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Spatial egalitarianism as a social ‘counter movement’: on socioeconomic reforms in Chongqing

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Abstract: Through a framework drawn from Karl Polanyi’s substantivist theorization of economic practices, this paper evaluates the quest for equitable urbanization in Chongqing, a major city-region in southwestern China. Illuminating the tensions arising from two interrelated reforms, namely the ambitious attempt to construct 40 million m² of public rental housing between 2010 to 2012 and the large-scale drive to ensure peasant migrants enjoy equal access to social benefits as current urban residents, the paper explains how the quest for equitable urbanization magnifies two nationwide dimensions of institutionalized uneven development, namely 1) the caste-like categorization of populations according to ‘urban’ and ‘rural’; and 2) the coastal bias in national economic development. The paper concludes that this state-driven quest for spatial egalitarianism in Chongqing expresses the dialecticism of economic development in China: it is a social ‘counter movement’ against the effects of an uneven spatiality that was instituted to drive and deepen the marketization of Chinese society.

Key words: spatial egalitarianism; urban-rural integration; hukou; double movement; state-market relations; Chongqing, China

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Biography: Kean Fan Lim is an economic geographer at the University of British Columbia. His primary research interest is in the politics of economic restructuring. Currently he is developing a multi-sited research project that aims to establish the connections between institutional path-dependency in post-Mao China and targeted socioeconomic reforms in what are termed “nationally strategic new areas”. His works have appeared in journals such as *Progress in Human Geography*, *Antipode* and *Journal of Economic Geography*.

One test for whether reform is genuine is if people will emerge screaming about the pain they feel as a result. If no one feels any pain, that is not reform. – Hu Shuli, Editor-in-Chief of Caixin Media, interview with *Asahi Shimbun*, 18 April 2013)

1. Introduction

Beginning from 2007, the Chinese state apparatus launched a series of path-changing socioeconomic reforms in Chongqing, a city-region¹ in southwestern China. Widely taken by policymaking, academic and media circles as representative of a unique ‘Chongqing model’ or ‘Chongqing experience’ of development, these reforms arguably placed Chongqing amongst what Shin (2012) terms the “unequal cities of spectacle and mega-events in China”. An emergent trend across China, mega-events like the 2008 Beijing Olympics or the 2010 Guangzhou Asian Games were putatively intended to produce a national “unified space” that could at once enable “capital accumulation and socio-political stability for further accumulation” (Shin, 2012: 729). Unlike these one-off events, however, Chongqing did not become a national “unified space” through displacing or deferring preexisting social problems – the overarching objective was to resolve them. Hitherto untested on a large scale, these reforms arguably became a “spectacle” in China because they wrestled proactively with national-level institutional constraints.

In spite of what appears to be a “win-win” developmental approach, particularly against a backdrop of prodigious nationwide inequality², the quest for greater social equity in Chongqing did not receive universal acclaim in China. Labeled neo-Maoist for launching ‘red song’ singing campaigns (*changhong*) and portrayed as disregarding the rule of law in

¹ Whilst officially designated a city, the term ‘city-region’ is used to describe Chongqing for two reasons. One, it occupies a huge land mass of 82,400km², more than double the size of Taiwan; second, a significant portion of this land mass is still farmland and, until July 2012, less than half of the official 29 million population are registered as ‘urban’ residents.

² A study conducted by the Chinese Household Finance Survey Center (CHFSC) of Chengdu’s Southwestern University of Finance and Economics presented China’s Gini coefficient for 2010 at 0.61. Measured in relation to World Bank figures, this figure was substantially above the average of 0.44 for all countries (*Caixin Online*, 2012). Earlier, Wang’s (2010) research illustrated how trillions of *yuan* were missing from official statistics; two-thirds of these missing funds belonged to 10% of the population. Presuming Wang’s study is accurate and that the CHFSC relied on official statistics, the Gini coefficient for China could measure higher than the reported 0.61.

its 'anti-Mafia' crackdowns (*dahei*), the Chongqing government came under further scrutiny for implementing the socioeconomic reforms. Perhaps the most contentious characteristic of these reforms is the large-scale investments required to embed capital accumulation processes *in tandem* with the enhancement of socio-spatial welfare. On one hand, the Chongqing government successfully pushed for the demarcation of a "nationally strategic" economic development zone known as the Liangjiang New Area; on the other hand, it implemented a host of policies in the Chongqing urban area aimed at easing uneven spatial development associated with 1) the institutionalized organization of social life according to 'urban' and 'rural', a Mao-era legacy; and 2) the coastal bias in the bid to build a 'socialist market economy', a definitive feature of Deng Xiaoping's first-wave 'liberalization' reforms in 1978. Displacing or deferring social problems to other time-spaces, for these critics, was seemingly preferred to confronting them together with the pursuit of economic goals.

Taking this intense scrutiny as the analytical point of departure, this paper aims to add conceptual clarity to the post-2007 socioeconomic reforms in Chongqing. Rather than construe the events occurring within Chongqing as an endogenous expression of Maoist resurgence, the paper explores how local and extra-local factors interact to produce the reforms in Chongqing. As will be shown, the broad directions for the reforms were launched by the Chinese central government in March 2007. The municipality was chosen as a base for reforms for locational and administrative reasons: it was part of the vast interior hinterland that, over the last three decades, had been unable to keep up with the pace of economic growth in the coastal regions. Yet it was and remains the only municipality in interior China governed directly by the central government. This unique spatio-temporal positioning allowed the central government, then led by Hu Jintao, to directly address two aspects of uneven development that were prevalent at the national scale, namely the urban-rural "dual structure" and the coastal-interior economic disparity. The 'Chongqing experience' is thus more accurately an expression of and a potential solution to the

underlying socioeconomic tensions associated with the CPC's seemingly contradictory approach to 'liberalize' the Chinese economy *on the back of* institutionalized uneven spatial development. As Yao Zhongqiu (hereafter Qiu Feng, to use his official pen name), a prominent China-based public intellectual, puts it:

The 'Chongqing model' contains all the problems that exist in the 'China model' of development, the only difference is that some of these problems were magnified in Chongqing. Hence when we reflect on the 'Chongqing model', we need to be aware of this point, we need to view it against a broader expanse. (Part of academic discussion at the Unirule Institute of Economics, Beijing, 6 December 2012; transcript published in *China Review*, 15 January 2013: n.p.; author's translation)

To grasp the connections between the reforms in Chongqing and the "broader expanse", this paper develops an analysis that draws on and develops Karl Polanyi's (1944, 1957) substantivist conceptualization of economic practices. For Polanyi, the contemporary economy is "instituted" by three 'modes of integration'³, namely redistribution, reciprocity and market exchange. All three modes would be present at any one time, although one mode might be more dominant than the others. Through this analytical framing, this paper argues that socioeconomic reforms in Chongqing illustrates the importance of state-driven redistribution in easing preexisting and potential social tensions engendered, paradoxically, by the effects of an uneven spatiality instituted for economic development by the same state apparatus. It conceptualizes the redistributive quest for spatial egalitarianism in Chongqing as a protective act against the effects of instituted uneven development. Viewed against the CPC's concomitant policies to deepen market-like governance in Chinese society, this quest corresponds to what Polanyi (2001[1944]: 136) terms "the double movement" in emergent market societies, namely that social counter movements would inevitably check the

³ In *The Great Transformation*, Polanyi (2001[1944]: 55) elaborated on the importance of another mode of integration in pre-capitalist societies known as householding. Defined as "production for one's own use", householding has seemingly taken a backseat in capitalist(ic) societies. As such, this mode received less focus in Polanyi's 1957 work "The economy as an instituted process". While the Chinese government defines the Chinese political economy as technically 'socialist' and householding in fact is an instituted economic feature under the Household Responsibility System (*jiating lianchan zerenzhi*), the intention of householding since Mao-era China has never been about subsistence: it was and remains a function of what is broadly known as 'state capitalism'. For this reason, this paper will only examine the roles of redistribution, reciprocity and market exchange as the modes of economic integration in Chongqing and, by extension, China.

continuous expansion of markets.

The subsequent four parts of the paper will demonstrate how this counter movement is expressed in and through Chongqing. Section 2 discusses how Polanyi's substantivist approach to economic analysis is developed to examine the socioeconomic reforms in Chongqing. The geo-historical context of Chongqing's politico-economic evolution is then presented in section 3. Section 4 begins by explaining the socioeconomic rationale of one main reform, the construction of large-scale public rental housing (*gongzufang*), in relation to another policy to facilitate 'household registration' conversion for rural residents (*nongmin hukou zhuan yi*). To achieve this objective, the section juxtaposes two sets of empirical materials⁴, namely, 1) narratives – both affirmative and antagonistic – on the redistributive policies to provide large-scale public rental housing and deepen reforms of the *hukou* (household registration) institution; and 2) quantitative data presented by the different actors. Drawing from the empirical analysis, the paper concludes by (re)focusing on the state's role as a driver of a social counter movement through strategic redistribution. The bigger question crystallized through the Chongqing case is the extent to which future 'double movements' within the Chinese political economy would continue to be determined by institutionalized uneven spatial development – a tool of socioeconomic control that, while serving the CPC so well since it launched the 'socialist high tide' in 1958, appears to be under immense strain in the current conjuncture.

⁴The empirical materials presented in this paper consist largely of narratives drawn from policy documents, news articles and academic essays published in Mandarin. These narratives, which reflect the views of major causal actors who were not accessible for interviews, are significant for the analysis employed in this paper. Complementary materials are drawn from the author's personal observations through participation in academic seminars; discussions and interviews with local government officials and scholars; and visits to field sites in Chongqing. The overarching objective of the empirical analysis is not to 'speak for' the socioeconomic configuration of a field site 'from a distance'; it is to bring existing theory – namely, the Polanyian framework – into contact with the discourses and statistics emerging *from* the field site. There is no *a priori* privileging of primary or secondary data; data that potentially contributes to theoretical re-construction was identified and evaluated.

2. The (re)institutionalization of socioeconomic embeddedness in China: a substantivist conceptualization

Economic substantivism is an analytical approach postulated by Polanyi (1944, 1957, 1977) to contrast the formalism that characterizes neoclassical economics. The primary characteristic of substantivism is that the 'economy' cannot be abstracted and theorized as an entity that is self-regulated by ecumenical laws of evolution. By extension, an economy can never be distinct from its constitutive socio-spatial formation. "While substantivist explanations are crafted in context rich and institutionally saturated settings", Peck (2013: 1555) explains in an incisive exploration of Polanyian analytical approaches, "formalism implies a preference for parsimonious reasoning, prefabricated models, and singular logics, like the rational-choice paradigm." Indeed, conditions of scarcity – the analytical basis of the rational-choice paradigm – do not solely determine economic choice (Polanyi, 1957); economic processes, as Polanyi (2001[1944]: 48) observes of pre- and non-capitalist economies, were intrinsically predicated on social goals:

The outstanding discovery of recent historical and anthropological research is that man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end.

The emphasis on "social relationships" as determinant of economic practices is crucial not only for the understanding of individual behavior; economic institutions also need to ensure their practices do not undermine social stability. In the contemporary conjuncture, these institutions are invariably established inside and/or alongside individual state apparatuses. Insofar as these state apparatuses claim to be representative of 'the people' (who arguably constitute the state's primary 'social assets'), their respective economic strategies would be entwined with the need to safeguard their social legitimacy amongst the people they govern. This entwinement is especially pronounced in China because the ruling Communist Party of China (CPC) functions in/as a one-party state apparatus whose social

relevance must be regularly demonstrated in practice to preclude potentially violent revolutions⁵.

To comprehend the dynamics of Chinese politico-economic evolution, the CPC should be conceptualized as an embedded *social actor* in the first instance; as a mediator and driver of economic policies to achieve its self-determined social goal, i.e. a 'Harmonious Society' (*hexie shehui*) defined by the egalitarianism end-state known as 'Common Affluence' (*gongtong fuyu*). Indeed, it is this longstanding ideological commitment that positions Chinese socioeconomic evolution against Polanyi's (2001[1944]: 60) definition of a 'disembedded economy', that "instead of economy being embedded in social relations, social relations are embedded in the economic system". Strong market regulation, characterized by the disembedding circulation of three 'fictitious commodities' (land, labor power and money), effectively means social actors would be subservient to the prerogatives of private capitalist producers. Because the CPC remains committed to create a communistic end-state⁶, it is obliged to preclude "fictitious commodities" from fully dictating the organization of social life. As will be addressed shortly, the socioeconomic reforms in Chongqing exemplify this obligation.

Polanyi's (1957; 1977) conceptualization of the economy as an "instituted process" forms the core of this paper's analytical framework. He identifies three major 'forms of integration' that 'institute' the modern (capitalist) economy, namely redistribution, reciprocity and market exchange. Of these three forms, redistribution and reciprocity are "two principles of behavior not primarily associated with economics" (Polanyi, 2001[1944]: 49). As this

⁵ The CPC leadership, still committed to what Deng Xiaoping called the 'universal truth of Marxism', understands very well the revolutionary potential of violence: it was precisely through violence – the CPC fought a protracted civil war between 1946-1949 – that the CPC became the ruling government of China. The Cultural Revolution in the mid-1960s and the Tiananmen protests in 1989 were two other major instances where revolutionary fervor were accompanied with violence.

⁶ In the summer of 2013, the Chinese President Xi Jinping vowed to the country "our red nation will never change color" (*New York Times*, 16 August 2013). Having demonstrated a clear disdain for 'empty talk' (*kongtan*), Xi's assertion can be taken as an *a priori* (re)statement of intent. It is against this concrete intention – namely, to enable an evolution towards a communistic endstate – that subsequent empirical phenomena should be dialectically evaluated.

paper will show, it is precisely *because of* this non-association that they are important *for* a market economy:

Redistribution: This integrative process presupposes the centralization of goods and money by a powerful social institution, or what Polanyi (2001[1944]: 51) calls the “institutional pattern of centrality”: it “provides a track for the collection, storage, and redistribution of goods and services...[I]n all economies of kind a similar need exists, be the group ever so numerous. And the larger the territory and the more varied the produce, the more will redistribution result in an effective division of labor, since it must help to link up geographically differentiated groups of producers”. As Polanyi (1977: 37) elaborates, “In the case of redistribution...the movement cannot proceed without an established center from which redistribution takes place. Redistribution is not an individual pattern at all; and even when started on a small scale, it would depend upon the prior existence of a recognized center.”

In the Chinese context, the central state apparatus had, since its establishment in 1949, sought to regularly reproduce its position as the ‘recognized centre’ in the nationwide allocation of means and output of production. The underlying justification for this redistributive commitment is to preclude social tensions and set the Chinese political economy on the path towards an unknown end-state known as ‘socialism with Chinese characteristics’ (cf. Lim, 2014). Yet, the very ability of the central state apparatus to hold itself as the “recognized centre” and produce an “effective division of labor”, in Polanyi’s parlance, is predicated on reciprocity between socioeconomic actors located in different geographical regions.

Reciprocity: An act of transfer which is not price-determined, but from which an act of transfer with an approximately symbolic value is expected in return (either in future or immediately). These transfers reveal specifically the relationships between actors (e.g. kinship networks); they generate trust and are fundamental to the creation of social harmony. In the non-capitalist societies of Western Melanesia, Polanyi (2001[1944]: 51) observes, reciprocity was characterized by the “institutional pattern of symmetry”: an arrangement of “duality” facilitated the exchange of goods, disguised as gift-giving, between the coastal and inland villages. Yet Polanyi (2001[1944]: 51) was quick to add that the origins of “institutional symmetry” were

unclear, and that it would be “impracticable” for this process to exist on its own in the long run. Rather, “symmetry and centrality will meet halfway the needs of reciprocity and redistribution; institutional patterns and principles of behavior are mutually adjusted” (Ibid.; ref. discussion on redistribution above).

Within contemporary China, institutional symmetry can be observed in two domains. First, reciprocity is (to be) derived through the quest for spatial balance between the coastal provinces and the vast interior hinterland. In a 1988 speech, then Chinese leader Deng Xiaoping issued an injunction to every Chinese citizen residing in the coastal provinces to reciprocate the state’s decision to first implement reforms in their provinces by *accepting* the subsequent redistribution of accumulated value accruing from economic liberalization for the development of the interior: “upon attaining a certain level of development, the coastal areas are requested to give more energy to assist in the development of the interior, this is also a ‘big picture’...It is an obligation for economically-advanced areas to help those that are more backward, and it is also a major policy” (Deng, 1993: 278; author’s translation). Yet, as the Chongqing case shows, the attainment of inter-regional reciprocity is – or, specifically, *has to be* – simultaneously premised on institutional centrality. Second, the Chinese state apparatus established reciprocal relations with the private capitalist class – including those located abroad – with the understanding that its one-party rule is beyond question. Domestically, these relations were institutionalized by the Jiang Zemin government after Jiang personally called on private capitalists – denigrated as ‘class enemies’ during the Mao-era – to be given the right to join the CPC. The intriguing “co-option” of domestic private capitalists into the CPC, as Dickson (2008) explains in elaborate detail, arguably produced a “duality” in which state-linked and private economic actors could co-exist insofar as the CPC’s institutional centrality – or, indeed, its institutionalized existential immortality⁷ – remains unchallenged.

⁷ The party’s existential timelessness is enshrined in what Deng Xiaoping calls the ‘Four Cardinal Principles’. These four principles are: 1) We must keep to the socialist road; 2) We must uphold the dictatorship of the proletariat; 3) We must uphold the leadership of the Communist Party; 4) We must uphold Marxism-Leninism and Mao Zedong Thought. It is important to note that the third principle is the pivot on which the other three principles rest. The full text of Deng’s speech on the Four Cardinal Principles is published in *People’s Daily* (30 March 1979), accessible here: <http://english.peopledaily.com.cn/dengxp/vol2/text/b1290.html>

Market exchange: The competitive buying and selling of commodities whose values are determined by forces of supply and demand and expressed through monetary prices. The 'market', as an institutional system, is constituted by redistribution and reciprocity: "the validating and organizing factor [of market exchange] springs not from the individual but from the collective actions of persons in structured situations. Exchange as a form of integration is dependent on the existence of a market system, an institutional pattern which, contrary to common assumptions, does not originate in random actions of exchange" (Polanyi 1977: 37). This market system, Polanyi (1944) avers, 'fictionalizes' three entities – labor (power), land and money – as commodities. These 'commodities' are "fictitious" because they cannot innately be produced for sale; their *saleable* 'nature' is a material construction constituted by and contingent on processes of redistribution and reciprocity. Redistribution is not the only necessary process for market-building, however; if the participants choose to disrespect rules and disrupt the terms of exchange (i.e. lack of reciprocity), exchange relations could break down. As such, the 'free' market is a *deontological* entity; changing and often contested redistributive and reciprocal processes determine the degree of 'freedom' in and the geographic extent of any market (cf. section 4).

These three forms of socioeconomic integration are taken as occurring simultaneously and symbiotically rather than chronologically. In a subsequent development of *The Great Transformation*, Polanyi (1957: 256) makes clear that the "forms of integration do not represent 'stages' of development. No sequence in time is implied. Several subordinate forms may be present alongside of the dominant one, which may itself recur after a temporary eclipse". This clarification is important in methodological and analytical terms, as Peck (2013: 1556-1557) explains: "particular modes of integration should not be expected to secure monopoly positions within actually existing economies, which are heterogeneous and hybrid; economic logics and rationalities are plural, warranting parity of analytical esteem across modes of integration." In relation to a diverse economy like China, Peck and Zhang (2013: 388) believe this presupposition of plural economic logics and

rationalities occurring in tension with one another is more helpful for theoretical (re)construction:

What if, instead of positioning the principle of market coordination in a *sequential and historical* relationship with social regulation and institutional embeddedness, in a temporal reading of the double-movement metaphor (as if marketization and socialization only see-saw against one another through time), this was replaced with a *simultaneous and geographical* conception of the contradictory coexistence of the integrative principles of market exchange, reciprocity and redistribution within fundamentally heterogeneous economies? This conception, in which variegated capitalisms necessarily (co)exist with their others, in contradictory and often crisis-prone hybrids and in webs of mutually constitutive relations, might enable a critical but theoretically 'positive' understanding of China's development path. (Peck and Zhang, 2013: 388; emphases-in-original)

Through the Chongqing case, this paper examines how Polanyi's three integrative mechanisms intersect within a "fundamentally heterogeneous" Chinese socio-economy. On one hand, this place-specific intersection appears different *from* the national-scale combination of these mechanisms; on the other, it is expressive *of* national-scale structural contradictions. Taken together, these phenomena highlight antagonisms associated with the Chinese central government's attempt to expand economic liberalization and its seemingly contradictory commitment to ease a crucial precondition of the liberalization process – uneven spatial development (cf. Lim, 2014). That the post-2007 redistributive strategies took center-stage as a social 'counter movement' in Chongqing, this paper argues, in itself indicates the inability of reciprocal economic relations to exclusively enhance social equity at the national scale. More crucially, insofar as the CPC continues to expand its marketization drive, the Chongqing reforms represent the socially-protective part of what Polanyi (2001[1944]: 138) terms a "double movement":

The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and the landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its methods.

Parallel to Polanyi's (2001[1944]) observation of earlier societies, the socioeconomic reforms in Chongqing demonstrate the entwinement of redistribution and reciprocity as

modes of economic integration. The growing dominance of market exchange in China presupposes the existence and exchange of personal assets protected legally by a strong “established centre”. Yet the same “established centre” is required to hold market actors in check; it is required to ensure the social inequality ensuing from marketization (which is now acute in income and geographic terms) does not undermine the stability of the market economy. There is no doubt that only one institution possesses the institutional centrality so crucial for market coordination in the current conjuncture; there is also no doubt only one institution possesses the power to introduce, in Polanyi’s parlance, “protective legislation, restrictive associations, and other instruments of intervention” to protect the Chinese society from the concomitant problems of market-like governance (cf. *ibid.*). This institution is the CPC.

In the following discussion, this paper argues that state-driven redistribution is not a zero-sum approach (i.e. more state involvement = contracting markets); rather, the reshaping of Chongqing’s socio-spatial structure overlaps the reconfiguration of the city-region’s industrial structure. The socioeconomic reforms in Chongqing are of theoretical significance in this aspect: while Chinese state power is commonly perceived to be increasingly captured by capitalists (of which paradoxically include factions in control of state-owned enterprises), these reforms illuminate the state’s role as a *social leader* whose overall goal is to produce “Common Affluence” *without* precluding the production of new industrial spaces. What the reforms in Chongqing exemplify, then, is a *dialectical* attempt by the central government to keep highly contingent capital investments within the Chinese market economy while also fulfill Deng’s 1988 commitment to spatial egalitarianism.

3. Chongqing as the “big platform” of experimental reforms

Chongqing is one of the four⁸ province-level cities (*zhixiashi*) in China. Originally part of Sichuan province, the core urban area of Chongqing and three surrounding districts were rescaled into a city-region and directly governed by the central government on 18 June 1997. Interestingly, Chongqing was previously a *zhixiashi*: during World War II and the Chinese civil war (1945-1949), Chongqing was the temporary capital of the Republic of China⁹ (governed by the Nationalist party which later relocated offshore to Taiwan). While the CPC removed Chongqing’s province-level status after it became the official government of China, the city’s location – more specifically, its relative isolation in China’s southwestern interior – was prized for geopolitical reasons. Shielded by several mountain chains and far from potential naval landings by foreign armed forces, Chongqing became central to Mao Zedong’s ‘Third Front’ defensive strategy (*sanxian jianshe*)¹⁰. Many industrial and military complexes were consequently relocated to or constructed in the city-region.

Socioeconomic development in Chongqing would continue to evolve concomitantly with China’s state spatial strategies in the post-Mao era. After Deng Xiaoping implemented economic reforms in 1978, the ‘ladder step’ geographical theory (*tidu lilun*) became the basis of socioeconomic reconfiguration. This approach fundamentally inverted Mao’s ‘three Fronts’ policy: like Mao’s government, the Deng administration delineated Chinese state spatiality into three economic belts, namely eastern (coastal), central, and western. However, Deng overturned Mao’s preference to develop China’s interior hinterland by giving the eastern seaboard absolute priority in ascending the economic ‘ladder’. He assumed that

⁸ The other three province-level cities are along the coast, namely, Beijing, Tianjin and Shanghai. These cities are centrally-governed because they are deemed highly strategic to national political-economic development.

⁹ As an entity, the ‘Republic of China’ is no longer recognized by the United Nations. It continues to exist in name, however, with its base in Taiwan island, and continues to be recognized internationally by a handful of countries. For a full geo-historical discussion, see Lim (2012).

¹⁰ In view of potential geopolitical threats, Mao Zedong’s government decided in 1964 to designate China’s coastal belt as a ‘first front’ of defense, and the southwestern interior as the ‘third front’. All areas in between are categorized as the ‘second front’.

the economic fruits of development in the ‘first mover’ belt would diffuse systematically downwards to other rungs of the ladder, and as aforementioned, issued an injunction¹¹ that interior provinces must patiently await the reciprocal assistance from (coastal) provinces that first attained economic growth (ref. section 2).

The ‘ladder-step’ logic was first expressed in 1980 through the formation of four Special Economic Zones (SEZs) in China’s southeastern region¹². Until 1994, selected coastal provinces also benefited from preferential fiscal redistribution to accelerate their respective developments. For more than two decades, then, Chongqing’s economic growth – like many cities and provinces in China’s western interior – lagged behind provinces along the coast. National income inequality worsened correspondingly. As one academic/planner from Sichuan province puts it:

Be it value-added production based on imported raw materials, or simple trade, the eastern region was first to connect with the world. As such, the broad western region could only provide supply-side impulses to the east, supplying natural gas, minerals, of course, incessantly supplying labor power...Against this background, the western region became a base of raw materials and labor power, but because of no good redistributive structure, the ultimate outcome is faster development in the eastern region and slower development in the west. It is clear that the ladder step theory did not work. (Interview, March 2012, Chongqing; author’s translation).

It was only in the mid-1990s, after the Three Gorges Dam national energy project was launched, that Chongqing (re)emerged as a strategically significant city. Because of the sheer size and scale of the dam construction, many settlements in the upstream valleys of the Yangtze River had to be flooded. An estimated two-thirds of the 8 million affected residents were originally located in Sichuan province, the majority of them living in poverty. This engendered a colossal logistical and governance issue: the Sichuan provincial government, which already had a huge and relatively poor population under its charge, was confronted with the challenge of resettling and then re-employing the affected residents without further straining its administrative and fiscal resources.

¹¹ This injunction was made during Deng’s 1988 speech titled “Two Major Situations” (*liangge dajü*).

¹² These four SEZs are located in the cities Shenzhen, Zhuhai, Shantou and Xiamen.

At that juncture, there were proposals to create a new province in the Three Gorges region¹³. It soon became apparent, however, that the central government was keen to avoid the costly administrative duplication and politics associated with establishing a new province. The primary policy concern, as the former Premier Li Peng put it in a 1986 diary account, was to prioritize the dam-building project over the redrawing of provincial boundaries (Li 2003). Since Chengdu, the provincial capital of Sichuan, was too far away from the flooded areas, Chongqing was identified as a more logical ‘scalar fix’ for the population resettlement issue. To ease the financial impact on the Sichuan government, the central government agreed to administer the districts of Fuling, Wanxian and Qianjiang, then amongst the poorest areas in Sichuan, as resettlement areas. These districts were then merged with Chongqing’s core urban zone to form the sprawling Chongqing Municipality. Through this territorial rescaling, it is intriguing to see in the Chongqing experience yet another geo-historical twist of fate: demoted by Mao, the city-region’s strategic location emplaced it as a *zhixiashi* for the second time in its history.

Table 1 about here

Given the politico-economic (and, by extension, ideological) significance of forming the first province-level city in China’s poorer western interior, the central government began to use Chongqing to spearhead the cross-provincial Great Western Development (*xibu dakaifa*) program. Following the redistribution of the power to ‘move first, experiment first’ (*xianxing xianshi quan*) in a gamut of policy portfolios since 2007, massive changes took place. Working on the basis of the Chinese central government’s ‘314’ developmental strategy for Chongqing in 2007, then newly-appointed Party Secretary, Bo Xilai, and mayor Huang Qifan proposed to the central government a list of policy advances, one of which was to produce the country’s third ‘nationally strategic’ economic development zone called the

¹³ In March 1985, the Chinese State Council mooted a plan to rescale a ‘Three Gorges Province’ (*sanxia sheng*). This plan would encompass the current Chongqing administrative area as well as western Hubei province. However, for reasons still unknown, the plan was officially cancelled in May 1986.

Liangjiang New Area (the other two then were Pudong in Shanghai and Binhai in Tianjin). This proposal, which would give the Chongqing government greater flexibility in both land use planning and policy design, was complemented by an integrated strategy to effect localized supply-chain integration; to attract targeted transnational corporations (TNCs) to relocate their offshore operations to Chongqing; and to connect Chongqing to Amsterdam in the European Union (EU) through a borderless rail link, an unprecedented move that effectively cuts transcontinental transport time to 13 days (*Dushikuaibao*, 7 March 2011). At the same time, large-scale socioeconomic reforms were launched (for a timeline of developments, see Table 1).

On the social front, the Chongqing government believed the city-region's social safety net needed to be fortified simultaneously. As the then-Party Secretary Bo Xilai puts it, "amongst our country's four province-level cities, Chongqing's rural area and population are higher than those of Beijing and Tianjin combined, if we do not do a good job at urban-rural integration, the core city area [of Chongqing] may advance significantly, but the areas to the south and north would stagnate, urban-rural disparity would then be widened...Chongqing must become a big platform for [policy] experiments" (*Economy&Nation Weekly* 10 January 2011; author's translation). To Yang Qingyu, Head of Chongqing's Development and Reform Commission, the reform objectives in Chongqing reflect a nascent but *necessary* shift in the philosophy of national-level socioeconomic reforms:

Crossing the river by feeling the stones is done in areas of shallow water, after reaching today's deep water areas, the river can't be crossed by feeling the stones, [we] will get drowned, there's a need to form a bridge, but bridge formation requires integrated techniques. Hence back then [i.e. the nascent years of reforms] it's possible for a lone soldier to make a breakthrough [across the river], but this cannot be done today. Yet everybody also cannot move forward together, this is the complicated nature of [contemporary] reforms. (Interview with *China Business Times*, 8 March 2012; author's translation)

This two-pronged developmental approach led to a surge in both GDP and fixed capital formation (see Figure 1). Until the appointment of Bo Xilai as Party Secretary in late 2007, the annual GDP expansion rate ranged between 8% to 12%. This rate quickly moved

beyond 20% within three years. Chongqing's GDP for 2010 registered a 21.4% expansion in 2010; its 26.3% growth in 2011 topped China's provincial-level GDP growth charts (Chongqing Municipal Bureau of Statistics, 2013). Perhaps more intriguing is the scale of its fixed capital formation, which surged from 56% of GDP in 2007 to 88% of GDP in 2011, almost double the (already-high) national average.

Figure 1 about here

Viewed in relation to Bo and Yang's comments, the implication of this colossal increase in fixed capital formation is clear: the state apparatus, rather than self-regulating markets, must proactively ensure the urbanization process allows everyone to systematically "cross the river". This belief arguably differentiates the reforms in Chongqing from those of/in other provinces. What the Chongqing government purports to mitigate are the *social costs* and *spatial consequences* associated with urban-based industrialization. Indeed, the tense relations between urbanization, land use changes and wealth redistribution already reverberate across China (see Wu 2008; Lin 2009; Tsing 2010). One particular social tension, according to Youqin Huang, a prominent analyst of developments in China's national housing policies, is triggered by the massive inflation in property prices in the decade that followed the commodification of housing provision across China¹⁴:

[H]ousing prices have skyrocketed in cities, with the national average housing price increasing by 250% in the decade between 2000 and 2010. The housing price-income ratio classifies much of China as "severely unaffordable" in terms of housing. In big cities like Beijing and Shanghai, a modest apartment can cost multiple millions of *yuan* to purchase, and thousands of *yuan* to rent, making housing affordability the top concern of most low- and middle- income households. As a result, millions of migrants have been completely left out of the "Chinese dream," with few owning homes in cities and most living in extremely crowded, poor quality dwellings. (In *The Diplomat*, n.p. 14 May 2013)

Of particular significance, Huang adds, is the connection between housing unaffordability

¹⁴ After Deng launched China's economic reforms, housing officially became a commodity in China in 1988. Since 1998, state-owned work units were prohibited from directly providing housing for workers, which expanded private housing markets. (For more elaborate discussion, see Zhou and Logan, 2002; Huang, 2004). Together with the effect of surplus capital looking for new investment outlets, prices for privately-supplied housing have experienced an upward surge since the mid-2000s. This consequently produced what the *New York Times* (14 April 2011) called "China's scary housing bubble".

and one's *hukou* status, which in turn accentuates the tension between housing commodification, a post-Mao development, and the *hukou* institution, an enduring product of the 'socialist high tide' of 1958:

Migrants are generally more vulnerable in the housing market due to their lower incomes and the discriminatory Household Registration System, or *hukou* system (often called an internal passport system), under which migrants are not considered "legal" residents in cities despite living and working in there over the long-term. Without local urban *hukou*, migrants are not entitled to welfare benefits such as subsidized housing. Even in Shenzhen, the city of migrants, local *hukou* is required to access low-income housing. In others cities like Beijing, several years of local *hukou* is required before applying for low-income housing. (Ibid.)

Because residents holding urban *hukou* almost always enjoy better social benefits than those holding rural *hukou*, rural residents often find themselves disenfranchised and discriminated against when they relocate to cities. While the abolishment of this institutionalized inequality is regularly touted, its structure remains intact and is seemingly intractable (Chan and Buckingham, 2008). In Chan's (1994) evocative terms, these migrants continue to live in "cities with invisible walls". These seemingly intractable issues pertaining to the provision of low-income housing in the city to non-urban *hukou* residents would be addressed – or "magnified", to re-borrow Qiu Feng's terms (ref. section 1) – in Chongqing. As the next section will explain, the Chongqing government undertook an extensive construction of public rental housing – at a highly ambitious 40 million m² between 2010 and 2012 – to accommodate the anticipated rural-to-urban migration following the implementation of a flexible *hukou* conversion scheme (targeted at offering 10 million rural residents of Chongqing equal access to the social benefits enjoyed by current urban residents; ref. Figure 1). Of particular significance is the integral role of these socioeconomic policies in the (re)industrialization of Chongqing. The interplay of redistribution, reciprocity and market exchange in and through Chongqing thus offers an intriguing window to explore the possible forms of China's 'socialist market economy' and, more broadly, those of 'socialism with Chinese characteristics'.

4. Spatial egalitarianism in Chongqing as a social ‘counter movement’

4.1 Socializing capital accumulation through urban-rural integration

Against the aforementioned backdrop of escalating housing prices across China, Chongqing’s then-Party Secretary Bo Xilai made a sudden announcement in December 2009: in the coming decade, his government would launch a series of large-scale public rental housing projects to provide affordable housing to low-to-middle income Chongqing residents (estimated to be 30% to 40% of the total population). If unease was the initial reaction for (nominally-)private developers¹⁵, surprise would probably be next: the construction of the symbolically-named *Minxin Jiayuan* (Good Home of People’s Hearts) – the first project of public rental flats – began at the end of February 2010. The timing of Bo’s announcement – which targeted housing a third¹⁶ of the population in Chongqing’s urban center – appeared highly strategic in retrospect: it dovetailed with the Chinese State Council’s January 2010 injunction to tackle the aforementioned nationwide housing price inflation.

The reason why the public rental housing projects generated strong oppositional response was arguably because of the scale of state involvement. According to one Chinese analyst, “the very reason why Chongqing’s public rental flat construction stands out in China is not because it is new or unique, but because of its scale. Bo [Xilai] was very ambitious, and his policy had the effect of signifying [property] market capture by the state at the expense of individuals [*guojin mintu*]. It seemed like a step back to the old days, and this made [private] firms uneasy.” (Interview, March 2012). Another scholar participant in a

¹⁵ Most real estate developers, while incorporated, are either state-owned or joint ventures involving state partners (of different levels of the administrative hierarchy). For this reason, they are “nominally” private, but are in reality entities related to the Chinese state apparatus. Because this state-economy overlap produces different economic groups, all with separate profit-seeking interests, it is often said that reforms in China has to negotiate a labyrinth of “vested interest groups” (*liyi jituan*).

¹⁶ Comparatively, National Bureau of Statistics of China data puts public rental housing at an estimated 7% of the national urban housing stock in 2007 (see Man 2011). Assessed vis-à-vis growing urbanization and housing price inflation, it is clear that following nationwide housing reforms, there has been a marked shift towards the private provision of residential housing.

policy forum in Chongqing said: “Some people liken the Chongqing reforms to the Great Leap Forward (GLF) – everything is about *da ban* [‘do it big’, a key slogan of the GLF era], this is because of the upfront approach of the Chongqing government about its intervention. In reality it’s not so strange, actually many SOEs are involved in *da ban* on a daily basis!” On the other hand, as Wen Tiejun, a prominent China-based economist, observes, the large-scale, state-driven approach to socioeconomic development in Chongqing cannot be taken as an anti-market measure. Rather, this approach is the *sine qua non* of industrialization in Chongqing, a process that would not otherwise be automatically taken up by the private sector:

The advantage in Chongqing is the ability to concentrate energies and launch huge projects (*jizhong liliang gan dashi*)...Because the developmental capital in Chongqing is too high, most ordinary private firms would be ineffective on this front; moreover, because the developmental parameters are to a large extent outcomes of the discussions between the Chongqing government and the central government, Chongqing received 12 beneficial policies. As such, the developmental capital could only be taken on by sizeable state-owned enterprises” (Wen, 2011: 65; author’s translation).

Building on these observations, this paper argues that the objectives of large-scale socioeconomic reforms and the ways they are financed must be understood in relation to the Chongqing government’s simultaneous goal to expand market-like governance (ref. section 2). To begin with, the provision of rental housing is not simply a redistributive process; although the project is publicly-owned and administered, it produces and functions through a market – a rental market. In other words, while the government functions as a commodity producer that does not commit to the extraction of supernormal profits from its customers, it nevertheless is still a producer that extracts rent through commodity exchange. By unilaterally establishing the exchange-value of rental apartments, the Chongqing government aims to undercut what private producers are otherwise expected to charge. Property speculation is further precluded through the prohibition of a secondary resale market for rental flats (cf. Table 3 in section 4.2).

Viewed as an integrated developmental approach, these reforms strongly reflect an attempt to reduce discontent from the city's lower-income residents and engender positive reciprocity from potential migrants (from Chongqing's rural districts as well as other provinces) who might otherwise decide against moving into or near the Chongqing core urban area where major industrial zones (particularly Liangjiang New Area, the flagship industrialization project of the Chongqing government) are located. Clearly, then, social stability is a crucial ingredient for the fulfillment of *nationally-mandated* industrialization objectives in and through the city-region. As Chongqing's mayor Huang Qifan explains:

The large scale construction of public rental housing not only guarantees weaker groups the ability to lead life with dignity, it will also improve Chongqing's investment environment and stimulate the local economy. Through reducing the cost of living, [affordable housing] can attract talents and firms and infuse life into Chongqing's economic development, this is way more meaningful than land-based financing [*tudicaizheng*] through high property prices. (Interview with CCTV; transcribed by *Chongqing Wanbao*, 5 September 2010; author's translation).

Because of the separation between the government and [private] firms, the government and society take over [responsibility for] the workers' lives, firms need only build factories, they need not build dormitories, hence their investments are reduced, this is beneficial for attracting investors and capital. (Interview with *China Reform*, November 2010; author's translation)

In addition, Huang and Tang Zongwei, the deputy director of the Liangjiang New Area Administrative Committee, elaborate how the large-scale state investments in public rental housing cannot be defined narrowly as process to reduce social discontent. Rather, these investments are integral to the national strategy to establish Chongqing – and Liangjiang New Area in particular – as the economic fulcrum (*jingji shuniu*) of interior China:

The entry of rural workers into the city cannot lead to new poverty enclaves, nor can they be allowed to buy houses, they can't afford it. Since there are several million people waiting to enter the city [i.e. Chongqing], we must find a way to solve their housing needs...so long as you are a worker in Chongqing, so long as you have worked for three, five years, the city needs you to work, then you can apply for rental housing. For new university graduates who enter Chongqing, so long as a firm employs you, then you can apply for rental housing. In sum, our housing safeguard system runs on the basis of urban-rural integration. (Huang Qifan, interview with www.news.cn, 8 March 2012; author's translation)¹⁷

¹⁷ While the post-2007 per capita gross income in Chongqing have risen significantly, the disposable income of rural residents remained relatively low at ~5278 *yuan* per capita in 2010. Per capita disposable income for residents with urban *hukou* was ~17532 *yuan* (*Chongqing Shangbao*, 28 January 2012). Comparatively, per capita disposable income for Shanghai's urban residents was

Just within Liangjiang New Area we aim to construct around 8.5 million m², this does not include the public rental housing planned elsewhere in Chongqing municipality...The meaning of our public rental housing project is distinct from conventional notions, our project is to assist those who are just about to commence employment or become entrepreneurs. These groups of people come from everywhere, they either do not have housing or temporarily cannot afford housing, if you don't assist, they can't settle down. Hence our public rental housing is targeted at a million university graduates, researchers and high-quality industrial workers, it is to help them enter Liangjiang, to help them integrate in this city, and it simultaneously resolves the problem of industrial support. (Tang Zongwei, interview with 21st Century Herald, 27 November 2013; author's translation)

Within the broader reform package, the rental housing project's socioeconomic objective complements another urban-rural integration policy, namely the flexible conversion of rural migrant workers' *hukou* into 'urban' status (see Table 2). As Youqin Huang's comments in section 3 indicates, most migrant workers nationwide could not qualify for subsidized public housing in cities across China. The reform of *hukou* institutions in Chongqing is a spatially-targeted attempt to unhinge this enduring Mao-era legacy. Central to this attempt, as the Chongqing mayor Huang Qifan was at pains to point out, is a recognition of peasant migrants' inherent right to be treated equally as *full* Chinese citizens, not just as economic units of labor power:

Assuming a city has 3 million registered residents and 7 million peasant workers, after a few decades, when the city does not need these rural workers, they are dismissed back home, pushing the population down to only the [original] 3 million registered residents, then this urbanization process is unhealthy, abnormal, it violates international conventions, it violates market principles, it violates the principles of fairness and justice. (Mayor Huang, interview with *China Economy and Informatization*, 18 January 2012; author's translation).

Improving the treatment of peasant migrant workers is a matter of human rights, it is a problem of citizen rights. To treat peasant migrant workers benevolently is a matter of our conscience, it is a matter of governors' consciences...Over the past few years Chongqing arranged for 3.6 million peasant workers to convert their *hukou*. The crux of our program is to facilitate peasant workers to enter the city, not to have more peasants in the city. With the development of urban-based industries, many new industrial and service sector positions have become available, they need to be filled by a large number of peasant workers. In the several years where these workers help fill the open job positions, it would be unreasonable if you do not provide them with urban *hukous*, it would be unjust, this would be half-baked urbanization, not a true urbanization. (Interview with *China Economic Weekly*, 18 March 2013; author's translation)

Table 2 around here

31838 *yuan* in 2010, while rural residents earned 13746 *yuan* per capita (www.eastday.com, 25 January 2011).

To mayor Huang, the impossibility of launching instant reforms is precisely why the *hukou* institutional reforms must be implemented in stages. After all, socio-spatial transformation – which is akin to forming a bridge for a large party to cross a wide and deep river – requires time:

The urbanization process cannot envisage a situation where, after two groups of people were kept apart for thirty or forty years, several hundred millions of rural workers are accumulated in cities and then suddenly it is announced their *hukou* will be changed. This [*hukou* conversion] should not be a sudden occurrence, it should begin now, it should be a natural and continuous transformation process. (Interview with *China Economy and Informatization*, 18 January 2012; author's translation).

Huang's emphases on "fairness", "justice" and "citizen rights" in Chongqing is clearly an attempt to broaden the entitlements of what Smart and Lin (2007) terms "local citizenship". For Smart and Lin (2007: 286), "local citizenship" is an extension of local governmental commitment and redistribution; it is a recognition "of the way in which China's distinctive system of household registration combines with the collectivist/exclusivist elements of the key social institutions of the *danwei* (enterprise) and the village to produce a system in which entitlements of citizenship are determined locally". There is a nuance in the re-determination of local citizenship in Chongqing, however. While the large-scale *hukou* conversion of peasants into 'non-agricultural' citizens and, concomitantly, the provision of social services to accommodate their relocation to urban areas are indeed "determined locally", they are at once an outcome of centrally-redistributed experimental power (i.e. *xianxing xianshi quan*; ref. section 2). Indeed, it was only after China's President Hu Jintao issued a '314' integrated development strategy for Chongqing in 2007 that the city-region's policymakers immediately went about launching policies to reduce the inherent rural-urban barriers (*chengxiang bilei*; ref. Table 1). The "local" attempt to enhance citizenship rights in Chongqing is thus more aptly conceptualized as a *trans-local redistributive effect*.

One primary expression of this effect is the provision of public rental housing to rural residents expected to convert their *hukou* to the 'non-agricultural' (or, more simply, 'urban') category. Expanding housing supply to support *hukou* reforms (50% of rental housing stock

are allocated for new peasant migrants) is a redistributive counter-movement against the straining impacts of housing price inflation, as aforementioned a phenomenon triggered by the nationwide commodification of housing provision (cf. Polanyi 1944, 137; section 3). This counter-movement is particularly important as spiraling housing prices would most likely impact newly-minted urban residents who, like their predecessors in many of China's urban-industrial parks, are most likely to be employed in low-wage, labor intensive industries or service sectors in Chongqing's urbanized industrial areas (particularly in the 'nationally strategic' Liangjiang New Area).

To be sure, because the Chongqing government's redistributive focus is circumscribed to controlling land rather than finance or labor power (two other 'fictitious' entities Polanyi regards as potentially debilitating for social cohesion), the provision of public rental housing will not completely preclude other counter-movements (e.g. protests against labor and environmental exploitation by firms, already commonplace in coastal cities). Put another way, the ongoing quest for spatial egalitarianism in Chongqing is never going to be a total resolution of extant social ills in China. Rather, its expression is *dialectical* – specific 'freedoms' of market exchange are negated *without* an abandonment of market mechanisms. For this reason, these reforms represent at best an attempt to negotiate an inherited institutional precondition of the CPC's ongoing bid to develop a "socialist market society" – uneven spatial development. Assessed in terms of its national significance, the overarching objective of the Chongqing reforms is more accurately to perpetuate and proliferate market exchange without exacerbating the socio-spatial inequality that already exists at the national scale. Indeed, as will be elaborated shortly, these reforms were *never* meant to be a Maoist-styled, anti-market counter-revolution.

4.2 *The (market) value of the Chongqing 'counter movement'*

As the socioeconomic reforms in Chongqing gradually became reality, oppositional

voices grew concomitantly. Specifically, the Chongqing reforms triggered a nationwide debate on 'making a bigger cake' (*zuoda dangao*, or growing the accumulated capital) in relation to 'sharing the cake well' (*fenhao dangao*, or redistributing existing gains). This debate illustrates a seemingly incommensurable conception of socio-spatial justice: to some, redistributing resources to enhance socio-spatial justice was the antithesis of expanded capital accumulation, while others viewed the enhanced stability accruing from redistribution as the precondition of expanded accumulation. In reality, however, the approach to local governance over the past three decades suggests clearly that 'cake sharing' is less important than 'cake making'. "To compete for foreign investment", Wu (2009: 842) observes, "local states [in China] maintain a stable social order and invest heavily in productive infrastructure such as roads and airports, while being reluctant to roll out welfare services." Where and when redistributive policies are implemented, they tend to take on a distinct bias towards economic production, which in turn raises the question of what areas are considered *strategic* to GDP-growth and are hence deemed *worthy* of fiscal support (Oi, 1992). It was arguably for this reason that the huge costs of public rental housing construction and *hukou* conversion in Chongqing became the primary focal point of prominent critics. How, indeed, could a social counter movement contribute simultaneously to growing the cake of capital?

Speaking to *Investor Journal*, Mao Yushi, the Chairman of the Unirule Institute of Economics in China and winner of the Cato Institute's 2012 Milton Friedman Prize for Advancing Liberty, believes the Chongqing government is overextending its finances through debt-financing in order to generate political populism:

The construction of rental flats is an attempt by the government to curry favor with the people, but where is the government's money from? From taxpayers. [...] Without the creation of wealth, there is no wealth to redistribute, is Chongqing more efficient than other places in wealth creation? The strong development of state-owned enterprises in Chongqing...is a way to decrease efficiency in productivity. Under such a situation, where do you find so much money to do good things for people's lives? It's very possible that [the policies] depend on bank credit. (Interview with *Investor Journal*, 26 March 2012; author's translation)

Wu Jinglian, a highly-influential economist and a senior economic advisor to China's State Council, echoes Mao's views:

Such populism means sparing no expense to please the population, but it caused many problems for Chongqing's budget. One cannot invest such huge resources while having little regard for where such resources come from. One also has to consider whether such investments produce returns." (*South China Morning Post*, 26 March 2012)

The theoretical assumptions of these comments exemplify what Polanyi has observed to be a movement towards the establishment of a "self-regulatory market". As Wu Jinglian has argued elsewhere, only two possible developmental trajectories exist for the Chinese economy in the current conjuncture: one involves the "perfection" (*wanshan*) of market reforms, with political power circumscribed by the rule of law, the other a "cul-de-sac" (*qiongtu*) characterized by state capitalism and crony capitalism (*China Entrepreneur*, 10 September 2013). For Mao Yushi, the market is quite simply "the most successful institution" in the course of human history (Interview with *Shenzhen Special Zone Daily*, 4 June 2012). Placed in relation to concrete empirical facts in China, however, this market fundamentalism is shaky in two ways.

First, the argument that the socioeconomic reforms in Chongqing were untenable just because they reflect populist politics needs unpacking. In concrete terms, the pressing needs for alleviating what was (and remains) a growing rich-poor divide in China's largest municipality – which in itself is an outcome of the coastal- and urban-bias in earlier developmental strategies – would have been sufficient to merit state (pre-emptive and ameliorative) action (cf. section 3). Interestingly, Wu Jinglian showed he has never forgotten class struggle with an observation that "socioeconomic contradictions [in China] have already reached a critical point, we cannot continue to blunder, a revolution would happen if we continue to blunder" (*China Entrepreneur*, 1 November 2013). Mao Yushi has similarly acknowledged that "the biggest drawback of markets is the creation of rich-poor inequality. Markets create this problem, hence it cannot be resolved by markets. Its correction has to

come from extra-market forces.” (Interview with *Shenzhen Special Zone Daily*, 4 June 2012). Such is the serious nature of social problems in contemporary China, Mao Yushi went on to illustrate at book-length the colossal worries of the national populace since the 1978 ‘liberalization’ reforms (see Mao, 2013). These observations raise an intriguing question for the conceptualization of “politically popular” socioeconomic reforms in Chongqing: if the need to ease social tensions is so pressing; if the people are already intensely worried by the reforms brought about by deepening market-like rule; and if market mechanisms cannot ease these tensions, would programs to ameliorate these tensions constitute a ‘blunder’ on the part of the CPC? China-based scholar Qiu Feng offers an interesting counterpoint on the interconnections between political populism (*mincai zhuyi*), “crony capitalism”, and the Chongqing reforms:

I very much dislike those who criticize [on the basis of] populism. We can see on *Weibo* [China’s version of Twitter] people from Chongqing’s political circles who claim China’s biggest danger in future is populism. I wrote a commentary on this: what lies before our eyes is crony capitalism (*quanguo ziben zhuyi*), what we now need to consider is how to solve this problem. Populism is a reaction to crony capitalism, there is first crony capitalism before there is populism. Now many intellectuals follow the wave to oppose populism, they equate the ‘Chongqing model’ to populism. I feel there should not be such a definition, resolving problems associated with people’s livelihoods are separate from populism.

The second problematic assumption is associated with the *approach* to resolve problems associated with people’s livelihoods, namely the involvement of credit markets in the redistributive process in Chongqing. At one level, this concern about potential budgetary delinquency is warranted: many local governments in China have indeed encountered difficulties repaying debt to (nominally-)private creditors. It could indeed be argued that lax regulation and monitoring of lending practices to government-linked institutions is an ingredient that feeds crony capitalism. This situation is well summed up by Larry Lang, a prominent Hong Kong-based analyst of Chinese economic development:

Honestly speaking, I am really worried about the local governmental debts in China. In 2009, local governments could still borrow from new sources to repay old creditors; by the end of 2012, what they did was blatantly request extensions of repayment deadlines. And does everyone know, between 2012 and 2014 about 35% of the financial loans will mature? I do not dare to imagine what measures our local governments and banking system will adopt to address wave after wave of maturing debts. (Lang, 19 December 2013: n.p.)

It should be clear, however, that the cause for worry is not about whether state agencies should borrow from credit markets at all. In this regard, Mao Yushi's point that the debt-independent ability to create wealth (presumably a task exclusive to private firms) should undergird fiscal redistribution becomes a paradoxical assumption: in a capitalistic system, wealth creation *is* driven by debt. Mao Yushi ostensibly assumes that only private firms – rather than state-owned enterprises – should undertake debt because of their presupposed “efficiency” at wealth creation, while the redistributive process (which, in China, includes financing state-owned enterprises) should not imbricate wealth creation processes (which theoretically means *any* activity that qualifies for debt-financing). The public scholar Qiu Feng offers a different interpretation on the debt-financing issue:

Of course, many people criticize these explorations in Chongqing, they claim that the Chongqing government has undertaken a lot of debt from banks, that its finances is already bankrupt. To be honest, this kind of argument is strange because almost all local governments are shouldering heavy debts, most local governments debt-finance their ‘projects for face-creation’ (*mianzi gongcheng*) or ‘projects for political results’ (*zhengji gongcheng*). To just criticize Chongqing based on this point seems unreasonable. What can be investigated is how much has been done [in Chongqing] to improve people’s lives. (In *China Review*, 2013)

In an interesting parallel with Polanyi’s (2001[1944]: 55) observation that “individual motives” determine the nature of redistribution, Qiu Feng calls attention to the *objectives* of redistributive policies in Chongqing. The redistributive process, for Qiu, cannot be assumed to be negative *ab initio*; it is important to evaluate whether redistributive policies can enhance socioeconomic development. This paper concurs with Qiu’s contention. As section 4.1 has shown, the housing project is entwined with the *hukou* conversion and industrialization drives. If the Chongqing government had chosen not to “invest” – the term Wu Jinglian uses to describe fiscal redistribution – in the expansion of housing stock (rental or ownership-based), the investment risk would first be borne by real estate corporations, before being *ultimately* transposed onto individual buyers through a quasi-cornering process (current low-income urban residents and new migrants need somewhere to stay after all,

which translates into definite *demand* for housing). Yet the Chongqing policymakers determined the lower income strata of Chongqing's urban migrants would find privately-supplied apartments unaffordable (see section 4.1). This meant the lower income strata could not generate effective demand for privately-supplied housing *unless* high-risk credit provisions were given.

Viewed this way, the Chongqing government's involvement as a housing stock supplier is a means to reduce social risks of housing debt defaults by lower income earners à la the US sub-prime mortgage crisis of 2007-2008. Specifically, it illuminates the negative relationship between excessive housing debt and the suppression of effective consumer demand. As it has become clear in many cities within China and even across East Asia, when housing supply is controlled by private property groups (usually an oligopoly), many individuals would take up – and be locked-in by – housing debts that extend very long terms (30 to 35-year repayment periods are commonplace). Whether individuals – especially new rural migrants – in Chongqing are able to satisfy their loan obligations over two to three decades is moot *per se* (the US national sub-prime housing market crash is a case-in-point); the more crucial question, rather, is the impact of long-term property debt servicing on economic expansion: when individuals have to devote significant portions of their disposable income to repay housing loans, their ability to purchase consumer goods naturally decreases.

Given the inverse correlation between high housing debt and effective consumer demand, the public rental housing project in Chongqing offers a potential economic “return”, to use Wu's parlance. It frees up disposable income, which raises the propensity for direct consumption and/or an increase in savings (and which then fuels new rounds of investments). This thus fulfills a key developmental objective – the expansion of domestic demand – of China's 12th 5-Year Plan (2011-2015). The ‘double movement’ internal in the

Chongqing public rental housing project, assessed against this broader politico-economic context, transposes into a necessary supply-side “investment”.

To address the critiques of these “investments” directly, it would be more pertinent, to assess the feasibility of the repayment channels. There were also differences on this point. Writing for the *Financial Times* (9 March 2012, Chinese edition; author’s translation), private investor Liu Haiying offers this interpretation of Chongqing’s recent budgetary position:

From an analysis of [Chongqing’s] fiscal revenues...the GDP for 2011 was 1 trillion, and fiscal revenue (including extra-budgetary collection) was 290.8 billion...this constitutes 29% of GDP. That fiscal revenue takes up such a high proportion represents a strong extraction of social resources by the government. Yet such a strong extraction cannot satisfy its expenditure demands: in 2011 Chongqing’s fiscal expenditures hit 396.1 billion *yuan*, almost 40% of GDP; the national proportion was 23%. From this calculation, the nominal fiscal deficit is 105.3 billion *yuan*, 10.5% of GDP, far above the 3% international warning levels.

Speaking to South Korean media, Wu Jinglian went further by pronouncing the end of the ‘Chongqing model’ based on a lacerating interpretation of Chongqing’s budgetary and fixed capital investment statistics:

Chongqing’s GDP [for 2011] was around one trillion *yuan*, and fiscal revenue was around 150 billion *yuan* [*sic*]. Yet within the last year [2011], the fixed assets investments in Chongqing reached 750 billion *yuan*, benefiting from this, Chongqing’s economic growth rate also reached 15% [*sic*], how long can this situation be sustained? The ‘Chongqing model’ has failed and is finished, hence recently Chongqing plunged into chaos. (Interview with *Korea JoonGang Daily*, 17 April 2012; author’s translation)

However, Liu and Wu’s presumptions and empirical calculations were called into question when assessed against the official accounts of the Chongqing budget and the planned repayment channels of the public rental housing financial package. To begin, the notion of an international deficit warning level applies only to *national* economies (and even so, the 3% limit is a relative rather than an absolute indicator). The causality of this cross-scalar relation was overlooked: Chongqing is administratively a subnational economy, which means it has a *redistributive relation* with what Polanyi (1977: 37) calls an “established centre” – i.e. the Chinese central government – that governs a larger politico-economic jurisdiction (ref. section 2). The fiscal revenue figures for Chongqing would therefore need to

account for the Chinese central government's financial redistribution to Chongqing. Both Liu and Wu's figures did not include this financing component; in addition, Wu did not consider extra-budgetary revenue figures, a glaring omission considering the information is publicly available. Because no standard rule states that fixed asset investments need to be solely financed through the redistribution of taxpayers' monies, the issue concerning state-driven projects that involve credit is whether the projected repayment channels are feasible (more on this shortly). As such, while fixed capital investments in Chongqing have indeed soared over the past five years (ref. Figure 1), whether they offer concrete financial returns – and in turn vindicate the state's redistributive "investments" – is contingent on the ability of these investments to drive and benefit from the accompanying series of industrialization projects.

The inaccuracy of Liu and Wu's interpretations is further underscored by new information on Chongqing's budgetary health and debt-repayment channels (for detailed summary see Table 3). According to comprehensive statistics provided by an anonymous spokesperson from the Chongqing Finance Bureau, the city's fiscal standing remains stable:

Over the past ten years in our city, deficit has yet to appear in budgetary composition at the beginning of the year and the closing of accounts at year end...There are three sources of fiscal revenue for local governments: apart from direct revenue, there are carry-over funds from the previous year and transfer payments from the central government. Using 2011 as an example, [Chongqing's] fiscal revenue was 290.88 billion *yuan*, add to that the central government's support of 115.73 billion *yuan*, last year's carry-over of 63.61 billion *yuan*, revenue of 5 billion *yuan* from the issuance of government bonds, less 2.15 billion *yuan* contribution to the central government, the total financial resource was 473.07 billion *yuan*, with actual expenditures of 396.17 billion *yuan*, there is still 76.9 billion *yuan* to be carried over to 2012. (Interview with www.cqnews.net, 24 March 2012; author's translation)

To be sure, statistics officially released by state agencies are not inherently more accurate or reliable (cf. Wang, 2010). What these figures offer is a *benchmark* from which assessments of subnational governments' budgetary discipline could be made, and it is this benchmark that casts a shadow on Wu and Liu's assertions. More detailed assessments of potential budget delinquency could be made after the Chongqing government took the extra step – a rare one in China's context – of providing information on the funding and

repayment streams for the rental housing construction (ref. Table 3). Chongqing mayor

Huang Qifan explains:

Through the trust of and guarantees from the government, we raised 80 billion *yuan* from banks, insurance companies, social protection funds and other social financing units, of this 80 billion *yuan* loan we have used 50 billion *yuan* in the last two years [2010-2011], in addition to the assigned land [valued at 30 billion *yuan*] and government-allocated funds. The central government already allocated 9 billion *yuan*, the local government allocated 10 billion *yuan*, this year [2012] the central government will allocate more than 10 billion *yuan*, which totals around 30 billion. (Interview with www.news.com.cn, 8 March 2012; author's translation)

Huang's explanation offers a counterpoint to Wu Jinglian's interpretation that the housing project gives "little regard" to the origins and eventual "returns" of fiscal expenditures.

Indeed, as Huang further emphasizes, the provision of public rental housing operates on the basis of market-like exchange (cf. section 4.1):

The rent to be collected is at least equivalent to the interest payments for bank loans. [...] But there are still management costs and the 80 billion *yuan* principal sum to repay, how can this be balanced? No problem, because a third of the tenants in rental housing may want to buy over the title of the flats after 3 or 5 years, when they do so, at a capital cost of around 3000 *yuan* per m², it is possible to repay 40 to 50 billion *yuan* with sales of more than 10 million m². In addition, 4 million m² of the 40 million m² will be sold for commercial use...[it] will generate 40 billion *yuan*, so this debt can be balanced out. (Ibid.)

Table 3 around here

Of particular significance in the repayment plan is the function of land as at once a 'fictitious commodity' and a social good. As section 2 has explained, redistribution can scale back the 'freedom' in markets. In the instance of housing provision for the lower income populace, land valued at 30 billion *yuan* was stripped of its "fictitious" façade (i.e. exchange value = 0 *yuan*). This redistributive process illustrates the path-dependence of development in China. The ability to determine what land is to be 'fictionalized' as a commodity exists because the CPC never relinquished the Mao-era institution of land nationalization. As such, it is able to prioritize use value over exchange value in cases it deems to be more socially effective. Whether this prioritization is less economically "efficient" is a non-issue because, to follow Mao Yushi's aforementioned acknowledgement, market mechanisms inherently

generate and are unable to overcome social disparities (cf. *Shenzhen Special Zone Daily*, 4 June 2012).

Because the fiscal capacity of the Chongqing government would be smaller than those of the market actors combined, plans must be in place to enable the government to demonstrate its ability to recover the costs “invested” in the social facilities. Otherwise its policies would be financially irresponsible. That Huang acknowledged the importance of bank credit as a financing channel is unsurprising; as Qiu Feng has emphasized, debt-financing is commonly used by many local governments across China. Of theoretical significance is Huang’s detailed delineation of how the “debt can be balanced out”. Specifically, the entwinement of the “balancing” process with market mechanisms is telling. As Table 3 shows, the rental rates are not fully subsidized by the state; rather the costs can only be recovered because part of the available real estate would be rented or sold at market-determined prices. The redistributive process of ‘de-fictionalizing’ the value of land is thereby *contingent* on the ability to perpetuate its ‘fictional’ characteristic as a commodity. If anything, this illustrates a tension that is intrinsic to the CPC’s official pursuit of a “socialist market economy”.

Through the analysis of the funding rationale, it is clear that the state-driven social counter movement in Chongqing is not about the ‘state vs. the market’ or ‘politics vs. economics’. It is about the *interaction* between the state apparatus and market mechanisms; it is about politics determining economics through spatial reconfiguration in order to enhance *social* development. As such, the seemingly high-cost investments to effect spatial egalitarianism in Chongqing cannot be taken as antithetical to deepening marketization – or, more precisely, to deepening *state-led* marketization. The very *raison d’être* of spatial egalitarianism is to facilitate the socio-spatial absorption of peasant migrant workers that would in turn support the incoming industries (a substantial number of which are state-invested). Because entwinements with market mechanisms have become *de jure*

in the regulation of social life, what will concretely define ‘development’ in China will inevitably involve market exchange. As the repayment plan for the Chongqing reforms indicate, a social counter movement in China may never be external to markets; its ostensibly non-market objective, expressed paradoxically in market-like ways in Chongqing, could be at once *for* markets.

5. Conclusion

For peasant workers who enter a city today, on what basis should their children feel, 20 years later, that they are still rural residents rather than the local residents of that city? If historical evolution cannot find a connection point here, then our generation would be lamentable; it would be one with no foresight or sense of justice. – Chongqing mayor Huang Qifan (Interview with *Chongqing Wanbao*, 25 August 2010; author’s translation)

The urban-rural dual structure is the primary obstacle restraining the integration of urban-rural development. – Communiqué of the 3rd Plenum of the 18th Congress of the CPC (*Xinhua*, 12 November 2013)

Two decades ago, the proclamation “Development is the absolute principle” (*fazhan shi yingdaoli*) by China’s then-leader Deng Xiaoping arguably triggered GDP-worship across the country. In the subsequent decade, ‘development’ was narrowly interpreted as the inexorable quest to maximize surplus value capture through the market exchange of commodities. The inevitable consequence was pronounced socio-spatial inequality. It was against this national context of economic-geographical unevenness and rising social angst that led Wang Shaoguang (2002 n.p.) to proclaim “social equity is also the absolute principle”. After Hu Jintao became China’s leader in 2003 and launched the ideology ‘Scientific Perspective on Development’, the quest to reconcile high-speed economic expansion with more equitable redistribution gained momentum. As Hu would later add, “development is the absolute principle, [but] stability is the absolute task, without stability, nothing can be done, whatever we have achieved will also be lost” (www.chinanews.com, 1 July 2011; author’s translation). In this regard, Hu’s ‘314’ injunction for experimental reforms in the Chongqing city-region is evidently a *spatial expression* of a shift in the CPC’s

developmental ideology (ref. Table 1). The “absolute” task of producing social stability in China, as the socioeconomic reforms in Chongqing indicates, has to be predicated on the impeachment of instituted uneven development.

This paper has presented a substantivist analysis of two interrelated socioeconomic reforms to actualize spatial egalitarianism in Chongqing. These reforms are, namely, the large-scale public rental housing provision and the equally large-scale conversion of peasant migrants *hukous*. Expanding on Polanyi’s (1957) view of the economy as “instituted” by redistribution, reciprocity and market exchange, the discussion explored how these three modes of integration intersect in Chongqing to produce the “stability” necessary for the national-scale expansion of (capitalistic) industrialization. This intersection in turn underscores the *fluid and trans-local* nature of the social embeddedness in China: it is constituted by centrally-instituted redistributive policies and inter-regional reciprocity that were set in motion by earlier layers of instituted uneven development (ref. sections 3 and 4). By extension, it disrupts the prevailing assumption in Polanyi-inspired studies that unproblematically takes the national scale as the primary scale of socioeconomic integration.

That location plays an active role in determining socioeconomic change reinforces and refines the Polanyian conceptualization of the ‘double movement’. For Polanyi, the ‘double movement’ represents an opposition between market mechanisms and the social formations within which these mechanisms are situated (ref. section 2). This ‘double movement’ is intrinsically a paradox because it is through oppositional forces that a socioeconomic formation evolves in a forward motion. Through generating strong debates and attention nationwide, the socioeconomic reforms in Chongqing brought attention to issues stemming from the CPC’s own marketization drive on the back of instituted uneven development. Yet the decision to launch the ‘counter movement’ in a geographically-targeted location indicates how the opposition internal to the ‘double movement’ is place-specific: it *simultaneously* pushes against and is hemmed in by the broader state spatiality

in which it is located.

This phenomenon in turn raises a searching question that demands elaborate research on its own: why did the CPC persist with the “dual structure” to the point of having to generate its own (spatial) contradiction? The fact that no operational budget has been drawn up to overcome this Mao-era legacy at the national scale – even after the official acknowledgement of its encumbrance at the 3rd Plenum of the 18th Congress in November 2013 – is telling: institutionalized spatial unevenness remains of *constitutive value* for the regulation of Chinese economy and society (cf. Lim, 2014). This value arguably generated strong opposition to the quest for spatial egalitarianism in Chongqing. Ironically, however, the strong opposition reflects how vested interests have come to dominate economic development in China. More importantly, it illustrates the intrinsic connection of these interests to national socioeconomic policies instituted as far back as 1958. The reason why intense opposition emerged almost right from the beginning of the reforms in Chongqing is symptomatic of a *fear* that the CPC was genuinely prepared to remove the “primary obstacle” to urban-rural integration. Yet the emergence of this fear reflects the spatial potential internal to the pursuit of spatial egalitarianism in Chongqing. Its existence suggests that fresh developmental undercurrents are forming; that the future of Chinese economy and society could have a *new spatial basis*.

In this respect, the socioeconomic reforms in Chongqing presented in this paper contradict conventional portrayals of ‘Maoist’ resurgence in the municipality. Contrary to Mao’s favored dialectical approach of launching an ‘affirmative’ event through the ‘negation’ of another separate event, the Chongqing government had effectively shown that, with effective redistribution, ‘affirmation’ (economic growth through marketization) need not be based on ‘negation’ (uneven spatial development). If anything, the social ‘counter movement’ instituted in and through Chongqing is a targeted form of anti-Maoism cloaked in the spirited melodies of the municipal government’s favorite ‘Red Songs’. As evidenced by

the swift growth of the Liangjiang New Area, the overarching objective of the CPC's socioeconomic reforms is to emplace spatial egalitarianism as the *corollary* of the quest for a "socialist market economy".

This increasing importance of spatial justice on the marketization agenda indicates that historical evolution in China appears close to coming full circle. Between 1950 and 1952, the CPC centralized and facilitated the egalitarian redistribution of a 'fictitious commodity' – land – for poor peasants across the newly established nation-state. Through the Land Reform Act known colloquially to have 'altered the heavens and changed the earth' (*gaitian huandi*), the entire populace experienced common affluence for the first time in the history of 'new China'. Integrating the national economy on this egalitarian basis, the land reforms arguably constituted the first mega event launched by the CPC. As the contemporary Xi Jinping leadership contemplates unleashing a new wave of economic growth through nationwide urbanization, the quest for spatial egalitarianism in Chongqing suggests that, if the proposed urbanization process unfolds on the basis of social equity, the newest and most beautiful mega event could yet already be in the making.

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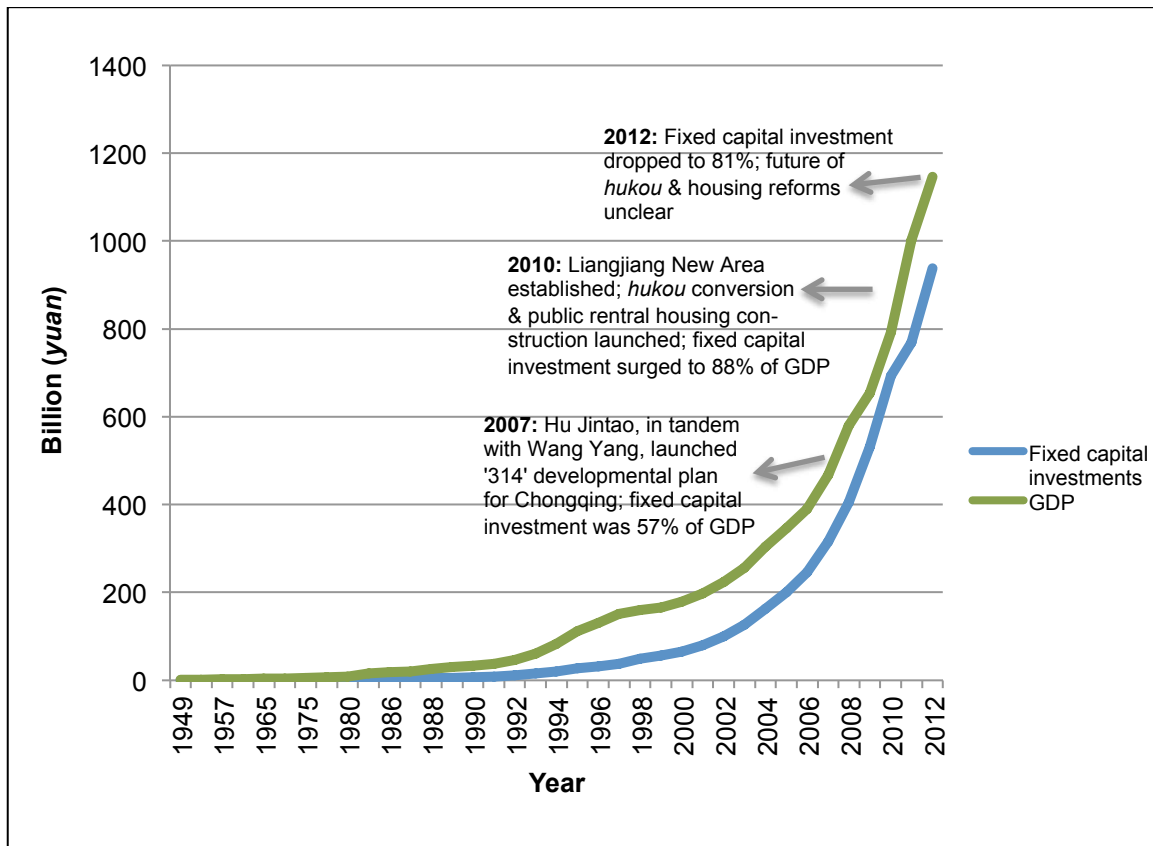
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Figure 3.1 Fixed Capital Investments and GDP in Chongqing, 1949-2012



Source: Chongqing Municipal Bureau of Statistics (2013); author's graphical illustration.

Table I A geo-historical overview of key socioeconomic developments in Chongqing

Year	Development	Characteristics
1997	Granted province-level city (<i>zhixiashi</i>) status	<ul style="list-style-type: none"> • First (and at the time of writing, still the only) city in China's interior to be granted this status • Discursively identified as the 'window' to and 'dragon head' of the west • Entrusted by the central government to fulfill '4 big things' (<i>sjiandashi</i>), namely 1) the resettlement of migrants affected by the Three Gorges Dam construction; 2) the reformation of old industrial bases; 3) the 'lifting' of the poor in rural villages; and 4) the protection of the biophysical environment.
2000	Official implementation of the 'Great Western Opening Up' (<i>xibudakaifa</i>) cross-provincial program	<ul style="list-style-type: none"> • Chongqing aligned to the experimentation of 'big city lead big village' (<i>dachengshi dai danongcun</i>) developmental approach • Identified as a geographic hub that connects the central and western parts of China
2007	'314' Overall Strategy identified (<i>zongtibushu</i>)	<ul style="list-style-type: none"> • Launched by China President Hu Jintao during the national 'Two Meetings' in March, in tandem with Chongqing Party Secretary Wang Yang • '3' in '314' refers to 3 major positioning, namely 1) to accelerate Chongqing's position as a 'growth pole' (<i>zengzhangji</i>) in western China; 2) to be the economic hub of the Yangtze upstream; and 3) to develop through urban-rural integration (<i>chengxiangtongchou</i>) • '1' in '314' refers to the broad overall objective of attaining the first 'affluent society' in western China • '4' in '314' refers to '4 major tasks' (<i>sidarenwu</i>): 1) expand 'industrialization to stimulate agrarian development (<i>yigongcunong</i>), 'lead the countryside through the city' (<i>yichengdaixiang</i>) and develop a new 'socialist countryside'; 2) realistically transform the means of economic growth and accelerate the reformation of old industries; 3) address the livelihood problems of the people so as to develop a Harmonious Society; and 4) holistically enhance city-building and raise the standards of urban management • The strategy would form the guiding framework for subsequent socioeconomic reforms in the municipality
2009	'No 3' document (<i>guofa sanhao wenjian</i>) issued on Chongqing's socioeconomic reforms	<ul style="list-style-type: none"> • Issued January; termed 'A number of opinions regarding the enhancement of Chongqing city's urban-rural integration reforms and development'; marked the implementation of the '314' integrated developmental strategy • Includes 12 policy suggestions by Chongqing Party Secretary Bo Xilai and Mayor Huang Qifan, and 7 additional suggestions by a State Council research team, forming a '12+7' policy framework • Identifies Chongqing's reforms as a 'national strategy' (<i>guojia zhanlüe</i>); with Chongqing given a 'strategic position' (<i>zhanlüe diwei</i>)
2010	Designated a 'national central city' in 'National Urban System Plan' (<i>quanguo chengzhentixi guihua</i>)	<ul style="list-style-type: none"> • Plan devised by Ministry of Housing and Urban-Rural Development; announced in February. • Only city amongst the five designated cities – Beijing, Tianjin, Shanghai and Guangzhou – not located along the coast
2010	Liangjiang New Area officially opened for development	<ul style="list-style-type: none"> • Unveiled on 18 June, the same date when Chongqing became a province-level city • An economic development zone spanning 1200km², within which experimental policies are devised and implemented • Positioned as 'one door, two centres and three bases' (<i>yimenhua, liangzhongxin, sanjidi</i>), namely 1) the main entry point to western China; 2) both an import-export trading centre and a financial centre in the Yangtze upstream region; and 3) the bases for modern manufacturing, export-processing and the commercialization of R&D outcomes

2010	Two major socio-spatial policies launched	<ul style="list-style-type: none"> • Public rental housing construction begins in February • <i>Hukou</i> conversion program officially implemented in (after a series of pilot experimentations)
2013	Administrative autonomy mooted for Liangjiang New Area	<ul style="list-style-type: none"> • On 30 November 2013, the Chongqing announced a series of decisions to detailing how administrative autonomy is to be granted to Liangjiang New Area; allows the New Area greater flexibility to respond to national and global economic opportunities • Indicates a continuity of the spatial project launched by the Bo Xilai-Huang Qifan administration; whether social reforms will be expanded remains unclear

Source: *Chongqing Ribao* (8 October 2007; 14 January 2012); *People's Daily Online* (10 February 2010). Data compiled and translated by author.

Table II Key characteristics of evolving *hukou* reforms in Chongqing

Geo-historical context	Objectives of <i>hukou</i> reforms in Chongqing	Policy shifts
<ul style="list-style-type: none"> • Instituted in 1958 by the Mao Zedong government to control population movement • Citizens broadly categorized as 'urban' and 'rural'; <i>hukou</i> (household registration affiliation) determined social benefit provision, administered by provincial governments; • Primary aim was to control the right to the city by preventing mass rural-to-urban migration; hence widely viewed as a form of socio-spatial apartheid and institutionalized inequality • Right of movement significantly relaxed since the 1990s as industrialization expanded in cities, but the system remains relatively intact 	<ul style="list-style-type: none"> • To guarantee the interests of those who work in the city without urban residency • To improve rural productivity through the transference of spare labor to the urban areas • To improve the urban population structure and alleviate the pressure of an aging society • To expand domestic demand • To speed up the process of urbanization. 	<ul style="list-style-type: none"> • Reforms officially launched on 15 August 2010 with the introduction of "The Opinion on <i>hukou</i> Institutional Reforms in the Urban-rural Integration of Chongqing Municipality" • Based on a 'voluntary, compensatory' (<i>ziyuan, youchang</i>) principle • Expanded provision of social benefits for urban <i>hukou</i> holders: partially financed through fiscal redistribution, with firms & urban residents contributing the rest • New urban migrants will enjoy, amongst other social benefits, access to public rental housing if they meet the stipulated conditions • Switching the right to use land is not a precondition of <i>hukou</i> conversion*; the transference of land rights is voluntary and all transfers will be compensated

Sources: Chan and Buckingham (2008); *Caijing* (30 August 2010; 30 August 2010); data compiled and translated by author.

* After this standpoint is cross-referred with the published regulations, the relationship between *hujj* conversion and ownership of land use rights remains unclear: the new regulation states plainly rural residents have three years to relinquish their land if they choose to convert *hujj*, which contradicts the discursive statements that *hujj* conversion is not entwined with land rights transfer. The disentanglement of *hujj* conversion with land rights transfers – which precludes the creation of a 'third category' of citizens with urban *hujj* status and rural land use rights – therefore remains a policy 'grey zone'.

Table III Emergent characteristics of Chongqing's public rental housing provision

Proposed volume	Targeted residents and rental conditions	Financing & repayment strategy
<ul style="list-style-type: none"> • Original plan in announced February 2010 was to build 40 million m² over 10 years; but target is expected to be met as early as 2012 • Construction on 13 million m² & 14.25 million m² (approximately 219200 units) began in 2010 & 2011, respectively • Construction on 13.2 million m² (approximately 237400 units) projected for 2012 	<p><i>Targeted residents:</i></p> <ul style="list-style-type: none"> • Homeless families or families whose current living space is less than 13m² per person; and • Individuals who are employed within the Chongqing core urban area and other stipulated urban zones; and • Individuals with a monthly salary not above 2000 <i>yuan</i>; or a 2-person family unit with a combined income not above 3000 <i>yuan</i>; or a bigger-than-2 person family unit with an average income not above 1500 <i>yuan</i> • Rental rates established at around 60% of market prices (2010 levels) • <i>Quota:</i> 50% for peasant workers, 15% for new university graduates, and 35% for existing urban residents with housing difficulties • <i>Key qualifier:</i> Individuals who meet the above conditions do <i>not</i> need to hold Chongqing <i>hukou</i> status <p><i>Rental and ownership restrictions:</i></p> <ul style="list-style-type: none"> • Tenants are allowed to purchase their rental units from the state at just above cost-price after residing for 5 years • Tenants opting not to buy can continue to rent so long as they meet the prevailing requirements • Tenants who purchase the units cannot re-sell them on the open property markets; units can only be re-sold to the state; no secondary market allowed for public flats. 	<p><i>Operating costs:</i></p> <ul style="list-style-type: none"> • Preliminary fiscal injection: 30 billion <i>yuan</i> • Opportunity cost: estimated 30 billion <i>yuan</i> in fiscal revenue, if the land used (based on 2010 land use planning and land valuation) is tendered out for leasing • Bank credit: first wave of loans injected by Huaxia Bank in September 2009; new loan commitments by Bank of Communications, ICBC and China Construction Bank followed; more than 10 billion <i>yuan</i> injected by 2012; interest rate estimated to be around 5% • Insurance firms, Housing Provident Funds, Social Protection Funds etc.; more than 40 billion <i>yuan</i> raised from these sources in 2011 • On 23 April 2012, Chongqing Land Group (owned by the municipal government) obtained approval to issue 5 billion <i>yuan</i> in corporate bonds for affordable housing; the biggest amount approved in China at the time for affordable housing construction <p><i>Repayment channels:</i></p> <ul style="list-style-type: none"> • Rental income used to cover loan interest payments; rental rate (hence income) subject to (upward) adjustments, in relation to per capita GDP growth • 5% of revenue collected from annual land leasing is committed to financing public rental housing construction • An estimated 1/3 of tenants expected to purchase units; sales income will be used to cover principal repayment • Of the area already completed or currently under construction (around 40 million m², based on March 2012 calculations), 1/10 will be rented and/or sold for commercial use at open market prices; all sales revenue will contribute towards debt repayment • Key strategy: The financialization and repayment process is predicated on a structured cost-recovery model

Sources: *Chongqing Chengbao* (9 June 2010); *Chongqing Ribao* (28 October 2010) *Nanfang Zhoumo* (26 August 2010); *China Economy & Informatization* (18 January 2012); www.news.cn (8 March 2012); *Sina Dichan* (9 April 2012); www.cqnews.net (26 April 2012); author's notes from participation in seminars with planners and policy consultants in Chongqing. Data compiled and translated by author.