turn contributed to diverging patterns of spatial development. In Hunan, Changsha registered red-hot growth, becoming one of the most economically dynamic cities in the country. But rapid growth took a toll on

Changsha's urban environment, and poverty lingered across Hunan's smaller cities and rural areas as Changsha pulled ahead. By contrast, Jiangxi's dispersed development brought more benefits to ordinary places and people. Jiangxi's capital city, Nanchang, developed more slowly than Changsha, but rural incomes grew nearly in step with urban incomes, and smaller cities across the province made large economic strides.

This chapter traces the evolution of development policies in Hunan between the late 1990s and early 2010s to explore how economic circumstances and political variables contributed to metropolitan-oriented development. The case of Hunan illustrates my argument that development policy outcomes depend on both the horizontal relations of economic competition among different provinces and the vertical power relations among government tiers. On the one hand, Hunan's experience shows that crises of lagging development can provide occasion for sweeping state efforts to enhance urban competitiveness. Hunan's metropolitan growth strategy was in large part a response to the province's stubborn economic difficulties. Policymakers hoped Hunan could break out of backwardness and climb to a higher stage of development by building a powerful urban growth engine. On the other hand, the case of Hunan shows that policy approaches are not determined by economic circumstances alone. In a context where the economic and political interests of different territorial scales conflict, intergovernmental power relations significantly shape the development approaches provinces pursue. Metropolitan-oriented development gained—and maintained—momentum in Hunan in large part due to the capacity of the provincial establishment to take the initiative in policymaking and assert its own priorities. Provincial-level strength enabled the framing of development strategies around the province's priorities and helped Hunan mobilize internal resources and external support on behalf of Changsha's growth.

Below, I first give an overview of Hunan's spatial development patterns, describing the metropolitan-oriented model that emerged. I then highlight the main explanatory variables of interest, describing the development challenges Hunan faced after the 1990s and the intergovernmental power balance in the province. The main body of the chapter traces the making and implementation of spatial development policies across the late 1990s, the early 2000s, and the late 2000s. In the chapter's final section, I discuss in greater depth the still-unfolding social costs and consequences of Hunan's uneven development.

## **Relentless Metropolitan Development in Hunan**

Hunan lies in the interior of south-central China, with verdant mountains and fertile river basins forming much of its landscape. As shown in figure 4.1, the province shares a long border with Jiangxi to the east, and also neighbors



FIGURE 4.1: Hunan and its major cities

Source: Map by Thomas Caton Harrison

Guangdong to the south, Guangxi, Guizhou, and Chongqing to the west, and Hubei to the north. Hunan's population in 1996 was 64.2 million (China Data Online–CDO), similar to that of France.

As of the mid-1990s, Hunan had a relatively balanced spatial economy. Located in northeastern Hunan, Changsha was the largest and wealthiest urban area. However, Changsha did not loom head and shoulders above the rest of the province. The city accounted for roughly 9 percent of population and 16 percent of provincial economic output in 1997 (CDO; author's calculations). With weak external economic links and an urban population of about 1.5 million people, Changsha was a middling metropolis. The city had a growing industrial and commercial economy and was home to a handful of prominent universities, research facilities, and cultural institutions, but it did not

TABLE 4.1 Overview of outcomes in Hunan

Time period	Spatial development model	Signature plans and policies
Late 1990s	Metropolitan-oriented	Changsha-Zhuzhou-Xiangtan (CZX) Economic Integration
Early 2000s	Metropolitan-oriented	CZX Urban Cluster Plan
Late 2000s	Metropolitan-oriented	CZX Comprehensive Reform Pilot Zone

dwarf Hunan's other main cities in population or economic size. Other urban-industrial centers, including Yueyang, Hengyang, and Zhuzhou, were also advantageously positioned along major rivers, roads, and railways, while much of the province's population resided in rural regions of central and southern Hunan.

Notwithstanding Hunan's rural legacy and large, spread-out population, spatial policies during the late 1990s and throughout the 2000s strongly prioritized development of the metropolitan region around Changsha, as summarized in table 4.1. In 1997, provincial leaders adopted a strategy of building up Changsha and economically integrating it with the neighboring cities of Zhuzhou and Xiangtan in order to create a more powerful growth engine for Hunan's economy. Multifaceted regional planning processes got underway, and the provincial government supported major infrastructural and industrial investments in and around Changsha. During the early 2000s, these efforts to promote the development of a larger, more integrated metropolitan economy continued. Meanwhile, construction of new urban infrastructure and the roll-out of policy support for new industry clusters in Changsha accelerated. In the second half of the 2000s, Hunan's development strategy continued giving overt preference to Changsha and the larger Changsha-Zhuzhou-Xiangtan (CZX) region. The provincial leadership pushed for and obtained central government approval to develop the Changsha region as a pilot zone for economic reform and development policies. After winning this special designation, Hunan's leaders leveraged the Changsha region's status to mobilize even more state resources behind the buildup of metropolitan industry and infrastructure. Even as Hunan's leaders acknowledged the need to provide greater economic support to outlying regions, the Changsha region remained the focal point for economic development through the end of the decade.

Reflecting the impact of these policies, investment and economic growth in Hunan between the late 1990s and the early 2010s were disproportionately concentrated in the metropolitan region. Between 1997 and 2012, Changsha's economic output grew at a compound annual rate of 14.8 percent, while

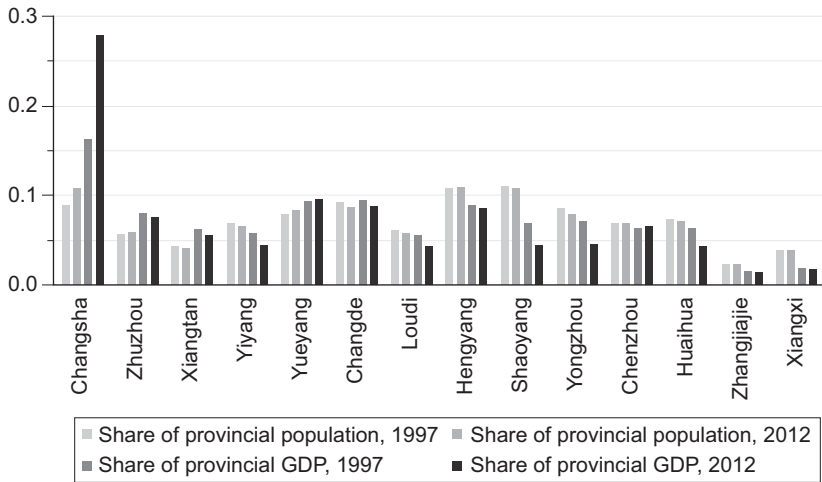


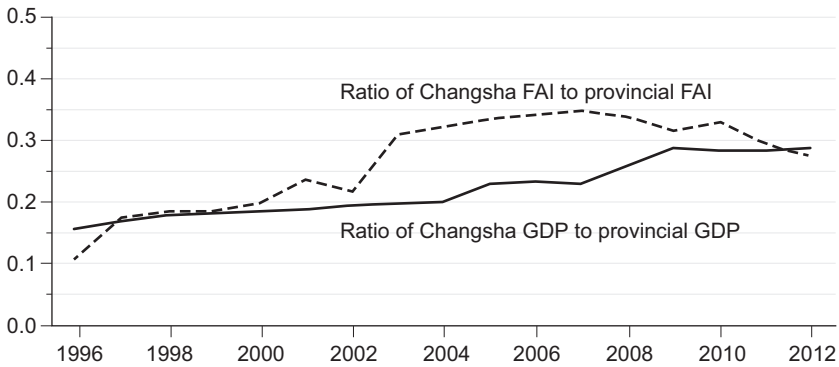
FIGURE 4.2: Hunan cities' shares of provincial population and GDP, 1997 and 2012

Source: CDO; Hunan Statistical Yearbooks; author's calculations

Hunan as a whole grew at 10.8 percent. Figure 4.2 charts different cities' shares of provincial population and GDP in 1997 and 2012. Whereas in 1997, Changsha was home to roughly 9 percent of Hunan's population and accounted for 16.5 percent of provincial GDP, Changsha's share of Hunan's GDP had risen to 28.3 percent by 2012. Changsha's cumulative FAI from 2001 to 2010 equaled 32.2 percent of Hunan's provincial total. At the same time, Changsha's share of multiple categories of public goods increased. Between 2000 and 2010, Changsha's share of Hunan's urban built-up area increased from 15 percent to 21 percent, and its share of urban road area increased from 19 percent to 23 percent.<sup>1</sup> Meanwhile, the city's share of higher education enrollment in Hunan increased from 47 percent to 49 percent, and its share of hospital beds increased from 16 percent to 19 percent. In short, the distribution of GDP growth, investment, and public goods was skewed toward Changsha (CDO; author's calculations).

Just as striking, the metropolitan slant in development persisted and even increased over time. As shown in figure 4.3, Changsha's share of GDP and investment climbed sharply with few interruptions over the following decade and a half. Hunan saw surging metropolitan development, with rapid increases in the top-city share of FAI and GDP, and Changsha's share of investment was often high above its concurrent share of economic output. It was not until after 2010 that Changsha's rise within Hunan began to crest.

As Changsha boomed, Hunan's secondary cities and rural areas struggled to keep up. Economic disparities across Hunan's prefectural-level cities grew stark. By 2012, Changsha's economic output exceeded the combined GDP of Hunan's next three largest city economies—Yueyang, Changde, and Heng-



**FIGURE 4.3:** Changsha's increasing economic dominance in Hunan  
*Source:* CDO; Hunan Statistical Yearbooks; author's calculations

yang. The combined FAI of these cities from 1997 to 2012 was only around two-thirds of Changsha's. Many regions fared far worse economically—particularly large prefectural-level cities of southern and western Hunan like Shaoyang, Yongzhou, and Huaihua. Making up 28 percent of Hunan's population in 1997, these regions accounted for less than 14 percent of provincial GDP in 2012. Meanwhile, between 1997 and 2012, Hunan's urban-rural income ratio widened from 2.55 to 2.87 (CDO; author's calculations).

Although Hunan's spatially uneven development cannot be attributed solely to government policies, policies contributed to these patterns in important ways. As noted in the first chapter, it is typical to observe spatial concentration during the early and intermediate stages of economic development. Underdeveloped economies like Hunan have a limited number of locations with the conditions to support advanced industry and urban functions, and firms and governments attempt to economize on infrastructure and social overhead (Friedmann 1956; Henderson 2002). In this sense, it is not surprising that businesses, workers, and state agencies pursued economic opportunities in the more developed eastern parts of Hunan. Nevertheless, the increasing concentration of investment in Changsha, which was not Hunan's only major economic center, and the simultaneous marginalization of cities like Hengyang, Zhuzhou, and Yueyang, which also had favorable locations and existing industrial bases, is striking.

The sectoral composition of Hunan's economy during the 1990s and 2000s also makes booming metropolitan development after the late 1990s surprising. At the turn of the twenty-first century, Hunan's economy was dominated by agriculture, light industries such as tobacco processing and food products, and traditional heavy industries such as metallurgy and chemical manufacturing (Hunan Statistical Bureau 2001). Industries of the sort that usually fuel the growth of large cities were weaker: Hunan's business service sectors,



high-tech industries, and foreign commerce were relatively underdeveloped. As the 2000s unfolded, Hunan as a whole saw faster industrial growth than it had during the 1990s, but its industrial development remained subpar compared with other provinces (Li et al. 2007). Against this backdrop, however, Changsha recorded booming industrial growth. After the late 1990s, Changsha's equipment manufacturing sector, led by construction machinery makers Zhonglian and Sany, started to grow explosively (EIU 2011). Changsha's cultural and entertainment industries also surged, emblemized by Hunan Satellite Television's rise to become a key player in China's media market (EIU 2009).

Changsha's economic takeoff in the 2000s cannot be explained in terms of private-sector dynamism or intrinsic locational advantages alone. Changsha entered the twenty-first century with a thinner industrial base than other central Chinese metropolises such as Wuhan or Zhengzhou (Luo Wenzhang 2011). As late as the mid-2000s, Changsha's investment climate for domestic and foreign firms received poor marks compared with other large cities in China (World Bank 2006). The state sector remained a key driver of Changsha's economy: in 2008, Changsha's economy featured a lower share of non-state sector activity (55.3 percent) than Hunan's economy overall (Zeng 2010). Meanwhile, Changsha's economic internationalization during the 2000s was limited, with relatively weak performance in foreign trade and foreign investment during the 2000s (Ren and Liu 2008). Although home-grown entrepreneurialism certainly played some role in Changsha's economic success, large-scale investment in industry, infrastructure, and real estate—much of it state-supported—was equally if not more crucial for Changsha's rise. Indeed, by one estimate, FAI accounted for more than 60 percent of Changsha's economic growth during the five years between 2001 and 2005 (Wang 2010, 143).

To understand how a middling city like Changsha was able to attract so much investment and grow so rapidly, and why the metropolitan slant of investment and growth became stronger over time, we must look more closely at policy factors. As I show below, provincial development strategies highly prioritized Changsha's growth and played a key role in Hunan's metropolitan development shift. The emergence and execution of this metropolitan-oriented model, in turn, was a product of the explanatory factors highlighted in chapter 3—the anxieties engendered by Hunan's lagging economic performance and the strength of Hunan's provincial government.

### **A Crisis of Economic Marginalization**

Hunan's economic predicament in the 1990s was a product of its rural legacy. With fertile soil and abundant freshwater, Hunan has long been one of China's most important agricultural regions, exporting large quantities of grain and

foodstuffs to other provinces. Hunan also has valuable mineral deposits that include a variety of non-ferrous metals. Notwithstanding these resource endowments, however, industrial and urban development in Hunan historically lagged behind that of neighboring provinces like Guangdong and Hubei. During the late imperial period and republican era, Hunan lacked major industrial cities and was largely cut off from China's growing maritime economy. The Yangtze River, a key artery for domestic and international commerce, passes only briefly through Hunan's territory. Beyond these geographic causes for Hunan's isolation, there were cultural ones: provincial elites resisted foreign influence during the late nineteenth and early twentieth centuries (McDonald 1978; Platt 2007).

In the years after the Communist takeover, Hunan's industrial and urban growth accelerated, but the province did not become a major center for state-owned industry. Under the planned economy, there was continued emphasis on agriculture, while clusters of heavy industry were established in a handful of cities across the province. Under China's First Five-Year Plan (FYP), Hunan secured seven out of 156 key national investment projects, far fewer than provinces like Shaanxi, which received twenty-four (Hunan Gazetteer Committee 2007, 331; Yeung et al. 2004, 359). With new factories and research institutions established in Changsha, Zhuzhou, Hengyang, and other cities during the 1950s and 1960s, however, Hunan experienced faster industrial and urban development. Changing central policies and political instability later in the Maoist period were less conducive to growth. As part of China's first line of inland provinces, Hunan was not a major beneficiary under the Third Front (*san xian*) policies of the late 1960s and early 1970s, which directed industrial and defense investment to deeper parts of the interior. The Cultural Revolution brought political turmoil and economic disruption.

When post-Mao reforms were inaugurated in 1978, Hunan remained predominantly rural and politically leftist, having seen economic development sidetracked by ideological concerns and political struggles for more than a decade. While the agricultural sector benefited from rural reforms, urban and industrial development remained sluggish, and Hunan's economic growth between 1978 and 1992 lagged behind the average for China's central provinces (Wei 2000, 34). Foreign trade and investment grew only gradually, and market institutions were slow to develop. Government intervention in the economy and trade barriers remained widespread.<sup>2</sup> The development indicators in table 4.2 illustrate Hunan's economic predicament circa 1996.

By the 1990s, Hunan not only remained poor in absolute terms, but found itself falling further behind its counterparts economically. Between 1990 and 1998, growth in industrial FAI was five percentage points behind the average national rate. The province lacked many large industrial firms, and had difficulty developing technologically advanced sectors (He 2001, 466–67).

TABLE 4.2 Hunan's development indicators circa 1996 and 2012

Indicator	1996	2012
Population (mn)	64.2	66.4
GDP per capita (yuan)	3952	33480
(FDI+exports)/GDP (%)	9.6	5.7
Primary:secondary:tertiary industry (%)	31:36:33	14:47:39
Urban population proportion (%)*	18.3*	46.7**
Changsha urban population (mn)	1.67*	4.96**

Sources: CDO; Hunan Statistical Yearbook; author's calculations.

\* Based on agricultural/non-agricultural distinction; \*\* based on urban-rural distinction.

State-owned industrial operations in Hunan struggled amid reform and opening in the 1990s, with many outmoded plants shuttered and many thousands of workers laid off (Zhou and Xu 2000). Meanwhile, Hunan trailed its coastal neighbors in economic internationalization, with exports and foreign direct investment (FDI) totaling only 9.6 percent of provincial GDP in Hunan in 1996 (CDO; author's calculations). Overall, during the 1990s, Hunan's inflation-adjusted compound annual GDP growth rate (CAGR) lagged 2.4 percentage points below the national rate, and Hunan's economy grew even more slowly than those of neighboring inland provinces like Hubei (CDO; author's calculations).

After the early 1990s, policy elites in Hunan grew increasingly distressed about their region's lagging performance and came to view the province's retarded urbanization and lack of large economic centers as a key problem (Zhou and Xu 2000; Li et al. 2007). In 1996, only 18.3 percent of Hunan's population was officially classified as non-agricultural (CDO; author's calculations), and as late as 2000, Hunan remained predominantly rural, with an estimated urbanization rate of 28 percent (Shen 2006). Policy experts in the province fretted about Changsha's inability to compete for capital and talent with the metropolitan regions of neighboring provinces. As one frequent lament put it, "We're not as good as Wuhan to the north; we're inferior to Guangzhou in the south" (Interview CS061203a). With Changsha's urban population having barely breached the one-million mark by the early 1990s, there was also concern about the lack of dynamic major cities that were able to absorb Hunan's large and increasingly mobile rural population (Interview CS021111a). Over the following years, a preoccupation with maintaining the province's—and more specifically the capital city's—competitiveness vis-à-vis Guangdong and Hubei would feature centrally in Hunan's development discourse.

Of course, it was no simple matter to jettison Hunan's rural development legacy. During the first decade of the reform era, development policies had emphasized urban-rural and regional balance, and the provincial government had simultaneously promoted agriculture and extractive industries, light industry, and more capital- and technology-intensive sectors (Hunan Gazetteer Committee 2007). Like most provinces, Hunan had sought to channel urban growth to small and medium-sized cities. Policymakers assigned restrictive land-area and population-size targets to larger cities, and meager investment in urban infrastructure hindered the growth of Changsha and other urban centers (Hunan Gazetteer Committee 1997, 50–51). As work by Fan (1995) shows, industrial growth in Hunan was spread across multiple city-regions in the 1980s.<sup>3</sup>

There were calls from some policy elites early in the reform era to prioritize development of Hunan's metropolitan region, but they did not receive strong enough backing from top provincial leaders to dislodge long-standing development thinking and overcome pushback from other localities. In the early 1980s, Zhang Ping, a senior expert at Hunan's Provincial Academy of Social Sciences (HPASS), argued for integrating Changsha, Zhuzhou, and Xiangtan economically to build a more dynamic metropolitan area, reviving an idea that had first surfaced in the 1950s.<sup>4</sup> The proposal to build a CZX Economic Region garnered enough interest to progress to the planning stage. Following a couple of years of discussion and debate, however, the idea encountered political opposition from other localities in Hunan in 1986 and was shelved indefinitely.<sup>5</sup> At this stage, there was not yet a powerful sense of economic crisis or a clear awareness of the intense inter-regional competition that would emerge in later years.

By the 1990s, however, there was a newfound sense of urgency. Policy elites in Hunan endorsed plans to invest more heavily in strategic growth centers in order to “spur along” (*daidong*) the provincial economy (Xiong 1992). In the early 1990s, new provincial development strategies prioritized industrial growth near key urban centers and along major transport corridors. A new regional development scheme unveiled in March 1992 called for building up “five zones and one corridor”—the five major cities (and key development zones) running north to south between Yueyang and Hengyang along the Xiang River. And the following years saw growing investments in the national- and provincial-level development zones located in this region (Hunan Gazetteer Committee 2007, 12; Xiong 1992, 212).

The mentality of economic crisis grew later in the 1990s as China made preparations to join the World Trade Organization (WTO) and Beijing announced plans for the Western Development program, leaving provinces in central China feeling skipped-over. Policy experts in Hunan and neighboring

provinces rified darkly that “as neither East nor West, we’re of no interest” (*budong, buxi, bu shi dongxi*), and warned of an impending “central region collapse” (*zhongbu taxian*) (Wang 2010, 76). Third-tier metropolises in an increasingly competitive landscape, cities like Changsha seemed ill-equipped on their own to attract large quantities of private investment or large amounts of central state aid (Luo 2002, 14–16).

Thus, as the turn of the twenty-first century approached, leaders in Hunan expressed frustration resulting from a decade of lagging development and anxiety about economic marginalization going forward. With limited central assistance, provincial policymakers realized they would have to devise their own means for making economic headway amid greater inter-provincial and international competition. An important first step would be to concentrate the resources and energies Hunan could muster in its most important economic center—the Changsha area.

### Provincial-Level Power in Hunan

While Hunan’s economic marginalization impressed upon provincial leaders the need for a metropolitan-oriented development model, it did not guarantee that such concerns would be translated into policy. To realize their ambitions of building up Changsha into a stronger provincial growth pole, provincial authorities would have to define the development agenda, oversee a complex planning and policymaking process, and then orchestrate various aspects of policy implementation. This, in turn, would require considerable provincial-level strength.

Provincial governments play an important development and governance role everywhere in China, but the distribution of political, administrative, and fiscal power among different government levels varies across regions and over time. Broadly speaking, provincial authorities play a larger role in development in inland areas than in coastal areas, insofar as higher-level state actors command more policymaking authority and a larger share of economic resources relative to local governments in less developed, open, and market-oriented economies.<sup>6</sup> Even compared with most inland provinces, however, Hunan stands out as a strong provincial unit.

Provincial authorities’ ability to advance their own priorities in a multi-level policy process depends in part on administrative authority—how much institutional autonomy and normative authority they possess vis-à-vis the center above and localities below. Hunan has a vibrant provincial tradition and a legacy of regional administrative autonomy that dates back to late imperial times. Hunan’s Xiang dialect and fiery cuisine mark a distinctive regional culture, and scholars of modern and contemporary China have noted Hunan’s potent subnational identity and “anti-outsider” (*pai wai*) currents (McDonald

1978; Platt 2007). Hunan also stands out among Chinese provinces for its importance as a locus of regional military power and political mobilization during the nineteenth and twentieth centuries. Hunanese elites including Zeng Guofan raised the provincial army that played a pivotal role in defeating the Taiping Rebellion. In the following decades, Hunan emerged as a hotbed of provincially oriented political reform and cultural ferment. These experiences gave rise to a military organization, political apparatus, and print culture that penetrated much of the province, and an enduring subnational tradition centered on the capital city of Changsha (McDonald 1978; Platt 2007).<sup>7</sup> Even Mao Zedong, Hunan's most famous son, early in his political career was an ardent champion of Hunanese independence, which he and some contemporaries saw as a stepping stone on the way to a new Chinese polity (McDonald 1976).

Hunan's provincial-level identity and authority persisted throughout the twentieth century. Hunan was never brought tightly into the fold of the Nanjing-based Guomindang regime (Whitney 1970), and after 1949, Hunan enjoyed a relatively high degree of governance autonomy vis-à-vis Beijing. Despite its prestige as the home province of Mao Zedong and other revolutionary leaders, Hunan remained insular. Economically and geographically middle-of-the-pack, the province led a largely self-sufficient existence. As an agricultural region, relatively few major industrial projects or state institutions were located there, and there was limited central involvement in provincial affairs (Interview CS011203b).

Even after reform and opening, administrative authority was relatively concentrated at the provincial level. Hunan did not go as far as many provinces during the 1980s in devolving economic and administrative powers to the sub-provincial level. Although Hunan considered pursuing experiments with local reform, such as a southern Hunan reform area plan that surfaced in the late 1980s, these were not fully implemented in practice (Xiong 1992, 202). Prefectural-level cities thus never became as powerful in Hunan as they did in many of China's provinces, which left the provincial government in a relatively strong position to administer its own territory in terms of economic, fiscal, and organizational matters. Meanwhile, provincial decision-making in Hunan remained more insulated from local interests than in many provinces. Across China, it became increasingly common after the 1990s for leaders from secondary cities to hold seats on the provincial party standing committee, giving them a voice in provincial policymaking. In Hunan, however, the only city-level leader on the provincial party standing committee during the late 1990s and 2000s was the party secretary of Changsha (China Directory, various years).

Beyond administrative authority structures, provincial-level strength in a multilevel policy process also depends on fiscal and financial arrangements. Who holds resources and controls spending decisions affects how much

operational autonomy provincial authorities have and how much organizational capacity they can afford. In the mid-1990s, Hunan remained a poor and fiscally challenged province. With significant revenue shortfalls, Hunan needed large fiscal transfers from the central government to cover its budgetary gaps. Nevertheless, Hunan's total subnational fiscal expenditures—21.8 billion yuan in 1996—were relatively large, ranking tenth among China's provinces. And the share of subnational (*difang*) fiscal expenditure in Hunan accounted for by the provincial government (as opposed to sub-provincial governments) was comparatively high. A calculation using data from 1999 and 2000 finds that the provincial level accounted for 32 percent of total subnational fiscal expenditure in Hunan, compared with 24 percent in neighboring Jiangxi.<sup>8</sup> At least in absolute terms, the provincial government had substantial fiscal resources at its disposal. And, while Hunan depended on aid from Beijing, Hunan's localities were equally if not more dependent on the provincial level for fiscal support.<sup>9</sup>

Finally, as discussed in the last chapter, provincial-level strength depends on the more fluid and personalistic factor of leadership, which affects the capacity of the provincial establishment to take the initiative and bargain effectively with actors at other levels. Here I focus on the individuals appointed to serve as top provincial leaders. Given how much authority is entrusted to provincial party chiefs and governors, and given their role as intergovernmental power brokers, the political clout and connections of such leaders matter a great deal. Leaders' personal talents and philosophies may shape their behavior in important ways, but they are hard to assess directly. Fortunately, more readily observable attributes such as leaders' age, career track, and political connections offer clues about how much clout individuals bring to their roles.

Over the past two decades as a whole, Hunan has had relatively young, proactive leaders in place at moments when national circumstances created opportunities for provincial initiative. During the late 1990s, Hunan's top leadership posts were held by Yang Zhengwu and Chu Bo. Although they were Hunan locals, both had risen to high-ranked posts while still in their mid-fifties, and thus came into the provincial leadership with several years of their political careers left. In 2001, Zhang Yunchuan, another dynamic mid-career politician, was appointed governor, before Hunan local Zhou Bohua took over in 2003 (*China Vitae*). Between late 2005 and 2006, Hunan gained not one but two political heavyweights when Zhang Chunxian was appointed party secretary and Zhou Qiang became governor. Both were rising stars in the party elite with ties to central leaders and state institutions that could be used on behalf of Hunan's interests. Both at the turn of the century and in the late 2000s, the presence of rising star leaders energized the provincial establishment and enhanced Hunan's bargaining leverage with Beijing.



In sum, during the period of interest, Hunan exhibited multiple forms of provincial-level strength, and these different dimensions to some extent reinforced one another. As I discuss below, provincial authorities' ability to dominate the policy process would ultimately enable Hunan to mobilize huge quantities of resources for metropolitan development.

### The Late 1990s: A Precocious Metropolitan Turn

In the mid-1990s, Hunan was a lumbering giant of a province and Changsha remained a sleepy backwater compared to China's major cities. However, impelled by fears of economic marginalization, top provincial leaders outlined a metropolitan-oriented development strategy in the late 1990s and mobilized local bureaucrats and planners behind it. While the increasingly obvious gap between Hunan's economic performance and that of its counterparts provided the stimulus for change, the initiative of provincial leaders was decisive in shaping policy outcomes. Hunan's provincial elite embraced a metropolitan-oriented development strategy in 1997 before Beijing had given a clear green light for such initiatives. By 2000, Hunan had made significant progress with metropolitan planning, and new investments were underway in the CZX area.

By the mid-1990s, frustration over Hunan's slow development and Changsha's inability to keep up with competitors was at boiling point. Between 1990 and 1995, the province's economy had grown at an annualized rate of 7.3 percent, well below the national benchmark of 11.7 percent and even behind the pace of growth in neighboring Jiangxi of 8.1 percent (CDO; author's calculations). Guangzhou and Wuhan continued to tower over Changsha in population size and economic output, pulling away talent and investment. To keep up, concerned city leaders in Changsha, including party secretary Qin Guangrong, advocated faster urban development (Changsha Urban Construction Editorial Committee 2005, 6–7).<sup>10</sup> But with Changsha lacking adequate resources of its own to support bolder development goals, the city's fate hinged on provincial-level policies.

Since the early 1990s, provincial policymakers in Hunan had been discussing new approaches for development of the metropolitan region. At an April 1993 meeting of provincial department heads led by deputy governors Chu Bo and Zheng Peimin, officials concluded that regional planning work should emphasize the “golden triangle” of the CZX region. Soon after, in June 1993, Chu Bo chaired another meeting of government leaders at which officials decided on an integrated approach to regional development, and the government endorsed an “unbalanced development strategy” (*feijunheng fazhan zhanlüe*) that would give priority to the CZX region in the near term (Hunan Gazetteer Committee 2007, 94–95).



Prominent policy intellectuals backed proposals for more aggressive metropolitan development approaches. Experts from provincial research institutions and universities called for fostering a stronger central growth pole in Hunan and resurrected the idea of an integrated CZX urban region that could serve as a counterweight to metropolitan centers outside Hunan. Zhang Ping, the same HPASS expert who in the 1980s had advocated building a CZX economic area, proved instrumental in encouraging a new agenda of metropolitan-regional development. Between 1995 and 1996, Zhang discussed plans for the CZX region with provincial- and city-level leaders, and spearheaded supporting research (21 Shiji jingji baodao 2003b). At a meeting of provincial officials in 1995, city leaders from Changsha, Zhuzhou, and Xiangtan voiced support for new efforts at regional economic integration (Liangxing ban 2011a, 5).

The CZX development strategy found important champions among high-level provincial leaders. Appointed governor in 1995, Yang Zhengwu came from a rustic background but brought considerable high-level leadership experience.<sup>11</sup> Despite his roots in rural western Hunan, Yang signaled a stronger interest in metropolitan-oriented growth than his predecessor. Yang called for Hunan's development and construction efforts in the Ninth FYP period to prioritize Changsha (Hunan Gazetteer Committee 2007). In 1996, Yang asked for greater emphasis on large-scale industrial and infrastructure projects in strategic development locations, exhorting his colleagues that "the whole province from top to bottom should firmly establish the mentality of big trade, big opening, and big development" (ibid., 92).

Under Yang, Hunan's development approach was recast to highlight Changsha and its immediate neighbors. Provincial leaders announced a "one point, one line" (*yi dian yi xian*) strategy, singling out Changsha as Hunan's main growth pole and designating the corridor along National Highway 107 and the Beijing-Guangzhou railway as the key development axis. Official documents stressed that "Changsha, as the highest emphasis, particularly needs accelerated development" (Hunan Gazetteer Committee 2007, 95). The provincial leadership formally adopted the strategy of CZX economic integration in March 1997 at a meeting of departmental and city leaders convened by party secretary Wang Maolin. According to one official account, by 1997, "Hunan recognized more clearly that as an inland province, it would always remain in a passive position in [China's] regional economic division of labor if it lacked a large-scale, strongly radiating central city, and if it failed to change its 'small horse pulling a big cart' approach" (Liangxing ban 2011a, 5).

Elevated to the provincial party secretary post in 1998, Yang would remain in power until 2005, backing the efforts of successive governors to promote CZX development. Chu Bo, who for several years served under Yang, played a similarly important role in advancing the metropolitan agenda. Originally

from Anhui, Chu had served as a deputy governor in Hunan since the early 1990s (China Vitae). As deputy governor, Chu was involved from the outset with efforts to get CZX plans off the ground. Appointed as governor when Yang became party chief, Chu in late 2000 announced an agenda of aggressive “industrialization, commercialization, and urbanization” focused on the capital region (Interview CS061203a; Hunan Gazetteer Committee 2007, 93). Chu argued that in order to become an economically strong province, Hunan needed to break away from its long tradition as an agricultural province and its rural-oriented mentality. Instead, Hunan should “concentrate and consolidate limited resources” and “use the strength of the whole province to fuse Changsha, Zhuzhou, and Xiangtan into a regional ‘dragonhead’ capable of spurting along Hunan’s economic development” (Jin 2001).

Between 1997 and 1999, top provincial leaders held several meetings to lay the groundwork for CZX economic integration (Luo 2012). In 1997, Hunan established a leading small group to coordinate CZX economic integration. Headed by the governor, the membership was rounded out with officials from provincial departments and city-level leaders, and an administrative office for the small group was established in Hunan’s Planning Commission (Zeng 2010, 92–93). To promote economic integration, the province adopted an approach of “overall planning guides, infrastructure takes the lead, and major projects follow” (Hunan Gazetteer Committee 2007, 95–97). Starting in 1998, provincial departments drafted five specialized plans for linking up communications, transportation, financial activity, environmental work, and industrial development across the three cities. In February 1999, provincial and city leaders at the CZX Economic Integration and Development Forum began discussing a more general CZX regional plan that would guide planning and development work (Liangxing ban 2011a; Luo 2012). Later that year, the provincial government approved the five specialized plans and started project implementation (Hunan Development Planning Commission 2002, 15).

Despite high-level political support for CZX development and integration plans, the metropolitan regional strategy remained controversial at a time of economic unease for Hunan. According to one Hunan official, some participants in provincial leadership meetings questioned whether it was fair to give further support to the province’s best-off areas, and whether CZX could indeed function as a growth pole for the whole province (Interview CS191205a). More broadly, Hunan was facing fresh challenges from turbulent markets, natural disasters, and social unrest. The slowdown of China’s export sector following the 1997 Asian Financial Crisis reduced employment opportunities for Hunanese migrant laborers, while the aftermath of severe flooding in central China during 1998 and 1999 threatened to compound already high levels of rural discontent in Hunan linked to poverty, official corruption, and excessive taxation. Like other agricultural provinces in China, Hunan saw

widespread unrest in the late 1990s, recording at least twenty-two major protest events between 1995 and 1999 (Wedeman 2009; Le Mons Walker 2006). These rural problems required more resources and policy attention in their own right.

Still, Hunan's leaders remained focused on the metropolitan development agenda. Progress on CZX-related initiatives at the turn of the century was bolstered by Hunan's success in obtaining timely outside recognition and support. Hunan's strategy for CZX integration won mention for the Changsha region as one of seven nationally highlighted urban clusters for the 10<sup>th</sup> FYP period. Even more important, Hunan managed to get the CZX region designated as one of two Chinese test-point regions under a new World Bank City Development Strategy (CDS) program (World Bank 2004; Luo 2012).<sup>12</sup> Over the following years, the provincial leadership was proactive in deepening and leveraging to its own advantage the partnership with the World Bank.<sup>13</sup> Hunan would benefit from several Bank-funded investment projects, and the planning documents that emerged from collaboration between World Bank experts and Hunan officials would provide an important template and a stamp of validation for CZX regional development.

Helped by outside recognition and support, Hunan's metropolitan region strategy made further breakthroughs at the policy level and on the ground. A July 2000 meeting of provincial and city leaders in Zhuzhou adopted plans to construct a "Xiang River economic corridor" and thereby push forward physical integration of the three cities. Several regional infrastructure projects were launched, including a renovation of Changsha's Huanghua Airport, an upgrading of the regional power grid, environmental work on the Xiang River, and construction of new highways (Luo 2012).

One focus of provincial efforts was the buildup of the Changsha Economic and Technological Development Zone (ETDZ). Located in Changsha County just east of the city center, the ETDZ had first been established in 1992. After the county government moved from central Changsha to Xingsha, a new urban area in the ETDZ, in 1996, the zone had begun to develop quickly as a site for large-scale industrial projects and a new urban center (China Small and Medium City Task Force 2013). In April 1997, the ETDZ managed to obtain special recognition from China's Ministry of Science and Technology as a development zone for high-technology industry. Hunan deputy governor Wang Keying led a team of provincial departments and Changsha officials in promoting the ETDZ's further development, highlighting its role as a "demonstration area for the whole province's opening and development, a model area for investment recruiting, and an area to pull along leading development" (Hunan Gazetteer Committee 2007, 233–34). Later that year, governor Yang Zhengwu set up a leading small group and new provincial office to oversee Hunan's development zone work. Wang was put in charge, and there was par-

ticular emphasis on further building up the Changsha ETDZ (*ibid.*). Infrastructure and industrial investment in the zone quickly picked up pace, and by 1999 the provincial government had released a revised plan for the ETDZ that raised its population and land area targets for 2015 to 150,000 people and 38 square kilometers (Changsha Urban Construction Editorial Committee 2005). In 2000, the ETDZ won recognition as a state-level development zone, and a growing list of multinationals—including LG, Philipps, Dannon, Coca Cola, and Bosch, as well as local firms such as Sany Heavy Industry—set up or expanded operations in the zone (Liu 2006, 15–17).

Beyond the ETDZ, Changsha more broadly experienced accelerating urban and industrial development in the late 1990s. Reforms to the urban land, housing, and real estate systems had begun to usher in faster growth, and, with falling interest rates during the Asian Financial Crisis period, the real estate sector began to heat up in late 1998. The real boost came in 1999, though, when municipal and provincial authorities launched new campaigns of infrastructure and real estate development in Changsha. With growing support from the provincial level, active efforts by municipal party secretary Zhang Yunchuan (who would later be appointed provincial governor), and help from stimulus policies, Changsha entered an investment-led boom (Changsha Urban Construction Editorial Committee 2005, 5–6). After the turn of the century, this rush of growth would accelerate further.

In sum, while a perceived crisis of economic marginalization made provincial leaders and other policy elites eager to build Changsha into a more dynamic city, Hunan's early adoption of a metropolitan-oriented development strategy also required activist leadership and strong provincial-level institutions. The CZX regional initiative would have struggled to get off the ground without the willingness of Hunan's leaders to bet on a controversial policy, and without the ability of provincial bureaucrats and researchers to prepare detailed plans in short order.

### **The Early 2000s: Metropolitan Momentum**

The first years of the twenty-first century were a heady time not only in Hunan but across China, as the country emerged from the Asian Financial Crisis, joined the WTO, and entered an investment- and export-fueled economic boom. Central policies favored rapid economic growth and were gradually becoming more supportive toward the development of major cities, as discussed in chapter 2. Although China's top leaders continued to call for gradualism and balance in urbanization, positive signals from some central leaders and the embrace of urbanization as a development strategy in China's 10th National FYP emboldened subnational leaders to push for faster big-city development. During the early 2000s, Hunan was one of a growing number of

provinces whose development strategies gave pride of place to their leading metropolitan centers, but it went even further than most.

Hunan's development approach during these years overtly favored Changsha and the surrounding region in the distribution of policy support and state resources. Building on the foundation laid in the late 1990s, Hunan accelerated its metropolitan buildup and pushed ahead with CZX integration. Between 2001 and 2005, Changsha absorbed 30 percent of FAI and 33 percent of capital construction in Hunan (CDO; author's calculations). Changsha's GDP surged from 65.6 billion yuan in 2000 (18 percent of the provincial total) to 152 billion yuan in 2005 (23 percent of the provincial total).

These outcomes reflected provincial-level efforts to build a stronger growth pole for Hunan. Despite national-level stimulus policies, Hunan's economic growth had continued to lag behind China's overall rate in the late 1990s. In public statements and policy documents, leaders focused on building Changsha into a stronger growth engine and more attractive showcase—one they hoped would invigorate a lagging provincial economy. In the early 2000s, under party secretary Yang Zhengwu and two different governors, Hunan put in place bolder metropolitan-oriented policies. In a January 2001 report on Hunan's 10<sup>th</sup> FYP outline, governor Chu Bo called for rapid urbanization that would give full play to large cities' strength. Faster urban growth, Chu said, could enhance Hunan's productivity, consumption, and fiscal strength. Changsha, he suggested, should quickly expand into a city of three million people (Hunan Gazetteer Committee 2007, 351).

Meanwhile, a 10<sup>th</sup> Five-Year Plan for CZX Economic Integration drawn up by Hunan's Development Planning Commission stressed the need to build up the metropolitan region to respond to twenty-first century challenges of globalization and technological change. According to the plan, the CZX region should urbanize at the ambitious pace of two percentage points per year and achieve GDP growth two percentage points faster than the province as a whole between 2001 and 2005. Underscoring Hunan's eagerness to catch up to nearby provinces, the plan called for raising the CZX region's per capita GDP to the average level of China's coastal provinces. "Changsha," the plan stipulated, "should achieve leap-over development, lead in basically achieving modernization, and gradually build itself into a regional central city." To support this goal, Hunan should prioritize urban infrastructure projects such as a renovation of Changsha's Huanghua Airport, upgrading of Zhuzhou's transport facilities, and new highway construction around the capital (Hunan Development Planning Commission 2002, 16–17).

Other statements also made clear provincial elites' relentless comparison of Changsha with competitors outside the province and heavy focus on quantitative benchmarks. A 2001 article by deputy governor Pan Guiyu entitled "Lift up the whole province's strength to build Changsha" pointed to Changsha's existing advantages as an education, science, and technology center, and

its strategic role in Hunan as the city with the best factor endowments. Changsha's primacy in Hunan's economy, however, lagged far behind that of rival provincial capitals such as Xi'an and Wuhan. By leveraging Hunan's huge "economic hinterland," Changsha could—and should—increase its share of the provincial economy from the current one-sixth to one-third. Without achieving this economic scale, however, Changsha would lack adequate "radiating power" (*fusheli*) to drive growth in the rest of Hunan (Pan 2001, 893–94). Other provincial policy elites echoed this call to build Changsha into a "very strong growth pole" able to compete more directly with Guangzhou and Wuhan.<sup>14</sup>

Advocates of competitiveness-oriented policies found an eager and able champion in Zhang Yunchuan, who was elevated from the post of Changsha party secretary to become provincial governor in 2001. Zhang laid heavy emphasis on the goal of "new-style industrialization" (*xinxing gongyehua*), favoring clustered development of high value-added industrial sectors and the creation of major firms and industry groups that could compete in broader domestic and global markets. Zhang called for strong but targeted government support for industry. At a leadership meeting in October 2001, he said Hunan would provide comprehensive assistance to strategic sectors, helping them with financing, human resources, and technical hurdles (Hunan ribao 2001). The provincial government continued efforts to groom industrial champions that had gained speed during Chu's tenure. In 2000, Hunan had established a major provincially owned media conglomerate, the Hunan Broadcast and Television Group, along with three provincial-level publishing, newspaper, and film industry groups (Ouyang and Yu 2010). Over the following years, Hunan singled out ten leading industries for preferential treatment, supporting sectors such as construction equipment manufacturing, steel, and electronics, and key firms such as Sany Heavy Industry and Valin Steel (Zhongguo jingji shibao 2005a).<sup>15</sup> Many were based in or near Changsha.

This pursuit of faster industrial growth was closely intertwined with Hunan's spatial development strategy. During the two years of his tenure, Zhang aggressively promoted the buildup of Changsha and the CZX urban cluster as Hunan's main platform for "new-style industrialization." Accordingly, the campaign of investment in Changsha's urban infrastructure and real estate that had started in 1999 accelerated further after 2001, with numerous road, bridge, and urban construction projects underway. Changsha launched work on a new urban district on the west bank of the Xiang River, a new port-facing zone, a new university town adjacent to Yuelu Mountain, as well as many new conference, cultural, athletic, and tourism facilities (Wang 2010, 73–75; Hunan Gazetteer Committee 2002, 82–85).

With major investments in Changsha's built environment underway, the provincial leadership continued to push forward CZX integration. At a 2001 work meeting, party secretary Yang Zhengwu called for completing several



urban and regional planning tasks by 2002 and using major projects to accelerate the pace of metropolitan integration (Yang 2002). Delivering on these demands, Hunan in June 2002 released the CZX Urban Cluster Industrial Integration Plan, which laid out a scheme for government promotion and coordination of industrial development, envisioning greater economic integration and division of labor among Changsha and its neighbors (Hunan Gazetteer Committee 2002). Hunan's collaboration with the World Bank on city-region planning moved forward, and in March 2002 the World Bank's expert team released the final report of its CZX City Development Strategy (CDS) project. This paved the way for the launch in following years of World Bank-funded projects such as an inter-city flood control system and scenic highway route, a modern logistics center, new bridges for Xiangtan, and a clean coal facility in Zhuzhou (Hunan Gazetteer Committee 2007, 95–96; Chen 2003).<sup>16</sup> Incorporating content from the CDS study, the provincial leadership in late 2003 approved a Xiang River Ecological Economy Belt Construction Plan to coordinate inter-city infrastructure projects (Liangxing ban 2011b, 5). Meanwhile, work on a more general CZX Urban Cluster Regional Plan moved forward quickly (Zhongguo jianshe bao 2004).

Despite all the planning work carried out by provincial departments in the early 2000s, practical CZX integration efforts hit some roadblocks. Between 2000 and 2002, the tri-city region took steps to integrate mobile telephone networks and link highway and electricity infrastructure, but progress on issues like industrial policy coordination and inter-city transportation service remained spotty as city governments defended their economic turf and protected local industries. Some of the difficulties in integration work related to a diminishing sense of urgency on Changsha officials' part amid the city's rapid growth. Another problem was local economic protectionism from Zhuzhou and Xiangtan, which feared becoming stuck in Changsha's shadow and losing investment and talent to the capital (Zhang 2007; Changsha Development and Reform Commission 2010). A further obstacle to regional integration was the lack of an authoritative bureaucratic entity to supervise inter-city cooperation. Because the office established to handle integration work was subordinate to Hunan's Development Planning Commission and of the same political rank as the three cities, its writ could not resolve inter-agency or inter-city conflicts (Liangxing ban 2011a, 11–12). Some observers also blamed setbacks in CZX integration between 2003 and 2004 on the less energetic and forward-thinking leadership style of governor Zhou Bohua, a Hunan local who replaced Zhang Yunchuan in 2003 (Interview CS011203b).

Between 2004 and 2005, however, provincial moves—both physical and institutional—renewed the momentum of CZX integration. In October 2004, following many months of preparation, Hunan relocated the provincial government and related institutions to a new campus 15 kilometers south of

Changsha's old city center. This massive construction project was meant to promote urban growth in Changsha's southern districts and thereby promote closer physical integration of the city with Zhuzhou and Xiangtan (Interview CS061203a; Liangxing ban 2011a, 10–11). Following further revisions, the long-gestating CZX Urban Cluster Regional Plan won government approval and was promulgated in August 2005. Formal adoption of the plan brought a lengthy process full circle, clearing the way for specific development projects and positioning Hunan to move forward quickly with CZX integration work at the beginning of the 11<sup>th</sup> FYP period. Meanwhile, the provincial leadership took steps to improve the institutional framework for CZX integration work, putting forward a document that spelled out the division of responsibility for CZX integration work and mandated annual governor-led meetings of the CZX economic integration leading small group from 2006 on (Liangxing ban 2011a, 7).

With strong policy support, Changsha boomed even as much of Hunan continued to struggle economically. In the early 2000s, Hunan's economic growth remained middling, even among the central provinces. Millions of skilled and unskilled workers continued to leave the province in search of employment (Zhongguo jingji shibao 2005a). While Changsha outpaced neighboring Zhuzhou and Xiangtan in GDP growth, it left most other cities in Hunan far behind. Southern Hunan, despite its proximity to Guangdong and locational advantages for outward-oriented development, received relatively little attention from provincial policymakers in the first half of the 2000s. Hengyang, a major industrial and transportation hub and Hunan's second-largest urban center, grew much more slowly than the CZX region and saw its share of provincial GDP drop.<sup>17</sup> Other southern and central cities, such as Yongzhou and Shaoyang, recorded even slower growth (CDO; author's calculations). Provincial leaders did show concern in the early 2000s for the fortunes of western Hunan, the province's poorest region, establishing a small group to oversee and promote development work (Hunan Gazetteer Committee 2007, 97). With much of western Hunan eligible for central assistance under the Western Development program, however, the provincial government only had to shoulder part of the region's economic burden.

### **The Late 2000s: Scaling Up Metropolitan-Oriented Development**

Despite new political headwinds, Hunan in the latter half of the 2000s maintained—and further scaled up—its Changsha-centered development strategy. Under the leadership of Zhang Chunxian and Zhou Qiang, Hunan intensified its metropolitan development push and CZX regional integration work and obtained growing central support for its projects. Bolstered by such policies,



Changsha's economic boom reached new heights. Between 2006 and 2010, Changsha accounted for 33 percent of Hunan's FAI and 29 percent of capital construction. In GDP growth, Changsha outpaced not only the rest of the province but also most other large cities in China. Changsha's GDP surged from 152 billion yuan in 2005 to 454.7 billion yuan in 2010, increasing from 23 percent to 28 percent of the provincial total, even as growth accelerated in Hunan as a whole (CDO; author's calculations).

### HIGH HOPES FOR HUNAN'S NEW LEADERS

As Hunan entered the 11<sup>th</sup> (2006–2010) FYP period, Beijing placed more policy demands on China's central provinces but also gave them new opportunities to build up their economies. Promoting a "scientific development outlook" (*kexue fazhan guan*), Hu Jintao and Wen Jiabao called for greater efforts across the country to balance economic and social development, coordinate growth across different regions and sectors, and protect the environment. National leaders stepped up pressure on the provinces to address rural development problems, selecting rural themes for the No. 1 Central Document for six years running between 2004 and 2010, and endorsing a program of New Socialist Countryside Construction (NSCC) as a key national strategy (Looney 2012, 204–13). At the same time, however, the State Council's formal launch in 2006 of a "Central China Rising" (*zhongbu jueqi*) strategy raised economic hopes for Hunan, Jiangxi, and other heartland provinces. Outlined in China's 2006 No. 10 Central Document, the strategy acknowledged that the central region had been sidelined in the past, and sought to spur urban and industrial development while also shoring up agriculture. Endorsing efforts already underway at the provincial level, the strategy called for large urban clusters to play a key role in regional development,<sup>18</sup> naming four such clusters (Hubei's Wuhan City Circle, Henan's Central Plains Urban Cluster, Anhui's Wanjiang Urban Belt, and Hunan's CZX Urban Cluster) as points of emphasis. For greater Changsha and other areas, gaining mention in a key central document opened a window to access more state support (Liangxing ban 2011b, 42; Tong 2011, 85).

While the amount of direct state aid and financing to be distributed under Central China Rising would be smaller than what had been given out under the earlier Western Development and Revive the Old Northeast Industrial Base strategies, the program held out other perks for provinces willing to take initiative on their own. The NDRC, Ministry of Finance, and other central ministries announced a handful of new measures to support grain production, urban cluster development, industrial renovation, opening up, and education in central provinces. For the most part, though, Central China Rising would be about "giving policy privileges rather than giving money"

(*gei zhengce er bu gei qian*) (Lai 2007; Yin 2011, 103). That is, instead of guaranteeing specific forms of central support, the new program would function largely as an umbrella under which provinces could launch new policies or initiatives and then reach out to various central state entities for approvals or resources.

If the unveiling of Central China Rising helped Hunan's development prospects, so did the appointment of a younger, more dynamic leadership team. Fifty-two years old when he took over as party secretary in December 2005, Zhang Chunxian had already compiled an impressive resume, having previously served as China's Minister of Transportation. Zhang had built a reputation for efficiency and public relations savvy in that role, but his high-level connections were also seen as a strength (21 Shiji jingji baodao 2006a).<sup>19</sup> Zhou Qiang, only forty-six years old when he became Hunan's governor in 2006, had risen through the ranks even faster, navigating the central state and party establishment and gaining extensive experience in China's law and order system (*South China Morning Post* 2013a).<sup>20</sup> Both leaders brought with them inside knowledge of central politics and the hunger for achievement common to mid-career politicians.

While it is possible that China's central leadership appointed Zhang and Zhou to inject new life into an economically lagging province, it is doubtful that Beijing intended for these leaders to pursue a development model that would further entrench Hunan's regional disparities. Indeed, when these leaders arrived in Hunan, there was pressure to focus more attention on hinterland regions. The nationwide NSCC campaign created expectations that Hunan, as a major agricultural province, would attach high priority to rural work. And, given Zhang's work while serving as Transport Minister in promoting rural road-building and drafting a National Expressway Network Plan, there were hopes that the new top leader would promote road development throughout the province. Hunan had the lowest expressway mileage among China's six central provinces and had made uneven progress in rural road construction (CPC News Network 2006). At a meeting of the Hunan People's Political Consultative Congress in January 2006 just weeks after Zhang's appointment, multiple delegates appealed to Zhang to attend to the underdevelopment of rural roads and infrastructure in the province. One delegate from Loudi vividly described Hunan's predicament as one of having "Europe's cities and Africa's countryside" (Zhongxin wang 2006).

Confronted with such pressures upon his arrival, Zhang declared that Hunan had to solve three urgent problems—a lingering rural orientation and huge rural population, lagging urbanization, and a relatively low level of industrialization. Acknowledging a central policy agenda that emphasized rural work and welfare, Zhang said public service provision and NSCC work would be a key priority of his administration, and he carried out an inspection of

rural areas after taking office. Yet Zhang's comments in early 2006 suggested that radical progress in the countryside should not be expected right away. He cautioned that "NSCC is a historical process; we must feel a sense of urgency, but we should not be overly eager in seeking achievements, and we should not rashly exceed what current conditions allow" (Hunan ribao 2006a). It was necessary, he said, to focus on urban infrastructure and large-scale industry in the near term (21 Shiji jingji baodao 2006a).<sup>21</sup>

Over the course of 2006, Zhang used major government and party events such as Hunan's Ninth Provincial Party Congress to elaborate a new mantra of "new-style industrialization and three basics" (*yi hua san ji*) (Wu 2009). Emphasizing the need for "leap-over" (*kuayueshi*) economic development in Hunan, he called for the coordinated buildup of transportation infrastructure, development zones, and clusters for advanced industries such as equipment manufacturing, automobiles, electronics, biomedicine, and new materials (Wu 2009; Wu et al. 2011). Hunan should also continue investing in cultural, media, and entertainment industries, which had become strategic sectors in their own right, growing rapidly since the early 2000s and gaining nationwide attention.<sup>22</sup>

Zhang Chunxian's interest in advanced industry clusters was part and parcel of a larger focus on boosting regional competitiveness. Zhang Chunxian took recommendations from veteran provincial experts such as Zhang Ping and Tong Zhongxian who suggested increasing the scale and scope of CZX plans and creating stronger administrative mechanisms to lead and coordinate metropolitan development.<sup>23</sup> At a May 2006 policy forum, Hunan's leader endorsed the idea of expanding the CZX initiative beyond the original three cities (Zhongguo gaige bao 2006). In line with this "3+5" strategy, Hunan's 11<sup>th</sup> FYP for CZX Economic Integration broadened the planning region to include five medium and large cities located within a one-hour radius of Changsha—Yueyang, Hengyang, Changde, Yiyang, and Loudi. Even as more of Hunan was brought into the fold, however, the new leadership made clear that Changsha would remain the focal point for development. Hunan's 11<sup>th</sup> FYP Outline called for the economy of Changsha and the core CZX region to grow at a rate three percentage points faster than the province overall (Chen 2006).

These policy moves lent new impetus to CZX integration efforts. Hunan's government had been preparing to move forward with a variety of related infrastructure and industrial projects since the approval of the CZX regional plan in 2005. During 2006, Hunan rolled out a multi-city environmental plan and a plan for harmonizing industry entry rules, and the provincial environmental bureau organized a joint inspection team and common environmental evaluation indicators for the three cities (Changsha Development and Reform Commission 2010, 5). In June 2006, at the first joint meeting of city leaders under the new CZX regional plan framework, Changsha, Zhuzhou, and Xiang-

tan signed a cooperation framework agreement, inked agreements on industry, science and technology, and environmental cooperation, and launched several joint infrastructure projects (Liangxing ban 2011a, 7–8).

#### FOLLOWING “THE LAW OF UNEVEN DEVELOPMENT”

The CZX region, and particularly elite development zones such as Changsha’s EDTZ, stood to benefit greatly from an economic agenda focused on capital- and knowledge-intensive industries. These locations housed leading firms and also were home to much of the best talent and urban infrastructure. Indeed, Zhang explicitly called for helping Hunan’s economically strong areas grow even stronger. In a July 2008 speech at a province-wide forum on industrial development, Zhang told officials that, in accordance with “the law of uneven development,” Hunan should “persist in prioritizing advantageously placed areas [ . . . ] and make the CZX urban cluster into the leading area for new-style industrialization” (Zhang 2009, 9).

Hunan’s new leaders, experienced in navigating China’s central bureaucracy, also worked to obtain greater support and resources from Beijing to bolster CZX development. As they did so, they benefited from careful preparation on the part of the provincial bureaucracy and research institutions. Since 2004, when provincial officials in Hunan learned that Shanghai and Shenzhen were seeking special central designation as Comprehensive Reform Pilot Zones (CRPZs), researchers in the provincial Development and Reform Commission had begun exploring how to win similar status for the CZX region. Following a year of research, the provincial government by late 2005 had come up with a preliminary vision for a pilot zone based on the existing foundations of the CZX plan. This framework went through review and revision in early 2006, and the new provincial party secretary and governor quickly took up the cause of obtaining pilot zone status for the CZX region. In June 2006, Hunan made a formal bid to the National Development and Reform Commission (NDRC), which sent a team to the province to conduct a fact-finding visit soon thereafter (Liangxing ban 2011a, 6–11).

Over the following year, Hunan’s top leaders aggressively promoted their plan. It is the job of provincial leaders in China to obtain policy benefits for their regions, but Zhang Chunxian and Zhou Qiang worked overtime to line up central support for Hunan’s pilot zone proposal. According to one NDRC expert who took part in central-provincial negotiations regarding plans for the CZX pilot zone, Hunan’s top leaders showed special “proactiveness” (*jijixing*) in proposing and lobbying for the zone. They pressed hard and made effective use of their connections in Beijing in order to win a special central government designation (Interview BJ061307b). In March 2007, Zhang Chunxian and Zhou Qiang met with NDRC chief Ma Kai, and settled on a substantive theme

of “energy-conserving and environmentally friendly society construction” for the CZX zone (Liangxing ban 2011a, 139–40). While Hunan had initially proposed a pilot zone with an urbanization-related theme, the “two-oriented society construction” (*liangxing shehui jianshe*) title was selected as a compromise between the economic development concerns of the province and the interest of the central government in policy innovation and environmental protection (Interview BJ061307b). The next month, Hunan’s leaders sent a special letter of application for State Council recognition of the CZX pilot zone to Premier Wen Jiabao.

As they sought more central support, Zhang and Zhou ensured that there was fast CZX progress on the home front. In early 2007, new road links, such as the Changsha-Xiangtan expressway, were opening between the three cities, and work was also getting underway on a new Changsha-Zhuzhou highway. Later that year, in September, the standing committee of the provincial People’s Congress passed measures on the CZX Urban Cluster Regional Plan, further raising the profile and binding power of the plan (Liangxing ban 2011a, 7–11).

Years of advance work by provincial bureaucrats and energetic promotion by Hunan’s top leaders paid off when, in December 2007, the CZX urban cluster—along with the Wuhan region in Hubei—formally won State Council authorization to launch a CRPZ. After getting the green light from Beijing, Hunan sprinted into action, rolling out infrastructure and industry projects under the CZX banner and launching work on an updated strategic framework and regional plan (21 Shiji jingji baodao 2008). As one of the first provinces approved to host a pilot zone (only Shanghai, Guangdong, Sichuan, and Chongqing had come before), Hunan sought to exploit its special designation to the fullest. Instead of providing a clearly defined set of preferential policies or material resources, pilot zone status gave Hunan an important “sign” (*paizi*) to hang and a great deal of space to innovate (Interview CS191205a). And, with Beijing’s imprimatur on what remained essentially a Hunan initiative, the provincial government would have an easier time overcoming city-level resistance to CZX integration and accessing central state resources.

On the ground in Hunan, major breakthroughs followed. During 2009, twenty-five toll stations between the three cities were shuttered, simplifying road transport (Changsha Development and Reform Commission 2010, 8). Several urban mega-projects got underway between 2008 and 2010, as Hunan launched work on a major renovation to Changsha’s airport, a new Changsha subway system, a Xiang River Comprehensive Hub Project, and additional roads and expressways in the CZX region that included an extension of Changsha’s Furong Road many miles south to link up with Zhuzhou and Xiangtan (Liangxing ban 2011b, 24).<sup>24</sup> Zhang Chunxian, with his sectoral experience

and connections from his time as transport minister, was credited with playing a key role in bringing transportation projects to the CZX region (Interview CS061203a).

Just as significant as these mega-projects were efforts to upgrade CZX region's development plans and strengthen regional governance mechanisms. Between 2008 and 2010, Hunan's leadership formulated new and even bolder plans for the capital-city region, retaining much content from the previous plans but also boosting growth targets and adding new features. In December 2007, the leadership brought in outside planners and experts to commence a new round of planning work. A second meeting of top provincial leaders and planning experts in May 2008 focused on the CZX zone's overall approach and reviewed the experiences of other special zones and leading areas (Liangxing ban 2011a, 30, 75). Throughout several months, provincial officials, in consultation with Beijing, city governments, and outside consultants, drew up both an CZX Master Plan and an updated—and upgraded—CZX Urban Cluster Regional Plan.

The 2008 CZX Master Plan laid out basic goals and governance approaches for the development of the Reform Experimental Zone and divided work into phases. Consistent with a desire to achieve tangible results quickly, the Plan frontloaded large infrastructure projects and development zone work, while leaving many of the more nuanced policy and reform tasks to future periods. Between 2008 and 2010, Hunan was to focus on institution-building, infrastructure development, and initial 3+5 integration work. The period from 2011 to 2015 would be used to complete key urban and regional infrastructure, deepen market-oriented reforms, and advance environmental protection and resource conservation policies. Finally, between 2015 and 2020, Hunan should conclude key reforms and policy tasks (Liangxing ban 2011a, 35–36). The Plan called for an approach through which “the province coordinates as a whole, cities take the lead in implementation, reform tasks get divided by level and relevant department” (ibid., 112). Government actors were expected to take the lead during the early phases of pilot zone work, while businesses and societal actors were to play a bigger role over time (Interview CS091203a).

Hunan obtained central government approval for the CZX Master Plan as well as for an updated CZX Regional Plan in late 2008 and formally promulgated the documents in February 2009. While the new regional plan retained much content from the 2005 CZX Regional Plan, it represented an upgrade in terms of scope and scale (Interview CS021203b). The document projected an increase in the core CZX area's population from 13.25 million in 2007 to 18 million by 2020. Unlike its 2005 precursor, the new plan also included the full “3+5” region. The new plan was also more implementation-oriented, and plotted out in detail specific projects such as the Changsha subway, a new

inter-city rail system, and new development zones. In line with the “two-oriented society construction” theme, it stressed environmental and energy-conservation goals (Liangxing ban 2011a, 113–48).

Despite its broader geographic scope, the new regional plan was still very Changsha-centric. Its spatial strategy boiled down to the phrase “have the core [the CZX central urban area] spur the other areas along; push forward leapfrog-style development” (Hunan Provincial Government 2009).<sup>25</sup> Changsha enjoyed pride of place as the designated center for science and technology, business services, advanced manufacturing, emerging industries, and long-distance passenger travel.<sup>26</sup> Five new demonstration zones (*shifan qu*) in the CZX core region would serve as hubs for development, with Changsha’s huge River West (*da hexi*) zone as the obvious centerpiece.<sup>27</sup> As more detailed development plans took shape, the privileged position of the CZX metropolitan region was only reinforced. According to an April 2010 provincial government circular, Changsha’s River West demonstration zone would have 230 square kilometers of construction land available for near-term development, vastly more than the 10 square kilometers or so earmarked for other zones (Liangxing ban 2011b, 83–86). The provincial government and city officials used airport construction and a new high-speed rail station to spur the growth of newer urban districts in eastern and southern Changsha (Interview CS061203b). In particular, the Changsha ETDZ directly east of the central city districts saw rapid growth continue under the CZX pilot zone scheme.<sup>28</sup> Areas adjacent to Changsha were also slated for large-scale investment projects and rapid urban growth. For example, Zhuzhou’s urban districts, located within easy driving distance of Changsha’s south side and airport, experienced an accelerated buildup after 2008 (Interview CS191205a). Meanwhile, Hunan managed to get four provincial development zones, including the Ningxiang ETDZ in Changsha and Xiangtan’s HTDZ, elevated to state-level status (Liangxing ban 2011b, 16).

As they rolled out CZX plans, Hunan’s leaders also put in place stronger institutions for coordinating city-region development. Central policy support and resources made Hunan’s task of managing relations among different cities easier, but the local protectionism of city governments in Changsha, Zhuzhou, and Xiangtan remained an obstacle.<sup>29</sup> Provincial leaders thus sought to overhaul hierarchical mechanisms for making and implementing CZX policies. They upgraded the existing CZX integration leading small group and its standing office, creating a higher-profile leading small group and a stand-alone Two-oriented Society Construction Office (*liangxing shehui bangongshi*). Unlike its predecessor, the new organ would be headed by a deputy governor who would report directly to the provincial leadership. These changes boosted both the prestige and power of the office, expanding its jurisdiction to include



the full 3+5 region and giving it a rank similar to that of Hunan's Development and Reform Commission (Interview CS061203a).<sup>30</sup> Meanwhile, Hunan established a Two-Oriented Society Construction working committee that included a member of the provincial party standing committee and several provincial department heads (Dai et al. 2014). Beyond setting up the office and committee, Hunan adopted new laws and regulations to bolster regional planning and implementation work. During 2008, the province approved new planning system regulations and Zhou Qiang introduced new Hunan Province Administrative Process Rules. Later, in September 2009, the Hunan Provincial People's Congress passed the Hunan CZX Urban Cluster Regional Plan Measures (Liangxing ban 2011b, 57, 80).<sup>31</sup> These and other institutional changes vested new authority in provincial government organs, strengthening their capacity for governance across the metropolitan region. Although there were some continued difficulties when it came to enforcing cooperation between Changsha and neighboring cities on urban public services such as bus transit,<sup>32</sup> provincial leaders made rapid strides on economic development projects and infrastructural investment across the CZX region.

Hunan's leaders also leveraged support from central ministries and state banks. By 2010, the provincial government and the CZX zone officials had signed cooperation agreements with thirty-four central ministries or agencies and seventy-one financial institutions or central SOEs to launch policy initiatives, construction projects, and business investments in the pilot zone. Among the largest-scale and most important of these province-ministry agreements was an accord between Hunan and the Ministry of Railways to establish a 3+5 Inter-City Rail Transport Company that would fund, construct, manage, and operate the massive inter-city rail transport system envisioned in the CZX regional plan (Liangxing ban 2011a, 138). Efforts to raise capital for zone construction also took off, as provincial leaders established a new financial platform for the pilot zone called the Hunan Investment Development Company. In short order, this entity signed contracts for 300 billion yuan in planned investment with the China Development Bank (CDB) and twenty other financial institutions, and with government entities from various levels. Hunan and CDB also drew up a CZX Capital-Raising Plan for 2009–2020, and by 2010, financial platforms operating under the CZX zone had issued more than 10 billion yuan in debt (Changsha Development and Reform Commission 2010).

At the same time, Hunan exploited the CZX region's pilot zone status to experiment with new arrangements for urban development and environmental work. Using its latitude under pilot zone policies, Hunan used special financial arrangements to raise capital (Interview CS191205a), and introduced new land policies to facilitate growth in the CZX core region and promote high-density growth.<sup>33</sup> Hunan also reformed urban migration rules and



environmental policies in the pilot zone. In 2009–2010, efforts were rolled out to streamline *hukou* conversion and ID card management within the CZX region (Changsha Development and Reform Commission 2010). Meanwhile, cities launched major efforts to improve water treatment and to clean up and rehabilitate highly polluted industrial sites such as Qingshuitang and Pingtan town along the Xiang River corridor between Zhuzhou and Changsha (Interview CS081203b). Several billion yuan were allocated for cleaning up the Xiang River, and between 2008 and 2011, more than a thousand highly polluting enterprises were closed (Dai et al. 2014). While such institutional innovations and large-scale environmental works addressed some of the most obvious challenges facing the CZX region, however, the stresses of metropolitan-oriented development would not be so easily absorbed.

### Visible and Invisible Strains of Uneven Development

Such heavy developmental emphasis on Changsha was not without serious drawbacks. Hunan's leadership maintained a Changsha-centric development approach even as political pressure from secondary cities in Hunan for more resources and policy attention was mounting, and even as problems in some of Hunan's hinterland regions became severe. Though less visible than the developmental breakthroughs occurring year after year in the capital region, these strains accumulated across Hunan in the late 2000s and into the 2010s.

Leaders from other cities in Hunan voiced frustration about relative policy neglect through both private and public channels. Even within the core CZX region, officials from Xiangtan and Zhuzhou complained to provincial leaders that their localities were receiving less support than Changsha and losing resources to Changsha (Interview CS191205a). Zhuzhou in particular had seen its historical role as the industrial hub of the metropolitan region eclipsed by Changsha's rapid rise as a manufacturing center. Other cities in Hunan made more public appeals for provincial assistance. Officials from Chenzhou, a poorer city-region in southern Hunan, expressed frustration about being excluded from the 3+5 economic scheme and appealed for more policy support from the province. One op-ed that appeared in Chenzhou's official party newspaper in October 2006 advocated a 3+6 configuration that would include their city, and hinted at negative consequences if the city's interests were neglected. As the op-ed warned,

In the event that Chenzhou lacks a seat at the table for the Changsha-Zhuzhou-Xiangtan urban cluster, Chenzhou will have to use its own location, transportation, and resource advantages [ . . . ] and seek faster and better development and engage in gamesmanship with the various cities of the CZX urban cluster, which will increase the centrifugal tendency of

internal competition within Hunan, and thus negatively influence the CZX urban cluster construction process. (Chenzhou Daily 2006)

It is noteworthy, however, that even as secondary cities like Chenzhou voiced frustration or sought more resources, they turned to the provincial establishment for help.

Of course, the challenges in Hunan's hinterland went far deeper than local policy elites' frustration with metropolitan-biased provincial policies. Hunan's rapid urban growth had failed to spark similarly fast development in rural areas, and urban-rural and regional disparities had grown sharper. Between 2010 and 2011, Hunan's rural income growth was the slowest of China's six central region provinces (Deng, Zhou, and Liu 2012, 297), and by 2012, Hunan's ratio of urban income to rural income had risen to 2.87 (CDO; author's calculations). As late as 2015, Hunan would still be home to 4.65 million people officially designated as poor, including 1.8 million who were poor due to illness (Zhongguo xinwen wang 2016). Large swaths of the province, particularly southern Hunan, remained mired in economic hardship. Shaoyang, one of Hunan's poorest and most populous prefecture-level cities, had a per capita income in 2012 less than one-sixth of Changsha's (CDO; author's calculations). Through the end of the 2000s, Shaoyang's cityscape remained ramshackle and many of its citizens very poor.<sup>34</sup>

Along with economic underdevelopment, public anger and governance failures remained endemic across large parts of Hunan. Between 2003 and 2009, Hunan experienced at least sixteen mass protest incidents involving 500 or more people (Tong and Lei 2010). One event was so severe that it garnered extensive international media coverage. In March 2007, the same month when Hunan's leaders were lobbying Beijing to approve their CZX Pilot Zone proposal, the town of Zhushan in Yongzhou, which neighbors Shaoyang, was rocked by violent protests involving as many as 20,000 people related to resentment over the rising cost of public buses and official corruption (Kahn 2007). In Shaoyang, public anger was even more overtly linked to perceptions that the region was being economically marginalized. In December 2008, thousands of residents signed a petition after learning that Shaoyang would be bypassed by a new high-speed rail line. Residents followed this gesture with a protest march in February 2009 (Allen-Ebrahimian 2015). Economic deprivation in Shaoyang also had more insidious consequences. Caixin, one of China's leading news outlets, ran an exposé in 2011 detailing how local officials in the prefectural-level city had become dependent on revenue from penalties assessed on One-Child Policy violators. The report alleged that family planning bureaus had in several cases seized unauthorized children and sold them to orphanages to raise revenue (Caixin Global 2011). The following year, Shaoyang's budget woes prompted a local decision to outsource urban

government functions to members of neighborhood watch committees, producing what reporters described as “a rash of profit-driven vigilantism” (Jacobs and Century 2012). In both cases, resource shortfalls were a crucial factor behind local governance failures.

For Changsha, meanwhile, an unrelenting economic boom was too much of a good thing. Breakneck growth brought severe air pollution and traffic congestion, not to mention strain on public services and public spaces in the city (Holdstock 2017). Out of seventy-four major cities in China sampled, Changsha’s air pollution was rated twentieth worst in 2013 by a Greenpeace report (Tan 2014). The international TomTom Traffic Index ranked Changsha fourteenth worst in China and thirty-ninth worst in the world in a 2014 traffic study, and Changsha’s traffic ranking would rise to eleventh worst in the world—just behind Beijing—by 2018 (TomTom 2014, 2018). A 2015 news report noted that “locally there are many city-dwellers whose worry is that what to date has been Changsha’s ‘two-oriented’ (energy conserving and environmentally friendly) pilot zone and demonstration zone ultimately has gotten mixed up with considerations of power and prestige and a protracted campaign to amass and sell off land” (Zhonghua gongshang shibao 2015).

Despite distress in Hunan’s hinterland and overheating in Changsha, the pursuit of metropolitan development slowed only slightly after 2010. In the final years of Zhang Chunxian’s term, there was more discussion of expanding support to lagging areas of the province, and the provincial government began to devote more attention to southern and western Hunan (Zhang 2009).<sup>35</sup> Following improvements to regional infrastructure in these parts of the province, new economic opportunities had begun to emerge. There was also growing recognition among policy elites that the CZX region alone could not drive development across the province (Interview CS021111a).<sup>36</sup> After governor Zhou Qiang took over from Zhang Chunxian as party secretary in 2010, slight adjustments were made to Hunan’s development strategy to enhance the coordination of urban and rural development.<sup>37</sup> There was also some evidence of new efforts to promote industrial investment in hitherto-overlooked parts of the province. In December 2010, it was announced that Taiwanese electronics manufacturer Foxconn would build new production and research facilities not only in Changsha but also in Hengyang (People’s Daily Online 2010). However, with Changsha tapped to serve as Hunan’s main growth pole and increase its core urban population to six million people by 2030 (Interview CS081203b), preferential treatment seemed likely to continue.

Indeed, Changsha’s dominance would be cemented further in the following few years as the provincial leadership continued to support development of the River West Demonstration Area. Between 2009 and 2013, the Demonstration Area’s GDP increased from 91.1 billion yuan to 197.9 billion yuan, nearly one-tenth of Hunan’s provincial GDP (Zhongguo jingji shibao 2014).

To secure even more resources and preferential policies for the zone, provincial leaders maneuvered to win central designation for it as one of China's state-level New Areas. In June 2014, the provincial leadership officially changed the name of the River West Demonstration Area to the Xiang River New Area, and they submitted a proposal for state-level status to the NDRC. Formal approval from Beijing did not come until April 2015, and the central government did not include the full 1,200-square-kilometer scope of the erstwhile Demonstration Area in the New Area (*Zhonghua gongshang shibao* 2015). Nevertheless, the establishment in Changsha of a 490-square-kilometer state-level New Area—the first in central China—represented yet another developmental coup for a city that had enjoyed nearly two decades of explosive growth. At the same time, however, it kicked even farther into the future the question of how Changsha's investment-fired economy would fare if the higher-level policy support and resources it had grown so accustomed to were ever to dry up.

## Conclusion

Between the late 1990s and 2010, Hunan clearly and consistently prioritized development of the Changsha metropolitan region over other areas of the province. Fueled by huge quantities of investment, Changsha experienced explosive economic, demographic, and physical growth between the late 1990s and 2010. Even as other parts of the province lagged behind, Hunan's capital city raised its profile both domestically and internationally.

Both of the explanatory factors highlighted in my theoretical framework appear clearly in Hunan. Support for metropolitan-oriented economic strategies and related mega-projects was driven by Hunan's crisis of lagging development. Worsening economic marginalization and slow progress in expanding advanced industries and foreign-oriented sectors between the early 1990s and the mid-2000s fed demand in Hunan for competitiveness-oriented policies, even though it was understood that this would increase intra-provincial disparities. But economic circumstances alone did not determine policy outcomes. The power relations of different levels of government proved decisive for Hunan's development approaches. Both institutionalized provincial-level power and the political capital of leaders enabled Hunan to define the policy agenda and shape the allocation of resources. A cohesive provincial establishment—provincial leaders and bureaucracies as well as policy intellectuals closely linked to the provincial government—mobilized behind a metropolitan-oriented development plan even before central policymakers had fully embraced new urban policies. The provincial government loudly publicized its metropolitan strategy within the province and started working early on to line up recognition and support from Beijing and from outside actors like the

World Bank. Over the following years, the provincial government continued, and scaled up, its CZX strategy even as intra-provincial development gaps grew more pronounced and Beijing placed more emphasis on rural development problems. Even as localities marginalized by CZX policies voiced concerns and sought more resources for themselves, Hunan's sub-provincial cities exhibited a limited ability to take action on their own or work around provincial authorities to achieve their goals.

The importance of these political factors in explaining Hunan's metropolitan-oriented development becomes clearer when this case is viewed alongside outcomes in other provinces. As the next chapter makes clear, provincial authorities are not always able to determine spatial development policies to the extent seen in Hunan. Multiple actors contend to shape urban and regional policies, and when central and sub-provincial actors are better positioned to assert their own interests, the kind of metropolitan-oriented strategy seen in Hunan is far less tenable. By examining the experience of Jiangxi, we will see how, even in a province that closely resembled Hunan, spatial development took a different course.

# 5

## Jiangxi: The Politics of Dispersed Development

Perfectly controlled case comparisons are elusive in the political world, but we can still glean important causal insights by tracing how varying outcomes arise in similar units.<sup>1</sup> Having just looked at spatial development politics in Hunan, the case of Jiangxi offers us an instructive contrast. Jiangxi neighbors Hunan and resembles it in terms of geography and economic structure. But while Hunan focused its developmental energies on the capital city region, policies in Jiangxi placed relatively more emphasis on secondary cities and rural areas. These policies, in turn, contributed to a dispersed pattern of investment and more inclusive economic growth.

In this chapter, I examine Jiangxi's spatial development strategies during the late 1990s and 2000s and the political and economic factors driving them. Juxtaposition of policy outcomes in Jiangxi with those from Hunan, along with analysis of over-time variation in Jiangxi, brings attention to the ways that intergovernmental power relations affect policymaking. As Jiangxi's experience shows, state actors at different levels have varying policy concerns and territorial interests when it comes to spatial development. In Jiangxi, like in Hunan, many provincial policy elites worried about economic marginalization and prioritized the development of big cities and modern industry. However, Jiangxi's provincial establishment was institutionally weaker than Hunan's and, for much of the period of interest, it lacked strong leaders. Provincial-level actors had difficulty initiating and sustaining a metropolitan-oriented development model in the face of pressures from above and below to spread resources more broadly. The central government pushed the province to attend to rural

development and environmental problems, while localities in Jiangxi lobbied provincial leaders for aid or bypassed them and appealed directly to Beijing.

With provincial, central, and local priorities all influencing spatial policy, Jiangxi did more than Hunan to coordinate the development of its subregions and balance urban and rural growth. The differing orientations of development policy in Jiangxi and Hunan are clearest when looking at the late 1990s and late 2000s, when policies in Jiangxi supported dispersed spatial development. A period of faster metropolitan development in Jiangxi during the early 2000s is in some sense the exception that proves the rule: it took an unusually strong provincial leader—Meng Jianzhu, a rising star with connections to top national leaders—to assert provincial-level priorities. Even under Meng, who championed capital-city development, Jiangxi had difficulty sustaining a metropolitan-oriented agenda over time.

In what follows, I first give a brief overview of spatial policy and development outcomes in Jiangxi. I then examine how Jiangxi measures up against Hunan in terms of the explanatory variables, highlighting similarities in the two provinces' economic predicaments but also important differences in terms of intergovernmental power relations. The main body of the chapter follows shifts in Jiangxi's development strategy over the late 1990s, the early 2000s, and the late 2000s, illustrating how key variables influenced policy outcomes during these different periods.

## **Dispersed Urban and Economic Development**

As shown in figure 5.1, Jiangxi neighbors Hunan in south-central China, sharing a long border. The province is slightly smaller than Hunan in land area, and with 41.1 million people as of 1996 (CDO), Jiangxi had a population roughly two-thirds the size of Hunan's. Like its neighbor to the west, Jiangxi lies between the Yangtze River to the north and more-developed coastal provinces to the south and east. Jiangxi has the same rainy subtropical climate as Hunan and its topography and landscape are similar, with lush river basins and forested mountains. Jiangxi's Poyang Lake, which empties into the Yangtze, is China's largest freshwater lake and an ecological hotspot.

Like Hunan, Jiangxi was a predominantly poor and rural province as of the mid-1990s, but it had less acute intra-provincial disparities than many of China's coastal provinces. Outside the economic core region in northern Jiangxi, the mountainous southern, eastern, and western parts of the province contained several smaller cities and less developed rural areas. The provincial capital, Nanchang, was the largest and wealthiest city in Jiangxi as of the mid-1990s, but did not dominate the provincial economy. Like Changsha in Hunan, Nanchang sat astride a tributary of the Yangtze River and had a long history as a commercial hub and administrative center. But Nanchang, too, was a



FIGURE 5.1: Jiangxi and its major cities  
 Source: Map by Thomas Caton Harrison

minor metropolis. In 1997, the city had a GDP of 36 billion yuan and a non-agricultural population of 1.62 million, similar to Changsha's GDP of 48 billion yuan and non-agricultural population of 1.71 million. Owing to Jiangxi's smaller provincial population and economy, however, Nanchang made up a larger share of the provincial economy (23 percent) and population (10 percent) than Changsha at the outset. Jiangxi's second largest industrial and commercial hub, Jiujiang, was located on the Yangtze River, 60 miles north of the capital. The cities accounted for 35 percent of provincial GDP in 1997—a larger share than Hunan's CZX region at the time (CDO; author's calculations). As in



TABLE 5.1 Overview of outcomes in Jiangxi

Time period	Spatial development model	Signature plans and policies
Late 1990s	Dispersed	Joint Party-Government Decision on Small-Town Development
Early 2000s	Mixed/metropolitan-oriented	“Three Bases, One Back Garden”; Honggutan New Area
Late 2000s	Mixed/dispersed	New Socialist Countryside Construction; Poyang Lake Ecological Economy Area

Hunan, a large share of the province’s economic output derived from medium-sized cities, rural regions, and mining areas.

In contrast with the case of Hunan, where policymakers focused heavily on the capital city, Jiangxi’s development policies between the late 1990s and the end of the 2000s often emphasized smaller cities and rural regions. There was also more variation over time in the orientation of development policies in Jiangxi than in Hunan. Table 5.1 summarizes these swings in policy.

During the late 1990s, Jiangxi promoted a dispersed form of urban and industrial development and gave particular attention to rural development issues. Policies encouraged the growth of small and medium-sized cities across the province, and also supported the development of nearby rural towns. By contrast, urban infrastructure and industry in the provincial capital received relatively little priority, despite the fact that Nanchang’s growth had accelerated in the preceding years.

Jiangxi’s development strategy shifted in the early 2000s to place more weight on development of the metropolitan region and on large-scale urban and industrial development more generally. Even at this time, however, the metropolitan orientation of policies was not as pronounced as in Hunan. Although provincial authorities strove to improve Nanchang’s built environment and business climate, simultaneous efforts were made to build up urban and industrial clusters elsewhere in the province. Metropolitan-regional planning in Jiangxi lagged behind Hunan’s CZX work, with little concrete progress toward coordination of urban development between Nanchang and nearby cities. And local leaders in Ganzhou, Jiangxi’s largest prefectural-level city, launched a high-profile rural development strategy.

During the second half of the 2000s, provincial-level policies in Jiangxi restored more attention to the development of secondary city-regions, and greater effort was made to balance urban-industrial development with rural and environmental work. Jiangxi launched a strategy for coordinated development of different cities in the Poyang Lake basin, but had greater difficulty than Hunan finalizing plans and obtaining central backing. The resulting

framework gave less pride of place to the core metropolitan area than Hunan's CZX strategy.

These policies contributed to a more dispersed pattern of urban and economic development than existed in Hunan. Looking at the period as a whole, secondary cities and rural areas in Jiangxi captured a larger share of growth and investment than their Hunan counterparts. Although Nanchang initially was more important in Jiangxi's provincial economy than Changsha was in Hunan, it was unable to build on this advantage. Jiangxi's economy as a whole grew at virtually the same rate as Hunan's, but Nanchang grew much more slowly than Changsha. Between 1997 and 2012, Jiangxi had a compound annual growth rate of 11.1 percent, while Nanchang grew at a rate of 11.3 percent. Nanchang's share of provincial GDP in 2012, 23.1 percent, was virtually the same as what it had been in 1997—22.9 percent. Investment outcomes and patterns of public goods provision paint a similar picture. While Changsha captured 32.2 percent of all investment in Hunan between 2001 and 2010, Nanchang recorded only 21.9 percent of Jiangxi's investment during this period (CDO; author's calculations). And there was not a consistent metropolitan bias in public goods provision like that seen in Hunan.<sup>2</sup>

Most of Jiangxi's prefectural-level cities shared in economic growth between 1997 and 2012, and rural areas as well as urban centers saw incomes increase quickly. As figure 5.2 makes clear, secondary cities such as Shangrao, Jingdezhen, and Ji'an grew in step with the provincial average, while the western cities of Pingxiang and Xinyu grew faster than the province as a whole and attracted a disproportionately high share of investment. Meanwhile, rural incomes grew relatively quickly across Jiangxi. The urban-rural income ratio both started and ended lower than Hunan's, climbing from 1.93 in 1997 to 2.54 in 2012. And although Jiangxi's per capita GDP in 2012 of 28,800 yuan was lower than Hunan's per capita GDP of 33,480 yuan, Jiangxi's per capita rural net income in 2012 of 7,829 yuan exceeded Hunan's rural net income of 7,440 yuan (CDO; author's calculations). In short, the current of economic growth carried more boats in Jiangxi than Hunan.

As shown in figure 5.3, the spatial orientation of development varied more over time in Jiangxi than in Hunan, where there was a steady metropolitan slant to investment and GDP growth. During the late 1990s, Nanchang's GDP growth rate was similar to that of Jiangxi overall. Between 2001 and 2005, however, Nanchang slightly outpaced the larger provincial economy, and the capital's share of Jiangxi's total investment increased. Then, in the second half of the 2000s, Nanchang grew more slowly than the rest of Jiangxi.

Both the contrast in Jiangxi's and Hunan's urban and regional development patterns and the variation seen over time within Jiangxi are striking. Although economic and urban growth outcomes are not solely the product of government policies, it is difficult to make sense of diverging outcomes in similar

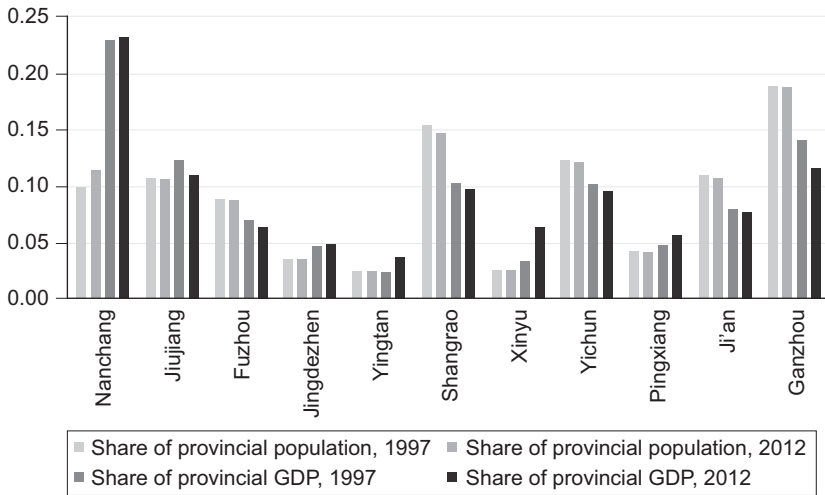


FIGURE 5.2: Jiangxi cities' shares of provincial population and GDP, 1997 and 2012  
 Source: CDO; Jiangxi Statistical Yearbooks; author's calculations

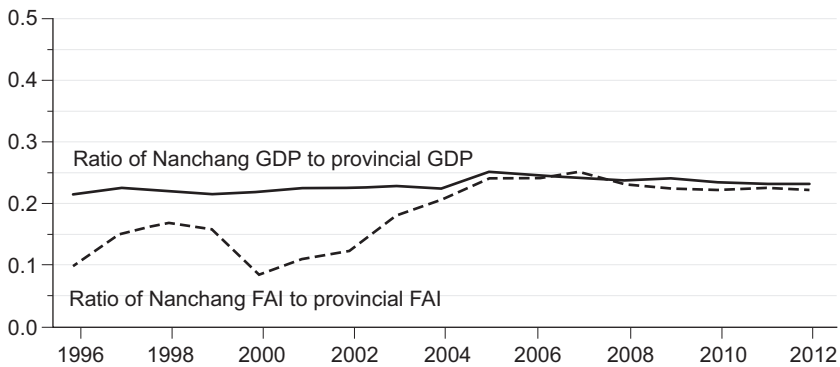


FIGURE 5.3: Variation over time in Nanchang's share of investment and GDP  
 Source: CDO; Jiangxi Statistical Yearbooks; author's calculations

provinces or the sharp swings over time in Jiangxi without taking such policies into account. Jiangxi displayed a more regionally balanced development course than Hunan despite the fact that its capital city was initially more dominant and despite having fewer sizeable economic centers than Hunan. Nanchang had a larger share of provincial GDP and industry in the late 1990s than Changsha did in Hunan, and Nanchang also had a more central location in its province, sitting astride Jiangxi's key rail, road, and water junctions.

While the importance of mining and metallurgical industries in Jiangxi's economy was one factor that contributed to the province's regionally dis-

persed industrial development in the 2000s, it does not provide a satisfying explanation for the policy approaches taken in Jiangxi.<sup>3</sup> Jiangxi is endowed with rich reserves of various minerals, including China's largest deposits of copper and certain rare earth elements. These resources were developed aggressively amid high domestic and global demand and surging commodity prices in the mid-2000s (EIU 2010). Booming mining and resource-processing industries contributed to rapid economic growth in some of Jiangxi's peripheral regions, including mining areas like Yingtan, Xinyu, and Pingxiang.

However, Jiangxi's natural resource endowments provide an incomplete explanation for spatial development patterns, let alone for provincial policy approaches. Jiangxi's regionally balanced development in the late 1990s preceded the period of surging commodity prices, and the metropolitan region developed relatively rapidly for several years in the early and mid-2000s even as Jiangxi's mining and metallurgical industries began to boom. Economic policies in Jiangxi supported not only resource-based industries, but also more broad-based industrial and rural development across various parts of the province. During the 2000s, Jiangxi also saw rapid growth in non-resource sectors such as the electrical-mechanical machinery industry and the chemicals industry (Jiangxi Statistical Bureau 2001, 2011). Several secondary cities in Jiangxi that were less reliant on mining, including Fuzhou, Ji'an, and Jingdezhen, also developed quickly.

Ultimately, the presence of rich natural resources does not ensure that localities will prosper and urbanize. Comparative analysis suggests that whether, and to what, extent economic benefits from resource extraction accrue within a community and stimulate other sectors depends on a variety of economic and political factors. Although Hunan, too, had a large mining and metallurgy sector, Hunan's resource regions lagged far behind the capital city economically.<sup>4</sup> And the experience of Shaanxi province, which I discuss in chapter 6, shows how resource-based growth in some cases can reinforce metropolitan-oriented development over time. To make sense of variation across provinces and over time in urban and regional development patterns, I argue, we also have to consider policy decisions—and the political dynamics behind them.

### **The Long Shadow of Poverty**

It is not only Jiangxi's internal challenges but also the province's economic position vis-à-vis China's other regions that has colored policymakers' concerns. Like Hunan, Jiangxi is an archetypal hinterland province, with a rural-oriented economic tradition, per capita GDP and urbanization levels below the national average, and lagging growth rates. Jiangxi struggled to catch the waves of economic reform and opening in the 1980s and early 1990s, and

dropped far behind neighboring coastal provinces economically. While market reforms spurred fast growth in Jiangxi's rural sector from the mid-1980s onward, urban and industrial development remained stunted. With weak external economic ties and few sizeable cities, Jiangxi had difficulty attracting investment. By the mid-1990s, Jiangxi's economic marginalization led policymakers to focus on building more dynamic urban growth poles.

Jiangxi, like Hunan, has a historical legacy of lagging economic development and entrenched poverty. After the founding of the PRC, and indeed for most of the preceding century, Jiangxi had remained a poor, economically insular region with few large cities, a weak industrial base, and few linkages to the global economy. Though agriculturally fertile and richly endowed with natural resources, Jiangxi's development was hindered by political and cultural forces. In late imperial times, local elites enforced a neo-Confucian economic ideology that emphasized subsistence farming and suppressed commercial and industrial undertakings (Feng 1999; Murphy 2002, 29). After the mid-nineteenth century, the province was devastated by repeated waves of military conflict—the Taiping Rebellion, Chiang Kaishek's encirclement campaigns against Communist base areas in the 1930s, and the Second Sino-Japanese War.

Impoverished and still reeling from the destruction of the 1930s and 1940s, Jiangxi depended heavily on state investment and policy support to kindle economic development after 1949. Although Jiangxi, like Hunan, was not a major focus for industrial and urban development in China's centrally planned economy, the province's structural backwardness and special historical claim as the "cradle of the Chinese revolution" helped it appeal to Beijing's sympathies. Despite being smaller in population and land area than Hunan, Jiangxi obtained nearly as many key investment projects—six, versus Hunan's seven—under China's First FYP, and received almost twice as much investment in national civilian key-point projects (Feng 1999, 256; Wei 2000, 75). The province experienced a slowdown in urban and industrial investment during the late 1960s and 1970s, however. Under China's Third Front strategy, Jiangxi was an area of low priority, mainly treated as a raw materials base for coastal regions (Tan 2002). And the province's economy was disrupted by political upheaval and a purge of its provincial leaders during the Cultural Revolution (Feng 1999, 257–58). Thus, on the eve of reform in 1978, Jiangxi had widespread poverty and a per capita income slightly below Hunan's (Wei 2000, 34). In some ways, Jiangxi's economic challenges were even more daunting than Hunan's given its weaker industrial base.

Jiangxi's fortunes improved somewhat during the 1980s and early 1990s. Although economic growth and internationalization lagged far behind development in neighboring coastal provinces such as Guangdong and Fujian, rural reforms unleashed faster agricultural growth. And industrial investment

TABLE 5.2 Jiangxi's development indicators circa 1996 and 2012

Indicator	1996	2012
Population (mn)	41.1	45.0
GDP per capita (yuan)	3434	28800
(FDI + exports)/GDP (%)	10.4	15.6
Primary:secondary:tertiary industry share (%)	31:34:35	12:54:34
Urban population proportion (%)	21.2*	47.5**
Nanchang urban population (mn)	1.57*	3.53**

Sources: CDO; Jiangxi Statistical Yearbook; author's calculations.

\* Based on agricultural/non-agricultural distinction; \*\* based on urban-rural distinction.

gained momentum after the late 1980s, albeit from a low starting point. By 1992, Jiangxi had managed to escape from the list of China's ten poorest provinces in terms of per capita GDP (Feng 1999, 267–68). During the first two decades of reform, and especially during the first half of the 1990s, Jiangxi's economic growth outpaced that of Hunan and of China's central region more broadly (Wei 2000, 34–37). This provided a ray of hope, at least for a hinterland province. Jiangxi's great natural wealth—including sizeable deposits of copper and other minerals—also held out prospects for faster development and revenue growth.

Still, as of the mid-1990s, Jiangxi was similar to Hunan in terms of development level and grappled with the same basic challenges. As shown in table 5.2, Jiangxi had a large agricultural sector but remained a laggard in urban, industrial, and commercial development.<sup>5</sup> In 1996, Jiangxi had a per capita GDP level of 3,434 yuan, compared with 3,952 yuan in Hunan and a national average of around 6,000 yuan. Almost 80 percent of Jiangxi's population was classified as agricultural, similar to the share in Hunan, and the primary sector still accounted for nearly a third of both provinces' economies (CDO; author's calculations).<sup>6</sup> As in Hunan, the foreign economic sector remained small, and across the economy there was extensive government intervention and limited “marketization” (Fan et al. 2001). Jiangxi, too, experienced significant outmigration during the 1990s, as underemployed rural laborers looked for opportunities outside of the province. Nearly three million migrants headed out during this decade to nearby coastal provinces, with Guangdong as the most popular destination (Chan 2013). And Jiangxi's underdevelopment and rural poverty were linked with large-scale unrest and protests. Between 1995 and 1999, at least nineteen major protest incidents were recorded across the province, as compared with twenty-two such events in Hunan (Wedeman 2009).

During the 1990s, provincial leaders expressed concern about Jiangxi's relatively slow progress in urbanization, industrialization, and opening-up

(Jiangxi Gazetteer Committee 2002). As in Hunan, a growing set of policy elites blamed these trends on the lack of large economic centers. During the first decade and a half of the reform period, provincial policies in Jiangxi had closely adhered to Beijing's call for dispersed urban growth and emphasized the development of smaller cities, towns, and villages. Planners set especially restrictive growth targets for the provincial capital, Nanchang, capping its target urban population at around one million (Jiangxi Gazetteer Committee 2000, 24).<sup>7</sup> More broadly, development policy had preserved a strong rural orientation, emphasizing village construction, agricultural modernization, and environmental protection.<sup>8</sup> Amid perceptions of worsening marginalization in the early 1990s, however, provincial researchers and planners questioned the historical emphasis given to smaller cities and rural development. There was growing interest in promoting industrial development around major urban centers and along key transport corridors. Jiangxi's June 1992 Provincial Party Congress endorsed faster development in the Nanchang-Jiujiang-Jingdezhen triangle, and provincial leaders in December 1992 called for speeding up urban and industrial growth along Jiangxi's main north-south and east-west rail lines (Feng 1999; Liu 2009, 15; Zhu 2011a). Governor Wu Guanzheng outlined plans for a "Nanchang-Jiujiang industrial corridor" to accelerate development in the province's economic core region. Jiangxi's Ninth FYP Outline, promulgated in 1996, called for stronger efforts to develop central cities across the province to help drive regional development, with particular emphasis on the area around Nanchang (Zhu 2011a, 46–47).

However, unlike in Hunan, this more metropolitan-oriented development strategy lost momentum in the following years. Overtly favoring certain regions over others is a political challenge, and it was a task for which Jiangxi was less equipped than Hunan.

### **Provincial-Level Weakness in Jiangxi**

Whereas Hunan's government had the power to orchestrate a major metropolitan development strategy, the weakness of provincial authorities in Jiangxi made it harder to pursue a development model that placed provincial priorities above the interests of localities or the guidelines of central authorities. As discussed in chapter 3, the strength of provincial-level authorities to shape policy outcomes depends on how administrative authority, financial resources, and political capital are distributed across different tiers of government. Compared with Hunan, Jiangxi had less administrative and financial power concentrated at the provincial level, and this helps to explain why the province had difficulty initiating and maintaining a metropolitan-oriented development model during the period of interest as a whole. Except for the period between 2001 and 2007, Jiangxi also lacked political rising stars in its

leadership posts, limiting the provincial establishment's ability to take action and to bargain with other levels.

First, the administrative authority of the provincial unit was less engrained in Jiangxi than in Hunan. This was partly because Jiangxi had experienced greater central state intervention in its affairs than Hunan. Jiangxi's twentieth-century history was closely entangled with—and often subsumed under—the national narrative of the Communist Revolution. Home to several key sites of the Communist revolution—the Anyuan coal mine, the Jinggangshan base area, and the Jiangxi Soviet—Jiangxi was heir to a strong revolutionary legacy and had come to occupy a key place in China's national imaginary (Perry 2012). After 1949, Jiangxi's political significance as a base of rural revolution and its neediness as one of China's poorest areas led central leaders to forge a paternalistic relationship with the province, providing development aid and guidance. While it enjoyed close ties with Beijing and was singled out for special support as an old revolutionary base, Jiangxi was expected to exemplify ideological orthodoxy. Indeed, through much of the Maoist period, officials in Jiangxi played up the province's revolutionary tradition to gain recognition and resources from the center (Feng 1999). As Perry (2012) notes, "Jiangxi successfully parlayed its revolutionary pedigree into central government patronage" (163). But this ideological positioning of Jiangxi within a national-level revolutionary tradition diminished Jiangxi's own territorial authority and autonomy. During the 1980s and 1990s, progressive leaders in the province continued to lament Jiangxi's "old revolutionary base area mentality" of ideological rigidity and dependence on Beijing (Feng 1999, 250–56, 261).

Meanwhile, Jiangxi's role as a hinterland area in China's economic division of labor—with its own development secondary to the needs of the national unit—continued and was in some ways reinforced during the reform era. Beyond its agricultural bounty, Jiangxi's rich mineral endowments, its biodiverse forests and wetlands, and its abundant water resources attracted Beijing's attention. During the reform era, central state institutions and enterprises took an interest in managing and developing these resources and pressured the province to ensure proper stewardship (*ibid.*; Hua 2011, 1–2). Like its revolutionary legacy, then, Jiangxi's rich natural resources continued to bind the province to the central state and invite Beijing's intervention in provincial affairs.

Jiangxi's administrative authority vis-à-vis its cities was also weaker than Hunan's. Compared with its neighbor, Jiangxi had allowed more localization of administrative authority, and some prefectural-level cities were relatively autonomous units in their own right. For instance, under an experimental reform zone scheme adopted in the mid-1980s, Jiangxi granted the large southern prefecture of Ganzhou provincial-level economic powers and special exemptions from provincial planning.<sup>9</sup> Special economic powers were also



granted to Jiujiang in northern Jiangxi (Liu 2009, 9–10). The clout of Jiangxi's subregions has been reflected in the composition of provincial decision-making bodies. Unlike Hunan, where the only sub-provincial leader on the provincial party standing committee is from the provincial capital, the leader of Ganzhou, Jiangxi's largest regional city by population and land area, also has held a seat on the provincial standing committee in recent years (China Directory, various years). As I discuss below, Ganzhou's special status would help it pursue its own policies and assert its interests.

When a province has symbolic significance in the minds and discourse of political actors, it is easier to orchestrate government policies in the name of that unit. Though Jiangxi, like Hunan, was a long-standing territorial entity, it commanded less prestige and loyalty. Whereas Hunan had a vibrant political and cultural tradition, Jiangxi was riven by cultural localism. Many subregions had a relatively weak sense of attachment to the provincial unit, instead identifying with distinctive local traditions or with areas outside of the province. Feng (1999) describes the absence of a shared subnational identity:

Unlike many regional or provincial cultures in China, Gan culture is by no means readily defined. First of all, there is no dominant language or dialect in Jiangxi. While more than 99.9 per cent of Jiangxi's population are Han, they speak several different dialects. [ . . . ] All of these linguistic groups have a natural tendency to identify themselves with people speaking the same language or dialect and sharing many other customs across the provincial borders. (264–65)

Even though Nanchang anchored Jiangxi geographically and economically, the provincial capital lacked the symbolic centrality Changsha had within Hunan. Pingxiang in western Jiangxi had tight social and cultural links to Hunan across the border (Perry 2012, 15), while Shangrao in eastern Jiangxi had linguistic ties to neighboring coastal provinces. Jiangxi's north-south divide was even more stark. Ganzhou in southern Jiangxi was a sprawling region of its own with a tradition of cultural localism. Ganzhou's size alone gave it considerable weight: the region made up nearly a quarter of Jiangxi's territory and population. It was also culturally distinct, with a predominantly Hakka population and links to neighboring Hakka regions of Guangdong and Fujian (Looney 2012, 287).<sup>10</sup> A legacy of tensions between Hakkas and other Han Chinese (Murphy 2002, 30) meant that Ganzhou and other Hakka regions historically were not closely integrated with the rest of Jiangxi.<sup>11</sup>

Although provincial authorities worked during the 1980s and 1990s to forge a stronger subnational identity, the competing territorial imaginaries of revolutionary nationalism and cultural localism hindered efforts to make the provincial unit more salient. During the early 1990s, governor Wu Guanzheng launched a Gan cultural campaign to promote Jiangxi identity and support the

cause of provincial economic development. Fighting the “centrifugal” tendencies pulling regions of the province into different economic and cultural orbits, the campaign—which entailed sponsorship of new cultural institutions and vigorous publicity work—sought to strengthen a sense of provincial culture and Nanchang’s pride of place (Feng 1999, 263–66). However, it proved difficult to overcome the lack of a shared provincial identity across Jiangxi’s subregions. And national leaders’ interest in historic Communist base areas in Ganzhou and Ji’an empowered local governments who were seeking to position their own regions as economic and cultural centers, giving these areas a higher political profile.<sup>12</sup> As I discuss below, localities like Ganzhou exploited these opportunities, challenging a Nanchang-centric spatial hierarchy.

Beyond the question of administrative authority, fiscal indicators also suggested that the provincial level of government was weaker in Jiangxi than Hunan. Like Hunan, Jiangxi has historically suffered from fiscal shortages and depended on central fiscal transfers to balance its budget. Yet, around the turn of the century, Jiangxi’s provincial government was in some ways even more fiscally constrained. While Jiangxi’s per capita local fiscal expenditure in 1996 was 95 percent of Hunan’s, absolute fiscal expenditure was only 13.2 billion yuan in absolute terms, which ranked twentieth among China’s provinces. This meant the provincial government had less money at its disposal with which to fund staffing and policy programs (CDO; author’s calculations). And what spending power Jiangxi did have was less concentrated at the provincial level than in Hunan. A calculation using fiscal data from 1999 and 2000 finds that around 24 percent of total subnational expenditures took place at the provincial level in Jiangxi, versus 32 percent at the provincial level in Hunan (Jiangxi Statistical Bureau, 2000, 2001). This suggests that fiscal power was less centralized in Jiangxi than in Hunan.

The third dimension of intergovernmental power relations relates to the individuals holding provincial leadership posts during the period in question. While Jiangxi had a history of “weak leadership and a lack of strategic connections in the center,” the provincial establishment had coalesced and become more active under Wu Guanzheng, who served as governor and then party secretary between the late 1980s and the mid-1990s (Tan 2002, 744–45). However, Shu Huiguo, who replaced Wu in 1997, was less politically connected and closer to retirement age, and would take a fairly cautious approach as party secretary. Meng Jianzhu, appointed in 2001, was a more ambitious leader who could draw on high-level political connections to advance provincial interests (Tan 2004). But, later in the decade, Jiangxi again came under a less dynamic leader when Meng was replaced by Su Rong, a late-career politician who had served in backwater provinces. During the period of interest as a whole, Jiangxi had fewer rising-star leaders than Hunan, which limited the assertiveness and bargaining power of the provincial establishment.

## The Late 1990s: Provincial Passivity and Dispersed Development

The late 1990s were a period of dispersed urban and economic growth in Jiangxi during which provincial policies focused mainly on building up medium-sized and smaller cities and supporting rural livelihood. While this balanced and cautious development approach was partly a response to exogenous economic shocks, it also reflected Jiangxi's provincial-level weakness.

Developmental emphasis on smaller cities and rural areas during the late 1990s was not a foregone conclusion. Heading into the late 1990s, Jiangxi seemed poised to make faster gains in metropolitan development. Under Wu Guanzheng, who served as Jiangxi's governor from 1986 to 1995 and as party secretary between 1995 and 1997, provincial policies had begun to challenge the orthodoxy of regionally balanced and rural-oriented development. Relying on force of personality and his political profile as a rising star, Wu had managed to channel a growing amount of investment and policy aid to Jiangxi's most economically dynamic regions. Investment in large-scale industry was growing, and increased policy support was flowing to Jiangxi's metropolitan core under the new Nanchang-Jiujiang Industrial Corridor strategy (Feng 1999, 268). Work on major infrastructure projects was also coming to fruition by the late 1990s, laying a foundation for faster urban and industrial development, especially where the capital city was concerned. The openings of the Beijing-Kowloon railroad in 1996 and the Changbei International Airport in 1999 repositioned Nanchang as a more important domestic and international transportation hub. New highway and bridge projects around the capital-city region were getting underway (Wang Mingmei 2006, 30). In the south of Jiangxi, meanwhile, a South Jiangxi Development Zone and new citrus industry base had been established (Tan 2002).

Rather than continue down this road in the final years of the twentieth century, however, Jiangxi paused. Under the leadership of party secretary Shu Huiguo, who replaced Wu in 1997, and governor Shu Shengyou, who had arrived in office one year earlier, the focus of Jiangxi's economic development swung back to the hinterland. Between 1997 and 2000, a large share of policy support and investment went to secondary cities and rural areas, and development in the Nanchang urban region began to stagnate. The capital city received a disproportionately small share of capital investment and few improvements to its built environment during this period, while the secondary city-regions like Ganzhou experienced an uptick in investment (CDO; author's calculations).<sup>13</sup> As a result, the spatial pattern of investment and economic growth diverged from the trend in Hunan. While Jiangxi distributed developmental resources widely, Changsha grew increasingly dominant in Hunan's economy, and surged ahead of Nanchang, carrying out more FAI and achieving much faster GDP growth.<sup>14</sup>

As past work has noted, provincial policies were a factor in the slower growth of Jiangxi's metropolitan economy during these years (Cao and Zhu 2010, 194–97). In contrast with the industry-first development approach and focus on the Nanchang-Jiujiang corridor under Wu Guanzheng and the metropolitan-oriented strategy gathering speed next door in Hunan, Jiangxi's provincial policies took a hinterland-first approach, focusing on building up smaller cities and towns and boosting rural incomes. In the late 1990s, Jiangxi's spatial development strategy hewed closely to central guidelines that prioritized smaller cities and regionally coordinated development. Leaders in Jiangxi called for developing several different cities with populations in the 200,000–500,000 range and drew up plans to support two hundred key towns (Interview NC041301a). The 2000 Provincial People's Congress called for “taking the people's prosperity and strong counties as the goals” (Liu 2009, 17). In July of the same year, Jiangxi's provincial leadership issued a joint party-government decision on small-town development that included building urban networks around medium and small cities, investing in county towns to stimulate the rural economy, and speeding up hukou reforms to enable more peasants to move into towns. County-level towns, in particular, were to serve as “dragonheads” for local development and receive more infrastructure investment. The decision instructed officials at all levels to give priority to this work (Cao and Zhu 2010, 200).<sup>15</sup>

This dispersed development approach may have been in part a reaction to exogenous shocks that threatened Jiangxi's economic and social stability. As in Hunan, fallout from the Asian Financial Crisis and crippling floods that struck central China in 1998 and 1999 disrupted the economy and unsettled the countryside. Given the large numbers of Jiangxi migrants working in coastal provinces with export-driven economies, a slowdown in the foreign sector could reduce remittance income and worsen employment problems for Jiangxi natives. Meanwhile, the flooding of the late 1990s, which was especially severe in Jiangxi, exacerbated the difficulties of rural areas and helped set the stage for social unrest. In 2000, a protest involving thousands of villagers flared up in Yichun's Fengcheng County, reportedly triggered by peasant grievances over excessive fees and taxes. The demonstrations, which were quelled only after the deployment of hundreds of armed police, received international press attention and led the *Jiangxi Daily* newspaper to acknowledge heavy tax burdens on poor villagers (Gittings 2000). Such events called for a redeployment of resources to help rural areas.

Beyond these exigencies, however, dispersed development was also a path of least political resistance for Jiangxi, because such an approach accommodated central policies above and local interests below. Whereas Hunan's overt prioritization of Changsha's development rankled other localities in the provinces and also implicitly challenged the official central line of limiting the growth of large cities, Jiangxi's policy approach distributed benefits more

widely across the province and adhered more literally to national-level regional and urban policies. As of the late 1990s, central party and government policies advocated regionally balanced development and small city-based urbanization. China's national Ninth FYP had placed heavy emphasis on regionally coordinated development, and in 1998, Beijing's 15<sup>th</sup> Central Committee Third Plenum passed Decisions Regarding Certain Major Problems in Agriculture and Village Work, and made development of rural towns a priority. Over the course of 2000, central party leaders continued to emphasize small-town and city development as a key path for urbanization (Cao and Zhu 2010, 196–97). A more hinterland-oriented development approach also appeased local authorities across the province by spreading resources more broadly and reaching the rural areas that were home to most of Jiangxi's population. Such an approach was less likely to engender pushback from local authorities or further inflame rural discontent across the province.

Jiangxi's relatively weak provincial establishment had little scope to break from central policies or buck a long tradition of rural-oriented development. Notwithstanding faster growth and a campaign to strengthen provincial identity in preceding years, Jiangxi still suffered from shortfalls of fiscal capacity and administrative authority. Following the departure of Wu Guanzheng in 1997, it was also without a high-profile leader to champion provincial economic interests and bargain with Beijing. Wu's successors, Shu Huiguo and governor Shu Shengyou, were hardly political heavyweights. Both were Jiangxi natives who had risen through the ranks within the province, holding a series of local and provincial leadership posts. Their lack of experience outside Jiangxi meant they lacked close connections with central party and state leaders, which limited their ability to launch bold new policies or extract policy concessions from Beijing to aid Jiangxi's development (Tan 2002). Furthermore, both men were sixty years of age or older upon taking office, meaning they had limited prospects for promotion to higher office and few career motives to launch ambitious development programs. On the other hand, the two Shus had career ties to localities within Jiangxi and, in the case of Shu Huiguo, much more familiarity with rural issues than cities and industry (China Vitae; Baidu Baike). Rather than focusing on Jiangxi's urban future, then, Jiangxi's leaders were rooted in its rural past.

If politically safe, the hinterland-first development approach taken by the Shus frustrated many members of the larger provincial establishment and would come under heavy criticism from provincial bureaucrats and policy experts in the following years. Looking back, Yao Mugen, who served as Jiangxi's Development and Reform Commission director in the late 2000s, complained that Jiangxi's continued adherence to the center's policy of small-city and town based urbanization until 2000 had stifled the province's development (Yao 2010, 148–49). Other policy experts attributed Jiangxi's urban and industrial

slowdown in the late 1990s to conservative and passive leadership, and over-emphasis on rural measures instead of the urban economy (Wang and Luo 2004, 14–15).<sup>16</sup> As Jiangxi's cities lagged behind those of Hunan and other central provinces, conditions grew ripe for a rethinking of development policy.

### **The Early 2000s: Jiangxi's Urban Interlude**

During the early 2000s, Jiangxi's spatial development approach shifted to place much greater emphasis on Nanchang and large-scale urban-industrial development across the province. Consistent with my broader theoretical framework, this change came after an extended period of disappointing economic performance and an increase in provincial-level power. This change in Jiangxi's development approach also coincided with a loosening in central government policy toward urban development. As discussed in chapter 2, Beijing relaxed the mandate to curb big-city growth and expressed support for faster urbanization after 2001, even though it continued to advocate a balanced form of urbanization and to insist upon coordinated regional development.

Just as the presence of politically weak leaders had made Jiangxi conservative in its urban and economic policies during the late 1990s, the appointment of Meng Jianzhu as Jiangxi's party secretary in 2001 heralded a new phase of provincial activism and a shift toward more metropolitan-oriented development. Nearly a decade younger than Jiangxi's outgoing party chief, Meng had earned a reputation as a talented administrator and a rising star during his previous postings in Shanghai, where he had most recently served as deputy party secretary. Meng's political profile was also buttressed by close ties to Jiang Zemin and Zeng Qinghong (*South China Morning Post* 2007). These high-level connections gave him the political security to adopt bold policies after arriving in Jiangxi, and reportedly helped Meng to mobilize large amounts of financial support for new initiatives in Jiangxi (Tan 2004).

Even with a rising-star leader in place, however, Jiangxi remained an institutionally weak province in the early 2000s, and this placed limits on its metropolitan development ambitions. In the years after Meng's arrival, Jiangxi's development strategy was not as narrowly focused on the capital-city region as Hunan's, and Jiangxi was not able to respond to Hunan's CZX plan with a similarly robust regional strategy.

### **ASPIRING TO "JIANGXI'S RISE IN THE CENTRAL REGION"**

Soon after arriving in Jiangxi, Meng began an overhaul of provincial development policy, placing much greater emphasis on economic competitiveness than his predecessor had done. During the late spring and summer of 2001,

Meng shook up Jiangxi's politics and policy discourse, launching a major "thought liberation" campaign to introduce cadres and the public to a new approach to development and governance. Over the course of several public statements and political gatherings, Meng called for forceful efforts to promote industrialization, commercialization, and a more urban-oriented outlook in each sphere of development.<sup>17</sup> Convening a series of highly publicized meetings, Meng brought in a roster of rising stars from outside the province that included such figures as Bo Xilai and Huang Qifan. Meanwhile, provincial study tours took Jiangxi cadres to observe policy work in nearby provinces (Liu 2009, 45–48).

In early August 2001, the mobilization exercise hit its peak as Meng called a meeting of Jiangxi's provincial party committee in Jinggangshan, a famous early base area of the Communist revolution. Invoking a "new Jinggangshan spirit" of developmentalism, Meng outlined a "three bases, one back garden" (*sange jidi yige houhuayuan*) strategy for Jiangxi's development. Jiangxi, Meng stressed, should exploit its basic endowments but take a far more entrepreneurial governance approach, transforming the province into a base for relocating industry, labor-outsourcing, and commercial agriculture and a destination for eco-tourism. To achieve a "great opening" of Jiangxi's economy, the province should emphasize large-scale urban construction and industrial development. Each prefectural-level city was instructed to pool its energies and build a successful development zone (Wu and Yang 2012, 7). At Jiangxi's December 2001 11<sup>th</sup> Party Congress, Meng outlined his goal of performing better in inter-provincial competition, asking delegates to help "achieve Jiangxi's rise in the central region." This task would require more ambitious urbanization, industrialization, and opening up, and efforts to enhance not only the province's hard infrastructure and outward links but also the "soft environment" of its top cities (Liu 2009, 22). In the following months, Meng's mobilization exercises and publicity continued, and a new development approach took shape.<sup>18</sup>

After Meng's arrival, Jiangxi's previous emphasis on smaller cities and the rural economy was downplayed and leaders devoted greater effort to developing modern industry and "strengthening and building up Nanchang as a breakthrough point" (Jiangxi Development Research Center 2006). Jiangxi adopted new policies to support capital- and knowledge-intensive industries. Sectors such as automobiles, aviation, precision manufacturing, special metallurgy, medicines, electronics and IT, food products, and high-grade chemicals were designated as provincial pillar industries (Liu 2009, 118). Meanwhile, Meng presided over a literal leap in Nanchang's urban development, as the city launched construction of the Honggutan New Area across the Gan River from Nanchang's old center (Chen 2010). The provincial government also placed particular emphasis on urban and regional infrastructure and development



zone construction around Nanchang, building new highways, railway facilities, and airport improvements. With greater provincial support, Nanchang's population swelled, with the urban district population breaching the 2 million mark in 2004 (Jiangxi Development Research Center 2006, 214–15).<sup>19</sup> Meng's aggressive efforts to improve Nanchang's urban environment garnered outside recognition. In the mid-2000s, Nanchang earned high marks in a World Bank analysis of 120 Chinese cities and jumped upward in domestic ratings of urban competitiveness (World Bank 2006; Ni 2006).

In a province as historically decentralized and heavily rural as Jiangxi, it was not surprising that the leadership continued to give considerable attention to secondary city-regions and rural development issues during the early 2000s. Nevertheless, Meng's rhetoric between 2001 and 2004 subsumed rural development under a broader strategy of commercialization and urbanization, pushing the idea of concentrating resources in advantageous areas to achieve big results. Even in rural locations, development was to be heavily focused on new development zones. During a visit to Shangrao's Hengfeng County in early 2005, for example, Meng applauded ongoing local efforts to build a new Xing'an Industrial Park that could serve as the main engine for the county's economy (Shangrao Daily 2005b). The extent to which Meng's vision of city-centered development differed from Jiangxi's traditional approach was clear from his comments during media interviews in 2003 and 2004. Meng acknowledged the seriousness of rural problems in Jiangxi but argued that "only by accelerating industrialization can Jiangxi fundamentally address the 'three rural problems,'" and stressed that tighter links between rural areas and cities were needed (Zhongguo gongye bao 2003; Renmin ribao 2004).

### CROSS-CURRENTS IN JIANGXI'S DEVELOPMENT

Of course, Jiangxi's provincial development strategy under Meng was never single-mindedly focused on urban-industrial development, and secondary policy motifs of environmental protection, rural development, and regional coordination grew more salient over time. Even as Jiangxi charted a new course, development policies did not show as much of a metropolitan tilt as in Hunan. Between 2001 and 2005, Changsha captured 30 percent of Hunan's FAI, while Nanchang accounted for 19 percent of Jiangxi's FAI (CDO; author's calculations). Looking back to the early 2000s, one provincial policy researcher noted that despite the strong rhetorical emphasis on large city development, there were still a fairly limited number of concrete policies to promote development of the broader metropolitan region (Interview NC041301a). And, over time, environmental themes became more prominent in Meng's public statements. In 2003, for instance, Meng told an interviewer that "we don't only want mountains of gold and silver; we want clear water and verdant



hills even more,” and explained that Jiangxi was being selective in choosing investment projects and sectors to develop, ruling out activity that would harm the environment, public health, or public values (Renmin ribao 2003).

A more basic constraint on Jiangxi’s efforts to frame development around provincial economic competitiveness was the ability of Jiangxi’s prefectural-level cities to assert their own interests. In particular, the high political profile and relative policymaking autonomy of Ganzhou, Jiangxi’s largest subregion, enabled city-level leaders there to launch initiatives that ran against the grain of provincial policies. Even as Meng continued to champion metropolitan-centered, outward-oriented growth in the mid-2000s, an alternative development model was germinating in southern Jiangxi.

Between 2004 and 2005, the New Socialist Countryside Construction (NSCC) rural development program pioneered in Ganzhou under municipal party secretary Pan Yiyang gained a national profile and came to influence development policies across Jiangxi and China more broadly. Appointed as Ganzhou’s chief in 2003, Pan had attracted attention for writing a doctoral dissertation on “peasant-centered” development. He was also noteworthy for his past experience as a leader in China’s Communist Youth League (CYLC) system, which may have given him close ties with leaders in the central party establishment (Li 2006; Looney 2012, 293). Since the early 2000s, Pan had served as a member of Jiangxi’s party standing committee, working under Meng and holding the agricultural policy portfolio.<sup>20</sup> After taking over as the leader of Ganzhou, Pan launched a series of bold experiments in rural development. Under the banner of a 2004 city-level Decision on Strengthening Efforts to Build a New Socialist Countryside, he advocated village reconstruction and rural public service initiatives.

Ganzhou’s NSCC program echoed the pro-rural thrust of new central government policies that had appeared in 2003 and 2004, and it succeeded in drawing national leaders’ attention.<sup>21</sup> The campaign in Ganzhou attracted praise and support from several high-ranking central government and party leaders. Construction Minister Wang Guangtao, for one, offered a particularly strong endorsement of Ganzhou’s experiments, choosing the city as the site for China’s national conference on village construction work in late 2005 and calling for construction departments nationwide to take up the NSCC agenda (Zhongguo jianshe bao 2005). Pan himself gained an unusually high political profile for a municipal leader, even publishing articles about his Ganzhou model in key central party outlets such as the *People’s Daily* and *Seeking Truth* (*qiu shi*) magazine in 2005 (Looney 2012, 292–95).

With Pan Yiyang mobilizing central support for his reform experiments and cultivating a national-level persona, the Ganzhou campaign formed a counterpoint to the development vision Meng Jianzhu had pushed since ar-

living in Jiangxi. The presence of a well-connected and high-profile local leader may have made it harder for Meng to shape Jiangxi's development policy agenda as he saw fit. Whether Meng was truly won over by Pan's ideas over time, or whether he simply faced mounting pressure from above and below to signal stronger provincial endorsement for a more rural-oriented, populist development model, is hard to determine. But, soon after the Ganzhou development experiment began, the tone of development policies in Jiangxi again changed abruptly. Even during the later years of Meng Jianzhu's tenure, greater emphasis on rural issues became clear. After Meng left Jiangxi in 2007, environmental and urban-rural coordination work would take on an even higher profile.

### **The Late 2000s: Back to the Future**

During the latter half of the 2000s, Jiangxi's development approach again diverged from that of Hunan. As Hunan raced ahead with CZX-oriented development, Jiangxi's leadership downgraded the metropolitan agenda and pursued a more spatially inclusive development model. Under the influence of these policies, investment and growth trends in the two provinces varied markedly. While Changsha accounted for 33 percent of Hunan's FAI between 2006 and 2010, Nanchang's FAI equaled 23 percent of Jiangxi's total. Jiangxi as a whole experienced surging FAI and rapid economic growth, and outlying cities and rural areas grew quickly, but Nanchang's position weakened. The city's share of Jiangxi's GDP fell from 25 percent in 2005 to 23 percent in 2010. Nanchang's economy, once three-fourths the size of Changsha's, was by the end of the decade less than half as large (CDO; author's calculations)

The adjustment of Jiangxi's development strategy after the mid-2000s can be understood partly as a recalibration following several years of robust economic performance. After Meng's arrival, Jiangxi had seen booming growth. Between 2000 and 2005, its economy grew at an annual rate of 13.9 percent, well ahead of Hunan's, which achieved 11.3 percent, but also above the national pace of 11.7 percent (CDO; author's calculations). With economic momentum established, policymakers could devote more attention to problems of coordinating development across space and increasing sustainability. However, as I will discuss below, many provincial officials continued to advocate metropolitan-oriented development in the late 2000s, fearing that Jiangxi would remain economically marginalized.

Intergovernmental politics also played a key role in the shift, as mounting central and local pressures limited the provincial government's options and a leadership change weakened Jiangxi's bargaining position. To the chagrin of several provincial policy elites, Jiangxi paid more heed to the priorities of

Beijing and of localities. During the later years of Meng Jianzhu's tenure as party secretary, the provincial government moved away from the competitiveness-first development philosophy of the early 2000s. Meng's successor, Su Rong, further played up rural issues, environmental protection, and coordinated regional development, making such themes central to his Poyang Lake Ecological Economy Zone initiative.

### LINKING TOWN AND COUNTRY

At least in his policy rhetoric, Meng Jianzhu circa 2006 sounded like a different leader than Meng circa 2003. His statements echoed Beijing's 11<sup>th</sup> FYP agenda, no longer placing the goal of provincial economic competitiveness front and center.<sup>22</sup> In a media interview at the 2006 National People's Congress (NPC) meeting, Meng announced that he would give the rural-oriented NSCC campaign top priority, and he played up the NSCC campaign's potential for addressing Jiangxi's development problems. "Jiangxi," he promised, "will continue to take developing the rural economy as the central task" (Renmin ribao 2006a). In another interview the following month, Meng noted that Jiangxi had emphasized industrialization and opening up during the early 2000s, but that it was now time for heavy emphasis on rural issues. It was unacceptable, he said, that "cities develop dramatically from day to day while the countryside continues to look the same as always" (Renmin ribao 2006b). In late April 2006, Meng, accompanied by Pan Yiyang and other leaders, paid a high-profile visit to Ganzhou to inspect progress on rural development. During the visit, he reiterated the province's commitment to NSCC work and people-oriented rural development and called for integrating NSCC work with industrialization and county-level economic development (Jiangxi ribao 2006).

While in previous years Meng had referred to Jiangxi's urbanization efforts using the term *chengshihua* (big-city-based urbanization), he—and the provincial government more broadly—now used the term preferred by Beijing, *chengzhenhua* (small-city-based urbanization). Indeed, the urban development strategy Jiangxi outlined in 2006 and further elaborated in 2007 called for placing greater emphasis on smaller cities and regionally balanced development, and for promoting urban cluster development in three different parts of the province (Liu 2009; Cao and Zhu 2010, 203). Over the following few years, the provincial government supported the creation of strategic industry clusters not only in Nanchang but also across the province in Ganzhou, Jiujiang, and Ji'an (Wu and Yang 2012, 25–27).

These rhetorical and policy shifts brought Jiangxi's development program into closer alignment with priorities advocated by China's central leaders. While Hu Jintao and Wen Jiabao had begun to emphasize rural problems soon

after coming into power in the early 2000s, rural-focused rhetoric and action from the top leadership intensified during the 11<sup>th</sup> FYP period. After using the 2004 No. 1 Central Document to plug rural priorities, the top leadership placed rural issues—and, in particular, an expanded countrywide NSCC campaign—atop the agenda in the national 11<sup>th</sup> FYP. Hu, emphasizing the need to forestall threats to China’s food security and social stability, had further stressed these rural priorities in a meeting with provincial leaders in February 2006 (Looney 2012, 204–13). During their visits to Jiangxi in the late 2000s, central leaders not only played up rural development themes but also highlighted the need for improved environmental protection in the Poyang Lake basin. On a visit to Jiangxi in April 2007, premier Wen Jiabao stressed the fragility of Jiangxi’s ecology and the need to preserve “a lake of clear water,” calling for better coordination of economic and environmental work (Liu 2010, 34, 44). Hu Jintao, on a later visit in 2009, called for a resource-conserving, environmentally friendly development approach (Hua 2011, 1–2).

Jiangxi’s leaders also felt mounting pressure from localities eager to strengthen their own economies. Besides Ganzhou, other Jiangxi cities also lobbied provincial authorities to grant them more investment and resources and bypassed higher-level authorities if necessary. As one provincial government researcher explained to the author, even smaller cities such as Yingtan pursued the goal of developing themselves into million-person cities and pushed provincial authorities to support these efforts (Interview NC041301a). Other localities took matters into their own hands. For instance, in 2005, Shangrao officials articulated a vision for making their locale into an “entrepreneurial city,” with a particular focus on building up an extended urban economic region within a half-hour transportation radius of the main city center. They emphasized treating the city’s territory as “a single chessboard” to coordinate growth and enhance competitive position. As a city official noted, “relying on higher levels and fighting for limited support . . . is not practical. The most fundamental approach is still to rely on our own entrepreneurial management of the city and manage the ground under our feet” (Shangrao Daily 2005a). Unlike in Hunan, where even frustrated secondary cities looked to the provincial government for assistance, several Jiangxi cities showed a strong sense of localism.

#### **DEVELOPMENTAL COMPROMISE: THE POYANG LAKE ECOLOGICAL ECONOMY ZONE**

After Su Rong replaced Meng in late 2007, Jiangxi shifted even further away from a metropolitan-oriented development model. Nearly sixty years old at the time of his appointment, Su lacked Meng’s rising-star resume. Su was a

native of the rustbelt province of Jilin and had previously served as party secretary in the poor, arid northwestern provinces of Qinghai and Gansu. Over the course of his long posting in Jiangxi, which lasted until 2013, Su would become embroiled in a number of illegal dealings and would eventually fall victim to Xi Jinping's anti-corruption campaign in 2014 (*South China Morning Post* 2014). However, Su had a relatively quiet arrival in Jiangxi, and during the first part of his tenure in the province, his administration signaled that it would prioritize environmental protection and coordinated regional development (Liu 2009; *Zhongguo jingying bao* 2013), policy agendas dear to the central government.

While he continued the NSCC work already underway across the province, Su made a new Poyang Lake Ecological Economy Zone (EEZ) strategy the centerpiece of his agenda. The Poyang Lake plan resembled Hunan's CZX Pilot Zone in its broad form as a strategy for coordinating development across a multi-city region, but it differed both in its genesis and in its substance. Hunan's Pilot Zone was built on a long line of provincial plans—plans that had already reached the implementation phase. By contrast, Jiangxi's EEZ strategy was pieced together more quickly. While partly an extension of Jiangxi's existing plans to foster a network of cities around Poyang Lake, the new strategy was also an attempt to answer central leaders' recent calls for better protecting freshwater resources and for pursuing a greener development model. The considerable time that would be needed to iron out even the basic details of the strategy—including its geographic scope—suggested that provincial authorities in Jiangxi had less capacity for regional planning and coordination than their Hunan counterparts.

After spending his first months in Jiangxi dealing with the aftermath of winter storms, Su Rong in March 2008 launched efforts to win a special national-level policy for Jiangxi such as the Pilot Zone designation Hunan had recently obtained. In a letter to Jiangxi governor Wu Xinxiong, Su wrote that “we must adhere to the premier's demand and fully realize the scientific development concept and push forward the provincial economy's healthy and fast development through the protection and clean-up of Poyang Lake and the economic development of Poyang Lake” (Liu 2010, 44). Working with Wu and other provincial leaders, Su developed plans for a Poyang Lake EEZ that would span much of northern Jiangxi and combine environmental protection and economic development themes.

Refining the Poyang Lake plan and winning central approval proved more difficult than expected. In the months after Su unveiled the initiative, Jiangxi's Development and Reform Commission worked to iron out its details, engaging in back-and-forth with the NDRC. However, fundamental questions about the plan's geographic and functional scope remained unresolved (Liu 2010, 44–46). During the summer of 2008, top provincial leaders appealed to cen-

tral leaders such as vice premier Li Keqiang to lend their backing. Li, for one, showed interest—particularly in the plan’s environmental protection components—but asked for further changes, saying the plan needed a clearer geographic and thematic focus. In September 2008, the Jiangxi government submitted a revised version of the plan to the State Council. Provincial leaders followed this up by briefing central leaders in early 2009, and central-provincial negotiations continued in the following months. Despite these efforts, Jiangxi’s leaders failed to win approval by their target date of June 2009, as Beijing required additional plan revisions. Finally, at the end of 2009, two years after Hunan had won central approval for its CZX Pilot Zone, Jiangxi managed to secure NDRC and State Council approval for the plan (Hua 2011, 47–51).

As was the case with Hunan’s CZX plan, winning a central-level strategic designation brought new policy benefits and state resources to Jiangxi. Yet, the EEZ plan differed in several important respects from the CZX plan and thus had different consequences on the ground. First, the Zone’s geographic scope was much broader than the CZX core region, spanning 51,200 square kilometers (as opposed to roughly 13,000 for the CZX zone) and encompassing Nanchang, Yingtan, Jingdezhen, and counties from Jiujiang and four other cities. This meant that policy benefits would be more diffuse. In addition, the substantive emphasis of Jiangxi’s plan on environmental work, and, more specifically, protection of Poyang Lake and its watershed, made the plan less conducive to metropolitan development than Hunan’s plan (Du 2011; Interview BJ061307b).<sup>23</sup> Finally, because Jiangxi’s plan was approved at a time when a large number of provinces were obtaining state-level regional development plans, it failed to garner as much attention as the earlier CZX initiative.

While many investment projects were developed in conjunction with the goals of the EEZ strategy, only a subset benefited Nanchang directly. Efforts to build up transportation infrastructure around the Poyang Lake basin, including new railway and highway lines to more tightly knit the region together, moved forward as new central and provincial funding became available (Liu 2010, 98–101). In total, more than four hundred investment projects were drawn up under the plan, including water supply and water treatment works, two nuclear power plants, and a natural gas power plant (Du 2011, 274). Many of these projects were related to environmental protection and energy infrastructure rather than urban construction.

Meanwhile, the urban strategy outlined under the Poyang Lake plan envisioned a diversified city system. Although Nanchang’s position as the “core” of the region was not in doubt, five other regional central cities would be built up as “key nodes,” and more emphasis would be placed on creating a transportation network around Poyang Lake (Liu 2010, 200). Policymakers prioritized development of smaller cities and rural towns as well. Across the Poyang

Lake region, twenty-six town-development demonstration zones were established (Zhongguo jingying bao 2013; Du 2011). One key beneficiary of the EEZ strategy was Gongqingcheng, a small urban center under Jiujiang's jurisdiction located 40 miles outside Nanchang.<sup>24</sup>

While the Poyang Lake regional strategy struck a balance between developing Nanchang and assisting other areas, city-level initiatives in Jiangxi also contributed to regionally dispersed development. Even after the departure of Pan Yiyang in 2010, Ganzhou's government continued to launch major development strategies and reach out to Beijing for support. Pan's successor as Ganzhou party secretary, Shi Wenqing, also punched above the weight of a typical city-level leader. Shi had a foothold in provincial-level politics as a member of Jiangxi's Party Standing Committee and brought experience and connections from prior work in China's northeast region and in the NPC system.

After arriving in Ganzhou in late 2010, Shi worked to highlight economic hardship among the millions living in the old Jiangxi Soviet area, asking central leaders for expanded assistance. Shi's patriotically couched appeals and use of political back channels apparently succeeded. The NDRC began formulating a slate of special policies for the old Soviet Area (*su qu*), and in June 2012, the State Council announced a sweeping support package for Ganzhou and nearby areas.<sup>25</sup> As part of this new scheme, Ganzhou obtained central approval for new state-level development zones, preferential tax and investment policies akin to those granted to western provinces, as well as new industry and infrastructure investment projects. These policies would help Ganzhou achieve faster economic growth than the province as a whole in subsequent years (Renmin ribao 2014a, 2014b).

## Winners and Losers of Dispersed Development

As Jiangxi pursued a more spatially balanced development model than Hunan in the late 2000s and early 2010s, a different constellation of winners and losers emerged. The metropolitan region around Nanchang struggled to keep up economically with other cities in central China, causing frustration among capital city elites as well as among many provincial policy elites. But secondary cities and rural areas of Jiangxi captured important economic gains, and their residents' fortunes improved. As a result, the strains of big-city congestion and political tensions associated with spatially uneven development were less obvious than in Hunan.

Nanchang's economic growth slowed in the late 2000s even as Jiangxi saw rapid overall FAI and GDP growth. The city made further advances in infrastructure development during the late 2000s, with upgrades to Changbei Airport, the launch of work on a subway line, and construction of a new high-



speed rail station (Nanchang Development and Reform Commission 2011, 44). However, as a Nanchang government report observed, the city missed several of its 11<sup>th</sup> FYP period development targets. Nanchang's services sector grew especially sluggishly—tourism, for instance, grew at 0.1 percent annually rather than the intended 6 percent—and the city's share of provincial GDP fell from 25 percent to under 24 percent. Meanwhile, Nanchang saw setbacks in municipal planning work (Nanchang Development and Reform Commission 2011, 216–19).

Several policy elites blamed Jiangxi's shift of development strategy for causing Nanchang to lag further behind its competitors in the central region and urged a return to a more metropolitan-oriented strategy. Chen Xinhua, a provincial policy advisor, sent a letter to provincial leaders in November 2006 asking them to reconsider the change in urban strategy and resume a big city-based development approach:

After leaping into the new century (or to be precise, after Secretary Meng took over), Jiangxi has come out with several new things as far as development concepts and approach are concerned; the loud and clear promotion of big-city-based urbanization has been one of them. [ . . . ] Perhaps some will say that small-city-based urbanization is the center's formulation, and we in Jiangxi should not break with orthodoxy. Nonsense! It's not the case that if the center puts out some slogan every province and city across the country should all completely imitate it; if this were the case, would each locality still have any creativity? [ . . . ] On the contrary, each place should completely put forward its own slogan in accordance with local realities according to its own situation. Otherwise, it is just ossification; it will just be a return to the old situation of unliberated thinking Jiangxi was in before, when it didn't dare to think this, and didn't dare to do that. (Chen 2010, 219–21)

It was essential, Chen argued, for a backward province such as Jiangxi to promote urbanization more aggressively. Jiangxi alone among its central neighbors had failed to gain recognition under the Central China Rising program for its metropolitan-region plans. Only by proactively building a greater Nanchang and rejecting the recent “small city, big strategy” approach could Jiangxi ensure success in urban competition and attract more central resources (*ibid.*).

Along similar lines, Yao Mugen, former head of Jiangxi's Development and Reform Commission, decried the return to a more dispersed urban and industrial development model, noting in a 2010 book that new policies were holding back Nanchang's and Jiujiang's growth. Perceiving a direct, even arithmetical, relationship between Nanchang's success and that of the provincial economy more broadly, Yao argued that Jiangxi needed to support Nanchang's development with special policies until the city accounted for one-third of provincial



GDP (Yao 2010, 150–52). Later in Su Rong’s tenure, other critics would deride Jiangxi’s development approach as “chopping the big and planting the small, planting trees in water fields” (Zhongguo jingying bao 2013). Over time, such complaints, along with evidence of Nanchang’s slipping competitive position, would prompt a reevaluation of Jiangxi’s development approach.<sup>26</sup>

If Nanchang dropped out of the limelight, however, Jiangxi made comparatively strong progress in building up the rural economy and raising rural incomes. During the 11<sup>th</sup> FYP period, Jiangxi carried out heavy investment in the rural sector, energy production and distribution, and manufacturing. Provincial authorities took steps to strengthen county-level finances, even though this meant shifting more fiscal resources down the administrative ladder and discontinuing upward transfer of certain tax revenues to provincial coffers. The province worked to connect all administrative villages in the province to cement roads (Du 2011). Jiangxi also supported rural development through expansion of agricultural subsidies, the rural minimum livelihood guarantee, and rural cooperative healthcare (Deng, Fan, and Zhou 2012, 299).

As a result, Jiangxi experienced more regionally balanced growth and higher rural incomes than virtually all its inland neighbors (Li et al. 2007). Although Jiangxi’s urban incomes in 2009 had reached only 82 percent of China’s average, its rural incomes were 98 percent of the national average (Zhu 2011, 64). Rural income growth in Jiangxi outpaced urban growth two years running between 2009 and 2011, with the ratio of urban disposable income to rural household income dropping from 2.76 to 2.54, compared with a national average of 3.1 (Deng, Fan, and Zhou 2012, 297). In Ganzhou, Pan Yiyang and Shi Wenqing could claim credit for development breakthroughs under the NSCC campaign and Soviet Area revival policies. Though the NSCC campaign suffered from governance shortcomings, it delivered large amounts of new investment in village infrastructure and housing, sharply improving the material living standards of rural residents (Zhongguo jingji zhokan 2010; Looney 2015). And the subsequent Soviet Area revival policy saw Ganzhou’s industrial development shift into high gear.

It is also perhaps noteworthy that Jiangxi, which, like Hunan, had been a hotbed for major protest incidents during the late 1990s, saw fewer such events than Hunan during the 2000s. Between 2000 and 2009, twelve major protest incidents were reported in Jiangxi, while seventeen were reported in Hunan (Wedeman 2009). When it came to protests involving more than 500 people, Jiangxi experienced eight protests between 2003 and 2009 while Hunan had sixteen (Tong and Lei 2010). The links between provincial development strategy and protest activity are indirect at best, but Jiangxi’s more rural-oriented development may have alleviated societal discontent.

In short, while Jiangxi failed to groom an urban champion like Changsha and fell further behind other central provinces in terms of metropolitan com-

petitiveness, the province achieved a different sort of developmental progress, more in line with the “micro-oriented development” paradigm described by Donaldson (2011). Policy support, infrastructure, and industry investment were spread around more widely, with more localized coordination. Ordinary people and ordinary places captured more benefits than their counterparts in Hunan. To be clear, this is not to say that all was well in Jiangxi. Environmental problems and social discontent lingered in the province and official corruption grew severe, especially during the tenure of Su Rong.<sup>27</sup> But, perversely, the limited strength and discipline of the provincial establishment may also have helped a larger number of localities across Jiangxi capture a piece of the developmental pie.

## Conclusion

Comparative analysis of outcomes in Jiangxi and Hunan attests to the importance of provinces’ relative economic performance and intergovernmental power relations in shaping their approaches to spatial development. While Jiangxi’s absolute level of development was similar to Hunan’s at the turn of the twenty-first century, its spatial development strategy differed from that of its neighbor. Spatial policies in Jiangxi varied more over time and adhered more closely to the regionally balanced and rural-oriented development approach that both provinces historically had followed—and that Beijing preferred.

As I have argued, intergovernmental power dynamics were a crucial factor behind the divergence in Jiangxi’s and Hunan’s development approaches. In Jiangxi, a province that had a tradition of obeying central policies and that contained powerful subregions, it proved harder for provincial-level actors to dominate policymaking. Central priorities and local interests heavily influenced the development agenda between the late 1990s and 2010. In the late 1990s, Jiangxi adhered closely to the central policy line on urban development, favoring smaller cities. Though the province joined the nationwide urbanization and industrialization policy wave of the early 2000s, Jiangxi again changed tack in the mid-2000s. After 2005, development strategy took a pro-rural turn, following changing central policies and sub-provincial influences. Though a vocal group of provincial officials kept advocating a metropolitan-oriented strategy, local initiatives such as Ganzhou’s NSCC campaign and pressure from central leaders contributed to a reorientation of Jiangxi’s development approach.

In both Hunan and Jiangxi, characteristics of top provincial leaders—and not simply more institutionalized aspects of intergovernmental power relations—contributed to over-time variation in policy approaches. While it is likely that the past experiences, personal styles, and individual worldviews of

China's provincial leaders influenced the policy approaches they took (Donaldson 2011), I have particularly stressed the importance of top provincial leaders' political pedigrees and connections, which are more observable. In both Hunan and Jiangxi, the metropolitan orientation of development—and the focus on economic competitiveness more broadly—was greatest during the tenures of relatively young and politically well-connected leaders. Both Meng Jianzhu in Jiangxi and Zhang Chunxian in Hunan presided over metropolitan-led booms, with economic growth, urbanization rates, and industrialization levels rising sharply during their tenures. And both leaders played the game of provincial boosterism with flair, repositioning their provinces in the competition among inland regions to attract investment and policy benefits.

Ultimately, the push and pull of different political actors and different economic sectors for control over Jiangxi's development agenda resulted in policymakers' attending to a broader range of priorities than in Hunan. The dispersion of power among different levels of government in turn contributed to a spatially dispersed model of development. While this may have harmed Jiangxi's hopes of repositioning itself in China's urban pecking order, it had benefits for many smaller cities and ordinary people across the province.

In the following chapters, I apply the same theoretical framework used to examine Hunan and Jiangxi to provinces with more complex economic and political landscapes. Like the experiences of Hunan and Jiangxi discussed above, the stories of Shaanxi and Jiangsu highlight political conflicts in the making of spatial policy and show the importance of both economic positioning and intergovernmental power relations in shaping provincial approaches. In the cases of Shaanxi and Jiangsu, however, policymakers had very conflicted priorities at the outset, as severe intra-provincial disparities and concerns about territorial cohesion tempered provincial leaders' interest in big-city development. And, as I will show, the layering of central, provincial, and local development agendas in these latter cases was even more contentious.

# 6

## Shaanxi: Uneven Development Redux

How do provincial governments combine the pursuit of rapid metropolitan development with attempts to rein in regional disparities? How do they reconcile the goal of grooming urban champions with the fear that big cities might become too powerful in their own right? Under what conditions do spatial policy interventions exacerbate, rather than roll back, uneven development? To address these questions, this chapter analyzes the experience of Shaanxi province and its Xi'an metropolitan region between the late 1990s and early 2010s—a period of dramatic change. Xi'an was more dominant in Shaanxi at the outset than capital cities were in Hunan or Jiangxi, but there were also strong pressures for spatial redistribution of resources. Xi'an was struggling to reinvent its state-oriented economy, and the capital city's relationship with the rest of Shaanxi was awkward. The province's sharp regional disparities were a source of concern for central and provincial policymakers. Other subregions of Shaanxi sought more aid from the province, and central government priorities under the Western Development program called attention to outlying parts of the province. Meanwhile, an energy industry boom in northern Shaanxi was shifting the province's economic center of gravity.

More than a story of historical continuity, Shaanxi is a case of uneven development redux. Shaanxi pursued a mixed spatial development strategy for much of the period I examine, but over time more attention was devoted to building up key “growth poles” and “dragonheads” (*longtou*). Shaanxi's leaders never ignored Xi'an, but during the late 1990s and early 2000s they took new steps to build infrastructure, spur economic growth, and rehabilitate the en-

vironment in outlying areas of the province. From the mid-2000s on, however, development policies in Shaanxi placed renewed emphasis on top economic centers and gave lower priority to poorer cities and subregions. In the late 2000s, provincial authorities mounted a concerted effort to fuse Xi'an and Xianyang together as a larger, more competitive urban area, and they groomed the northern city of Yulin as an energy industry capital. Bolstered by higher-level support, a Greater Xi'an metropolis began to take shape and Yulin recorded explosive economic growth.

Both Shaanxi's mixed spatial development model in the 1990s and early 2000s and its aggressive efforts in the late 2000s to forge a larger Xi'an-Xianyang metropolis and a Yulin energy capital reflect the same explanatory factors highlighted in earlier chapters. Like Hunan and Jiangxi, Shaanxi was an economic laggard during the 1980s and 1990s in comparison with China's rapidly growing coastal provinces. The threat of growing economic marginalization led policymakers to look for new ways of stimulating faster growth and opening-up. However, given Shaanxi's location deep in China's interior, the province was not as directly exposed to external competition as Hunan and Jiangxi, which at first moderated policymakers' sense of competitive crisis. Political factors also contributed to a mixed spatial development strategy. Shaanxi had a history of fiscal dependency on the central government and a series of low-profile leaders during the first two decades of the reform era. Over time, however, the province gained higher-caliber leaders and—thanks to resource windfalls from the energy sector—gained new fiscal strength. This enabled provincial authorities to promote metropolitan development more forcefully.

To understand policy outcomes and development patterns in Shaanxi, however, it is also necessary to unpack spatial politics within the Greater Xi'an metropolitan region. As scholars like Hsing (2010) stress, the economic development of China's big cities is marked by intergovernmental battles for control over urban territory and resources. Beyond analyzing evolution over time in Shaanxi's spatial development strategy, this chapter takes a closer look at how provincial authorities squared their economic agenda of metropolitan development with the political challenge of reining in a powerful city. I foreground the fraught relationship between Shaanxi province and Xi'an, a story of mutual dependency but also persisting tensions.

From the standpoint of provincial authorities, deputy-provincial-level cities like Xi'an with a history of separate planning (*jihua danlie*) status are both economic assets and political liabilities. As past work by scholars like Solinger (1993) and Schroeder (1992) notes, China's provincial governments historically have had difficulty controlling such cities, and in some cases province-city frictions have even led provinces to withhold economic support. Looking at the case of Shaanxi and Xi'an between the late 1990s and early 2010s, I find

that provincial authorities always took seriously the need to strengthen Xi'an's economy, but also worried that the city might grow too independent. Shaanxi's provincial government therefore attempted to harness Xi'an administratively even as it built up the city economically. Provincial leaders strategically promoted a form of urban growth that was focused on Xi'an but ran across municipal boundaries and would thus more tightly link the city to neighboring areas. These efforts to steer Xi'an's development from above did not always succeed, but as the province grew stronger, its vision for Greater Xi'an started to materialize.

### **From Mixed Spatial Development to Resurgent Metropolitanism**

Shaanxi province is located in the geographic heart of China and has a varied landscape that ranges from arid loess plateau in the north, to fertile plains, to high, densely forested mountains in the south. Straddling central and western China, Shaanxi is bordered by Shanxi, Henan, and Hubei to the east, Gansu and Ningxia to the west, Chongqing and Sichuan to the south, and Inner Mongolia to the north, as shown in figure 6.1. The province had an official population of 35.4 million in 1996 (CDO), much of which was concentrated around Xi'an in the central Guanzhong plains.

In contrast with Hunan, which experienced strongly metropolitan-oriented development, and Jiangxi, which had more dispersed development, Shaanxi displayed a mixed spatial development model during the period of interest. The province had moderately metropolitan-oriented development overall and saw variation in policy approaches over time. Although Xi'an's share of provincial GDP declined during the period of interest due to booming energy industry development in northern Shaanxi, the metropolitan region continued to attract a large share of investment and policy attention. In the late 2000s and early 2010s, the metropolitan region received highly favorable policy treatment.

Unlike Hunan and Jiangxi, Shaanxi started out with highly concentrated urban development, sharp regional disparities, and stark urban-rural dualism. During the first two decades of the reform era, Xi'an consolidated its position as Shaanxi's largest city and primary economic center. Xi'an was far more developed than secondary urban-industrial centers, which in turn were more developed than peripheral rural areas. In 1997, the city accounted for more than a third of the province's economic output and had an urban population around four times as large as that of the province's next largest city, Baoji (CDO; author's calculations). The bulk of Shaanxi's knowledge-based industry and services, foreign-oriented economic activity, higher education institutions, and cultural amenities clustered in Xi'an.



FIGURE 6.1: Shaanxi and its major cities  
 Source: Map by Thomas Caton Harrison

Just as Xi’an towered over nearby cities like Xianyang, Weinan, and Tongzhou in the Guanzhong plain, Guanzhong dominated Shaanxi’s economic landscape, with roughly 60 percent of Shaanxi’s population and more than 70 percent of its economic output as of 1997 (CDO; author’s calculations). Physical and economic geography has long riven Shaanxi into three distinct sub-regions. Historically, northern Shaanxi (Shaanbei) and southern Shaanxi (Shaannan) were not tightly integrated economically or culturally with Guanzhong, and these subregions remained poorer and less urbanized than

Shaanxi's central plain. Shaanxi's rugged, arid, and sparsely populated north was historically cut off from easy transportation with the Guanzhong region and had closer links to nearby areas of Shanxi, Gansu, and Inner Mongolia. Shaanbei's rich energy resource endowments had long been recognized, and the region was home to one of China's oldest oil companies, Yanchang Petroleum. But exploitation of such resources had been slow due to the area's remoteness. Separated from the Guanzhong plain by the Qinling Mountains, the Shaannan region was also economically marginalized and poverty-stricken.

After the mid-1990s, policymakers took new steps to address Shaanxi's regional imbalance, but they never neglected Xi'an's development. During the late 1990s, provincial policies struck a balance between these different goals under the mantra of "developing Guanzhong as the key point; accelerating development of Shaanbei and Shaannan" (Cheng 2010, 393–96). Shaanxi attempted to promote more industrial upgrading in the metropolitan region while also spurring faster development in secondary urban centers and the relatively underdeveloped north and south. After the turn of the century, provincial leaders voiced greater concern about the economic competitiveness of the metropolitan region, adopting a "One Line, Two Belts" (*yi xian liang dai*) strategy to promote development of advanced industry in and around Xi'an, while also continuing to support secondary cities like Baoji and Weinan. However, as the decade wore on, a more metropolitan-oriented development model took shape. Provincial policies increasingly prioritized building up the Xi'an-Xianyang urban area and northern Shaanxi's energy boomtowns. In the late 2000s and beyond, Shaanxi launched construction of a huge Xi'an-Xianyang New Area at the heart of the metropolitan region. And Shaanxi's leaders used preferential policies to groom Yulin as a second growth pole for the province. These changing policy approaches are summarized in table 6.1.

The resurgence of a metropolitan-oriented development strategy influenced the distribution of investment and economic growth across Shaanxi.

TABLE 6.1 Overview of outcomes in Shaanxi

Time period	Spatial development model	Signature plans and policies
Late 1990s	Mixed	"Develop Guanzhong as the key point; accelerate development of Shaanbei and Shaannan"
Early 2000s	Mixed/metropolitan-oriented	One Line, Two Belts Strategy; Xi'an-Xianyang Economic Integration
Late 2000s	Metropolitan-oriented/mixed	Guanzhong-Tianshui Economic Area; Xi'an-Xianyang New Area; Yulin "27 Clauses"



Looking at the period from 1997 to 2012 as a whole, Shaanxi had a mixed pattern of spatial development, as shown in figures 6.2 and 6.3. Xi'an achieved a CAGR of GDP of 11.6 percent. However, due to an energy boom in northern Shaanxi the provincial economy as a whole grew so quickly—with a CAGR of 13.1 percent between 1997 and 2012—that Xi'an's share of the economy dropped from 37.2 percent in 1997 to 30.4 percent in 2012. While Shaanxi's energy boomtowns outpaced Xi'an in GDP growth, however, a metropolitan slant was evident in investment and public infrastructure. Xi'an accounted for 40.9 percent of provincial FAI during the 2000s, and Xi'an's share of other key development resources remained high or climbed further. The capital city remained home to an overwhelming share of Shaanxi's higher education enrollment, with 79 percent of students in both 2000 and 2010. Meanwhile, Xi'an's share of urban road area in Shaanxi rose from 43 percent to 51 percent during this period, and Xi'an's share of Shaanxi's built-up urban land area increased from 39 percent to 43 percent (CDO; author's calculations).

Outside the metropolitan region, development trends were mixed. Northern Shaanxi's energy industry hubs thrived. With coal, oil, and gas production booming amid rising energy prices, the prefectural-level cities of Yulin and Yan'an rapidly rose out of their historic poverty. Between 1997 and 2012, their combined share of provincial GDP climbed from 9.2 percent to 27.4 percent. As the north boomed, however, secondary city-regions in central Shaanxi—Baoji, Weinan, and Tongji—saw their shares of provincial economic output decline, and mountainous southern Shaanxi saw its marginalization worsen. The combined GDP share of Hanzhong, Ankang, and Shangluo fell from 15.6 percent in 1997 to 11.7 percent in 2012. Between 2001 and 2010, these secondary city-regions in central and southern Shaanxi, which accounted for roughly half of Shaanxi's population, received only 28.8 percent of FAI in the province. Meanwhile, Greater Xi'an along with Yulin and Yan'an captured a combined 71.2 percent of investment (CDO; author's calculations). Thus, at the end of the 2000s, economic output was concentrated in Greater Xi'an and in the energy powerhouses of northern Shaanxi.

Rather than evening out, Shaanxi's development became more metropolitan-oriented in the late 2000s. Although its share of provincial GDP dropped early in the decade, Xi'an remained Shaanxi's largest, most economically advanced city by a wide margin. During the latter half of the 2000s, Xi'an saw a surge in investment, and achieved economic growth of nearly 14 percent per year between 2005 and 2010. If one factors in outcomes in Xianyang, which borders Xi'an to the west and together with it constitutes a Greater Xi'an urban area, the increasing metropolitan slant of investment looks even more conspicuous: the Xi'an-Xianyang metropolitan area accounted for a combined 54 percent of Shaanxi's fixed-asset investment in 2010 (CDO; author's calculations).

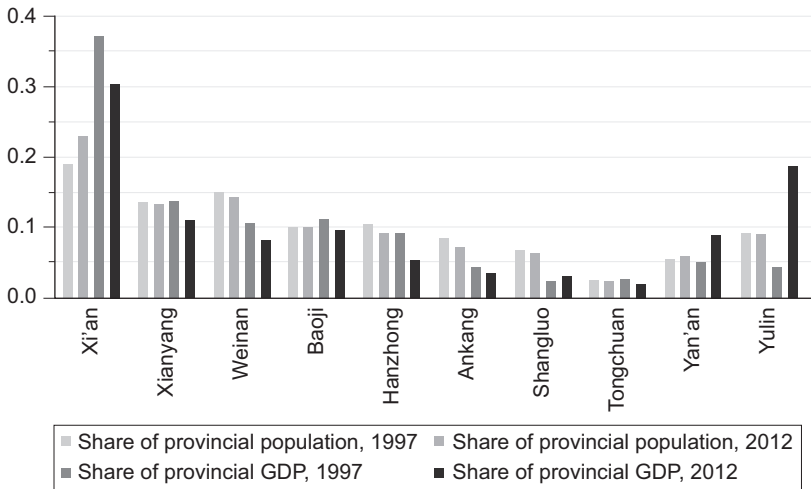


FIGURE 6.2: Shaanxi cities' shares of provincial population and GDP, 1997 and 2012  
 Source: CDO; Shaanxi Statistical Yearbooks; author's calculations

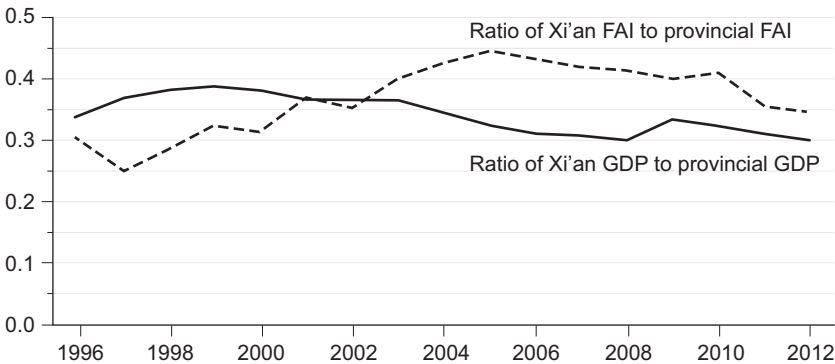


FIGURE 6.3: Xi'an's outside share of provincial investment  
 Source: CDO; Shaanxi Statistical Yearbooks; author's calculations

This metropolitan turnaround in Shaanxi raises several questions about the role of the state in spatial development. To what extent did policymakers promote an economic rebalancing away from the Xi'an area during the late 1990s and early 2000s? What role did government policies play in the rising wave of investment in Greater Xi'an during the mid- and late 2000s? To the extent that policymakers supported metropolitan-oriented development, were their motives similar to those seen in Hunan and Jiangxi? As I argue below, both the initial decline and later resurgence of metropolitan-oriented development in Shaanxi occurred by design and reflected shifts in Shaanxi's relative economic performance and provincial-level strength.

## Competing Spatial Development Priorities in Shaanxi

During the period I examine, Shaanxi's leaders were torn between the need to enhance economic competitiveness, on the one hand, and the need to ensure territorial cohesion, on the other. At the turn of the twenty-first century, the province was stuck in a slow-motion economic crisis. Leaders faced mounting pressure to streamline Shaanxi's economy, restructure unprofitable state-owned enterprises (SOEs), and adapt to more intense competition as China opened up its economy. However, compared with provinces like Hunan and Jiangxi, Shaanxi was more industrialized and urbanized at the outset, and more insulated from global economic forces. And Shaanxi's severe intra-provincial disparities and concerns about territorial cohesion made policy-makers reluctant to focus new investment too narrowly in Xi'an.

Any discussion of Shaanxi's contemporary economic predicament must address the province's dual legacies of stubborn poverty and state-driven development. Before the founding of the PRC, much of Shaanxi was destitute. Of course, the Guanzhong plain that is today central Shaanxi was a cradle of ancient Chinese civilization and the seat of several of its most fabled dynasties—the Qin, Han, and Tang. But in the millennium following the collapse of the Tang, war, environmental change, and other forces reduced the region to one of China's poorest. By the 1930s, Shaanxi's poverty and remoteness made the north of the province, like adjoining parts of Gansu and Ningxia, a suitable haven for Communist revolutionaries. Shaanbei, where Mao Zedong, Zhou Enlai, and thousands of Long March survivors took refuge in 1935 and established a Yan'an capital after their retreat from the Jiangxi Soviet, would hold out until 1947.

Shaanxi's fortunes changed dramatically after the establishment of the PRC, when Xi'an and nearby cities became a focus of state-led industrialization. Prior to 1949, Xi'an had a weak industrial base, with only a few mid-sized industrial plants and roughly one thousand small private factories (Yin et al. 2005). Virtually overnight, however, Xi'an became a major industrial hub. The province was selected to host 24 of 156 key projects under the First FYP (Vermeer 1988, 94). Xi'an alone captured seventeen projects, more than any other city in China (Yin et al. 2005). Xi'an also gained importance after the founding of the PRC as the seat of a newly established northwest administrative region. Even after supra-provincial administrative regions were abolished in 1954, Xi'an remained the de facto central city of China's northwest. A large number of universities and research facilities were relocated to Xi'an in the late 1950s and early 1960s, and Shaanxi continued to benefit under the planned economy during the 1960s and 1970s, with construction of heavy and defense industries in China's heartland (Watson et al. 1999, 75). The upshot was that Shaanxi on the whole was more industrialized and urbanized than most inland provinces, and certainly

more developed than most of the northwest. The Guanzhong plain area was home to significant clusters of heavy and defense industry as well as lighter sectors like textiles, and Xi'an hosted several major technical universities and science and technology research institutions.

As Shaanxi entered the reform era, its historical significance, strategic location at China's geographic heart, and important science, technology, education, and cultural resources gave the province a higher profile on the national stage than it would otherwise enjoy and brought continued central aid. At the start of the reform era, Xi'an boasted China's third largest concentration of science and technology activity (Segal 2003, 121).<sup>1</sup> These assets attracted policy attention from Beijing during the 1980s and 1990s even as central aid was drying up in many provinces. The central government supported Xi'an's role as an outward-oriented economic center for northwest China. A national-level HTDZ and a national-level ETDZ were established in 1991 and 1992, respectively, and Beijing designated Xi'an as an "inland open city" in 1992 (*ibid.*, 136).<sup>2</sup> In 1993, Jiang Zemin touted the city's prospects, calling for "taking science and technology, tourism, and commerce and trade as the forerunners, and building Xi'an into a socialist outward-oriented city" (Xi'an Gazetteer Office 2010, 349). The following year, Xi'an was named a national comprehensive reform test point city, enabling it to carry out a set of industrial reform experiments and pursue faster technological upgrading of industry (*ibid.*, 399). When the central government adjusted China's regional development strategy to focus more heavily on poorer inland provinces under the 9th (1996–2000) FYP, Shaanxi gained importance as a "bridgehead" to the west (Zhao and Zheng 2004, 358).

If tight ties to the central state and planned economy propped Shaanxi up, however, they also held it back. The spatial economy that had taken shape under state-led industrialization was highly dualistic, and much of the province and its population remained trapped in rural poverty during the first two decades of the reform era.<sup>3</sup> As shown in table 6.2, Shaanxi's per capita GDP barely exceeded that of Jiangxi in 1996. Shaanxi's statist legacy also slowed the progress of reform and opening in urban areas. With a high concentration of SOEs and outmoded plant, industrial restructuring and renovation posed greater economic and political challenges than in places like Hunan and Jiangxi. Xi'an in particular entered the reform era with one of the least efficient industry bases in the country: at 15 percent, its ratio of tax and profit to fixed assets was lower than that of all cities except Harbin. Private and collective firms multiplied in Xi'an during the 1980s and 1990s, but in 2001 nearly half of the city's industrial output still came from SOEs (Yin et al. 2005). Burdened by ailing SOEs and lacking an attractive climate for private and foreign investors, both Xi'an and Shaanxi more broadly experienced industrial hollowing-out and layoffs as industrial subsidies were cut and competition

TABLE 6.2 Shaanxi's development indicators circa 1996 and 2012

Indicator	1996	2012
Population (mn)	35.4	37.3
GDP per capita (yuan)	3446	38564
(FDI + exports)/GDP (%)	10.9	5.1
Primary:secondary:tertiary industry (%)	21:42:37	9:56:35
Urban population proportion (%)	21.0*	50.0**
Xi'an urban population (mn)	2.61*	7.26**

Sources: CDO; statistical yearbooks; author's calculations.

\* Based on agricultural/non-agricultural distinction; \*\* based on urban-rural distinction.

expanded in the 1990s (Lane 1998, 234). Shaanxi appeared badly positioned to thrive in a more competitive environment, and anxiety therefore mounted among provincial elites as Beijing contemplated WTO accession and deeper structural reforms (Vermeer 2004). Although Shaanxi was better insulated from outside markets at the outset than Hunan and Jiangxi, inter-provincial competition was quickly intensifying. Particularly after 2000, Shaanxi had to contend with economic rivals in western China as provinces like Sichuan and Yunnan reinvented themselves as hubs for international commerce.<sup>4</sup>

The city of Xi'an remained a key economic asset at a time when Shaanxi was lagging behind more dynamic parts of the country and preparing to face even greater liberalization. Despite the city's own difficulties, Xi'an was far better equipped than the province as a whole to thrive in a more outward-oriented, competitive economic environment. Given the weak industrial bases and science and technology infrastructure of other cities, the province still relied on Xi'an as its main economic engine. Information technology and service sectors like tourism had been among the few strengths of Shaanxi's economy during the 1990s, and these were clustered in and around Xi'an (Segal 2003). Most foreign investment and export industries were also based in the metropolitan region. Moreover, Xi'an's historic status as the urban hub of northwest China gave it an advantage in securing central aid.

If the metropolitan region was to serve as Shaanxi's economic engine going forward, however, a major overhaul and large quantities of upfront investment would be needed. While Xi'an was home to many universities, research institutions, and high-technology firms, the city had struggled to capitalize commercially on these resources and increase its exports (Walcott 2013). And while Xi'an's rich archaeological and cultural heritage raised the city's international profile and attracted tourists, these same endowments made large-scale urban construction and redevelopment more difficult (Zhai and Ng 2013). The development challenges facing the city of Xianyang, Xi'an's neigh-

bor, were even greater. Many of Xianyang's industries, which were smaller and less technologically advanced than Xi'an's, had collapsed amid liberalization. Stuck in Xi'an's shadow, Xianyang was struggling to reinvent its economy and generate enough fiscal revenue for public services and capital expenditures (Wang 2005, 83). To transform Xi'an and Xianyang into modern cities that could propel Shaanxi's economy, it would be necessary to build stronger urban infrastructure, to stimulate new industrial investment, and to modernize the region's research and cultural institutions. But doing so would require sustained financial and policy support from the province and from Beijing.

Although Shaanxi had little choice but to keep investing in the Xi'an-Xianyang region, policymakers also had compelling reasons to support other parts of the province. On the one hand, there were significant economic opportunities that could only be exploited by improving transportation linkages and other infrastructure in outlying parts of the province. Rich reserves of largely untapped energy resources in Yulin and Yan'an, including vast coal deposits in Yulin's Shenmu and Fugu counties, and significant oil and gas reserves across the regions more broadly, had long attracted interest from Beijing and the provincial government (Zhao and Zheng 2004, 353). At a time of rapid economic growth, such deposits represented an important supplement to output from China's older energy production areas. Once energy prices started to climb after the early 2000s, the lure of these resources would become powerful for local and provincial authorities as well. Whereas poor infrastructure and transportation linkages had historically hindered large-scale exploitation of coal, oil, and gas in northern Shaanxi, the capital to develop these resources was no longer out of reach as China's central government finances improved.

Mounting social and environmental challenges across Shaanxi also called for stronger policies to rebalance development. Shaanxi's regional disparities were not only an economic problem but also a political one. The persistence of severe poverty in rural areas and stagnating secondary cities could threaten political stability within the province—whether by fanning the resentments of poor areas or by creating increasingly large flows of migrants into Xi'an. And severe environmental degradation across Shaanxi posed serious threats. In Shaanbei, soil erosion on the loess plateau threatened rivers, agriculture, and public health. The problem of soil erosion had also taken on national proportions, as downstream regions were severely affected by the huge volumes of silt being flushed out by the Yellow River.<sup>5</sup> These problems all called for more urgent policy attention and investment in Shaanxi's peripheral areas.

Finally, awkward province-city relations also militated against focusing too heavily on Xi'an or giving the city too much developmental autonomy. Sharp disparities between Xi'an and other parts of the province, and the related need

for fiscal redistribution, had long been a source of political tension (Lane 1998; Watson et al. 1999). Shaanxi's economic dependence on Xi'an was risky given the provincial government's tenuous control over the city. Over the course of the twentieth century, Xi'an had been named a centrally governed municipality and separated from Shaanxi's control on multiple occasions (Jingji guancha bao 2012a). Although Xi'an had remained under Shaanxi's jurisdiction during the reform era, the provincial government had never enjoyed complete or secure control over it. Xi'an became a separately planned city during the 1980s, although that status was later revoked. In the mid-1990s, Xi'an gained deputy-provincial administrative status, which gave it heightened autonomy in economic and fiscal matters and more direct relations with the central government (Chung 2010). Though no specific plans for separating Xi'an from Shaanxi were announced, speculation about this prospect continued in following years (Jingji guancha bao 2012a; Interview XA181307a). Combined with mounting concerns about the problems in the periphery of the province, this anxiety about control over the metropolitan region gave provincial policymakers reason to hedge their bets on Xi'an and to further diversify the provincial economy.

### **Shaanxi's Increasing Provincial-Level Strength**

In addition to the complex policy challenges facing provincial leaders, Shaanxi's approach to spatial development between the late 1990s and early 2010s was also a product of shifting intergovernmental power relations. At the turn of the century, Shaanxi exhibited moderate provincial strength based on the criteria highlighted in this book. Though relatively strong in its ability to project administrative authority across its territory, the province started out fiscally weak, and had a history of dependency vis-à-vis Beijing. Over time, however, Shaanxi grew more powerful, bolstered by surging fiscal revenues, a revitalized SOE sector, and the arrival of leaders with privileged ties to the central party and bureaucratic establishment.

One dimension of provincial-level strength is administrative authority—the institutional and normative authority of provincial-level authorities relative to the central government above and localities below. Shaanxi lacked a vibrant provincial-level tradition of the sort seen in Hunan,<sup>6</sup> and deference to central authority was the norm. The province's status as a key revolutionary base and position as a gateway to western China attracted aid from Beijing after the 1950s, but also tied the province closely to the central state thereafter. With central administrative, economic, educational, and scientific institutions built up in the province over the following decades, national authorities had a major hand in Shaanxi's affairs. Located hundreds of miles from Beijing,



Shaanxi could not be micromanaged from the center as readily as provinces like Hebei or Liaoning, yet the province operated in the shadow of the central state. Shaanxi's livelihood came largely from working with Beijing rather than trying to work around it. As noted above, this bred a habit of dependency on higher-level state support that continued long after the onset of reforms. During the first decade of the reform era, provincial leaders held on to socialist economic dogma longer than many provinces and looked to Beijing for aid and investment rather than adopting bold experiments. Even after the mid-1990s, Shaanxi's leaders moved cautiously on reform, watching the center for policy cues (Watson et al. 1999, 99).

If a legacy of economic planning and a large state-owned industrial sector had linked Shaanxi tightly to the central state, however, it had also left most localities in thrall to the provincial government. Across China, provincial governments played an important role in the administration of China's command economy, responsible for allocating resources among different localities and overseeing large numbers of provincial SOEs (Lyons 1990). Provincial authorities' role in economic development was especially pronounced in settings like Shaanxi, given the high concentration of state-owned industry and the weakness of local economies. During the reform era, Shaanxi's cities continued to look to the provincial level for support and guidance in the same way that Shaanxi itself had traditionally deferred to Beijing (Watson et al. 1999, 93). Thus, while Xi'an enjoyed a high political and economic profile in its own right, most localities in Shaanxi were not in a position to directly challenge provincial-level authority.<sup>7</sup>

A second important dimension of provincial-level strength is the fiscal capacity of the provincial establishment relative to Beijing above and localities below. Shaanxi historically was a fiscally frail province, but its circumstances began to change after the turn of the twenty-first century. With its large, and largely unprofitable, SOE sector, and a high concentration of state institutions, Shaanxi shouldered heavy fiscal burdens as it headed into the reform era. The province was fiscally strapped during much of the 1980s and 1990s, relying heavily on transfers from the central government and income from Xi'an, which had provided more than half of Shaanxi's subnational fiscal revenue (Vermeer 2004). Although it had limited resources to work with, however, Shaanxi's provincial establishment exercised considerable sway over spending decisions within the province. Compared with other provinces examined here, Shaanxi had a high share of subnational fiscal expenditures concentrated at the provincial level. Data for the years 1999 and 2000 indicate that 39 percent of subnational expenditure took place at the provincial level, compared with 32 percent in Hunan, 24 percent in Jiangxi, and 20 percent in Jiangsu (Shaanxi Yearbook Press 2000, 2001).



If Shaanxi's finances were on a shaky footing in the late 1990s, the province's access to funding for economic and social development improved dramatically after the early 2000s. After the launch of the Western Development program in 2000, Shaanxi benefited from new state investments, expanded central fiscal transfers, as well as easier access to financing from state financial institutions. As a result, fiscal expenditures registered a sharp uptick in the early 2000s. Fiscal expenditures totaled 27.2 billion yuan in 2000 despite subnational fiscal revenue of only 11.5 billion yuan; by 2005, they had climbed to 63.9 billion yuan relative to subnational fiscal revenues of 27.5 billion yuan. The province also began to experience an internal revenue boom. With the takeoff of energy sector development in northern Shaanxi, fiscal capacity grew rapidly during the 2000s, especially after the mid-2000s. Coal, natural gas, and oil exploitation returned fiscal windfalls as well as corporate profits, and the provincial government along with northern cities captured an important part of resulting revenue surge. This brought a new flood of money into provincial coffers: nominal subnational fiscal revenue rose from 11.5 billion yuan in 2000 to 95.8 billion in 2010 (CDO; author's calculations). As a result of these developments, Shaanxi's fiscal resource base grew stronger over time. This would both enable the provincial government to undertake major developmental programs across the province and embolden it to adopt policies that served provincial-level development and administrative interests, as I discuss later.

A third dimension of provincial strength relates to more personalistic factors, specifically the presence of political heavyweight leaders who can promote provincial interests and bargain with actors at other levels. As Lane (1998) notes, Shaanxi was perceived as having little pull at the center through much of the 1990s, with no Shaanxi natives sitting on the Politburo or heading central state ministries (243). However, Shaanxi gained a younger, better-connected leader in 1997 with the arrival of Li Jianguo.<sup>8</sup> Over the course of his long tenure, Li would support a series of efforts to scale up industrial and urban development. In 2007, when Li was rotated out of the province, Shaanxi gained an even more dynamic leader in Zhao Leji. A rising star in the party establishment who appeared to enjoy close ties with Xi Jinping,<sup>9</sup> Zhao worked even more aggressively to enhance Shaanxi's economic competitiveness. He would prove a strong champion for provincial interests in a province whose development traditionally had served the interests of the country as a whole.

As I discuss below, increasing provincial strength would prove instrumental to Shaanxi's attempts from the mid-2000s on to build up Xi'an and other economic growth poles. Where we pick up the story in the late 1990s, however, Shaanxi had neither a clear-cut development agenda nor a very strong political position from which to act.

## The Late 1990s: In Search of a Coherent Regional Strategy

During the late 1990s, development policy in Shaanxi was perched awkwardly between the past and the future, and the province did not articulate a clear set of priorities for urban and regional development. While continuing its efforts to groom the Xi'an metropolitan region as a center for international commerce and high-tech industry, Shaanxi also took new steps to boost economic growth in northern and southern Shaanxi. This mixed spatial strategy represented a compromise between concerns about economic competitiveness and the need to ensure internal cohesion, and it balanced the demands of policymakers at different levels. As Shaanxi juggled multiple development tasks, however, the province made only modest progress on each of them.

Like other inland provinces, Shaanxi faced the challenge of adapting a long-sheltered economy to a new reality of industrial restructuring and inter-regional competition. Even for a province deeply rooted in the planned economy, it was clear after years of industrial stagnation and falling further behind the dynamic east that big changes would be needed. In June 1995, Shaanxi released a flurry of policy documents emphasizing the need to strengthen foreign direct investment, foreign trade, economic cooperation, and tourism. And, in February 1996, the Provincial People's Congress passed an outline of targets for Shaanxi in the Ninth FYP period that reaffirmed the need for industrial reform and opening-up and laid out various measures to boost foreign investment and international economic cooperation (Cheng 2010, 398–99). Despite a growing determination to push through reforms, however, Shaanxi's heavy reliance on the state sector meant that industrial restructuring would have to proceed gingerly.

After the 1997 appointment of Li Jianguo as provincial party secretary, Shaanxi's leadership team also featured an uneasy combination of the new and the old. The fifty-one-year-old Li presented a sharp contrast to his predecessor, An Qiyuan, a Shaanxi native who had spent his whole career in the province and was sixty-four years old when leaving his post. Transferred from Tianjin, where he had been a deputy municipal secretary, Li could boast leadership experience in a large coastal city (China Vitae). He also had close ties to Li Ruihuan, China's fourth-ranked Politburo Standing Committee member between 1997 and 2002, giving him high-level political access. Over his tenure, Li would gain a reputation as a "tough" (*qiangshi*) leader, emphasizing cohesion in the provincial leadership, and willing to make decisions that left some interests out in the cold (Interview XA101206b). When Li first arrived in Shaanxi, however, the complexity of Shaanxi's economic challenges and the continued presence of governor Cheng Andong, who had been in post since 1995, limited the scope for a drastic reorientation of development policy.

Xi'an's dominant economic role in Shaanxi left little question that the metropolitan region would be the focus of reform and opening and industrial upgrading. Xi'an had experimented with restructuring policies in several major enterprises after being named by Beijing as a pilot city for industrial reforms in 1994. Xi'an was also working to implement a strategy of "enlivening the city through science and technology" adopted in 1995 (Xi'an Gazetteer Office 2010, 350, 400). Building on these efforts, provincial authorities in the late 1990s introduced an "1851" plan that promoted the commercialization of science and technology capabilities in and around Xi'an (Segal 2003, 126), and Governor Cheng Andong's government work report to the Shaanxi People's Congress in 1998 called for "giving full play to Xi'an's role as the dragonhead and window of foreign opening for the whole province" (Cheng 1998).

But as Shaanxi's leaders supported reform and opening to reinvigorate Xi'an's industries, they continued work begun earlier in the 1990s to stimulate faster development in secondary cities and outlying regions. In 1994, the provincial government had named development of northern Shaanxi's coal, oil, and natural gas as a top priority, and leaders at the December 1994 provincial economic work meeting had embraced a new mantra of "developing Guanzhong as the key point; accelerating development of Shaanbei and Shaannan" (Cheng 2010, 393–96). In the following years, policymakers signaled that Shaanxi's poorer subregions should play a more direct role in economic internationalization. Shaanxi's outline of targets for the Ninth FYP called for five major cities in the province to take the lead in opening-up and emphasized the need for FDI in southern and northern Shaanxi as well as Guanzhong (ibid., 398–99). While Cheng Andong named Xi'an the "dragonhead" for reform and opening, he also stressed that "giving play to each region's advantages and promoting a rational regional configuration of productive forces is a key part of adjusting and optimizing the economic structure" (Cheng 1998).<sup>10</sup> This was not mere lip service: as construction of new transportation and utilities infrastructure started to reduce the long-standing isolation of northern Shaanxi, investment in the region's energy and resource industries took off. Development of the coal, oil, and power generation industries began to pick up in the late 1990s, and efforts to build an energy chemical engineering industry base got underway (Neikan yaowen 2010).

A growing emphasis on the development of outlying regions was also evident in Shaanxi's investments and allocative decisions. Among the key projects announced by the Shaanxi provincial government in 1997 were power plants in Weinan and Baoji, a railway through the Qinling mountains linking the southern city of Ankang to Xi'an, new highways through Tongchuan, Weinan, Yan'an, and Yulin, and technological modernization projects in a Yan'an refinery and Yulin fertilizer plant (Cheng 1997). Efforts to diversify industrial and urban development away from Xi'an were also apparent from the allocation

of new urban construction land envisioned under Shaanxi's 1997 Land-Use Master Plan, which laid out plans for land use across the province through 2010. Out of an anticipated total of 800,000 mu of new construction land for Shaanxi's growing cities through the year 2010, only 135,000 mu were allotted to Xi'an, while the far smaller Xianyang was given a quota of 115,000 mu. Although the plan was not ultimately enforceable, and Xi'an would exceed its planned quota in the following years (Jiang et al. 2010, 144–45), the province's initial stinginess toward Xi'an was telling.

This mixed strategy for urban and regional development reflected the complex set of concerns facing Shaanxi's leadership in the late 1990s, as well as pressures from above and below. High on policymakers' list of concerns was the need to rejuvenate Shaanxi's economy and enhance outward competitiveness. Amid competition from eastern Chinese provinces, Shaanxi was seeing some of its traditional industries collapse, and leaders realized that deepening global integration would bring even greater market pressures to bear. Shaanxi's position as one of China's leading centers of technology and science was also under threat, as new centers of high-tech industry emerged on China's seaboard and Shaanxi struggled to translate its scientific and technical assets into commercially viable applications.

Difficult though it was, however, Shaanxi's economic transition during the 1990s had not been as jarring as the experience of provinces like Hunan and Jiangxi. For its part, Xi'an was performing well in some aspects of economic internationalization, helped by its concentration of scientific and technical talent and its rich array of historical and cultural sites. In 1997, the city attracted more tourist income than either Wuhan or Chengdu, and nearly as much FDI as Wuhan (CDO; author's calculations). More generally, though, the impact of economic liberalization on Shaanxi was moderated by the province's deep inland location. Shaanxi had considerably lower labor outmigration than Hunan and Jiangxi during the 1990s, with less than half a million people leaving the province (Chan 2013). And Shaanxi's goods and services markets were at least partially protected from mounting outside competition.

Just as important was the province's long history of receiving central state support and the expectation that more central aid was forthcoming. National leaders' calls for expanding the scope of aid to Western provinces at the 15<sup>th</sup> Party Congress in 1997 reinforced the sense that help was on its way. Large-scale support began to materialize after 1999, when Jiang Zemin unveiled China's Western Development plan in Xi'an. Even before the announcement of Western Development, however, there had been several smaller gestures of central support for Shaanxi's development. Beijing designated Xi'an as an open city in 1997, and the State Council recognized the Yangling Agricultural Technology Demonstration Area that year as well. At the same time, China's 1997

State Planning Commission China Economic Development report underscored national-level interest in the development of Shaanxi, listing the Xi'an metropolitan circle as a regional growth pole (Wang 2008, 348).

Better insulated from the economic pressures of liberalization than Hunan and Jiangxi, Shaanxi's leaders could devote more attention to the problem of territorial cohesion. Regional disparities in Shaanxi were not merely a liability for development but also a potential threat to the province's integrity. The province struggled with the fiscal burden of aiding poor regions in the north and south, and transportation and utilities infrastructure deficits in northern and southern Shaanxi hindered the development of industry. Meanwhile, Shaanxi's long-standing anxieties about its control over Xi'an were inflamed when Chongqing was hived off from Sichuan province in 1997 to become China's fourth centrally controlled municipality. This event renewed fears that Xi'an might be next on the list of China's central cities (Jingji guancha bao 2012a). Regardless of how seriously such rumors were to be taken, Xi'an was already a relatively autonomous administrative entity thanks to its deputy-provincial status, high political profile, and history of separation from provincial control. Shaanxi's leaders were thus hesitant to put all developmental eggs in one basket—at least so long as their control over the city was limited.

However, Shaanxi's mixed strategy also reflected growing pressures for regional rebalancing from localities and from the central government. During the course of the 1990s, provincial leaders had faced mounting frustration from leaders of outlying regions who resented the persistent prioritization of Guanzhong. In particular, many cities in the south voiced concern that they were being neglected (Watson et al. 1999, 93–96). Meanwhile, Beijing had also placed growing pressure on Shaanxi's leaders to address the problems of outlying areas. Beijing's broad emphasis on “coordinated regional development” as a national priority implied that provinces too should do a better job of helping poorer regions develop in tandem with wealthier areas. At a 1997 meeting in northern Shaanxi, central leaders called upon Shaanxi to deal with soil erosion problems in the north through expanded efforts at reforestation and river management (Zhao and Zheng 2004, 366). And, as governor Cheng Andong noted in his 1998 government work report, General Secretary Jiang Zemin and Premier Li Peng had urged Shaanxi to accelerate the development of Yulin as an energy industry and chemical processing hub (Cheng 1998).

Shaanxi's mixed regional development approach in the late 1990s thus reflected both internal and external pressures. Yet, with provincial leaders tackling several challenges at once, there were few clear priorities. As a provincial policy advisor remarked in an interview I conducted, Shaanxi lacked a coherent overall strategy of regional development in these years (Interview XA091203b). After 2000, however, both the challenges of regional competi-

tion and new opportunities presented by the Western Development program would give policymakers stronger incentives to focus their attention on the province's key economic centers.

### **The Early 2000s: From Mega-Projects to Mega-Cities**

If there was any sense of complacency in Shaanxi during the late 1990s, it had dissipated by the early 2000s, as provincial leaders recognized immediate economic opportunities as well as competitive threats. Shaanxi's SOE-heavy industrial base, ailing after the 1990s, continued to struggle amid structural reforms and external competition, and Xi'an's economic growth lagged more conspicuously behind that of other large inland cities. In Shaanxi, as in other provinces, China's WTO accession and deepening liberalization exposed local industry to greater competitive pressure from other provinces and overseas economies. While the official launch of the Western Development program in 2000 extended a lifeline to western provinces, it did not give provincial leaders an excuse to remain passive. Indeed, Shaanxi's leaders increasingly recognized how fiercely they would need to compete for both state support and market investment. To them, this meant further strengthening the province's core metropolitan region, which still held the lion's share of its economic assets, while also grooming secondary growth poles around the province. However, the province's resource base and organizational capacity remained too thin in the early 2000s to tackle all of its development goals at once.

#### **REGIONAL RESTRUCTURING UNDER WESTERN DEVELOPMENT**

Although the national Western Development program, launched in 2000, promised to bring expanded central aid to Shaanxi in the form of infrastructure construction, preferential policies, and fiscal transfers, provincial leaders had reason to stay on their toes. Central policies were initially vague about the quantity and targeting of new aid forthcoming (Goodman 2004), but it was clear that Shaanxi would have to compete with several other provinces for pride of place and state largesse. Provincial leaders would need to be nimble to maximize the benefit of central investment for their own economic interests.

If provincial leaders hoped that an infusion of investment under Western Development would enhance Shaanxi's economic competitiveness, Beijing had a broader set of concerns. The central government prioritized the buildup of industry and infrastructure links across western China, but also had ambitious goals for environmental rehabilitation and poverty relief (Lin and Liu 2004). Like provincial policymakers, central leaders saw Xi'an and the Guanzhong region as a hub for industry and innovation. But Shaanxi's geographic

position as a gateway between eastern and western China, rich energy resources, environmental problems, and historical significance as a revolutionary base led Beijing to give attention to multiple parts of the province, not simply Xi'an. The emphasis of central policies on developing different sub-regions of Shaanxi and coordinating Shaanxi's spatial development with that of nearby provinces is clear from the pattern of aid under Western Development. Whereas projects like the Yanliang Aircraft Town and the Guanzhong High-Tech Development Belt held out benefits for the Xi'an region, other projects, including a major initiative to afforest mountains and rehabilitate rivers in northern Shaanxi, a Yulin Energy Base plan, and a Yangling Agricultural Town project, focused on other parts of Shaanxi (Zhao and Zheng 2004, 366). The central leadership's concern for the development of northern Shaanxi was also clear from the opening in 2005 of the Yan'an Executive Academy, a key training center for high-level party cadres.

The Western Development strategy formed the backdrop for Shaanxi's provincial development strategy in the first half of the 2000s, and provincial policies from this period reiterated some of its themes. Reflecting the emphasis of the Western Development initiative on developing multiple regions of the province, Shaanxi's 10<sup>th</sup> (2001–2005) Five-Year Plan showed a mixed spatial focus in terms of major investment projects. The Plan called for the provincial government to invest 52.3 billion yuan in roads and highways across the province, and to expand airports in secondary cities like Hanzhong, Ankang, Yan'an, and Yulin (Zhao and Zheng 2004, 357). In a February 2001 address about the Plan, Governor Cheng Andong stressed infrastructure construction to better link the province together, particularly creation of a hub-and-spokes road network centered on Xi'an and connecting to various prefectural cities (Cheng 2001, 14). Cheng also emphasized building up medium-sized cities across the province to pull along their hinterlands, specifying that Xianyang and Baoji should be developed into "large cities" as soon as possible. Beyond discussing plans to foster a Guanzhong urban cluster around Xi'an, Cheng advocated building a Shaanbei urban cluster and a Shaannan urban cluster (*ibid.*).

Many resources were channeled to northern Shaanxi. During the 10-5 plan, Shaanxi funneled large investments into building up an energy base in Yulin and Yan'an. In 2003, the province outlined a "three transformations" plan to accelerate energy and chemical industry development in the north, which involved expanding coal production, building up a coal power industry for interprovincial electricity transfer, and grooming related coal chemical industries. Aiming to develop Yulin into an internationally renowned energy industry base, the provincial government made large investments in regional infrastructure and supported the construction of coal-related industry zones and a petrochemical production base. In 2005, the provincial government further



scaled up its commitment to Shaanbei's development, calling for leapfrog-style development (Cheng 2010, 332–37).

These efforts were part and parcel of a broader effort in Shaanxi to concentrate resources on large-scale development initiatives. In December 2002, Shaanxi's provincial party committee had named a “project-driven strategy” (*xiangmu daidong zhanlüe*) as the top priority for its work in 2003, and the idea of relying on state mega-projects to propel development would be applied widely in the following years (Cheng 2010, 402–4). As Shaanxi's authorities promoted energy development in the north of the province, they explicitly followed a “major industries lead, major projects support, development zones carry, cluster-style” development approach (*ibid.*, 336). In line with this large-scale logic, the provincial government worked in the early and mid-2000s to consolidate Shaanxi's energy sector SOEs into major industry groups. Between 2004 and 2005, this restructuring gave rise to new provincial champions such as the Shaanxi Coal and Chemical Industry Group and the Yanchang Petroleum Group.

The heavy investments in Shaanxi's energy sector made by both central and subnational actors involved a long lead time but were beginning to pay off by the mid-2000s. Whereas Shaanxi's economy had grown at roughly 9 percent year on year in 2000 and 2001, it was expanding at an annual rate of almost 13 percent by 2004 (Zhongguo jingshi shibao 2005b). Provincial fiscal income, which had long been anemic, was also starting to see fast growth. In this changing economic climate, policymakers began to entertain more ambitious development ideas.

#### A “DRAGONHEAD” FOR SHAANXI

As the 2000s progressed, the obsession with scale in Shaanxi's development thinking moved beyond investment projects and industrial groups and increasingly applied to cities as well. In hopes of enhancing the province's ability to attract state and market investment, Shaanxi's leaders in the early 2000s had begun assigning higher priority to development of the Xi'an region. Addressing a provincial party committee meeting in December 2000, for example, Li Jianguo looked forward to rapid economic growth and industrial restructuring during the 10<sup>th</sup> FYP and stressed the need for a competitive capital city region. While still highlighting the need for accelerated infrastructure construction and resource industry development in Shaanbei and Shaanan, Li instructed Shaanxi's policymakers to “forcefully support the faster and better development of the region centered on Xi'an” (Li 2001, 3–4).<sup>11</sup> The call for scaled-up development in Xi'an was echoed by a succession of governors in the following years—first Cheng Andong (who would serve until mid-2002), and later Jia Zhibang (2002–2004) and Chen Deming (2004–2006). In his February 2001



address on the 10<sup>th</sup> FYP, Cheng explained Shaanxi's goal of boosting economic competitiveness by building up Xi'an as the "dragonhead" of the province, upgrading Xi'an's "comprehensive strength" by advancing S&T, tourism, trade and commerce, and promoting the city's transition into an "international metropolis" (Cheng 2001, 14).

Along with grand rhetoric came growing investments in Xi'an in the early 2000s, as several urban mega-projects got underway. In 2000, construction began on a Chang'an Science and Technology Industry Base and a new University Town in Xi'an (Xi'an Gazetteer Office 2010, 401). More broadly, infrastructure and real estate development in Xi'an picked up pace, supported by access to large quantities of land and land-based financing.<sup>12</sup> Between 2000 and 2003, Xi'an accounted for nearly half of all the newly developed construction land in the province, using 124,500 mu of the 267,000 total mu. Xi'an raised large bank loans for urban development from the China Development Bank and ICBC to finance urban construction, including loans exceeding a billion yuan to support road and infrastructure development. Though Xi'an by 2003 had already exceeded its planned quota of new construction land for the period up to 2010, the city was allowed to continue expanding rapidly (Jiang et al. 2010, 137, 144–45).

While Shaanxi's leaders sought to strengthen Xi'an economically, they favored an approach that would harness Xi'an more tightly to the rest of the province—both to promote growth spillovers and to limit chances for the city's economic or administrative breakaway. Shaanxi's Tenth FYP outline stressed the need to better link Xi'an's growth with development of the larger Guanzhong region (Shaanxi Provincial Government 2001, 535–39). In 2002, the provincial leadership unveiled a detailed plan for a more integrated economic region around Xi'an. The "One Line, Two Belts" strategy stressed the coordination of industry development across different cities and the construction of regional transportation infrastructure to more tightly connect Xi'an with neighboring areas in the Guanzhong plain. Taking advantage of the Ministry of Science and Technology's designation of the Xi'an region as a key area for high-tech industry, the plan called for developing Xi'an and its environs as Shaanxi's economic "locomotive" (*huochetou*) (Wang 2005, 82; Cheng 2010, 393–96). By coordinating Xi'an's development with that of Xianyang, Baoji, and Weinan, which would be groomed as manufacturing centers, Shaanxi aimed to achieve a better regional division of labor and greater overall competitiveness (Shaanxi Provincial Committee 2002).<sup>13</sup> This spatial strategy, like plans for "Xi'an-Xianyang Economic Integration" that were announced the same year, also gave provincial leaders a way to increase their role in Xi'an's development.

The provincial government continued to step up its rhetorical and material commitment to the metropolitan region in the following years. New develop-

ment zones, including a Shaanxi Aerospace Economic and Technology Development Zone, were set up in Xi'an and Xianyang, and provincial leaders pledged support for the upgrading of urban transportation and logistics infrastructure. During a 2004 inspection tour in Xi'an, Governor Jia Zhibang said the provincial government would "ardently pay attention to and support Xi'an's construction and development, and in development planning, project construction, capital arrangements, and other respects actively give preferential policy treatment. That which can be preferentially arranged should be given full priority; that which can be placed in Xi'an will to the best of our ability be placed in Xi'an" (Xi'an ribao 2004). In the summer of 2005, Jia's successor, Chen Deming, called for developing Xi'an as a logistics center for northwest China (Xi'an ribao 2005a). Later that year, Chen promised that provincial departments would give full support to the construction of a subway system in Xi'an (Xi'an ribao 2005b). As they made preparations for Shaanxi's Eleventh (2006–2010) FYP, provincial authorities reiterated the high-tech-oriented "One Line, Two Belts" strategy, but they also stressed the need to groom Xi'an as a more comprehensive industrial center (Cheng 2010, 393–96).

However, even as the provincial government placed more rhetorical emphasis on boosting economic competitiveness and building up the Xi'an-Xianyang metropolitan region during the first half of the 2000s, the intended results did not always follow. Despite new investments and policy support, Xi'an's GDP growth rate ranked only tenth out of thirteen provincial capitals in inland China. The manufacturing sector in Xi'an performed weakly, which some policy analysts blamed on a lack of provincial support for traditional pillar industries (Shaanxi Finance Department, n.d., 27–28). Meanwhile, new urban construction failed to conform to the province's vision of coordinated development: Xi'an and Xianyang were continuing to grow away from one another, rather than linking up (Interview XA11203a). With Xi'an struggling to convert large amounts of investment into sustainable economic growth, and the energy industry centers of northern Shaanxi booming, the capital's share of provincial GDP slipped from 41 percent to 34 percent between 2000 and 2005 (CDO; author's calculations).<sup>14</sup> If only a relative decline for Xi'an, it was nevertheless a wake-up call for a city used to standing head and shoulders above the rest of the province.

### **The Late 2000s: Greater Xi'an in a Rising Shaanxi**

By the late 2000s, Shaanxi's provincial government was in a stronger financial and political position to realize its metropolitan development ambitions. Thanks to rapid energy-sector development and industry restructuring, the province had more fiscal resources at its disposal and a team of resource-flush

provincial SOEs to do its bidding. Economic upturns in some of Shaanxi's historically poorest areas, as a result of strengthened infrastructure links, new coal and oil development, and centrally funded environmental rehabilitation and poverty relief programs, left provincial authorities' hands freer to address other priorities. And efforts to remake provincial SOEs as modern industry groups fit for carrying out the province's mega-project-based development strategy were beginning to yield fruit.

Meanwhile, a leadership change brought fresh energy and renewed clout into the provincial establishment. Only fifty years old when he took over from Li Jianguo as Shaanxi's party chief in 2007, Zhao Leji was on the political fast track and enjoyed ties in the national party establishment as well as connections in Shaanxi (China Vitae; Li 2014). True to his reputation as a rising star, Zhao showed an affinity for ambitious development goals and an ability to mobilize large quantities of state resources behind them.

As the provincial government grew stronger in its resource endowments and a dynamic leader took the stage, Shaanxi was able to muster more support for its Greater Xi'an agenda and efforts to enhance economic competitiveness more generally. After 2005, and especially after 2007, Shaanxi pursued an explicitly uneven spatial development strategy, seeking to remake Greater Xi'an and Yulin as bigger, brighter growth poles. The provincial government targeted ever more investment to these areas even as sharp social and spatial disparities persisted across the province.

### SPILLOVERS FROM SHAANXI'S ENERGY BOOM

Shaanxi's shift toward a more metropolitan-oriented development model in the late 2000s was linked to another dramatic story that was unfolding in the province—the energy-sector boom that turned the once-destitute northern cities of Yulin and Yan'an into economic powerhouses. Surging worldwide energy prices in the mid- and late 2000s spurred demand for the rich coal, gas, and oil resources of Yulin and Yan'an. Both prefectural-level cities had enjoyed faster growth since the late 1990s thanks to expanded investment in regional infrastructure and energy-related industries. But this growth went into overdrive after the mid-2000s, as coal and oil prices spiked, new infrastructure from the Western Development program came online, and central and provincial authorities, banks, and state enterprises stepped up investment.

If investing in northern Shaanxi had once meant redistributing resources to a poor part of the province, by the late 2000s it meant adding fuel to the fire of Shaanxi's fastest-growing subregion. By 2007, Yulin's per capita GDP, once a fraction of Xi'an's, reached 20,277 yuan, very close to that of Xi'an, 21,339 (CDO). Though favorable market forces and strong policy support meant

Yulin was already growing at a blistering speed, local boosters felt Yulin had the potential to grow even more quickly. Indeed, some were dismayed that the city's economic growth had fallen behind that of the nearby city of Ordos in Inner Mongolia, which claimed for itself the mantle of China's twenty-first-century energy capital.

Searching for ways to further accelerate Yulin's development, Shaanxi's provincial party standing committee commissioned a round of research in late 2008. In November of that year, the provincial leadership issued a policy document entitled *Certain Opinions Regarding Further Promoting Leapfrog-style Development in Yulin*. Dubbed the "27 clauses," the document listed an array of high-powered preferential policies intended to bolster Yulin's development not only as an energy base but also as a larger and more diversified urban-industrial center. Among other special benefits extended to the city were land allocation policies that would link land quotas to GDP growth (and hence favor the fast-growing city), devolution of provincial-level investment approval powers to the city, tax exemptions for financial institutions moving to Yulin, and more favorable revenue-sharing between the city and province (Jingji guanचा baо 2011).

Aided by policy support and booming energy, chemical, and power exports, Yulin maintained very rapid GDP and fiscal revenue growth in the late 2000s. By 2010, more than 100 billion yuan had been invested in energy chemicals industries in Yulin. Other resource-based industries were also taking off, along with engineering and building materials industries (Neikan yaowen 2010). Yulin's economic output rocketed upward, with its GDP averaging 18 percent annual growth during the 11<sup>th</sup> FYP period, and FAI averaging 39 percent growth (Jingji guanचा baо 2011). Yulin's share of Shaanxi's GDP climbed from a mere 4.2 percent in 1997 to 17.4 percent by 2010, and the subnational fiscal revenues generated by the city surged from 2.38 billion yuan in 2005 to 12.55 billion yuan in 2010, almost a fifth of Shaanxi's total (CDO; author's calculations).

Though Shaanxi's support for Yulin during the late 2000s targeted an outlying city region, it was consistent with a metropolitan-oriented development philosophy in that it prioritized economic competitiveness and reinforced the advantages of an already prosperous area. The buildup of a major energy industry hub also proved consistent with metropolitan-oriented development in a more practical sense. A booming energy sector helped fill provincial coffers and bolster Shaanxi's industrial economy more broadly. Between 2005 and 2006 alone, Shaanxi's subnational fiscal revenue grew nearly 30 percent (CDO; author's calculations), and during the later 2000s, fiscal revenues grew at around 20 percent per year (Pei and Feng 2011). As one provincial policy advisor noted, surging fiscal income from energy-sector growth strengthened

Shaanxi's finances, enabling the province to undertake a range of new infrastructure development and industrial investment across the province as well as fiscal transfers to poor areas (Interview XA091203b).

The rise of a team of powerful provincial SOEs also strengthened the provincial government's hand. While some of the major energy firms that thrived were centrally controlled SOEs or local firms, provincial champions like the Yanchang Petroleum Group and the Shaanxi Coal and Chemical Industry Group also rose to prominence on Shaanxi's wave of energy development. Yanchang Petroleum, which was one of China's oldest energy companies but had remained under provincial control, emerged as a powerful enterprise group following corporate restructurings in 1998 and 2005. By 2012, the firm would earn revenues of \$25 billion (Alberta Oil 2014; Yanchang Petroleum 2016). Shaanxi Coal and Chemical Industry Group, another provincially owned conglomerate, was born out of the consolidation of several smaller coal industry firms in 2004 (SHCCIG 2016).<sup>15</sup> With major coal holdings in northern Shaanxi as well as properties elsewhere in the province, it became an increasingly important player as the energy sector boomed. By 2011, it was China's third largest coal producer, producing more than 100 million tons of coal annually and operating extensive power-generating capacity, among other activities (Steel Home Daily 2012). The rapid growth of these and other provincial SOEs not only brought in revenue but also enhanced Shaanxi's developmental capacity, as the provincial government could direct energy and construction firms flush with profits from northern Shaanxi to invest in other parts of the province in support of policy priorities (Interview XA091203b).

### HEAVY-HANDED METROPOLITAN DEVELOPMENT

Capitalizing on its windfall from energy development, Shaanxi in the late 2000s stepped up its support for Greater Xi'an's development. Notwithstanding faster provincial GDP growth thanks to energy development and central state aid, anxieties about Shaanxi's competitive position in the national economy had continued to mount during the mid-2000s. Of particular concern was the fact that Shaanxi's main urban-industrial belt in the Guanzhong region, and Greater Xi'an at the center of it, was not holding its own amid more intense regional rivalry. During the early 2000s, Xi'an's economic growth and urban expansion lagged behind that of most inland provincial capitals, and Xi'an continued to be outshined by competitors like Wuhan and Chengdu, with a GDP slightly more than half as large as these cities' in 2005 (CDO; author's calculations). Xi'an's failure to keep up economically was a cause for concern among provincial policy elites (Interview XA091202a), and slow progress in internationalizing Shaanxi's economy during the first half of the 2000s underscored these worries. Cumulative foreign investment between

2001 and 2005 was only slightly higher than during the prior five years. Even Shaanxi's tourism sector, long a bright spot in the economy, had seen comparatively weak growth during the early 2000s.<sup>16</sup> Such trends reinforced provincial leaders' desire to remake Greater Xi'an as a more dynamic urban center.

In addition to having a more robust economic base to draw on, Shaanxi had the political clout of a rising-star leader. Zhao Leji invested his political capital in the Greater Xi'an agenda, signaling through public statements and official documents that building up the Guanzhong region and transforming Xi'an and Xianyang into a larger, more competitive urban hub would be key priorities of his administration. In a 2007 policy document, Zhao called for "targeted policy measures" such as "appropriately preferential land policies," and also stressed the need to "actively fight for national policy support" on behalf of the Guanzhong region's development (Zhao 2007). The metropolitan agenda had another key supporter in Shaanxi's new governor, Yuan Chunqing, who had taken over the reins of Shaanxi's government in 2006. Having formerly served as Xi'an's party secretary, Yuan brought firsthand experience with urban governance.<sup>17</sup> According to one urban planner in Shaanxi, Yuan was determined to boost Shaanxi's economic competitiveness, and saw a need to develop Xi'an along with Yulin as growth poles (Interviews XA101203a, XA101206b).

Under Zhao and Yuan, Shaanxi took major steps of its own to promote Greater Xi'an's development while also working to mobilize central government support. The provincial leadership moved quickly with a new Xi-Xian Integration Construction Plan and a Guanzhong Urban Cluster Construction Plan. Zhao reiterated the call to build up Xi'an and Xianyang as the "dragon-head" of the larger Guanzhong urban cluster, and gave particular priority to developing new urban areas and industrial zones along the Xi'an-Xianyang boundary (Zhao 2007; Huashang wang 2009). Shaanxi's leaders also worked to enlist Beijing's backing and resources for metropolitan development, negotiating with the central government for central recognition and support for the Guanzhong urban cluster plan (Jingji guan cha bao 2009). Shaanxi used its improving connections at the center to help line up support. According to one urban planner in Shaanxi, a particularly important point of contact at the center was the former national politician Li Ruihuan, who frequently visited Shaanxi (Interview XA101206b).

Provincial lobbying paid off. In 2009, the State Council approved the Guanzhong-Tianshui Economic Area Development Plan. Though issued by the National Development and Reform Commission, the document reflected provincial as well as central input. Going beyond Beijing's earlier designation of the Guanzhong region as a strategic area for the Western Development program, the 2009 plan endorsed the more ambitious goal of building Xi'an

and Xianyang into an “international metropolis.” The document listed significantly upgraded growth targets for Greater Xi’an’s urban population (10 million) and built-up area (800 square kilometers), thereby making it easier for Shaanxi and the two cities to obtain the state resources and administrative approvals needed for major urban expansions (NDRC 2009; Interview XA120215a). While it endorsed Xi’an-Xianyang integration and higher quantitative targets for metropolitan growth, however, the plan lacked much specific content dictating how such goals should be achieved (Interview XA101206b). In this way, the plan conferred central authority and support on what would remain in practice a provincial initiative to build up and integrate the metropolitan region, much like Hunan’s CZX initiative. In fact, even the name of the plan reflected provincial preferences. According to one provincial policy advisor, Shaanxi had insisted on using the regional label “Guanzhong” rather than the narrower “Xi’an” in official plans to assert the province’s, rather than the city’s, political ownership over and leading role in the strategy (Interview XA181307b).

From 2009 on, Shaanxi’s leadership—further empowered by this central recognition and support—rolled out several new policies and initiatives to promote metropolitanization. The centerpiece was the establishment of a mammoth Xi’an-Xianyang New Area that took cues from Tianjin’s Binhai New Area and Chongqing’s Two Rivers New Area. Located on the boundary between Xi’an and Xianyang, the New Area was conceived as a vehicle for building up, integrating, and modernizing the metropolitan area. Initially slated to occupy 560 square kilometers of largely undeveloped land along the Wei River between Xi’an and Xianyang (including a planned built-up area of 220 square kilometers), the New Area would contain new urban and industrial development areas as well as several protected agricultural, environmental, and historical preservation zones (Shaanxi Provincial Government 2009; Shaanxi ribao 2009).

To jumpstart industrial and urban development in the New Area and speed up Xi’an and Xianyang’s physical merger, Shaanxi over the following two years created a stronger administrative body to oversee New Area affairs, announced an array of preferential policies, injected start-up capital, and launched several major infrastructure and industry investment projects in the New Area (Xi’an ribao 2010; Shaanxi ribao 2012a). Urban mega-projects like a new subway system, a major airport expansion, and a high-speed rail hub moved forward in quick succession. Meanwhile, provincial and municipal leaders used massive public subsidies to woo strategic investment projects in Xi’an, including a \$30 billion Samsung facility (Xibu wang 2012).

Metropolitan-oriented policies would continue under Yuan Chunqing’s successor, Zhao Zhengyong, who became Shaanxi’s acting governor in mid-2010 after working for several years in high-level provincial leadership posts.



Although he lacked a high national political profile, Zhao Zhengyong was an ardent supporter of New Area development, devising bolder plans for urban growth and a more expansive provincial role in urban governance (21 Shiji jingji baodao 2011). Under his direction, the provincial government would intervene even more directly in Greater Xi'an's development, as I discuss in the next section.

### **The Xi-Xian New Area and the Politics of Metropolitanization**

Shaanxi's increasingly top-down approach to metropolitan development was not just a function of rising economic ambitions; it also reflected provincial authorities' anxiousness to exert more control over their largest urban area. Besides being a bold economic project, the creation of the Xi'an Xianyang New Area was the culmination of a series of efforts by the province to play a larger planning and governance role in the capital region. Indeed, both the spatial and administrative configurations of the New Area showed a concern with strengthening the province's hand in metropolitan governance. Because the New Area spanned parts of both Xi'an and Xianyang, its development was necessarily an inter-jurisdictional affair subject to provincial oversight and coordination. Ironically, by shifting the locus of urban growth to boundary areas, provincial actors placed themselves at the center of urban governance.

Provincial authorities had long sought to improve coordination of urban and economic development across Xi'an and Xianyang. Although Xianyang's urban center lay only 10 miles west of Xi'an's city center and had close historical ties with Xi'an, the cities had belonged to separate administrative jurisdictions since the 1950s. During the planned economy era, Xi'an's main growth axis had been east-west, along the Longhai rail line that connected it with Xianyang (Yin et al. 2005). During the reform era, however, municipal authorities' economic competition and local protectionism had resulted in Xi'an and Xianyang building outward in opposite directions and failing to coordinate urban and industrial development (Wang 2005, 83–89). There had been sporadic calls for harmonizing the two cities' growth, but few concrete measures.

In 2002, a more systematic approach for coordinating urban growth had emerged when Shaanxi unveiled a plan for "Xi'an-Xianyang Economic Integration." Shaanxi brought city leaders together for meetings and oversaw the drafting of a framework for linking infrastructure and coordinating industrial growth and public services. The cities were tasked with formulating detailed plans and launching integration-related projects (Xi'an ribao 2003). In promoting the integration of Xi'an's and Xianyang's economies and infrastructure, the provincial government sought to curb vicious local competition and to



build a larger, more dynamic metropolis. Shaanxi's approach also reflected its desire to bring Xianyang out of Xi'an's shadow to play a larger economic role. Besides strengthening the regional economy, this could bring growth to parts of the metropolitan region where the provincial government held more sway.

However, the provincial government's resource and institutional constraints during the early 2000s had hampered attempts to coordinate growth in the Xi'an-Xianyang metropolitan region. With little experience managing urban development and limited coffers to draw on, the provincial government delegated much of the concrete work of connecting urban infrastructure, industry, and services to city officials from Xi'an and Xianyang. As each city guarded its own territory and economic interests, however, integration projects made slow progress (Jingji guancha bao 2012a). Xi'an and Xianyang failed to align their urban planning and little headway was evident on new transportation links. City officials squabbled over issues such as where a new airport industry zone should be located and how to address pollution from Xianyang-based industries upstream and upwind of Xi'an. Xi'an's new burst of urban construction during the early 2000s held out few benefits for Xianyang, and in some ways sidelined the latter. While Xi'an's municipal leadership embarked on ambitious plans to upgrade city roads and build new urban districts, they focused on the southern and eastern fringes of the city, away from Xianyang (Wang 2005, 88–90; Interview XA101206b). Xi'an's HTDZ and Qujiang New District developed rapidly, but development on Xi'an's northwestern side remained anemic.

The creation of a Xi'an-Xianyang New Area represented a more forceful, top-down strategy to integrate the development of Xi'an and Xianyang. According to the initial zone plans announced in 2009, the New Area would be divided into two sections: a Fengwei zone on Xi'an's side of the Wei River corridor and a Jingwei zone on the Xianyang side. Shaanxi would provide planning and infrastructure development for the New Area as a whole, while each zone would be managed mainly by municipal authorities, following a mantra of "province and cities jointly construct; cities play the main role" (*sheng shi gong jian, yi shi wei zhu*) (21 Shiji jingji baodao 2011). Provincial authorities changed their approach after Xi'an and Xianyang became bogged down in arguments over which city would manage key parcels of New Area territory—like an area of Xianyang south of the Wei River—and failed to move as quickly as Shaanxi wanted with preliminary development. In 2011, Zhao Zhengyong unveiled a different arrangement for New Area governance whereby the province would insert itself more directly into zone management and construction, under the formula "province and cities jointly construct; province plays the lead role in development construction" (*sheng shi gong jian, kaifa jianshe yi sheng wei zhu*) (ibid.; Jingji guancha bao 2012a). These adjust-

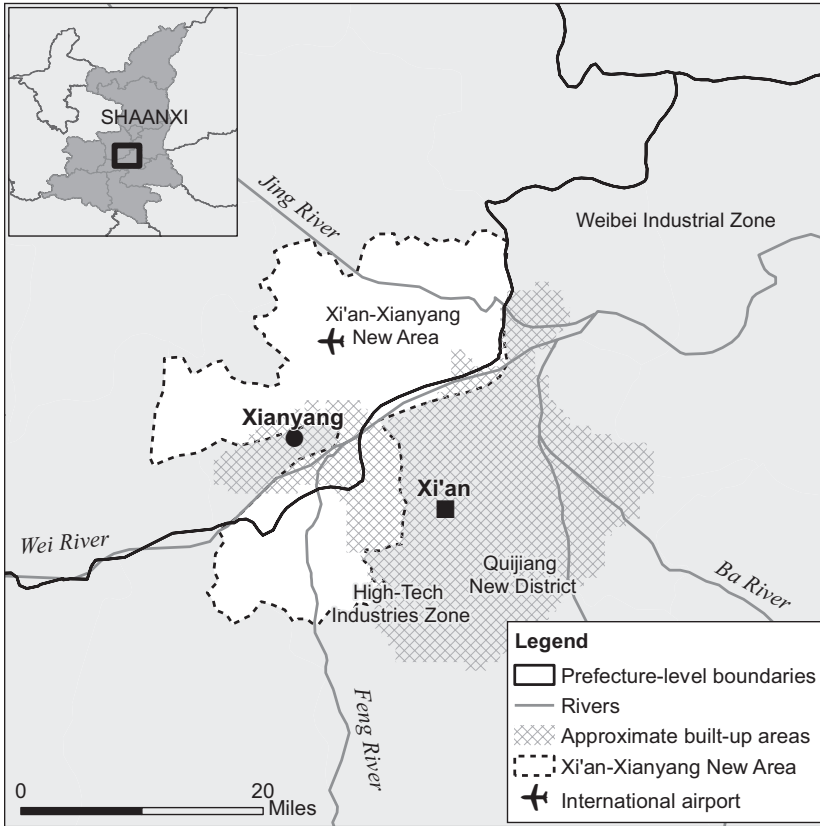


FIGURE 6.4: The Xi'an-Xianyang New Area

Source: Map by Thomas Caton Harrison

ments left little doubt about the province's goal of projecting administrative influence.

Under the post-2011 New Area arrangements, the provincial government plotted out bolder development goals, took on a stronger leadership role, and asserted more control over economic resources. The geographic footprint of the New Area is illustrated in figure 6.4. The overall scope of the New Area was expanded to 882 square kilometers and the planned built-up area was increased to 272 square kilometers. In place of the erstwhile Fengwei and Jingwei Districts, Shaanxi designated five smaller development clusters—the Fengdong, Fengxi, Konggang, Jinghe, and Qinhan New Towns—that would fall under joint municipal and provincial oversight. Construction of multiple subcenters, leaders explained, would help Shaanxi curb urban sprawl and develop a “modern garden city” (*xiandai tianyuan chengshi*) that could balance

economic development with ecological and livability concerns (Shaanxi ribao 2014). In practice, the breakdown of the zone into smaller, less self-sufficient entities also strengthened the provincial government's hand. Shaanxi would henceforth be able to play a more important coordinating role in the New Area and would also share more directly in fiscal revenues. To strengthen its administrative grip, the provincial government upgraded the New Area's management committee and office, appointing deputy governor Jiang Zelin to oversee zone affairs (Interview XA011202c; 21 Shiji jingji baodao 2011).

As provincial authorities increased their authority over the New Area, the pace of development also accelerated. The province announced various measures to spur investment, including special fiscal policies and tax concessions, preferential land provision, infrastructure development, and investment directives to provincial SOEs (Xi'an-Xianyang New Area Management Committee 2012). The province provided 3 billion yuan of start-up capital for infrastructure and land development in the zone and launched construction of new industrial and residential clusters (Interview XA011202c). A major tranche of investments in an airport-facing industry zone in Konggang New Town was unveiled in 2012, and in 2013 plans surfaced for a major IT industry cluster in Fengxi New Town (Xi'an wanbao 2012; Fengxi New Town Committee 2013).<sup>18</sup> In late 2013, the provincial State Assets Supervision and Administration Commission and New Area officials signed a strategic cooperation framework to facilitate more investment by provincial SOEs (Shaanxi ribao 2013c). Ultimately, the zone recorded 30.6 billion yuan of FAI in 2012 and 48 billion yuan in 2013, and by the end of 2013, more than 2 billion yuan had been invested to clean up rivers in the New Area. In addition, over 300 kilometers of new roads were open or under construction (Shaanxi ribao 2014).

Beijing did not formally recognize the New Area until 2014, which attests to the provincial government's driving role in zone development. After establishing the New Area, Shaanxi had sought state-level status of the type granted earlier to Tianjin's Binhai New Area. However, center-province disagreements over the zone's thematic focus, and competing bids by other provinces to win recognition for their own New Areas, delayed formal central approval for more than two years. When central leaders did finally approve Shaanxi's New Area in January 2014, they stressed the zone's potential in pioneering "a new form of urban development." Central policymakers called for a dispersed form of urban growth and for development of innovative industry and agriculture (Zhongguo jingying bao 2014). Thus, whereas provincial authorities emphasized expanding the population and physical size of Greater Xi'an, Beijing showed more interest in the quality of urban growth than the quantity of it.

Municipal policymakers, too, played a somewhat reluctant role in zone development, obstructing the New Area agenda as much as supporting it. Municipal officials in Xi'an resisted and worked to counteract a provincial ap-

proach they saw as encroaching on their turf and affecting their own development plans. Policy experts from Xi'an expressed skepticism about the province's institutional capacity and expertise for handling development zone management on a large scale, believing municipal officials were better equipped to handle these functions (Interview XA131203a).<sup>17</sup> Xi'an officials had long dragged their feet on integration with Xianyang and questioned the province's drive to develop the city toward the northwest. City officials sparred with provincial authorities and Xianyang for control over New Area territory and resources, and were slow to promote investment or infrastructure development in the zone. Indeed, difficulties in linking urban infrastructure, such as significant delays in the opening of a new Wei River bridge, continued (Zhongguo jingying bao 2014).

Instead of focusing on the New Area, Xi'an's leaders prioritized urban and industrial growth in the southwest, southeast, and northeast of their city, where they could exercise more administrative control. After 2011, Xi'an advanced plans for a rival development zone under its own management—the Weibei Industrial Zone—in what was effectively a rejoinder to Shaanxi's attempts to steer development westward (Interview XA181206a; Xi'an ribao 2011). Located on the northeastern fringe of Xi'an, where open land was abundant and transport infrastructure was already in place, the industrial zone had ambitious development targets. Municipal authorities called for an eventual population of 1.1 million people, several major industry clusters, and a land area of 300 square kilometers. Xi'an party secretary Wei Minzhou pledged in 2012 to “use the strength of the full city to accelerate the progress of Weibei Industrial Zone construction, and help the area become Xi'an's largest industrial agglomeration,” and Xi'an established a leadership office and management committees for new industry clusters (Shaanxi ribao 2012b).

Economically and politically weaker than Xi'an, Xianyang was more compliant with Shaanxi's New Area agenda. Between 2010 and 2013, Xianyang's leaders designated many elements of the New Area plan as key municipal projects and changed local administrative arrangements to support the provincial agenda (Shaanxi ribao 2013a). Nevertheless, Xianyang's leaders had misgivings about the New Area's impact on municipal interests, expressing concern that the New Area would undercut Xianyang's administrative autonomy. Fears that parcels of Xianyang's land would be hived off prompted outcry and delayed zone development. Although Xianyang did not overtly resist provincial control over the New Area in the following years, the municipal government dragged its feet on eastward urban expansion (Jingji guan cha bao 2012a). Xianyang stood to reap economic rewards from zone construction, but it had to pay the price of greater provincial control.

Both the establishment of the Xi-Xian New Area and city-level responses to it underscore the ways in which governments at different levels remap

urban development to promote their economic and political interests. Development zones like the Xi-Xian zone become not just the focus of economic-territorial competition, but also tools of such competition. As Ngo et al. (2017) point out, “Local states have used economic zones—originally intended as geographical spaces of production and innovation—as a political and spatial strategy to manipulate their scalar power” (60). As the case of Shaanxi and Greater Xi’an shows, the stronger the government actors involved, the more far-reaching the territorial strategies they can set in motion.

### **Perpetuating Uneven Development**

Xi’an’s economic revival has to be recognized as a major achievement. A rust-belt city that faced a serious challenge of industrial restructuring and opening-up its protected, state-oriented economy, Xi’an over the course of the 2000s emerged as an increasingly powerful growth center for northwestern China. With increasing higher-level support, Xi’an’s development accelerated markedly during the 2000s. The city’s share of total provincial fixed-asset investment (FAI) had spiked after 2002, and between 2004 and 2010 it remained several percentage points higher than Xi’an’s concurrent share of provincial GDP. With the active support of the provincial leadership and expanded resources from state agencies and banks, Xi’an and Xianyang saw especially rapid FAI and GDP growth between 2008 and 2011, a time when China more broadly suffered an economic downturn. Driven by infrastructure construction, real estate development, and expansion of both the IT sector and more traditional industries such as automobiles, Greater Xi’an’s annual GDP growth rate between 2008 and 2011 averaged 14.6 percent, compared with 8.7 percent for China overall (CDO; author’s calculations). The city achieved dramatic growth, by the late 2000s nearly keeping pace with the energy boomtowns of northern Shaanxi. As intended, scaled-up metropolitan development raised the economic profile and outward competitiveness of Greater Xi’an. Xi’an’s remaking as an “international metropolis” brought state-of-the-art urban infrastructure and sped the development of new residential mega-blocks, industrial campuses, and tourist attractions on the urban fringe. And by winning special policy designations from Beijing, provincial and city officials helped position Xi’an as a platform for economic and political engagement with Eurasia, culminating in the city’s selection as a focal point of the Belt and Road Initiative launched in 2013.

But Xi’an’s economic development was hardly organic, and top-down, metropolitan-style development had many downsides. Physical expansion of Xi’an and Xianyang rapidly consumed peri-urban land. Between 2000 and 2012, Greater Xi’an’s built-up area doubled from 230 to 458 square kilometers (CDO; author’s calculations). Sprawl extended in all directions with the cre-

ation of several new districts and development areas around Xi'an's urban fringe (Walcott 2013), and construction accelerated in the Wei River corridor, an archaeologically rich and ecologically fragile area. Rapid industrial growth and in-migration exacerbated environmental strains, traffic congestion, and social disparities in a city that had long grappled with pollution, water shortages, and poverty.<sup>19</sup> And, while government investments focused on enhancing the urban built environment and positioning Xi'an as a world-class city, basic public services such as bus transport and medical care remained inadequate.<sup>20</sup> Authorities offered huge subsidies to lure multinational investments (Jingji guan cha bao 2012b), and built tourism mega-projects, a sprawling subway network, and one of Asia's largest high-speed rail terminals (Xi'an ribao 2006). But debt-based financing for urban construction in Xi'an and Xianyang created financial risks and implicit future costs (Jiang et al. 2010, 174–88).

Focusing so much attention and resources on economically dynamic centers like Greater Xi'an and Yulin meant devoting less support to other parts of the province. Secondary cities in Guanzhong, including Baoji, Weinan, and Tongchuan, received some degree of higher-level policy support, but not at the same level as Greater Xi'an or northern energy centers. These cities were named as subcenters in the Guanzhong-Tianshui scheme, but the plan focused most heavily on the core metropolitan region.

And, despite a new wave of public works projects and poverty relief efforts in southern Shaanxi made possible by strengthened provincial finances, there was relatively little emphasis on economic development in the poorest part of the province. With provincial policies focused on capital- and knowledge-intensive industries, the poor southern cities of Hanzhong and Ankang that had specialized in light and resource-processing industries found themselves further marginalized. Local hopes for faster industrial growth in southern Shaanxi were also dampened by the designation of the region as a highly protected national watershed area and related efforts to relocate huge numbers of people.<sup>21</sup> After 2012, the Shaanxi leadership under Zhao Zhengyong mounted a massive effort to resettle more than 2 million residents of remote villages into larger towns and small urban centers. The stated purpose of this program was to improve public service provision and protect ecologically sensitive areas. Rural dwellers from inaccessible, disaster-prone mountain areas ostensibly were to benefit from resettlement in towns with modern housing and public amenities. However, such relocations in many cases seemed more compulsory than voluntary. Not all villagers could afford the partly subsidized apartments they were expected to purchase, and newly built towns often failed to provide economic opportunities (Johnson 2013). Ultimately, like the development processes in Greater Xi'an, these sweeping efforts to reshape the distribution of people and infrastructure in southern

Shaanxi reflected the top-down logics of state planners more than the needs of local communities.

Thus, despite rapid overall growth in provincial GDP and fiscal revenue during the late 2000s and early 2010s, Shaanxi saw some of its regional and urban-rural disparities worsen. As Yulin and Yan'an continued to boom, and Greater Xi'an captured large quantities of investment, other Guanzhong cities like Weinan and Baoji saw their positions slip. In 2010, Xi'an and Xianyang received a total of 430 billion yuan of investment, 54 percent of Shaanxi's total, and nearly four and half times as much as southern Shaanxi's cities combined. Southern Shaanxi's share of provincial GDP fell to 11.7 percent by 2012. Across the province, serious urban-rural income gaps persisted, with the ratio of urban to rural income rising from 3.14 in 1997 to 3.60 in 2012 (CDO; author's calculations). Despite the province's burgeoning wealth, and despite progress in eliminating severe poverty, Shaanxi's development remained highly uneven.

## Conclusion

This chapter has explored how, amid a major restructuring of the provincial economy, spatial policies ended up reproducing uneven development in Shaanxi. Although provincial and central policies channeled more investment and policy support to the province's outlying regions in the late 1990s and early 2000s, the late 2000s brought a renewed focus to metropolitan development. To enhance provincial competitiveness while also expanding their own role in urban governance, Shaanxi's leaders worked to forge an integrated Xi'an-Xian metropolis.

Unlike in Hunan and Jiangxi, Shaanxi is a case where spatial development started out highly imbalanced and where there were pressures on provincial policymakers from the start to rebalance development. Throughout the 1990s and beyond, secondary cities in Shaanxi had complained about marginalization in the provincial economy and sought greater aid from the province and from Beijing. As Beijing devoted new attention to Shaanxi under the Western Development program, it focused not only on promoting growth in the Greater Xi'an region but also crucially on bringing infrastructure development, rural aid, and environmental rehabilitation to poor outlying parts of the province. Unlike in Hunan and Jiangxi, where control over the capital city could be essentially taken for granted, provincial leaders had a difficult relationship with Xi'an, which was a powerful territorial actor in its own right. Shaanxi's limited control over its star city made it risky to place too many developmental eggs in one basket.

Nevertheless, as in the previous cases, mounting fears of economic marginalization and rising provincial-level strength were an impetus toward



metropolitan-oriented development. Xi'an's failure to keep up with rival cities like Wuhan and Chengdu spurred fears that Shaanxi would be left behind in the process of industrial upgrading and internationalization. As the provincial government grew in fiscal strength and a dynamic leader took office in the late 2000s, Shaanxi mobilized more resources for the development of Greater Xi'an.

As its strength grew, the provincial government found new ways to square the pursuit of urban competitiveness with the imperative of territorial cohesion. On the one hand, by investing heavily in Yulin even after its energy industry began to boom, provincial authorities reaped economic benefits while also creating a regional counterweight to Xi'an. The buildup of a second major growth pole provided more revenue for provincial authorities to use elsewhere in the province, including in the metropolitan region. On the other hand, by fusing Xi'an and Xianyang together through the construction of the Xi-Xian New Area, provincial leaders inserted themselves into urban development and more tightly harnessed Xi'an to the provincial unit.

The question of how to maintain territorial cohesion while enhancing the competitiveness of key cities also loomed large in Jiangsu, the final case. As I show in chapter 7, the politics of spatial policy was even thornier in a prosperous but internally divided coastal province—a province with not one but multiple large metropolitan centers.



# 7

## Jiangsu: Shifting Tides of Spatial Policy

Do top-down spatial strategies of the types seen in inland provinces like Hunan, Jiangxi, and Shaanxi also matter in China's wealthier coastal provinces, where market forces and city-level activism play a larger part in economic development? Looking at coastal provinces, do the same variables help to explain the development approaches adopted by provincial governments? And is an analytical framework based on the provincial scale even fitting for contexts where provinces might seem less like coherent units than patchworks of localities?

This chapter's answer to each of these questions is an emphatic yes. In the final case study, I focus on a province that has been a frontrunner in reform and opening and a powerhouse of China's national economy. With a population similar to Germany's and a GDP exceeding that of Turkey, the coastal province of Jiangsu is a heavyweight among China's regions.<sup>1</sup> One of China's wealthiest, most globally oriented provinces, it has a more limited legacy of economic planning and a more vibrant capitalist tradition than the other cases I have examined. During the 1980s and early 1990s, Jiangsu was a hotbed for the township and village enterprise (TVE) economy, and in recent years industrial development has been fueled by local and foreign capital as much as by higher-level state investment. Moreover, Jiangsu has a deep tradition of localism. The province spans multiple geographic, economic, and cultural subregions and contains several significant urban and industrial centers. Economically and culturally, the different parts of the province look outward as much as inward. Different cities vie for dominance within the province and

compete with rival urban centers across the Yangtze River Delta (YRD) region, not least Shanghai.

A closer look at Jiangsu's experience shows that, as in the other cases I have examined, spatial policy factored significantly in provincial development and politics. Spatial policies have influenced the distribution of large quantities of investment and resources across Jiangsu's cities and subregions, and accordingly they have been highly contested. Indeed, in Jiangsu it is precisely the mismatch between the administrative borders of the province and the economic or cultural boundaries perceived by actors at other levels that makes the provincial scale a rich one for studying the politics of spatial development. Many conflicts over spatial policy have related to the way in which urban development aligns—or fails to align—with different territorial scales.

To say that spatial policies have been important in Jiangsu is not to say they always have been coherent or effective. Past research by Luo and Shen (2008) uses evidence from Jiangsu to illustrate “why city-region planning does not work well in China.” Indeed, Jiangsu's spatial development strategies have pursued multiple goals at once and have changed frequently over time, never fully achieving their stated objectives. Policymakers in Jiangsu have only slightly narrowed the economic disparity between the northern and southern halves of the province. Jiangsu has failed to foster a first-tier metropolitan center in the class of Shanghai, Beijing, Guangzhou, and Shenzhen. At the same time, however, frequent change in Jiangsu's development policies has meant that, with the passage of time, various parts of the province have received policy attention, and there has not been sustained bias in favor of any one city-region.

Like the previous cases, Jiangsu's experience underscores how both economic competition between different subnational units and power dynamics among different government levels affect spatial development approaches. As this chapter shows, Jiangsu's ever-shifting spatial policies reflect the conflicted priorities of provincial leaders and the contestation of policies by actors at different levels. Provincial elites in Jiangsu, as in other provinces, have often viewed spatial policy through the lens of economic competitiveness. But Jiangsu's strong economic record has partly eased such anxieties, giving policymakers scope to attend to other concerns. In recent decades, provincial leaders have also worried about the centrifugal economic and political forces produced by fast but regionally uneven development. As a result, Jiangsu's leaders have, at different moments, both worked to promote economic competitiveness and looked for ways to rebalance the spatial economy and harness big cities to surrounding regions.

Intergovernmental power relations also have patterned Jiangsu's spatial development in important ways—both at the provincial scale and at the urban-

regional scale. Of all the cases I examine, Jiangsu's story illustrates most starkly the conflicts between different strategic visions and territorial templates for spatial development, or what Kennedy (2014) aptly calls "competing conceptions of economic space" (27). In a province where localities are strong actors in their own right and the center closely watches provincial affairs, the provincial government has struggled to dominate the making of spatial policy. As in the earlier case of Jiangxi, the provincial establishment in Jiangsu was most successful in imposing its own policy preferences during the tenure of a politically strong leader. During most of the period I examine, however, local and central concerns, and not simply provincial-level interests, influenced Jiangsu's spatial development approach. Strong localities have asserted their interests, and the central government has tried to superimpose its own vision of regional development on Jiangsu's plans. An analogous layering of development goals and conflict of territorial interests has been evident at the sub-provincial scale. I conclude the chapter with a look at how province-city turf wars have shaped the spatial form of development in Suzhou, Jiangsu's leading economic center.

### **Shifting Patterns of Spatial Development**

Jiangsu is located in eastern China and is bordered by Shanghai to the east, Zhejiang to the south, Anhui to the west, and Shandong to the north, as shown in figure 7.1. The province straddles two of China's most important waterways, the Yangtze River, which runs from west to east across the province, and the historic Grand Canal, which runs north to south. With an area of 102,600 square kilometers and a population of 71.1 million in 1996 (CDO), Jiangsu is among China's most densely settled provinces.

Despite its relatively small geographic size, Jiangsu displays stark regional divisions. Sunan, the part of Jiangsu located south of the Yangtze River, has long been much wealthier than Subei, the northern part of the province.<sup>2</sup> Sunan contained Jiangsu's two leading metropolitan regions, the Suzhou-Wuxi-Changzhou urban belt (which forms part of a larger economic region centered on Shanghai) and the Nanjing metropolitan area. Suzhou, the province's leading economic center; Wuxi, a major industrial city; and Nanjing, the provincial capital, were already relatively prosperous by the mid-1990s. These cities had deep endowments of human and institutional capital from their histories as commercial, administrative, and cultural centers, and had been bases for international economic activity during the reform era. However, none of these cities were as large or economically sophisticated as Shanghai, Guangzhou, or China's other first-tier cities, and none individually dominated the larger provincial economy of Jiangsu. In addition to Suzhou, Wuxi, and Nanjing, southern Jiangsu included the prefectural-level cities of Changzhou

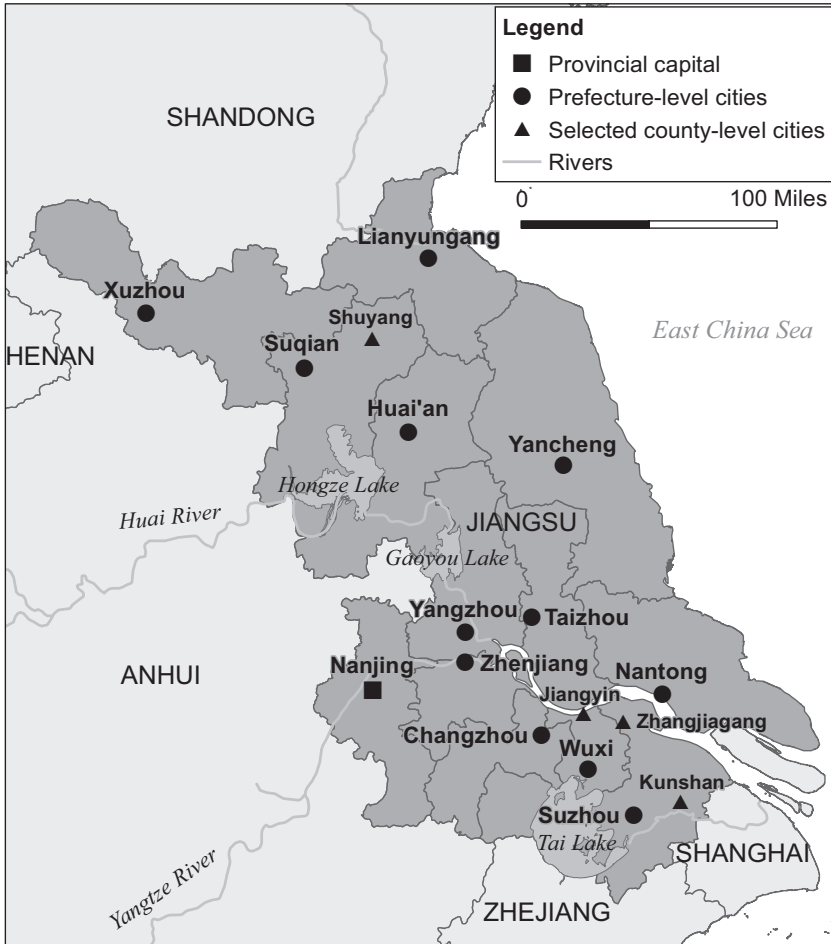


FIGURE 7.1: Jiangsu and its major cities

Source: Map by Thomas Caton Harrison

and Zhenjiang, which also saw relatively fast development during the first two decades of the reform era. Thus, as of the mid-1990s, Jiangsu had a regionally uneven pattern of development but also a polycentric one; there was no single preponderant metropolis.

North of the Yangtze River, Subei remained much poorer than southern Jiangsu. With a dense rural population, small urban centers (with the exception of Xuzhou), and high rates of outmigration, Subei had a legacy of rural poverty and struggled to take off economically during the first two decades of reform (Wei 2000). Although prefectural-level cities like Nantong and Yangzhou located along the Yangtze River corridor had per capita GDP levels close to the provincial average, northern city-regions like Xuzhou, Suqian, Huai'an,

TABLE 7.1 Overview of outcomes in Jiangsu

Time period	Spatial development model	Signature plans and policies
Late 1990s	Dispersed development	Joint Regional Development Strategy
Early- to mid-2000s	Mixed/metropolitan-oriented	Three Metropolitan Circles Plan; Riverside Development Strategy
Late 2000s	Dispersed	Coastal Development Strategy

and Yancheng remained predominantly rural and were far poorer than the province as a whole as of the mid-1990s.

Jiangsu's spatial development strategy shifted frequently between the late 1990s and early 2010s; table 7.1 provides an overview of these swings. During the mid-1990s, Jiangsu introduced a set of policies to spur development in the lagging north of the province under the heading of Joint Regional Development (*quyu gongtong fazhan*). Around the turn of the century, the focus of development efforts swung back to more developed areas, as Jiangsu articulated a new strategy of building up and integrating three different "metropolitan circles" (*dushi quan*) across the province, including a Suzhou-Wuxi-Changzhou Metropolitan Circle (SWC) in the southeast, a Nanjing Metropolitan Circle (NMC) in the southwest, and a Xuzhou Metropolitan Circle in the northwest. This policy was short-lived, however, superseded in the mid-2000s by a Riverside Development (*yanjiang kaifa*) strategy that promoted development in the Yangtze River corridor. This strategy, too, lasted only a few years. In 2007, Jiangsu launched a new Coastal Development (*yanhai kaifa*) strategy that prioritized development of the prefectural-level cities along Jiangsu's east coast. During the period of interest, then, the regional orientation of development remained in flux.

Amid shifting economic winds and policy tides, the spatial distribution of investment and economic growth within Jiangsu varied over time instead of displaying a sustained bias. Jiangsu's north-south development imbalance did not disappear but did not worsen much either. And while Jiangsu's larger cities performed well, they did not dramatically outshine the rest of the provincial economy the way Changsha did in Hunan. Figure 7.2 shows the changing distribution of population and GDP across different Jiangsu cities between 1997 and 2012. Suzhou, Jiangsu's largest economic center, outpaced other regions of the province in terms of economic growth. Whereas Jiangsu as a whole grew at a CAGR of 11.1 percent between 1997 and 2012, Suzhou grew at 13.1 percent. Suzhou's share of GDP rose from 17.5 percent to 21.5 percent, and the city's share of various types of public goods also increased. However, investment was not disproportionately tilted in Suzhou's favor, with the city accounting for 18.5 percent of Jiangsu's total FAI during the 2000s. Nanjing, Jiangsu's

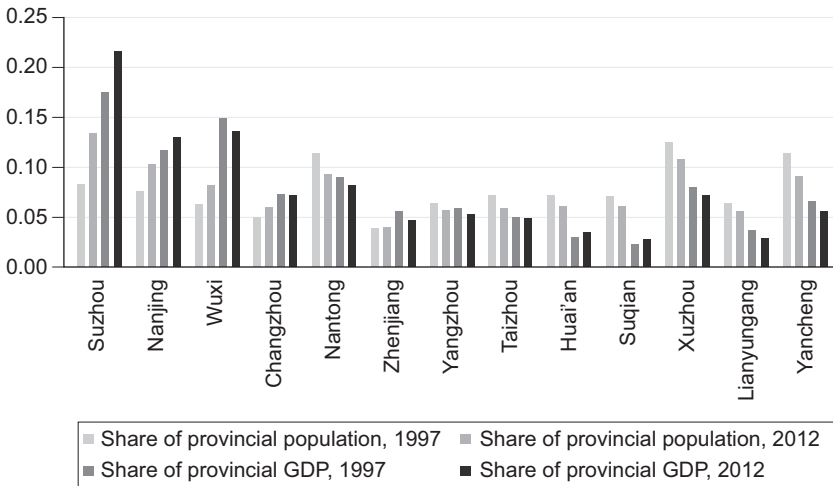


FIGURE 7.2: Jiangsu cities' shares of provincial population and GDP, 1997 and 2012

Source: CDO; Jiangsu Statistical Yearbooks; author's calculations

capital and the province's largest city by urban population, also grew rapidly, with a CAGR of GDP of 12.3 percent between 1997 and 2012. Nanjing's share of Jiangsu's GDP climbed slightly, from 11.7 percent to 12.9 percent, and the city captured 15.3 percent of total investment between 2001 and 2010. Wuxi, another major city in southern Jiangsu, saw its share of provincial GDP fall.<sup>3</sup> Together, Suzhou and Nanjing's share of provincial GDP climbed from 29.2 percent in 1997 to 34.4 percent in 2012, and the two metropolitan cities accounted for a combined share of 33.8 percent of FAI during the 2000s (CDO; Jiangsu Statistical Bureau, various years; author's calculations).<sup>4</sup> Spatial development thus tilted slightly in favor of metropolitan cities, but not nearly as dramatically as in Hunan or as in late-2000s Shaanxi.

A number of secondary city regions across Jiangsu—both in the southern and northern halves of the province—experienced rapid economic growth and recorded large quantities of investment. Changzhou and Taizhou nearly kept pace with the leading economic centers of the Yangtze River corridor. The economies of historically underdeveloped northern city-regions such as Huai'an and Suqian accelerated, and grew slightly faster than the province overall between 1997 and 2012. Jiangsu's slowest-growing regions were the northern cities of Lianyungang, Xuzhou, and Yancheng, but even these areas only slightly trailed the overall provincial growth rate. These cities' combined share of provincial GDP dropped from 23.4 percent in 1997 to 21.8 percent in 2012 (CDO; author's calculations). Across Jiangsu, the ratio of urban to rural income rose from 1.76 in 1997 to 2.43 in 2012, but still remained lower than in many parts of the country. Thus, even as Jiangsu's top cities became slightly

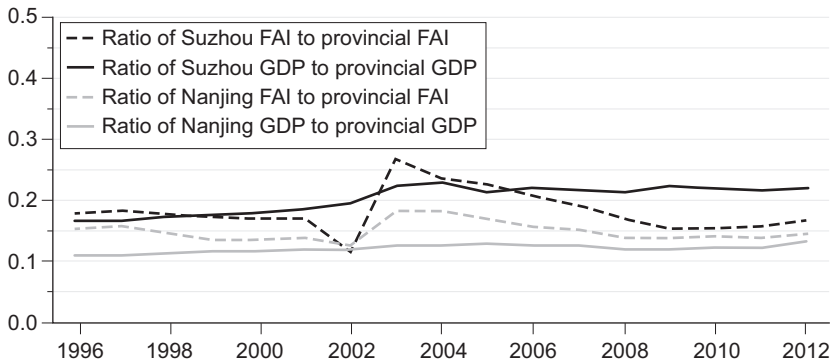


FIGURE 7.3: The changing fortunes of Jiangsu's metropolitan cities

Source: CDO; Jiangsu Statistical Yearbooks; author's calculations

more dominant economically, much of the province shared in the benefits of rapid growth.

If Jiangsu's urban and industrial development was relatively dispersed overall, however, there was marked variation over time in the slant of new investment and growth. Figure 7.3 shows year-by-year trends in Suzhou's and Nanjing's shares of total provincial FAI and total provincial GDP. The graph shows a spike in the early 2000s in the share of investment concentrated in Suzhou and Nanjing, and an acceleration in the cities' economic growth. During the late 1990s and again in the late 2000s, however, development was far less metropolitan-oriented. Suzhou captured a relatively limited share of investment, and Nanjing's share of investment declined, while secondary cities and hinterland regions in northern Jiangsu fared relatively better.

To be sure, Jiangsu's geography and initial economic-structural conditions help account for its relatively dispersed development. Jiangsu was wealthier than most of China's provinces, and with a number of dynamic cities at the outset, there were several economically viable investment locations. Various cities lay within the greater YRD, in the orbit of China's largest metropolis, Shanghai. While Suzhou had great economic endowments and geographic advantages and was bound to thrive economically, it was not the only well-positioned city in the province. Meanwhile, Jiangsu's manufacturing-heavy industrial structure may also have limited the metropolitan slant of development. As it entered the twenty-first century, Jiangsu's largest sectors included textiles, chemicals, electronics, and electrical machinery and equipment. Over the course of the decade, advanced manufacturing and heavy industry boomed, with the electronics, equipment and machinery, chemicals, and steel industries at the fore (Jiangsu Statistical Bureau 2001, 2011).<sup>5</sup> Compared with service sectors and knowledge-based industry, large-scale, standardized man-

ufacturing operations have less need for the special amenities and human capital large metropolitan centers offer.<sup>6</sup>

However, as I discuss below, Jiangsu's spatial development patterns were also a function of political forces. The relatively large quantities of investment that flowed to Nanjing were partly the product of policies to bolster the capital region's development. The acceleration of growth in Taizhou, Huai'an, and Suqian stemmed in part from policies to support the poor city-regions of the north and link Subei and Sunan. The sharp variation seen over time in Jiangsu, too, reflects the impact of shifting policies and points to the continual tension between concerns of urban competitiveness, on the one hand, and territorial consolidation, on the other.

### **An Uneasy Economic Leader**

As an economic frontrunner, Jiangsu has juggled a more complex set of challenges than the provinces examined in previous chapters. The dynamism of Jiangsu's localities has been a driver of growth but also a threat to the economic and political coherence of the province. Long-standing disparities between northern and southern Jiangsu grew sharper in the first two decades of reform, forcing provincial leaders to address challenges of territorial cohesion. But amid China's economic restructuring, even Jiangsu's leaders worried about maintaining the competitiveness of their main cities.

With fertile farmland, abundant freshwater, and a prime location at the mouth of the Yangtze River, Jiangsu has for centuries been one of China's most economically advanced provinces. Following the rapid development of Shanghai and other treaty ports in the late nineteenth and early twentieth centuries, Jiangsu also became an important hub for international commerce. Shanghai historically belonged to Jiangsu's territory, and the city's rapid economic rise and urban growth drew in many people and economic resources, helping to propel social and economic modernization in nearby areas of Jiangsu (Jacobs 1999, 115–19).

Decades of political turbulence during the mid-twentieth century did not negate Jiangsu's underlying strengths. The YRD region formed the political and economic core of Chiang Kaishek's Nanjing-based Nationalist regime and suffered a heavy human and economic toll in the war years of the 1930s and 1940s. Subsequently, Jiangsu found itself somewhat sidelined under Communist rule. The establishment of a planned economy geared toward heavy and defense industries did not bode well for a coastal province with a capitalist economy and close ties to the old regime. Jiangsu received little large-scale industrial and infrastructure investment during the Maoist era;<sup>7</sup> only a few major cities, including Nanjing, Wuxi, and Xuzhou, became important centers



in the state-owned economy (Wei 2000, 147–48). Suzhou, historically a dominant economic and cultural center in the province, was largely bypassed in China's efforts to build up a planned economy. However, Jiangsu's limited integration into the planned economy was also a benefit. Prior to 1949, a capitalist economy had taken root, and dynamic local industry in Jiangsu persisted through the Maoist period even as ownership forms changed. Jiangsu's agricultural bounty helped insulate it during the famine years at the end of the Great Leap Forward, and during the 1960s and 1970s, towns and villages in southern Jiangsu nurtured local industry despite national campaigns emphasizing agriculture (Zheng 2007, 119–24; Marton 1995). When policies shifted after 1978, Jiangsu enjoyed a head start in reform.

In the two decades between the mid-1970s and the mid-1990s, Jiangsu again emerged as an economic powerhouse as localities took advantage of reform and opening. National development policies became more favorable to coastal provinces during the mid-1970s (Wei 2000, 151), and the increased emphasis on collective industry and start of rural reforms in the late 1970s and early 1980s enabled rapid growth in Jiangsu. During the 1980s, TVEs engaged in processing and labor-intensive manufacturing boomed across the countryside of southeastern Jiangsu, stimulated by proximity to the markets of Shanghai and other major YRD cities. Large numbers of erstwhile farmers streamed into thriving local enterprises, “leaving the soil but not leaving the village” (*li tu bu li xiang*) (Ma and Fan 1994; Yao et al. 2010, 254). The TVE boom allowed for rapid accumulation of wealth and the rise of local industrial and commercial networks in Suzhou, Wuxi, and neighboring cities.

Several of Jiangsu's cities became focal points for market reforms and outward-oriented development. Under the central government's Coastal Development Strategy of the mid- and late 1980s, many localities in Jiangsu were given preferential policy designations.<sup>8</sup> After 1990, when Beijing approved the establishment of the Pudong New Area and Shanghai entered a period of dramatic growth and internationalization, large-scale export-oriented manufacturing and foreign direct investment in Jiangsu also took off. Jiangsu's Party Committee in August 1990 announced it would pursue a foreign-oriented economic strategy (Song 2011, 325–26), and, following Deng's 1992 Southern Tour, provincial authorities endorsed the creation of new development zones by local governments.<sup>9</sup> With localities in southern Jiangsu creating development zones at a frenzied pace in the 1990s, manufacturing and foreign investment grew dramatically and urbanization accelerated (*ibid.*, 332). The development indicators in table 7.2 provide a snapshot of Jiangsu's economic strengths circa 1996. During the decade of the 1990s as a whole, Jiangsu recorded a CAGR of GDP of 13.1 percent, ahead of the overall national rate of 10.7 percent (CDO; author's calculations). Southern Jiangsu, including Suzhou, Wuxi, Changzhou, Nanjing, and other urban areas, devel-

TABLE 7.2 Jiangsu's development indicators circa 1996 and 2012

Indicator	1996	2012
Population (mn)	71.1	79.2
GDP per capita (yuan)	8471	68347
(FDI + exports)/GDP (%)	23.0	43.2
Primary:secondary:tertiary industry (%)	17:51:32	6:50:44
Urban population proportion (%)	26.0*	63.0**
Suzhou and Nanjing urban populations (mn)	1.76*; 2.65*	7.63**; 6.55**

Sources: CDO; Jiangsu Statistical Yearbook; author's calculations.

\* Based on agricultural/non-agricultural distinction; \*\* based on urban-rural distinction.

oped faster still. By the second half of the 1990s, Suzhou—with several rapidly expanding development zones—had emerged as one of China's key centers for FDI. Jiangsu's overall economic progress during the first two decades of the reform era gave provincial policymakers reason to be more confident than leaders in Hunan, Jiangxi, or Shaanxi about competing in the global economy.

If they were optimistic about Jiangsu's economic outlook, policymakers had grown more concerned about spatially uneven development by the mid-1990s. Devolution of administrative powers and resources to the city level had helped southern cities thrive, but central and northern Jiangsu, poorer to begin with, had lagged even further behind during the 1980s and early 1990s (Zhao 2009, 24). As of the early 1990s, southern Jiangsu was home to seven out of China's ten leading county-level economies, but the province also contained nine officially designated poor counties (Jacobs 1999, 136). In 1996, per capita fiscal revenues in Suzhou and Nanjing were 1,117 and 1,501 yuan, respectively, while Jiangsu's poorest areas like Suqian and Yancheng had per capita revenues of 160 and 240 yuan, respectively (Wei 2000, 175). These stark regional disparities posed a variety of risks. In addition to slow economic development, limited employment, and stubborn rural poverty in northern Jiangsu, policymakers worried about over-concentration of people in southern cities and the resulting strains on public services and social stability (Interview NJ071205a). Southern Jiangsu's economic boom during the 1990s attracted millions of migrants from the north and from outside the province.<sup>10</sup>

Beyond creating new governance challenges, uneven regional development jeopardized the very cohesion of the province. As Shen Liren, an economist at the Provincial Academy of Social Sciences, noted in a 2003 newspaper interview, the severity of Jiangsu's north-south divide even led some to discuss the possibility of breaking up or reorganizing the province administratively (Jingji guancha bao 2003). Meanwhile, the economic strength and outward orientation of major cities raised concerns about the possibility of their de

facto or de jure breakaway from the rest of the province. Wealthy cities like Suzhou bridled at provincial interference in their affairs and the historical tendency for provincial authorities to redistribute their resources to poorer parts of Jiangsu. In turn, Suzhou's economic strength and cultural localism made the provincial government wary of Suzhou's aspirations for greater administrative autonomy (Interview SZ011307a) and made provincial authorities eager to maintain control over the city while building it up economically. The fact that Shanghai historically had annexed counties from Suzhou and continued to covet parts of Suzhou's territory only added to Jiangsu's anxiety. In the words of one former official from Suzhou, the city was like "a slice of fatty meat" (*yi pian fei rou*) coveted by various subnational governments (Interview SZ011307a). Later in the chapter, I discuss how struggles for control over Suzhou's territory and resources have shaped approaches to metropolitan development and governance.

Even in Jiangsu, however, external economic competition meant that provincial authorities could not neglect the development of larger cities like Suzhou and Nanjing. Policy elites worried that if Jiangsu failed to modernize its cities and industry, the province could lose its position in China's fluid economic landscape. Jiangsu's economic performance in the 1980s and 1990s compared well with that of the country as a whole, but the province trailed behind Guangdong in terms of economic output and trade, and Jiangsu had formidable rivals like Zhejiang and Shandong next door.<sup>11</sup> While Jiangsu's TVE sector was well suited to low value-added manufacturing, it was unclear whether Jiangsu could develop knowledge- and capital-intensive industries without big cities that offered advanced infrastructure and amenities. As of the late 1990s, Jiangsu's top cities were smaller and less sophisticated than rival urban centers like Guangzhou and Shenzhen—let alone Shanghai. Breaking out of Shanghai's shadow and increasing Jiangsu's long-term economic competitiveness would require grooming more advanced industries and bigger cities with better amenities. Indeed, Jiangsu's goal of strengthening its role as a key base for foreign trade and investment and upgrading its economy out of labor- and resource-intensive export-processing industries and low-end manufacturing made the strength of metropolitan regions especially important. The problem of enhancing outward competitiveness loomed especially large at the turn of the century, as Jiangsu worked to recover from the impact of the Asian Financial Crisis and prepared for the opportunities and challenges of WTO accession.

### Jiangsu's "Paradoxical" Weakness

Besides the fact that Jiangsu's leaders have juggled conflicting development challenges, there have also been political reasons for frequent shifts in policy. It is more difficult in the first place for government actors to influence the

distribution of resources in relatively open and market-oriented provinces such as Jiangsu than in relatively closed, state-dominated provincial economies like Hunan and Shaanxi.<sup>12</sup> But Jiangsu's limited strength as a political-administrative entity is another key reason for why it has been difficult to reach consensus on development policy and coordinate governance. As past scholarship observes, Jiangsu's powerful economy and high profile in national politics have not always translated to a capacity for effective policymaking. Jacobs (1999) remarks that "although Jiangsu clearly ranks as an important province, paradoxically the province itself appears weak," while "leadership at the sub-provincial level seems more relevant" (139–40). Similarly, Wei (2000) notes the Jiangsu government's limited developmental capacity, describing the province as "relatively weak in adjusting investment allocation across sectors and regions" (173–77). On the one hand, Jiangsu's territorial fragmentation enables localities to defend their own interests and makes it hard to focus policy support narrowly. On the other hand, the central government has historically kept a close watch on affairs in the province, limiting Jiangsu's maneuvering room.

Few provinces in China line up neatly with economic or cultural regions, as scholars since Skinner (1977) have noted, but Jiangsu has a particularly splintered geography. In addition to the physiographic and economic-structural divides between the northern and southern parts of the province, cultural and linguistic cleavages run through Jiangsu. Jiangsu's major urban centers move in different economic orbits, many of them cross-provincial, and local identities often outweigh provincial attachments. Despite its status as Jiangsu's contemporary capital and largest city by core urban population, Nanjing has never been the undisputed economic or cultural center of the province. Suzhou and the neighboring cities of Wuxi and Changzhou belong to the Wu cultural region and have close economic links to Shanghai. Identifying with the YRD region's tradition as a national center of high culture, commerce, and industry, these localities have long had a testy relationship with provincial authority. Though less prominent than Nanjing as a political center, Suzhou historically was a more important economic hub and served for part of the Qing Dynasty as Jiangsu's capital (Jacobs 1999, 114, 141). Meanwhile, northern Jiangsu has little in common with the south economically or culturally, more closely resembling neighboring areas of Anhui and Shandong.<sup>13</sup> Frequent reorganization of Jiangsu's administrative boundaries during the twentieth century aggravated these underlying regional divisions.<sup>14</sup> As late as 2003, rumors flew about the possibility that Jiangsu might be split up, with Nanjing elevated to centrally governed status, Kunshan transferred to Shanghai, and a new provincial capital established (Jingji guancha bao 2003). This legacy of territorial instability in Jiangsu complicates provincial policymaking and may strengthen localism.<sup>15</sup>

The limited administrative authority of the provincial government and the strength of localities in Jiangsu also reflects reform-era institutional

arrangements. To spur local governments' enthusiasm for economic growth and reform during the 1980s, Jiangsu chose to devolve many enterprise management functions to lower-level governments, allow more retention of fiscal revenue and cultivation of extra-budgetary revenue at the local level, reduce the number of mandatory planning targets, and expand cities' foreign economic policy powers. Jiangsu's early adoption in 1983 of a "city manages county" (*shi guan xian*) policy throughout the province, and promotion of horizontal market links among localities inside and outside the province, expanded the economic governance role of municipal governments (Wei 2000, 151, 169–74; Zheng 2007). And the proliferation of locally managed development zones in the early 1990s further strengthened city governments' economic powers (Zweig 2002, 82–86). While such administrative decentralization helped many cities and counties in Jiangsu become strong territorial actors in their own right, Jiangsu's largest cities grew especially powerful. In many provinces, only the party secretary of the provincial capital holds a seat on the provincial party standing committee, but it has been typical in recent decades for Nanjing, Suzhou, and Wuxi each to occupy a seat in Jiangsu's top political body (Interview NJ021204b; China Directory). The presence of municipal leaders in this body gives major cities political leverage at the highest levels of provincial policymaking.<sup>16</sup> At the same time, Nanjing's deputy-provincial status and Suzhou's special administrative arrangements give these cities a higher degree of economic policy autonomy than ordinary prefectural-level cities.<sup>17</sup> As one provincial government expert noted, the institutionalized power of top cities makes it hard to orchestrate major policy initiatives, and provincial policymakers can be hesitant to intervene in local affairs because of pushback from powerful local interests (Interview NJ071205a). Likewise, a central government expert who has been involved in many regional planning efforts likened Jiangsu's major cities to grown-up children who do not listen carefully to their provincial parents (Interview BJ061307b).

Besides the power of localities, a tradition of central state oversight and intervention has also constrained Jiangsu's policymaking autonomy. For centuries, the YRD region has had close links to central authorities and high levels of state penetration. During the history of the PRC as well, Beijing has maintained tight political and economic ties with the YRD region, supporting the region but also placing high demands on it. Beijing has collected large amounts of fiscal revenue from Jiangsu, flexing political muscle when necessary to ensure contribution of a large share of its resources.<sup>18</sup> At the same time, the central government has worked in recent decades to promote the development and economic integration of Jiangsu and the greater YRD region (Li 1997; Interview NJ081205a). Beijing has invested heavily in the area and extended many preferential policies to Shanghai, Jiangsu, and Zhejiang. Yet, while Jiangsu has enjoyed easy political access to Beijing and has benefited from cen-

trally conferred preferential policies and from state investments in the cities of southern Jiangsu, close attention from the central government has also limited Jiangsu's maneuvering room.

In addition to administrative legacies, Jiangsu's provincial-level weakness relates to fiscal arrangements. Compared with other provinces, fiscal resources in Jiangsu were highly concentrated at the sub-provincial level in the late 1990s (Zheng 2007, 139–40; Wong 2002, 25). Jiangsu contains several cities— Suzhou, Nanjing, Wuxi, and Changzhou, among others—that have dynamic local economies, strong fiscal bases, and deeply entrenched local bureaucratic establishments. Because provincial authorities rely on the fiscal strength and administrative capacity of key cities to achieve Jiangsu's broader development goals, these cities enjoy special “speaking rights” (*fayan quan*) in provincial affairs (Interview NJ031204a; Jacobs 1999, 118). At the same time, both historically and in the post-1949 period, Jiangsu has handed over a large quantity of fiscal revenue to the center, shouldering an outsize piece of China's fiscal burden (Whitney 1970).<sup>19</sup> During the early years of the reform period, Jiangsu's rates of revenue remittance remained among the highest in the country (Zheng 2007, 117–18).<sup>20</sup> And following China's 1994 fiscal reforms, Jiangsu's upward fiscal transfers to the central government expanded further, with the province transferring 17 billion yuan in value-added tax and 2 billion in consumption tax out of a total revenue stream of 35 billion yuan (Wei 2000, 173). With Jiangsu as a whole transferring a large amount of revenue to the central government and wealthy areas in the province retaining much revenue locally, the provincial level often has been squeezed fiscally (Zheng 2007, 126–27). As a provincial policy expert quoted in Jacobs (1999) notes, “Fiscally, in addition to sending revenues to the center, a large proportion is left in localities. Provincial-level finances are threadbare. Money and credit . . . is basically stripped off to the municipalities. The ability of the province to shift and control [funds] is weak and it is very difficult to concentrate strength to do anything substantial” (141).<sup>21</sup>

Finally, as discussed in previous chapters, provincial strength in a multi-level policy process also depends on how much political capital and individual dynamism top leaders can muster. During the 1990s and 2000s, the characteristics of Jiangsu's top leaders limited the provincial establishment's ability to take the initiative in policymaking. For much of the period of interest, Jiangsu lacked rising-star leaders. Chen Huanyou, who served as party secretary in the late 1990s, and Liang Baohua, who held the post in the late 2000s, lacked high political profiles. Having advanced their careers within Jiangsu, neither appeared to possess strong ties to the central party establishment, and both were nearing retirement age at the time of their appointments. During the early and mid-2000s, however, the presence of politically well-connected party secretaries strengthened the provincial establishment. In particular, the arrival in

2002 of Li Yuanchao gave Jiangsu a top leader with the clout to launch bold policy initiatives.

### **The Mid- and Late 1990s: Dispersed Development and Its Detractors**

During the second half of the 1990s, Jiangsu's leaders began to rethink a locally driven development model that had brought dynamism but also disparities. Policymakers adopted stronger measures to address the north-south gap, and took new steps to promote large-scale, capital-intensive industry. Lacking the acute sense of crisis in places like Hunan, and operating under a cautious provincial leadership team, however, Jiangsu was slow to abandon its traditional focus on smaller cities. Jiangsu's embrace of big-city urbanization did not simply happen spontaneously; it required external economic shocks and active policy advocacy.

#### **COORDINATED REGIONAL DEVELOPMENT IN JIANGSU**

As Jiangsu entered the second half of the 1990s, provincial leaders faced both economic and political pressure to develop a clearer strategy for spatial development. Though Jiangsu's economy grew rapidly in the mid-1990s, the problems of locally driven development were accumulating. Decentralized governance and policy support for the TVE economy had helped southern cities achieve rapid GDP growth, shift labor out of agriculture, and build up wealth, know-how, and market infrastructure. But regional disparities between southern and northern Jiangsu were worsening. As a contemporary analysis noted, "The intensification of the Sunan-Subei divide and rising regional conflicts have concerned the provincial government of Jiangsu. Subei has argued forcefully that favorable reform and open door policies be extended to Subei and regional bias towards Sunan reduced" (Wei 2000, 200). There was also political pressure on Jiangsu from the central government to address growing regional gaps, as "coordinated regional development" emerged as a watchword of national policy under China's Ninth (1996–2000) FYP, and Beijing pressed provincial governments to reduce regional gaps and do more to address poverty (*ibid.*).

The provincial leaders to whom it fell to craft such a strategy were not the type to step too far out of line with central demands. Chen Huanyou had served as provincial party secretary since 1993, and by the late 1990s was nearing the age of mandatory retirement.<sup>22</sup> Originally appointed as party secretary after Shen Daren was removed from the position for resisting Beijing's fiscal recentralization efforts, Chen had a reputation as someone deferential to the center's wishes (Chung 1995). Chen had previously served as governor and held other high offices in the province, but he had little work experience



outside of Jiangsu (Liu 2014; China Vitae). Although Zheng Silin, who served as Jiangsu's governor between 1995 and 1998, was younger than Chen and brought more out-of-province experience, he too lacked the resume of a rising star.<sup>23</sup>

Under Chen, Jiangsu took new steps to spur development in lagging parts of the province. In 1994, Jiangsu had launched a "joint regional development" strategy aimed at addressing the growing income and internationalization gap between the north and south of the province. Policymakers called for development not simply in the Yangtze River corridor where most large cities and industry were concentrated, but also along four different development corridors (*si yan*) across the province, including the northern Longhai Railway corridor, coastal belt, and Grand Canal region. Over the following few years, Jiangsu adopted several initiatives to support this agenda, promoting development along the Longhai railway corridor between Xuzhou and Lianyungang, unveiling a "maritime eastern Jiangsu" (*haishang sudong*) strategy and launching a program to fight poverty in the Huaibei region. During the late 1990s, the provincial government increased north-south cooperation in cadre development and boosted Subei's share of major investment projects and fiscal spending (Jiangsu Yearbook Committee 1997, 18–26; Zhao 2009, 240–67). In accordance with the militaristic motto, "fight a hard war for five years, win a decisive victory in Subei," Jiangsu used infrastructure projects such as highway, bridge, and power plant construction to promote northern economic development (Song et al. 2005, 321–23). At the same time, Jiangsu carried out administrative adjustments to spur faster growth in Subei, elevating Taizhou and Suqian to prefectural-level-city status. This broad array of policy support quickly paid off in faster economic growth in Subei. Northern Jiangsu saw annual GDP growth of 11.8 percent between 1996 and 2000, faster than that of Jiangsu as a whole (*ibid.*).

While supporting the development of Subei, Jiangsu pursued a conservative urban policy in its economic core regions. Since the early 1980s, Jiangsu had exemplified China's national urban strategy of promoting development in smaller cities while controlling the growth of large centers. Provincial policies had contributed to dispersal of economic activity and people across towns and smaller cities, while larger cities had received less support and grown more slowly. Up through the mid-1990s, provincial policies had continued to limit the growth of the largest cities and the emergence of new large cities, instead prioritizing development of smaller urban-industrial centers (Tian 2011, 483–84). Even as policymakers in provinces like Guangdong and Hunan were re-orienting their development strategies to build bigger, more sophisticated cities, large urban centers in Jiangsu faced impediments to development. Lacking adequate urban infrastructure and burdened by the responsibility of restructuring state-owned enterprises, central city areas of Suzhou, Nanjing, and Wuxi continued to grow more slowly than smaller cities (*ibid.*, 484).



Suzhou as a whole enjoyed rapid growth between 1996 and 2000, and was second only to Shanghai in the amount of FDI recorded during this period (Song et al. 2005, 305). And, following the creation of the Suzhou Industrial Park and the Suzhou High and New Technology Development Zone (HTDZ), Suzhou's central-city area expanded more quickly. But Suzhou's core urban districts still accounted for a minority of the city's economic output, while sub-centers such as Kunshan and Zhangjiagang (which were home to labor-intensive manufacturing and port-facing industries) generated much of Suzhou's economic growth (Interview NJ11307a). Nanjing's economic development, too, lagged behind the growth of smaller cities in the southeast until the end of the 1990s. Transportation infrastructure and urban amenities remained patchy in Nanjing, and the central city faced serious traffic congestion problems (Song 2011, 249–51).<sup>24</sup>

By the late 1990s, an increasing number of policy experts saw the underdevelopment of big cities as a bottleneck constraining Jiangsu's potential. Prospects for further expansion of the TVE sector looked dim given intense competition in low-end industrial sectors. With southern Jiangsu's population and industrial base rapidly growing, dispersed urban development increasingly seemed like an inefficient use of land and infrastructure. Jiangsu's Provincial Party Congress in 1997 outlined plans for structural adjustment and upgrading, faster tertiary-sector growth, ownership reforms, and major infrastructure improvements across the province (Song 2011, 326–28). But it was unclear whether Jiangsu would be able to restructure its industrial economy without remaking its urban system.

### THE GRADUAL EMBRACE OF BIG CITY-CENTERED DEVELOPMENT

As in the other cases I have examined, the shift in Jiangsu toward a more metropolitan-oriented development strategy began with rising economic anxieties and picked up pace following changes in the intergovernmental power balance. After 1998, fallout from the Asian Financial Crisis and the looming prospect of China's WTO accession made concerns over economic competitiveness increasingly salient in Jiangsu. By disrupting export markets, foreign investment, and bank lending across Asia, the Crisis threatened the economic lifeblood of outward-oriented provinces like Jiangsu. Although capital controls insulated China's economy from financial spillovers and central stimulus measures prevented a catastrophic slowdown, Jiangsu's run of rapid development ended. Its growth rate dropped off sharply between 1997 and 1999, and its economy ceased to dramatically outperform the country as a whole as it had done in years prior.<sup>25</sup> Jiangsu's policymakers were also kept on their toes by breakthroughs in China's WTO accession negotiations during

the late 1990s. Accession to the WTO, planned for 2001, would bring improved access to export markets, foreign capital, and know-how for Jiangsu, but it would also mean more intense regional competition. To safeguard Jiangsu's position as an economic leader amid these shocks and changes, policy elites hoped to upgrade the province's industrial capabilities and improve the province's business environment.

Shifting economic concerns had direct implications for urban and regional policy. As policymakers in Jiangsu—and across China more broadly—confronted a slowdown of the foreign economic sector, they viewed accelerated investment in urban infrastructure, real estate, and capital-intensive industry as a way to maintain high levels of economic demand and output (Interview NJ071205a). Moreover, from the standpoint of provincial leaders trying to build up advanced manufacturing and technology industries, the smaller cities and towns that had anchored the TVE economy appeared seriously lacking in terms of infrastructure, market scale, and institutional quality. While Jiangsu's small-city urbanization model had worked well as a transitional approach, large, diversified urban areas with more advanced amenities were considered necessary for local competitiveness in a post-WTO accession context (Tian 2011, 502–19; Interview NJ071205a). City-level leaders in Suzhou, Nanjing, and other key cities were realizing the importance of upgrading their development zones in order to lure large-scale investments from American, European, and Japanese multinationals (Ren and Liu 2008, 24–26, 133–35). But provincial experts such as Tian Boping worried that Jiangsu's big cities still had a long way to go, noting that Nanjing ranked near the bottom of the list of China's multimillion-person cities on many economic indicators. Tian advocated building up three metropolitan circles, with particular emphasis on the Suzhou-Wuxi-Changzhou region and the Nanjing metropolitan area (Tian 2011, 502–19). As he noted in an article written during these years,

Carrying out the strategy of great expansion of urbanization, further spurring along Jiangsu's economic and social development and accelerating Jiangsu's modernization process by comprehensively pushing forward urban modernization, is good for increasing the international competitiveness of Jiangsu as a whole, resisting the impact force of the international market, and reducing the turbulence of WTO accession. (509)

Other policy experts, like Fan Chaoli, also believed development of large cities was crucial for economic restructuring and economic efficiency. Fan expressed concern that Jiangsu's urbanization was lagging behind that of Shandong and Zhejiang, where officials had adopted a “big-city urbanization” strategy between 1998 and 1999. He argued that a more metropolitan-oriented model could enhance development of the tertiary sector, advanced industry, and outward-oriented sectors (Fan 2010, 16–23). While some policy experts in

Jiangsu, such as Shen Liren, defended status quo urban policies and expressed concerns about deviating from the central line,<sup>26</sup> advocates of faster urbanization had grown numerous by the late 1990s.

The arrival of a new provincial leadership team opened a political window for Jiangsu to overhaul its urban development policy. Hui Liangyu, appointed party secretary in 2000, was a decade younger than the man he replaced and brought far-ranging experience in provincial leadership.<sup>27</sup> Under Hui and governor Ji Yunshi, who had been appointed in 1998, Jiangsu adopted a more competitiveness-oriented approach to economic and urban development. While the provincial government continued to put rhetorical stress on northern Jiangsu's development, actual policy support to the region diminished. And, whereas Jiangsu's Ninth FYP agenda had focused on modernization and building a moderately well-off society across the province, the new 10<sup>th</sup> (2001–2005) FYP highlighted the themes of regional competitiveness and economic restructuring (Zhao 2009, 240–41).

One of the most striking departures in Hui's development approach was its emphasis on building up Jiangsu's largest cities and the metropolitan regions around them. In July 2000, Jiangsu convened a major provincial meeting on urbanization work. The meeting introduced a new strategy for urban development, calling for "enlarging, strengthening, optimizing, and beautifying" (*zuo da, zuo qiang, zuo you, zuo mei*) Jiangsu's cities, and focusing to a greater extent on central cities such as Suzhou, Nanjing, and Xuzhou (Jiangsu Provincial Research Office 2010, 245–47). The explicit emphasis of the meeting on supporting large cities was a novelty in a province that had deliberately moderated the growth of large cities and promoted smaller centers' development since early in the reform period (Interview NJ081205a). And, though other provinces had already started to move in this direction, Jiangsu's new approach preceded a shift in official central policy and therefore carried some risk.

Several steps were taken to begin implementing this new vision for urban development. One of the first moves was to alter the boundaries of many cities and towns in Jiangsu, consolidating different units and annexing more territory and resources to large cities and key towns. In cities such as Nanjing and Wuxi, counties were changed into districts, and administrative boundaries were redrawn to enlarge central cities and give them access to more land. Suzhou's central urban area expanded with extensions of the large development zones on its eastern and western flanks (Yao et al. 2010, 255–63).<sup>28</sup> The provincial leadership also placed more emphasis on construction in and around top cities. After the turn of the century, construction of urban infrastructure in Nanjing accelerated and new highways and expressways were built to link the capital to other parts of the province (Tian 2011, 591–97). And, in 2000, Hui instituted a special annual meeting of the provincial leadership devoted to discussing ways to promote Nanjing's development (Interview NJ081205a). The development prospects of Xuzhou, the largest city

of northern Jiangsu, also brightened during 2001 and 2002. The provincial construction office held two meetings to discuss plans for a Xuzhou metropolitan circle, and a development plan was released in 2002 (Li 2012, 209–10).

In sum, by the turn of the century, Jiangsu was moving away from a model of dispersed, small-scale industrial and urban development and starting to embrace a more elitist industrial and urban development paradigm. This shift was driven in part by existing trends and on-the-ground necessities. The province's traditional growth model had begun to run out of steam, a lack of urban infrastructure in key cities was creating problems, and the province—like China more broadly—faced an increasingly competitive domestic and international economic environment. However, political activism, both on the part of dissatisfied provincial policy experts and on the part of top leaders, proved indispensable.

### **The Early 2000s: Jiangsu's Measured Metropolitanism**

For Jiangsu, as for many provinces across China, the early 2000s represented a high tide of urban ambition. As China emerged from the economic turbulence of the late 1990s and acceded to the WTO in the early 2000s, swift economic growth and internationalization resumed. The National 10<sup>th</sup> FYP made urbanization a national economic strategy and took a more permissive stance toward the development of larger cities. Against this backdrop, a more metropolitan-oriented development philosophy gained ground in Jiangsu. Egged on by economic competition with neighboring provinces and empowered by the presence of rising-star leaders, Jiangsu scaled up development initiatives in and around its leading cities.

While provincial leaders laid out bold goals for metropolitan development, their attempts to steer urban and industrial growth often collided with local interests. Progress was uneven, and compromises were required. The Three Metropolitan Circles strategy launched under Hui Liangyu in 2001 proved an unwieldy task for the provincial government, and the effort foundered within a few years of its launch. Li Yuanchao, Hui's successor, set in motion a more focused Riverside Development strategy in 2003 that simultaneously sought to strengthen Jiangsu's economic core region and better connect Sunan and Subei. By mid-decade, however, this strategy also faced mounting opposition both inside and outside Jiangsu.

### **THE THREE METROPOLITAN CIRCLES STRATEGY**

By the turn of the twenty-first century, localities in Jiangsu had recovered from the impact of the Asian Financial Crisis and were again growing at full tilt. However, provincial policymakers worried that, in the absence of higher-level

coordination, rapid growth was producing vicious local competition rather than an efficient division of labor. Jiangsu's leaders thus sought a spatial strategy that would coordinate urban and industrial development across the province with an eye to promoting overall economic competitiveness.

In 2001, Jiangsu's Construction Department issued a new strategy meant to address these goals. The Three Metropolitan Circles Plan laid out a strategic framework for developing Jiangsu's urban system based around the buildup and economic integration of the province's three largest urban areas—the Suzhou-Wuxi-Changzhou region, the Nanjing metropolitan area, and the Xuzhou area in northern Jiangsu. Compared with previous regional and urban planning approaches, the Three Metropolitan Circles scheme put more emphasis on the planning and development of large, internationally competitive urban regions as the foundation of economic growth and envisioned a larger provincial-level role in planning and facilitating this development. Yet, insofar as the plan conceived of the province in terms of discrete economic areas and named multiple focal points for investment, it also represented a compromise with Jiangsu's regional diversity and strong local interests.

The first order of business under the new development strategy was to produce a plan for the SWC Metropolitan Circle, which was approved by the provincial government in 2002. Aimed at integrating the development of infrastructure across the SWC urban belt, the plan was billed by some as the first comprehensive regional and urban development plan of its type in China (Luo Xiaolong 2011, 99–100). According to Jiangsu Construction Department director Huang Wei, the main motive behind the SWC Metropolitan Circle plan was to better orchestrate the resources and economic strength of the cities and thereby enhance competitive advantage (Xinhua ribao 2003a). The plan was strongly pro-growth, calling for several major new regional infrastructure projects, including a new Southern Jiangsu international airport, a new logistics center in Wuxi, and various rail and road transit projects.

The SWC Metropolitan Circle scheme had problems from the outset, however. First, the province-led planning approach was at odds with the actual balance of power between Jiangsu and the municipalities. While the province took control over the planning process, Jiangsu would have to rely on municipal governments, which had more operational capacity and financial resources available, to carry out most implementation of major projects (Luo and Shen 2008). But the scheme underestimated the difficulties of development coordination in a polycentric urban region in which city governments were fiercely guarding their economic turf and interests. Suzhou, Wuxi, and Changzhou had similar industrial structures and very competitive economic relations, and proved more interested in forging tighter links with Shanghai than in integrating with one another (*ibid.*). Making matters worse, the SWC Plan's relatively low administrative rank—it had been issued by an ordinary provincial depart-

ment—made it vulnerable to obstruction by lower levels of government (Interview NJ031204a).

Second, plan implementation was plagued by difficulties. In several instances, city governments did not comply with provincial plans for infrastructure projects and economic coordination. One well-known dispute concerned the question of where to locate a new airport for southern Jiangsu. While the province favored locating the new airport in Wuxi, Suzhou and Changzhou resisted this idea, instead backing plans for their own airports. As a result, hopes for a new Southern Jiangsu airport were temporarily put on hold (Luo and Shen 2008; Wong et al. 2008). Jiangsu also had to contend with efforts by city governments to draw up their own, conflicting metropolitan region plans (Luo 2011, 106–15). To enforce implementation, the province resorted to such measures as rotating municipal leaders between Suzhou and Wuxi, but even this failed to bring localities fully into line (Luo and Shen 2008). Though the SWC scheme facilitated new infrastructure projects in and around Suzhou, then, it failed to achieve its vision of an integrated urban region (Interview SZ021307a).

Perhaps in response to the lessons of the SWC scheme, Jiangsu followed a less top-down, more flexible approach in fostering the Nanjing metropolitan region. Provincial authorities built on existing planning frameworks and worked closely with city-level officials over the course of 2001 and 2002 to draft a Nanjing Metropolitan Circle Plan, which was formally approved in January 2003. To enhance metropolitan competitiveness, the new plan emphasized “building up the core city” (*zuoda hexin chengshi*) through faster development of Nanjing’s capital-intensive industries, urban amenities, and educational institutions, and it called for policy coordination and regional infrastructure to integrate the markets of Nanjing and neighboring cities in Jiangsu and Anhui (Nanjing Metropolitan Yearbook Committee, 2011, 8–30). Because the plan was cross-provincial, however, it could only serve as a coordinating framework; city governments would have to take the lead in implementation (Luo Xiaolong 2011, 116–17). A similar horizontal governance logic was evident in the creation of a Nanjing Metropolitan Circle Development Forum, which included representatives from city governments, businesses, and academic institutions. This bottom-up, consensus-based planning and governance avoided some of the inter-city and province-city interest conflicts that hampered the SWC Metropolitan Circle. But it also meant that political agency was diffuse and actual progress slow (Luo et al. 2010; Luo Xiaolong 2011, 120–25).<sup>29</sup>

If Jiangsu’s attempts to micromanage development at the metropolitan-regional scale had limited success, its big cities nevertheless enjoyed rapid development in the early 2000s. Supportive provincial policies combined with favorable macroeconomic conditions and city-level initiatives to enable

booming growth. Suzhou's core urban area, adjoined by the Suzhou Industrial Park, and county-level cities all grew rapidly as foreign investment levels rose to new heights following WTO accession and investment in urban real estate, and infrastructure surged under greater central and provincial support (Interview SZ031307a). A series of administrative mergers and upgrades after 2001 expanded Suzhou's central urban districts and bolstered development there (Xu 2010).<sup>30</sup> Meanwhile, Nanjing grew quickly under stronger provincial support and the energetic leadership of municipal party secretary Li Yuanchao. At the October 2001 11<sup>th</sup> City Party Congress, Nanjing's leadership outlined an aggressive urban development agenda to help the city's growth keep pace with that of Suzhou and Wuxi. To enhance Nanjing's economic competitiveness, Li called for building modern manufacturing industries, recruiting large-scale FDI, and expanding the city's development zones and new urban districts. With help from the province and Beijing, Nanjing adjusted its district boundaries and launched several new large-scale industrial investment projects on the outskirts of the city.<sup>31</sup> Jiangsu's big cities would see more of this mega-project-driven growth in the years to come.

#### RIVERSIDE DEVELOPMENT AND SURGING INVESTMENT IN NANJING AND SUZHOU

After Li Yuanchao was promoted from Nanjing's municipal leadership to the role of provincial party secretary in 2002, a more regimented and provincially driven development strategy took shape in Jiangsu. The Riverside Development program launched in 2003 aimed both at enhancing Jiangsu's economic competitiveness and at better integrating the province economically. While Riverside Development struck a balance between big-city and small-city development, it took a more regionally focused approach than the preceding Three Metropolitan Circles strategy and held out benefits for Jiangsu's main urban regions.

Li Yuanchao's political clout was instrumental in promoting a strategy that put provincial-level priorities front and center. Only fifty-two years old when he took over as Jiangsu's leader, Li had many years of political life still ahead of him and had garnered attention from political observers as a rising star in the party with close ties to senior leaders such as Hu Jintao (Li 2002b). Originally from Jiangsu, Li had spent much of his career in Beijing, where he had served in the Ministry of Culture and in the Information Office of the State Council (China Vitae; Baidu Baike).<sup>32</sup> Li's high-level connections in Beijing, along with his prior experience in Jiangsu serving as Nanjing's leader, gave him the mix of political capital and local knowledge to pursue an ambitious development agenda. Although Li would have to manage a partnership with Liang Baohua, a governor who had deep political roots in the province and did not



always share his priorities, Li made clear early on that he would not be a back-seat driver.<sup>33</sup> An early sign of Li's vision for Jiangsu was the "two take-the-leads" (*liangge shuaxian*) strategy announced at Jiangsu's 2003 Party Committee plenum, in which Li called for leading the country in "achieving modernization" and constructing a "moderately well-off society" (Song et al. 2005, 308).

As Li took over, Jiangsu faced intensifying economic competition from its neighbors but also felt pressure to address intra-provincial disparities. Between 2002 and 2004, both Shanghai and Zhejiang announced numerous policies to attract investment and upgrade their economic infrastructure. Shanghai's "173" project, for instance, extended development zone-style preferential policies to a much larger area of the municipality, while Zhejiang's Hangzhou Bay regional strategy sought to integrate Hangzhou and nearby cities into a powerful belt of industry (Jiangsu jingji bao 2004a; Tian 2011, 390–96). Shanghai also played economic hardball with cities in Jiangsu, shifting logistics flights on which Jiangsu-based industries depended away from Hongqiao Airport, which was located very near Suzhou, to Pudong Airport (Jiangsu jingji bao 2004a). To hold their own in this inter-provincial rivalry, Jiangsu's leaders believed it would be necessary to speed up development of industry clusters and logistics infrastructure (Interview SZ011307a). At the same time, however, with Jiangsu's southern cities booming economically and the north trailing, there was a renewed anxiety that the province was drifting apart. New efforts to enhance the competitiveness of southern Jiangsu's industry and infrastructure would only exacerbate these tendencies.

During his first year in office, Li launched a new Riverside Development strategy that tried to address both challenges at once. Based on input from the provincial Planning Commission, the new strategy prioritized development in the Yangtze River corridor running through the middle of the province (21 Shiji jingji baodao 2003a). By stimulating the development of heavy industry on both banks of the Yangtze and linking the two banks more tightly with new infrastructure and policy initiatives, the strategy aimed to make the province more economically integrated and competitive while also building a stronger foundation for future growth in central and northern Jiangsu (21 Shiji jingji baodao 2004).

Compared with the Three Metropolitan Circles plan it superseded, the Riverside Development plan was a more spatially focused strategy and had stronger institutional support. Rather than nurturing three separate economic regions, the strategy aimed to consolidate Jiangsu's economic heartland and make the province into a more unified economic entity (Wong et al. 2008). The planning area encompassed Nanjing, Zhenjiang, Changzhou, Yangzhou, Taizhou, Nantong, and parts of Suzhou and Wuxi adjacent to the Yangtze River. Smaller cities near the Yangtze would receive expanded development



support, but policymakers also stressed the role of key metropolitan areas in building an economic region. “Taking the Nanjing Metropolitan Circle and Suzhou-Wuxi-Changzhou Metropolitan Circle as vehicles,” the Riverside Development Master Plan said, Jiangsu should “organize an integrated space” (Jiangsu Provincial Government 2006). To provide executive support for the program, the province created a coordinating small group, with a high-level official in charge (*ibid.*). And Jiangsu’s Planning Commission, which held higher rank than ordinary provincial departments, oversaw implementation (Interview NJ031204a).

Although the provincial leadership made Riverside Development a top priority, not all of Jiangsu’s localities were enthusiastic. Li Yuanchao promoted the strategy at various public meetings and political events. At a forum held at Nanjing University in April 2003, Li Yuanchao stressed the importance of Riverside Development for Jiangsu’s economic future, calling for support from the whole province to help the initiative succeed (*Xinhua ribao* 2003b). In June 2003, provincial leaders convened a meeting with officials from the cities along the river corridor to discuss the new plan, mobilize support, and assuage local concerns about the new program. Despite such outreach, however, the new approach was not universally welcomed. Skeptics expressed concern that the strategy would marginalize large parts of northern Jiangsu, including the Xuzhou area and coastal areas far from the river belt (*Jingji guancha bao* 2003). The plan was also criticized as posing an environmental threat to downstream areas such as Shanghai (Interview NJ071205a).

Notwithstanding opposition from some quarters, Jiangsu’s leadership pressed forward quickly with implementation after 2003. The provincial government used infrastructure construction, financial support, and preferential resource allocation to spur faster development along the river corridor. One important policy tool was the allocation of generous land-use quotas to cities targeted by the plan, which gave them room to grow and a resource they could monetize for development purposes (Interview NJ051204a). At the same time, many new large-scale projects—bridges, port facilities, highways, and industrial operations—sprang up along the Yangtze’s banks in the mid-2000s. To speed up development of central Jiangsu and link northern and southern Jiangsu together, several major projects under Riverside Development targeted the Yangtze’s northern bank, including cities such as Jingjiang (Song et al. 2005, 314–17).

While the Riverside Development strategy could legitimately claim to be spurring growth in smaller river cities and better connecting the province, it also provided a framework for rapidly building up major metropolitan areas—especially Nanjing. Suzhou’s economy continued to grow rapidly following the launch of the Riverside Development strategy, buoyed by its local advantages but also helped by new investment in Zhangjiagang and other port cities

targeted under the plan. Riverside Development was a particular windfall for Jiangsu's capital. With nearly 200 kilometers of river bank and many large industrial zones located along the river, Nanjing stood to benefit greatly from Riverside Development. The strategy aligned well with existing plans to expand Nanjing's automobile, electronics, steel, and petrochemicals industries, strengthen transportation infrastructure, and extend the city's development across the Yangtze River (Zhongguo jingji shibao 2003). Under the program, the rapid development taking place in Nanjing since the turn of the century accelerated further. Major projects like the construction of a huge Longtan port facility, upgrading of Nanjing's Lukou Airport, construction of a new train station, and the building of Nanjing's first subway line proceeded rapidly. Nanjing also saw rapid development of new urban districts, including the Hexi area, a new Xianlin "university city," and new districts on the north bank of the Yangtze (Wang Wei 2006, 131–45; Ye 2011, 127–33).

Partly because of this burst of new construction, Riverside Development faced growing opposition inside and outside the province over time. New developments along the Yangtze River consisted mainly of heavy industrial plants and port facilities, and concerns over environmental pollution continued to mount. Meanwhile, many localities in northern Jiangsu continued to complain of provincial neglect, and there was mounting pressure for new policies that would help northern cities more directly (Interview NJ021204b). There was also growing political pushback from outside the province. Shanghai opposed the Riverside Development strategy, which aggravated pollution problems for downstream areas and placed competitive pressure on the municipality (Interview NJ071205a). The 2004 Tieben scandal, an industrial corruption case surrounding a steel enterprise built on illegally acquired land in Changzhou, brought bad media publicity and censure from Beijing (21 Shiji jingji baodao 2006b). And, with the central government stepping up efforts to promote inter-provincial coordination in the YRD region after 2004, sub-national programs that pitted one province against another ran afoul of Beijing's priorities as well. Notwithstanding these pressures, however, Li continued to champion Riverside Development and development of the greater Nanjing region through 2006.<sup>34</sup> By the time the program wound down in 2007, Nanjing and several other river cities had landed a hefty catch of new infrastructure and industry investment.<sup>35</sup>

In line with my larger theoretical arguments, then, provincial-level development priorities were ascendant during the tenure of a politically strong leader in Jiangsu. While Li Yuanchao's Riverside Development program was publicized as a way to better link the province's northern and southern halves and stimulate faster growth in the central part of the province, a closer look at its content and execution has shown that the policy was in large part geared toward enhancing provincial economic competitiveness and territorial

cohesion. Given Li's role in championing provincial-level interests, it is no surprise that spatial policies in Jiangsu would change again as his term neared its end and a less dynamic leader took over in Jiangsu.

### **The Late 2000s: Redistributing Development**

In 2007, the year Liang Baohua replaced Li Yuanchao as party secretary, Jiangsu launched a Coastal Development strategy that shifted the spatial focus of development away from the Yangtze River corridor to the less urbanized and industrialized coastal city regions of Lianyungang, Yancheng, and Nantong. Though in many ways a reversal of Jiangsu's more metropolitan-oriented development approach in the early 2000s, the emergence of the Coastal Development strategy is similarly illustrative of how relative economic performance and intergovernmental power dynamics combine to influence spatial policy.

#### **THE ROAD TO COASTAL DEVELOPMENT**

The origins and content of the Coastal Development strategy suggest that, to a greater extent than Riverside Development, it was a compromise not only between different policy priorities but also between different territorial frames for development—provincial, central, and local. Though mainly orchestrated by the provincial government, the Coastal Development strategy was also driven by pressures from above and below.

On the one hand, a shifting national-level agenda under Hu Jintao and Wen Jiabao placed new demands on provincial authorities during the 11<sup>th</sup> (2006–2010) FYP period to help less developed regions. During the 11<sup>th</sup> FYP period, Beijing also worked to craft a regional plan for the YRD that would better harmonize the development of Shanghai, Jiangsu, and Zhejiang and their subregions.<sup>36</sup> In this changing policy context, provincial leaders felt new pressure to address regional and socioeconomic inequality in a more head-on fashion (Interview NJ111307a). Indeed, Jiangsu's own 11<sup>th</sup> FYP took cues from Beijing and emphasized people-oriented and sustainable development as well as more rigorous spatial planning (Zhao 2009, 243). After 2005, the provincial leadership adopted a new set of measures to support development in the northern half of Jiangsu.<sup>37</sup>

On the other hand, calls from within Jiangsu for regional rebalancing had mounted by the late 2000s. While some provincial elites lamented that Suzhou and Nanjing still lacked the size and amenities to compete effectively with China's top-tier cities, it was harder to ignore the plight of northern Jiangsu following several years of rapid but uneven growth under Li Yuanchao. During the early 2000s, Jiangsu's GDP growth rate had far exceeded

the national baseline<sup>38</sup> and cities along the Yangtze River corridor had thrived, but the coastal belt found itself more marginalized than ever. Afraid their regions would be left behind and aware that Jiangsu could afford more regional redistribution, leaders from cities like Lianyungang grew more assertive in seeking economic aid.

As political pressures from above and below to re-orient development were rising, the bargaining power of the provincial level was weakening. In Li Yuanchao, Jiangsu had had a political heavyweight leader, but this was not the case with his successor, Liang Baohua. Liang was promoted from the post of governor to provincial party secretary in 2007,<sup>39</sup> and despite his long experience within Jiangsu, he lacked Li's national-level profile. He was already in his early sixties—and thus close to the end of his official career—when he took over (*China Vitae*), and showed less interest than Li in the game of inter-provincial economic competition.

Even while serving as governor under Li, Liang had favored more development aid for Jiangsu's lagging coastal regions, albeit with limited success. Work by provincial government departments to draft an Overall Plan for Coastal Development began in early 2004 (*Yangzi wanbao* 2009). In early 2005, the provincial People's Congress took up and forwarded to the provincial government a proposal for a new Coastal Development initiative. At that time, however, conflicting views within the provincial leadership—particularly resistance from policymakers who saw Riverside Development as the top priority—stalled the launch of a new program (21 *Shiji jingji baodao* 2006b). Liang continued to push for economic support to coastal cities over the course of 2005 and 2006, but his ideas did not immediately gain traction.<sup>40</sup>

While provincial-level consensus behind a Coastal Development strategy was initially lacking, municipal lobbying and central pressure proved instrumental in shifting Jiangsu's policy approach. The city of Lianyungang, in particular, became a focus of policy change, both because of local activism and because of central government concern for the city's development. After Wang Jianhua took over as Lianyungang party secretary in 2005, the city's development kicked into high gear. Under Wang's leadership, Lianyungang managed to gain control from Jiangsu province over a large tract of land that had divided the city's eastern and western halves, hindering integrated development. Placed under municipal jurisdiction, the city was able to repurpose the land as a site for large-scale urban and industrial development (Zhang 2013). At the same time, Lianyungang's leaders actively sought out high-level support for their city. Indeed, it was rumored that Wang appealed personally to premier Wen Jiabao to visit Lianyungang and endorse a new wave of development there (Interview NJ111307a).

Whether or not such overtures were effective, the central government had its own reasons to support a buildup of Lianyungang and northern Jiangsu

more broadly. Since before the founding of the PRC, China's national leaders envisioned Lianyungang, with its excellent natural port and its position as the eastern terminus of the Longhai Railway, as the anchor of a future east-west development axis crossing China's heartland. During the post-1978 period, Beijing continued to show considerable interest in the city's development, conferring many special development policies on the city. And, with a renewed push after the turn of the twenty-first century to link China's coastal economy and western provinces, Lianyungang and the larger Longhai railway corridor's importance in the national scheme of regional development rose again. Northern Jiangsu's considerable land resources also held strategic importance in the eyes of the central government, both as a buffer for China's agricultural land supply, and as a reserve of "development space" for the YRD region (Zhang 2013).

The central government made clear its concern for northern Jiangsu's development when Wen Jiabao made a high-profile visit to Lianyungang in early January 2007. After a New Year's visit with villagers, Wen returned to urban matters, calling on Jiangsu to build up Lianyungang's industry and infrastructure. Wen said that he paid personal attention to Lianyungang's development, stressing the city's significance for China's national economy as a key port and the eastern end of a new Eurasian "land bridge" (*luqiao*) (State Council General Office 2007).

The premier's visit elicited swift action from Jiangsu's leaders. Provincial leaders held a meeting in early March 2007 to unveil plans for a new development drive in Lianyungang. Li Yuanchao, Liang Baohua, and other officials called for building up Lianyungang as the "dragonhead" (*longtou*) of northern Jiangsu and discussed plans to extend various forms of economic support to the city. Li advocated using financial support, resource allocation, project placement, and cadre appointments to spur growth in Lianyungang, and Liang similarly stressed the need for an approach where "the government takes the lead" to help Lianyungang overcome economic marginalization (Xinhua ribao 2007).<sup>41</sup>

Close attention from the premier placed pressure on Jiangsu to address national-level priorities but also opened a window of opportunity for provincial authorities to request expanded central support. After taking over as Jiangsu's provincial party secretary in October 2007, Liang sought Beijing's support for a larger Coastal Development strategy that would include not only Lianyungang but also Yancheng and Nantong. The provincial government launched new rounds of research and planning, and also mobilized a cast of dignitaries and respected academics to speak up in favor of the plan (Interview NJ111307a).

After more than a year's wait, Jiangsu in June 2009 managed to obtain State Council approval for its Coastal Development plan. Following this green light,

the provincial leadership promulgated an opinion on Coastal Development and drew up a flurry of specialized plans for project implementation. To provide financial and organizational support for the program, the provincial government created a capital-raising platform and established a Coastal Development enterprise group (Jiangsu Provincial Research Office 2010, 282–98). Along with the city governments of Lianyungang, Yancheng, and Nantong, the provincial government made major investments in transportation infrastructure and worked to build new industry clusters across the coastal region. Highway development sped up dramatically and investment poured into new port facilities and development zones, with particular emphasis placed on chemicals production and other heavy industries (21 shiji jingji baodao 2012a). Meanwhile, large-scale land reclamation along Jiangsu's coast accelerated in the following years. In 2012 alone, 800,000 mu of land was reclaimed across fourteen locations (Li 2012, 132).

Unsurprisingly, Lianyungang was a particular beneficiary under Coastal Development. Work to build up the city's port facilities accelerated, with the creation of new berths for 30,000-ton vessels. In May 2011, the State Council, following through on a promise outlined in the Coastal Development strategy, formally approved Lianyungang's establishment of a new state-level East-Center-West Regional Cooperation Demonstration Zone with its leading area in the city's Xuwei New Area, granting new preferential policies to help Lianyungang's port development, and to help the city attract investment from inland provinces (Zhang 2013).

Although welcomed by coastal cities, the Coastal Development strategy, like other regional development initiatives in Jiangsu, encountered criticism from the start. The program faced growing scrutiny over its heavy industry-based, resource-intensive development model. With new investment projects spread over a wide area that was not very internally integrated, the agglomeration benefits of the program were less clear than for Riverside Development. Indeed, some of the major port development projects carried out, including one in Yancheng's Dafeng county, were located far from large urban centers.<sup>42</sup> At the same time, some policy experts raised concerns over the environmental damage being caused by heavy industry and port-building in Jiangsu's coastal wetlands (21 Shiji jingji baodao 2012b; Interview NJ071205a).

Notwithstanding its flaws, however, the Coastal Development strategy made a significant impact on regional patterns of growth. Large sums of investment flowed to Lianyungang, Yancheng, and Nantong, and huge volumes of earth were moved for port development and land reclamation, reshaping both the economy and the geography of Jiangsu's northeast coast. Under the stimulus of these policies, development in the region sharply accelerated. In the five years prior to the Coastal Development strategy's 2007 launch, the region's share of provincial GDP had dropped more than two percentage points. In the

five years following, however, coastal cities' share of Jiangsu's GDP climbed from 15.8 percent to 17.2 percent (CDO; author's calculations). In 2009, at the height of the strategy, the region recorded GDP growth of 13.8 percent and urban FAI growth of 28.8 percent (Jiangsu Provincial Research Office 2010, 291–98). For Jiangsu's coastal cities, standing at the front of the queue was a welcome change.

### FRUSTRATIONS AND NEW FORAYS IN SUZHOU AND NANJING

With the provincial government's attention turned toward coastal cities, Suzhou and Nanjing received less support from higher-level policymakers. While the cities did not develop as quickly as some hoped during this period, however, Jiangsu's pursuit of regional rebalancing was hardly catastrophic for its major metropolitan areas. The development of industry and infrastructure slowed slightly, but the tapering off of higher-level state support led Jiangsu's big cities to become more innovative and to cooperate more closely with nearby localities.

Suzhou's economic momentum from the first half of the 2000s helped it remain Jiangsu's clear economic leader after 2007, though the city saw less of the concerted infrastructure investment and special treatment it had received in earlier years (Interview NJ031205b). The Suzhou Industrial Park's policy advantages became diluted with the passage of time, as preferential policies were given out more broadly, and policymakers in Suzhou felt constrained by shortages of construction land for new investment projects (Interviews SZ031307a, SZ021307a). Even without generous provincial support, however, Suzhou had development advantages. The city still enjoyed strong connections to Beijing and a voice in provincial policymaking, enabling it to advance its immediate economic interests (Interview NJ031204a). And the city had extensive organizational capacity and financial resources to launch policy initiatives of its own. To promote industrial upgrading, Suzhou's leaders adopted stronger policies to support high-tech industry, financial services, and luxury real estate from the late 2000s onward. Meanwhile, to address land-shortage issues, Suzhou was able to purchase land quotas from other cities in the province through new market-based exchanges (Interview SZ021307a).

Provincial policies were somewhat more favorable toward Nanjing, but after 2007, Nanjing policy elites too perceived a lack of strong higher-level support for its development. Some local experts saw the regional policy approach taken under Liang Baohua as a threat. As one wrote, "to a great extent, the implementation of the Coastal Development strategy also scatters Nanjing's development resources, and may constitute a serious challenge to Nanjing's development" (Huang et al. 2009, 55). Despite the city's sense of entitlement as provincial capital, its investment growth tapered off in the late 2000s,



and Nanjing was not particularly favored in terms of land quota allocation.<sup>43</sup> When city leaders from Nanjing and neighboring cities organized research and planning work for a Nanjing-Zhenjiang-Yangzhou Regional Cooperation and Development Strategy and sought higher-level support between 2009 and 2011, there was little provincial and central aid forthcoming (Interviews NJ031204a, NJ021204b).

Absent largesse from the provincial government or Beijing, city leaders took the initiative in upgrading Nanjing's urban environment and integrating the broader metropolitan region, but they faced important constraints. While the province played a background role, city governments laid out new plans for economic cooperation. From 2004 on, construction offices from various cities in Jiangsu and Anhui had held meetings on project planning for the larger Nanjing region, and in 2006 they worked together to formulate a five-year plan for infrastructure construction. Starting in 2007, the cities of the larger Nanjing Metropolitan Circle region convened annual Mayors' Summits that addressed different key themes on the regional integration agenda (Nanjing Metropolitan Yearbook Committee 2011, 547–48). As Nanjing engaged with neighboring cities on regional cooperation projects, the city also pushed ahead with a Cross-River Development Strategy, promoting new urban growth on the north side of the Yangtze.<sup>44</sup> However, without strong higher-level support, efforts to forge a more integrated Nanjing-Zhenjiang-Yangzhou economic region hit snags. Although a secretariat for the Nanjing Metropolitan Circle had been established earlier, no standing body was set up to manage Nanjing-Zhenjiang-Yangzhou work. Coordination of urban, industrial, and logistics development in the three cities proved difficult, as Nanjing's neighbors resisted taking orders from Nanjing (Interview NJ021204b). As late as 2012, little headway had been made in building a rapid inter-city rail system between the three cities, and city governments showed limited coordination in their industry development, port construction, and urban spatial planning (Interview NJ031205b). For the time being, these issues hindered Nanjing's quest to remake itself as a more competitive metropolis, and many locals perceived the city's development during the late 2000s and early 2010s as "below expectations" (*bu zhengqi*).

### **Jiangsu's "Divide-and-Conquer" Metropolitan Development**

The previous sections have shown how tensions between different territorial frames—national, provincial, and local—of urban and regional development contributed to continually shifting policies in Jiangsu between the late 1990s and early 2010s. Provincial authorities concerned with grooming larger, more competitive urban-industrial clusters had to contend with the centrifugal pull



of local economic interests and the larger-scale, longer-term development horizons of national planners.

However, the politics of spatial development in Jiangsu was never simply about what balance to strike between metropolitan and hinterland development; territorial politics within Jiangsu's metropolitan regions also loomed large. Like the experience of Shaanxi and Xi'an discussed in the last chapter, Jiangsu's approach toward Suzhou's development has much to tell us about the delicate relationships between provinces and their star cities. The fraught relationship between Jiangsu and Suzhou left an imprint on both the form and content of metropolitan development.

Higher-level governments try to harness urban champions to their own economic and political agendas, but some cities are harder to tame than others. Jiangsu's weak grip over Suzhou, its most economically advanced urban region, had important implications for metropolitan development and governance. While Jiangsu's provincial leaders supported economic growth in Suzhou, they also sought to keep Suzhou administratively constrained in order to maintain control. If Shaanxi's Xi'an-Xianyang New Zone employed an "integrate-and-conquer" logic to exert provincial influence over metropolitan development, the case of Suzhou shows how a provincial government with a more tenuous grip on its city key resorted to a more conventional but perhaps more costly "divide-and-conquer" approach. This resulted in a fragmented pattern of urban growth and administration, as shown in figure 7.4.

Suzhou is unusual among China's cities as a major economic center that lacks deputy-provincial administrative rank and the economic and fiscal powers it confers. As Cartier (2016) notes, Suzhou's GDP exceeds those of all deputy-provincial cities save Guangzhou and Shenzhen, and this mismatch of economic power and administrative status is perceived as "unfair." Of course, this mismatch is hardly accidental. It reflects Jiangsu's fear that Suzhou might become too independent of provincial control or even split away. As discussed above, Suzhou is home to powerful local economic and political interests. Many of its policy elites identify more strongly with their own region than with the provincial establishment in Nanjing and are resentful of what they see as provincial meddling in their jurisdiction and insufficient support of Suzhou's development ambitions (Interview SZ031307a).

Even without deputy-provincial status, Suzhou has been challenging for provincial authorities to control. As discussed earlier, the provincial government sought to integrate urban planning and development across southeastern Jiangsu with the SWC Metropolitan Circle plan in the early 2000s. Beyond its economic rationale, the SWC Metropolitan Circle plan also was seen by many as serving a more political goal: it could more tightly link Suzhou to the rest of the province, and expand provincial planners' role in urban development (Interview NJ111307a). However, Suzhou officials resisted provincial

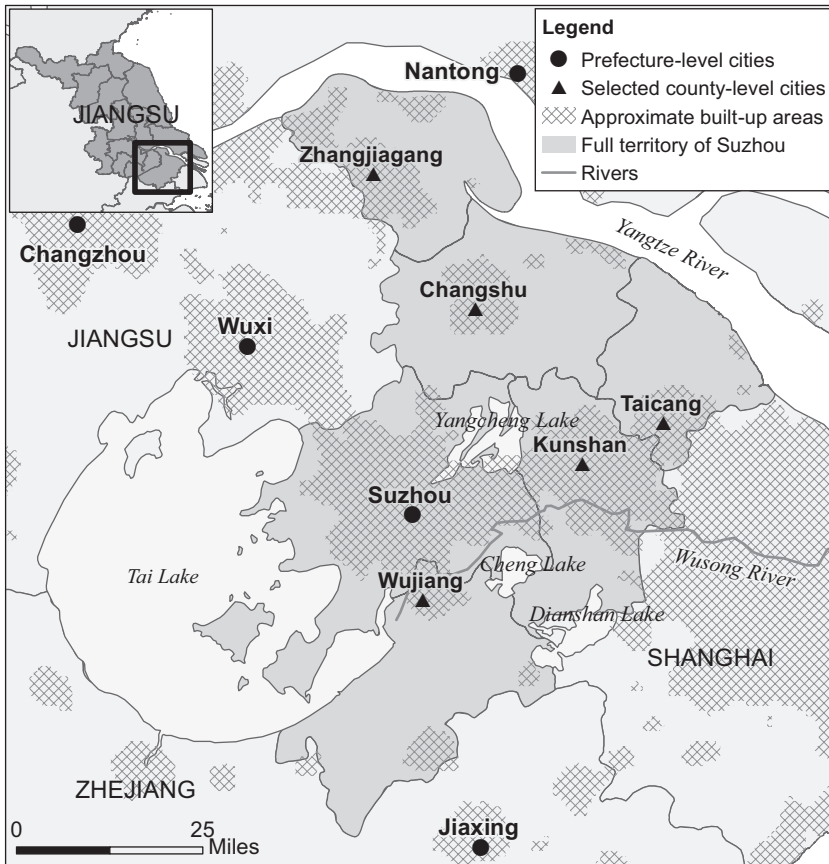


FIGURE 7.4: The fragmented urban and administrative geography of Suzhou  
 Source: Map by Thomas Caton Harrison; built-up areas from Beijing City Lab

efforts to steer their infrastructure and industrial planning, and to compel their cooperation with Wuxi.

The difficulty of controlling Suzhou had important implications for how Jiangsu treated its leading urban region. In many aspects of metropolitan development and governance, Jiangsu adopted a divide-and-conquer approach, aligning itself more closely with Suzhou's county-level cities than with the main municipal establishment. A recurring pattern was visible whereby Jiangsu promoted growth in outlying parts of Suzhou, perpetuating a fragmented pattern of urban growth and administration. That is, Jiangsu supported rapid development of Suzhou as an economic region but hindered the city's territorial consolidation.

This territorial strategy was evident across various waves of development policy. During the early 1990s, Jiangsu helped Zhangjiagang, which had

strained relations with the Suzhou government, become China's first county-level city with a bonded zone for international trade (Zweig 2002, 85–86). As part of the mid-2000s Riverside Development Strategy, provincial authorities targeted investment to county-level cities along the Yangtze River but excluded Suzhou's central urban districts. More recently, Jiangsu took new steps to bolster Kunshan's development by promoting special inter-city linkages such as a connection to the Shanghai metro (Chien and Wu 2011). Building up these urban sub-centers allowed Jiangsu to support Suzhou's overall economic development while keeping new investments in areas where the municipal government had less direct influence.

A key target of provincial policies toward Suzhou, and the place where the divide-and-conquer logic was clearest, was Kunshan. Located on prime real estate between Suzhou's urban core and Shanghai, Kunshan's is among the most famous developmental success stories of the reform era. A predominantly agricultural county on the eve of reforms, Kunshan experienced blistering economic growth during the 1980s and 1990s to become one of China's premier county-level cities. Though low in administrative rank, Kunshan has an economic output exceeding that of China's smallest provinces. In 2011, for example, Kunshan had a GDP of 243 billion yuan, larger than that of Hainan (Chien 2013). During the early decades of reform, Kunshan's development was locally driven; the entrepreneurialism of local leaders enabled Kunshan to remake itself as the industrial "backyard" to Shanghai and, later, as a hub for foreign direct investment. Over time, however, Kunshan's development became dependent on large-scale state initiatives and higher-level policy support. Kunshan's success in establishing itself during the 2000s as a global base for notebook computer and IT equipment production, for instance, depended on its special Export Processing Zone status (Chien and Wu 2011).

Particularly during the mid-2000s and beyond, Kunshan was a beneficiary of significant provincial-level policy support. Landlocked, and wedged between Shanghai and Suzhou's urban districts, Kunshan required inter-jurisdictional cooperation and infrastructure links to flourish. Provincial authorities helped arrange a port cooperation deal between Kunshan and neighboring Taicang, a Yangtze River port that in 2008 was granted special rights for direct shipping to Taiwan. The provincial leadership also facilitated development cooperation between Kunshan and the northern Jiangsu county of Shuyang in Suqian prefecture, whereby Kunshan was able to exploit Shuyang's surplus land-use quota in exchange for investment and policy assistance. And the province brokered an agreement between Kunshan and Shanghai for the extension of a metro line into Kunshan (Chien and Wu 2011).

Over time, through these efforts as well as territorial-administrative arrangements, provincial authorities tightened their ties with Kunshan and brought Kunshan more directly into their fold. From 2005 onward, Kunshan's

party secretary was allotted a seat on Jiangsu's provincial party committee. In 2006, Jiangsu assumed direct fiscal relations with Kunshan, taking a crucial cash cow out from under municipal oversight. However, the biggest change took place in 2012, when Jiangsu established direct administrative relations with Kunshan, ending Suzhou's erstwhile control over Kunshan's personnel appointments and other aspects of economic and political governance (Chien 2013). This ever-closer embrace of Kunshan displayed clear territorial motives. First, it enabled the province to capture more of the fruits of development in one of its richest urban-industrial centers. Second, control of Kunshan gave Jiangsu more leverage in its dealings with Suzhou, given Kunshan's economic importance and strategic location within Suzhou's territory. Third, more direct provincial control mitigated provincial fears of Kunshan growing too close to Shanghai and ultimately breaking away.

Besides tightening its relationship with Kunshan, Jiangsu also blocked Suzhou's bid for upgraded administrative status. For many years, Suzhou lobbied for a promotion to deputy-provincial rank, but to no avail (Interview SZ021307a). As the city worked to upgrade its economy and urban environment, its leaders saw the lack of deputy-provincial status and the trappings thereof—including higher rates of fiscal revenue retention, higher-quality infrastructure, and larger numbers of academic institutions—as a key obstacle (Xu 2010). One local scholar complained about this “political binding effect,” arguing that it “makes it hard for Suzhou to engage in competition with Beijing, Shanghai, and other cities on a fair footing, and means that Suzhou has no way to join the ranks of top-tier cities” (Su 2012, 32). Suzhou's inability to obtain higher status—attributed in large part to Jiangsu's unwillingness to part with fiscal revenues and administrative influence—had limited the city's access to funding and policy support. Beyond this, the fact that Suzhou remained a prefectural-level city meant that the municipal government lacked sufficient bargaining power vis-à-vis the county-level governments under it to pool the city's resources and build the central city districts into a world-class metropolitan center (*ibid.*). Unable to exert effective control over county-level governments, Suzhou's municipal government had sought since 2003 to have subsidiary units such as Wujiang annexed to the central urban area to expand its “development space” (*fazhan kongjian*). However, Jiangsu withheld its approval of such annexation through the late 2000s (Interview SZ021307a).

Provincial authorities' territorial tactics have fed intense resentment in Suzhou. As was repeatedly emphasized during interviews with policy experts, urban planners, and former officials in Suzhou, local elites harbor considerable suspicion toward the provincial leadership.<sup>45</sup> At intervals, Jiangsu made important concessions to placate city authorities. From the mid-1990s onward, for example, many of Suzhou's leaders were given “gaopei” (high match) status in the party hierarchy, and assigned seats on provincial-level

leadership bodies. Suzhou was also allowed special administrative privileges such as hosting provincial-level bank branches (Cartier 2016). In 2012, following years of pressure, Suzhou was allowed to annex Wujiang, a county-level city adjacent to Suzhou's urban core, as a new urban district, and was allowed to merge three of its core urban districts to form a new Gusu district at the center of the city (Ibid.). Despite such concessions, however, the province withheld or took away many of the things Suzhou's leaders wanted most.

Suzhou's territorial fragmentation, which provincial authorities have carefully perpetuated, has influenced development outcomes in several ways. As Cartier (2016) notes, "The rise of the county-level cities, combined with privileged power relations of the large Suzhou industrial park, result in a 'bottle-neck' [ . . . ] on overall development of Suzhou in which the urban core is the 'weak heart in a strong city'" (536). Indeed, much of Suzhou's rapid economic and urban growth during the 2000s took place in county-level cities like Kunshan, Taicang, and Zhangjiagang rather than in the urban core. As late as 2008, central urban districts accounted for only 40.6 percent of Suzhou's total GDP (Xu 2010). This centrifugal growth pattern has hindered the coordination of industrial and urban development across Suzhou's territory, leading to heavy exploitation of the city's limited land resources and overbuilding of economic infrastructure like industrial zones and port facilities. And, much to the chagrin of local elites, territorial balkanization has kept Suzhou in Shanghai's shadow.

## Conclusion

Jiangsu's experience between the late 1990s and early 2010s shows that spatial policies have featured centrally in development and politics even in China's most economically advanced regions. Like Guangdong, Shandong, and China's other coastal heavyweights, reform-era Jiangsu has seen rapid but uneven development. Acute economic disparities between wealthy, globally oriented cities like Suzhou and peripheral areas like Suqian have kept spatial policy issues on the agenda since the 1990s. Jiangsu's north-south economic divide was too large and too deeply entrenched to be erased by government programs, but policymakers still faced important decisions about where the next waves of urban and industrial development should be.

Even in a province where market forces and local interests were strong, spatial policies powerfully affected the distribution of economic resources and the structuring of governance. Jiangsu's top leaders perceived achievements in the urban and regional development realm as a crucial piece of their policy legacies, and they pushed planners and working-level bureaucrats to help realize their visions. While direct provincial investment in industry was limited,

programs like the Riverside Development and the Coastal Development strategies channeled large quantities of infrastructure investment, land-use quotas, and developmental financing to priority areas. Spatial development programs also sought to restructure the relationships between provincial and sub-provincial authorities. The Three Metropolitan Circles and Riverside Development programs, for instance, attempted—if not always successfully—to impose stronger provincial coordination of industrial and urban development.

Continual shifts in Jiangsu's urban and regional policies reflect the deeply politicized character of spatial policy in Jiangsu. Consistent with the book's theoretical framework, the period of greatest metropolitan bias in Jiangsu's development model—the early 2000s—coincided with the moment of greatest competitive threat and the height of provincial-level strength. During the early 2000s, Jiangsu was still regaining its economic footing in the aftermath of the Asian Financial Crisis and adjusting to the new realities of WTO membership. The early 2000s were also a period of leadership activism under rising stars like Hui Liangyu and Li Yuanchao. Prioritizing Jiangsu's economic competitiveness, each adopted policies that concentrated more state support and resources in and around the main metropolitan areas of the province. Even under strong leaders, however, programs like the Three Metropolitan Circles and Riverside Development plans reflected uneasy compromises between different policy priorities and government levels.

More generally, as well, spatial policy in Jiangsu was torn between different policy priorities and was buffeted by changing economic and political winds. Jiangsu's record of strong economic growth during the 1980s and 1990s made concerns about competitiveness less urgent than in inland provinces like Hunan. Provincial leaders as well as central leaders were worried about helping lagging regions, because they perceived threats to the cohesion of the province and to the sustainability of growth in Jiangsu. Jiangsu's high population density, and the large flows of migrants to southern Jiangsu from northern Jiangsu cities and areas outside the province after the 1990s placed strains on southern cities' infrastructure and environment, prompting concerns about social stability and ecological sustainability.

The weakness of the province relative to other government levels also contributed to Jiangsu's more dispersed development approach. If the impulse of provincial governments is to aggrandize the provincial unit and the key centers thereof, central actors are more concerned with integrating the national economic space and building up regions with national economic importance. Beijing paid close attention and offered much support to Jiangsu, but the center also placed high demands on Jiangsu given its role as an economic leader and a microcosm of China's uneven development. At the same time, Beijing prioritized the economic integration and development coordination of Jiangsu

with Shanghai and neighboring provinces. Central policy schemes such as the YRD Regional Plan and the Eurasian “land bridge” concept limited the scope for Jiangsu to put provincial interests first.

To an even greater extent, though, it was the clout of localities in Jiangsu politics that prevented consistent spatial bias in development policies. The economic and political power of Jiangsu’s cities limited the province’s ability to dictate the terms of development and created anxiety about the loss of control over these cities. Even secondary cities vigorously asserted their interests, demanding attention from provincial policymakers and taking matters into their own hands on occasion. Ultimately, it was the centrifugal nature of Jiangsu’s politics that made it hard for spatial policies to favor any one center.

# 8

## Rethinking Development Politics in China and Beyond

Strive to strengthen the top-level design; firmly grasp the making of relevant plans for integrated development of the capital economic region; clarify each area's functional orientation, division of industrial roles, urban configuration, infrastructural support, comprehensive transportation system, and so forth; and develop concrete supporting measures in aspects such as fiscal policy, investment policy, and construction project arrangements.

—XI JINPING<sup>1</sup>

Government is unlikely to be particularly good at judging which cities should be subsidized and which should be taxed, and is quite likely to make its decisions on the basis of political factors that are unrelated to economic benefits.

—EDWARD GLAESER<sup>2</sup>

Just as the aspirations of China's city-builders have risen higher and higher, so have planners' territorial horizons stretched ever further outward. Since 2010, policymakers have outlined spatial development schemes with mind-boggling scales and budgets. With China's National New-Type Urbanization Plan and a National Principal Function Zone Plan that assigns a classification to every county in the country, central authorities have made clear their intention to play a micro-managerial role in urban and regional development.<sup>3</sup> Mega-regional initiatives aimed at linking together cities, infrastructure, and industry have gained momentum in the Beijing-Tianjin-Hebei (Jing-Jin-Ji) region, the Yangtze River Delta region, and other major urban clusters across



the country. The Belt and Road Initiative (BRI) has taken coordinated infrastructure development to an intercontinental scale. In Hebei's marshy plains, China's leaders are building a monumental city from scratch—the Xiong'an New Area.

These spatial strategies enjoy the highest political backing and exude inflexible authority. In recent years, President Xi Jinping has thrown his weight behind the Jing-Jin-Ji plan, the BRI, and the Xiong'an New Area, and Beijing has committed hundreds of billions if not trillions of yuan in funding for these schemes.<sup>4</sup> Even as China's leaders have called for people, firms, and economic resources to circulate more freely and for markets to play a more “decisive” role in resource allocation, they have reserved for themselves the ultimate power to steer spatial development. As ever, they have justified state interventions as far-sighted solutions for sustaining development, improving governance, and optimizing the spatial distribution of people and resources. And, as Shue (2017) notes, they have used the “mapping and dreaming” of great transformations to China's landscapes as a way to perform and perpetuate state power (84).

But, while government plans convey an orderly image of China's spatial development, the reality of policymaking is much messier. Notwithstanding Beijing's desire to exert stronger guidance of urban and regional development, China remains a huge, multilevel polity in which much of the action happens sub-nationally. Provinces, in particular, represent a crucial level of spatial governance; they are the arenas where central demands collide with regional interests, and where abstract debates over different development models become concrete tradeoffs between the interests of different places and sectors. The foregoing chapters have shed some light on the politics of spatial development in China's provinces, illustrating recurring conflicts between different policy logics and territorial interests, and highlighting key factors that shape subnational development approaches.

In this concluding chapter, I synthesize key findings from the case studies and test the broader generalizability of my arguments. In-depth analysis of outcomes in Hunan, Jiangxi, Shaanxi, and Jiangsu has underscored the importance of spatial policy both as a driver of development and as an arena of development politics. As shown in the case studies, spatial policies affect the allocation of huge quantities of resources in the near term and alter the distribution of economic activity and people in the long run. With much at stake, policymaking is highly contested as state actors at different levels try to shape the geography of growth in ways that serve their territorial interests. Below, I revisit evidence for the argument that metropolitan-oriented development strategies go furthest in provinces with lagging economies and in settings where provincial authorities are strong relative to other levels of government.

The remainder of the chapter traces the broader implications of the book's findings, exploring how the explanatory factors I have foregrounded generalize across China and beyond. First, using quantitative data from an extended sample of twenty-six provinces, I show that provincial-level strength and lagging economic performance are associated with metropolitan-oriented development more broadly. Second, I look beyond the Chinese context to discuss development politics in other national settings. As a preliminary probe, I examine subnational cases from Brazil and India, two other countries governed by multilevel states that have navigated periods of fast-paced urban and industrial development.

Evidence from other parts of China and other national settings suggests that the book's theoretical framework has wider validity and can help us make sense of otherwise puzzling variation across time and regions in spatial development models. Still, much work remains to be done in clarifying the political causes and consequences of uneven spatial development, and it is increasingly vital to understand the politics of urban and regional policy at a time when China's leaders are going to unprecedented lengths to reshape the spatial economy at home and abroad.

## **Reframing China's Development Politics**

The preceding chapters yield new insights into the character and determinants of spatial development policy in China. Beyond providing a richer empirical picture of development policies and their evolution in different provinces, these chapters offer theoretical lessons about the economic and political factors that affect urban and regional growth. Below, I condense these findings into three sets of key takeaways.

### **THE CENTRALITY OF SPATIAL QUESTIONS IN DEVELOPMENT**

In China, and around the world, space and territory are not simply the backdrop for economic development; they are integral to development. National and subnational economies are not uniform blocs but complex patchworks with stark differences between metropolis and hinterland. Evolution of the spatial economy and of the relationship between its different parts is an integral part of the development process. No number of towns and villages can add up economically to the dynamism of a great metropolis. But a political economy is hardly healthy when it consists of a thriving metropolitan core ringed by an impoverished, angr y rural periphery.

For most countries and subnational units, a flourishing, diversified, and socially inclusive economy also means a spatially mixed economy, with a dynamic division of labor between large central cities, secondary cities, and

rural areas. Frequently, however, this spatial balance and reciprocity among cities of different sizes and regions of different types is lacking. Comparative scholarship on uneven spatial development has tended to focus on national-level cases like twentieth-century France and Thailand, where many regions and large parts of the population were excluded from the benefits of metropolitan dynamism. But similar and even more extreme cases of uneven development can be found at the subnational level in settings like China, where the metropolitan regions of provinces like Hunan and Shaanxi have eclipsed outlying areas.

While spatial development patterns are partly determined by deep-seated structural factors and spontaneous market forces, they are also the product of deliberate political agency. Natural geography, historical legacies, and market forces powerfully influence where people and resources go in space, and where industrial and urban activity springs up. Yet, as this study has emphasized, governments can and do proactively shape urban and regional development. In all settings, but especially in statist economies like China, public policies have important effects on the spatial allocation of resources and on how different regions are connected to one another and to the wider national and global economy. Development outcomes that seem like unguided outcomes of economic forces at first glance often reveal a considerable measure of political agency upon closer inspection. The rise of big cities does not simply happen of its own accord, and, as Mumford (1961) notes, the dominance of great metropolises is not “wholly spontaneous.” Rather, “strenuous efforts were made—and continue to be made—to ensure it” (539).

Far from being an afterthought, spatial policies form a central part of development and development politics in contemporary China. While scholars like Hsing (2010) are right to emphasize the growing economic and political power of China’s cities, even big cities depend on targeted state support. Central and provincial-level spatial policies affect the allocation of project investments, financing, land, and other developmental resources. State actors use these policy tools to channel resources to select locations, picking winners in space the same way that industrial policies groom national champions of industry. The cities singled out for such support are often the largest, most advanced urban centers in their provinces. But they are not always cities with vibrant, entrepreneurial economies at the outset, or locations that offer the best long-term returns on investment. Like the provision of cheap capital and policy support to inefficient giants of Chinese state-owned industry, the channeling of huge quantities of investment to urban champions like Changsha and Xi’an reflects the patronage they enjoy from provincial governments and other powerful actors. And it reveals policymakers’ confidence that, like firms too big to fail, the larger such cities become, the safer their position will be in a

spatial economy marked by political hierarchy. It is no surprise, then, that spatial policy is highly politicized.

Strategic targeting of policy support and investment in an attempt to groom urban champions appears clearly in each of the case studies. In the cases of Hunan and Shaanxi, policymakers declared quite openly their plans to give preferential treatment to leading cities. When spatial development strategies were sustained over time, they had the potential to reshape whole provincial economies. In Hunan, persistent targeting of economic resources and policy support to the Changsha region contributed to rapid metropolitan development and a growing core-periphery economic gap. As discussed in chapter 4, Changsha's share of Hunan's provincial economic output has nearly doubled since the mid-1990s. While Hunan is the most striking case of metropolitan-oriented development among the four main cases I examined, it is hardly the only Chinese province that has seen dramatic developmental bias in favor of top cities.<sup>5</sup>

By foregrounding these subnational efforts to build up metropolitan giants, this study helps to explain why China's central government has struggled to achieve its stated goal of balanced, regionally coordinated urbanization. Throughout the history of the PRC, national leaders have adopted measures to forestall overly concentrated urban development. Research by Wallace (2014) highlights the sophisticated ways in which China's national leaders have managed the threat of excessive urban congestion through migration policies and redistributive policies. But such efforts have been only partly successful in the post-1978 era, and the CCP has continued in recent years to grapple with rapid population growth in China's large cities. Ultimately, migration restrictions and redistributive policies are a treatment of the symptoms of spatially uneven development (migration into major cities), not a treatment of its root causes. It is the disproportionate concentration of economic and social resources and infrastructure in China's major cities that makes them so appealing as places to work or live. This spatial concentration, in turn, is in large part a product of subnational policy choices.

Spatial policies have important implications for resource allocation even when they change too often to impart a consistent influence on regional development. As discussed in chapter 7, Jiangsu's spatial strategy shifted from an emphasis on "Joint Regional Development" in the late 1990s, to a Three Metropolitan Circles plan in the early 2000s, to the Riverside Development initiative in the mid-2000s, to the Coastal Development Strategy after 2007. These frequent policy adjustments precluded the kind of long-term regional bias seen in Hunan, but spatial policy initiatives affected the distribution of economic resources, preferential policies, and political attention for years at a time, shaping urban and regional growth patterns.

Given their distributive implications and impact on longer-term development and governance outcomes, spatial policies are fiercely contested. China's Leninist political system conceals many disagreements behind a façade of unity, but the case studies offer both direct and indirect evidence of policy battles. In the case of Jiangsu, each round of spatial development policies encountered pushback from actors inside or outside the province. Even in cases where policies were stable over time, outward continuity in policy belied behind-the-scenes tensions. In Hunan, conflicts simmered for years between advocates of Changsha-centric development and local governments from other parts of the province, at times spilling into the public eye. Meanwhile, residents of hinterland cities seethed at their regions' treatment.

In addition to being an important arena of distributive politics, spatial policy was also a key proving ground for political leaders. Around the world, ambitious politicians have long used urban construction projects to leave their mark, signal their authority, and build up networks of patronage. In China, rising stars like Zhang Chunxian, Li Yuanchao, and Zhao Leji worked on even larger, province-sized canvases, embracing spatial development initiatives as their signature "political achievements" (*zhengji*). For these politicians, at least, such gambits paid off in the form of further career advancement.

#### THE SPECTER OF BACKWARDNESS AND METROPOLITAN-ORIENTED DEVELOPMENT

China's provinces have adopted widely varying strategies of spatial development in practice, and within provinces policies have often shifted considerably across different time periods. To explain these patterns of variation, I have traced the economic conditions and political variables that led in different cases to metropolitan-oriented development policies, strategies of dispersed spatial development, or mixed models. Provincial case studies highlight the importance of two explanatory variables discussed early in the book—the relative economic performance of different provinces and the relative strength of different government levels and their leaders.

All of the case studies show the potency of economic competition—and specifically the fear of falling behind or losing an advantageous position—as a factor haunting policymakers and shaping their development priorities. In contemporary China, provinces confront a dual challenge of maintaining economic competitiveness, on the one hand, and ensuring the internal political and economic cohesion of their territories, on the other. However, provincial policy approaches differ in the extent to which they emphasize one task or the other. I have shown that, insofar as a province's aggregate well-being takes precedence politically over the well-being of its parts, policy-

makers tend to prioritize external economic competitiveness over internal disparities when a province is underperforming its peers. However, when a province enjoys a more secure economic position relative to its counterparts, there is greater attention to the well-being of different subregions and localities within a province.

The foregoing chapters provide evidence that the relative economic performance of provincial units has indeed had a major influence on spatial development approaches. First, we find various instances in the case studies where policymakers in lagging provinces articulated the logic of tolerating (or even encouraging) internal disparities for the sake of enhancing overall provincial economic competitiveness. For example, policy elites in Hunan called for fostering a more powerful economic growth pole by pooling the province's resources, and they justified this uneven development strategy in terms of a crisis of economic competitiveness. In Jiangxi and Shaanxi, too, provincial elites drew a connection between lagging economic performance and the imperative to concentrate investment in big cities.

While competitiveness-based arguments for building up major cities appeared in each case, these arguments held less sway when provincial economic performance was already robust. Jiangsu's experience during the late 1990s illustrates this point. A frontrunner among China's regions during the first two decades of reform and opening, Jiangsu did not experience the same crisis of competitiveness as Hunan. Yet, while Jiangsu had enjoyed rapid economic growth during the 1980s and early 1990s, industrial and urban development had been very uneven across subregions. Some provincial elites mused publicly that Jiangsu's severe north-south gaps could threaten the very territorial integrity of the province. As concerns about regional disparities mounted, policymakers adjusted Jiangsu's development strategy to channel more economic resources to the underdeveloped north and thereby promote more inclusive growth and greater territorial cohesion. Even in Jiangsu, however, policymakers remained anxious about the stature of their leading cities. When external competition mounted in the early 2000s, they adjusted policies to place more emphasis on metropolitan development.

What is noteworthy across each of the case studies is the intense concern of provincial policy elites about their jurisdictions' *relative* economic standing. Policymakers appeared to select development strategies as much on the basis of external benchmarking as in response to the idiosyncratic development challenges of their regions. The primacy in policymakers' minds of relative economic performance over absolute development level, and the corresponding emphasis seen in lagging provinces on strategies of "leapfrog" development to catch up with leaders, resonates with the earlier insights of scholars such as Gerschenkron (1962) and Hirschman (1978) on the powerful influence

of “backwardness,” perceived or actual, on policymaking.<sup>6</sup> And it underscores the inadequacy of explaining regions’ development approaches in terms of their internal conditions alone.

### INTERGOVERNMENTAL POWER RELATIONS AND THE FRAMING OF ECONOMIC SPACE

Of course, development strategies are not direct responses to changing economic challenges—they are also products of political bargaining and conflict. A further conclusion arising out of the case studies is that, insofar as policymakers at different levels favor different approaches to spatial development, policy outcomes depend critically on which actors are able to dominate policymaking. As Kennedy (2014) notes, different tiers of government have economic priorities that are “scaled” to different territorial units (27). In the Chinese context, provincial-level authorities have often championed development strategies that focus on their leading urban centers. By contrast, most localities, which would be marginalized by such strategies, have functioned as a political counterweight, pushing instead for dispersion of investment and policy support. For their part, China’s central authorities, who are responsible for ensuring long-term stability as well as short-term economic dynamism, generally have advocated mixed or “coordinated” approaches to spatial development.

The Hunan-Jiangxi case comparison offers the clearest illustration of the importance of intergovernmental power relations in shaping spatial development approaches. In Hunan, where the provincial level was strong and able to orchestrate development policies that reflected its own concerns about economic competitiveness, a metropolitan-oriented development approach took shape early, scaled up rapidly, and persisted for more than fifteen years. In Jiangxi, where provincial authorities were weaker, central and local pressures for more regionally inclusive development policies hampered provincial efforts to groom the capital city as a larger, more competitive metropolis. During the late 1990s and the late 2000s, when Jiangxi’s leadership lacked politically well-connected leaders, the province’s development policies closely followed central priorities, emphasizing the buildup of smaller cities and county-level economies across the province. By contrast, Jiangxi briefly pursued a more metropolitan-oriented strategy in the early 2000s during the tenure of Meng Jianzhu, a political rising star.

The importance of provincial-level strength in shaping spatial policy outcomes is also illustrated by variation over time in the case of Jiangsu. Jiangsu, like Jiangxi, was a province in which administrative, fiscal, and political authority was relatively dispersed across different government levels, rather than concentrated in provincial hands. With a variety of actors and interests



shaping the making of spatial policies, development approaches changed frequently, with four major changes of tack seen in the period between the mid-1990s and the early 2010s. Meanwhile, implementing multi-jurisdictional development plans proved difficult, as exemplified by Jiangsu's frustrations with the Three Metropolitan Circles plan in the early 2000s. As in Jiangxi, it was during the tenure of a politically strong provincial leader that Jiangsu showed the greatest ability to concentrate its energies in a single region.

By calling attention to multilevel power relations in shaping subnational policy approaches, this study helps to bridge the gap between past work that has pointed to leadership factors to explain policy outcomes and past work on China emphasizing the structural determinants of provincial autonomy. My case study analysis reaffirms the claims of Donaldson (2011), Chung (2000), and others that China's provincial leaders exhibit widely varying policymaking styles and preferences, and that leadership agency matters greatly in shaping provincial policy outcomes. At the same time, however, I attribute much of the variation in provincial governments' behavior not to leaders' personal philosophies but to the varying levels of political capital they possess and the varying degrees of institutional autonomy different provincial establishments enjoy. Such factors, I have argued, determine the extent to which provinces can indulge their own territorial interests. And this study tries to move beyond structural conceptions of the intergovernmental power balance that focus on central-provincial relations while treating provincial units too literally as units. As I have emphasized, provinces vary widely in the extent to which provincial authorities enjoy consolidated control over their own territories, and this has important implications for the making of development policies.

Indeed, as the case studies of Shaanxi and Jiangsu make clear, spatial development politics is not simply a tug of war between pro-metropolitan actors and pro-hinterland actors, but also features turf battles between provincial authorities and city-level governments for the control of urban territory and resources. While provincial governments and big-city governments are allies in the promotion of metropolitan-oriented development agendas, they favor different configurations of metropolitan growth and have different ideas about who should take the lead in governing big cities. A recurring feature of metropolitan-oriented development strategies in China's provinces is the way in which they try simultaneously to promote fast urban development and to expand provincial-level control. Provincial authorities view large urban areas as key economic assets and invest in the industry and infrastructure of these areas. Yet, in much the same way described by Solinger (1993), provincial authorities remain wary of their big cities gaining too much power and economic independence. Provincial governments have thus looked for ways to tether their large cities territorially while building them up economically.



One way they have accomplished this is by promoting configurations of urban growth and governance that cross the boundaries between leading cities and neighboring localities.<sup>7</sup> An example of these territorial stratagems is Shaanxi's creation of a huge, provincially managed development zone on the border of Xi'an and Xianyang. The Xi-Xian New Area served to enlarge Greater Xi'an economically and physically while strengthening the administrative role of the province. Not surprisingly, this effort on the province's part provoked resentment and countermeasures from city-level authorities.<sup>8</sup> This and similar dynamics in other case studies echo findings from other national settings about how higher-level governments keep key cities politically fragmented while building them up economically (Myers and Dietz 2002). And these dynamics underscore the observation of Li and Wu (2012) that spatial development policies not only redistribute economic activity but also redistribute governance authority. But the findings presented in this book go much further than past work in illustrating the pivotal but often neglected role of provincial governments in the multilevel game of spatial development politics.

### **Generalizing the Argument: Across China**

Using cross-provincial and intertemporal comparisons as well as historical process-tracing, the case studies of Hunan, Jiangxi, Shaanxi, and Jiangsu have shown how provinces' relative economic performance and intergovernmental power relations affect their spatial development strategies. While the case studies establish the plausibility of my theoretical arguments, however, they do not directly show that the explanatory variables I have highlighted influence outcomes across China's provinces more broadly.

To test whether or to what extent key explanatory factors generalize across China, and to more systematically control for confounding variables, I carry out quantitative analysis of spatial development outcomes across a larger number of provincial units. My main analysis draws on data from an extended sample of twenty-six provincial-level units, covering most of China. The analysis excludes China's province-level municipalities (Beijing, Tianjin, Shanghai, and Chongqing), which are substantially different from other province-level jurisdictions in their governance architecture. My main analysis also excludes Tibet due to data limitations.<sup>9</sup>

Regression analysis of data from the extended sample of twenty-six provinces offers further support for key arguments advanced in preceding chapters—namely, that provinces' relative economic performance, on the one hand, and their relative strength, on the other, can influence the spatial development approaches they pursue. For interested readers, a detailed discussion of my methodology, data sources, and regression results appears in appendix A. Immediately below, I give a brief overview of my empirical data and findings.

## OPERATIONALIZING KEY VARIABLES

To measure the metropolitan orientation of development in different provinces, I examine patterns in the spatial distribution of fixed-asset investment (FAI) during the 2000s, a decade for which relatively complete and comparable investment data are available. The regression analysis assesses whether differences in provinces' economic performance records and in the strength of provincial-level government can account for variation in the share of total provincial FAI between 2001 and 2010 captured by the leading economic center.

To measure relative economic performance, I use provinces' compound annual growth rates of GDP between 1990 and 2000. China's provinces had widely varying rates of GDP growth during the 1990s, with some provinces markedly exceeding the national average and others lagging behind. As I have argued in previous chapters, these diverging provincial economic track records had an important impact on subsequent policy discussions and decisions.

Measuring provincial government strength for quantitative analysis requires a more nuanced approach, given that I have defined provincial-level strength as the sum of distinct forms of power—administrative, fiscal, and political. I code provincial strength using a novel index that combines provinces' scores across five sub-indicators that capture these different aspects of intergovernmental power relations. Two sub-indicators relate to provincial governments' fiscal strength: I calculate the provincial-level share of subnational expenditures and the ratio of total fiscal expenditure to total provincial revenue. Two indicators reflect the institutional autonomy of the provincial level relative to actors above and below. To proxy for the historical level of central government oversight over provincial affairs, I use provinces' geographic distance from Beijing. And to measure the degree of insulation of provincial policymaking from city-level actors, I check how many sub-provincial cities hold seats on provincial party standing committees. The last sub-indicator addresses the political clout of provincial leaders in each province. I tabulate the number of "rising-star" provincial party secretaries who served during the period of interest, coding as rising stars leaders whose age upon taking office is at least a standard deviation below average. A full discussion of the methodology and rationale for the provincial strength index appears in appendix A.

## EXPLAINING VARIATION ACROSS PROVINCES IN THE METROPOLITAN SLANT OF INVESTMENT

The main regression analysis explores whether the explanatory variables I have highlighted can account for variation across provinces in the top-city share of FAI during the 2000s. As a first step, I verify that each explanatory variable

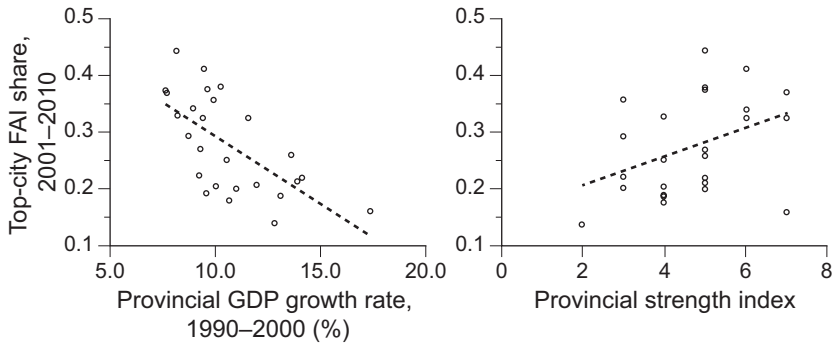


Figure 8.1: Explanatory variable measures and top-city FAI share

displays the expected relationship with top-city FAI share. As shown in figure 8.1, the bivariate relationships between economic growth rates and provincial strength, respectively, and top-city FAI share, conform to the arguments I have made above. As expected, provinces' economic performance during the 1990s is inversely correlated with top-city FAI share during the 2000s, while the provincial strength index is positively (though more loosely) correlated with higher top-city FAI share.

I also confirm that the two main explanatory variables are jointly associated with top-city FAI share in the way predicted by my theoretical framework. I have argued throughout the book that either lagging economic growth *or* high provincial strength can contribute independently to metropolitan-oriented development, but that the greatest metropolitan slant should occur with lagging growth *and* high provincial strength. This prediction is borne out by figure A.1 in appendix A, which shows that top-city FAI share tends to be highest under conditions of lagging growth *and* high provincial strength, and lowest with leading growth *and* low strength.

To test these relationships more rigorously and ensure that they persist after taking confounding factors into account, I carry out multivariate regression analysis. This analysis offers further evidence that the hypothesized relationships exist, even if the small sample size makes it necessary to interpret the results cautiously. The main results appear in table A.4 of appendix A. Provinces' 1990–2000 GDP growth rate is negatively and significantly associated with top-city FAI share, while the provincial strength index has a positive association with top-city FAI share that is significant at the  $p=0.10$  level. These relationships become even stronger when both variables are included in the regression model, and when other basic controls, such as 2000 top-city GDP share, 2000 GDP per capita, and provincial population size, are included.<sup>10</sup>

Analysis of spatial development outcomes across an extended sample of twenty-six provinces thus echoes and reinforces findings from the case studies.

Across China more broadly, as in the main case studies, provinces with lagging development during the 1990s were more likely to experience metropolitan-oriented development in the 2000s, and high provincial-level strength was associated with a greater metropolitan slant to investment. For interested readers, appendix A also presents results from a panel regression analysis that explores the relationship between top-city FAI share and key explanatory variables over time within provinces during the 2000s. This within-province, over-time analysis does not provide consistent findings when it comes to the shorter-term relationship between relative economic performance and top-city FAI share. But panel analysis does give evidence of a shorter-term relationship between provincial strength and top-city FAI share, attesting to the policy impact of rising-star leaders.

### **Broader Implications: Beyond China**

Notwithstanding the many ways in which it is unique, China is but one of many countries around the globe that have navigated rapid urban and industrial development in recent decades. In other settings as well, questions about how to coordinate development between leading and lagging regions and how to weigh the development of major metropolises against that of secondary cities have loomed large. Do the same basic variables that have shaped development approaches in China's provinces also matter for policymaking elsewhere?

The theoretical framework outlined in this book is most applicable to other large developing countries with statist economic models. In large countries, both central and subnational governments have a significant hand in development policy, and tensions between different levels and their territorial interests are salient. Meanwhile, in developing economies where state actors intervene extensively in industrialization and urbanization processes, economic policy is torn between the pursuit of rapid economic growth and the maintenance of political stability. Policymakers face fraught decisions about where to target new industrial development, build new infrastructure, and provide public services. A variety of countries may fit this bill—from the historical USSR to today's Indonesia and Pakistan.

Two national settings that are especially relevant in these respects are Brazil and India. In appendix B, I analyze shadow cases from these settings to demonstrate that similar types of development politics are at work and that the same explanatory variables that mattered in the Chinese setting are relevant in these settings as well. Drawing on work by country experts, I first trace the evolution of development policies in Brazil's Minas Gerais state between the 1960s and the 1990s, analyzing variation over time in the relative emphasis given to the metropolitan region. I then compare the contemporary

experiences of Andhra Pradesh and West Bengal, two major Indian states that faced similar development challenges but took varying approaches to spatial development.

We find striking similarities between the political dynamics of spatial policy in these settings and in China's provinces. Evidence from Brazil and India suggests that, as in China, metropolitan-oriented development strategies were motivated by competitiveness concerns and championed by provincial-level leaders. And these secondary cases underscore the extent to which spatial policy approaches vary along with the power relations among different government levels. It is worth highlighting a few details from these cases here.

### **BUILDING A "PARADISE OF MULTINATIONALS" IN MINAS GERAIS STATE**

Like Hunan province in China, the case of Minas Gerais state in Brazil during the second half of the twentieth century shows how a powerful provincial establishment that was worried about economic marginalization took steps to build a metropolitan juggernaut. By tracking the experience of Minas over multiple decades, however, it is possible to see how policies fluctuated as the conditions for metropolitan-oriented development came and went.

The project of building a modern metropolis for Minas Gerais dates back to the late nineteenth century, when state elites first established a new capital at Belo Horizonte. It was after World War II, however, that state-led urban development and industrialization in Minas reached a climax. At this time, Minas remained an underdeveloped economy bordering Brazil's most industrialized and urbanized states, and its economy thus faced intense competitive pressures. However, as work by Hagopian (1996), Montero (2001a), and Eakin (2001) notes, the powerful Mineiro elite refused to see their state relegated to a hinterland role in Brazil's regional division of labor. Even if Minas was economically outmatched by São Paulo and Rio de Janeiro, the state had a cohesive political elite and leverage within Brazil's federal government, and it was able to use these advantages to transform its economic fate.

Between the 1950s and 1970s, state elites in Minas Gerais marshalled their own resources and mobilized their influence at the federal level to groom Belo Horizonte as an industrial powerhouse capable of competing with the likes of São Paulo and Rio de Janeiro (Eakin 2001, 144, 158–60). During the 1970s, for example, state elites worked to foster an automotive industry cluster in the metropolitan region, wooing Italian carmaker Fiat by offering large-scale subsidies and infrastructure development (Hagopian 1996, 83). By sustaining such efforts over many years, Minas successfully transformed Belo Horizonte into what one Brazilian expert called a "paradise of multinationals" with a thriving industrial base and modern urban amenities (Montero 2001a, 57).

The importance of both economic anxieties and state-level power in driving Minas's metropolitan-oriented development during the postwar decades is underlined by policy shifts in the following years. The Belo Horizonte-centered growth strategy unraveled in the late 1970s as the original economic basis for uneven development weakened and a once tightly knit political elite unraveled. Multiple decades of rapid metropolitan development had buoyed Minas's economy but also created acute regional disparities and growing urban congestion. No longer facing economic marginalization, policymakers in Minas became more concerned with rebalancing development. And, after a shake-up of provincial politics that elevated politically insecure outsiders to the governor post after the late 1970s, state policies increasingly played to broader, more diffuse territorial constituencies. As a result, a rising share of new investment and public resource transfers were targeted to outlying parts of the state (Hagopian 1996, 166–67).

The tables turned once again in the late 1980s and early 1990s, as Minas Gerais's economic circumstances and political landscape continued to evolve. Following a decade of slower economic development and the reconsolidation of the state's traditional political elite, Minas pivoted toward a more metropolitan-oriented development agenda in the 1990s. The state government put in place an array of policies geared toward upgrading Belo Horizonte's role as an automotive industry center (Montero 2001b, 82–88). Though less dramatically than during the postwar period, Minas again placed its capital city at the front of the development queue.

#### DIVERGING STATE-LEVEL TRAJECTORIES IN INDIA, 1990S–2000S

Comparison of the subnational cases of India's Andhra Pradesh and West Bengal states also shows the resonance of my theoretical framework outside of China. In Andhra Pradesh, mounting regional competition and the activism of a powerful state government gave rise to a metropolitan-oriented development approach from the mid-1990s onward. By contrast, state-level policy elites had more difficulty reorienting policies in favor of metropolitan development in West Bengal, where state-level authorities were weaker and competitive threats less direct.

A large but economically middle-of-the-pack state, Andhra Pradesh faced intensifying competition for investment from neighbors like Tamil Nadu and Karnataka following India's early 1990s economic reforms. If fears of economic marginalization spurred policy elites in Andhra Pradesh to action, the political basis for a metropolitan-oriented development strategy came from the Telugu Desam Party (TDP), a regionalist party that gained a decisive political majority in the state in 1994, and its hard-charging leader, Chandrababu Naidu.

Under the TDP and Naidu, Andhra Pradesh launched major initiatives to raise the state's economic profile (Rudolph and Rudolph 2001). As documented by Kennedy (2007) and other scholars, Naidu's government outlined a strategy to turn Hyderabad into a globally oriented city through the construction of new peri-urban development areas and targeted industrial subsidies to Hyderabad's IT sector. Over the following several years, Naidu made this overhaul of Hyderabad the centerpiece of the state's development strategy, and engaged in aggressive international outreach to foreign leaders, the World Bank, and major multinational companies to recruit investment for this strategy. After 1998, Naidu's ability to advance metropolitan-oriented development was even stronger, as he was able to exploit the TDP's position as a pivotal partner in India's national ruling coalition to mobilize central support and maximize sub-national policy flexibility (*ibid.*).

In a state where much of the population remained poor and rural, and where secondary cities lagged far behind Hyderabad in size and economic output, this metropolitan-oriented strategy threatened to deepen disparities. Indeed, many of Naidu's more general economic reform policies generated fierce resistance (Kale 2014). Until 2004, when TDP lost its legislative majority and control of government in the state, however, Naidu was able to sustain political support for an uneven development strategy, and powerful state-level agencies drove rapid construction of infrastructure, industry, and real estate in the capital city.

In contrast with Andhra Pradesh, West Bengal is a case where subnational leaders aspired to enhance urban competitiveness but struggled politically to orchestrate a metropolitan-oriented strategy. Comparable to Andhra Pradesh in population size and development level, West Bengal faced significant economic challenges as India embarked on liberalizing reforms. The state's industrial economy had been the envy of much of the country in the mid-twentieth century, but had stagnated in the following decades—particularly after the Left Front governing coalition came to power in the late 1970s. A Communist-dominated leadership, the Left Front channeled resources to rural areas of the province and presided over rapid growth in state payrolls (Mallick 1993).

Notwithstanding its historically rural orientation, the Left Front state leadership recognized the need for a new development approach in the face of mounting inter-regional competition after the early 1990s. Although the states surrounding West Bengal were not as economically advanced as those neighboring Andhra Pradesh, West Bengal found itself increasingly marginalized in India's changing economic landscape. Chief Minister Jyoti Basu, and his successor Buddhadev Bhattacharya, called for new efforts to reinvigorate industry and recruit investment, and emphasized the importance of grooming Kolkata, by far the state's largest urban center, as a more modern, outward-



oriented metropolis (Shaw and Satish 2007). Despite a series of new policies over the course of the 1990s and early 2000s, however, West Bengal had little success in mobilizing investment for urban and industrial development. Although it was more than twice as large as Hyderabad in population terms, Kolkata recorded less overall investment between 1995 and 2010 (Shaw 2012).

An important part of West Bengal's difficulty in reorienting its development strategy related to the state's limited political influence, administrative capacity, and fiscal resources. Left Front rule had not merely shifted resources away from urban areas; it had also resulted in a severe degradation of state-level government capacity and autonomy. Politically, Left Front leaders were highly beholden to dispersed rural interests through extensive patronage ties, and had limited room to maneuver (Shaw and Satish 2007). Fiscal mismanagement and government bloat under the Left Front had also severely strained state finances, such that West Bengal experienced chronic budgetary shortfalls and had to rely on central government funding bailouts (Datta 2004). Meanwhile, the confrontational stance of the Left Front toward New Delhi had undermined state-federal relations, limiting West Bengal's ability to extract support from the center (Sinha 2005). These factors hindered West Bengal's efforts to implement economic reforms and a reorientation of development strategy toward the Kolkata metropolitan region.

In sum, the cases of Minas Gerais, Andhra Pradesh, and West Bengal display causal dynamics very similar to those seen in China's provinces. In these units, too, lagging economic performance provided the context for metropolitan-oriented strategies by increasing the relative salience of external competition as compared with internal disparities. Meanwhile, the political and institutional strength of subnational governments proved crucial to their capacity to mobilize policy support and resources behind would-be urban champions. At a more basic level, these cross-national comparisons show that spatial policy questions have been just as close to the heart of development politics in other key emerging economies as they have been in China.

### **China's "National Chessboard" and the Future of Spatial Policy**

Aware that the economic fates of cities and regions hinge on state interventions, China's leaders continue to make spatial policy a key plank of their development programs today as they have in years past. Contemporary initiatives like the Xiong'an New Area, the broader Jing-Jin-Ji strategy, and national-level urbanization and land plans aim to coordinate the growth of different locales and sectors, integrate economic space, and optimize the configuration of development across the country. Such policies attempt simultaneously to reap agglomeration economies, mitigate negative externalities of



rapid growth, and broaden the circle of economic prosperity in both spatial and social terms.

Despite their technocratic veneer and supposed “win-win” logic, however, spatial policies in China are fundamentally political. First, there is the fact that spatial policies as practiced in China explicitly—and lavishly—favor some areas over others. Irrespective of whether regional policies have positive aggregate effects in the long term, they create clear winners and losers in the short run by offering what Yin (2011) calls “regional rents.” This is just as true of the recent mega-regional strategies and national-level urban and land plans as it was of earlier growth pole and SEZ strategies. Given spatial policies’ distributive ramifications, the making of such policies is invariably prone to political interference. Major national-level spatial strategies may purport to be above the fray of ordinary politics, but the very character of such policies ensures that different localities, bureaucracies, and economic interests fight over them.

The politicization of spatial policy also arises from the fact that there are no simple technical or normative standards for picking winners in space, only competing political frames. In outlining spatial development strategies, leaders appeal to general priorities like “growth,” “sustainability,” and “equity.” Translating these goals into specific policy decisions is far from straightforward, however. Economists like Edward Glaeser (2008) note that it is hard for governments to know which places to subsidize and which to tax in order to enhance aggregate welfare. Is it better to tax the wealthy large cities to support other areas, or is it better to subsidize the most productive areas to increase the aggregate economic surplus? Is there an optimal size for cities, or an optimal size distribution and geographic structure for urban settlements? Urban and regional economics has made major strides, but it has not yet offered clear, generally applicable answers to such questions. And, in any event, economics cannot resolve political questions about how to balance the interests of different places, social groups, and time periods.

Spatial policy thus involves continual conflict and negotiation between different territorial templates for development. China is governed as a nested system of geopolitical and bureaucratic units. Political actors at different levels of the system do not simply disagree on where to build new highways and industrial parks; they approach the problem of development through fundamentally different geographic, temporal, and functional perspectives. Political actors in this “jurisdictional economy” (*xingzhengqu jingji*)<sup>11</sup> promote the interests of the territorial and bureaucratic units with which they are most closely identified, and these interests do not always align. Different territorial scalars—nation, province, prefecture, county, township—have different spatial hierarchies, time horizons, and functional mandates. And, depending on

which territorial units, time frames, and functions take precedence, “coordination” of economic space can mean very different things.

For China’s subnational units, which have faced intense economic competition and have operated on limited time horizons, “coordination” of development has in many cases meant consolidating the position of urban-industrial core areas and articulating these areas with their hinterlands in a hierarchical fashion. For policymakers at the national level, however, the aims have been somewhat different. There has been greater interest in striking a sustainable balance between the needs of different parts of the country and different sectors of the economy, rather than going all out for short-term growth. The PRC’s leaders have long spoken of “taking the whole country as one chessboard” (*quan guo yi pan qi*), and chess is a game of patient strategy.

In this respect, the central government’s assertion in recent years of a stronger guiding role in urban and regional development may bring certain benefits. By virtue of their longer terms in office, more encompassing geographic ambit, broader functional mandates, and the more diverse array of political pressures they face, China’s national leaders do not fixate as narrowly on economic growth as do subnational leaders. Historically, they have shown an interest in urban and regional development approaches that reconcile economic priorities with social, environmental, and geostrategic imperatives. More recently, leaders like Hu Jintao and Xi Jinping have spoken frequently of “people-oriented development” and not simply of urban competitiveness. And contemporary national initiatives, like policies in earlier years, have often promoted mixed spatial development models. While endorsing the idea of urban clusters, China’s 2014 National New-Type Urbanization Plan particularly stressed the buildup of medium-sized cities that offer more space for new migrants and lower costs for industry. The plan also envisioned the development of extended corridors of urban growth across China’s territory rather than the relentless buildup of core metropolises. In a similar vein, the Jing-Jin-Ji strategy and its centerpiece, the Xiong’an New Area initiative, envision a network-like pattern of urban growth in China’s capital region and seek to deconcentrate industry and state institutions from Beijing to new urban centers or existing medium-sized cities in Hebei. If, in executing these new initiatives, China strikes a balance between overly concentrated and excessively dispersed urban-industrial growth, and between economic and social needs, there may be societal benefits.

Yet, when it comes to sweeping state initiatives, there is both the problem of overzealous implementation and the potential for subnational governments and bureaucratic interests to repurpose central policy mandates toward less progressive ends. Such risks are only magnified as the scale and administrative complexity of policy programs increases, and as the quantity of resources up

for grabs grows. With China's National New-Type Urbanization Plan and Principal Function Zone Plan, and huge development strategies like Jing-Jin-Ji, China's central planners are trying to map out future spatial development with increasing power and precision. However, as Shue (2017) notes, such projects "will get nowhere without discipline, cooperation and compliance from the provinces" (111). For huge central programs that span multiple provinces and functional sectors, maintaining tight high-level control is a particular challenge. Subnational governments and bureaucratic actors have ample scope to influence the formulation and distort the implementation of central policies. There are indications that this has already occurred with policies like Jing-Jin-Ji. One criticism of the Jing-Jin-Ji program in its early phases was that relocation of economic organizations and state institutions out of Beijing to smaller cities like Baoding—the very thing it was designed to do—had been very slow to occur (Liu 2015; Johnson 2015). Indeed, the initial movement of state institutions under the plan involved shifting offices to Tongzhou, just beyond the existing built-up area of Beijing. This was, at best, a modest de-concentration of people and economic activity and, at worst, a case of sprawl-type development on an even greater scale.<sup>12</sup>

Even as the central party-state has taken a more proactive role in Jing-Jin-Ji regional development by launching planning and construction of the Xiong'an New Area, many familiar challenges persist. Xi Jinping and central policy elites envision Xiong'an, which is to absorb many non-capital-city functions from an overly congested and polluted Beijing, as a solution to metropolitan overgrowth. And they have outlined plans for a futuristic and rationalized city where maladies like traffic congestion and pollution are kept at bay through strict policy controls over development and innovative urban technology. The target population size for Xiong'an, estimated by the Chinese Academy of Engineering, is a comparatively manageable two to three million people (Li and Xie 2018). However, the high political profile of Xiong'an, and the perception that the party-state is willing to commit unlimited sums of investment to the project, increase the chances that the actors directly overseeing the New Area's development—including, early on, the Hebei provincial government—will overshoot these targets and speed up an already ambitious construction timetable to access as many resources as possible before the taps run dry.

Ironically, as Beijing's spatial development schemes blanket every corner of China's territory and reach more of the globe through endeavors like the BRI, there is more need than ever to look at the second-tier political actors and the subnational scales that sometimes recede from view. However important the policies and politics emanating from Beijing, scholars also need to keep a close watch on the intermediaries who translate central visions into local realities. Neither the provincial governments in China that orchestrate

domestic city regions nor the foreign governments with which Beijing is partnering to build international development corridors are passive players. These second-tier actors have distinct concerns and capabilities, and the tensions between their priorities and Beijing's "top-level design" will shape the growth of cities and regions across China and around the world for years to come.



## APPENDIX A

# Analyzing Outcomes across China

One of my aims in this book has been to identify key variables that influence the spatial development approaches of China's provinces. The preceding chapters have highlighted two factors in particular that affect the degree of metropolitan slant in provincial development policies: provinces' relative economic performance and the strength of the provincial level of government.<sup>1</sup> My main evidence has come from detailed case studies of Hunan, Jiangxi, Shaanxi, and Jiangsu. To show the importance of the main explanatory variables in shaping provinces' spatial development approaches, I have used cross-case comparisons, within-case-over-time comparisons, and historical process-tracing.

While these exercises demonstrate my arguments as they apply to the four main cases, they cannot by themselves establish the broader validity of my arguments. First, the case analysis does not clarify whether, or to what extent, my arguments generalize across China as a whole. As Gerring (2007) notes, "Case study research suffers problems of representativeness because it includes, by definition, only a small number of cases of some more general phenomenon" (43). Second, given the "many variables, small-*N*" problem inherent to in-depth case research, there is a potential concern that the case studies do not sufficiently control for confounding factors, and might therefore misattribute causality. Does the power of the main explanatory variables persist after we take into account confounders and alternative explanations? And when we look at the larger population of Chinese provinces, are these same variables important in shaping outcomes more broadly?

To address these questions, this appendix expands upon the brief quantitative discussion in chapter 8. I carry out regression analysis of spatial development outcomes in twenty-six provincial-level units<sup>2</sup> during the crucial decade of the 2000s to test whether the relative economic performance and political-administrative strength of different provincial units is associated in the expected way with metropolitan-oriented development. I use both cross-sectional

analysis, analyzing variation across provinces in the metropolitan slant of development, and panel analysis with provincial fixed effects, analyzing variation over time within provinces. Before presenting the main analysis, I explain my approach to measuring key variables and I provide further information on data sources.

## Measuring the Metropolitan Slant of Development

One challenge in testing the generalizability of case-study findings across China more broadly is coding the main dependent variable—the model of spatial development—for a large number of units. Characterizing provinces' policy approaches over multiple time periods would require in-depth research into official plans, policy statements, and resource allocation patterns for more than two dozen units. Here, I take a simpler, albeit less direct, approach to operationalizing the dependent variable. Instead of looking at policy outcomes *per se*, I examine development outcomes—specifically, patterns in the spatial distribution of FAI. As I have done elsewhere in the book, I use the spatial concentration of FAI in the leading economic center (“top city”) of a province as a proxy for the degree of metropolitan slant in development. I calculate the share of total provincial FAI absorbed by the leading economic center of the province both for the decade between 2001 and 2010 as a whole and also for individual years.

Fixed-asset investment, which includes investment in industrial plant, real estate, and infrastructure, indicates where new urban and industrial development is taking place. The official FAI measures I use capture both public and private investment, and therefore cannot be treated as direct policy outcomes. In using such data, it is necessary to take into account historical trends and purely economic factors that might influence the geographic distribution of investment. Still, an aggregated FAI measure is useful because state actors directly or indirectly support a large share of investment, and because government policies significantly influence flows of non-state investment as well.<sup>3</sup> State actors prime the pump of private investment by establishing development zones with preferential policies and high-quality infrastructure, and by providing resources like land and financing on the cheap. Tracking only public-sector investment would miss these developmental interventions by the state.

As discussed earlier, scholars have expressed concerns about the reliability and consistency of various measures of economic activity in China. Although I do not have an independent way to verify the accuracy of official FAI statistics for different cities and provinces, my analytical focus on the proportion of FAI in different provinces captured by top cities (rather than on the absolute quantity of FAI recorded) should mitigate concerns about accuracy. Cal-

culations of top-city FAI share should not be affected too greatly by exaggeration or understatement of true FAI numbers as long as the degree of such distortions is consistent within provinces, because numerators and denominators will both be affected.

Meanwhile, in collecting and processing FAI data, I have attempted to ensure as much consistency as possible. The main investment outcome data I examine cover the period 2001–2010, and thus are not affected by a change in 2011 in the official methodology used for calculating FAI. The city-level and province-level FAI data used here are totals for entire prefectural or provincial units, rather than for urban districts (*shiqu*) only. There are two reasons for this. First, the official boundaries of urban areas are frequently altered, and they often fail to align with the true extent of built-up areas. Second, at a theoretical level, I am interested in how investment is distributed across different city regions rather than simply urban areas. Prefectural units, which comprise urban cores ringed by rural hinterlands, are the closest approximation of city regions for which data are readily available.

The calculated 2001–2010 top-city FAI shares appear in table A.1. Fixed-asset investment data used here and in previous chapters, including provincial total FAI and top-city FAI, come from the city-level statistics database of China Data Online and provincial statistical yearbooks. I adjusted FAI figures for inflation using provincial-level deflators. Due to inconsistent practices in the tabulation of FAI across different years and different sources, it was necessary to piece data together from different sources to assemble the most consistent set of data series possible. For each province, I attempted to find FAI data that included totals for full prefectural city areas or full provinces, and that included the category of real estate development (*fangdichan kaifa*). In a handful of cases, calculating FAI values required adding separate totals for real estate development and FAI exclusive of real estate development. Despite best efforts, however, it is possible that FAI data are not perfectly comparable for all years and units. Tabulation problems are a bigger concern for pre-2002 data than post-2002 data, however, and most of the data analyzed in the project are for the 2001–2010 period. Moreover, to the extent that there is inconsistency in the data, I do not have any reason to think that it follows a systematic pattern across units.

## Measuring Key Explanatory Variables

The book has highlighted two variables that influence provincial spatial development approaches—the relative economic performance of provincial economies and the relative strength of the provincial level of government. Besides these variables, there are several confounding factors and alternative explanatory variables that must be taken into account.



TABLE A.1. Top-City FAI share 2001–2010 and sources for FAI data by province

Province	Top-city FAI share, 2001–2010	Data sources
Hebei	0.202	China Data Online (CDO) for 1996–1999; provincial yearbooks for 2000–2002, 2011–2012
Shanxi	0.187	CDO for 1996–2010; yearbooks for 2011–2012
Liaoning	0.290	CDO for 2002–2010; yearbooks for 1996–2001; 2011–2012
Inner Mongolia	0.200	CDO for 1996–2010; yearbooks for 2011–2012
Jilin	0.354	CDO for 1996–2010; yearbooks for 2011–2012
Heilongjiang	0.371	CDO for 1996–2010; yearbooks for 2011–2012
Jiangsu	0.185	CDO for 2003–2010; yearbooks for 1996–2002, 2011–2012
Zhejiang	0.209	Yearbooks for 1996–2012
Anhui	0.249	CDO for 1996–2010; yearbooks for 2011–2012
Fujian	0.256	CDO for 1996–2010; yearbooks for 2011–2012
Jiangxi	0.219	CDO for 1996–2010; yearbooks for 2011–2012
Shandong	0.136	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Henan	0.175	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Hubei	0.377	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Hunan	0.322	CDO for 1996–2010; yearbooks for 2011–2012
Guangdong	0.217	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Guangxi	0.197	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Hainan	0.323	CDO for 1996–2010; yearbooks for 2011–2012
Sichuan	0.373	CDO for 1996–2010; yearbooks for 2011–2012
Guizhou	0.325	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Yunnan	0.338	CDO for 1996–2010; yearbooks for 2011–2012
Shaanxi	0.409	CDO for 2003–2010; yearbooks for 1996–2002; 2011–2012
Gansu	0.267	CDO for 1996–2010; yearbooks for 2011–2012
Qinghai	0.367	CDO for 1996–2010; yearbooks for 2011–2012
Ningxia	0.441	CDO for 1996–2010; yearbooks for 2011–2012
Xinjiang	0.157	CDO for 1996–2010; yearbooks for 2011–2012

## RELATIVE ECONOMIC PERFORMANCE

As my main measure of provincial economic performance, I calculate the inflation-adjusted compound annual growth rate (CAGR) of GDP for each province for the period from 1990 to 2000.<sup>4</sup> I opt for the GDP growth rate rather than another measure because GDP offers a comprehensive indicator,

and because provincial GDP growth rates are closely watched and politically salient in China. Data for the full decade from 1990 to 2000 are used because I am interested in how provinces' economic performance during an extended prior period influences their subsequent development policies.<sup>5</sup> As an alternative, more regionally contextualized measure of provinces' economic performance, I also examine the difference between a given province's GDP growth and the average growth rate for the larger set of coastal provinces or, alternatively, inland provinces. Table A.2 lists the inflation-adjusted 1990–2000 CAGR of GDP growth for each province.

### PROVINCIAL-LEVEL STRENGTH

Operationalizing provincial government strength for quantitative analysis poses a particular challenge, given that provincial-level strength is conceptualized here as the sum of distinct forms of power—administrative, fiscal, and political. For cross-sectional analysis, I measure provincial strength using an additive index that takes into account scores on five different indicators and is designed to range between scores of 0 (very weak) and 10 (very strong).<sup>6</sup> Theoretically, provincial governments are strong when they possess different currencies of power simultaneously, but different aspects of power may not occur together or may even be negatively correlated. I therefore combine indicators that capture different aspects of provincial-level strength to provide a holistic measure of provincial-level strength. As discussed in chapter 3, my specific choice of indicators to capture intergovernmental power relations takes cues from past comparative and China research, including the work of Falleti (2005), Lieberthal and Oksenberg (1988), and Tan (2004).<sup>7</sup>

The first two provincial strength indicators are meant to capture the *fiscal* strength of provincial units relative to localities and the center, respectively. The first indicator, the share of subnational (*difang*) fiscal expenditure accounted for by the provincial level, proxies for how dependent localities are on the provincial level for economic resources. When the provincial level controls a larger share of fiscal expenditure, provincial authorities have more sway over the allocation of resources in the province and can be expected to have greater bargaining power relative to cities. To generate an ex ante measure, I average the provincial-level share of subnational expenditures for the two years 1999 and 2000. The second indicator, a province's ratio of total fiscal expenditure to total fiscal revenue, relates to fiscal autonomy. Provinces rely on central fiscal transfers to help them cover the gap between their budgetary expenditures and locally controlled revenues. I assume that, other things equal, dependence on central aid should make provincial governments more beholden to Beijing—and, by extension, to central policy priorities.<sup>8</sup> Fiscal

data for both indicators are obtained from China Data Online and provincial statistical yearbooks.

The next two indicators address the *institutional* autonomy of provincial authorities vis-à-vis localities below and Beijing above. The third indicator, which records the representation of leaders from secondary cities on the provincial party standing committee, reflects the degree to which provincial-level decision-making is exposed to or insulated from sub-provincial interests. When city-level leaders sit on the provincial party standing committee, it should be easier for city-level governments to influence provincial decision-making, and more difficult for provincial-level priorities to dominate the making and implementation of policies. I examine standing committee composition for the years 2000 and 2005, assigning a “high” provincial strength score if there were not leaders of non-capital cities on the provincial committee in either year. If in either 2000 or 2005, but not both years, there was a non-capital city leader on the standing committee, I assign a “medium” score. If in both years leaders of non-capital cities held seats on the committee, I assign a “low score.” Data on provincial standing committee composition are taken from Radiopress’s *China Directory* and the Baidu Baike online encyclopedia.

My fourth indicator, which is meant to capture the degree of autonomy provincial authorities historically have enjoyed vis-à-vis the central government, is the geographic distance of a given provincial capital from Beijing. This indicator choice assumes that, on balance, provinces located nearer to Beijing geographically have had tighter bonds to the central state both historically and in more recent periods. In such cases, Beijing may have a greater capacity for oversight of provincial affairs, may be more involved in provincial policymaking, and may also give or take more resources to or from provinces.<sup>9</sup> I measure different provinces’ proximity to Beijing using the Google Maps distance calculation tool.

The final provincial strength indicator used in the index, which measures the political clout of provincial leaders, counts the number of “rising-star” leaders (identified based on age) who have served in a province during the 2000s. High concentration of authority in the hands of the provincial party secretary means that leader characteristics influence a province’s capacity for action and bargaining power. Following Li (2010), I assume that leaders who rise to high office at a young age enjoy either strong political patronage from top national party leaders or exhibit unusual individual leadership talent. In either case, I assume that such leaders bring greater political capital and bargaining leverage to the provincial governments over which they preside. Rising-star leaders are identified as those whose age upon assuming the leadership post in a province was a standard deviation younger than the average age for incoming party secretaries or governors, respectively. For party secretar-

ies, the mean age at appointment is approximately fifty-seven, and the standard deviation in appointment age is approximately four years. I code those appointed at age fifty-three (a standard deviation below the mean) or younger as rising stars. Data on leaders are taken from the Radiopress *China Directory* series, from the Baidu Baike online encyclopedia, and from China Vitae.

After collecting data for each indicator for all twenty-six provinces, I compare raw scores for different provinces and sort provinces into three groups of similar size to be assigned a score of 2, 1, or 0. A score of 2 denotes a relatively high level of provincial strength on a given indicator, while 1 signifies intermediate strength, and 0 denotes low strength. Some of these indicator scores are positively correlated with one another while other pairs are negatively correlated or uncorrelated. Indeed, it is precisely because provinces are unlikely to be strong or weak on all of these different indicators simultaneously that an additive index is useful.

Scores on these five indicators are then summed up to generate an overall score of provincial strength. Possible scores on the index range from 0 (low provincial-level strength) to 10 (high provincial-level strength), while actual scores for the provinces in my sample range between 2 and 7, with a mean value of 4.7 and median and modal values of 5. The distribution of values on the index is roughly normal. Table A.2 provides the raw measures for each provincial strength indicator, the scores given to each province on each indicator, and the overall provincial strength scores obtained by summing indicator scores.

## CONFOUNDING VARIABLES AND ALTERNATIVE EXPLANATORY FACTORS

There are a number of factors that may cloud the relationship between the main explanatory variables and provinces' top-city FAI share. It is particularly important to take into account variables that may be correlated with both the explanatory variables and top-city FAI share outcomes, such as provinces' size, development level, and top cities' historical economic dominance. To control for the ex ante importance of the leading city in different provincial economies, I include the year 2000 top-city share of provincial GDP as a covariate in most models.<sup>10</sup> To control for provinces' varying development levels and sizes, I include provincial per capita GDP and provincial population. Additional regression specifications include controls for provinces' level of economic liberalization, level of urbanization, the special status of top cities, the presence of other major metropolitan centers, and other variables that might affect top-city FAI share. Table A.3 provides summary statistics for covariates included in the main regression models.

TABLE A.2. Provinces' relative economic performance and provincial government strength

Province	CAGR of GDP, 1990–2000 (%)	I. Provincial share of subnational expenditures		II. Cities beside provincial capital on provincial committee		III. Fiscal self-sufficiency of province (total expenditure/total revenue)		IV. Distance from Beijing (air distance in miles)	V. Rising-star leaders (number of rising stars, 2000–2010)	Provincial strength additive index (0–10)
Hebei	11.9	0.27 (1)		Tangshan (1)		1.62 (2)		165 (0)	0 (0)	4
Shanxi	9.6	0.30 (1)		None (2)		1.82 (1)		250 (0)	0 (0)	4
Neimeng	10.0	0.29 (1)		Baotou (1)		2.45 (0)		254 (0)	1 (1)	3
Liaoning	8.7	0.20 (0)		Dalian (0)		1.69 (2)		392 (0)	1 (1)	3
Jilin	9.9	0.40 (2)		Yanbian (0)		2.41 (0)		532 (0)	1 (1)	3
Heilongjiang	7.7	0.39 (2)		None (2)		2.03 (0)		657 (1)	0 (0)	5
Jiangsu	13.1	0.20 (0)		Suzhou (0)		1.37 (2)		557 (1)	1 (1)	4
Zhejiang	13.9	0.17 (0)		Ningbo (0)		1.33 (2)		697 (1)	2 (2)	5
Anhui	10.6	0.33 (1)		Wuhu (1)		1.73 (1)		560 (1)	0 (0)	4
Fujian	13.7	0.23 (0)		Xiamen (0)		1.36 (2)		966 (2)	1 (1)	5
Jiangxi	9.3	0.24 (0)		Ganzhou (1)		1.99 (1)		780 (1)	0 (0)	3
Shandong	12.9	0.18 (0)		Qingdao, Yantai (0)		1.34 (2)		227 (0)	0 (0)	2
Henan	10.7	0.26 (1)		Luoyang (1)		1.76 (1)		392 (0)	1 (1)	4
Hubei	10.3	0.26 (1)		None (2)		1.73 (1)		652 (1)	0 (0)	5
Hunan	9.4	0.32 (1)		None (2)		1.92 (1)		833 (1)	2 (2)	7
Guangdong	14.1	0.16 (0)		Shenzhen, Foshan (0)		1.22 (2)		1170 (2)	1 (1)	5
Guangxi	11.0	0.28 (1)		Yulin, Beihai (0)		1.72 (1)		1271 (2)	1 (1)	5
Hainan	11.6	0.34 (1)		Sanya (0)		1.60 (2)		1426 (2)	1 (1)	6
Sichuan	9.7	0.23 (0)		None (2)		1.83 (1)		943 (2)	0 (0)	5
Guizhou	8.2	0.31 (1)		Qiangongnan (1)		2.33 (0)		1107 (2)	0 (0)	4
Yunnan	8.9	0.31 (1)		None (2)		2.24 (0)		1304 (2)	1 (1)	6
Shaanxi	9.5	0.39 (2)		Yan'an (1)		2.15 (0)		560 (1)	2 (2)	6
Gansu	9.3	0.44 (2)		None (2)		2.80 (0)		731 (1)	0 (0)	5
Qinghai	7.7	0.50 (2)		None (2)		4.02 (0)		823 (1)	2 (2)	7
Ningxia	8.2	0.44 (2)		None (2)		2.77 (0)		550 (1)	0 (0)	5
Xinjiang	17.4	0.38 (2)		None (2)		2.37 (0)		1497 (2)	1 (1)	7
AVERAGE	10.7	0.30		0.96		1.98		742	0.73	4.7

Sources: CDO; provincial statistical yearbooks; Google Maps; China Directory; Baidu Baike.

Note: Sub-indicator scores are given in parentheses.

TABLE A.3. Summary statistics for cross-sectional analysis

Statistic	N	Mean	St. Dev.	Min	Max
DV: Top-city FAI share (2001–2010)	26	0.275	0.087	0.136	0.441
Provincial strength index	26	4.692	1.320	2	7
1990–2000 GDP growth rate	26	0.107	0.023	0.077	0.174
Top-city GDP share 2000	26	0.246	0.085	0.112	0.441
GDP per capita 2000	26	6,941	2,797	2,645	12,898
Prov population 2000	26	45.736	25.814	5.170	94.880

### Analyzing Cross-Provincial Variation in Spatial Development Outcomes

To what extent do provinces' economic performance records and the relative strength of provincial governments account for variation across units in the top-city share of FAI? As discussed in chapter 8, I first verify that the hypothesized bivariate relationships between each of the main explanatory variables and top-city FAI share do indeed appear in the larger sample. I also verify that the joint relationship between the explanatory variables and top-city FAI share conforms to expectations that the metropolitan slant of development should be greatest under conditions of both lagging economic growth *and* high provincial strength. As figure A.1 shows, top-city FAI share tends to increase as one approaches the chart's upper-left corner (lagging growth, high strength) and tends to decrease as one approaches the lower-right corner (leading growth, low strength).

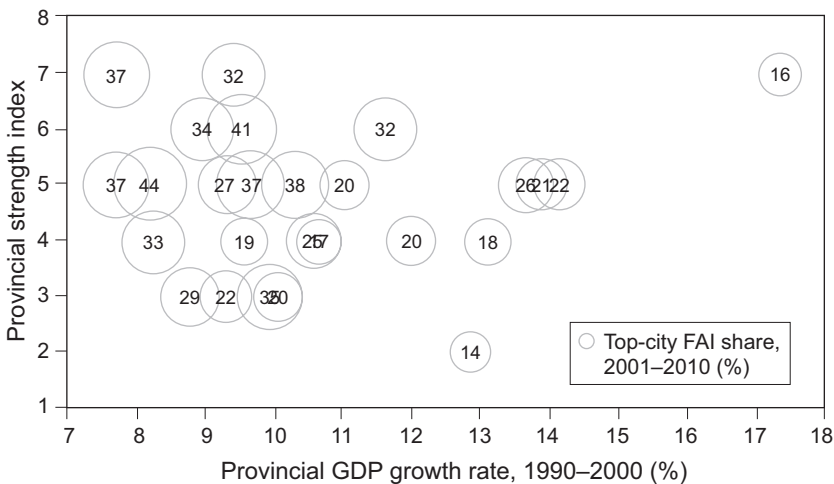


FIGURE A.1: Joint relationship of explanatory variable measures and top-city FAI share

TABLE A.4. Main cross-sectional regression results

	<i>Dependent variable:</i> Top-city FAI share (2001–2010)				
	(1)	(2)	(3)	(4)	(5)
Provincial strength index	0.025 (0.012)		0.029** (0.009)	0.017** (0.006)	0.019** (0.007)
1990–2000 growth rate		–2.395*** (0.578)	–2.514*** (0.488)	–1.626*** (0.345)	–1.856*** (0.455)
Top-city GDP share 2000				0.585*** (0.099)	0.579*** (0.110)
Log GDP per capita 2000					0.018 (0.025)
Prov population 2000					0.0001 (0.0003)
Observations	26	26	26	26	26
R <sup>2</sup>	0.148	0.417	0.605	0.847	0.852
Adjusted R <sup>2</sup>	0.112	0.393	0.570	0.826	0.816

Note: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

## REGRESSION RESULTS

To analyze these relationships more systematically, I carry out multivariate OLS regression analysis of outcomes across the 26-province sample.<sup>11</sup> The analysis uses several different specifications, variously including the explanatory variables on their own and with controls, including each explanatory variable individually and the two variables together, and operationalizing explanatory variables in different ways. Main results appear in table A.4, and additional results and robustness checks appear in table A.5.

Regression analysis reveals a positive relationship between the provincial strength index and the top-city investment share. Without controls, the coefficient falls just short of significance at the  $p=0.05$  level. With controls, the coefficient is significant at the  $p=0.01$  level. Again, regression results suggest a substantively large relationship: a one-point increase on the provincial strength index is associated with an increase in top-city FAI share of roughly two percentage points, controlling for other factors. This echoes qualitative evidence from the case studies suggesting that strong provincial establishments such as Hunan's are better able to pursue metropolitan-oriented policies.

Regression analysis also shows a negative and statistically significant relationship between provincial economic performance in the 1990s and the top-city share of investment between 2001 and 2010. This relationship holds both with and without control variables included. Lagging provincial economic

performance during the prior decade is associated with substantially more metropolitan-oriented development in the 2000s: other things equal, a reduction in GDP growth rate of one percentage point predicts an increase of roughly two percentage points in top-city FAI share. Correlation, however robust, does not establish causality, but the finding here is consistent with the book's argument that policymakers are more likely to target support to big cities in provinces that have lagged behind their competitors economically for an extended period. And it fits with earlier qualitative evidence that lagging growth spurs efforts to enhance urban competitiveness.

When both provincial strength and economic performance are included in the regression model, both variables are statistically significant at conventional levels, with or without controls. Indeed, the positive relationship between provincial strength and top-city FAI share becomes even clearer after controlling for provincial economic performance, and the overall explanatory power of the model improves.

## ROBUSTNESS CHECKS

I run several other regression specifications to verify that the findings above are robust to including alternative explanatory variables, operationalizing the main explanatory variables differently, and dropping subsets of observations.

First, I ensure that the main results are not affected by including indicators for other potential determinants of metropolitan-oriented development. It is possible that metropolitan-oriented development is more likely at lower levels of urbanization. Model (1) in table A.5 thus includes an indicator for the rate of urbanization in each province circa 2000 taken from Shen (2006). It is also possible that more state-dominated, less economically open provincial economies are more prone to metropolitan-oriented development. Accordingly, Model (2) includes an economic marketization index calculated by Fan et al. (2001). Another possibility is that development is more metropolitan-oriented in some provinces than others because top cities in some provinces have higher administrative or political status that may aid their development. Model (3) includes a dummy variable for whether the top city in question has deputy provincial status, while Model (4) includes a "key center" dummy variable for whether the top city in question hosts a regional branch of the People's Bank of China or a regional military command.<sup>12</sup> Finally, it may be the case that investment is less concentrated in the leading economic center when a province is home to other dynamic cities or another major metropolitan center. Model (5) includes a "coastal" province dummy variable to catch otherwise unmodeled differences between coastal and inland provinces, including whether coastal provinces have a larger number of significant economic cen-



TABLE A.5. Additional regression results with alternative explanatory variables

	<i>Dependent variable:</i> Top-city FAI share (2001–2010)					
	(1)	(2)	(3)	(4)	(5)	(6)
Provincial strength index	0.019** (0.006)	0.018** (0.006)	0.020** (0.006)	0.019** (0.006)	0.018** (0.006)	0.018* (0.007)
1990–2000 growth rate	–1.756*** (0.384)	–1.821*** (0.396)	–1.765*** (0.362)	–1.724*** (0.342)	–1.758*** (0.402)	–1.712*** (0.409)
Top-city GDP share 2000	0.550*** (0.109)	0.594*** (0.100)	0.505*** (0.120)	0.539*** (0.101)	0.591*** (0.101)	0.586*** (0.101)
Urbanization 2000	0.001 (0.001)					
Marketization 2000		0.006 (0.006)				
Dep prov city			0.022 (0.018)			
Key center				0.026 (0.017)		
Coastal					0.012 (0.019)	
Other metro						0.009 (0.021)
Observations	26	26	26	26	26	26
R <sup>2</sup>	0.851	0.854	0.856	0.861	0.850	0.848
Adjusted R <sup>2</sup>	0.823	0.826	0.829	0.835	0.821	0.819

Note: \* p<0.05; \*\* p<0.01; \*\*\* p<0.001

ters. Model (6) includes an “other metro” dummy indicator for whether, in addition to the top city identified by economic output, there is a deputy-provincial city or provincial capital city. Regression results, which are presented in table A.5, show that inclusion of these alternative explanatory variables does not affect the main findings. Moreover, none of these alternative explanatory variables is statistically significant at conventional levels.

As further robustness checks, I run additional models that operationalize the main explanatory variables and the dependent variable differently, and I ensure that the main results hold when dropping potentially influential data points. First, I disaggregate the provincial strength index and run regressions that include individual sub-indicators to ensure that they behave in the expected fashion.<sup>13</sup> I also re-run the main regression model using an alternative operationalization of relative economic performance that calculates the disparity between a given province’s GDP growth rate and the average among other coastal or inland provinces, respectively.<sup>14</sup> I also verify that the basic

results hold when operationalizing the dependent variable differently.<sup>15</sup> Finally, given the limited number of observations used in the cross-sectional analysis ( $n=26$ ), I ensure that results are not excessively dependent on specific subsets of data points, such as the main case provinces, outliers, or less-typical provinces.<sup>16</sup>

## Analyzing Over-Time, Within-Province Variation in Spatial Development Outcomes

Beyond using cross-sectional regression analysis to test how well key variables explain variation in top-city FAI share across different provinces for the 2000s as a whole, I use panel regression analysis to test whether short-term changes in provincial-level strength and relative economic performance affect the metropolitan slant of investment.

### OPERATIONALIZING KEY VARIABLES FOR PANEL ANALYSIS

Taking the province-year as my observational unit, I use top-city FAI share as the dependent variable and gather data from twenty-six provinces for each of the eleven years between 2000 and 2010 ( $n=286$ ). The use of provincial fixed effects restricts the analysis to variation over time within provinces,<sup>17</sup> thereby controlling for province-specific factors and effectively removing a range of confounders from the picture. The analysis also uses year fixed effects to address systematic differences across years in the metropolitan orientation of investment.

On the one hand, I use within-province panel analysis to test whether short-term changes in provincial strength are associated with changes in the metropolitan orientation of development. Measuring provincial strength for longitudinal analysis requires a different approach than in cross-sectional analysis because most aspects of provincial government strength are fairly stable from year to year. However, I exploit the fact that top provincial leaders rotate frequently—typically every two to four years—to examine how changes in provincial strength over time affect development approaches. As discussed earlier, provincial leaders differ considerably in their high-level political connections and their access to central state resources. Rising stars, whose rapid ascents through the ranks appear to reflect both leadership talent and the support of powerful patrons, bring significant political capital to the provinces they lead. I operationalize provincial strength for panel analysis with a dummy variable that records whether the top leader for a given province-year is a rising star in the party, and I test whether the presence of rising-star provincial leaders is associated with higher top-city FAI share. As before, I count as rising stars provincial party secretaries whose age on taking office was at least

a standard deviation below the mean (the cutoff age is 53).<sup>18</sup> Roughly a quarter of province-years have rising stars. As a preliminary check, I carry out a comparison of means for each province for the top-city FAI share during years with and without rising-star leaders. For fifteen out of twenty-six provinces, rising stars are present part of the time, and within-province comparison between years with and without rising stars is possible. In twelve of these fifteen cases, years with rising-star leaders have higher top-city FAI share on average than years without rising-star leaders.

On the other hand, I use panel analysis to test whether fluctuations over the medium term in a province's relative economic performance are associated with changes in the metropolitan orientation of development. Cross-sectional regression analysis shows that lagging provincial GDP growth during the 1990s was associated with higher top-city FAI investment share during the 2000s. Because it is possible that shorter periods of lagging economic performance are also associated with changes in top-city FAI share, I examine the relationship between top-city FAI share in a given province-year and the pattern of provincial GDP growth during the preceding few years. I use two different measures of prior economic performance. One is the change in a given province's share of China's national GDP during the prior three years, which indicates whether a province's economy has grown more or less prominent in the national economy. A second measure is the average discrepancy between provincial GDP growth rates and national growth rates during the previous three years, which shows whether a province has outperformed or underperformed the national baseline.

In addition to provincial fixed effects and year fixed effects, I include controls for time-variant provincial conditions in some of the regression models. I use a lagged measure of top-city GDP share to control for the leading city's ex ante economic dominance, and I include provincial per capita GDP to control for provinces' economic development level.<sup>19</sup> Summary statistics and the main results from panel analysis with provincial fixed effects are presented in tables A.6 and A.7, respectively.<sup>20</sup>

TABLE A.6. Summary statistics for panel analysis

Statistic	N	Mean	St. Dev.	Min	Max
DV: Top-city FAI share	286	0.269	0.091	0.084	0.488
Rising party star secretary	286	0.234	0.424	0	1
Prior 3-yr change in GDP share	286	0.001	0.003	-0.007	0.014
Prior 3-yr avg growth lead/lag	286	0.006	0.025	-0.062	0.107
Lagged top-city GDP share	286	0.259	0.084	0.109	0.503
GDP per capita	286	15,325	9,840	2,759	52,840

TABLE A.7. Main panel regression results

	<i>Dependent variable:</i> Top-city FAI share				
	(1)	(2)	(3)	(4)	(5)
Rising star party secretary	0.014* (0.007)			0.015* (0.007)	0.014* (0.007)
Prior 3-yr change in GDP share		0.102 (0.986)		0.213 (0.980)	
Prior 3-yr avg growth lead/lag			0.241 (0.124)		0.234 (0.124)
Lagged top-city GDP share	0.380*** (0.089)	0.370*** (0.090)	0.369*** (0.089)	0.379*** (0.089)	0.378*** (0.088)
GDP per capita	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Province fixed effects	yes	yes	yes	yes	yes
Year fixed effects	yes	yes	yes	yes	yes
Observations	286	286	286	286	286
R <sup>2</sup>	0.312	0.298	0.309	0.312	0.322
Adjusted R <sup>2</sup>	0.269	0.258	0.267	0.268	0.277

Note: \*p<0.05; \*\*p<0.01; \*\*\*p<0.001

## PANEL REGRESSION RESULTS

The panel analysis provides further evidence of a relationship between provincial strength and metropolitan-oriented development. Consistent with the argument that strong provincial leaders use their influence to build up major cities, top-city FAI share is higher during province-years with rising-star party secretaries. The coefficient is substantively large (other things equal, rising stars are associated with a one- to two-percentage-point increase in top-city FAI share) and is significant at the 0.05 level with or without controls included. Using panel-corrected standard errors à la Beck and Katz (1995),<sup>21</sup> the rising-star coefficient loses statistical significance at the 0.05 level, but remains close to significance at the 0.10 level. Consistent with my theory, rising stars are indeed associated with more metropolitan-oriented development patterns across the extended sample of twenty-six provinces.

While panel analysis results for provincial strength reinforce earlier findings, the results for relative economic performance are less consistent. Using a province's change in share of national GDP over the prior three years to measure relative economic performance, I do not find a clear relationship between lagging economic growth and top-city FAI share. Meanwhile, when measuring relative economic performance with the average discrepancy between provincial GDP growth and national GDP growth during the previous

three years, lagging economic performance is associated with lower rather than higher top-city FAI share. Though this finding lacks statistical significance at the  $p=0.05$  level, it runs contrary to expectations and differs from the longer-term trend identified in cross-sectional analysis (where provinces whose economies grew relatively slowly during the 1990s exhibited more metropolitan-oriented development during the 2000s). The conflicting findings of cross-sectional and panel analysis where relative economic performance is concerned suggest that it is longer-term legacies of lagging performance, rather than shorter lulls in growth, that matter most in shaping spatial development policies.

## APPENDIX B

# Cross-National Extensions to Brazil and India

The quantitative analysis presented in appendix A shows that the explanatory variables highlighted in the book's four main case studies also help to account for variation in the spatial development approaches of China's provinces more broadly. Across a larger set of twenty-six units, as in Hunan, Jiangxi, Jiangsu, and Shaanxi, lagging economic performance and high provincial-level strength are associated with metropolitan-oriented development.

Are these same factors useful in explaining different models of spatial development outside of China? To be sure, the analytical leap from China to other national settings is larger than the jump from the four main case studies to a larger set of twenty-six provinces. Not only do historical and institutional legacies of economic development vary more across national lines than within them. There is also the more basic issue of regime type—the question of how much, or in what ways, the non-democratic or democratic character and Leninist or non-Leninist lineage of political institutions shapes policymaking. Nevertheless, there are good reasons to suspect that essential dynamics of development and development politics might transcend even major differences of context. Indeed, as noted in chapter 1, similar patterns of metropolitanization and anti-metropolitan backlash have been observed in diverse settings.

To assess whether some of the book's core arguments might apply cross-nationally as well as across China, this appendix examines subnational shadow cases from Brazil and India, relying mainly on the scholarship of country experts. Beyond serving as a “parallel demonstration of theory,”<sup>1</sup> these shadow cases further test and better contextualize my China-based findings. In looking at cross-national comparative cases, I am interested in whether the key explanatory variables—subnational units' relative economic performance and provincial-level strength—display the same relationship with metropolitan-oriented development seen in China. I also hope to clarify which aspects of the book's multilevel politics framework are relevant to other settings and which are peculiar to China.

Other scholars of the political economy of development have also been intrigued by the similarities between China, Brazil, and India, and have used comparisons among them to test broader arguments.<sup>2</sup> Like China, Brazil and India are large developing countries with multilevel political-administrative systems and twentieth-century legacies of economic statism. This cross-national comparison is especially fitting where questions of spatial development are concerned, insofar as all three countries display great regional diversity and complex territorial-administrative structures. The multi-scalar nature of developmental governance, and the existence of conflicts between different government levels and territorial units, make Brazil and India particularly useful points of reference.

At the same time, any scholar comparing the development experiences of these three countries must confront the particularities of each setting. Obviously, there are crucial differences in the specific developmental predicaments and in the political regime types and institutions one finds in China, Brazil, and India. The texture of politics and the way that policies are made and implemented can differ dramatically between Leninist party-states like China, on the one hand, and federal democracies, on the other. As I show below, however, there are similarities in both the policy logics and political divisions surrounding spatial development in these countries—commonalities that overcome even major differences like regime type.

My shadow case analysis starts with an intertemporal analysis of outcomes in Brazil's Minas Gerais state, moving from the period of military rule in the 1960s and 1970s to the post-1980s democratic period. I then turn to the contemporary Indian context, one where there is a lively—if nevertheless imperfect—democratic tradition, comparing the experiences of Andhra Pradesh and West Bengal. As I will show, key themes from my China-based argument also resonate in these settings.

### **Minas Gerais, Brazil**

Like China's provinces, Brazil's states are very large entities in their own right and historically have been important territorial-administrative units. Indeed, under Brazil's federal system, states enjoy greater political and governance autonomy than do the provinces of China. At the same time, however, the fact of belonging to a larger national political economy in which there is circulation of—and competition for—economic and political resources has deeply influenced the development paths of Brazilian states. While states were the main locus of politics and economic policy in Brazil's old republic, there was greater centralization of political authority and economic resources in the middle of the twentieth century under Getulio Vargas's *Estado Novo*. The central state strengthened further during the postwar period, most notably in the wake of

Brazil's 1964 military coup. With power and resources gravitating toward the center, Brazil's states, like China's provinces, increasingly found themselves competing for state resources as well as private and foreign investment.

The experience of Minas Gerais during the mid- and late-twentieth century offers an especially rich comparison with contemporary China because the state was in the midst of a major urban and industrial boom and spatial development patterns were in flux. Like Hunan and Jiangxi in China, Minas Gerais is an interior state perched between developed coastal regions and poorer hinterland areas. On the south, it is bordered by São Paulo and Rio de Janeiro; on the north, it neighbors Goiás and Bahia. Today Brazil's second most populous state, Minas Gerais remained largely rural until the mid-twentieth century, with an economy based on mining and agriculture. In the decades after World War II, however, Minas rapidly industrialized, and Belo Horizonte, its capital, emerged as a major metropolis and industrial center. Amid this economic transformation, spatial issues have loomed large. The state is geographically expansive, containing multiple subregions, and the growth of cities and industry has been very uneven.

What makes the case of Minas Gerais analytically instructive is the striking variation seen over time in its spatial development policies and outcomes. After World War II, and particularly during the 1960s and 1970s, as state authorities promoted urban and industrial development, they focused heavily on building up the core metropolitan area around Belo Horizonte. Belo saw explosive growth during this period, with large-scale industry development and a dramatic expansion of its urban area (Eakin 2001). This run of rapid, metropolitan-oriented growth came to an end in the late 1970s. Over the following decade, regional development policies in the state emphasized smaller cities and hinterland areas, dispersing public works and policy support away from the economic core. However, from the early 1990s on, policies and development trends shifted again. Over the following fifteen years, the state overhauled metropolitan governance, invested in urban infrastructure, and recruited strategic investments to make the Belo Horizonte region more competitive. This over-time variation presents an opportunity to explore how shifting political and economic winds influenced spatial strategies of development.

As I argue below, Minas Gerais's booming metropolitan growth during the 1960s and 1970s, and again during the 1990s and 2000s, reflected strong state support—support that was made possible by the state government's unusual political cohesion and institutional capacity. By contrast, the period of more regionally redistributive development policies and slower metropolitan growth in the late 1970s and 1980s coincided with a weakening of state-level authority, as the elite cohesion that historically characterized Minas Gerais's politics unraveled.



Minas Gerais experienced rapid economic and urban growth in the mid-twentieth century, and this development was overwhelmingly concentrated in and around its capital city. Belo Horizonte was a latecomer on Brazil's urban scene: created *de novo* as a state capital for Minas Gerais at the end of the nineteenth century, the city grew to become one of Brazil's largest, most dynamic metropolises over the following decades. Between the 1930s and 1950s, Belo Horizonte saw a buildup of basic industries and new city districts (Eakin 2001, 108–12). When Minas Gerais entered a phase of booming economic growth in the 1960s and 1970s, Belo Horizonte's fortunes improved even further. Between 1960 and 1977, the industrial sector's share of the state economy climbed by 10 percentage points, and by 1980 the state's population was two-thirds urban, compared with 40 percent in 1960, but the distribution of this urban and industrial growth "exacerbated a preexisting pattern of uneven, concentrated spatial development" (Hagopian 1996, 93, 99). Between 1970 and 1977, 80 percent of new industrial investment in Minas clustered in the Greater Belo Horizonte and the "Valley of Steel" region to its east (*ibid.*).<sup>3</sup>

The booming development of Belo Horizonte reflected proactive state-level support. From the early twentieth century, provincial elites in Minas Gerais had sought to build an inland metropolis, and "strong emphasis was placed on physical infrastructure to attract industrial capital and to occupy the new capital of the state" (Soares de Moura Costa 2011). Yet, it was during Brazil's period of military dictatorship and import-substitution industrialization that a particularly aggressive strategy of metropolitan development emerged. During the 1960s and 1970s, Minas Gerais explicitly worked to establish Belo Horizonte and the surrounding area as a hub of state industry and a hotbed for multinationals (Montero 2001a). The Minas Gerais government played a leading role in economic development, with state-level public expenditures alone reaching as high as 19 percent of state GDP in 1977. State developmental agencies like the Industrial Development Institute (INDI) and Industrial Districts Company (CDI) coordinated development initiatives and provided subsidies, while Minas also used large tax rebates to incentivize investment (Hagopian 1996, 81–82). To pave the way for strategic investments, the state oversaw the construction of special infrastructure and industrial estates, such as a new *Cidade Industrial* on the outskirts of Belo (Eakin 2001, 111, 130–33). Policymakers actively courted multinationals such as Italian automaker Fiat, which established a huge facility just outside the capital after the state in 1974 provided 44 percent of the project's start-up capital (Hagopian 1996, 83).<sup>4</sup> Thanks to government support and mounting agglomeration economies, industrial and urban growth in Belo Horizonte far outpaced that in other parts of Minas Gerais (Eakin 2001, 132–33; Montero 2001b).

Concerted support for Belo's development in turn required both strong political commitment and extensive political-administrative capacity on the

part of the state government. One significant factor contributing to Minas Gerais's metropolitan-oriented development approach was Mineiro elites' determination to break out of economic marginalization. As late as the mid-twentieth century, Minas Gerais remained peripheral in a national economy dominated by São Paulo and Rio de Janeiro. With a limited capital base and relatively few entrepreneurs, proximity to Brazil's metropolitan regions was both "a blessing and a challenge" (Montero 2001a, 54). New opportunities to attract large-scale investments from state-owned enterprises and multinationals emerged in the 1960s, but Minas Gerais had to contend with its stronger neighbors. Provincial elites believed that, in order to do so, Minas must have a larger and more attractive urban-industrial center of its own to overcome its "colonial" position in the domestic economy and move into more lucrative downstream industries (Eakin 2001, 131, 162). In practice, this would mean pooling investment and focusing more administrative energy to raise the profile of Belo Horizonte.

Insofar as the buildup of Belo Horizonte was conceived and carried out as a project of the state government, the state's administrative capacity and political clout were as important as its development vision. State-level authorities have traditionally been powerful under Brazil's federal arrangements, but Minas Gerais's provincial establishment during the mid-twentieth century was unusually strong. The historical foundations of Minas's power lay in the cohesiveness of the state's elite—and the traditional elite's success in aligning itself with the state's political-administrative apparatus. As Hagopian (1996) explains, the Minas elite "was from the beginning a traditional elite organized into clan networks that formed zonal power groups," and family ties and personalistic linkages cemented the elite together, especially at the highest echelons of power (43). As a consequence of its tight-knit government and economic elite, the state had "low levels of conflict among the political class" during the 1960s and 1970s (Montero 2001a, 52). With a unified elite, the state government was in a strong position to orchestrate major developmental programs and to project political influence both upward and downward.

During the mid-twentieth century, the Minas Gerais government exerted influence in national-level politics, exercised control over localities in the state, and preserved a large measure of fiscal autonomy. State leaders from Minas historically had played a key role in national-level politics and enjoyed privileged ties with Brazil's federal government due to the state's pivotal position in national governing coalitions.<sup>5</sup> Influence in national politics and state-level bureaucrats' connections in national ministries were instrumental in bringing large amounts of federal investment and resources to the Belo Horizonte area during the 1960s and 1970s (Montero 2001a). Meanwhile, state authorities also maintained strong territorial control throughout Minas Gerais, with political leverage over local governments. Hagopian (1996) describes

how, around the turn of the twentieth century, a “noncompetitive oligarchy consolidated its hegemony throughout the state’s territory” by “eliminating competition within the single dominant political party and then, with the force of state institutions, by suppressing dissent and subordinating municipal to state government” (45). The oligarchic elite then managed to maintain this dominant position in state politics through a period of growing federal power under the *Estado Novo* and into the postwar years. Effective territorial control across the state insulated the Minas Gerais government from local pressures to redistribute resources across different regions of the state. Finally, the relatively fiscal autonomy Minas enjoyed in the mid-twentieth century enabled the state to pursue development policies of its own design rather than being swayed heavily by national-level priorities. During the period of military government, the state was less dependent on central transfers than many states, with less than one-fifth of the state budget between 1965 and 1975 coming from central transfers. Meanwhile, the state was able to mobilize large quantities of funding from financial institutions, including loans from the Bank of Brazil and the National Economic and Social Development Bank (Hagopian 1996, 144, 158–60). State authorities thus had ample resources to support their development priorities.

However, these pillars of state-level power weakened under shifting political and economic conditions in the second half of the 1970s and the early 1980s. During these years, Brazil experienced growing political competition and its statist economic paradigm began to falter under mounting debts. In Minas, a development model that concentrated policy support and resources narrowly in the state’s most-developed and economically competitive areas became untenable. Like Brazil as a whole, Minas Gerais underwent a political shake-up in the late 1970s as the military regime, in anticipation of direct elections in 1982, modified the party system that had been in place since the mid-1960s. Amid this transition toward a more competitive electoral system, Francelino Pereira dos Santos, a relative outsider to the state’s elite establishment, won the governorship in 1979. Pereira had a political base in the northern part of the state, which had been neglected under Minas’s erstwhile development policies and was lagging economically. During Pereira’s tenure, development policies in Minas Gerais directed a growing share of resources to the north, winning gratitude from localities in this area, who attributed their change in fortune to the new leader (Hagopian 1996, 167).<sup>6</sup>

As electoral competition increased and the traditional elite’s grip on state politics slipped in the late 1970s and 1980s, other efforts to rebalance Minas Gerais’s spatial development and help lagging areas of the state also gained ground. A new, federally originated “dike cities” program that sought to build up medium-sized cities as new growth centers and new destinations to attract

the state's burgeoning urban population moved forward rapidly under Pereira and his successor (Montero 2001b, 74). In addition, rural development initiatives, rural credit schemes, and new small community-focused programs took shape in the late 1970s and early 1980s (Hagopian 1996, 183). After 1982, when Minas elected an opposition party governor who enjoyed the backing of agrarian elites and metal workers from the northeastern part of the state, regionally redistributive policies continued, and "a broad array of state programs was geared to reach target groups in every corner of the state" (*ibid.*, 31, 166).

Later in the decade, the election of Newton Cardoso, who served as governor from 1987 to 1991, saw the continuation of policies that dispersed infrastructure investment and economic patronage across the state. A controversial and politically weak leader, Cardoso appeared to target state support based on coalitional calculations rather than in accordance with a coherent regional development strategy. As Montero (2001b) explains, "Cardoso pursued patrimonial economic olives to strengthen his political position. The political outsider presented himself as a 'man of public works.'" Peripheral areas benefited, while "the developing south, west, and parts of Belo Horizonte were almost ignored" (76–77). Unsurprisingly, such policies alienated many traditional elites and technocrats in the state establishment (*ibid.*).

Following a decade of more redistributive development policies, however, political and economic shifts in the early 1990s provided an opportunity for the traditional state elite to reinstate its development agenda. Helio Garcia was elected as governor in 1991, bringing an end to a period of deep elite divisions. This "re-emergence of the old system of coordination between the traditional elites and political bureaucrats" enabled a shift back toward a more technocratic development outlook (Montero 2001b, 62, 81). Under Garcia, new efforts were launched to empower bureaucracies and rebuild an industrial policy apparatus (*ibid.*, 82).<sup>7</sup>

While the development model Minas Gerais pursued after the early 1990s had a more neoliberal flavor than the policies of the 1960s and 1970s, it still involved an interventionist role for state authorities in industrial and urban development. Minas officials worked to expand and upgrade strategic sectors like automobiles and took steps to make the metropolitan region more competitive. During the early 1990s, state leaders and agencies like INDI and the Development Bank of Minas Gerais collaborated with Fiat, their longtime partner, to expand auto production capacity in the state and to bring in larger numbers of auto parts suppliers to form internationally competitive supply and production clusters within the state. As Montero (2001b) notes, "the effect on the mineiro economy was [ . . . ] pronounced, although concentrated in one area. The boost in Fiat's production contributed to the expansion of the

automotive complex in and around Belo Horizonte and Betim, which housed 60 percent of the auto parts producers in Minas” (96–97).<sup>8</sup> As Minas Gerais worked to boost industry in and around Belo Horizonte in the following years, state authorities sought to upgrade the metropolitan economy into more elite-oriented and knowledge-based sectors. In 2007, the state secured a \$5 billion investment from Fiat to expand production facilities and ramp up parts production and research and development capacity (Gray 2009). By this time, efforts were also underway to groom Belo as a center for knowledge-based industry, business services, and cultural sectors. Leveraging its infrastructure and industrial base, as well as its higher education assets, Belo Horizonte would become host for Google’s Latin America headquarters and numerous other technology and biotech firms (*ibid.*).

Developing Belo Horizonte as a center for knowledge-based industry and services involved major investments in metropolitan infrastructure and governance by the state government. Minas Gerais launched a large-scale effort to improve metropolitan transportation in the mid-1990s, and in 2006, Belo’s Tancredo Neves International Airport opened the first industrial cargo air freight service in Brazil (Gray 2009). Meanwhile, state leaders reasserted their power in metropolitan governance and worked to coordinate the development of public infrastructure and services in Belo Horizonte. In 2004, changes to the state constitution created a new metropolitan governance system whereby the state controlled half the votes in the metropolitan assembly. Meanwhile, several new metropolitan governance and developmental bodies were created, including a state Secretariat of Regional and Urban Policy, a Metropolitan Governance Group, and a Metropolitan Forum (Soares de Moura Costa 2011; Eghrari 2012).

Viewed as a whole, the development trajectory of Minas Gerais largely conforms to the predictions of this book’s theoretical framework. In Minas Gerais, much as in the case of Hunan, the impetus of lagging development and the activism of a strong provincial establishment brought about a rapid buildup of metropolitan infrastructure and industry. This development trajectory was neither inevitable nor fixed, but rather was sustained by a specific combination of political and economic forces. The economic conditions (lagging relative economic performance) and political conditions (state-level strength) conducive to a metropolitan-oriented development paradigm were strongest during the 1960s and 1970s, and during this time Minas Gerais pursued an ambitious industrial and urban buildup focused on its core metropolitan area. Changing economic and political conditions undermined the basis for this metropolitan-oriented strategy between the late 1970s and late 1980s, before a new opportunity for the traditional elite to regroup and reimpose its development vision appeared in the 1990s.

## Andhra Pradesh and West Bengal States, India

Contemporary India provides another natural setting in which to test the applicability of the book's theoretical framework. Not only is India uniquely comparable to China in population; its governance structure and development chronology in certain ways mirror those of China. In India, as in China, provincial-level units are crucial for governance, and are particularly important in the realm of urban and regional development. Indeed, in India, as in Brazil, the role of state-level government is even more expansive than that of provincial-level governments in China. As Shaw (2012) notes, "Because of their almost complete jurisdiction over municipal affairs as well as over policy that is important to cities (e.g., industrial location and development), the state's position becomes critical in enabling or constraining metropolitan business policies and governance" (53). At the same time, however, the central government has played a vital role in India's development since independence. Prior to early 1990s reforms, central planners and line ministries approved and oversaw investment projects across the country. Like China, India to this day creates and implements national five-year development plans and other central schemes that carry important distributive implications. This makes development an inherently multilevel process, in which both the central state and subnational actors play key roles (Sinha 2005).

### ANDHRA PRADESH

Pre-2014 Andhra Pradesh was a large and populous state in southeastern India, bordering Maharashtra (home to Mumbai), Karnataka (Bangalore), and Tamil Nadu (Chennai).<sup>9</sup> The state was first created through the amalgamation of the princely state of Hyderabad and neighboring areas as a homeland for Telugu speakers following Indian independence, and the large inland city of Hyderabad continued to serve as its capital thereafter. Beyond its urban core, Andhra Pradesh contained many densely populated rural areas and several smaller urban centers. Hyderabad has remained the largest city and leading economic center of Andhra Pradesh throughout the state's history, but the metropolitan area experienced especially dramatic growth in the 1990s and 2000s, when it underwent a major transformation to become one of India's leading information technology (IT) industry hubs.

Given Hyderabad's size and historical importance, it was natural for the city to play a key role in the state's development strategy. It is striking, however, that Andhra Pradesh authorities made the buildup of Hyderabad their overwhelming priority during the 1990s and 2000s, even as much of the state remained rural and poor. Beginning in the mid-1990s, Andhra Pradesh worked

aggressively to remake the city as a world-class hub of industry and commerce and “a growth engine for the entire region” (Kennedy 2007, 96). Hyderabad was the focal point of the 1999 Andhra Pradesh Vision 2020 plan, which called for improving the quality of economic governance in the state and using strong policy support to foster advanced industries and global economic linkages. Under an IT industry development initiative launched in the early 2000s, Andhra Pradesh offered large subsidies to firms locating in the Hyderabad environs. The state also invested heavily in new industry clusters and development districts on Hyderabad’s urban fringe, beginning with the construction of HITEC city, and later planning a much larger Cyberabad Development Area with world-class transport infrastructure (*ibid.*). In the course of the following years, state authorities continued their efforts to build a global city, advancing plans for a consolidated Greater Hyderabad to facilitate urban governance and large-scale projects (Kennedy 2014, 121–22). As Shaw (2012) notes, the large quantity of state investment in the metropolitan periphery of Hyderabad differs from the typical pattern of more private investment in sub-urban areas.

This pattern of development was not beneficial to all parts of the state or all segments of society. Heading into the 1990s, other cities in Andhra Pradesh remained considerably smaller and less economically advanced than Hyderabad. As Hyderabad boomed after the mid-1990s, other areas of the state, particularly other parts of the Telangana region of northwestern Andhra Pradesh, fell further behind. Meanwhile, the rapid development of industry, real estate, and infrastructure in Hyderabad drove up land prices dramatically, marginalized many poorer urban groups, and exacerbated environmental problems (Bonagani 2011, 200–3, 209).

One reason past scholarship has identified for the adoption of a metropolitan-oriented strategy in Andhra Pradesh during the 1990s was mounting fear of economic marginalization. Across India, the liberalizing reforms of the early 1990s put pressure on state-level policymakers to enhance the competitiveness of local industries and cities. However, Andhra Pradesh’s position in the Indian economy made metropolitan development an especially high priority there. Though surrounded by several of India’s most economically dynamic states, Andhra Pradesh until the 1990s had remained a middle-of-the-pack performer in terms of economic growth, living standards, and industrial competitiveness (Kohli 2012, 122). During the late 1980s and early 1990s, the state faced a new economic threat as neighboring Karnataka and Tamil Nadu worked to turn their capital cities into hubs for globalized industry (Rudolph and Rudolph 2001). The prospect of Bangalore or Chennai eclipsing Hyderabad as a regional economic center galvanized efforts to speed up urban construction.



Just as important in Andhra Pradesh's metropolitan development push, though, was the administrative strength and political initiative of the state government. The successor to one of India's most dynamic princely states, Andhra Pradesh had possessed a strong administrative apparatus from the time of its creation (Beverly 2013). As noted by Kale (2014), Andhra Pradesh continued to exhibit a high level of technocratic capacity during the 1960s and 1970s. And, after the 1980s, the rise of a strong regional party—the Telugu Desam Party (TDP)—would help create a political basis for developmentally oriented policies. As occurred across various Indian states, subnational identity politics increasingly displaced class-based mobilization in Andhra Pradesh. As Bonagani (2011) notes, the party appealed to statewide ethnolinguistic solidarity, and “argued against repeated intervention from Delhi in the name of Telugu people's pride” (210). The shifting axis of state politics contributed to greater subnational autonomy and gave state elites more political space to maneuver on development policy matters. While initially a vehicle for rural causes, the TDP had evolved by the 1990s into a champion of metropolitan business interests (Kennedy 2007; Murali 2011). Even as it pressed an agenda of outward-oriented economic development and reforms that threatened vested interests in the state, the TDP managed to win state elections in 1994 and 1999 by large margins (Kale 2014, 156).

Of particular importance was the rise of an energetic and politically well-connected state leader, Chandrababu Naidu, who served as chief minister of Andhra Pradesh from 1995 to 2004. A famously entrepreneurial politician who combined aggressive publicity efforts, administrative reforms, and high-level political maneuvering, Naidu was instrumental in mobilizing state resources and public opinion behind a Hyderabad-centered development agenda (Rudolph and Rudolph 2001). Besides promoting a competitiveness agenda within Andhra Pradesh, Naidu took advantage of political opportunities at the national level to advance the state's development interests. By positioning the Telugu Desam Party as a pivotal partner in India's coalition government during the late 1990s and early 2000s, Naidu gained the political leverage needed to extract central policy support and resources for Andhra Pradesh (Kennedy 2007). Naidu also worked hard to mobilize international support for Andhra Pradesh's development vision, securing major multinational investments, commitments on cooperation from foreign leaders, and many major loans from the World Bank. The ability to engage these outside actors reflected Naidu's position of political autonomy vis-à-vis the center, but also reinforced it.<sup>10</sup> Between 1998 and 2004, Andhra Pradesh managed to secure roughly \$1.6 billion in World Bank lending for its Economic Restructuring Project (*ibid.*, 151), which helped ensure that state authorities had the resources to pursue their economic vision.



Spatially selective reform and development efforts focused around Hyderabad were not merely in line with Naidu's goal of building a globally oriented metropolis; they also represented a politically savvy mode of economic reform. Kale (2014) points out that even a charismatic politician like Naidu found it difficult to advance a neoliberal agenda with regressive near-term distributional consequences in a state that had a strong tradition of economic populism. By focusing reform and investment efforts on special economic zones where major results could be accomplished quickly without having to alter policies statewide, Naidu could achieve some of his more controversial goals "by stealth." And, "in his bid to turn Hyderabad into 'Cyberabad,' Naidu gave significant concessions on land and infrastructure, including power, to information technology firms" (*ibid.*, 144).

In sum, then, Andhra Pradesh represents another case in which a metropolitan-oriented development strategy arose in conjunction with the economic pressures of lagging development and the political initiative of a strong provincial establishment. Whereas the mounting inter-state competition in India after the early 1990s for private and foreign investment and for state resources created an incentive for Andhra Pradesh to groom its leading metropolitan area as a more outward-oriented, competitive city, the political and administrative strength of the subnational establishment was what made it possible in practice for the state to carry out its vision. Strong political consensus and activist leadership within the state created space for policies that would channel resources to the most economically advanced parts of the state economy, while Andhra Pradesh's bargaining power vis-à-vis the central government enabled the state to acquire more central aid and gave it autonomy to pursue state-level interests.

## WEST BENGAL

The case of West Bengal offers an intriguing contrast to the story of Andhra Pradesh. West Bengal is located in eastern India, bordering Bihar, Jharkand, and Odisha to the west, Bangladesh to the east, Sikkim, Nepal, and Bhutan to the North, and the Bay of Bengal to the South. The heart of the state is a fertile, densely populated agricultural plain that straddles the Hooghly River. At the center of this region sits the Kolkata metropolis. Beyond Kolkata, several secondary cities and numerous towns dot the surrounding region, while the majority of West Bengal's population remains rural. As noted above, West Bengal resembled Andhra Pradesh in several respects during the period of interest. West Bengal's population was similar to that of Andhra Pradesh, even though its land area was smaller. The two states' economic outputs and levels of urbanization were also similar at the turn of the twenty-first century. As in

Andhra Pradesh, but even more so, a single major metropolitan center dominated West Bengal's economic, political, and cultural life. Metropolitan Kolkata's population of 13.2 million (circa 2001) people vastly exceeded that of West Bengal's other urban areas and was also considerably larger than the 5.5 million-person population of Hyderabad in Andhra Pradesh.<sup>11</sup>

Despite Kolkata's greater size and its greater relative importance in the state economy as compared with Hyderabad, West Bengal saw less metropolitan-biased development during the 1990s and 2000s than Andhra Pradesh. West Bengal's metropolis recorded less investment in absolute terms between 1995 and 2010 as well as a smaller share of total investment in the state (CMIE; author's calculations; Shaw 2012). Between 1995 and 2010, metropolitan Kolkata saw 318,179 crore rupees of investment, as compared with 370,099 crore rupees for Greater Hyderabad (Shaw 2012, 50). More generally, Kolkata's economic development during the 1990s and 2000s was much slower than that of Hyderabad. Although investment in Kolkata's IT industry picked up pace after 2000, and new metropolitan infrastructure and industry parks began to be established, the city's development nevertheless lagged behind that of other key metropolitan areas across India (Shaw and Satish 2007; Shaw 2012, 54–55).

The sluggish development of the metropolitan region was not due to a lack of interest on the part of state leaders. Though West Bengal had remained under the political control of the Left Front, a coalition of communists and other left-leaning political parties, since 1977, the state was not immune to the consequences of India's economic reforms. The state faced mounting pressures from inter-state economic competition after the 1980s, even if its immediate neighbors were not as economically advanced as the states bordering Andhra Pradesh. Between 1985 and 1995, West Bengal's economic growth lagged behind that of Andhra Pradesh along with other major states such as Gujarat, Maharashtra, Karnataka, and Tamil Nadu (CMIE; author's calculations). Meanwhile, the state was becoming especially marginalized in terms of large-scale private and foreign investment. "By the early 1990s," as Shaw and Satish (2007) note, "the state government realized that a revival of the manufacturing sector and a revival of Kolkata were important to the future of the state" (156). In hopes of spurring greater investment, state leaders in West Bengal, like their counterparts in Andhra Pradesh and elsewhere, outlined new steps to boost economic competitiveness. In 1994, state authorities in West Bengal outlined a new industrial policy and introduced a new slate of investment incentives (Datta 2004, 212–13). Yet, compared with states like Gujarat, West Bengal had difficulty securing foreign investment during the 1990s. Despite efforts by state leaders to recruit investment, only a few major foreign-invested projects landed in the state during this period. Perhaps the

most significant of these—a Japanese-invested petrochemicals complex—was not even in Kolkata, but in Haldia, a small city 40 miles downriver (ibid.; Sinha 2004).

Following these difficulties in attracting investment and spurring faster development in its core urban and industrial areas, West Bengal pursued a more dramatic policy shift in the early 2000s. State leaders placed more emphasis on enhancing Kolkata's economic fortunes. As Shaw and Satish (2007) note, under Chief Minister Buddhadev Bhattacharyya, "the state government in particular has rapidly changed its economic planning perspectives and goals," with "the top priority now being the regeneration of growth in the state and in the Kolkata metropolitan area" (156). Under Bhattacharyya, the state unveiled a new IT policy in 2000, creating a new bureaucracy to oversee its implementation, and state agencies like the West Bengal Electronics Industry Development Corporation and the West Bengal Industrial Development Corporation threw their weight behind new investments in IT and supporting infrastructure in and around Kolkata. In the following years, a number of major investment projects began to take form on the outskirts of the metropolis, including a new Wipro center and new arteries of expressway and real-estate development (Shaw and Satish 2007, 154). Yet, while these policies started to yield results over the following years, Kolkata's investment outcomes and economic growth remained anemic compared with other major Indian cities' performance during the 2000s (Shaw 2012).

Why was the shift to a more metropolitan-oriented growth strategy more difficult in a state where the metropolitan region's initial dominance with the state economy was even greater than in Andhra Pradesh, and where economic stagnation during the foregoing period had been more painful? An important part of the answer to these questions is that in West Bengal, unlike in Andhra Pradesh, state authorities lacked the political clout and institutional capacity to drive forward a new, more metropolitan-oriented development agenda. As of the mid-1990s, state-level power in West Bengal was seriously eroded as compared with cases like Andhra Pradesh. Two decades of Left Front rule in West Bengal had not simply entrenched a rural-oriented development philosophy; it had also reshaped state institutions and intergovernmental power relations. Under the Left Front, there had been considerable decentralization of administrative and fiscal capacity to the local level. This created both capacity constraints and political constraints on state-level authorities vis-à-vis localities. Meanwhile, state-center relations had also deteriorated under the Left Front, given its oppositional stance toward India's ruling coalitions. As a result, by the 1990s, state-level authorities in West Bengal were relatively weak in political, fiscal, and administrative terms. This limited their capacity to take action on their own and to exert leverage vis-à-vis either the central government above or local actors below, and thus made

it harder to mobilize resources behind a more metropolitan-oriented development agenda.

As Kennedy (2014) and others have noted, one important constraint on West Bengal's ability to realize its development strategies was the fiscal frailty of the state's government (64–68). The Left Front period saw weak fiscal revenue growth and heavy spending on public sector salaries, placing an increasing fiscal burden on state coffers. With inflated official payrolls and policies that allowed rural landowners to retain large amounts of revenue, few resources were maintained for developmental programs, and the state bureaucracy grew increasingly dysfunctional (Mallick 1993, 4, 171–72). Over time, West Bengal's budgetary straits worsened. By the 1990s, the state's debt levels were among the highest in India and West Bengal had the second highest rate of public debt growth in the country (Datta 2004, 245, 252). This left the state with insufficient resources to fund its policy priorities and placed it in an uncomfortable relationship of dependency on the central government.<sup>12</sup>

Moreover, political constraints from below limited state leaders' ability to focus on metropolitan development. Under the Left Front, anti-urban policy bias was ingrained not only as a matter of ideology, but also in order to consolidate support from peasants and rural economic interests that provided the Left Front's electoral mainstay. The ruling Communist Party had tight organizational linkages with Panchayats, and the Left Front's political formula involved channeling patronage to agrarian interests (Datta 2004). As Shaw and Satish (2007) note, "sectional interests that formed the vote bank of the left parties constrained the actions of the leadership in acting pragmatically" where developmental policy was concerned (156).<sup>13</sup>

An additional constraint on West Bengal's ability to achieve its goals in a multilevel policy process was the state's strained political relationship with the central government, which made it hard to obtain desired types of policy support and resources. Relations between state leaders and New Delhi had soured following the defeat of the Congress Party and the rise of leftist parties in West Bengal during the 1960s and 1970s. As members of a disloyal opposition, state leaders pursued a confrontational rather than collaborative relationship with the center. This resulted in political suspicion and weak institutional ties between the state government and central bureaucracies, hindering the flow of information and resources (Sinha 2005, 91). In the following years, state leaders like Chief Minister Jyoti Basu alleged that the central government denied West Bengal public investments and encouraged private investors to go elsewhere, and Left Front ministers decried poor treatment from central government financial institutions and banks, and limited allocations of assistance under the Central Plan (Datta 2004, 208; 213–20).<sup>14</sup>

The weakness of the state-level government limited West Bengal's capacity to pursue a more metropolitan-oriented development strategy after the early

1990s. Even as state leaders placed more emphasis on the economic competitiveness of the metropolitan region, they faced considerable hurdles. With limited financial resources at their own disposal, the government naturally sought to obtain larger quantities of financial and policy aid from the center. But poor political relations and weak institutional linkages with New Delhi hindered access to additional support. Meanwhile, the state had to contend with political constraints from below. Rural landowners and peasants, who had electoral clout under the Left Front regime, constituted a bulwark against a dramatic reorientation of policies to favor industrial and urban sectors. And rural dwellers also challenged state-supported investment projects that encroached on their communities, like a planned Tata Nano factory in Singur, a Kolkata suburb (Srivastava 2008).

The importance of state-level political power in shaping spatial development policies in West Bengal is further underscored by changes that followed a political realignment in 2011. Following more than two decades of Left Front hegemony in the state, the All India Trinamul Congress (TMC) party swept state elections in May 2011, bringing a new leadership team in and temporarily mending the rift between West Bengal and New Delhi. TMC party chief Mamata Banerjee, a charismatic figure who previously had served in multiple central government ministerial positions and enjoyed close political ties in New Delhi, became West Bengal's chief minister. Soon after taking office, Banerjee made clear that development and competitive rebranding of the Kolkata metropolitan area would be a key priority of her administration. Using her power within the state and her influence at the center, Banerjee successfully launched new economic and social development programs to help West Bengal, and Kolkata in particular. Her administration quickly expanded the boundaries of the Kolkata Municipal Corporation and announced new investments in metropolitan infrastructure, such as subways, overpasses, and riverfront improvements (Shaw 2012). The ability to take major steps in short order showed the greater political strength of the TMC relative to its predecessor.

While leaders in West Bengal shared Andhra Pradesh authorities' interest in metropolitan-oriented development, then, they proved far less successful at engineering a new development path than their counterparts in Andhra Pradesh. As I have argued, this reflected the weaker position of state-level actors in West Bengal as compared with Andhra Pradesh. With limited state-level bureaucratic and fiscal capacity, constrained political relations vis-à-vis local interest groups across the state, and poor relations with the central government, West Bengal's top leaders struggled to carry out a major rebranding and redevelopment of the Kolkata region during the 1990s and 2000s. As in the other subnational cases with diffuse political authority I have examined, centrifugal politics placed a limit on metropolitan bias in development.

## NOTES

### Chapter 1. Introduction

1. Hunan province first party secretary, 2006–2010. See Zhang (2009), 9.
2. See Gravier (1947), 27.
3. See *South China Morning Post* (2013b, 2013c); Anderlini (2016). Broad Group continued to insist that Sky City was on track, going so far as to build a 57-floor “mini Sky City” prototype in 2015 in only 19 working days (*South China Morning Post* 2015), but work on the main project has not resumed.
4. Multimillion-person cities have both grown rapidly and proliferated in number. Between 1996 and 2010, the number of cities in China with urban district populations of more than 2 million people increased from 11 to 44 (National Bureau of Statistics of China 1997, 2011). Between 1996 and 2012, the cumulative share of China’s GDP accounted for by centrally controlled municipalities, provincial capitals (excluding Lhasa), and deputy-provincial cities rose from 33.6 percent to 37.2 percent (China Data Online [CDO]; author’s calculations).
5. For a discussion of “glocalisation,” see Swyngedouw (2004). Swyngedouw defines this process as a “scalar transformation” of the global political economy whereby “the networked ordering of the economy has become simultaneously more localised or regionalised, on the one hand, and transnationalised, on the other.”
6. That particular slogan was used in 2001 by Pan Guiyu, a deputy governor in Hunan. See Pan (2001).
7. For example, a 2011 report by Chinese news organization Caixin alleged that family planning bureaus in the Shaoyang region had seized children from unauthorized births and sold them to orphanages to raise revenue (Caixin Global 2011).
8. For a conceptual discussion of “metropolitanization,” see Hoffman-Martinot and Sellers (2005).
9. See Fong (2012).
10. In this study, I generally prefer the term “dispersed development” to “balanced development.” The former has fewer normative overtones, and does not imply that spatial development is evenly or efficiently distributed.
11. Li has been a major champion of urbanization as a development strategy through much of his political career. Indeed, Li’s early-1990s doctoral dissertation in economics argued for accelerated urbanization as a way to promote growth of consumption and service industries. Li also promoted rapid urban development while serving as a provincial leader in Henan and Liaoning (Yao 2013; *Bloomberg News* 2012).
12. Here, I have defined “leading urban center” in terms of GDP size. With the exceptions of Jiangsu, Shandong, and Inner Mongolia, the leading cities are provincial capitals. The sample of provinces excludes China’s four centrally governed municipalities and Tibet for reasons discussed later in the chapter.
13. In the Chinese context, scholars such as Lu Ming and Chen Zhao have used agglomeration

dynamics to explain the polarized regional distribution of urban and industrial growth. See Lu et al. (2011).

14. Varshney (1993), among others, emphasizes that the degree of urban bias in development varies widely across countries and depends on political institutions, bureaucratic structures, and technological factors. Indeed, democratic political systems like India at times exhibit pro-rural rather than pro-urban development bias.

15. As Wallace (2014) notes, “The political logic of urban bias would lead one to conclude that urban bias should induce urban concentration. Main cities are most likely to receive the benefits of “urban” bias, since it is the political potential of the residents of those main cities and not of all cities that represent the greatest threat to the regime” (32).

16. Distributive bias toward large cities triggers rapid inflows of migrants, and excessive urban concentration can pose risks to regime survival over the long term. “Eventually,” Wallace (2014) notes, “engorged cities may become the powder kegs that ignite and destroy the regime” (31). Indeed, stronger states have invested more in controlling cities and in addressing the disparities that trigger destabilizing migration in the first place. Throughout much of the Mao era, the Chinese government repressed the growth of larger cities through household registration (*hukou*) controls. More generally, Davis and Henderson (2003) find that planned economies (where state capacity is presumably higher) display lower urban concentration than other countries, other things equal.

17. Problematic for existing theories of urban bias, it is precisely in China’s wealthier coastal provinces, where the urban threat might appear greatest, that policies seem to display the least metropolitan bias in practice.

18. For a detailed discussion of Chinese-style “state capitalism,” see Tsai and Naughton (2015).

19. See, for instance, Eaton (2014) and Yao and Sutherland (2009).

20. Similarly, migration, residency, and social service policies can channel the flow of people, steering them toward or shunting them away from larger cities.

21. For discussion of spatial development policies in different periods and different regions of the world, see Hansen et al. (1990), Parr (1999), Fan (1995), Higgins and Savoie (1995), and Park et al. (2012).

22. See Zemsky (2015).

23. “Growth pole” strategies were originally associated with Soviet planners and European economists such as Perroux, Myrdal, and Boudeville, but entered widespread use after the 1950s, becoming influential in developed and developing countries alike (Higgins and Savoie 1995; Parr 1999).

24. Until the 1990s, large-scale industrial construction, infrastructure development, and provision of urban amenities focused on the Bangkok metropolitan region. Despite modest efforts to foster new centers of industry outside Bangkok, industrial investment and public goods provision continue to concentrate in Greater Bangkok and nearby territories. As late as the mid-2000s, more than half of the government budget was allocated to Greater Bangkok. In 2006, Bangkok had more than 14 times the per capita government spending of the northeast (Wisaweisuan 2009, 191).

25. Work by geographers and urban planning scholars like Luo and Shen (2008) and Li and Wu (2013) provides fascinating accounts of how politics has shaped spatial policy programs in the Pearl River Delta and Yangtze River Delta, but avoids broader generalization about the determinants of spatial policy.

26. Work by Kennedy (2014) in the Indian context goes further than most in probing the politics around spatial policies. However, even this work does not provide a systematic explanation for variation in policy approaches.



27. Scholarship on China's urban and regional development politics has tended to feature a central-local framework of analysis, focusing on the interplay between the developmental agency of local governments, on the one hand, and the constraining structures of central policies and institutions, on the other (Yeh and Xu 2005; Lin 2007; Hsing 2010). On the one hand, the nature and motives of local authorities have been broadly conceptualized in accordance with the "local state corporatism" model advanced by Oi (1992): local governments have a hand-in-glove relationship with local economic interests and vigorously promote local growth. Following administrative reorganization and the rise of the land economy after the 1990s, these corporatist local states increasingly have scaled up to the prefectural level (Hsing 2010; Rithmire 2015). Arrayed against pro-growth local state actors, on the other hand, are the planning mentalities and residual planned-economy interests of central leaders and bureaucrats. These actors strive to maintain macroeconomic stability and preserve sectoral and spatial balance in China's growth, while also protecting their traditional economic turf (Huang 1996; Hsing 2010). Although there is some truth to these stylized central-local narratives of development, they frequently downplay the role of provincial and central policies in promoting (and not merely restraining) unbalanced growth, and they often elide the complex roles of provincial-level actors (Jaros 2016a).

28. Here, my arguments parallel and build on past work by Hsing (2010) and Kennedy (2014).

29. See Kennedy (2014), 27.

30. I conceptualize and code provincial strength as an aggregate of administrative authority, financial resources, and leaders' political capital, building on previous scholarship by Falleti (2010) and others.

31. See Leng (2010).

32. In 2010, these four provinces were home to a combined population of more than 220 million people and had a combined economic output in excess of \$1.1 trillion.

33. My case-study approach builds on earlier subnational comparative work by China scholars (Chung 2000; Thun 2006; Hurst 2009; Donaldson 2011) and comparativists (Snyder 2001; Sinha 2005). Like these authors, I use case studies to get a richer picture of provincial outcomes and the multilevel political processes through which outcomes emerge. In addition to providing a sense of historical context and progression, theory-guided process tracing can clarify causal relationships among key variables. See Lieberman (2003), Gerring (2004), and Hall (2008).

34. Historical legacies and economic-structural endowments and constraints do not change overnight. Political realities do, however, and this, as the case studies show, can fundamentally change the approaches taken by different provinces.

35. See, for instance, Orlik (2013) and Wallace (2016) on provincial authorities' apparent manipulation of GDP data during political transition years. At the same time, the view of leading experts on the quality of official statistics is that much of the statistical data produced by central agencies such as China's National Bureau of Statistics represents an earnest effort to track and report development activity across the country (Holz 2014). As Holz (2014) notes, political manipulation of statistical data cannot be ruled out, but there is limited evidence of systematic data manipulation by statistical authorities. All the same, rumors of inflation of GDP, investment, and fiscal indicators by subnational governments raise concerns for a project aimed at comparing the spatial concentration of development in different localities. Some of these concerns about data manipulation are assuaged by the fact that many of the provincial-level outcomes I am interested in are assessed using relative rather than absolute measures. For example, my main indicators for metropolitan-oriented development are not absolute quantities of investment or economic output in major cities, but rather cities' shares of total provincial investment or GDP. Even if the severity of data manipulation varies across provinces, relative measures should mitigate measurement problems as long as manipulation patterns are relatively uniform within provinces.



## Chapter 2. Spatial Policy in China

1. As Cindy Fan (1995) observes, “in a socialist system which accords the ultimate power of resource allocation (especially investment) to the state, China’s leadership is constantly confronted by allocation dilemmas—by choices between national economic growth and national integration and stability, and between efficiency and equity” (421).

2. As Yin Cunyi (2011) notes, “growth pole theory is the core content of uneven development theory, and China’s regional development strategies are just the thorough practice of growth pole theory. The emphasis of each regional development strategy is on constructing a national or regional economic growth pole through the provision of institutions and policies concentrating factors and resources in some defined spatial scope” (67).

3. The First FYP named 156 key state projects, including several major highways and railways linking important regional cities. The plan especially emphasized development of inland regions, calling for the correction of China’s “irrational distribution” of economic activity between coast and interior (HCIA 1962, 47–60).

4. In 1994, China adopted a formal revenue-sharing system whereby the central government took over collection of designated central revenues and subnational governments’ revenue offices collected local revenues. Provincial governments created vertical administration of local taxation bureaus to supervise and manage sub-provincial levels. There was further expansion of central tax collection capacity under the Tax Collection and Administration Law adopted in May 2001. And the central government announced in 2000 that granting of tax rebates was a central prerogative (Yang 2004, 74–79).

5. There are other policy realms one could examine as well. My focus here is on economic policies, so I do not look closely at migration policies and social policies, but these policy areas also affect spatial development significantly.

6. In China, as elsewhere, a “region” (*quyu*) can mean anything from a small city region to a supra-provincial region, and “regional planning” thus refers to spatial planning conducted at a variety of geographic scales.

7. Beijing pursued regional economic planning schemes during the 1980s and 1990s, but these efforts typically lacked much higher-level coordinating capacity or resource support and were not well harmonized with China’s overall economic development strategies. During the early and mid-1980s, the national leadership encouraged cross-provincial planning efforts such as a plan for the Shanghai region. After 1992, Beijing introduced major reforms to the planning system, emphasizing regionally coordinated development and creation of market connections across macro-regions. Seven macro-regional plans followed, including plans for the northwest region in 1993, the YRD region in 1995, and the northeast region in 1996. In most cases, however, regions were not well defined, cooperation across administrative boundaries proved difficult, and concrete central support remained limited (Wu 2007, 115–21; Yang 2010, 87–92).

8. In the early twenty-first century, the regional planning system involved intensive central-local consultation and bargaining, with the NDRC system serving as a key bridge across different state tiers and as a coordinating entity for different departments. See Heilmann and Melton (2013).

9. Inclusion in official development plans in recent years has increasingly become a requirement for major investment projects. Under Wen Jiabao, for instance, the central government started clamping down on projects that had not been approved as part of larger plans (Interview XA101203a).

10. While the former explicitly emphasized both development and policy experimentation and were overseen by the NDRC’s Institutional Reform Department, the latter were oriented mainly toward development and fell under the supervision of the NDRC’s Regional Department.

11. As Zou (2006) notes, “In reality, the fundamental starting point for each locality in drafting an urban cluster plan is still the consolidation of regional resources, upgrading of regional competitiveness, acceleration of development; it’s nothing more than the elevation of this theme to an ever-higher level.”

12. As Jiang et al. (2010) observe, “The more land a government requisitions and sells, the more local disposable income increases; the more land a government can gain control of, the lower the cost of city expansion; the more convenient investment attraction becomes, the more government revenue sources increase” (5–6).

13. The key to this system is the ability to requisition land resources cheaply from village collectives on the urban periphery; municipal governments compensate villagers for land primarily on the basis of its *ex ante* value as rural land (Lichtenberg and Ding 2007). Local governments have often resorted to “pseudo-urbanization,” whereby development of urban land to carry out prestige projects and obtain revenue far outpaces the bottom-up demand for new real estate (Yew 2012).

14. See Jiang et al. (2010) and Xu and Yeh (2009).

15. During the early 2000s, China experienced an explosion of land development in thousands of development zones and suburban “new districts” (*xin cheng*) (Hsing 2010, 99–104). Notwithstanding new planning practices and land regulation policies, higher-level enforcement capacity had remained limited. Municipal governments, which were both empowered and incentivized by their newfound monopoly on land conversion, urbanized farmland at a much faster pace than expected (*ibid.*; Jiang et al. 2010).

16. One Chinese mu equals approximately one-sixth of an acre.

17. Although provinces would continue to oversee localities’ annual land-use plans (*niandu jihua*), land regulation would become a key criterion for evaluating provincial leaders (Naughton 2007).

18. The fact that these campaigns led to fierce pushback from subnational authorities suggests that they achieved some success. Indeed, observers have attributed Ma Kai’s failure to secure promotion to the Politburo in 2007 to opposition from subnational interests resentful of the NDRC’s clampdown. See Naughton (2008) and Li (2010b).

19. Higher-level support has been especially important since 2003, when the central government instituted stronger regulation of development zones, carrying out more stringent reviews of urban master plans and approval procedures, and eliminating many unauthorized zones. By late 2004, a new development zone oversight system that tracked the land area of different zones had been set up by MOLAR and other agencies (Yew 2012).

20. See Vermeer (2004) and Dai (2015). For transportation projects, agencies such as the NDRC, the Ministry of Railways, the Ministry of Transportation, the Ministry of Construction, and the Ministry of Finance are typically involved (Interview CS091205b; Lin 2012).

21. According to Lin (2012), provincial governments must provide 35 percent of financing for subnational highways out of their own revenue streams. Since the 1990s, Beijing has set basic targets for highway development, but there has been little effective central regulation or oversight. In practice, provincial governments have done much of the organization of highway development and arrangement of financing.

22. See Vermeer (2004).

23. As Wong (2002) notes, “although China has a unitary system of government, the inter-governmental fiscal arrangements give it a strong federalist character” (ii). Alongside Beijing’s re-assertion of power, she notes, there was a “parallel centralizing trend” at the subnational level, with the provincial level growing stronger (ii–iii). Of course, Beijing’s designation of 15 major cities as deputy-provincial (*fushengji*) cities enabled these cities to retain more fiscal revenue and contract directly with the center (Chung 2010, 115–19).

24. It is estimated that LICs took on 3 trillion yuan in debt in 2009 alone (Wong 2013, 300–3).

25. Between the late 1990s and the end of the 2000s, the CDB enjoyed high-profile leadership: in 1998, Chen Yuan, one of China's leading "princelings" and an experienced financial official, was appointed Bank governor, bringing both strong political capital and an intense patriotic drive to his work (Sanderson and Forsythe 2012, 39–50).

26. Chen espoused an activist, state-oriented development philosophy and asserted the CDB's role as a leader in financing urban and regional infrastructure and strategic, large-scale industry (Chen 2004; Interview BJ121206a). In a 2004 publication, for instance, Chen argued for a model of "new-style industrialization" that stressed building indigenous knowledge- and capital-intensive industry instead of welcoming MNCs into China. Chen also strongly advocated the use of state-supported urbanization as a growth driver (Chen 2004, 1–5, 18, 123–24).

27. An early example was the CDB's cooperation with Wuhu city in Anhui to launch an urban redevelopment scheme involving major industry and infrastructure projects (Interview BJ121206a; Sanderson and Forsythe 2012, 4–9).

28. For further discussion of China's "less urbanism," see McGee et al. (2007), 33–34; Yeh et al. (2011).

29. Even the designation during the 1980s of more than a dozen "separately planned" (*jihua danlie*) cities, which administratively empowered large cities such as Wuhan and Nanjing, was in large part an effort to build horizontal economic networks connecting central cities with surrounding smaller cities and rural hinterlands. Such policies sometimes hindered larger cities' economic development by complicating their relationships with provincial governments. See Solinger (1993), 209–15.

30. See Yang (2004), 25–33, 44–45, 78–99.

31. For instance, in 1999, Li Peng, then chair of China's NPC, was attentive to northeastern provinces' complaints about the hardships of SOE reform and preparations for WTO accession (Freeman 2002).

32. According to one urban policy expert, this "big-city urbanization" versus "small-city urbanization" debate was largely a question about which areas would be prioritized in development policy and given the most state support (Interview BJ131301a).

33. In May 2000, for example, the SDPC, MOF, and World Bank convened an International Seminar on Chinese Urbanization that advocated an approach of "reasonably develop [*sic*] large cities, actively developing medium-sized and small cities, greatly promoting the development of carefully chosen towns" (Gu, Wu, and Cook 2012, 33).

34. See Gu, Wu, and Cook (2012); Xu (2008).

35. The NDRC's predecessor agency highlighted various urbanization-related topics when it launched research for the 10<sup>th</sup> Five-Year Plan in 1998. In 2001, the agency published a report entitled "Urbanization: The Mainstream of Modernization in China" (Gu, Wu, and Cook 2012).

36. The 2002 16<sup>th</sup> Party Congress report struck a slightly more permissive tone, calling for balanced development of cities of different sizes, but was hardly an endorsement of metropolitan-oriented growth (Gu, Wu, and Cook 2012).

37. The Northeast and Central China strategies would involve smaller amounts of resources than Western Development, but they lent policy support for faster development in these respective regions, and offered aid for basic and heavy industry, regional infrastructure development, and agriculture. The northeast and central regions had experienced economic and social upheaval during the late 1990s and early 2000s (Yin 2011, 65–66; Lai 2007).

38. One prominent urban expert, Zhou Yixing, warned top leaders against overly optimistic appraisals of the country's urbanization progress, and urged a more gradual and balanced approach to urbanization during the 11<sup>th</sup> FYP period (Fan 2006). Meanwhile, high-profile rural

experts such as Wen Tiejun and Li Yuanxing continued to advocate loudly for stronger policies to address China's "three rural problems" (*san nong wenti*)—agriculture, peasant livelihood, and village development. Wen, Li, and other "new rural reconstruction" (*xin xiangcun jianshe*) proponents had mobilized from the late 1990s on to emphasize the worsening plight of China's peasants and call for a more comprehensive state approach to economic and social development of rural areas (Day 2008).

39. Planners worried about the tendency for major cities to be built up simultaneously as administrative, economic, logistical, and cultural centers. This resulted in concentration of urban amenities, overcrowding, resource strains, and price inflation—threats to economic, social, and environmental sustainability (Yang 2010, 30–31).

40. These strategies were in part geared toward boosting economic efficiency through regional integration and industrial restructuring, but central policymakers also saw such planning as necessary to rationalize development across space and achieve more sustainable development. The 11<sup>th</sup> FYP endorsed the development of tightly linked urban agglomerations whereby smaller cities and rural areas could form dense linkages to major centers. Large central cities were to serve as growth and innovation engines, vehicles for denser, more resource-efficient development, and drivers of regional economic integration (Shi and Zhuang 2007, 7; Gu, Wu, and Cook 2012).

41. Central leaders announced in November 2008 that 4 trillion yuan would be made available for the stimulus efforts (Barboza 2008).

42. Large cities—with their advantageous local conditions and greater political clout—have an easier time bringing these projects to their jurisdictions. Indeed, there is a perception among many policy observers in China that development policy institutions are systematically biased in favor of big cities in the allocation of resources (Interview BJ131301a). Especially with the growing importance in urban development of state banks and major real estate conglomerates, which favor large-scale, politically secure development projects, cities' size and political rank may affect their ability to secure financing and investment (Hsing 2010, 214; Interview XA111307c).

### Chapter 3. The Multilevel Politics of Development

1. Here I borrow the language of Sinha (2005).

2. Provincial governments play a critical role in urban development in many national settings. Kennedy (2014) emphasizes the key role of state-level governments in India's urban governance and economic development. Vogel et al. (2010) describe the key role provinces and states play in metropolitan governance not only in China but also in Canada and the United States.

3. More broadly, efforts by Beijing after 2005 to refine a "three-level, three-type" planning system have relied on provinces to serve a key intermediary role and integrative function in development planning (Yang 2010, 112–23).

4. The NDRC offices overseeing regional policies had only several dozen staff members (Interview BJ061202a). According to Heilmann and Melton (2013), "In 2006, four overworked officials in the NDRC's 27-person-strong planning department [*guihua si*] were charged with checking on the provincial-level plans" (607).

5. Notwithstanding efforts by Beijing to plan China's highway development at a national scale, there has been limited central coordination in practice (Lin 2012). Provincial authorities are similarly instrumental in building other strategic infrastructure such as railways, water, and power networks (Xu and Yeh 2013). Dai (2015), for instance, notes "the exceptional importance of the provincial government as a powerful mediator" between central ministries and city governments in high-speed rail development.

6. Indeed, Xu (2008) and other scholars have interpreted urban-regional initiatives as a rescal-

ing of regional competitiveness policy to the provincial level in what amounts to an inter-provincial economic “arms race.”

7. While lending from the CDB and other state banks financed much of China’s urban buildup during the 2000s, such lending occurred with limited coordination or oversight from the central government (Wong 2013, 301). After the CDB’s 1998 restructuring, the bank was organized along provincial lines and built institutional linkages with provincial governments. Most regional branches were based in provincial capitals, and it became standard practice for branch officials to establish joint offices with provincial governments, usually through provincial planning commissions (Interview BJ121206a). Over time, provinces emerged as key partners in the CDB’s effort to conduct lending by way of large-scale, coordinated schemes. In 1998, the CDB embarked on cooperation with Anhui province to support a new campaign of urban and industrial development in the city of Wuhu. In the following years, the bank partnered closely with numerous other provinces—including Yunnan and Hunan—to finance provinces’ high-priority development projects (Chen 2013, 52–56).

8. See Zheng (2007) and Rithmire (2014).

9. This point was repeatedly emphasized in the author’s interviews with local policy experts and businesspeople.

10. As Tarrow (1978) notes, “it is through the territorial units they live in that men organize their relations with the state, reconcile or fight out conflicts of interest, and attempt to adapt politically to wider social pressures. Through these same units, central governments distribute grants and services, organize consent, and, when forced to do so, offer correctives to the pressures of economy and society” (1). Even in nominally centralized systems, the presence of varying degrees of bureaucratic conflict makes subnational governments’ capacity for agency important and enables territorial interests to assert themselves (*ibid.*, 2–3). China scholars have long called attention to the conflicts that arise between local, provincial, and national-level economic interests, particularly when the externalities of rapid subnational development accumulate at the national level. For example, Huang (1996) analyzes clashes between central and provincial economic interests amid efforts to impose macroeconomic austerity.

11. As Molotch (1976) stresses, “we need to see each geographical map—whether of a small group of land parcels, a whole city, a region, or a nation—not merely as a demarcation of legal, political, or topographical features, but as a mosaic of competing land interests capable of strategic coalition and action.” Just as important, government levels have differing interests when it comes to how governance is territorially structured. Kennedy (2014) describes “competing conceptions of economic space coexisting among political elites situated at various scales, one scaled to national territory, the other to subnational state territory” (27). Depending on whether policies take as their frame of reference the local, regional, or national scale, different government tiers play a larger or smaller role in making development policy, and different units’ interests are foregrounded.

12. This point is adumbrated by Whitney (1970), Mann (1984), and others. As Mann (1984) notes, “The state is, indeed, a place—both a central place and a unified territorial reach” (123).

13. Xu (2008), for instance, discusses how regional-scale coordination changes the division of administrative responsibility across different government levels.

14. Because different government levels have varying revenue sources and functional mandates, they may prioritize development of different economic sectors. They may thus prefer spatial policies that help the locations where their favored sectors are based.

15. Programs that concentrate resources narrowly in space, or that focus on reinforcing the advantages of existing economic centers, may offer relatively quick results. While it may be difficult to foster new centers of urban and industrial development in the near term, however, dispersing investment and policy support to groom a more balanced spatial economy may produce long-term benefits.

16. Indeed, we can think of the preferences of different government levels partly as a function of the interests and relative power of the smaller bureaucratic units of which they are comprised and of the economic sectors in their jurisdictions. And we can understand the political capacity of a territorial government to achieve its goals as a function of how internally cohesive it is. For further discussion, see Jaros (2016b).

17. For a discussion of how promotion timetables can affect leaders' planning and policymaking calculus, see Heilmann and Melton (2013). Guo Gang (2009) notes how subnational leaders more generally have short time horizons and modify their behavior according to political budget cycles.

18. Of course, in many cases, large-scale urban and regional development initiatives also provide golden opportunities for outright corruption. As authors like Pei (2016) have noted, a large number of corruption cases involving provincial and municipal officials relate to land development and infrastructure construction.

19. There are practical limits to how much investment—and economic limits to how much productive investment—can be undertaken in one place at one time. And economic benefits of city size tend to decline beyond a certain point (Henderson 1997, 1999).

20. Uneven development is hard to avoid during the early phases of urbanization and industrialization, and the economic benefits and costs of concentrated development are likely to change along with a province's absolute level of development. There may be valid economic arguments for focusing on aggregate economic efficiency and competitiveness first and dealing with problems of distributional equity later.

21. Provinces that achieve faster growth or economic upgrading than their peers draw in capital and talent from other provinces, capture a larger share of foreign investment and trade, and may be given special recognition or granted special privileges by the center. In China, officials in high-performing provinces tend to enjoy enhanced status and better career prospects (Shirk 1993, 190; Zhou 2004). Provinces with lagging economic performance lose economic resources and talent to outside areas and, over time, may face deepening economic and political marginalization. There may be large, unwieldy flows of labor out of poorly performing provinces to other areas. Meanwhile, officials from under-performing provinces may see their career prospects plummet (Bo 2002).

22. Past work has noted instances in which crises of lagging provincial economic performance have placed pressure on leaders and triggered major overhauls of policy. See Chung (1998), Goodman (1999), and Bo (2002).

23. Particularly in cases where provinces' major cities are booming and provinces are attracting large flows of labor and capital from outside, there may be growing concern about urban congestion problems and greater interest in dispersing development more widely and creating a better regional division of labor.

24. As Hsing (2010) notes, "local accumulation is dependent on land sales and development, while the local state apparatus grows along with urban expansion. Further, local state leaders aspire to be landowners, planners, financiers, and builders, all at the same time" (7).

25. Xu (2008) and Li (2015), among others, discuss secondary cities' political strategies to obtain economic aid.

26. See Solinger (1993), 177–78.

27. As Lipton (1977) notes, "closeness to a national and international milieu of academic and economic life (where decisions about resource allocation are analysed, if not always taken, on general welfare principles that do not favour any particular sector), and direct responsibility for the national interest insofar as it assists their political survival, also force decision-takers in the administrative capital into somewhat less urban-biased allocations than is the case in other urban centers" (60).

28. The Ministry of Housing and Urban-Rural Development was formerly known as the Ministry of Construction.

29. In China, provincial and local lobbying for particularistic policies is widespread and well-documented: subnational governments vie to get central backing for local development programs and to capture spatially targeted benefits (Shirk 1993; Zweig 2002; Yin 2011). The great importance of personal and factional relationships in Chinese politics only intensifies these bargaining dynamics (Lieberthal and Oksenberg 1988, 350–51; Shih 2008). More broadly, when policymaking involves extensive central-local consultation and where central bureaucratic processes are fragmented and have many “choice points,” subnational actors such as provincial leaders can insert themselves into central deliberations to secure favorable policy decisions and win state resources (Sinha 2005, 62).

30. As Falleti (2010) notes, “fiscal, administrative, and political authority layers are distinguishable but highly related” (53).

31. Here I adapt ideas from previous studies of successful state-led development to the subnational level. For discussion of the importance of bureaucratic cohesion in enabling purposive development policymaking, see Evans (1992) and Kohli (2004).

32. This study is not concerned with China’s centrally controlled municipalities (Beijing, Tianjin, Shanghai, Chongqing) or its special administrative regions of Hong Kong and Macao. The governance arrangements of China’s five “autonomous” ethnic minority regions differ slightly from those of ordinary provinces. See Lai (2010).

33. Beijing maintains close supervision and control over regions that serve as key sources of fiscal revenue or key economic centers, but other areas may remain less carefully watched and less penetrated by the central state. See Sheng (2010) and Donaldson (2011).

34. One such situation is when city-level leaders hold seats on provincial party standing committees.

35. See Whitney (1970) and Lieberthal and Oksenberg (1988).

36. This concept comes from Mann (1984). See also Ziblatt (2004).

37. Even when a given level of government does not itself possess the resources or formal authority to carry out a particular policy, political leverage over other levels may allow it to mobilize the requisite support.

38. Zheng (2007) gives the example of Ren Zhongyi, who served as Guangdong’s provincial party secretary in the early 1980s. Though an “outsider” to Guangdong who had close political connections to national leaders, Ren used his connections at the center to promote Guangdong’s interests (270).

39. For instance, well-connected provincial leaders may be able to mobilize funding for their policy initiatives from the central state, obviating the need for structural fiscal wealth at the provincial level. Localities that have rich local sources of fiscal revenue—and thus the ability to fund their own initiatives—may enjoy a considerable amount of *de facto* administrative autonomy from higher-level governments.

## Chapter 4. Hunan: The Making of an Urban Champion

1. These ratios actually understate Changsha’s dominance, because they exclude Changsha County, which is part of the main urban built-up area.

2. As late as 2000, exports and foreign direct investment (FDI) still totaled only 5.2 percent of provincial GDP in Hunan (CDO; author’s calculations).

3. Fan (1995) finds that Hunan’s fastest growing city during this period was Zhuzhou.

4. During the 1950s, provincial leaders in Hunan had put forward the idea of merging



Changsha with the nearby cities of Zhuzhou and Xiangtan to build a Mao Zedong City. The proposal ultimately failed to gain central support (Zeng 2010, 92–93).

5. In April 1984, Hunan commissioned a CZX Economic Region Economic Development Direction study. After getting a go-ahead from provincial leaders, the Provincial Construction Commission worked with HPASS to explore urban planning approaches for the cities, and this collaboration resulted in a CZX region urban system and plan configuration study. Provincial authorities approved the establishment of a CZX planning office, which subsequently carried out functional planning studies (Hunan Gazetteer Committee 1997, 60–65). Over the next two years, provincial and city leaders held meetings to work on plans or preliminary steps for greater bank cooperation, regional industry groups, and infrastructure integration in the tri-city area, and development projects were drawn up (Liangxing ban 2011a; Luo 2012). During meetings of Hunan's Provincial Party Congress and Provincial People's Congress in 1985 and 1986, however, many participants complained that plans for a CZX economic region would give further preference to what was already Hunan's most privileged area. Amid mounting opposition, CZX plans were shelved indefinitely, and hopes for a greater Changsha region were again deferred (Zhu and Tong 2011, 42).

6. See Donaldson (2010). As one central government researcher explained to me, provincial governments in inland provinces like Hunan are generally better able to exercise administrative control over cities than coastal provinces such as Jiangsu, where provincial authorities must contend with relatively wealthy, outward-oriented, and politically connected city governments (Interview BJ0613097b).

7. Territorial units both define and are defined by their political centers (Hartshorne 1950; Whitney 1970), and the symbolic primacy of Hunan's capital city is well established. Changsha has served for centuries as the cultural and political pivot of the province, and while Hunan contains large peripheral regions, these areas were increasingly integrated into Changsha's orbit and subsumed under the provincial unit after the nineteenth century (Platt 2007, 80–86). There are few regional sub-centers with the political, cultural, or historical cachet to challenge this Changsha-centered spatial hierarchy.

8. To calculate the provincial-level share of subnational (provincial plus sub-provincial) fiscal expenditure for Hunan and other provinces, I gather data from relevant provincial statistical yearbooks on province- and city-level fiscal expenditures. I subtract the sum of prefectural-level units' fiscal expenditures from the total subnational fiscal expenditure figure, and interpret the difference as provincial-level expenditure.

9. In a comparative study of different provinces' fiscal arrangements, Wong (2002) remarks on the low spending share of prefectural-level governments in Hunan. She also notes the relatively high share of fiscal expenditure in Hunan devoted to provincial-level priorities like capital construction as opposed to local items like education.

10. Changsha's 1994 urban work meeting called for accelerated construction in the city, and the city's 1995 Party Congress meeting outlined a strategy of cross-river expansion (Changsha Urban Construction Editorial Committee 2005, 6–7).

11. Though Yang had advanced his career within Hunan, he had unusual political credentials, having joined Hunan's provincial party standing committee and become a member of the Communist Party Central Committee at a relatively young age (Xinhua Net 2004). Yang became a Central Committee member in 1987, while only 46. Yang rose to high party posts in Hunan early on, becoming a provincial party standing committee member in 1985 (Baidu Baike).

12. Changsha had been nominated by the State Planning Commission (Hunan Gazetteer Committee 2007, 96).

13. Hunan's leaders had sought out Bank support, and, during a CDS team visit in May 2000, had also successfully pressed the World Bank to expand the scope of the project to include the



whole CZX region rather than Changsha alone. Hunan had also provided institutional support for the collaboration, establishing a provincial leading group headed by the governor to facilitate work with the World Bank (World Bank 2004; Luo 2012).

14. For instance, Zhu Xiang, a Changsha-based scholar and provincial government advisor, suggested that “Hunan should construct an extra-large central city on a scale comparable to that of Wuhan and Guangzhou; it should build a very strong growth pole that can radiate through and spur along the whole province” (Zhu and He 2004, 27).

15. Sany’s star rose especially fast. A Hunanese construction equipment firm established in 1994, Sany began to grow rapidly during the late 1990s. In following years, Sany established itself as one of Hunan’s most famous firms, capturing a large share of China’s booming construction equipment market. The firm was based in the Changsha County ETDZ and, though privately owned, enjoyed strong provincial and local government support. Sany’s revenues grew at a rate of more than 50 percent per year during the early 2000s, helping the firm to emerge as a provincial champion and gain greater prominence outside Hunan. By 2003, when the firm was publicly listed, it had an annual income of over 2 billion yuan (Liu 2006, 17).

16. While not a binding policy document, the Bank’s CDS plan influenced subsequent provincial planning work, especially in its emphasis on environmental aspects of city development (Interview CS191205a).

17. Hengyang faced serious fiscal shortfalls and unemployment problems as uncompetitive state-owned firms struggled in the 1990s and 2000s, but relative neglect from the provincial government was also a factor in its weak economic performance (Wang 2010, 78–83; Interview CS061203a).

18. Among other objectives, the document called for “creating a structurally optimal urban system with coordinated development of large, medium, and small cities and small towns, taking provincial capitals and central cities with relatively strong resource and environmental carrying capacity as supports, and accelerating the development of economic belts along backbone railways and along the Yangtze” (Liangxing ban 2011b, 42).

19. In 2006, Zhang told reporters, “There are indeed some people who are familiar with me, some major companies that have been in touch with Hunan province. They all want to come to Hunan and have a look around, and they are willing to help Hunan” (21 Shiji jingji baodao 2006a).

20. Zhou reputedly enjoyed close ties to senior national party and government leaders as former first secretary of the Chinese Communist Youth League and he had long experience in the Ministry of Justice establishment (Li 2010a).

21. This urban-oriented, pro-industry development approach did not explicitly contradict central guidelines, but neither did it conform to Beijing’s emphasis on the importance of rural development. It is telling that, while meeting with Hunan’s delegation to the NPC in March 2007, Hu Jintao voiced support for Hunan’s new-style industrialization agenda, but placed particular emphasis on the need for Hunan to expand support for agricultural development and village programs (Liangxing ban 2011a, 134).

22. The Ninth Provincial Party Congress adopted the slogan “develop modern culture, construct a cultural strong province,” and Zhang called for using the 11th FYP period to build a nationally and internationally competitive cultural industry. In the following months and years, new cultural industry bases were designated, and an investment guide for cultural industries was issued (Ouyang and Yu 2010). Further policies would later follow as part of the CZX development and integration strategy, such as plans for eight cultural industry zones around greater Changsha. By 2009, annual cultural industry output in Hunan would reach 76.22 billion yuan (Luo Wenzhang 2011, 55–56).

23. Many of the points raised by Zhang Ping in a report sent to top provincial leaders in July 2006 made their way into Zhang Chunxian’s policy agenda. Zhang had argued for using economic

integration to push forward greater administrative coordination and integration in the CZX region, and he called for creating stronger provincial and inter-city mechanisms to promote coordination. In particular, Zhang called for an upgraded provincially led planning and construction committee for CZX (Zhang 2007, 14). Tong originated the idea of a “3+5” approach that would integrate CZX development more tightly with that of nearby cities (Tong 2011, 81).

24. One project involved extending Furong Road to run 61 km south along the Xiang River and connect the cities.

25. In the core CZX region, the plan called for a central development corridor running north-south along the Xiang River as well as two east-west development belts (one spanning Changsha, one in the Zhuzhou-Xiangtan area).

26. Meanwhile, the plan emphasized Zhuzhou’s industrial and logistics role, and tapped Xiangtan to specialize in urban-rural linkages, social service provision, and rural business services (Liangxing ban 2011a, 118–22).

27. In the five CZX demonstration zones, officials set up urban management committees and financing platforms, launched infrastructure, industry, and urban construction work, and recruited large investors (Liangxing ban 2011a; Interview CS081203b).

28. Under Zhang Chunxian’s aggressive industrialization drive, the construction equipment industry in the zone continued to thrive (by 2011, it would reach a total production value of 90.4bn yuan, three-fifths of Hunan’s total), and efforts to build an automotive industry cluster also moved forward quickly. Changsha County, and especially Xingsha new town, was also a key focus for urban development work. New projects to link the county more tightly to central Changsha and build key transport and development corridors between central Changsha, Huanghua Airport, and a new high-speed rail station got underway. Spatial planning for Xingsha city was closely integrated with that of the overall CZX zone, and the city grew to 350,000 people and 53 square kilometers as new mega-blocks sprouted upward (China Small and Medium City Task Force 2013, 1–4, 53, 85–89).

29. According to provincial government officials, the three city governments vied for the choicest investment projects associated with the Pilot Zone and built industry clusters within their boundaries, while trying to shift the more onerous policy tasks that came with CZX plans to their neighbors (Interviews CS181205a, CS191205a).

30. The revamped *Liangxing ban* was charged with four main functions: research, advising top leaders, coordinating policy implementation, and providing support services for relevant actors. Under the guidance of the provincial office, each city would implement relevant projects and design local plans, while the province set strategic designations for different places, approved major projects and policies, and handled inter-jurisdictional issues. According to a provincial government official, once it was made independent of the provincial Development and Reform Commission the new office was better able to balance economic objectives and policy portfolios such as social development, environmental policy, and administrative coordination (Interview CS181205a).

31. Entering into force in January 2010, these provisions created a stronger legal basis for zone development and planning, and stipulated that departmental plans and city-level plans must take the provincial-level regional plan as their basis (Liangxing ban 2011a, 80; Liangxing ban 2011b, 16–28).

32. Dai et al. (2014) note the *Liangxing ban*’s continued difficulty, for instance, in establishing inter-city bus routes between Changsha, Zhuzhou, and Xiangtan. Several planned inter-city bus routes did not materialize.

33. Hunan used its policy privileges to reduce (*hejian*) the amount of basic farmland in core regions, thus facilitating further land development there. The province also experimented with a system for market-based transfers of construction land quotas among different cities in the prov-

ince to enable growing core cities to boost their land reserves while also ensuring compensation to the peripheral locations giving up land quotas (Interview CS061203a).

34. As one foreign journalist observed, “Until the late 2000s most of [Shaoyang’s] residential buildings were flats built during the Mao era or older houses with roofs of thick grey tiles that overlapped like scales. There was little investment in Shaoyang and massive unemployment from the closure of most state-owned factories in the 1990s” (Holdstock 2017).

35. Zhang Chunxian called for creating a “southern Hunan industry-relocation economic circle” and supporting the emergence of a “resource-industry economic circle” in Western Hunan (Zhang 2009).

36. A new Western Hunan plan for 2011–2020 being developed by provincial officials and researchers placed more emphasis on stimulating endogenous development in the region, and also envisioned major new infrastructure improvements (Interview CS091205b). Meanwhile, Hunan’s 12<sup>th</sup> Five-Year Plan plan policies put more emphasis on improving the economic position in the province of border cities such as Changde, Chenzhou, Huaihua, and Yongzhou, and on strengthening economic links with neighboring provinces (Zhu 2011b).

37. At a provincial leadership meeting ahead of the 12<sup>th</sup> Five-Year Plan period, Zhou called for continued emphasis on Zhang’s “new-style industrialization, three basics” policy goals (Luo 2011). Zhou’s own “four -izations, two orientations” (*sihua liangxing*) economic strategy continued to emphasize industrialization and called for using urbanization as more of an economic engine in its own right and better coordinating urban development with rural modernization. Notwithstanding minor adjustments, Hunan continued to focus on the CZX area (Wu et al. 2011).

## Chapter 5. Jiangxi: The Politics of Dispersed Development

1. See Slater and Ziblatt (2013).

2. During the 2000s, Nanchang’s share of Jiangxi’s higher-education enrollment rose from 53 to 60 percent, and its share of urban built-up area rose from 16 to 22 percent, but the city’s share of urban road area fell from 25 to 16 percent, and its share of hospital beds declined from 17 to 16 percent (CDO; author’s calculations).

3. At the turn of the century, Jiangxi’s largest industries were ferrous and nonferrous metal-lurgy, transportation equipment manufacturing, and petroleum refining. Over the course of the decade, Jiangxi would see rapid growth of manufacturing industries and a boom in nonferrous mining and metallurgy, which grew to become the province’s largest industrial sector (Jiangxi Statistical Bureau 2001, 2011).

4. Although Hunan’s mining and metallurgical industries do not make up quite as large a portion of the provincial economy as Jiangxi’s, Hunan also witnessed rapid growth of these sectors during the 2000s. Chenzhou, Zhuzhou, Hengyang, and other regions in Hunan have large mineral deposits, but their growth lagged behind Changsha’s.

5. Jiangxi’s per capita industrial output in 1995 was only 40.7 percent of the national average (Liu 2009, 103–6).

6. The contributions to economic output in Hunan and Jiangxi of primary (agriculture and extractive) industry, secondary (manufacturing) industry, and tertiary (service) industry were 0.31:0.36:0.33 and 0.31:0.34:0.35, respectively (CDO).

7. Nanchang, home to an urban population just under one million by the mid-1980s, was assigned a population target of only 1.05 million for the year 2000 (Jiangxi Gazetteer Committee 2000, 24).

8. During the 1980s, Jiangxi launched a Mountain-River-Lake Project (*shan jiang hu gongcheng*) for environmental management and rural development. Hundreds of researchers were mobilized to investigate problems of environmental deterioration and rural poverty, and many

targeted measures were adopted. Leaders further stressed green economic themes with their “paint a beautiful landscape picture” policy slogan (Jiangxi Gazetteer Committee 2002, 167). In late 1988, provincial leaders called for dedicating the following five years to consolidating Jiangxi’s agricultural economy. The 1986–1990 Seventh FYP placed greater importance on building up north Jiangxi as a window to the outside world and developing cities along the Zhejiang–Jiangxi railway, but leaders continued to emphasize rural development (Jiangxi Gazetteer Committee 2002, 13, 167).

9. In the mid-1980s, provincial authorities had called for Ganzhou to drive development in the southern half of the province and take the lead in linking up with special economic areas in neighboring Fujian and Guangdong (Feng 1999, 262; Jiangxi Gazetteer Committee 2000). In early 1986, the province announced that an Economic System Reform Experimental Zone would be established in Ganzhou, and supporting policies were promulgated in December 1987 and January 1988 (Liu 2009, 9). The province devolved preferential policies to counties in Ganzhou, and also told prefectural authorities that the scope of provincial-level planning in the region would be limited going forward so as to create greater flexibility (Jiangxi Gazetteer Committee 2002).

10. At 39,400 square kilometers and more than nine million people, Ganzhou is one of the largest and most populous prefectural-level cities in China (Looney 2012, 286–87).

11. In the 1920s and 1930s, Hakka areas’ mountainous terrain and legacies of poverty and social exclusion facilitated the creation of Communist revolutionary bases. Indeed, Hakkas formed much of the populations of the Jiangxi Soviet, the Jinggangshan base, and other base areas, and became heavily represented in the CCP’s revolutionary generation more broadly (Erbaugh 1992). Ganzhou and other Hakka regions have retained a sense of cultural distinctiveness up to the present.

12. For example, the establishment in 2005 in Ji’an of the Jinggangshan China Executive Leadership Academy endowed the prefectural-level city with one of China’s premier centers for elite cadre training, thereby raising its political profile and economic prospects.

13. During this period, local fiscal expenditures in Jiujiang and Ganzhou were far higher than local revenues (CDO; author’s calculations), which suggests higher-level fiscal support for these regions.

14. Between 1996 and 2000, Changsha accounted for a higher share of total provincial FAI than Nanchang (18 percent versus 13 percent) even though Hunan’s economy was considerably larger overall (CDO; author’s calculations).

15. Jiangxi’s 10<sup>th</sup> FYP outline, unveiled in early 2001, devoted greater attention to urban development. But while the outline called for enhancing Nanchang’s central city function, it advocated a balanced urban structure and also stressed medium-sized and small cities and towns (Yao 2010, 145; Cao and Zhu 2010, 200). The plan anticipated building up Jiujiang, Ganzhou, and Jingdezhen’s urban areas to exceed 500,000 people and developing Pingxiang, Xinyu, and Yingtan into 300,000-person cities.

16. Similar sentiment was apparent during interviews with academics and policy experts in Nanchang in 2013 and 2015.

17. Speaking before the Provincial People’s Congress in May, for instance, Meng exhorted the province to “confidently shake off backwardness,” telling delegates that “to accelerate Jiangxi’s development, we must make forceful promotion of progress in industrialization the strategic emphasis of the whole province’s economic development” (Jiangxi ribao 2001).

18. During a March 2002 interview with the *People’s Daily*, Meng touted Jiangxi’s new development momentum, asserting “Jiangxi has full confidence of achieving a rise in the central China region. In the following five years, per capita GDP in central China will move forward in the rankings, and we will strive to enter the front lines, achieving basic industrialization by 2010” (Renmin ribao 2002).

19. Meng also worked to strengthen Nanchang's position as an education center. By 2007, when Meng left Jiangxi, the capital city was home to 70 percent of higher education institutions in the province (Liu 2009, 133).

20. In this role, Pan advocated innovation in rural work, but had also called for rural policy to serve the larger strategy of "three bases, one back garden" laid out by Meng (Nongmin ribao 2002).

21. As Looney (2012) notes, "Pan may have had privileged access to central leaders, allowing him to anticipate central policy and take action to make Ganzhou a national model for the NSCC" (296).

22. Meng may have found himself in a weaker political position vis-à-vis Beijing as Hu Jintao consolidated power in the years after 2003 and the influence of Jiang Zemin, a key patron, receded. Indeed, the fact that Meng, despite major achievements, was not promoted out of Jiangxi within a few years to a more noteworthy province or an influential central post suggests that his previously rapid political ascent may have run into obstacles. In the end, Meng spent more than six years in Jiangxi.

23. One important reason for the plan's focus on environmental, and specifically water-treatment, issues was the large amount of pollution associated with rare-earth and copper mining activities in Jiangxi (Interview BJ061307b).

24. Once a commune where sent-down youth had labored, Gongqingcheng had the distinction of being the only city in China named after the Communist Youth League. Visits over the years from various national and provincial leaders, including Hu Yaobang and Hu Jintao, had added to its political patina, but the area had struggled economically during the 2000s, with limited funds for construction and public services. In tandem with the Poyang Lake EEZ strategy, Su Rong's leadership in August 2008 adopted the goal of building Gongqingcheng into a city of 500,000 people (Ma 2012, 95–96). The political priority the project received was shown by provincial leaders' frequent visits to the area and the fact that Jiangxi assigned a deputy party secretary to coordinate development work. In 2010, Gongqingcheng was designated as a county-level city, and over the following years, provincial authorities offered various forms of support to aid the city's growth (Interview NC011501b).

25. According to one local expert, credit for this development windfall was due to Ganzhou's leaders; the province mainly gave "moral support" (Interview NC011501b).

26. There was a further shift in Jiangxi's urban policy early in the 12-5 period, shortly before Su Rong departed. In 2012, Su called for utilizing Jiangxi's full provincial strength to help build up Nanchang. According to a provincial policy researcher, a variety of financial, tax, land, investment, and other preferential policies were rolled out between 2012 and 2013 in support of this goal. There was even speculation about possible expansion of Nanchang's administrative area to boost the city's competitiveness (Xinhua Net Jiangxi 2012; Interview NC041301a).

27. Su and his associates in Jiangxi were found to have engaged in corrupt land, construction, and mining deals and to have meddled seriously in the political and justice systems (Pei 2016, 250–53).

## Chapter 6. Shaanxi: Uneven Development Redux

1. By the early 2000s, Shaanxi would be home to 10 key national laboratories, 50 specialized labs, and 50 major research institutions (Zhao and Zheng 2004, 357).

2. The number of foreign-invested enterprises (FIEs) climbed from 78 in 1992 to 1,800 in 2000, with the HTDZ as the major focus (Segal 2003, 136).

3. Industry and urban population had become heavily concentrated in Xi'an and a handful of secondary cities, and these clusters of state industry had few organic linkages to the surrounding

regional economies. Rooted in an industry-first development mentality, economic policies in the 1980s had continued to focus on the Guanzhong region, to the chagrin of localities in northern and southern Shaanxi (Watson et al. 1999).

4. See Li (2014).

5. See Zhao and Zheng (2004), 366.

6. During the late imperial and republican periods, different subregions in Shaanxi had developed separately and failed to congeal into a cohesive political or cultural unit. See Vermeer (1988), 1–4.

7. Because of its revolutionary history, Yan'an also enjoyed special political status within the province. Like Xi'an, its leaders have held seats on the provincial party standing committee in recent years.

8. Li ultimately served in Shaanxi for a decade, which indicates a subsequent slowdown in his career progression.

9. See Li (2014). Li discusses Zhao Leji's prominent role in the so-called Shaanxi gang of Xi Jinping allies.

10. Cheng's address went on to emphasize the need for promoting mineral-related industries in southern Shaanxi and building a major energy and resource processing industry base in northern Shaanxi, and stressed that Shaanxi's three regions should "also open their doors wide, cooperate broadly, and achieve complementarity of strengths and common development" (*ibid.*).

11. Later in the speech, Li urged policymakers to "adopt appropriate measures, and comprehensively elevate and expand Xi'an's function as a regional central city for China's western region, accelerate the construction of medium-sized cities and small towns, and make these urban centers able to effectively concentrate and rationally allocate production factors" (Li 2001, 3–4).

12. Between 1997 and 2003, a third of new construction land in Xi'an was used for infrastructure, roads, and rail (Jiang et al. 2010, 146).

13. To support this agenda, Shaanxi established a guiding small group and a forum for inter-city coordination that would meet each year (Shaanxi Provincial Government General Office 2003).

14. Yulin and Yanan's combined share of Shaanxi's GDP nearly doubled, from 9.7 percent in 2000 to 17.5 percent in 2005 (CDO; author's calculations).

15. In the following years, chemical industry, construction, and manufacturing industry firms were also added to the group, and it underwent subsequent restructurings, emerging as a multi-pronged industry group (SHCCIG 2016).

16. Tourism income had increased from \$280 million in 2000 to \$446 million in 2005. By comparison, neighboring Sichuan province managed to increase its tourist income from \$122 million in 2000 to \$316 million in 2005 (CDO).

17. Yuan had formerly served in Shaanxi as Xi'an's party secretary. He had also worked outside the province and gained experience in key Communist Party organizations over the course of his career. Yuan had worked in the Communist Youth League system early on, and had also served on China's Central Discipline Inspection Committee (China Vitae; Baidu Baike).

18. Planning and start-up investments for various other infrastructural, industrial, real estate, and environmental projects also moved forward. In late 2013, for example, the provincial State Assets Supervision and Administration Commission and the New Area signed a strategic cooperation framework that would facilitate more investment in the new zone by provincial SOEs. As of the signing, eleven provincial enterprises had already carried out twenty-one projects totaling 32.3 billion yuan of investment, and plans for nineteen additional projects entailing 20.5 billion yuan of investment were announced (Shaanxi ribao 2013c).

19. Xi'an has experienced water shortages and severe air pollution for decades, and by 2010 Xi'an's air pollution ranked among the worst for China's large cities (Vermeer 1988: 129, 142; Tan

2014). Xi'an has also faced severe urban transportation problems. See Asian Development Bank (2011).

20. Xi'an recorded 303,309 passenger-times per public transit vehicle in 2010, as compared with 172,536 for Zhengzhou, and 172,113 for Chengdu, suggesting a greater strain on its resources. Meanwhile, in 2010 Xi'an had 47 hospital beds per 10,000 residents, while Zhengzhou had 59 and Chengdu had 55 (CDO; author's calculations).

21. Much of southern Shaanxi's Han river basin, which fed the Danjiangkou Reservoir in Hubei that would support China's national South-North Water Transfer project, was designated as a high-priority area for environmental protection. Under instructions from Beijing, provincial leaders sought to minimize soil erosion and water pollution, even if this meant curbing agriculture and industry (*The Economist* 2012).

## Chapter 7. Jiangsu: Shifting Tides of Spatial Policy

1. Jiangsu's official population in 2010 was 78.7 million, while its GDP in 2010 was 4.14 trillion yuan (CDO).

2. I use Sunan and Subei here simply to denote the parts of Jiangsu south and north of the Yangtze River, not to imply that they constitute well-defined physiographic, economic, or cultural regions. Since the 1990s, authorities in Jiangsu have generally relied on a threefold regional division, differentiating southern Jiangsu (Sunan), central Jiangsu (Suzhong), and northern Jiangsu (Subei). Even this threefold typology does not cleanly capture Jiangsu's regional divides, however. See Jacobs (1999); Wei (2000).

3. Wuxi's share of provincial GDP dropped from 14.8 percent in 1997 to 13.6 percent in 2012. The city captured 13.7 percent of total FAI during the 2000s (CDO; author's calculations).

4. By 2010, Suzhou's and Nanjing's combined share of Jiangsu's total urban road area and built-up area increased to 39 percent and 29 percent, respectively. However, the two cities' combined share of other public goods, such as hospital beds and higher education enrollment, was relatively stable (CDO; author's calculations).

5. During the 1990s and 2000s, Jiangsu experienced breakneck growth of manufacturing industries, propelled in large part by booming FDI. Suzhou's economy continued to grow rapidly, while Nanjing, which had seen relatively lackluster industry growth until the late 1990s, enjoyed very rapid growth in the early 2000s.

6. Mature manufacturing industries often thrive in medium-sized cities, whereas emerging and knowledge-intensive industries and service industries cluster in larger cities. See Henderson (1997); Glaeser and Ponsetto (2007).

7. Jiangsu did not receive any of the 156 key investment projects carried out under the PRC's First (1953–1957) FYP, and was not an area of high emphasis during the following two decades (Wei 2000, 147–48).

8. In 1984, Beijing designated Nantong and Lianyungang as coastal open cities, and the following year Jiangsu was successful in securing this status for Suzhou, Wuxi, and Changzhou as well (Zheng 2007, 128–29).

9. In 1992, the provincial leadership endorsed the Kunshan model of “building the nest to attract the phoenix” (Song 2011, 325–26). Kunshan, a county-level city under Suzhou that directly borders Shanghai, had gone out on a limb, establishing its own development zone, and then seeking funding and lobbying for provincial and central-level recognition. Jiangsu party secretary Shen Daren in July 1992 signaled his support for this approach (*ibid.*).

10. More than a million migrants entered the province during the 1990s, and this trend would further accelerate after the turn of the century, with nearly two million in-migrants between 2000 and 2005 (Chan 2013).



11. Guangdong, Fujian, and Zhejiang all outpaced Jiangsu in terms of GDP growth during the 1990s (CDO; author's calculations).

12. As Wei and Fan (2000) note, Jiangsu has relatively high mobility of production factors across localities, and private, local, and foreign capital have long played an important role in economic development.

13. Before the Ming Dynasty, Subei was part of northern administrative regions (Jacobs 1999, 114).

14. Under Chiang Kaishek's Nanjing-based Nationalist regime, Nanjing and Shanghai were designated as special municipalities and separated from Jiangsu's provincial jurisdiction. And after the establishment of the Communist regime in 1949, arrangements for governing Jiangsu's territory changed again. While Nanjing and Shanghai kept their status as centrally controlled municipalities, separate administrative offices were created for the northern and southern halves of the province, and Xuzhou and Lianyungang were temporarily placed under Shandong's control. Though a unified Jiangsu province with its capital in Nanjing was reconstituted in 1953, several counties in southeastern Jiangsu were transferred to Shanghai's control later in the decade (Jacobs 1999, 114–15).

15. The presence after 1949 of many northerners in Jiangsu's leadership—the so-called Subei gang—may have further alienated Jiangsu's southern cities from the provincial establishment in Nanjing (Jacobs 1999, 114, 142).

16. Beyond this, different localities from across the province, from Suzhou to cities of northern Jiangsu, have been well represented among the ranks of provincial government officials, giving city governments back channels for exerting pressure and extracting policy concessions (Interview NJ031204a; Jacobs 1999, 142–43). The institutional power and connections Jiangsu's cities enjoy emboldens them in policymaking.

17. Cities such as Suzhou and Nanjing that have special administrative arrangements and channels for liaising with the central government enjoy greater developmental autonomy as they are more self-sufficient in terms of resources and policymaking (Interviews NJ021204b; NJ031204a). In the case of Suzhou, for example, Beijing in the 1990s granted the Suzhou Industrial Park project approval and foreign economic powers that exceeded even those of provinces. Municipal officials in charge of zone management had urban planning autonomy, project approval powers, and could approve use of large parcels of land (Interview SZ031307a).

18. Disagreements between Jiangsu's leaders and the central government over fiscal recentralization policies were reportedly the reason for party secretary Shen Daren's being forced from office in October 1993 (Yang 1997, 103).

19. During the Maoist period, Jiangsu was consistently a large net contributor of fiscal revenue to Beijing; between 1949 and 1985, the province contributed nearly 60 percent of the revenue it collected to central coffers (Zheng 2007, 117–18).

20. While Jiangsu's total fiscal revenue during the 1980s was similar to that of Guangdong, the former contributed four times as much to Beijing as the latter (Zheng 2007, 117–18).

21. Over time, and particularly from the mid-2000s onward, when Jiangsu adopted provincial-administration-of-counties reforms, the fiscal strength of the provincial level would gradually increase.

22. In fact, Chen was China's oldest provincial leader when he left the post in early 2000 at age 66 (Liu 2014).

23. Fifty-five years old when appointed governor in Jiangsu, Zheng was of average age. Previously, he had worked on economic and trade policy issues in Shaanxi and Liaoning (China Vitae; Baidu Baike).

24. The city's leadership had begun outlining plans for major infrastructure development and urban beautification, but despite work on a ring road, a new airport, and a second Yangtze river



bridge during the mid- and late 1990s, financing problems and other resource bottlenecks continued to hinder urban development (Ye 2011, 146–47).

25. Between 1997 and 1999, Jiangsu's economy grew at an annual rate of roughly 8 percent, substantially slower than in previous years, and only slightly faster than the country as a whole (CDO; author's calculations).

26. In a piece written at the turn of the century, Shen noted that the fifth plenum of the Communist Party's Fifteenth Central Committee had called for a small city-based urbanization approach while discussing plans for China's national 10<sup>th</sup> FYP, and he argued that Jiangsu should follow this approach (Shen 2010, 166–69).

27. Hui Liangyu was originally from Jilin and had spent the early part of his career there before holding high provincial posts in Hubei and, more recently, serving as governor and Party secretary of Anhui. Ji was in his mid-50s when he took over as governor, and had advanced his career within Jiangsu province, most recently having held high-level provincial government posts during the mid-1990s (China Vitae; Baidu Baike).

28. Changzhou, meanwhile, annexed neighboring Wujin County in 2002, with support from the province (Zhang and Wu 2006). Many town-level mergers were also carried out across the province after 1999 (Ren and Liu 2008, 134–36).

29. Although participating cities made plans for cooperation on tourism and investment promotion, there were few major infrastructure projects that could be quickly implemented (Luo 2011, 120–24; Interview NJ031204a).

30. Whereas Suzhou's central urban districts had remained relatively small and underdeveloped during the 1990s, they became a focus of municipal development efforts during the 2000s. Between 2000 and 2007, the overall land area of central city districts was increased from 392 to 1650 square kilometers (Xu 2010).

31. After 2000, three of Nanjing's county-level units, Jiangning, Jiangpu, and Liuhe, were converted into or annexed by city districts, giving the city more "development space" (Ye 2011, 153). In 2001, Nanjing's High-Tech Development Zone (HTDZ) north of the Yangtze River was expanded from roughly 5 to 17.5 square kilometers (Chen 2009). Meanwhile, Nanjing landed new petrochemical industry investments and several major foreign-invested projects in its development zones (Zhongguo jingying bao 2002; Jingji ribao 2002).

32. Earlier in his career, Li had risen through the CYLC, ultimately heading the national CYLC organization. As such, he was a presumed ally of Hu Jintao (Li 2002b; China Vitae).

33. Liang Baohua, appointed at the end of 2002, originally hailed from Jiangxi but had spent several decades in Jiangsu, where he had risen through the ranks to serve in several key leadership posts by the end of the 1990s. Liang was Suzhou party secretary and deputy party secretary of Jiangsu between 1998 and 2000, and his strong ties to Suzhou and experience in Jiangsu's corridors of power made him a potential counterweight to Li from the outset. Unlike the relatively young Li, however, Liang was 58 when he assumed the governorship, and thus closer to the end of his career (China Vitae; Baidu Baike). Moreover, Liang lacked political experience outside the province.

34. In Li's report to the Provincial Party Congress in November 2006, for instance, he called for deepening Riverside Development, with a focus on the "Nanjing-Zhenjiang-Yangzhou" economic area (Yangzhou ribao 2006).

35. A 2008 report from the Jiangsu Development Planning Commission noted that Riverside Development had involved more than 100 projects of a billion yuan or more, and that major progress had been made in developing regional industry clusters for autos, shipbuilding, machine tools, and other sectors. The report also cited rapid growth of high-tech industry and R&D in

Nanjing and major headway on key urban infrastructure projects in the city (Jiangsu Development Planning Commission 2008).

36. Starting in the mid-2000s, the NDRC began work on a cross-provincial YRD Regional Plan, with hopes of having the new strategy included in the 11<sup>th</sup> FYP agenda. In part a response to the vicious economic competition between Shanghai, Jiangsu, and Zhejiang during the early 2000s, the emerging plan aimed at deeper economic integration of the YRD region and coordinated development of infrastructure and industry across the three-province area (Li and Wu 2013; NDRC 2010). Due to intergovernmental and bureaucratic squabbles, preparation of the YRD plan ended up taking the full latter half of the 2000s. Still, with the NDRC playing a larger role in regional planning, Jiangsu's government faced more pressure to align its own policy approach with Beijing's vision for a more economically integrated three-province region.

37. Li Yuanchao put in place programs to increase cadre rotation between south and north, expanded preferential allocation of resources to the north, and paired northern and southern cities for development cooperation (Interviews NJ071205a, NJ081205a).

38. Jiangsu's annual GDP growth between 2000 and 2005 had averaged 16 percent, substantially higher than China's overall 12 percent growth rate (CDO; author's calculations).

39. Replacing Liang as governor was Luo Zhijun, who had served as Nanjing's party secretary and mayor but also lacked the career trajectory of a rising star.

40. During an inspection tour in 2005, Liang called for more research on how to spur industrial development in the coastal region, which accounted for only one-sixth of provincial GDP. Liang had stressed the importance of coastal development, and advocated building up wind power, developing liquefied natural gas infrastructure, and enhancing agriculture in Jiangsu's coastal region (Xinhua ribao 2005).

41. Provincial leaders called for using the assignment of skilled cadres, preferential provision of financial aid and development resources, and construction of major investment projects to build up Lianyungang. These efforts would focus on port development and improvement of the city's urban environment (Xinhua ribao 2007).

42. This port development project in Yancheng's Dafeng county was done cooperatively with Shanghai (Interview BJ061307b).

43. Nanjing has not been particularly favored by Jiangsu in recent years in terms of land allocation, though the fact that it hosts many education, research, and state institutions helps it obtain higher quotas (Interview NJ051204a).

44. See Huang et al. 2009, 32–33, 47–48.

45. One former Suzhou official described the provincial level as ill-equipped to oversee urban development and planning. He said that provincial authorities' "appetite was bigger than their digestive capacity"—they did not really know how to manage the city. While acknowledging some provincial support for Suzhou, he complained that the province "takes more than it gives," always seeking more fiscal revenue. He noted that special policies enjoyed by locations like the Suzhou Industrial Park were "an isolated island phenomenon" that did not help the larger city develop to its full potential (Interview SZ011307a).

## Chapter 8. Rethinking Development Politics in China and Beyond

1. Speech at a February 26, 2014 meeting on the Jing-Jin-Ji regional plan. See Renmin wang (2015).

2. Glaeser (2008), 224.

3. For a detailed discussion of these plans, see Shue (2017).

4. China announced an initial tranche of \$40bn in funding for the Belt and Road initiative in 2014 (Wilson 2016). China committed \$36bn in funding for the Jing-Jin-Ji region's high-speed rail network in 2016, only one piece of its larger regional scheme (Shepard 2016).

5. Another striking case is Anhui, where provincial policies have strongly supported the capital city of Hefei. Hefei's share of provincial GDP rose from 11 percent in 2000 to nearly 26 percent in 2015 (CDO; author's calculations).

6. As Hirschman (1978) notes, "the strength of the desire to imitate, to follow suit, to catch up obviously becomes an important determinant among the nonpioneers." This mentality "is bound to make their development into a less spontaneous and more deliberate process" than that seen in leading economies (8).

7. Previous scholarship has noted similar dynamics. As Xu (2008) notes, metropolitan-regional governance schemes not only serve to coordinate the development of neighboring cities, but also expand higher-level authorities' role in urban governance. Kennedy (2014) observes similar processes in India's states, where "it appears that the State government's primary motivation for deploying this territorial rescaling tool is to better control resources within the metropolitan region, in order to leverage the city as an asset for promoting growth" (123).

8. Functional analogues to this approach are found in other provinces as well. In Hunan's CZX region, regional planning and the creation of new transport links between Changsha and neighboring cities have necessitated an expanded provincial-level role in urban development. Indeed, the development of the CZX Pilot Zone was accompanied by the creation of stronger top-down administrative bodies and legal mechanisms.

9. While it was possible to collect data on the main dependent variable and explanatory variables for Tibet, I was unable to gather data on several of the covariates used in robustness checks. By running the baseline regression with observations for Tibet included, I verify that including data for Tibet does not affect the main regression results.

10. I carry out various robustness checks to increase confidence that these relationships are not spurious. Additional regression specifications include other control variables, such as controls for the level of urbanization in different provinces, the level of economic marketization, and the existence of more than one major metropolitan center. I use alternative measures of the main explanatory variables and the dependent variable. And I drop different provinces from the analysis, to ensure that the findings are not disproportionately driven by specific data points.

11. This term is generally credited to Liu Junde. See Hsing (2010), 12.

12. As urban planning expert Pan Jiahua noted of early Jing-Jin-Ji implementation in a 2015 interview, "'Balance' is missing. Xi Jinping's idea of balanced allocation of resources isn't fully implemented" (Liu 2015).

## Appendix A. Analyzing Outcomes across China

1. Of course, these are hardly the only factors that influence provinces' spatial development approaches. Natural and human geography, industrial structure, and policy legacies, among other variables, also matter, as discussed earlier. However, the factors I emphasize have not been sufficiently appreciated by past research.

2. As explained earlier, my analysis excludes China's four centrally governed municipalities (Beijing, Tianjin, Shanghai, and Chongqing) as well as Tibet.

3. Wei (2000) notes, "regional allocation of fixed investment [ . . . ] is considered a key instrument in China's industrialization and regional development policy" (67). See Barnett and Brooks (2006); Geng and N'Diaye (2012).

4. I adjust GDP growth rates for the varying rates of inflation recorded by different provinces.

5. Because I analyze FAI outcomes for the whole decade between 2001 and 2010, it is appropriate to look at relative economic performance over a similarly long prior period. My theoretical expectation, and finding from the main case studies, is that prolonged periods of lagging performance can trigger major adjustments to development policies.

6. The use of additive indices to operationalize political variables can be controversial, insofar as additive indices make strong assumptions about the relationships and relative importance of different indicators. Despite these concerns, I use an additive index here for three reasons. First, provincial government strength is understood here as simultaneous strength on different dimensions of power that may in general be uncorrelated (or that may even be negatively related). Rather than provincial governments having certain observable characteristics because of underlying strength, provincial governments are strong because they possess diverse sources of administrative and political leverage. Second, I use an index because I am more interested in being able to differentiate between stronger and weaker provinces than in being able to isolate the precise causal effect a given increment of provincial strength confers. Third, I use such an index because it is simple and transparent, and can easily be disaggregated or modified to check for robustness.

7. I follow Falletti's (2005) approach of including distinct measures of administrative, fiscal, and political relations among different government levels. Unlike Falletti, however, I am interested in provincial government strength relative to both the central government above and to local governments below, and I thus include indicators that address provincial-local power relations as well.

8. This is the typical finding of past China scholars. See, for instance, Watson et al. (1999).

9. Historically, there has not been a perfect correlation between central state penetration and provinces' distance from Beijing, but it is generally the case that Beijing has more tightly governed nearby provinces, and that provinces closer to the center have remitted more revenues. See Whitney (1970).

10. Alternative specifications include the change in top-city GDP share between 1996 and 2000.

11. This regression analysis uses Ordinary Least Squares (OLS) estimation. Of course, regression analysis with such a small dataset can be problematic, and findings from such an exercise must be interpreted cautiously. Because the aim here is to test for the presence of a systematic correlation between different variables rather than to isolate a causal relationship or precisely estimate the magnitude of this relationship, such analysis is worthwhile in spite of these concerns. Meanwhile, the low number of covariates helps to alleviate the degrees-of-freedom problem.

12. These cities include Nanjing, Wuhan, Guangzhou, Chengdu, Xi'an, and Shenyang.

13. The five sub-indicators used in the provincial strength index all have positive coefficients, though only the "distance from Beijing" indicator approaches statistical significance. The fact that no individual sub-indicator drives the index results is consistent with the idea that provincial strength has multiple dimensions.

14. Given long-standing coastal-inland divergences in development, the economic performance of coastal provinces may be evaluated against other coastal provinces, and the economic performance of inland provinces may be compared with that of other inland provinces. This contextualized economic performance measure also shows the expected negative relationship with top-city FAI share, and is significant at conventional levels.

15. While my main dependent variable measure is the 2001–2010 top-city share of FAI, I also test alternative DV measures that more directly capture "excess" investment in main metropolitan centers due to policy factors. One alternative DV measure is the difference between 2001–2010 top-city FAI share and the top city's share of provincial population in 2000. A second alternative measure is the difference between 2001–2010 top-city FAI share and the top city's share of pro-

vincial GDP in 2000. Regression models with these alternative DVs include controls for provincial population size and provincial per capita GDP. Using the first alternative DV measure, both key explanatory variables display the expected signs and remain significant at the 0.10 level. Using the second alternative DV measure, both explanatory variables keep the same signs, but only 1990–2000 CAGR remains significant at the 0.10 level (the  $p$ -value for provincial strength is 0.18).

16. When observations for Hunan, Jiangxi, Shaanxi, and Jiangsu are dropped, the basic results for provincial strength and relative economic performance still hold. The coefficient estimate for provincial strength drops below statistical significance at conventional levels ( $p=0.14$ ), but a strong positive relationship between provincial strength and top-city FAI share persists. The coefficient for relative economic performance remains significant at conventional levels. Meanwhile, several provinces stand out as potential influence points, including Hunan, Shandong, Jilin, and Xinjiang. When I re-run the main regression model, sequentially dropping each of these observations, the main results are unaffected. I also verify that the main regression results still hold when sparsely populated northwestern regions like Xinjiang, Qinghai, Gansu, and Inner Mongolia and small provincial-level units like Ningxia and Hainan are dropped from the regression analysis.

17. Provincial fixed effects capture time-invariant provincial attributes, allaying the concern that regression results are driven by unmodeled variables, and ensuring that observations are more directly comparable.

18. I ensure that regression results are not sensitive to slight change in the “rising star” age threshold. When I use 54 rather than 53 as the cutoff age, the same results hold.

19. These indicators are taken directly from or computed based on data from CDO.

20. I run all panel regressions using the “plm” package for R. Croissant, Yves, and Millo, Giovanni, “Panel Data Econometrics in R: The Plm Package,” [cran.r-project.org/web/packages/plm/vignettes/plm.pdf](https://cran.r-project.org/web/packages/plm/vignettes/plm.pdf), June 2013.

21. Ordinary Least Squares and Generalized Least Squares regression models are prone to underestimation of standard errors when applied to panel data (Beck and Katz 1995). It is thus important to ensure that the findings from the panel analysis are robust to the calculation of panel-corrected standard errors (pcse).

## Appendix B. Cross-National Extensions to Brazil and India

1. See Skocpol and Somers (1980).

2. See, for example, Sinha (2005).

3. As Hagopian (1996) points out, “metropolitan Belo Horizonte alone acquired one-third of all investment channeled through the Industrial Development Institute from 1969 to 1980” (Hagopian 1996, 99). In the early 1970s, moreover, one-third of employment growth happened in the metropolitan region (100).

4. With continued support from the state government, the project grew to become Fiat’s biggest facility worldwide and served as the nucleus for a larger cluster of automotive industries (Eakin 2001, 132–33; Montero 2001b).

5. As Hagopian (1996) notes, “the national political influence and success of the Minas oligarchy was predicated, as John Wirth (1977) has persuasively argued, on its internal unity” (45).

6. “In their view,” Hagopian (1996) observes, “prior administrations had overlooked the North, but Pereira, who built his political career based on support from northern politicians, showered the region with such public works projects as the Projeto Sertanejo, the Integrated Rural Development Project for the Gortubua Valley [ . . . ] and a water project” (167).

7. These shifts in Minas Gerais coincided with the embrace of a more neoliberal phase in Brazil’s development trajectory more broadly, as the country pursued economic restructuring and liberalization, and prepared for accession to the WTO, which would occur in 1995.

8. For example, Minas Gerais and Fiat groomed Mateus Leme, a small city on the fringe of the Belo Horizonte metropolitan region, as a new base for auto suppliers. Within a few years, Mateus Leme had “developed a formidable array of infrastructure that attracted FIAT suppliers like Sumiden and a host of diverse firms in plastics, services, and other sectors through backward linkage effects” (Montero 2001b, 98–99). Partly in response to concerns about over-concentration of auto industry development in the metropolitan region, and about excessive reliance on Fiat, Minas Gerais stepped up efforts to develop automobile assembly and parts manufacturing clusters elsewhere in the state after the mid-1990s. The state successfully lured Mercedes Benz to invest \$400mn in a new production facility in Juiz de Fora, a city in southern Minas Gerais (Montero 2001b, 96–97). Yet, policies such as this effort to diversify auto sector development beyond reliance on a single city and a single automaker hardly signaled an end to state efforts to build up the economic power and outward profile of the Belo Horizonte region.

9. In early 2014, it was announced that Andhra Pradesh would subsequently be divided into two states. One, Telangana, would include the region surrounding Hyderabad in the northwestern portion of the former state. The other, an Andhra Pradesh successor state, would include the southern and coastal regions of the former state.

10. As Kale (2014) notes, “Both the Bank and the central government were willing to make concessions to Naidu’s government because of the critical role he played in the precariously balanced coalition government at the center, where he leveraged his strength not by directly entering the coalition but by providing outside support that he could strategically threaten to withdraw” (153).

11. Kolkata (formerly Calcutta) rose to prominence from the eighteenth century on as the hub of the East India Company’s trading empire and the seat of Great Britain’s colonial raj in India (it remained the administrative capital of British India until the early twentieth century). It grew rapidly to become one of India’s largest cities and has remained a key administrative, political, and cultural center for more than two hundred years.

12. Closely related to this fiscal deterioration was a trend of decentralization of fiscal and administrative authority under the Left Front. During the 1980s, West Bengal pursued efforts to decentralize both governance authority and fiscal resources, weakening the state level vis-à-vis local government. Datta (2004) notes the extensive decentralization of developmental functions to the Panchayats, with local village councils gaining considerable powers over rural development and district planning. This was followed by greater decentralization of fiscal resources under the guise of a policy of Decentralisation in Resource Mobilisation that saw half of above-target revenues collected for certain taxes returned to district authorities (Datta 2004: 311–13).

13. Along similar lines, Mallick (1993) notes that “electorally the rural areas with 74 percent of the state population would be critical in maintaining Communist influence. For this reason rural development had priority over urban industrial development in determining the success of the Left Front government. It was also the area where the Communists had greatest constitutional authority as agrarian reform fell largely within state jurisdiction” (1).

14. While there is scholarly disagreement as to how much the central government actually discriminated against West Bengal in allocating fiscal resources, financing, policy support, and investment approvals, there is basic consensus that West Bengal’s troubled political relationship with the central government has made it harder for the state to obtain special policy support from the center (Datta 2004, 342; Kennedy 2014, 64). The general perception is that state-level regimes that—like the one in Andhra Pradesh under Naidu—are politically aligned with the central government or involved in central ruling coalitions have been better able to obtain special consideration in resource allocation (Kennedy 2007).



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## Selected Research Interviews

Interviews were conducted with policy experts, academics, officials, businesspeople, journalists, and others in Beijing, Shanghai, Xi'an, Baoji, Changsha, Nanchang, Nanjing, Suzhou, Guangzhou, and Shenzhen between 2011 and 2015. I preserve the anonymity of interview subjects in accordance with the research protocol approved by the Harvard University Committee on the Use of Human Subjects, but I provide a unique code for each interviewee, and give the location, year, and month of interviews, and a general description of each interviewee. For example, interview code BJ011109a indicates interviewee BJ01, the year 2011 (11), the month September (09), and the first interview (a). A table listing the various interviewees and interview dates and locations is provided.

## RESEARCH INTERVIEWS, 2011–2015

Interview subject	Description	Location	Interview date(s)
BJ01	Foreign business association representative	Beijing	September 2011
BJ02	International financial institution official	Beijing	October 2011
BJ03	Central government researcher	Beijing	October 2011
BJ04	Foreign business association representative	Beijing	November 2011
BJ05	Foreign business association representative	Beijing	December 2011
BJ06	Central government researcher	Beijing	February 2012; July 2013
BJ07	Academic researcher and government consultant	Beijing	February 2012
BJ08	Academic researcher and government consultant	Beijing	June 2012
BJ09	Central government researcher	Beijing	June 2012; January 2013
BJ10	Bank official	Beijing	June 2012
BJ11	International financial institution official	Beijing	June 2012
BJ12	Bank official	Beijing	June 2012
BJ13	Urban planner and government researcher	Beijing	January 2013
BJ14	Academic researcher and government consultant	Beijing	July 2013
BJ15	Academic researcher	Beijing	July 2013
BJ16	Central government official	Beijing	July 2013
CS01	Academic researcher and government consultant	Changsha	November 2011; March 2012
CS02	Provincial government researcher	Changsha	November 2011; March 2012
CS03	Local businessperson	Changsha	November 2011
CS04	Provincial government official	Changsha	November 2011
CS05	Bank official	Changsha	November 2011
CS06	Academic researcher and government consultant	Changsha	March 2012
CS07	Provincial government official	Changsha	March 2012
CS08	City government official	Changsha	March 2012
CS09	Provincial government researcher	Changsha	March 2012; May 2012
CS10	Academic researcher	Changsha	March 2012
CS11	Academic researcher	Changsha	March 2012

RESEARCH INTERVIEWS, 2011–2015 (*cont.*)

Interview subject	Description	Location	Interview date(s)
CS12	Academic researcher	Changsha	March 2012
CS13	Academic researcher	Changsha	March 2012
CS14	Urban planner	Changsha	March 2012
CS15	Foreign businessperson	Changsha	March 2012
CS16	Foreign businessperson	Changsha	March 2012
CS17	Academic researcher	Changsha	May 2012
CS18	Provincial government official	Changsha	May 2012
CS19	Provincial government official	Changsha	May 2012
GZ01	Academic researcher and government consultant	Guangzhou	January 2015
GZ02	Land policy expert	Guangzhou	January 2015
GZ03	Academic researcher and government consultant	Guangzhou	January 2015
NC01	Journalist	Nanchang	January 2013; January 2015
NC02	Local businessperson	Nanchang	January 2013
NC03	Academic researcher	Nanchang	January 2013; January 2015
NC04	Provincial government researcher	Nanchang	January 2013
NC05	Academic researcher	Nanchang	January 2015
NJ01	Urban planner	Nanjing	January 2012; April 2012
NJ02	Regional planner and academic researcher	Nanjing	April 2012
NJ03	Urban planner and academic researcher	Nanjing	April 2012; May 2012
NJ04	Academic researcher and government consultant	Nanjing	April 2012; May 2012
NJ05	Academic researcher and land planner	Nanjing	April 2012; May 2012
NJ06	Academic researcher	Nanjing	April 2012
NJ07	Provincial government researcher	Nanjing	May 2012
NJ08	Former provincial government official	Nanjing	May 2012
NJ09	City government researcher	Nanjing	May 2012
NJ10	Academic researcher	Nanjing	May 2012
NJ11	Academic researcher	Nanjing	July 2013
SH01	Municipal government researcher	Shanghai	January 2013
SN01	Think tank researcher	Shenzhen	January 2015
SZ01	Former city government official	Suzhou	July 2013
SZ02	Academic researcher and urban planner	Suzhou	July 2013

## RESEARCH INTERVIEWS, 2011-2015 (cont.)

Interview subject	Description	Location	Interview date(s)
SZ03	Urban planner and government consultant	Suzhou	July 2013
XA01	Provincial enterprise executive	Xi'an	November 2011; February 2012
XA02	Provincial government researcher	Xi'an	November 2011; February 2012
XA03	Academic researcher and government consultant	Xi'an	November 2011; February 2012
XA04	Provincial government researcher	Xi'an	November 2011; March 2012
XA05	Academic researcher and government consultant	Xi'an	November 2011
XA06	Academic researcher	Xi'an	November 2011; March 2012
XA07	Provincial government official	Xi'an	February 2012
XA08	Academic researcher and government consultant	Xi'an	February 2012
XA09	Provincial government researcher	Xi'an	February 2012; March 2012
XA10	Urban planner and government consultant	Xi'an	March 2012; June 2012
XA11	Academic researcher and government consultant	Xi'a	March 2012; June 2012; July 2013
XA12	Development zone official	Xi'an	March 2012
XA13	Development zone researcher	Xi'an	March 2012
XA14	Provincial government official	Xi'an	March 2012
XA15	Foreign businessperson	Xi'an	March 2012
XA16	Foreign businessperson	Xi'an	March 2012
XA17	Journalist	Xi'an	June 2012
XA18	Academic researcher and provincial government advisor	Xi'an	June 2012; July 2013
XA19	Urban planner	Xi'an	June 2012
XA20	Provincial government researcher	Xi'an	July 2013
XA21	Academic researcher	Xi'an	July 2013
XA22	Journalist	Xi'an	July 2013



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