

The evolution of regional uneven development in Jiangsu province under China's growth- oriented state ideology

Submitted by **Shutian Huang** to the University of Exeter
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Abstract

This doctoral project explores the evolution of regional uneven development in Jiangsu province under China's growth-oriented state ideology during the economic reform era. Based upon a set of political-philosophical and historical analyses, it is argued that, as the foundation of China's regime legitimacy in the reform era, the growth orientation of China's dominant state ideology consisted of two key rationales, those are, China's utilitarianism and its pragmatism. And, in order to concretely study the evolution of the regional unevenness between the south and north of Jiangsu province, two city-regions were selected as the basis for detailed empirical research. They are Changzhou city in the south and Nantong city in the north. Both the theoretical and empirical analyses were conducted under a three-stage periodization of economic reform. These are: the first stage (the late 1970s – the earlier 1990s), the second stage (the mid-1990s – the earlier 2000s), and the third stage (the earlier 2000s – 2013).

It is found that, generally speaking, the dominant growth-oriented state ideology exercised key influences on regional unevenness in Jiangsu through a set of utilitarian and pragmatic institutional expressions and practices. And, corresponding to the influence of the growth-oriented state ideology, there are different kinds of strategically inscribed structural selectivities being expressed during different stage of the economic reform. Such selectivities are mainly exhibited by, and practised through, the dominant local growth patterns of the respective stage of the reform. Those are: TVE-driven growth, development zone-driven growth, and state-led, urbanisation-driven growth. Whilst the actual practices of these local growth patterns all decisively (re)produced and (re)shaped regional unevenness, they also exhibited, and were subject to, polymorphic and multidimensional sociospatial relations and processes which may be explored from the perspective of the so-called TPSN framework. It is proposed that whilst regional unevenness in Jiangsu province was increasing during the first two stages of reform, it was reduced during the third stage, though in a highly unsustainable and socially unjust fashion.

CONTENTS

Chapter One: Introduction	1
1.1 Brief information on the research objects in sociospatial terms.....	1
1.2 The analytical stance of the present research.....	4
1.3 The structure of the present research.....	8
1.4 Research questions.....	18
Chapter Two: Theoretical Background and Literature Review	20
2.1 The renaissance of cities and city-regions.....	20
2.1.1 Neoliberal Urbanism and its implications for this research.....	20
2.1.2 Deciphering urban growth beyond urban/local scales.....	26
2.1.3 Institutional view on regional development.....	31
2.2 From functional specificity of sociospatial units to polymorphy of sociospatial relations/processes.....	35
2.2.1 The conventional conception of urban scale and the critiques to it.....	35
2.2.2 Brenner's conception of scale and the TPSN framework.....	37
2.3 An outline of the theoretical framework.....	41
2.3.1 The approach based on the conception of ecological dominance.....	42
2.3.2 The approach of seeing the state as political strategy.....	45
Chapter Three: Methodology	52
3.1 General description of the methodology of this research.....	52
3.2 Issues of methodological feasibility in the particular context of China.....	57

Chapter Four: Towards a contextual framework: utilitarianism, pragmatism and China’s state ideology	61
4.1 From Mao’s general will to Deng’s growth-oriented state ideology.....	62
4.1.1 The theoretical origin and political nature of Mao’s reign of social virtue.....	64
4.1.2 The implications of the reign of virtue to the regime legitimacy of the CPC.....	66
4.2 The political-philosophical nature of China’s growth-oriented state ideology.....	71
4.3 China’s utilitarianism and its earlier form of pragmatism in the context of the economic reform.....	72
4.3.1 A clarification of certain key points of utilitarianism through contrasting with the ‘general will’ conception.....	72
4.3.2 Assimilation between the public and private criteria of rationality during the first stage of the economic reform (the late 1970s – the early 1990s).....	76
4.3.3 Deng’s envision of the richness of commonwealth and his trial-and-error strategy (the mid-1990s -- the early-2000s).....	88
4.3.3.1 A Critical reading of Deng’s political judgment.....	93
4.3.3.2 The rise of development zones and inter-locality competitions, and the earlier form of China’s pragmatism.....	98
4.4 China’s Pragmatism and the third stage of the economic reform (the earlier 2000s – 2013).....	105
4.4.1 The political-philosophical rationales of the alienated form of pragmatism.....	107

4.4.2 The dominant institutional time in relation to regional development in the context of China.....	115
4.4.3 Institutional time and state-led, urbanisation-driven growth.....	120
4.4.4 Mitigated regional unevenness and exacerbated socioeconomic unevenness.....	123
4.5 Summary.....	133

Chapter Five: Case Study One: Changzhou city and its sub-areas in the south of Jiangsu province (Part One: the first and second stages of reform)

5.1 Introduction to the empirical studies of this research.....	136
5.2 TVE-driven growth in Changzhou during the first stage of the reform....	137
5.2.1 Prerequisites for the success of TVEs in the south.....	139
5.2.2 TVEs' public-private partnership and the differences between the places of the south and those of the north.....	141
5.2.3 Local state corporatism at county scales and below.....	147
5.2.4 Brief notes as to TVEs development in Wujin county of Changzhou city.....	154
5.2.5 Critiques on TVEs and TVE-driven growth.....	156
5.2.6 Summary.....	161
5.3 Development zone-driven growth in the south and the entailed inter-locality competitions.....	163
5.3.1 Institutional and sociospatial transition of local industrialisation.....	163
5.3.2 The nexus between industrialisation and urbanisation.....	167

5.3.3 The importance of high-tech zones to regional (uneven) development.....	170
5.3.4 Rescaling practice and its implications on regional uneven development.....	180
5.3.5 Inter-locality competitions in Jiangsu province.....	187
5.3.6 Summary.....	203

Chapter Six: Case Study One: Changzhou city and its sub-areas in the south of Jiangsu province (Part Two: the third stage of reform)206

6.1 A general context of state-led urbanisation-driven growth in the south of Jiangsu.....	206
6.2 The first dimension of the distorted urban land use structure.....	208
6.2.1 Local growth leveraged by monopolistic land supply.....	208
6.2.2 Local growth shaped by rescaling practice.....	218
6.3 The second dimension: pseudo-urbanisation.....	225
6.3.1 The conflict of central-local relations in relation to urbanisation.....	227
6.3.2 The ‘Tieben Event’.....	231
6.3.3 The conflicts between interest groups and migrant urban residents...	236
6.4 Summary.....	241

Chapter Seven: Case Study Two: Nantong city and its sub-areas in the north of Jiangsu province243

7.1 An overview of Nantong’s development, and the structure of this Chapter.....	243
7.2 Slow and inefficient rural industrialisation in Nantong city.....	246

7.3 Restricted development zone-driven growth in the north.....	252
7.4 The mitigated regional unevenness at the third stage of the economic reform.....	265
7.4.1 Brief introduction to China’s urbanisation.....	265
7.4.2 Revival of the economy of Nantong city in the north subject to its previous lagged development.....	268
7.4.2.1 Restrictive factors to Nantong’s urbanisation.....	268
7.4.2.2 Achievements and side effects of Nantong’s urbanisation.....	273
7.4.2.3 Regional uneven development during the third stage of economic reform.....	280
7.4.3 Haian’s local development at the third stage of the economic reform.....	284
7.5 Summary.....	292
Chapter Eight: Conclusion.....	295
8.1 Summary of the findings of this research.....	295
8.2 A brief justification of the analytical approach of this research.....	299
8.3 A critical reflection on China’s economic reform in relation to the global trends/processes of neoliberalism.....	303
8.4 Inspirations for prospective research and practice: the dialectic between institutions and resources.....	306
Bibliography.....	315

Appendix 1.

The historical annual average exchange rates between USD and RMB (from 1978 to 2011).....	334
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Appendix 2.

The hierarchy of China's governance structure/scale.....	335
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List of Figures and Tables

Figure 1.1: Map of Jiangsu province within China.....	1
Figure 1.2: The territory of, and major cities in, Jiangsu province.....	2
Figure 1.3: The satellite night view of Jiangsu province (NASA, 2013).....	3
Figure 1.4: Wujin district.....	14
Figure 1.5: Changzhou city.....	15
Figure 1.6: Haian county.....	16
Figure 1.7: Nantong city.....	17
Figure 5.1: The expressway in the high-tech zone of Changzhou.....	175
Figure 5.2: Factories in the high-tech zone of Changzhou.....	175
Figure 5.3: Football stadium in the high-tech zone of Changzhou.....	176
Figure 5.4: Factories in the high-tech zone of Wujin.....	177
Figure 5.5: Residential areas in the high-tech zone of Wujin.....	177
Figure 5.6: The evolution of the urban territory of Wuxi city from the 1980s to the 1990s.....	179
Figure 5.7: The evolution of the urban territory of Suzhou city from the 1980s to the 1990s.....	180

Figure 5.8: The evolution of the urban territory of Changzhou city from the 1980s to the 1990s.....	180
Table 5.1 The indicator system for evaluating Top 100 counties in China...	150
Table 6.1 the composition of China’s urban constructive land between 2004 and 2009.....	209
Table 6.2 A comparison between Changzhou city in the south and Nantong city in the north with respect to their urban land use compositions in 2006.....	210
Table 6.3: the comparison between the amounts and growth rates of local state incomes and resident incomes of Changzhou from 2005 to 2007.....	239
Table 7.1: 1993-2005, Nantong Investment structure analysis (APA, 2006: 12).....	257
Table 7.2: A comparison between Nantong and the three cities in the south in 2010 with respect to their respective labour market structure.....	271
Table 7.3: The comparison between the regional GDP of Nantong and the average of the south of Jiangsu province from 2003 to 2010.....	280
Table 7.4: The comparison between the gross state income of Nantong city and the average of the south of Jiangsu province from 2003 to 2010.....	281
Table 7.5: A comparison on the per capita GDP between Nantong and Changzhou.....	282

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Chapter One: Introduction

1.1 Brief information on the research objects in sociospatial terms

This doctoral project seeks to understand and evaluate the evolution of regional uneven development in Jiangsu province in China during China's economic reform era from the late 1970s to date. Before clarifying the basic structure of my research, it is helpful to set out a brief introduction to the empirical case study areas. Jiangsu province, as one of the most developed regions in China, covers an area of 102.6 thousand sq. km. (which is quite close to the territory of England), and has around 79 million residents. The following maps will show the location and some brief information on Jiangsu province.

Figure 1.1: Map of Jiangsu province within China

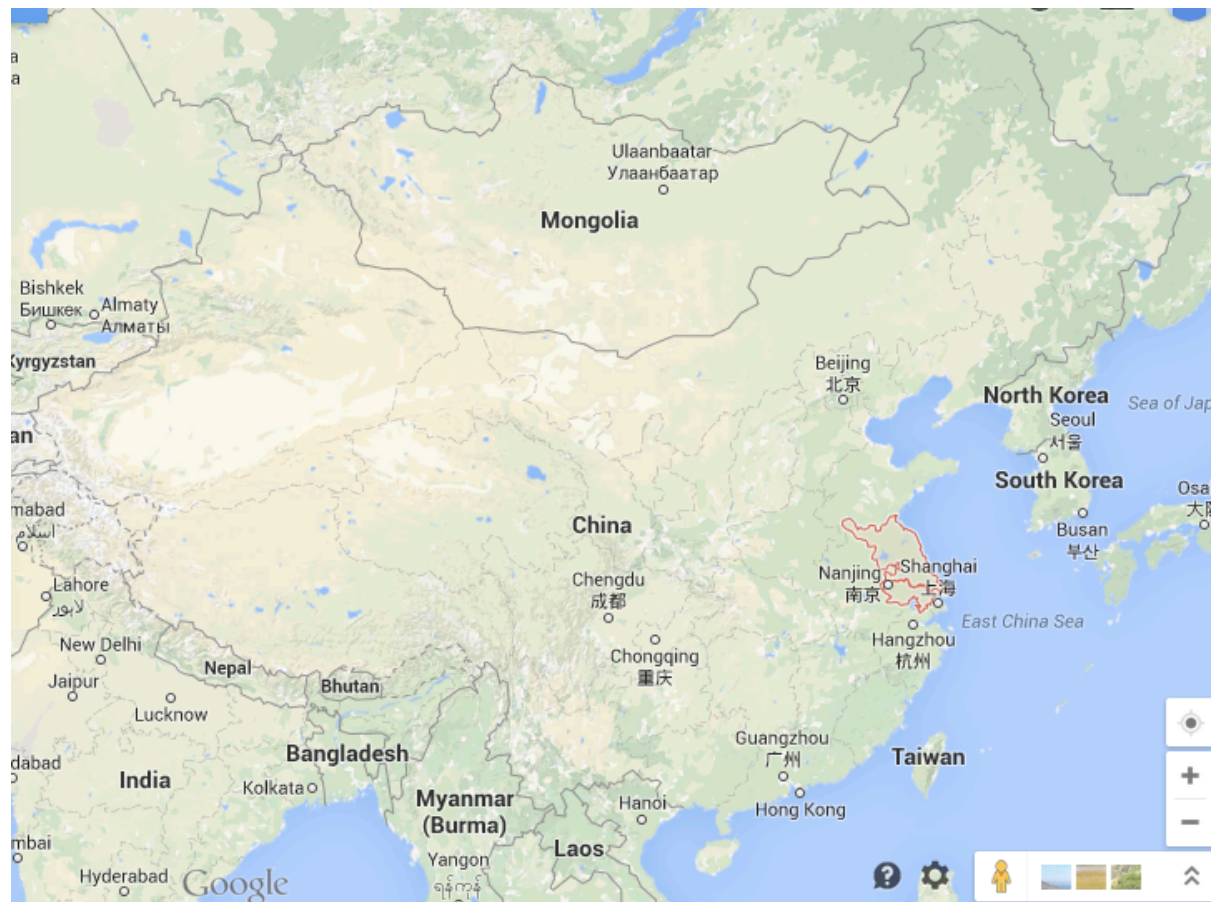
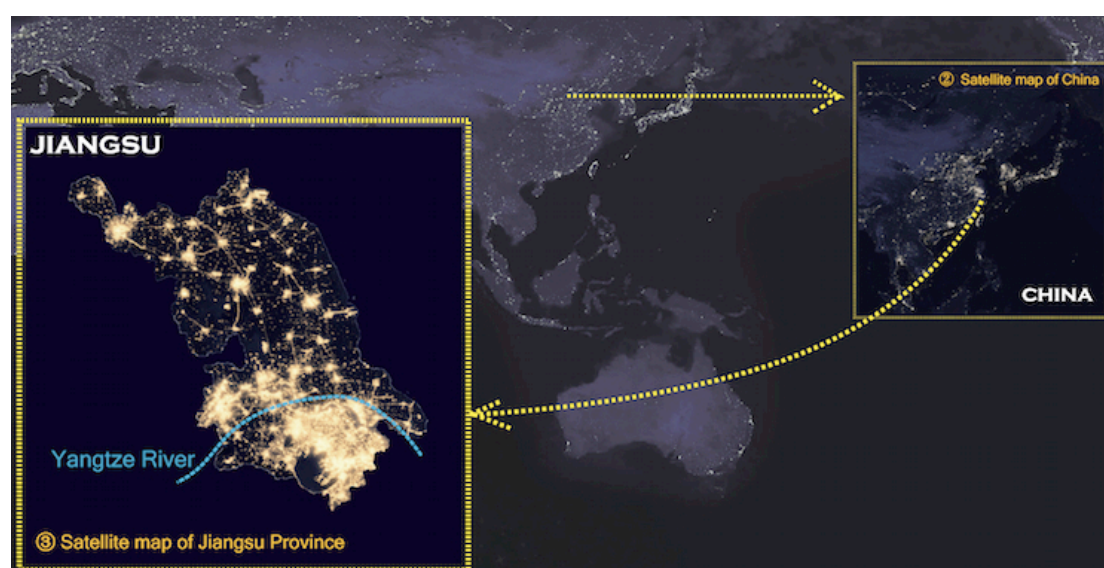


Figure 1.2: The territory of, and major cities in, Jiangsu province



Figure 1.3: The satellite night view of Jiangsu province (NASA, 2013)



It can be seen from **Figure 1.3** that, whilst the south of Jiangsu is full of lights that reflect the prosperity in this region, the north, on the contrary, is less developed and the darkness suggests a lagged regional development in terms of industrialisation and urbanisation. By referring to the north and the south of Jiangsu province, I am referring to the geographical demarcation made by the famous “Changjiang River”, also known as the “Yangtze River”, which is the third longest river in the world. In fact, not only does the Yangtze River regionally demarcate the south and north of Jiangsu province, it also runs across the whole territory of China, acting as the conventional borderline that demarcates the south and north of China in both a geographical and a cultural sense (and occasionally in a political sense). This geographical divide complicates other factors that foster and sustain regional unevenness. As we shall see such unevenness was not only shaped by, and subject to, path-dependencies of distinct socioeconomic circumstances, but was also influenced by the path-shaping effects imposed by various domestic and extra-local relations and processes.

If we apply the borderline of the Yangtze River to demarcate the south and north of Jiangsu, the south geographically includes five cities, namely, Nanjing, which is the provincial capital city of Jiangsu, Zhenjiang, Changzhou, Wuxi, and Suzhou city. However, the south of Jiangsu in this research is more narrowly and conventionally defined, and thus only refers to the latter three cities, those of, Wuxi, Suzhou, and Changzhou city. It is commonly accepted

culturally to label these three cities as one regional group within the south of Jiangsu. Moreover, these three cities not only share similar cultural and social origins and habits, but have also, since China's economic reform, possessed highly homogenous local growth patterns, industrial structures and major state institutional arrangements and functions. Together they have contributed to the 'Southern Jiangsu Model' (Fei, 1984). Hence, the south of Jiangsu in this research will indicate the conventional regional grouping of Changzhou, Wuxi, and Suzhou city, unless explicitly stated otherwise.

In order to specifically study the evolution of regional unevenness between the south and the north, two city-regions (one in the south and another in the north) have been selected as the basis for detailed empirical research. They are Changzhou city in the south and Nantong city in the north. The socioeconomic situations of these two city-regions will be outlined in more detail later in the introduction to the case study chapters.

1.2 The analytical stance of the present research

The three decades of China's economic reform since the late 1970s has drawn much global attention in recent years, with China gradually becoming an increasingly important and influential economy, to which the current global economic order is interdependently subject and susceptible. The rapid and sustained growth achieved by China has drawn many compliments such as the so-called 'China Model' and 'Beijing Consensus' which summarise and promote certain prominent respects of China's economic reform. However, these references to a broad 'model' and 'consensus' may also disguise and distort developmental heterogeneities expressed across different spatial and temporal horizons of China's economic reform. Put differently, it is advocated that, subject to path-dependencies of various types and degrees, China's economic reform and regional development cannot be understood as a systematic whole. Instead the thesis argues that we need to concretely identify and articulate the different dominant growth engines, patterns and projects adopted by different localities in different periods of the economic reform. This analytical stance to some extent resonates with the advocacy of looking more specifically into the heterogeneous particularities and regional

styles of Chinese capitalist development (Zhang & Peck, 2014), and also responds to the recent call of adopting a polymorphic, multidimensional perspective such as the 'TPSN' framework when studying current sociospatial relations and processes (Jessop, Brenner & Jones, 2008).

But this analytical stance of focusing on the evolution of regional development across certain concrete spatial and temporal horizons in China, does not lead to some sort of isolated local findings. Rather, there exists a set of fundamental ideological logics and institutional dynamics, the practices of which have commonly shaped and affected, in top-down and reflexive fashions, the institutional and industrial causalities of regional and local development in China. And, it is the critical enunciation of these supra-logics and institutions of China's economic reform that will constitute the first key element of the analytical framework of this research. In the second element, that is, the empirical case studies, the roles of these supra-logics in shaping development at various local scales, and across different temporal horizons, will be specifically elaborated. The presence of such supra-logics, which are subsequently referred to as China's growth-oriented state ideology, is in both an ontological and an analytical sense.

Briefly speaking, the ontological presence of the growth-oriented state ideology mainly derives from the political judgment of using economic performance to replace the largely collapsed Communism and Maoism-oriented state ideology following China's legitimation crisis after the Cultural Revolution. Although the political imaginary of claiming itself as a socialist country means that the party/state of China could only give a vaguely defined recognition and content to its growth-oriented state ideology, this quasi-state ideology does hold an 'ecological dominance' in Bob Jessop's (2000: 319) words, thereby acting as a superior system which exerts 'its developmental logic on other systems operating through structural coupling, strategic coordination and blind co-evolution to a greater extent than the latter can impose their respective logics on that system'.

As it will be seen in later chapters, although local growth patterns have been essentially shaped by, and are subject to, this growth-oriented state ideology, central policies have also had to yield to local practices, especially

when the latter can better embody the growth-orientation. Moreover, it is not only from the view of China's state institutions that the growth-oriented state ideology can be appreciated and conceived. The general public, even setting aside the institutional selectivities to which they may be subject, widely recognised and supported this ideology. The growth-oriented state ideology is in this sense to some extent identical with 'a reasonably just *modus vivendi*' in Rawls' (2005: xl) sense, which constitutes an arrangement supported by all sides, as it keeps the balance of forces, and happens to be just to each side in the context of given historical circumstances. But, just as Rawls (2005) observed, although a *modus vivendi* has the potential of becoming a stable overlapping consensus, its instability, nonetheless, distinguishes it from a stable consensus. China's growth-oriented state ideology has been arguably revealed to be unstable. It keeps losing public consensus as regional and local uneven development and social injustice evolves in China.

From an analytical perspective, the present research does not merely serve to attain an empirical record of depicting regional (uneven) development in China. More importantly, it aims to critically elaborate and decipher those fundamental, decisive ideological properties and their institutional expressions, which have acted as supra-logics in promoting regional uneven development. And this has practical relevance to the ideological constructions and institutional arrangements for China's prospective regional development. In other words, this research has the ambition of clarifying the basic structural and strategic elements of China's economic reform and also presenting some key reflections on China's potential ideological and institutional development over the next 30 years.

This attitude of my research reverses Marx's observation that 'in politics, the Germans have thought what other nations have done' (Bottomore, 1964: 51, cf: Giddens, 1971). This observation, if reversed, leads to the conclusion that, in politics and economics, the Chinese have done what other countries have thought, especially during the century that has elapsed since the collapse of China's final dynasty. As Giddens has (1971: xiii) stated, while 'Marx initially shared the view that the rational criticism of existing institutions was sufficient to provoke the radical changes necessary to allow Germany to

match, and to overtake the two other leading western European countries', Marx then soon perceived, 'this radical-critical posture merely preserved the typical German concern with theory to the exclusion of practice'. In an opposite situation to that of Germany, China's economic development during the last three decades has arguably been based on practice to the exclusion of theory, with the purpose of allowing China to match, and to overtake the leading Western developed countries. If viewing China's high, rapid and persistent growth in purely economic terms, China's emphasis on 'practice' has to some extent achieved the objective of holistically matching and overtaking many developed countries. This achievement, however, cannot conceal the severe costs and problems in terms of regional/local unevenness and socioeconomic disparities. It is therefore argued that China's practice-oriented experiences have now reached the stage where they need to be theoretically summarised and refined, in order to secure a long-term sustainable and just model of development. This corresponds with the notion of 'top-level design', which has been recently rather popularly used by many Chinese scholars and practitioners¹. This notion was first invented by, Liu He, the current Deputy Director of the National Development and Reform Commission of China, who is also leading the project of designing China's future development path, and is recognised as Chinese President Xi Jinping's core consultant and brainpower. According to Liu He (2011), the notion of top-level design includes basic value-orientation, principal aims, and the order of achieving these aims; and the reason for calling for top-level design is that China's reform and development has now passed the stage of having extensive, non-strategic testing.

In a word, this research does not aim merely to present a historical-empirical record of the regional uneven development in China. Rather, it possesses an analytical ambition of critically reflecting on some key issues, which are of immediate importance to contemporary China as well as to prospective regional development in the near future. It is under this objective that I propose to undertake the doctoral research of analysing and evaluating

¹ See, for example, Li, Y. N. (2013), 'Chinese economy in dual transition', Beijing, Renmin University of China Press. Notably, Li was the doctoral supervisor for China's current Premier Li Keqiang, and the master supervisor for China's current Vice-President Li Yuanchao.

the evolution of regional developmental unevenness between the south and the north of Jiangsu province in China during China's economic reform. In other words, this research demonstrates how uneven development within a given regional spatiotemporal fix is, in practice, revealed to be a 'complex synthesis of multiple determination'². In this sense it provides an example of how the traditional struggles with the modern, how the domestic interacts with the global, how the local/regional coordinates and conflicts with the central, and how all these institutions, forces and actors interconnect and co-evolve in a dynamic, relational fashion within a specified spatiotemporal fix so as to orchestrate regional uneven development in Jiangsu province.

1.3 The structure of the present research

Regarding the analytical structure of articulating this research, there are eight chapters including this introductory one. In the next chapter, a series of contextual and theoretical reviews will be presented. These reviews mainly target two primary issues, namely, the renaissance of the cities in the era and context of neoliberal globalisation, and the evolution from the functional specificity of sociospatial units to a multi-dimensional polymorphy of sociospatial relations and processes. It will build some rudimentary analytical and theoretical positions through reviewing these two issues to clarify one of the most basic research questions -- how to look at and analyse the vital parameter of the national state in a way that reflects both its own causal powers and behavioural logics, and its relations with, and influences on, actors and systems of different scales, places, territories and networks. In other words, this chapter, whilst critically reviewing the relevant literatures and practices, aims to conceptualise and justify some key analytical parameters, positions and propensities of this research, such as conceptualising the national state of China mainly in terms of the dominant state ideology, from which the institutional practices generate and produce a series of political and developmental strategies which in turn exert structural selectivities that may privilege certain actors/actions and simultaneously derogate the pursuit of other interests in utilitarian and pragmatic fashions. In addition, it also explains

² See Marx (1857), cf: Jessop (1997)

why this research targets the sociospatial scale and site of the city-region as the main empirical research objects, through which the developmental and institutional derivatives can be investigated. This leads to discussions about the TPSN framework, which will be heuristically and adaptively deployed in the later case study chapters.

The third chapter lays out a delineation of the methodology that is adopted for conducting primary and secondary research. Notably, apart from those conventional policy research methodologies such as library- and documentation-based analyses, the field-work conducted for this research involved access to a variety of internal political and policy documents that are usually confined to Chinese state officials³. The case study chapters are also based on a series of interviews with various Chinese local officials, whose observations and opinions are measured against publically released official documents. These issues will be elaborated in detail in Chapter Three.

Chapter Four sets out the key political and ideological contexts for the research. It deciphers the supra-logics and hegemonic projects of China's economic reform. It consists of two parts. The first part takes a historic-abstract approach to examine how the political philosophy and forces underlying Mao's reign of virtue was reversed and replaced by China's growth-oriented state ideology. It is argued that, as the guiding logics of the pre- and post-reform state ideologies are contradictory, but institutionally tangled in path-dependent terms, a brief glance at this essential transition of state ideology helps, from a holistic perspective, to outline some important ideological and institutional incentives and constraints, to which the regional (uneven) development at issue has been subject. And, it is argued that, unlike the conventional alteration of political strategies and institutions, which does not change the fundamental property and pattern of state ideology and regime legitimacy, China's economic reform is triggered by a thorough alteration in its dominant state ideology, which politically reconstitutes the entire regime legitimacy. This in turn resulted in a substantial number of modifications to the objective, function, and structure of state institutions at various scales. In this

³ It is noted that Ms. Gao Yu, a famous Chinese journalist, has recently been arrested for leaking state secret documents to overseas websites. See: BBC News on May 8th, 2014: <http://www.bbc.co.uk/news/world-asia-china-27321241> (Accessed on May, 14th, 2014)

sense it is proposed that China's economic reform is guided by, and serves, the pragmatic consideration of how to restore and strengthen the authorities and functions of the party/state of the CPC (Communist Party of China), which had been severely vitiated by the Cultural Revolution.

The second part of Chapter Four outlines and deciphers the two core ideas of China's growth-oriented state ideology, namely, utilitarianism and pragmatism, which exhibit specifically unique Chinese characteristics. The significance of utilitarianism and pragmatism to regional uneven development in China has three key dimensions, namely, providing the core philosophical rationales for envisioning and formulating general, national developmental guidelines and strategies; constituting the ideological and political foundations and justifications for institutional expressions and practices at different scales; and, shaping and mobilizing public recognition, and individual and collective behaviors, in accordance with the growth orientation. Notably, it is argued that the institutional practices of China's utilitarianism and pragmatism, revealed prominent spatial and temporal elements and effects at different scales during different periods. Thus, apart from political and philosophical analyses, the articulations of time-space relations in socio-economic systems and developments are also of importance to these critical readings of China's utilitarianism and pragmatism. In addition, the analyses and articulations of the two ideas are to be, though not in a highly precise fashion, embedded within a three-stage framework that largely reflects not only the evolution and transition of China's economic reform as a whole, but also those hegemonic growth patterns/engines of regional development during respective different periods. Suffice it to say that China's economic reform since the late 1970s is divided into three stages, those are, the first stage (the late 1970s – the earlier 1990s), the second stage (the mid-1990s – the earlier 2000s), and the third stage (the earlier 2000s – 2013).

Chapter Five, Six, and Seven present two empirical case studies that critically reflect, test, and corroborate the theoretical part of this research. In other words, these two case studies in relation to the south and north of Jiangsu province respectively serve to empirically demonstrate how China's growth-oriented state ideology had, in practice, resulted in, and interacted

with, various socioeconomic productive forces and processes, producing major impacts and outcomes in terms of regional uneven development at different local/regional scales. In geographical terms, these two case studies are based on the analyses of two county-level units and the municipality-level cities to which they belong. These refer to Changzhou city and its sub-area – Wujin district which are located in the south of Jiangsu, and Nantong city and its sub-region, Haiyan county which are located in the north. Due to the difference in the meaning of the term of ‘county’ between Chinese and English, we need to outline certain general information on the governance structure and the key considerations for choosing these two municipal-level cities and their respective counties as the research objects.

Generally speaking, there are a number of ways of scaling China’s governance structure. For example, according to the official data of China’s National Statistical Bureau (2006, cf: Xu, 2010), there are five scales to the governance structure of China, which are, in sequence:

1. the central government and 2128 central state-owned enterprises;
2. 22 provinces, 5 autonomous regions, and 4 provincial-level municipalities;
3. 333 municipality-level units, which include 283 municipal-level cities;
4. 2862 county-level units, which include 374 county-level cities and 2488 other standard counties; and
5. 41636 town-level units⁴.

Cheung (2009: 63) in his outstanding analysis of the locality-competing system⁵ of China proposes a seven layer-structure, according to which China consists of seven geographically determined layers, and each lower layer falls within its upper layer. As Cheung (2009: 63) states, ‘The top layer is the country, then comes the provinces, the cities, the xians, the towns, the villages, and finally the households’, and ‘xian’ here means county-level units/cities. In a word, cities in Chinese are thus usually referred to municipal-level cities or municipalities. A municipal-level city usually covers and regulates several municipal districts and county-level units. But it must be pointed out that the scaling of China’s regional governance structure is in many aspects dynamic. This can be reflected by the rescaling practices which

⁴ A governance structure/scale chart can be seen in Appendix 2.

⁵ This can also be referred to inter-urban competition.

emerged during different stages of the economic reform. Indeed, it is this dynamic of rescaling that constitutes a key incentive for local governments to promote economic performance. As Xu (2010: 24) observes, some county units with relatively better economic performance have been rescaled into municipal-level units since the mid-1980s. A more prevalent type of rescaling practice lies in the collinear upgrading of normal county-level units into county-level cities. During the period between 1994 and 1996, most normal county-level units in the south of Jiangsu province were rescaled into county-level cities thanks to their rather outstanding economic performance. The institutional differences between a standard county-level unit and a county-level city can be contextually variable and complicated. In general terms, county-level cities usually possess more autonomous powers over matters such as personnel control, taxation and finance, and state approval authority, whereas normal county-level units concentrate more on the governance and growth of rural areas and their population, and can be subject to more extensive and tighter controls from their municipalities. Furthermore, there also exists another type of rescaling practice that transforms a county-level city into a municipal district, although such practices are more restricted by central government. Local municipal governments seeking approval of this sort of rescaling usually aim to expand their urban territories in order to sustain urbanisation-driven growth. As we shall see, Jiangsu province became widely recognised as a successful pioneer of initiating such rescaling practice.

As regards the two cities and their sub-regions, it is helpful to set forth at the outset some general geographical and socioeconomic information about them. In the south, Wujin district is located in the southern part of Changzhou city, and is widely known as one of the founding places of the so-called 'Southern Jiangsu Model' because of the blooming of township and village enterprises (TVEs) during the 1980s and 1990s. Wujin covers 1242 sq. km., within which there are 22 subsidiary towns, two sub-districts, one national high-tech industrial development zone, one national export process

zone, and one provincial development zone. The 'civic population'⁶ of Wujin is around 1 million, among 1.6 million permanent residents. Since the early 1990s, Wujin has been continuously ranked as one of the top 10 counties in China. After being rescaled into the municipal district of Changzhou city in 2012, Wujin was in the top 6 in an evaluation of the top 100 most developed municipal districts in China. The annual regional GDP of Wujin in 2012 was about 153 billion RMB⁷. The annual average incomes of urban residents and rural residents in Changzhou in 2012 were respectively 33587 RMB and 16890 RMB.

Changzhou city has a total permanent residential population of 4.5 million, and covers 4385 km², consisting of 5 municipal districts and 2 county-level cities. By 2012, the urban area of Changzhou covered 461.79 sq. km., which is ranked as the 12th by size among all municipal cities in China⁸. Among the 13 municipal-level cities in Jiangsu province, Changzhou has the second smallest population and territory, indicating a high urbanisation rate. The annual regional GDP of Changzhou in 2012 was about 400 billion RMB, which was ranked as 6th in Jiangsu province, and its annual per capita GDP of the same year was 85036 RMB, which was ranked as 5th in Jiangsu.

⁶ This refers to local residents with standard urban welfares and rights, whereas other residents (usually migrant labourers) do not enjoy same level of public goods and services.

⁷ A table of the annual average exchange rates between RMB and USD in a series of years is attached in the Appendix.

⁸ The territory of a city in China usually covers both urban and rural areas. Although the whole territory of Changzhou city is relatively small, its urban area is notably large than that of many cities which cover much larger territories.

Figure 1.4: Wujin district

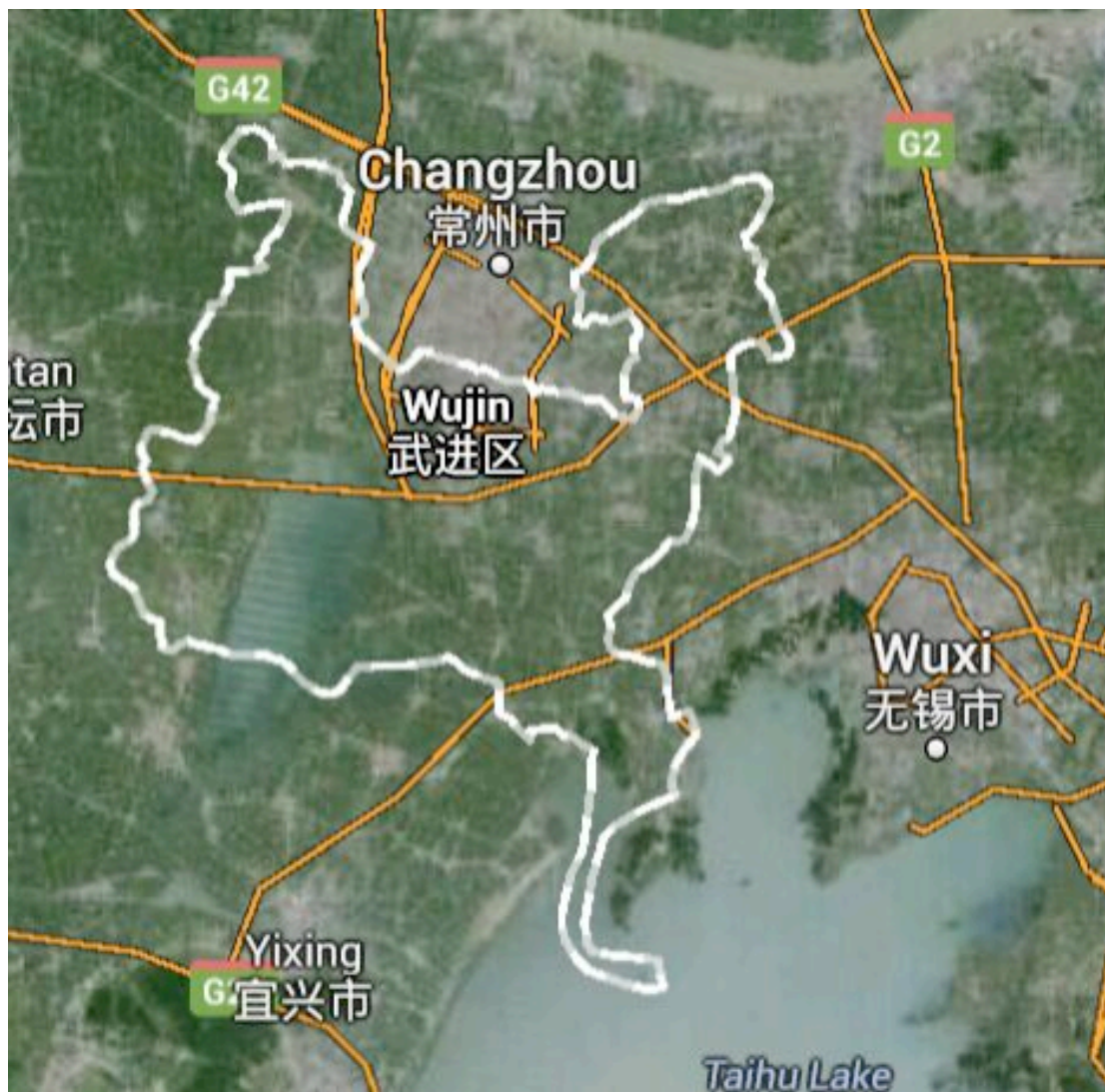
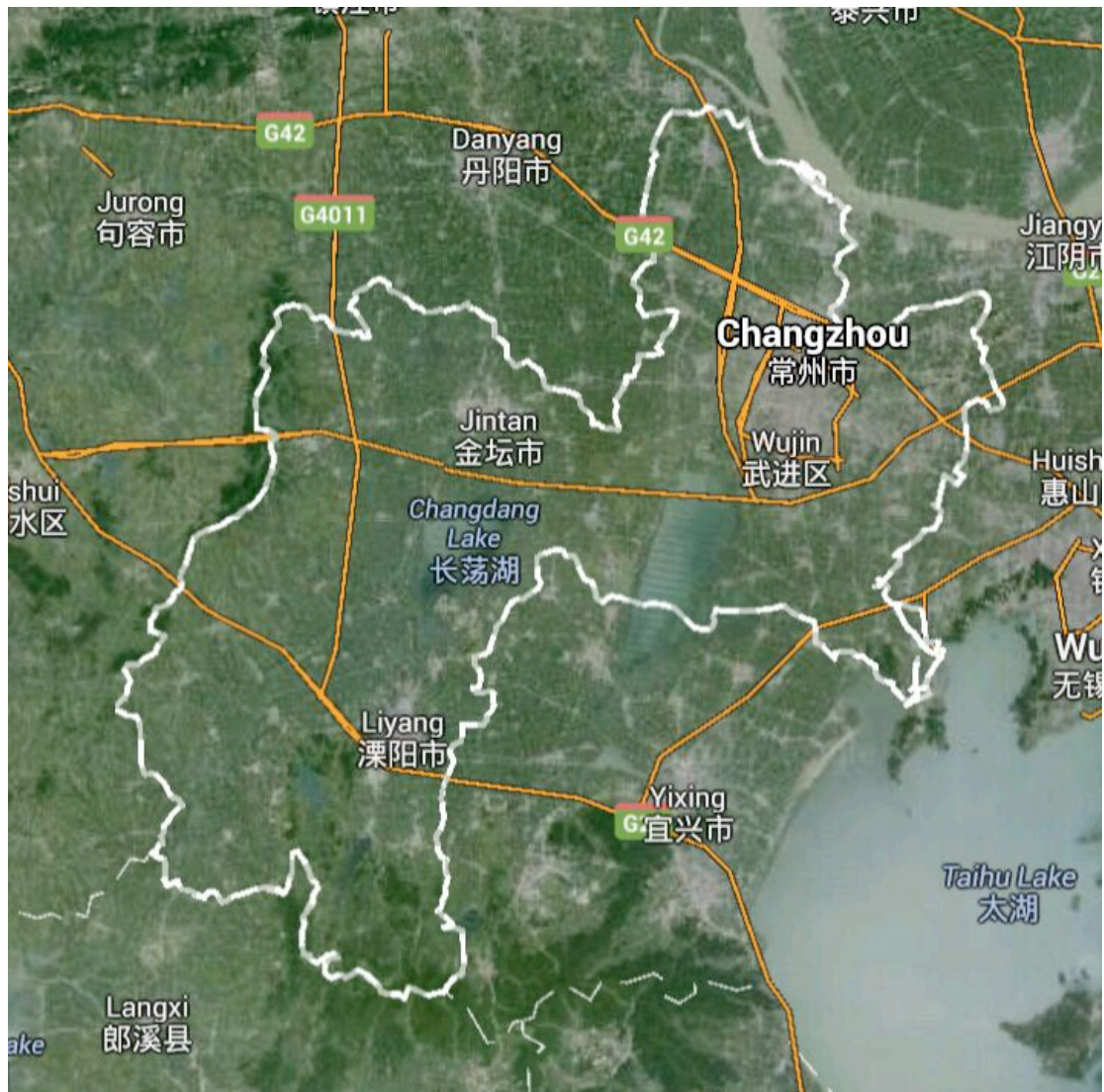


Figure 1.5: Changzhou city



In the north, Haian county of Nantong city is located in the middle of northern Jiangsu province. Haian covers 1180 km², within which there are 10 towns/districts, including one national economic and technological development zone, one provincial new and high-tech zone, and one new county district. The total population of Haian is about 0.96 million, which is close to the civic population of Wujin. In 2012, the regional GDP of Haian reached 50.3 billion RMB, approximately one third of that of Wujin. Haian is famous for a variety of local specialities, which include silks and textiles, balloonfish, laver, and its architecture and construction industries. Since ancient times, Haian has been seen as a pivotal place for transportation.

Nantong city is located at the north of the Yangtze River Delta, opposite Shanghai. Nantong city covers 8001 km², almost twice as large as Changzhou city, and has a population of 7.3 million, which is about 1.7 times larger than that of Changzhou city. The municipality of Nantong governs 2 counties, 3 county-level cities, 3 municipal districts, and one national economic and technological development area. In 2012, the gross GDP and per capita GDP of Nantong were 455.8 billion RMB and 62506 RMB respectively, and the annual average incomes of urban and rural residents were respectively 28292 RMB and 13231 RMB.

Figure 1.6: Hai'an county

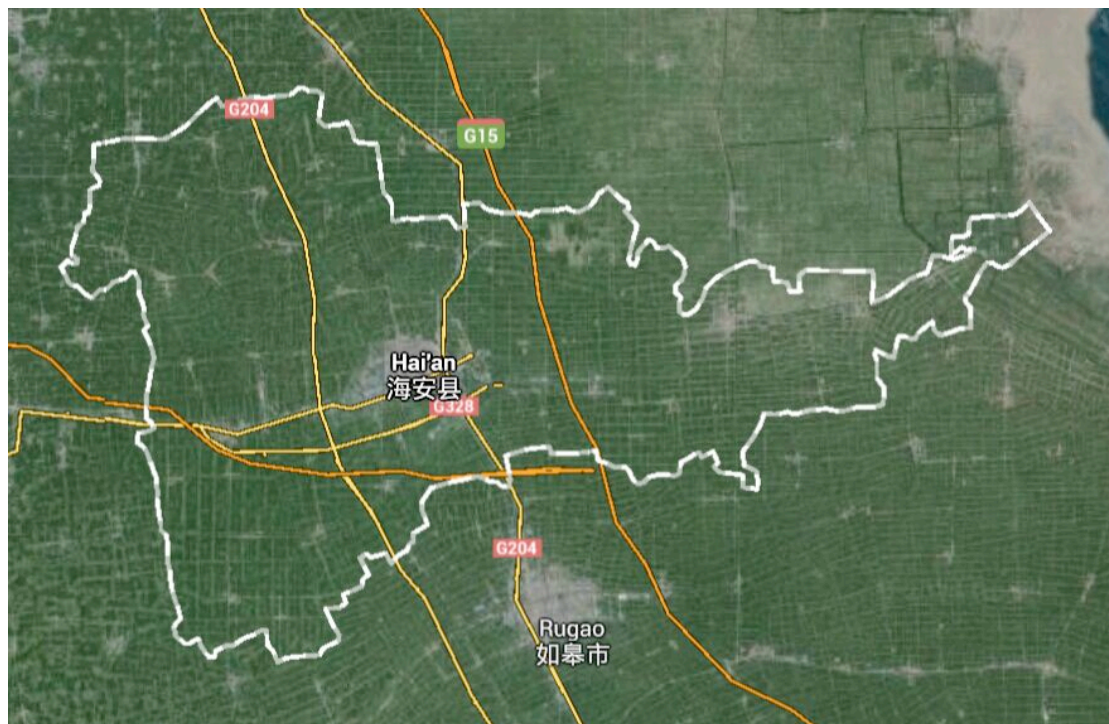


Figure 1.7: Nantong city



As noted before, a three-stage framework is adopted in this research in order to put the relevant analyses into contexts that reflect the evolving regional (uneven) development as characterised by the major and hegemonic growth patterns/engines of respective different periods. This delineation is also applied in the case studies. Arguably, whilst the institutional and industrial tendencies within each stage are revealed, more often than not, to be of national phenomena, their respective features are particularly prominent and typical in the context of Jiangsu province. In brief, the first stage of China's economic reform in Jiangsu is characterised by the rise and blooming of TVEs, though largely in the south rather than across the whole province. The second stage witnessed the rise of development zone-driven growth at various local scales in both the south and north of Jiangsu. And the extension of this growth pattern, in turn, led to rather intense inter-urban competition for inward investment, and entailed derivative urbanisation thanks to the industrial agglomerations that simultaneously concentrated human, capital, and other resources in development zones. Finally, the third stage has seen a

broken nexus between industrialisation and urbanisation, which is indicative of a local growth-pattern that is driven by state-led urbanisation.

It is argued that all these characteristics of the regional (uneven) development in Jiangsu at respective stages were more or less critically shaped and affected by the growth-oriented state ideology and its institutional expressions, which are articulated in Chapter Four. On the other hand, the case studies in Chapter Five, Six, and Seven also show how regional unevenness had evolved and been shaped across the relevant spatial and temporal horizons. It is under the growth-oriented state ideology that the path-dependent practices of all the major local growth patterns have led to the current developmental outcomes.

The final chapter is both a conclusion to the research, and a meta-evaluation of China's economic reform. Apart from summarising the key findings of this research, some key assumptions and views are proposed to inspire research and practice concerning future reform and development in China.

1.4 Research questions

While I have sought to sketch out the chief issues and objectives of this research, it will be helpful to outline a set of key research questions with the aim of providing a context for the chapters which follow.

Generally speaking, there are three major questions that are addressed in this research. The first research question is what is the nature and effects of the growth-oriented state ideology and its critical institutional expressions/practices, in relation to uneven development at regional/local scales in the context of China's three decades of economic reform. In order to address this, a historical perspective will be adopted at the beginning to explore the ideological and political fractures and continuities between the pre-reform state ideology and the guiding logics that have legitimatised and sustained the economic reform. This is followed by more detailed political-philosophical analyses in order to decipher the strategic/structural dimensions and spatial/temporal effects of the growth-oriented state ideology. This

question is largely addressed in Chapter Four, and the findings are then critically applied and reflected in the two case studies which follow.

The second research question can be framed as: what are the dominant local growth patterns and dynamics underlying the regional uneven development in Jiangsu province during the respective stages of China's economic reform. The identification of these essential trends, institutions, strategies, and actors is partly processed through those theoretical analyses and deductions in Chapter Four, and partly based upon the empirical case studies. Thanks to the semi-authoritative nature of China's governance and growth model, it is relatively easy to confine the answers to this question to state institutions of different scales and to those relational actors and actions, which are subject to state institutional capacities and selectivities, though in a reflexive fashion. In other words, this research question adopts a somewhat neo-institutionalist view, looking at the critical functions, capacities and orientations of local state institutions under those state-led local growth patterns, since the party/state, after all, has been the leading force throughout the economic reform.

The third research question in some senses integrates the first two questions in a mutually resonating way. It asks in what ways and to what extent the developmental unevenness between the south and the north in Jiangsu has been critically shaped by institutions and actors in different places, at different scales, and with different socio-economic networks, under the growth-oriented state ideology. And, it is hoped that the answers to this question can in some respects lead to a critical summary of China's 30 years experiences, which may inspire future regional development and research.

Chapter Two: Theoretical Background and Literature Review

This chapter serves to provide a series of contextual and theoretical reviews, which, in general, articulate as well as justify certain phenomena and conceptions, on which the primary analytical body of this research is based. Two issues are to be particularly addressed: the renaissance of cities and city-regions in the era and context of neoliberal globalisation, and the analytical evolution from functional specificity of sociospatial units to multidimensional polymorphy of sociospatial relations and processes. Since the early 1970s, we have witnessed a proliferation of debates and ‘turns’ in relation to the ontological and methodological foundations of articulating the dynamics and dimensions of modern sociospatial relations and restructurings. And, alongside the decline of Atlantic Fordism and Spatial Keynesianism as well as the subsequent rise of neoliberalism and globalization, there have been multifarious neoliberalism-oriented restructurings and rescalings of state spatiality and economic development. There are corresponding trends in sociospatial theories, which shift from delineating the relatively static, functional specificity of sociospatial units towards deciphering the dynamic, multidimensional polymorphy of sociospatial relations and processes. These two related trends and their implications for the present research would thus be critically reviewed.

The analysis of these two issues aims to build some rudimentary analytical and theoretical positions by clarifying how to look at and analyse the vital parameter of the national state in a way that reflects both its own causal powers and behavioural logics, and its relations with, and influences on actors and systems operating at different scales, and in different places, territories and networks.

2.1 The renaissance of cities and city-regions

2.1.1 Neoliberal Urbanism and its implications for this research

Since the 1970s the world has witnessed and experienced a wide-ranging and long-enduring neoliberalization process which was at the outset initiated in

response to the economic inefficiency of the Fordist growth regime, and the accompanied political crises of Keynesian-welfarism (Peck, Theodore & Brenner, 2009). This process of neoliberalization did not proceed in a linear, consistent fashion. In practice it triggered and brought about changes and transitions to both the structural and strategic dimensions of 'state spatiality'⁹. Thanks to the rise of neoliberalism and its later dominance in a wide range of fields at global scales, many countries have either actively or passively experienced an 'institutional and scalar turn' in relation to the changing strategic roles of cities and city-regions in the governance of sociospatial relations, processes, and economic development. Some of these 'turns' may possibly be conceptualised, according to Aihwa Ong (2006), as the examples of 'neoliberalism as exception' and/or 'exception to liberalism', especially in a number of Asia countries, including China. As Ong (2006: 1, 3) suggests, many 'Asia governments have selectively adopted neoliberal forms in creating economic zones and imposing market criteria on citizenship'. In more specific terms, neoliberalism as exception means that it is 'introduced in sites of transformation where market-driven calculations are being introduced in the management of populations and the administration of special spaces'. On the other hand, 'exceptions to neoliberalism are also invoked, in political decisions, to exclude populations and places from neoliberal calculations and choices'. As we shall see in the empirical chapters, this does have some resonance with the situation in China, although the role of the state made it difficult to speak of 'neoliberalism' as it is commonly understood.

In a comparison with their positions as mere agencies and relays of national state institutions and policies within largely state-oriented, self-contained economies under the Fordist growth model and the Keynesian welfare regime, cities and city-regions under the neoliberalism trend have, from a *prima facie* view, institutionally gained and/or been endowed with enhanced roles. These take the form, for example, of more autonomous and expanded institutional and financial capacities, derived from a hollowing-out of national state, to directly embed in, and interact with, increasingly globalised

⁹ The notion of 'state spatiality', according to Brenner (2004), refers to 'both the geographical configuration of state's territory and the spatial dimensions of the state's intervention in socioeconomic processes within that territory'. cf. P. Breathnach (2010): 1180.

markets and mobilised capitals and resources with the purpose of securing their own endogenous growth, and promoting aggregate national competitiveness in the global economic arena (Jessop, 2000; Breathnach, 2010; Storper, 1997).

From a more practical perspective, it is argued that the increasing importance of cities and city-regions reflects their vital positions as strengthened socioeconomic clusters within network arrangements, which are highly compatible and complementary with the operational patterns of many leading sectors of contemporary capitalism such as high-tech and financial service industries, which are both 'organized as dense and intensely localized networks of producers with powerful endogenous growth mechanisms and with an increasingly global market reach' (Scott, 2001: 820). Urban and regional scales are thus recognised by, *inter alia*, new regionalism as vital supply-side growth machines in fostering and promoting social capital, innovation, learning and other forms of development (Logan & Molotch, 1987; Florida, 1991; Morgan, 1997; Storper, 1997; Scott, 2001).

In articulating the restructuring and rescaling effects of neoliberalism on state spatiality, Jessop (2000, cf. MacLeod & Goodwin, 1999) argues that there have been three interrelated processes: 'the denationalization of the state', 'the destatization of the political system' and 'the internationalization of policy regimes', occurring in and through various scales and contributing to new forms of inter-urban competition, and thereby the rise of so-called 'entrepreneurial cities'. Notwithstanding the uneven and contradictory nature of the ongoing neoliberalization process, it is hardly deniable that the thematic tone of the contemporary era in terms of development has made cities come to the fore, becoming the key sites, in and through which actors, forces and coalitions with different forms and scales, can cooperate, and conflict with each other as they seek objectives such as economic growth and political legitimation.

The growing prominence of cities does not, however, necessarily result in any guaranteed outcome of economic prosperity and social cohesion, that is in the interest of any city or region engaged in the process of neoliberal urbanism. Or, it does not in Cox's (2004) words compulsorily lead to the

outcome of raising all boats. Rather, many have argued that the resurgence of entrepreneurial cities in terms of enhanced competitiveness is, more often than not, secured and sustained through a variety of multi-scaled uneven, selective processes that are characterised by displacing and/or deferring the costs and expenses of securing growth and prosperity to other spatiotemporal horizons as well as to certain marginalised social entities, groups and strata (Jessop, 2000, 2004; Peck, Theodore & Brenner, 2009; Harvey, 1989; Scott, 2001). The seeming triumph of neoliberalism in sociospatial processes and relations at urban scales, as Scott (2001: 823) has pointed out, leads to 'greatly increased social inequalities and tensions within city-regions and exacerbating the discrepancies in growth rates and developmental potentials between them'.

While Scott's observation is rightly indicative of the critical weakness in the philosophy of neoliberal ideology, and of certain concrete-complex phenomena that were emerging and coalescing along with ongoing neoliberalisation processes, there is clearly a missing link in both logical and practical senses in this observation, that is, a link between ideological assertions and practical outcomes. This link is embodied by various institutions and policies for realising the neoliberal assertions and rhetorics *de jure*, on the one hand, and, by *de facto* practices and outcomes of such institutions and policies, on the other. Whilst it is highly controversial and beyond the scope of this research to address whether the *raison d'être* of neoliberalism *per se* may intrinsically lead to developmental unevenness and polarization, neoliberalism in practice is far more than a monolithic ideal-pattern standing alone, but a process coevolving with and being distorted by polymorphic ideologies, institutions, and movements. As Peck et al. (2009: 51) observe, rather than being a singular, ahistorical and 'fully actualized policy regime, ideological apparatus, or regulatory framework', the practical restructuring and rescaling projects of neoliberalism in relation to state spatiality and regional development are contextually-embedded and path-dependent, appearing as multi-dimensional, spatiotemporally-specific and concrete-complex processes of sociospatial transformation, which are defined by Peck et al. (2009) as so-called 'actually existing neoliberalisation'.

This conception of actually existing neoliberalisation has two implications. First, in studying neoliberalisation processes, in particular, the trends and practices of neoliberal urbanism in relation to the growing strategic importance of cities, a multi-dimensional perspective must be adopted for approaching a systematic analysis of the logics and effects of a dominant state ideology, and of its institutional expressions at various scales and across different temporal horizons in order to identify and decipher the institutional and individual causes and dynamics that shape and/or affect, either in a strategic or a contingent fashion, regional uneven development. This implication raises a further consideration as to the actual role and position of seemingly 'hollowing out' nation-state institutions and strategies in the governance and promotion of city-oriented regional development. As this point will be later addressed in detail, suffice it to say here that research on regional unevenness in the context of China especially requires a multi-dimensional view that goes beyond local and regional institutions and growth-led coalitions of forces for securing a proper, precise conceptualisation of, not only the causal mechanisms behind the uneven development at issue, but also the true strategic and structural dynamics underlying the vaguely defined 'China Model'. This to some extent echoes with Neil Smith's (1984: xi) observation that 'one cannot probe too far into the logic of uneven development without realizing that something far more profound is at stake'. In addition, by recalling Neil Smith's (1984) critical theory of uneven development, which conceives of uneven development as a dialectic process continually and simultaneously shaped by the two contradictory tendencies/processes in terms of sociospatial differentiation and equalization, it is thus necessary to look at the different scales at which those processes take place in shaping uneven development. According to Neil Smith (1984: xi), the uneven development of capitalism is structural, and it is the systematic geographical expression of the contradictions inherent in the very constitution of structure of capital. Thus, the process of, for example, sociospatial differentiation takes places at different scales, such as the general societal division of labour and capital into different departments, the division of labour and capital in particular different sectors, the division of the social capital between different individual capitals, and the

detail division of labour within the workplace' (ibid: 108). The processes at different scales exert influence of different degrees on the shaping of uneven development. However, as we shall see, in the case of China, the state exerts a more active role on uneven development that goes beyond what Smith has articulated in his assumed 'see-saw' process of capital.

The second implication is that the practice under neoliberal urbanism and new regionalism, in terms of inter-urban competition and restructuring of state spatiality, can be recognised as 'an ongoing creative destruction of political-economic space at multiple geographical scales' that both 'exploits and produces sociospatial difference' (Peck, et al., 2009: 50, 53). It is in this sense argued that urban and regional uneven development manifested by the rise of neoliberal urbanism and new regionalism, in practice, results in a socioeconomic outcome, which is not necessarily institutionally optimal and politically justifiable.

In brief, three practically and analytically intertwined phenomena, which are on the one hand, indicative of certain contextual backgrounds and potential values of the present research, and, on the other hand, constitutive of the main researching objects of the research, can be highlighted. These are: the rise of cities and regions as the key sites and stakes in restructuring and rescaling processes of state spatiality, the immanent unevenness purported by and resulting from concrete-complex practices of neoliberal urbanism and new regionalism which can be institutionally manifested in and through multifarious spatiotemporal horizons, and, finally, the changing role of the nation-state in the seemingly market-driven and city-oriented processes of spatial uneven development. Notably, it is particularly the final phenomenon that critically reflects those distinctive politically constructed characters of the 'China Model' and its entailed regional uneven development. The distinctive prominence of the roles of the nation-state in terms of dominant state ideologies and institutional expressions in shaping and governing regional development in China, triggers the need to frame a set of tailored analytical and methodological approaches that are distinguished from those which, arguably, either 'suffer from an underdeveloped notion of the state' (MacLeod & Goodwin, 1999: 504) or provide 'a poor framework through which to grasp

the real connections between the regionalisation of business and governance and the changing role of the state' (Lovering, 1999: 391). It is in this sense that a brief review of certain conventional approaches on the governance of urban and regional development will be conducted with the aim of critically assessing the potential explanatory light they may shed on the analytical framework of this research.

2.1.2 Deciphering urban growth beyond urban/local scales

The proliferation of theoretical approaches for analysing and deciphering the institutional arrangements and growth mechanisms that lead to economic success of some cities and city-regions to a large extent reflects concrete trends like the process of denationalization and the rise of entrepreneurial cities/learning zones, all of which are proceeding in and through the context of neoliberal-oriented globalisation. While these trends and practices as well as their factual consequences may be highly empirically observable, they are 'contingent upon particular contexts, structures and agencies' (MacLeod & Goodwin: 506). This references a general ideology of neoliberalism, which is in practice by no means a unified coherent process, but can only be realised through multifarious institutional contextual embeddednesses and path-dependencies. Such contingency is, on the one hand, indicative of high degrees of analytical and applicable limits inherent in those approaches which construct and base their explanatory approach to regional uneven development exclusively upon the insights from those empirically generalised but not generalisable trends, and on the other hand, suggestive of the need of having a new analytical approach that embraces, in a systematic, coherent fashion, not only global tendencies and local states, but also other strategic/structural actors such as dominant state ideologies, institutions and state strategies in order to delineate and decipher a more real reality.

There has been, arguably, a growth-oriented political consensus at urban and regional scales purported by many conceptual approaches that focus on the roles of local economic development and local political-economic alignment in the discourses of urban politics and governance. For example, as Logan and Molotch (1987: 50, 51) have argued, 'one issue consistently

generates consensus among local elite groups and separates them from people who use the city principally as a place to live and work: the issue of growth'. This seeming platitude of growth is distinguished from its old sense under the Fordist-Keynesian growth regime in two respects.

First, there is a strengthened diversity of participation at urban and regional scales in the governance of economic development, characterised by the rise of so-called urban privatism (Peck, 1995). According to 'urban regime' theory, which is rooted in US experiences and analyses, there exists, beyond the capacity and catch of formal government mechanisms, a *de facto* regime constituted by an informal public-private partnership between local governments and local business elites which cooperate and coordinate with each other through multifarious interdependent forms of collective organisation to make governing decisions only in their mutual interests (Stone, 1989; Peck, 1995; Ward, 1996). Whilst urban regime theory emphasises that the governing capacity of informal partnerships enables a 'power to act' rather than laying stress on conflict and resistance between different groups, having regard to the business-oriented nature of the presumed informal partnership, the purported variations in the patterns of urban governance are, unfortunately, more often than not, confined to the singular form of growth-oriented development regime, which somewhat ironically reflects Peterson's (1981) so-called 'City Limits'. This narrowly defined growth-oriented urban regime, which concentrates on alignments of internal actors at urban scales, arguably leads to 'an undertheorization of causative forces and properties' (Cox, 1993: 436) that operate in and through institutions and spatial scales beyond the urban (MacLeod & Goodwin, 1999). In other words, while urban regime theory's behavioural microeconomic-oriented analytical perspective enjoys relatively strong explanatory strength in dealing with contingent American cases, its analytical strength and applicability may to various degrees be constrained in contexts beyond the US, particularly in contexts where urban regimes are shaped by, or orchestrated through, forces and institutions of nation-state scales, and where growth in economic terms is indeed initiated and utilised subject to, or as constitutive of, some selective political strategies and pseudo-ideological

legitimations, the ascendance of which can institutionally distort the market-oriented logics of economic dynamics, and will in turn give rise to an outcome of urban and regional (uneven) development that cannot be fully understood and explained by growth-oriented urban regime theory¹⁰.

The second difference from the Fordist-Keynesian regime lies in the change of the role and orientation of urban and regional institutions that transit from suppliers of extended public goods/services and collective consumptions to so-called growth machines. In general terms, as Molotch (1976) says, growth has become an overriding commonality to all available options for local initiatives in socioeconomic reform. It is in accordance with this overriding commonality that a growth coalition consisting of various partners and agents¹¹ thereby comes into existence. In more specific terms, the kernel upon which a 'value-free development' (Logan & Molotch, 1987: 33) purported by the growth machine model rests, lies in the 'commodification of place' (Ibid: 1), that is, a growth pattern primarily led by property rentiers and related agents which seek and derive interests from tensions between the use value interests of residents and the exchange-value interests of local entrepreneurs (Harding, 1995; cf. MacLeod & Goodwin, 1999: 508).

While sharing with urban regime theory the similar weakness of concentrating solely on institutions, actors, and forces at urban scales, it is argued that another effect of growth coalitions purported by the growth machine model, namely, providing ideological hegemony and political legitimacy to such coalitions through cooperating with cultural institutions, media, and local government, also merits criticism in terms of contextual-specificity. In the situation where substantive representative democracy such as locally elected governments and independent medias are absent, a consensus around urban and regional-wide growth as a public good can

¹⁰ It is proposed that the situation in China since its economic reform in the late 1970s exemplifies how the idea of economic growth, as a normative ideology as well as an institutional imperative, has been utilised by the party/state to strengthen and complement legitimation and other political strategies. This will be elaborated in detail in later chapters.

¹¹ As MacLeod (2011: 2634) delineates, growth coalition partners and agents cover a wide range of actors include: 'local and metropolitan capital in construction, finance and banking; professional practices in law, architecture, design and planning; city politicians keen to acquire sponsorship; other indirect beneficiaries of development like local media and utility corporations; and 'auxiliary players' with compelling local attachments including universities, theatres, professional sports clubs, small retailers and labour and community groups'.

hardly be a sufficient, solid political legitimacy, to say nothing of the potential and negative effects to such legitimacy brought about by inevitable local unevenness. In this situation, a higher-level source of legitimation like a dominant state ideology is thus required together with nation-state institutions, to endow, in a top-down fashion, solid political legitimacy so as to mitigate social discontent and public criticism of developmental unevenness¹². In addition, as MacLeod and Goodwin (1999: 509) point out, the growth machine model makes little effort 'analytically to integrate the strategies of urban growth coalitions within national political projects or accumulation strategies or shifts in global flows of accumulation'. If taking into consideration Jessop's (2004) conceptualisation of the state as a complex institutional ensemble whose strategically inscribed institutional selectivities may shape and be recursively responded to by actors and their respective structurally oriented strategic calculation, the growth machine model may be called into question as to the original motivations and practical logics of those actors that make up a growth coalition. It is therefore not surprising that Lake (1990: 180) observes that the stress made by the growth coalition model on property rentiers, politicians and other related professional indeed 'begs the question of why society gives rise to these particular kinds of actors'. By pointing out that the application of the growth coalition approach by Lloyd and Newlands (1988) in the studies of the Aberdeen Beyond 2000 project indeed fails to integrate into their study the relevant wider political contexts and spatial scales, MacLeod and Goodwin (1999: 509) suggest that both regime and coalition approaches 'display insufficient sensitivity to spatial scales above the local/urban to provide a causal explanation of the UK experience' since state controlled and orchestrated strategies and projects, more often than not, tend to 'take precedence over the overtly dynamic activism of entrepreneurs'. It is in the same sense proposed that any attempted application of these two approaches in the present research needs to be treated cautiously because of the political, institutional and other differences between the USA and China, although it may be maintained that the growth coalition approach merits some

¹² China, for example, has in recent years suffered the problem that the public consensus on the growth-oriented economic reform is rapidly collapsing. This point will be revisited in detail in later chapters.

applicable and analytical strength due to its emphasis on the role of property developers as well as on the struggle over land and property value, both of which are of critical significance to reading China's urbanisation-driven growth and its side effects, particularly in the last decade. In addition, it is argued that the analytical weakness of the growth machine approach may, arguably, be addressed if the strategies and operations of urban growth coalitions can be, in a subtle, logical fashion, institutionally integrated within nation-state institutions and their development strategies. This is one of the vital aims which my own analytical framework attempts to achieve.

Whilst the explanatory strength of these two growth-oriented approaches for analysing urban and regional governance and development is, arguably, more or less limited by their context-dependent applicability and their relative overlooking of state institutions and strategies, there are certain other approaches and trends, which pay more attention to institutions and policies of the state dimension in explaining urban/regional politics and development. For example, the policy network approach, which, as Rhodes (1990) articulates, relies on the meso-level concept, namely, 'policy network', has advocated a vertical, structural perspective to reflect and comprehend how actors and participants with various types and degrees of interdependence and interest-orientations cooperate and conflict with each other in and through the interest mediation of integrated policy communities.

This approach is applied to decipher the political networks and governance of both regional- and urban-levels (Midwinter et al., 1991; Bomberg, 1994; Bassett, 1996). Indeed, the principal line of reasoning of the policy network approach can be used to assess regional uneven development in China, in particular, the operation of the urbanisation-driven growth, which is in most cases an outcome of the policy integration process that operates to mediate multi-scaled competing policy-trajectories and interest-orientations within a spatiotemporal fix. Notwithstanding the constructive light shed by the policy network approach on multidimensional state spatiality and regional politics, the explanatory power and use value of the policy network approach may also be over-shadowed by the same problem suffered by regime and growth machine theories, that is, failing to integrate the broader

socioeconomic and political contexts by and within which policy networks are shaped and operating. As MacLeod and Goodwin (1999: 512) pointed out, the assumption of seeing meso-level policy networks as mediators that merely react to the dynamics of institutions and strategies beyond local and regional political networks, 'plays down the constitutive role which policy communities and networks, and other local and regional hegemonic blocs, have in the actual structural coupling of accumulation regimes, regulatory modes and societal paradigms...and their particular national and subnational inflections'. It is based on this consideration that my analytical approach is modified to emphasis more the roles of nation-state and socioeconomic and political contexts at meta- and macro-levels in order to integrate all these parameters into the critical analysis of regional uneven development.

2.1.3 Institutional view on regional development

The emphasis on the dynamics and actors at various scales, by which regional uneven development is shaped, is in this research complemented with a strong institution-orientation, that stresses the role of institutional presence and practice in shaping both regional/local growth models. This emphasis on institutional presence/practice to some extent resonates with the so-called 'institutional turn' in studies of urban and regional development, although the integral theoretical framework constructed for the present research has endeavoured to make certain further steps so as to go beyond the modest explanatory capacity of institutionalist thinking and approaches to secure an ultimate analytical strength to explain the evolution of regional uneven development in China under China's growth-oriented state ideology. Before laying out these further steps in detail in a theoretically coherent fashion, it is important to critically examine certain influential neo-institutionalist approaches.

Notwithstanding its explicit focus on the nature and effect of institutionally associated social relations and institutionalised processes, it is argued that the new institutionalist thinking which has emerged since the 1990s also reveals a growth-orientation which is recognised by both regime and growth coalition approaches as a political consensus or a common

agenda, the realisation of which vitally underpins and determines actual economic performance. On the contrary to the two US-oriented approaches which stress the essence of specific forms of public-private partnership, and dominant players with respect to developmental trajectories and performances at urban scale, neo-institutionalist thinking, in interpreting economic growth through the lens of institutions, is concerned more with the processive and relational endogenous root of urban/regional economic dynamics, that is, what Amin and Thrift (1994; 1995) termed as 'institutional integrity/thickness', or what Storper (1995) conceptualised as 'relational assets'.

In other words, the growth-orientation upheld by institutionalist approaches is primarily manifested as a series of efforts to reveal more often than not in a normative way, 'regularities in the relationship between institutions and economic development' (Farole, Rodriguez-Pose & Storper, 2010: 60), through inspirations and reflections of empirical studies of certain successful regional innovations and learning zones¹³. The paramount importance conferred on institutions in local economic matters, naturally, raises questions as to the key properties and functions of institutions. According to Amin and Thrift (1992, 1994), 'institutional thickness' or 'integrity' can be forged through four constitutive elements, those are, a strong institutional presence, a high level of multifarious interactions among institutions, an optimal social atmosphere fostering effective structures of domination that minimises sectionalism and rogue behaviour, and a common agenda upon which the collection of institutions depends upon and develops (MacLeod, 2004; MacLeod & Goodwin, 1999).

While having structurally sketched the notion of 'institutional thickness' in a somewhat functionalist way, Amin and Thrift (1995: 102, 103), however, stressed that, the presence of a collection of institutions *per se* does not naturally leads to such thickness. It is the process of institutionalisation

¹³ For example, Ash Amin and Nigel Thrift (1994) advocated that the successful economic growth of Santa Croce sull' Arno in Tuscany provides a sample picture illustrating the importance of having an effective 'institutional thickness. And Michael Storper (1997) takes inspiration from the institutional arrangements of Silicon Valley and Ile-de-France.

matters, as it 'establishes legitimacy and nourishes relations of trust', and also underpins and stimulates 'a diffused entrepreneurship – a recognised set of codes of conduct, supports, and practices which certain individuals can dip into with relative ease'. In other words, the 'institutional thickness' approach by Amin (1999: 370-374) gives much weight to institutionalising processes and regular practices of 'building clusters and local economies of association', encouraging learning and adaptability, 'broadening the local institutional base', and 'mobilizing the social economy'.

And, it is noteworthy that the 'wealth of regions' identified by 'institutional thickness' bears an explicit functionalist orientation resonating with and responding to the renaissance of regions in the context of economic globalisation. This functionalist orientation, whilst in Amin's (1999: 370) words referring to the objective of making regional sociospatial sites into 'key staging points or centres of competitive advantage within global value chains', is also present in Storper's (1997) conceptualisation of 'relational assets' or 'untraded interdependencies', as well as in actor-network theory (ANT) (Coe et al., 2004). To Storper, 'relational assets' analysis puts the localisation of economic activities in an analytically and practically consistent position within globalisation through emphasising the importance of fostering good untradeable and unsubstitutable 'relational assets' as part of a region's competitive potential (Amin, 1999). This consistency between globalisation and local economic growth is also addressed by actor-network theory, according to which regional and local endogenous institutional structures focus on integrating and fitting a region into the transnational production systems through a 'strategic coupling' between regional assets and global production networks with the purpose of creating, enhancing and capturing values for promoting regional development (Coe et al., 2004).

While this functionalist orientation towards the operation and influence of globalisation to some extent successfully built an analytical perspective of explaining and encouraging interactive embedment of regions into the global economic order, it is maintained that it is also this very emphasis by new institutionalist thinking on normative patterns of institutional arrangements and practices in linking the global and the local that can ignore some actual

strategic intentions and roles of the state in underpinning processes of building 'institutional thickness'. This analytical lacuna in terms of failing to 'connect urban-regional change with the changing nature and scalar configurations of the state' has already been addressed by many theoretical discourses (MacLeod, 2004: 68; MacLeod & Goodwin, 1999; Brenner, 2000) and by empirical reflections (Cox, 2004; Breathnach, 2010; Jones, 2004). Suffice it to say in the present context that the neglect of the state by new institutionalist analysis makes its analytical applicability highly context-specific and leads to the danger that both academic analyses and realistic practices of urban governance and growth stop at the point of identifying and realising 'institutional thickness' or 'relational assets'.

As MacLeod and Goodwin (1999) noted, the 'institutional thickness' approach somewhat overlooks the diversities between various institutions in their capacities to deploy policy and resource for cementing or dismantling institutional thickness, and also neglects various forms of social and political exclusions generated by the process of local institutionalisation. This arguably further undermines the explanatory strength of the 'institutional thickness' approach in deciphering the causes of regional uneven development. Yet, it is also maintained that certain institutionalist views such as the 'institutional thickness' analysis and actor-network theory, if been constructed in the context of, and integral to, the supra-logics of China's state ideology and national strategies, can shed informative lights on the deciphering of some meso-level issues in this research. Indeed, while it is analytically misleading to assume that 'institutional thickness' is the reason for, and the end of, successful urban/regional growth and governance, it is argued that this assumption has been widely institutionally realised in reality in a top-down fashion in China, contributing to the growing unevenness of regional development. It is in this sense that some new institutionalist thinkings are adopted and reflected in the analytical framework of this research subject to necessary amendments.

In summary, all the approaches and views on the governance of urban/regional development reviewed above possess respective explanatory strength in deciphering regional/local uneven development, but suffer from

various analytical incapacities due to contextual specificity, phenomenological contingency and, most importantly, analytical incompleteness. As MacLeod and Goodwin noted, these approaches make their explanatory strength rely too much upon contingent, empirical trends towards de-statization, denationalization and internationalization. They (1999: 515) argue that, 'to understand the structures, mechanisms and events that actually constitute these processes in specific places, and then to understand, in turn, the ways in which they impact unevenly upon the structures and processes of urban and regional governance, requires a more conjunctural account: one which stresses the complex articulation of social, economic and political forces through space and across time'.

2.2 From functional specificity of sociospatial units to polymorphy of sociospatial relations/processes

2.2.1 The conventional conception of urban scale and the critiques to it

Regarding the conception of the 'social content' and functional specificity of urban spatial units, Castells (1977: 89) proposed that spatial units at urban scales must be delimited and defined in accordance with their roles of collective consumption and the reproduction of labour power, and, therefore, be understood as spatial expressions of specific social functions. This attempt at establishing a self-enclosed and coherent spatial definition of the urban by linking functional specificity with geographical scale was later criticised by Saunders (1986), according to whom sociospatial processes operate on a contingent base and thus bear a supra-urban character rather than being functionally specific to a pre-given geographical scale.

Neil Brenner (2009), however, observes that both Castells and Saunders have over-emphasised the functional content of the urban from an empirical perspective, and have failed to conceptualise how geographical scale is itself socially produced and reproduced. Brenner (2009) conceives of an intrinsic interlinkage between urban and supra-urban scales, and then opposes the view that supra-urban scales and broader social processes are merely external parameters to the sociospatial relations of a given urban unit. This multidimensional view of urban scale and specificity has extensively

been upheld and developed by a variety of works¹⁴, which have, arguably, as David Harvey's (1989) study exemplified, transformed the social process of urban scale into a subsystem that is intrinsic and subordinate to the ecologically dominant system of increasingly globalised capitalist economies.

The increased mobility of capitals and other resources under globalization not only entailed multifaceted and interscalar capital accumulations in practice, but also rendered the restructuring and proliferation of urban studies to view and conceptualise interscalar roles and relations of sociospatial dynamic in more systematic manners. In other words, the urban question, as Brenner (2009: 67) observed, was then addressed and reconceptualised 'with direct reference to diverse supraurban rescaling processes' at both vertical and horizontal levels. This trend in the 1990s viewed the urban scale as a product of interscalar networks linking with, and subject to, various supra-urban political-economic institutions, forces, and actors at multifarious scales. This situation of 'scalar flux' in terms of 'local-global interplay' implies two assumptions. First, inherited scalar fixes and institutional arrangements characterised by nationalised formation, and the Fordist-Keynesian pattern are being destabilised in multifarious manners at various scales. Second, new development strategies and patterns are being formed and implemented, subject to institutional and substantive path-dependencies, to rescale and reproduce more inter-dependent and inter-related sociospatial relations with the purpose of securing new forms of spatiotemporal fix and structural coherence (Swyngedouw, 1997; Brenner, 2009).

This literature proposes that these new forms of spatiotemporal fixes can help to advance further capital accumulation, and to displace, defer, and externalise crisis-tendencies and costs of securing structural coherence, and meanwhile to recalibrate, reweave and reconstitute political-economic governance and power relations (Harvey, 2001; Jessop, 2004; Brenner, 2009). It is in this sense that Scott (1998; cf: Brenner, 2009: 68) advocates

¹⁴ Such works, according to Brenner (2009: 66), include 'David Harvey's (1989) capital-theoretic account of urban built environments, Allen J. Scott's (1980) neo-Ricardian theorization of the urban land nexus, Michael Storper and Richard Walker's (1989) post-Weberian analysis of industrial agglomeration and territorial development'.

that 'city and city-regions have become increasingly strategic sites of regulatory experimentation, institutional innovation, and sociopolitical contestation'.

While the mainstream of studying sociospatial questions since the 1990s had appeared to be embedded within increasingly tangled interscalar contexts of modern geo-economic and political transforms, Brenner (2009: 69) has, however, maintained that, the tasks of deciphering the nature, roles and implications of geographical scale and interscalar institutional arrangement are still at an embryonic stage, and thus pose many challenges to critical urban and regional studies. After asserting the conceptual ambiguity and incompetence of scale-attuned approaches in deciphering the changing concrete-complex sociospatial relations and processes, Brenner (2004, 2009), on the one hand, articulates his own conceptualisation of scale for elaborating contemporary patterns of urban and regional development, and on the other hand, advocates together with others a polymorphic and multidimensional sociospatial theory as well as related ontological and methodological approaches (Jessop, Brenner & Jones, 2008; Dicken, et al., 2001; Sheppard, 2002), which adopt and use four intertwined spatial lexicons, namely, territory, place, scale, and network. Both of these propositions are reviewed in sequence, in relation to this research on China.

2.2.2 Brenner's conception of scale and the TPSN framework

First, regarding the conception of scale, Brenner (2009: 70) asserts that, whilst scales are 'the temporarily stabilised effects of diverse sociospatial processes', these diverse sociospatial processes are indeed being scaled and rescaled subject to relevant path-dependency. In more specific terms, Brenner (2009: 71, 72) claims that social relations and institutional forms are vertically differentiated and redifferentiated; and scales should be seen as the hierarchical expressions of such vertical structuration. In other words, 'scales are the provisionally stabilized outcomes of scaling and rescaling processes; the former can be (relationally) grasped only through an analysis of the latter' in the broader interscalar contexts in which a scalar unit is embedded (Brenner, 2009: 71, 72). And it is in this sense that Brenner (2009) advocates

that the analytical focus of urban and regional studies should be the processes of scaling and rescaling.

One of the implications of the scaling and rescaling of sociospatial processes particularly attracts my attention. This refers to how 'rescaling processes rework the positionalities of sociospatial formations and therefore recalibrate the geographies and choreographies of power relations' (Brenner, 2009: 73). The recalibration of power relations through modifying the relational positionalities of a given sociospatial unit, arguably, lead to what Brenner (2009: 73) termed as 'geographies and choreographies of inclusion/exclusion and domination/subordination', which empower and privilege certain actors at the expense of others, and also, to what Jessop (2004: 37) defined as the 'structurally inscribed strategic selectivities', which privilege certain spatial and temporal horizons of actions over others. Suffice it to say here that the scaling and rescaling of sociospatial processes at local and regional scales in the context of China appeared to be directed, facilitated and shaped by the trajectories of dominant state ideologies and institutions. Hence, the regional uneven development in question was emerging and being reproduced as both ideological and institutional expressions of geographies and choreographies of inclusion/exclusion and domination/subordination, and therefore, as outcomes of the interactions between structurally inscribed strategic selectivities and structurally oriented strategic calculation. These presumptions will be both theoretically examined and empirically explored in later chapters.

Regarding the second issue, as Brenner (2009) expressly noted, the process-based multifaceted conceptualisation of scale does have its analytical limits because the processes of scaling and rescaling, in practice, are occurring in conjunction, and interplaying with, some other processes and forms of sociospatial structuration and restructuring. Such analytical limit has in turn led to the advocacy for introducing a polymorphic, multidimensional sociospatial theory, which has led to, *inter alia*, the 'TPSN' framework (Jessop, Brenner & Jones, 2008).

Putting forward the TPSN framework was, to a large extent, motivated by the very attempts of transcending the analytical and methodological

limitations inherent in conventional one-dimensional sociospatial theories and approaches, and of seeking 'an approach that can grasp the inherently polymorphic, multidimensional character of sociospatial relations' (Jessop, Brenner & Jones, 2008: 389). In order to secure such an approach that has better explanatory and evaluative strength, the starting point lies in viewing territories, places, scales, and networks as 'mutually constitutive and relationally intertwined dimensions of sociospatial relations' (Ibid: 389).

Similar with Brenner's process-based conceptualisation of scales which argues that scales of sociospatial relations should be understood as processes of scaling and rescaling that are embedded within broader, polymorphic interscalar configurations, the parameter of place also merits this kind of conceptualisation (Cresswell, 2004). The traditional nationally bounded territorial sociospatial relations have likewise been confronting increasingly expanded and deepened penetrations forced by various forms of globalised trends, and by multinational corporations. These had led to multifaceted changing, unstable, and often acute tensions between retaining state sovereignties and regulatory controls over domestic territories and exerting transnational governances and denationalised interventions towards the Westphalian nexus. Such tensions were to various degrees reflected by, for instance, the more moderate interplays between the EC and its member states on competence issues¹⁵, and also by the more contentious conflicts within the WTO system¹⁶. In addition, the conceptualisation of networks in terms of transversal and rhizomatic interspatial interconnectivities, was also addressed by some scholars in relation to territories, places, and scales (Amin, 2002, 2004; Taylor, 2004).

Given the dynamic, structural interconnection between the four dimensions of sociospatial relations, it is thus advocated by Jessop, Brenner and Jones (2008: 392) that the explanatory strength of sociospatial theory is most powerful if a study 'refers to historically specific geographies of social

¹⁵ The issues on EC/EU's exclusive competences, shared competences and non-competences have since the founding of the EEC, been consistently accompanied with, and indeed vitally underpinned the ongoing process of EC/EU integration. See, e.g. Panos Koutrakos (2006).

¹⁶ The tension between the expanded institutional legitimacy which may enable the WTO law to penetrate into domestic regulatory authorities, and the resistance of WTO contracting parties who wish to maintain their decisional capacities can well be illustrated in cases such as the EC—Sardines case, and the US -- Shrimp-Turtle case. See: S. Huang (2008) (unpublished LLM dissertation)

relations' and 'explores contextual and historical variation in the structural coupling, strategic coordination, and forms of interconnection' under the TPSN framework. This seems to suggest that in explaining the concrete-complex phenomena of sociospatial relations/processes in the context of the contemporary global capitalism, it is analytically and methodologically optimal to adopt at least two or more dimensions of the TPSN framework. It is also noteworthy in some cases that the logics and dynamics of the emergence and combination of new TPSN can be shaped and determined by the change and/or reverse of dominant state ideologies and dominant institutional practices. It is proposed in this research that this is particularly so in the context of China's successive periodizations from the Cultural Revolution to the different stages of the economic reform era. It must also be pointed out that, whilst suffice it to say at this stage that all the four dimensions of the TPSN framework would be involved in this research, particularly, in the second explanatory structure of empirical analyses, it is argued that the deployment of this heuristic TPSN framework alone does not suffice to reveal and decipher the supra ideological logics, to which regional (uneven) development in China has been subject. The over-reliance on TPSN bears the risk of making this research a mere empirical observation that describes a series of contingent, synthetic phenomena, which are not the casual forces of regional uneven development, but are the very things that require explanations. In other words, the use of the TPSN framework without clarifying first a foundational ontological entity in terms of dominant state ideology and/or strategic institutional practices at the state scale, runs the tendential risk of deliberately identifying actors, relations, and/or practices that may happen to match the systematically interconnected sociospatial dimensions of TPSN. This is likely to lead to an empirically observable and analytically coherent explanation, which is nevertheless hardly sustainable when viewing changing urban/regional development over time and space.

It is in this sense I partly agree with Malpas's (2012: 230) assertion that, apart from developing heuristic frameworks to allow a polymorphic sociospatial analysis, 'what is needed is more careful analysis of the ontological underpinnings of the very concepts at issue'. For, without a clear

understanding of the presence and influence of such ontological underpinnings, analyses of TPSN dimensions may be reduced to an ordering of empirical observations that has partial, or contingent relations to the very phenomenon under observation. In tackling this tendential risk, this research adopts a more concrete-complex approach which differs from Malpas's (2012) effort of reconstructing the philosophical conceptualisation of the ontological notion of 'space'.

Based on a set of empirical observations and reflexive cognitions of China's regional uneven development in various spatiotemporal contexts during the last three decades, I thus propose that China's current dominant state ideology and its essential institutional expressions in terms of state institutions and strategies can, arguably, be recognised as a quasi-ontological presence. It, on the one hand, possesses and exerts strategic structural selectivities, either in the form of social imaginary narrative, or in that of concrete political and socioeconomic outcomes. On the other hand, this quasi-ontological presence provides a basic arena with a set of principal and prior rules and principles, upon which all actors and actions of the TPSN dimensions are resting and operating. The latter function partially resonates with Jessop's observation of the state's role as a crucial institutional site and discursive framework for political struggles. The essence of my analytical perspective goes back to the seemingly unavoidable question as to the actual role of the state (the party/state in the context of China), which also is of critical significance to the construction of the overall theoretical framework of this research. And, it is for this reason that the conceptualisation of the state in the context of this research is to be reviewed in the next section.

2.3 An outline of the theoretical framework

As noted above, one of the core premises underpinning the analytical framework of this research starts with the question of how to treat the parameter of the state in a way that can precisely reflect its own causal powers, on the one hand, and its relations with the actors and systems of other different scales, places, territories, and networks. As the present research particularly targets the regional uneven development problem in

China, it first adopts a meta-physical perspective to conceptualise the national state in terms of China's dominant state ideology and its key institutional expressions at the national scale.

Whilst outlining a specific discussion of justifying this conceptualisation goes beyond the scope of this section, suffice it to say that even setting aside the concrete effects of a dominant state ideology in pure political realms, China's growth-oriented state ideology had successfully managed during the last three decades to reconstruct the foundational, collective sociospatial imaginaries of politics and society. And, the wide public recognition of China's growth-oriented state ideology thereby enabled it, either in informal or in institutional ways, to exert enduring, extensive influences on multifarious and multidimensional socioeconomic matters in China. The prominence given to the dominant state ideology and its institutional expressions in China will be analytically deciphered and elaborated, and then be empirically reflected in the later chapters. This section only serves to articulate the two approaches through which the properties and functions of the state can be conceptualised in the context of China.

2.3.1 The approach based on the conception of ecological dominance

The first one adopts the conception of 'ecological dominance' to articulate the functions and influences of the dominant ideological and institutional expressions of the state of China. It is argued that through the lens of Jessop's notion of ecological dominance (2000: 329), China's growth-oriented state ideology has been acting as the superior idea that holds ecological dominance in political and socioeconomic senses, and, accordingly, exerts 'its developmental logic on other systems' operating through structural coupling, strategic coordination and blind co-evolution to a greater extent than the latter can impose their respective logics on that system'.

The idea of ecological dominance at first derives from the discipline of plant and animal ecosystems. Jessop (2000: 328) adapted it to delineate the 'co-presence of operationally autonomous systems and the lifeworld – with the structural coupling and co-evolution of these systems and the lifeworld mediated by various competitive, cooperative and exploitative mechanisms'.

As an ecological dominance is manifested through an operationally autonomous system exerting superior logics and capacities to which the performance of all other systems are more or less subject, Jessop (Ibid) takes a regulationist view, further articulating certain characteristics of an ecologically dominant system.

Two characteristics are revealed to be of particular importance to this research and also, to Jessop's strategic-relational approach. As Jessop (2000: 329) argued, an ecologically dominant system is capable of spatially and temporally distantiating and compressing its operations to sustain an expanding self-reproduction. And, secondly, it can secure the internal coherence of a given spatiotemporal fix by displacing and deferring contradictions, paradoxes and dilemmas to other spatiotemporal horizons. These two characteristics (or capacities) indicate that the production and sustaining of the ecological dominance of a given system may only be possible at the expense of subordination and externalisation of the interests of other non-dominant, unprivileged systems and actors through institutionally-oriented spatial and temporal arrangements.

If taking this line of reasoning into consideration in studying regional (uneven) development, it is argued that the presence of an ecological dominance is, either in a strategic, or in a contingent fashion, directly or indirectly shaping regional uneven development of sociospatial processes and relations across (institutionally defined) temporal horizons. As the later case studies of this research will show, there has existed in China since the mid-1990s a dominant institutional time, the length of which covers less than five years, and, more importantly, the temporal horizons of which decisively compressed the operations of local state institutions, and thus made them only seek short-term, utilitarian objectives which exhibited privileges and selectivities to a few actors whilst displacing as well as deferring costs and contradictions to other parties and spatiotemporal horizons. These issues will be specifically explored in Chapter Four and the case study chapters.

Regarding the constitution and orientation of an ecologically dominant system, Jessop (2000), while maintaining that other systems do have reciprocal impacts on the primacy of ecological dominance, made it clear that

it is the contemporary capitalist economic system, especially in its neo-liberalising form of globalisation, that presents and possesses the relational, relative ecological dominance.

The constitution of ecological dominance perceived by Jessop is arguably not thoroughly applicable in the context of China, which presented, during its economic reform era, a somewhat unique picture that differs from conventional capitalist development. In more specific terms, the ecologically dominant system in modern China reveals itself to be a complex of the growth-oriented state ideology and a set of institutional expressions that were established for realising this state ideology.

The uniqueness of this system lies in the fact that its economic growth orientation is not motivated and activated by the usual end of continually advancing capital accumulation. Instead, it is proposed that economic growth and capital accumulation are both recognised and utilised as measures and tools subject to the thematic political aim of restoring and strengthening the Chinese party/state's authorities and functions, which had been severely undermined and vitiated by the aggressive social-ethnic movements of the Cultural Revolution. In other words, the quasi-capitalist characteristics of China's ecological dominance are ideologically and institutionally bundled with the superior task of sustaining the regime legitimacy of the party/state. Suffice it to say here that with the vacuum of the orthodox socialist legitimacy, and the absence of representative democratic legitimation, the party/state of China in the reform era has no other choice but to rely on the performance legitimacy in terms of consistently promoting national economic growth. Growth, as Deng himself addressed, is not only a pure economic issue, but also a politically vital task¹⁷. And, the national political and strategic selectivity towards growth has in many respects been recognised and accepted by the general public who in turn gave their consents to such way of legitimation through their participation in socioeconomic activities in more liberalised and multifarious manners albeit with a somewhat narrowly defined objective of profit-

¹⁷ As Deng said, 'why do the people support us? Because over the last ten years our economy has been developing'. 'if the economy stagnated for five years or developed at only a slow rate, for example, at 4 or 5 percent, or even 2 or 3 percent a year, what effects would be produced? This would be not only an economic problem but also a political one'. See, Vogel (2011: 667).

maximization. It is in this sense that the reflexive-recursive unity in Jessop's strategic relation approach can be adaptively embodied in the context of China's economic reform. These will be more specifically elaborated in Chapter Four, in the case study chapters, and in the conclusion.

2.3.2 The approach of seeing the state as political strategy

The second approach for conceptualising the national-state resonates with the proposition of seeing the state as political strategy, and, more clearly, with the light shed by crisis theory on the connections between the renaissance and outcomes of urban/regional growth, and the restructuring and rescaling of state institutions. The starting point for this proposition, according to, *inter alia*, MacLeod and Goodwin (1999) and Jessop (1995), is neo-Gramscian theory which puts capitalist accumulation processes into the relational context of certain specific hegemonic state projects. By doing so, neo-Gramscian state theory advocates an integral perspective to understand the presence and operations of the state at various spatial scales, thereby concentrating on how state authorities are 'mediated through a complex ensemble of institutions, organizations and forces operating within, orientated toward or located at a distance from the juridico-political apparatus' (Jessop, 1997: 52).

Neo-Gramscian theory seems to conceive of urban and regional growth and governance as dynamic integral parts of the continuing implementation and sustaining of a political project and a scalar fix across some specific temporal horizons. From a domestic institutional perspective, this integral approach, as Jessop (1995) observes, works to translate economic forces and activities into those susceptible to, and relational with, state actions in terms of structurally inscribed strategic selectivities. In a historical sense, this approach enables an integral, multidimensional perspective to encapsulate the broad contextual shift and transition from the Fordist-Keynesian pattern to the neo-liberal regime, into the narratives of 'the ideas, spaces and times of particular state projects, representational regimes and societal paradigms' (Jenson, 1993; cf. MacLeod & Goodwin, 1999: 516).

In terms of the present research, it is argued that it is this analytical position of putting the evolution and expression of regional uneven

development into a set of historical and contextual political and socioeconomic regimes, projects and paradigms, that leads to proper and precise understandings of regional uneven development in particular, and the 'China Model' at large. Whilst this broad-contextual analytical perspective of the neo-Grainsian approach can be plausible in studying regional growth and governance in China, it must be noted that the next analytical step proposed by Jessop (1990: 260) in viewing the state 'as the site, the generator and the product of strategies' requires vital amendments and adaptation before it can reflect and grasp the underlying logics and the concrete-complex situations of China.

As Jessop et al (1988: 159; cf. MacLeod & Goodwin, 1999) argued, state strategy refers to patterned state intervention which '(a) favors the course of [a particular] accumulation strategy and the flow of material benefits to the requisite social base; and (b) constructs forms of representation that systematically favor the access of the key sectors and social groups to sites of political and economic power'. This in turn entails that the structural and strategic dimensions of state may thus be institutionally privileged and selective to the actions and strategic calculations of certain political agents and interest groups within a specified spatiotemporal fix. Indeed, Jessop (1990: 10) gives a summarising definition of this process of structurally inscribed strategic selectivity, according to which:

Particular forms of state privilege some strategies over others, privilege the access by some forces over others, some interests over others, some time horizons over others, some coalition possibilities over others. A given type of state, a given state form, a given form of regime, will be more accessible to some forces than others according to the strategies they adopt to gain state power. And it will be more suited to the pursuit of some types of economic or political strategy than others because of the modes of intervention and resources which characterize that system.

So far so good, the conceptualisation of the state as a site of strategy then leads attention to the particular way of practising such structural selectivity. To Jessop (1990), the key of arranging and tackling different interest-orientations

and appeals lies in the effort of constructing and realising a ‘hegemonic project’ which ‘mobilizes support behind a concrete program of action that asserts a contingent general interest in the pursuit of objectives that explicitly or implicitly advance the long-term interests of the hegemonic class (fraction) and thereby privileges particular economic-corporate interests compatible with this program while derogating the pursuit of other interests that are inconsistent with the project (Jessop, 1997: 62).

Through the lens of ‘hegemonic project’, MacLeod and Goodwin (1999: 517), based on the case study of London’s successive mode of governance, advocate that dominant social and political forces will search for a particular hegemonic project in order to build ‘the state form and associated scalar fix – the institutional site suitably organized along functional and territorial lines – which can best further their particular strategies’; and such state form and scalar fix thereby play a critical role in the restructuring of urban and regional governance. Notably, it is this application of conceptualising the state as political strategy and hegemonic project in the concrete case of British context and experiences triggers the need to critically amend and adapt this conceptualisation as well as the strategic relational approach to cope with China’s historical-contextual uniqueness.

After laying out a brief analysis discussing the evolution of London’s urban governance in relation to the adoption and operation of various state institutions with different state selectivities in his 1999 article with MacLeod, Pemberton and Goodwin (2012) later wrote another unpublished paper, which more specifically and fully explores the changing governance of London in terms of the politics of state rescaling, scale periodization and political strategy. In resonating with Brenner’s (2009) call for a greater focus on the periodization of state rescaling, Pemberton and Goodwin (2012) demonstrated how London’s successive governance modes were connected to a set of political strategies, showing how successive central governments have institutional and rescaling arrangements to secure the realisation of primary and prior national party objectives and state strategies. Whilst the essential property of state strategy in each successive periodization of state rescaling is roughly invariant in abstract terms, that is, building a particular

hegemonic state form that privileges some actors, groups and accumulation strategies over others, it is, however, argued that it is the very methodology of periodization and its entailed analytical approach, which gives rise to the necessity of restructuring the conceptualisation of viewing the state as political strategy to making this conceptualisation and the related 'strategic relational approach' to be analytically compatible and plausible with China's concrete-complex situations.

Based on the consideration of having a multidimensional perspective that can grasp the polymorphic manifestations and nature of sociospatial relations under the 'TPSN' approach, this leads to the advocacy of identifying and explaining the politics of 'place' in terms of state practices, which is behind both the rescaling processes of state governance and their implications for structures/networks of governance (Cox, 2009). And in Brenner's (2009) terms, this turns out to be a focus on the periodization of state activity, which illustrates the underlying processes and actual consequences of the different phases of state rescaling, and, as Pemberton and Goodwin (2012: 4) observed, differentiates 'rescaling effects from other dimensions of state spatial restructuring as well as considering the influence of a variety of factors – including state spatial strategies, political territorial alliances and social forces – on the evolving sites, objects and means of governance emerging at particular scales and working through particular networks'.

The analytical objective of Pemberton and Goodwin (2012) in the case study of London's changing political and economic governance over the last 50 years has been plausibly achieved through articulating the connections between trajectories of state rescaling practices and a set of political strategies. It is, however, argued that the analytical strength of their periodization approach is premised on a set of assumptions in relation to state regime and the foundation of political legitimacy, which cannot be taken for granted to be sustainable in the context of China. For example, one essential assumption lies in that the state is acting as the generator of political strategies. While this assumption may *prima facie* be sustained in both China and Britain, there is indeed a radical difference in concrete terms underlying

this assumption; and it may arguably distort to a severe extent any derivations of this assumption.

This difference lies in the question that, upon what political foundation the legitimacy of a national state's political strategies and hegemonic projects is justified and premised. Central governments in Britain usually derive their power to justify and undertake state strategies from the result of a general election. The construction and implementation of state strategies in Britain thus do not interfere with the central government's political legitimacy at least during its term of office.

China's somewhat authoritarian political regime, however, presents a radically different situation. In general terms, whilst there exists the system of change in office, the CPC, as the sole ruling party in China, has during the economic reform premised its regime legitimacy, for more than three decades, largely on its performance in terms of constructing and implementing growth-oriented institutions, strategies and policies. In other words, rather than having gained legitimacy before laying out state strategy, the party/state of China was making the hegemonic project of focusing on economic growth and its entailed state strategies as the indispensable means for their political legitimation and crisis management.

Suffice it to say here that this difference triggers the necessity of paying more attention to the actual objectives, properties, and operational logics underlying China's growth-oriented state ideology and its entailed state strategies in order to secure a precise, comprehensive understanding of the supra logics, by and to which regional development is shaped and subject. This would thus be elaborated in detail in the next chapter.

Another key assumption in the case study of Pemberton and Goodwin (2012) is one which resonates with Jessop's (1990) assertion that whilst the state can be the generator of state strategies, it can never be the absolute guarantor. As Jessop (1990: 261) clearly observes, the 'structure and *modus operandi* of the state system can be understood in terms of their production in and through past political strategies and struggles'. This is, *inter alia*, indicative of the key reason that prevents the state from being an absolute

guarantor of the constructions and operations of its institutions, policies, and strategies.

Putting this into the concrete context of Britain, it may, for example, refer to that the change of office, which results in a new government possessing no proper institutional arrangements that are suitable and compatible with implementing its new state strategies; and many strategies and policies are being conducted subject to various path-dependencies. In MacLeod and Goodwin's words (1999: 517), 'the present state form is partly the product of past strategies or, more accurately, the product of the interaction between past patterns of strategic selectivity and the strategies currently adopted for their transformation'.

If we place the above assumption in terms of institutional path-dependency into China's concrete situation, it surely sustains; yet its manifestations in practice have, arguably, proved to be much more complicated as to the incompatibility between the change of office and state strategy and the existing institutional structures. Suffice it to say here that the reverse of China's dominant state ideology shifting from Marx-Leninism and Maoism to the growth-oriented ideology, on the one hand, justified, from the very top, a substantial restructuring of state institutions, of which the strategic functions and structural presences had been ineffective in and/or incompatible with promoting the normative value of economic growth. And, on the other hand, it authorised, also in a top-down fashion, a great deal of path-shaping powers and actions, which were, at least in nominal terms, serving to realise the growth-oriented state ideology through various institutions, strategies, and policies. In other words, under China's single ruling party authoritarian regime, the growth-oriented state ideology has, *prima facie*, enabled the governance and growth of urban/regional development to be less subject to the influence of institutional path-dependency. Yet, this does not mean that the state in the context of China can be the guarantor of state strategies. On the contrary, if taking a broader integral perspective to view China's economic reform and development, it is argued that, whilst the same growth objective and similar state institutional arrangements formed at regional/urban scales under the growth-oriented state ideology, have established many sets of relative

structural coherence, which are sustaining the so-called 'China Model', such relative structural coherence has itself become an unsustainable, powerful path-dependency to tackling the high costs of achieving this structural coherence (for example: increasing regional uneven development and social discontentment), and, to transforming the so-called 'China Model' into an environmentally more sustainable, socially more just, and politically more democratic development regime.

Chapter Three: Methodology

3.1 General description of the methodology of this research

This chapter mainly aims to lay out and decipher some methodological approaches and issues in relation to this research. As noted in Chapter 2, MacLeod and Goodwin (1999) expressly maintained that the attempt to integrate macro-theories of the state into policy network approaches may fail because of ontological and methodological incompatibilities between these theories and approaches. Though there is a danger that this research also encounters such incompatibilities in constructing its analytical framework for studying and understanding state actors at different scales, it is argued that this methodological incompatibility is to some extent overcome by the adoption of a multi-layered framework, in which different research methods can be embedded. It is also less of a danger in the context of China, where national level policies are more closely connected to actual behaviour in a variety of concrete structures.

Generally speaking, the composition of the methodological framework is like a funnel-form hierarchy. The empirical reflection of each layer/scale of this hierarchy involves different types of methods. It is under this funnel-form framework that those essential actions and interactions of the ideological, institutional and industrial objects of this research at different layers/scales are to be analysed with reference to academic discourses, and be reflected by the outcomes of the fieldwork. Within this funnel-form hierarchical framework, we can therefore accommodate a bottom-up approach that contrasts with, and is complementary to, a top-down theoretical analysis.

This at first allows a methodologically feasible fieldwork, which starts at the lower scales and grasps regional-specific concrete issues, for there exist great barriers and risks in accessing primary data at higher scales in the context of China. The bottom-up approach helps to reflect and articulate the outcomes of the empirical studies in a way that sees them as causally traceable as well as analytically derivable primary data, which can be related to the theoretical assumptions made in this research. A general, brief

illustration of this funnel-form, methodological framework is presented as follows:

	Research Objects	Adopted Methodology
Meta-Level	Dominant state ideologies	Documentation-based analyses on: 1. top political judgements and statements, 2. national strategies and policies.
Macro-Level	Relevant institutional expressions and practices at the central scale	Documentation-based analysis on: 1. policy papers and issues of the central scale, 2. national institutional expressions and practices in relation to regional development of Jiangsu province.
Meso-Level	Key institutions and growth patterns in Jiangsu province, and in Nantong city and Changzhou city	1. Documentation-based analysis on regional/local policies and institutions, 2. Interviews with local state officials and businessmen.
Micro-Level	Leading growth engines and events underlying the regional uneven	1. Documentation-based analysis on regional/local policies

	development between the south and the north of Jiangsu province	and institutions. 2. Interviews with local state officials and local businessmen.
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In more specific terms, regarding the methods for each level respectively, it is first proposed that most meta- and macro-level issues will be dealt with in Chapter 4 through a series of critical analyses and articulations of top political judgements and statements, national strategies and policy papers, and institutions at the national scale or with national applicability. It is impossible to personally access national leaders for interviews. It is therefore more valuable in analytical terms to extract from published political statements and policies papers essential information and views that may inspire and infer reasonable or arguable ideas and propositions. Because of China's unique authoritarian regime, top leaders such as Mao and Deng's works and words are given particular attention and prominence, as their orders and opinions can on most occasions shape the basic path of development for the country, and also take priority on most policies or even constitutional rules in practice. In other words, we can reasonably recognise their core ideas as important parts of China's state ideology. In addition to Mao and Deng's political decisions, central policy papers such as the Five-Year Development Plans for National Economy, Notices issued by the State Council and different Ministries, and the CPC resolution papers are also of significance to this research. These policy papers reflect various crucial state institutional practices and expressions that shaped or affected regional (uneven) development in China. Most of these policy papers are available on line through accessing the official websites of central government and ministries.

Regarding the meso- and micro-level of this framework, most of the primary fieldwork of this research took place at these levels. In order to obtain some primary data from those who personally experienced or are currently in charge of the issues which I wish to address, I thus conducted a series of interviews and some group seminars with:

1. local state officials working in the relevant departments, committees, and offices of the provincial government of Jiangsu, the municipal governments of Changzhou and Nantong, the district government of Wujin, and the county government of Haian;
2. managers working in state-owned enterprises in Changzhou and Nantong city;
3. managers and staff of powerful local stakeholders such as large private companies and local professionals in Changzhou and Nantong city.

Notably, some group seminars were held by Nantong municipal government and Haian county government, thanks to the kindness of the local head officials. These seminars were participated in by local officials who are in charge of different departments, including, for example, the local government office, the local Commission of Reform and Development, and the local Merchant Bureau. It is quite rare for a local government in China to hold such seminars for a student. I grasped this chance, obtaining much valuable information through communicating with different local head officials and learning their official views and elaborations on regional uneven development at large and local development in particular. These seminars were based on particular themes, and usually lasted for two to three hours. For example, the first group seminar held by Nantong municipal government mainly concerned the roles of Nantong government in promoting local development in recent years and the major local growth engines/sectors. The first group seminar held by Haian county government was mainly concerned with local development zones in Haian and the local sociospatial rescaling.

The interviews were conducted in a semi-structured way, and the notes made during the interviews were translated into English. The transcripts were then used to identify major themes and issues, and these were then woven together with policy and documentary material. The interviews usually started with a set of prepared questions, the contents of which varied according to the aim of the interview and the position of the interviewee. For example, in interviewing Mr. Y who is a state official in the Labour Bureau of Wujin, the questions I prepared were primarily about migrant labourers in Wujin district. And, in talking with Mr. S who is a former head official of the Planning Bureau

of Wujing district, my questions were mainly concerned with local planning and development. In addition to local state officials, I also interviewed businessmen and other professionals. For example, I interviewed Ms. J who is a senior journalist working in Jiangsu Broadcasting (the official provincial broadcasting). As Ms. J specialises in reporting the real estate industry and markets in Jiangsu province, our conversation mainly focused on the state-led urbanisation process in Jiangsu during the third stage of economic reform.

In addition, as this research is in some respects adoptive of the TPSN method, it must be pointed out that the actual practice of my fieldwork has also been shaped in accordance with this orientation. In more specific terms, while the general research object refers to regional uneven development in Jiangsu province, the term 'regional development' refers to different outcomes during different stages of China's economic reform, and to different local growth patterns and engines, which were also operating at different scales and in different places. Accordingly, the methodological practice of this research also recognises the parameters of scale, place, and network. For instance, my interviews with local state officials and businessmen were conducted at township-, county-, and municipal-scales respectively. Interviews at different scales involved discussions of different core topics, subject to the specific roles and experiences of the interviewees. At township-scale, conversations focused more on TVEs' development whereas at county- or above scales, issues regarding various local development zones were emphasized. And, at municipal- and provincial-scales, particular attention was given to state-led, urbanisation-driven growth.

Similar strategies were also adopted with respect to different interviewees in the south and north of Jiangsu. But it must be clarified that while such methodological calibrating owed much to theoretical analyses and deductions before the fieldwork, it was by no means achieved at the outset. Rather, three rounds of fieldwork were conducted during the last three years (one was in the summer of 2012, and the other two were in the summer of 2013, and in the winter of 2014 respectively). It was this progression, with the data being gathered in a dynamic fashion, that shaped the forms and contents of interview and seminar questions. In essence, each round of fieldwork

added further interviewees, until I felt I could reflect and grasp the processes of uneven regional development.

It is also worth noting that apart from the interviews and group seminars, this research also benefited from my previous experience of serving as the senior manager of Shanghai People Enterprise (Group) Ltd. (a top 500 Chinese company). I was involved in a large number of inward investment invitation campaigns, communicating and negotiating with local governments which attempted to invite the company to establish manufacturing bases in their localities. These local governments included, *inter alia*, Gangzha district government of Nantong city, Xuzhou municipal government, Huangshi municipal government, Haierbin municipal government, Panan county government of Jinhua city, Panshi county government of Jilin city, Wenling county government of Taizhou city, Dandong municipal government, and so on. These experiences provided me with a concrete understanding of how a development zone-driven growth pattern was operated by local governments with respect to a set of key aspects of inward investment campaigns, inter-locality competitions as well as the actual practices of enterprises in development zones.

3.2 Issues of methodological feasibility in the particular context of China

The party-state bureaucracy of China always exerts strong and extensive controls over information regulation and security, based on ideological and practical considerations. Therefore, any access to China's state officials will usually be declined as most state officials are uncertain about whether their discussion with civilians, in particular, researchers with foreign backgrounds can be ratified by their superiors, and it may result in a negative impact on their careers. Pursuant to the 'Confidential notes for Party and Government Functionaries' published in 2009, the provision of government information and official data to external individuals/entities must be ratified by the relevant state institutions, and such provisions shall only be made by state institutions rather than by individual functionaries. In a word, there are a series of legislations and policies, which tightly regulate data provision by state institutions and functionaries.

These policies and regulations, not surprisingly, caused me many difficulties in conducting interviews and discussions with local state officials. Fortunately, as one of the most socioeconomically developed provinces in China, Jiangsu has built up a relatively open and plural atmosphere. However, certain connections were necessary for securing smooth access to state officials and information. Changzhou city is my hometown, and my experience of being the national champion in a competition of Chinese studies held by the China Central Television (the national broadcasting of China) also contributed to my access to local state institutions and functionaries, as my name was well known and trusted.

My fieldwork in Nantong city was also facilitated by my personal connections with the Executive Vice-Mayor of Nantong, for whom I had served as a personal interpreter. It is impossible to obtain any key information from the local governments of Nantong and Haiyan without ratification by high-ranking local officials.

A key issue must be pointed out here in relation to the interviews. Because of the high political sensitivity of expressing views and observations, most state officials and functionaries I interviewed did not wish to be recorded according to the 'Confidential notes for Party and Government Functionaries'. Accordingly, full notes were taken, and most of the expressions and views made by interviewee officials were not recorded, as such recording would have breached the relevant regulations of state security. As noted before, Ms. Gao Yu, a famous Chinese journalist, has very recently been arrested for leaking state secret documents to overseas websites¹⁸. This meant I had to proceed using my own notes rather than full transcript, but I caught the main thoughts and key opinions of each interviewee, and managed to identify a set of themes and issues stemming from each interview.

While most state officials are not allowed to disclose politically and ethically sensitive information, topics and issues such as corruption and insider dealing are not part of my research objectives, and thus do not affect my research outcomes. For example, if one local head official assigns an infrastructure project to a related person without complying with the proper

¹⁸ See: BBC News on May 8th, 2014: <http://www.bbc.co.uk/news/world-asia-china-27321241> (Accessed on May, 14th, 2014)

bidding procedure, there can be corruption problems involved in terms of a bribe. But this does not affect local development in a strict sense because no matter which company conducts this project, similar GDP and employment contribution will be achieved, and the project will be done in accordance with the local growth pattern. Thus, those state officials whom I had interviewed generally placed with no constraints on the conversations they had with me, and those issues, with which they are not allowed to touch, do not necessarily impact the data I collected.

In addition, most state officials will release their full name, and some wish complete anonymity. Those state officials who were prepared to be identified by their positions were as follows:

Mr. A is a chief manager of a large chemical factory.

Mr. D is the current Mayor of Haian county.

Ms. C is a chief officer in the Municipal Bureau of SMEs of Nantong

Mr. D is the current Mayor of Haian county.

Mr. G is the former leading official of Changzhou high-tech zone.

Mr. J is a state official in the Office of Provincial Government of Jiangsu.

Mr. L is a head state official of the Municipal Office of Nantong city.

Ms. M is a state official in the Office of Wujin district government.

Mr. S is a former head officer of the Planning Bureau of Wujin district.

Mr. T, a head state official of Jiaze village of Wujin district.

Mr. U is the Director of Haian County Office.

Mr. X is the director-general of Haian government office.

Mr. W is a state official at the Administration for Industry and Commerce of Wujin district of Changzhou city.

Mr. Y is a state official in the Labour Bureau of Wujin

Mr. Z is the director-general of Haian Development and Reform Committee.

A further 11 state officials were interviewed but did not want to be identified even by their position, because of political considerations

. In addition to local state officials, local businessmen and professionals were also interviewed during the fieldwork. Those willing to be identified by position were:

Mr. is a chief manager of a large chemical factory in Nantong city.

Mr. Dai is local entrepreneur in Wujin district.

Mr. G is a senior local entrepreneur in Changzhou city.

Ms. J is a senior journalist in the provincial broadcasting company of Jiangsu.

Mr. L is a senior architect in Changzhou city.

Ms. S is a vice-president of the Shanghai People's Enterprise Group.

Mr. Yuan is a local entrepreneur of ironwork in Wujin district.

Mr. Z is a senior manager in an IT company in Changzhou city.

Indeed, I also interviewed a further 19 businessmen and professional who wished to remain completely anonymous.

Despite the obvious difficulties of conducting fieldwork in very sensitive political conditions, I was able to acquire a set of primary data which gave me firm insights into the processes of uneven regional development in Jiangsu. When coupled with the policy documents and political announcements at a national scale, I was able to build a strong picture of the way that national level policies were implemented within Jiangsu Province.

Chapter Four: Towards a contextual framework: utilitarianism, pragmatism and China's state ideology

This chapter serves to articulate and decipher some supra-logics and hegemonic projects of China's economic reform to provide the context for an understanding of the evolving regional unevenness in China. This chapter consists of two parts. The first takes a historical-abstract overview, glancing at the political philosophies and forces underlying how the 'reign of virtue' characterised by the Cultural Revolution was reversed and replaced by the growth-oriented state ideology. It is argued that, as the guiding logics of the pre- and post-reform state ideologies are highly contradictory but institutionally tangled in path-dependent terms, a brief glance at this fundamental transition of state ideology helps outline some significant ideological and institutional incentives and constraints. It is then argued that, unlike the conventional alteration of political strategies and institutions, which does not change the basic property and pattern of state ideology and regime legitimacy, China's economic reform was triggered by a thorough alteration of its dominant state ideology, which politically reconstituted the regime legitimacy. This in turn resulted in a substantial number of modifications to the aim, function, and structure of state institutions at various scales. It is in this sense proposed that China's economic reform is indeed guided by and serves the pragmatic consideration of how to restore and strengthen the authorities and functions of the party/state of the CPC, which had been severely vitiated by the Cultural Revolution.

The second part of this chapter lays out a set of articulations, which outline and decipher the two core ideas of China's growth-oriented state ideology, namely, utilitarianism and pragmatism, which both exhibit unique Chinese characteristics. The significance of utilitarianism and pragmatism to regional uneven development in China has three dimensions. First, they provided the core philosophical rationales for envisioning and forming general developmental guidelines and strategies at national scales. Second, they also constituted the key ideological and political foundations and justifications for various institutional expressions/practices at different scales. Third, they

shaped and mobilised public recognitions and individual/collective behaviours in accordance with and towards the growth orientation in order to promote growth and governance simultaneously. Notably, it is proposed that the institutional practices of both utilitarianism and pragmatism revealed prominent spatial and temporal elements and effects at different scales and during different periods. Thus, apart from political and philosophical analyses, the articulations of time-space relations in socioeconomic systems and developments are also of importance to the critical readings of China's utilitarianism and pragmatism. In addition, the analyses and articulations of the two ideas are to be, though not in a highly precise fashion, embedded within a three-stage panorama that reflects not only the evolution and transition of China's economic reform as a whole, but also those hegemonic growth patterns/engines of regional development during respective different periods. In brief, China's economic reform since the late 1970s can be divided into three stages, those are, the first stage (the late 1970s – the earlier 1990s), the second stage (the mid-1990s – the earlier 2000s), and the third stage (the earlier 2000s – 2013).

4.1 From Mao's general will to Deng's growth-oriented state ideology

The starting point lies in the assumption that the dominant state ideology underlying China's economic reform since the late 1970s was derived from, and shaped by, a re-balance between Mao's reign of social virtue, and Deng's growth-oriented regime. This re-balance has profoundly directed, steered and shaped, though by no means in a straight-line fashion, China's growth and its sociospatial relations and processes at a variety of scales during the last three decades.

Obviously, the growth-oriented state ideology does not come into being from a vacuum or by a sudden inspiration. And, it is argued that this state ideology, in the particular context of China, bears relatively far less systematic guidance and localised theoretical legitimacy compared with conventional Marxism-Leninism and Maosim. But, rather than being merely a coincidental result of power struggles, the emergence of this state ideology profoundly

reflects a long and persistent conflict of ideas and values, and the choice made by China under the impacts of various external dynamics.

If we first take a long-term perspective exclusive of any external influences to look into the inception of the growth-oriented state ideology in China, it is arguably conspicuously incompatible with the previous state ideology. Such incompatibility is mainly expressed through a sharp turn from focusing on abstract social virtues to stressing the paramount importance of developing the economy and science. Though balancing the conflict between economic efficiency and social justice has been quite common a practice in many modern developed countries, the key political-ideological turn in China is particularly noteworthy because of its thoroughness and persistency¹⁹.

Contrary to conventional alterations of party policy strategies and institutions, which do not involve changes to the fundamental nature and pattern of state ideology and regime legitimacy, China's economic reform was triggered by a thorough alteration of its dominant state ideology, which substantially reconstituted the regime legitimacy. It is thus argued that the alteration of, and the conflicts between, the state ideologies of different administrations and reigns constituted and provided the context for all other essential institutional factors and parameters at various scales.

If looking more specifically into the key differences in the theoretical root and political assertion between Mao's reign of social virtue and the growth-oriented state ideology, two questions deserve particular attention. These are: what constitutes the origin and essence of the regime legitimacy purported by Mao's reign of social virtue, and who could constitute the social and political bearer of such legitimacy. These two questions will hence be addressed in order to decipher Mao's reign of social virtue.

¹⁹ Regarding the character of thoroughness, it is argued that the founding of the growth-oriented state ideology amounts to a thorough decline in the reign of virtue, the ascendancy of which was largely based on collective social virtue, and sustained by the moral, ethical progress of the society. In more specific terms, the state ideology during the period of China's Cultural Revolution (1966-1976) was characterised by a subordinacy of technico-economic developments and institutions to the social-ethic progress of embodying and bearing the so-called 'general will'. The growth-oriented ideology repudiates this subordinacy and meanwhile introduces a thoroughly reversed subordinacy, which makes growth the highest imperative prior to all other values. And, it is helpful to clarify here that the thoroughness of the ideological turn does not mean that China's economic reform signifies a thorough transition from socialism to capitalism, and the persistency does not indicate that the social and economic institutional embodiments of the growth-oriented ideology have persisted in similar forms since the inception of the economic reform.

4.1.1 The theoretical origin and political nature of Mao's reign of social virtue

The pre-economic reform period of China, in particular, the so-called ten years of Cultural Revolution, as Benjamin Schwartz (1968, 1978) profoundly observed, was characterised by the reign of virtue, of which the regime legitimacy revealed a strong moral orientation, and was premised on the constitution and embodiment of a general will in a Rousseauist sense subject to both the Marxist-Leninist theory and the Maoist ideas. Generally speaking, the notion of 'general will' in a Rousseauist sense refers to an ontological moral entity consisting of a set of abstract integral principles and qualities. This 'general will' allegedly transcends the accumulated sum of 'particular wills'. This implies a transition of quality in a teleological sense, as the 'general will' should reflect a societal moral orientation, and only serves public and collective interests whereas 'particular wills' appeal to personal or private benefits, and the sum of which still serves the same end²⁰.

According to Rousseau, the general will bears certain inherent moral qualities of subordinating the private and the individual to the public and the collective, and a strong emphasis on -- contrary to his contemporaries Diderot and Voltaire -- a society's moral progress prior to the progress of arts and sciences. In contemplating the question of how to realise the general will, Rousseau refuted the possibility that individuals may self-realise the potentiality of virtue, concluding that 'the individual can realise his moral potential only by submerging himself in that larger moral entity, the people' (Schwartz, 1968: 9). This conclusion seems to give prominence to the entity of the state, since it is only the state that can play the role of politically and socially establishing and sustaining the general will through universally internalising it in its own people. This rudimentary and ambiguous solution proposed by Rousseau as to the realization of the general will was later accomplished and developed by others in theory and in practice.

The effort made by Robespierre in the French Revolution constituted an initial attempt to realize Rousseau's general will within the framework of a modern nation state (Schwartz, 1968). In contrast to Rousseau's idea that

²⁰ It is worth at this stage making an early note that the sum of 'particular will' presents a key respect of the utilitarianism, which constitutes a vital characteristic of the growth-oriented ideology.

only an abstract integral complex of people that transcends the quantitative sum of citizens can be the bearer of the general will, Robespierre himself became the founder and bearer of the general will through acting as both a 'legislator' and a 'magistrate', as he realised that it was practically inapplicable to comply with and follow Rousseau's distinction between the legislative and the executive when he attempted to enact good laws, and to eliminate old orders simultaneously.

The failure by Robespierre as well as by the French Revolution to establish a reign of virtue through realising Rousseau's general will, was subsequently reflected by Marx who integrated Rousseau's idea into his own theories by asserting that the task of embodying and bearing the general will was destined to be undertaken by a specific class, namely, the well-known industrial proletariat. As Marx (1934: 166) asserted, 'It is only in the name of the general rights of society that a class society can claim general supremacy'. It is worth noting that, whilst asserting the importance of embodying the general will, Marx did not endow the general will with any particular metaphysical political transcendency or practical function. Not surprisingly, having regard to his historical materialism orientation, Marx conceived that the dynamic force of history, together with the inherent deficiency of the capitalist mode of production, would inevitably enable the proletariat to realize and sustain the general will, and also achieve prosperous technico-economic and cultural development. Marx, in constructing his ideal society, did not lay out a clear inclination as to whether moral or technico-economic progress should take priority in constituting and sustaining the regime legitimacy of a state. Instead, as Schwartz (1968: 11) suggested, Marx 'fuses together... in an unstable complex the concepts of technico-economic and moral progress'.

Whilst Marx's vision as to the realization of the general will may have proved to be inapplicable or at the very least sluggish in practice, his assertion that it is the proletariat that is destined to embody and bear the general will was later politically reorganised and facilitated by Lenin. Pursuant to Lenin, a highly organised party institution on behalf of the interest of the proletariat as well as the general public should be the bearer of the general will. Although

Lenin's idea of using organisational efficacy to realise the general will did work in practice, it is argued that it was still the party leader rather than the party as a whole that worked to embody the general will. This was caused by his emphasis on the professionalism and organisational efficacy without paying much attention to how to build proletarian virtues and a party's institutional charisma. And, for Stalin, the major task of 'building of socialism' had naturally led him to emphasis the 'social engineering aspect of the party function rather than its moral virtues' (Schwartz, 1968, p. 13). In other words, both Lenin and Stalin, while nominally declaring that their legitimacy was derived from the party, which as a whole embodied the proletarian general will, had failed, or simply did not intend to enable the party institution or other collective entities to bear and embody the general will²¹.

4.1.2 The implications of the reign of virtue to the regime legitimacy of the CPC

After briefly glancing at the theoretical evolution and the practical experiment of the general will, if we shift our attention back to the situation in China during the Cultural Revolution period, the attempts of achieving a reign of virtue and embodying the general will had arguably led to an ever more complicated phase that involved most of the previous problematic issues besetting the realisation of the general will. In order to clarify the mist clouding the socio-political progress and the ideological essence of the time, we need to trace back the two questions with a critical reference to the conception and practice of the general will. In other words: what constitutes the origin and essence of the regime legitimacy purported by Mao's reign of social virtue, and who could constitute the social and political bearer of such legitimacy.

Regarding the first question, the regime legitimacy of the People's Republic of China (PRC) since its founding in 1949, had no doubt been premised on a series of practical performances in terms of achieving concrete

²¹ A strong justification in a pragmatic sense may seem to be applicable, particularly to Lenin, with respect to the problematic relationship between the leader and the party. This refers to the external pressures to the survival of the party and, later, to the state ruled by the party. The priority of sustaining the party and the state left little space to build a reign of virtue through the realization of the general will. This point goes, however, beyond the topic of the present research.

state unification and national independence, and restoring through the Korea War Chinese national dignity, which had been continuously and fatally damaged, from the view of China's general public, since the First Opium War in 1840.

All these achievements endowed the CPC (Communist Party of China), as the ruling party of the country, with some sort of unchallengeable regime legitimacy. The strength of such achievement legitimacy largely derives from the social recognition of China's conventional pattern of dynasty reign alternation²². Indeed, this achievement legitimacy still constitutes a key pillar underpinning China's current regime. While the conventional public recognition truly supported the existence of such legitimacy, the CPC reign encountered the problem that this achievement legitimacy was to some extent incompatible with the socialist state framework and the conventional Marxist-Leninist ideology. The CPC, as the representative of the proletariat, and of the general public, realized that it ought to find some other legitimacy bases to persistently renew and sustain its political regime in the absence of any concrete democratic elections. In spite of the great efforts of seeking economic growth as complementary legitimation throughout the 1950s, those attempts suffered severe setbacks, partly because of the unrealistic aggressive state policies, and partly due to enduring natural disasters. In short, during the decade prior to the Cultural Revolution, the attempt to strengthen the CPC's regime legitimacy through achieving better economic performance and living standards to a large extent failed.

As Montesquieu observed²³, 'In the birth of societies, it is the chiefs of the republics who frame the institutions, and afterwards it is the institutions which mould the chiefs of the republics'. But, the situation in PRC was somewhat different. The leader who at the outset produced the institutions was holding ideological ascendance and political powers that can effectively reproduce again the institutions. This leader refers, of course, to Mao Zedong, known as Chairman Mao.

²² The legitimacy of most Chinese dynasties in history was established through achievements in terms of unifying the country and scattered local authorities, and more often than not expelling foreign invaders.

²³ See: J. Rousseau, (1998), 'The Social Contract', Ware, Wordsworth Editions Limited, p. 40

It is not difficult to see a clear persistence of emphasising the prior importance of class struggle in Mao's ideas throughout his life. Within China's socialist state framework, this emphasis on class struggle was ideologically and institutionally expressed as the so-called 'dictatorship of the proletariat'. And, it was through this dictatorship of the proletariat that Mao formed his own view as to the realisation of the general will, which was different to Marx who linked the revolutionary role of the industrial proletariat with the impersonal force of history and production, and to Lenin and Stalin who stressed the efficacy and expertise of proletariat party institutions. Mao gave a series of popularised interpretations to the method of embodying and bearing the general will, and saw the task of embodying and bearing of the general will as a requisite virtue, which should be possessed by the CPC. The qualities and capacities of such virtue refer to, for instance, Mao's famous dictum of 'serving the people with heart and soul'²⁴.

There was less doubt that during the long period of time before the Cultural Revolution, Mao was quite certain that the CPC institutions were morally qualified to embody and bear his own version of the general will. But when China's growth had suffered a series of institutional and natural difficulties, Mao surprisingly realized that the CPC itself seemed to have manifested a strong tendency of alienation that was, in Mao's language, a tendency of taking the Capitalist path. To Mao, such alienation in the party's ideological orientation had severely transformed the CPC into a party that served, and acted on behalf of, the 'partial interest' in the Rousseauist sense. This could, in Mao's view, inevitably lead to an alteration of the dominant state ideology, and to a corruption or even collapse of the social moral foundation of the general will. The anxiety of Mao arguably led him, in a somewhat uncompromisingly aggressively fashion, to reiterate the role of the general will as the fundamental regime legitimacy, and more severely to re-orientate the social bearer of the general will. In other words, it is argued that Mao seemed to invoke the Cultural Revolution to address the second question noted before, namely, who actually acts as the bearer embodying the regime legitimacy.

²⁴ This dictum was first put forward by Mao in his speech of 'Serving the People' on Sep. 8th, 1944.

Notably, neither Marx nor Lenin had attempted to locate a new bearer, and to enable this new bearer to embody the general will through an enduring aggressive social political movement. Mao's personal cognition had indicated that the CPC had fatally deviated from its key roles and position as the sole bearer for embodying the general will. In reaching this judgment, Mao questioned whether the CPC still possessed the moral qualities and capacities for the interests of the general republic in order to sustain the dictatorship of the proletariat. In other words, Mao saw that the CPC's regime legitimacy should be premised on its moral ascendancy, and all other socioeconomic activities should have been subject to, or subordinate to, this reign of virtue. However, because the CPC had, in both human composition and organisational structure, revealed a strong inclination to the 'Capitalist Path', Mao thus triggered, in Schwartz's terms (1968: 1), 'one of the most arresting aspects of the Great Proletarian Cultural Revolution', namely, the sharp confrontation between Mao and the CPC.

In agitating and encouraging the people, or the so-called revolutionary masses to break down and 'dethrone' the existing state institutions, Mao revealed his primary aim, that is, enabling the revolutionary masses to replace the CPC to embody and bear the general will through an aggressive social-ethical progress, and thus to establish a reign of virtue. This reign of virtue is premised on a dualistic structure consisting of Mao on the top, who acted as the origin of ideological ascendancy that legitimises the institutions to which he consented, and the revolutionary masses on the bottom who should collectively reshape their ideas and actions so as to establish a social container for holding the ideological virtue of the proletariat, which was previously possessed by the CPC institutions (Schwartz, 1968, 1978).

As the progression of the Cultural Revolution severely vitiated the authorities and functions of the CPC institutions, the Mao-Masses structure therefore began to be able to embody and sustain the reign of virtue, which was largely based on ideological legitimation. As Schwartz (1968: 17) observed, by being an active and dynamic moral force consolidated in the service of the nation and public interests, the revolutionary masses were, from Mao's perspective, 'the masses not necessarily as they are but as they ought

to be', and it is in this sense, 'both the nationalist motif of Rousseau and transnational image of Marxism-Leninism are united into one'. And the masses, based on a secular perception, also sanctified Mao as of omnipotence to the development of the state and nation. Arguably, it is upon this bilateral sanctification, the Mao-Masses structure was founded, providing consolidated social forces for sustaining the regime legitimacy of China during the Cultural Revolution²⁵.

All these then lead to a key question that what were the roles and position of the CPC institutions after this dualistic structure of the Cultural Revolution collapsed, and, more importantly, during China's subsequent economic reform. Arguably, the answer to this question in some senses critically deciphers the nature and purpose of China's reversed state ideology, that is, a concentration on economic growth.

In a summary, there are two notable points that can be drawn from the above historical-political analyses of Mao's reign of virtue. First, the political idea and practice of Mao in the Cultural Revolution eventually failed in realising his vision of the general will. And, this failure soon led to the collapse

²⁵ Some further implications of the Cultural Revolution to the late practices of China's economic reform are noteworthy. First, it is argued that although the Cultural Revolution exhibited how a key politician within a set of established institutions profoundly reshaped state ideology and regime legitimacy without resorting to military violence, this is indeed a unique case. Any attempts by an individual to radically repudiate existing institutions, replacing them with new ones that bear new ideological orientation and human composition require that individual to be not only a 'legislator' or a 'magistrate', but also to be a publicly recognised origin of ideological ascendancy that stands above existing institutions, who thus can legitimize any institutions. If putting this requirement in the context of Chinese culture, it may be read as being both an emperor and Confucius. In this sense, Mao is, arguably, rather unique a political individual who happened to possess such transcendent capacities to undertake a radical socio-political experiment for reshaping existing institutions by changing the regime legitimacy and altering the bearer of that legitimacy. This radical socio-political experiment in the name of Cultural Revolution was successfully initiated by Mao, and lasted for ten years until his death. The death of Mao signifies the extinction of the personal incarnation of ideological ascendancy, and implies that no one any more under existing institutions could stand above and radically repudiate or reshape existing dominant institutions. This view seems to be in some ways inconsistent with my previous presumption that the growth-oriented state ideology of China's economic reform constitutes a thorough reverse to the reign of virtue. If no other individual after Mao possesses counterpart ideological ascendancy and political power, how has the thorough alternation of state ideology been achieved? The answer to this question leads to the second implication of the Cultural Revolution. In claiming that no one after Mao stands above existing institutions and can reproduce the institutions, it is argued that the reversed dominant state ideology of 'concentrating on economic development' is, rather than an entirely fresh new deal, in fact an institutional revival to the pre-Cultural Revolution growth pattern, which had already been clearly expressed in the official report of the CPC's 8th Party Congress. The inception of China's economic reform thus served to rebuild some previous state institutions, development strategies and state ideological assertions. It is in this sense that the thorough reverse to the reign of virtue became feasible.

of the ideology-oriented regime legitimation following his death. The political vacuum of dominant state ideology and regime legitimacy then triggered the necessity of having a new state ideology, one that does not exhibit too many rigid political dogmas in order to secure a strong public consensus. And second, the sharp confrontation between Mao and the CPC institutions in the Cultural Revolution had severely undermined the authorities and functions of the latter. It was also a party consensus that whatever reforms²⁶ might be undertaken after the Cultural Revolution should serve to restore and strengthen the CPC's undermined authorities and functions²⁷. This can be exemplified by the constitutional and political imperatives of the 'Four Cardinal Principles'²⁸, which include, as Deng claimed in 1979, upholding the socialist path, upholding the people's democratic dictatorship, upholding the leadership of the CPC, and upholding Marxism-Leninism and Maoism. As Coase and Wang (2012: 75) noted, a dilemma faced by the Chinese government in the early 1980s was 'how to keep the private sector and prevent it from squeezing out the state sector'²⁹. This dilemma indeed reflects the CPC's attitude towards economic reform; that is, economic development shall by no means threaten the CPC's authority and legitimacy.

4.2 The political-philosophical nature of China's growth-oriented state ideology

In scrutinising China's growth-oriented state ideology, on which its recent economic reform is primarily premised, a core proposition is put forward here that there are two core ideas that can be identified with respect to the nature

²⁶ The 1980s witnessed some efforts of undertaking certain democracy-oriented political reforms for legitimation purposes. These attempts were later ceased, and had been severely restrained since the Tiananmen Square incident in 1989.

²⁷ Clarifying this basic aim of the party/state in undertaking economic reforms arguably helps to set aside aspects irrelevant to studying regional uneven development, and makes it possible to grasp from the changing socioeconomic and political complexities the principal forces and the crucial aspects of such forces by which the regional uneven development in question was decisively shaped.

²⁸ The Four Cardinal Principles were first proposed by Deng in 1979, and was later written into the constitution of the PRC in 1982, and into the constitution of the CPC in 1992.

²⁹ As Coase and Wang (2012: 77) note, 'At one point, the Economic Planning Committee of the State Council planned to absorb all township and village enterprises into the state production plan. The plan met strong resistance from Jiangsu and other provinces where the local governments were heavily involved in the development of township and village enterprises, and the proposal was quickly dropped'.

of this state ideology. Those refer to utilitarianism and pragmatism, both of which bear unique Chinese characteristics. It is the complementary combination of these two ideas that has, arguably, constituted the founding pillar as well as the crucial momentum shaping and sustaining the whole progress of China's socioeconomic development during the last three decades. These two ideas will therefore be elaborated in sequence in the context of the three stages of China's economic reform. The basic aim of this section serves to clarify the rationales of China's growth-oriented state ideology in order to delineate and decipher the supra logics, by and to which individual and institutional dynamics were shaped and subject, in the context of the evolving regional uneven development in China, in particular, in Jiangsu province.

4.3 China's utilitarianism and its earlier form of pragmatism in the context of the economic reform

4.3.1 A clarification of certain key points of utilitarianism through contrasting with the 'general will' conception

Regarding the utilitarian nature of China's growth-oriented state ideology, it is helpful to clarify at the outset some crucial notions and implications of utilitarianism through recognising a series of contrasts between the basic advocacies of the 'general will' and those of classical utilitarianism.

Generally speaking, the 'general will' notion possesses an interest orientation that is collective and public in nature. And, more importantly, it implies an abstract, integral and somewhat unitary entity of social value that transcends the accumulated totality of the 'particular will' and 'partial interest'. It is this asserted transcendency over private interests and particular concerns that confers on the bearer of the 'general will' some sort of moral ascendancy and potential political legitimacy.

Classical utilitarianism derives its rationality and legitimacy from the idea that the totality of good in a society consists of coordination and competition between all individuals' particular interests and wills. And, this idea leads to a strong appeal to the realisation of a net balance of

satisfactions between these interests³⁰. Based upon this brief introduction to utilitarianism, two notable points that may sharply be contrasted with the advocacies of the 'general will' may be noticed.

First, unlike the 'general will' which solely focuses on a transcendent entity of public interest, and objects to 'partial interest', utilitarianism, on the contrary, gives great prominence to diversified personal and private interests, advocating that it is naturally as well as socially just for an individual to advance as far as possible his own well-being. It seems that this strong advocacy for private interest and individual right reveals a Lockean standpoint in the political sense as well as a market economy propensity, which are more or less incompatible with the political embodiment of the 'general will', and with the orthodox socialist planned economy accounts.

It can thus be seen that the 'general will' conception pays its attention mainly to public value and national interests, concerning how to enable individuals to realise their potentiality for virtue and then cement these potentialities into an abstract moral substance, whereas utilitarianism is in essence based on sophisticated balancing and calculations of different concrete interests and well-beings without touching too much the ambit of the somewhat metaphysical social ethics. In addition, unlike the 'general will' conception which entails a definitely inclined balance between a specific public end and general personal private interests, classical utilitarianism seems to advocate a sole but ambiguous interest-orientation based on utility value and consequence. This may blur the absolute distinction between public and private interests. In other words, by putting forward a monistic value criterion, utilitarianism makes it possible for its major political institutional expressions to quantify, in a utilitarian fashion, individual and institutional behaviours, and then to institutionally encourage and/or restrict the specific utility values of those behaviours in accordance with the aim of achieving the greatest net balance of social satisfactions.

In achieving this greatest net balance, utilitarian institutions arguably cannot produce an equal and pervasive subordination of private and personal

³⁰ For a detailed discussion of classical utilitarianism, see, e.g. Henry Sidgwick's 'The Methods of Ethics, 7th ed. (London, 1907); Hume's 'A Treatise of Human Nature (1739); Adam Smith's 'A Theory of the Moral Sentiments (1759); and Bentham's 'The Principles of Morals and Legislation (1789).

interests in an equalitarian fashion, but may result in collective partial gains and/or losses over time and space. When such partial gains and losses are embodied in practice over time and space, they may arguably be expressed as regional uneven development.

It must, however, be pointed out that notwithstanding the substantial difference in the basic concerns and ends between the 'general will' conception and classical utilitarianism, both Rousseau³¹ and Sidgwick³² emphasised the role of the major institutions of a society, seeing that the basic orientation and arrangement of a society's major institutions are of significance to achieving the respective aims of the 'general will' conception and utilitarianism.

This consensus on the importance of institutions leads to the second contrast as to the functional orientations of, and the evaluative criteria on, the performance of institutions set forth by, respectively, the 'general will' conception and utilitarianism. In theoretical terms, to Rousseau, a society's major institutions, in particular, the state institutions and his transcendent all-wise 'legislator', are to be the 'moralising agency of human society' (Schwartz, 1968. p. 9) which serves to politically internalise the 'general will' in individuals. Having regard to the public orientation of the 'general will' and the presumed priority of the 'general will' over private concern and partial interest, it reasonably comes to the assumption that state institutions, as a society's moralising agency, may inevitably bend certain private and partial interests to the larger objective of realising the 'general will'. This can collectively and institutionally undermine each individual's welfare in a relatively equalitarian manner. Here we see a tendency inherent in the roles of state institutions to make universal nondistinctive subordination or sacrifice of personal and partial interests. It produces a net balance of societal good based on a public

³¹ Regarding the emphasis by the 'general will' on the role of state institutions, as Rousseau stated in his *Confessions*, 'that everything depended basically on political science, and that no matter how one views the problem every people is just what its government makes it. What form of government is most suited to produce a nation which is virtuous, enlightened and wise—in short, in the highest sense of the word, as perfect as possible?' Quoted from: E. Cassirer (1951, p. 154).

³² As John Rawls observed, the clearest and most accessible formulation of the strict classical doctrine of utilitarianism is made by Henry Sidgwick, according to whom 'society is rightly ordered, and therefore just, when its major institutions are arranged so as to achieve the greatest net balance of satisfaction summed over all the individuals belonging to it'. See J. Rawls (1971), 'A Theory of Justice', the Belknap Press of Harvard University Press, Massachusetts. p. 22

versus private consideration, though with an obvious inclination to the former. In concrete terms, if taking Mao's reign of virtue as an example, it is argued that when the CPC strictly made the society's moralising agency its major role, the CPC may be seen as a series of 'local states', which are socially and politically more even and just, but also simultaneously, economically less efficient, particularly in relation to agriculture and light industry sectors. When the performance of the CPC, from Mao's cognition and judgment, had vitally deviated from its role as a moralising agency and suffered alienation to the socially equalitarian 'local states'³³, Mao thereby initiated aggressive social ethical movements to constrain the functions of, and 'dethrone' the authorities of, the CPC. It is not necessary here to fully discuss to what extent 'local states' and regional development under Mao's reign were more even in the equalitarian sense than those in contemporary China. The key point lies in that major state institutions under the 'general will' imperative tend, though perhaps not intentionally, to subordinate personal and private interests to a moral political end. This thus resulted in a largely even starting point, particularly in terms of individuals' socio-economic systems of desires, for the later evolution of regional uneven development in the economic reform era under the growth-oriented state ideology.

The basic role of major institutions under classical utilitarianism, in abstract terms, is to 'balance satisfactions and dissatisfactions between different individuals' (Rawls, 1971, p. 24) to maximise the net balance of satisfaction. The most notable point here lies in the rationale by which the above assertion is reached. In theoretical terms, as John Rawls (1971) observed, in making itself the most rational conception of justice, classical utilitarianism indeed relies on a presumed extended application of the principles which are at first merely applicable to each individual. In more specific terms, as it is reasonable to suppose that an individual will, according to his rational expectations, advance his interests and fulfil his own systems of desires by calculating and balancing the increases, detriments and risks over time and space to the total good of his well-being, it is, therefore, equally reasonable, pursuant to utilitarianism, for an association of men, namely, a

³³ The notion of 'local states' is explained by S. Duncan and M. Goodwin (1988, p. 30)

society, to construct and advance to the greatest extent its well-being through balancing diversified interests and interest appeals of different members of the society across spatial and temporal horizons, in order to achieve the largest net balance of satisfaction to these interests and interest appeals³⁴. As this presumed social justice based on the net balance of satisfaction should be realised by proper institutional arrangements, major institutions of a society are hence endowed with the task of establishing institutional privileges that are, within defined spatial and temporal boundaries, preferentially selective to certain interest appeals and actions.

After attaining certain basic impressions on utilitarianism and its institutional expressions, we come back to the task of deciphering the political and socioeconomic manifestations of utilitarianism in China's growth-oriented state ideology in relation to regional uneven development across different temporal stages of China's economic reform.

4.3.2 Assimilation between the public and private criteria of rationality during the first stage of the economic reform (the late 1970s – the early 1990s)

As Sen and Williams (1982) pointed out, utilitarianism tends to impersonalise each individual person into a utility bit, and then to merge these utility bits together as one total lump, the process of which serves to deprive individual persons of their identity, separateness and autonomy. While this presumptive indifference to the separateness and identity of individuals and to their personal desires and actions, pursuant to Sen and Williams, to a large extent contributes to the neglect of a person's autonomy and to the lack of interest in a person's integrity, it is argued that when utilitarianism is practiced as a state ideology in a modern society to synchronise and coordinate the criteria of both private actions and public rationality toward one single direction such as

³⁴ It is noted that, in critically interpreting the rationales of classical utilitarianism, John Rawls (1971, pp. 223-224) merely focuses on the temporal balancing between the losses and gains of an individual and a society, and fails to take account of the spatial balancing of satisfactions and dissatisfactions between different persons and thus regions. It is argued that it is, however, by no means difficult to witness the presence and importance of such spatial balancing in practice; and it is thus necessary to make the spatial balancing a crucial parameter in discussing the rationales of classical utilitarianism.

economic growth, this indifference may become a condition that effectively leads to promotion of economic efficiency.

Such coordinated value and action rationalities may become a socio-political consensus, which enables an authoritarian government to liberalise and mobilise a massive number of indifferent utility bits to select and act under certain strategically inscribed institutional selectivities. And, this sort of growth may effectively exert a country's relative comparative advantages both in its domestic circumstances and a global economy, at the expenses of institutionally and socioeconomically displacing and/or deferring the various costs of securing these comparative advantages to other spatiotemporal horizons and/or social classes and groups. It is in this way of cost displacement/deferral that the utilitarian aim of achieving the greatest net balance merits its justification, and also entails the outcome of uneven development.

In more specific terms, the utilitarian condition of impersonalising individual persons into utility bits can give rise to the necessity of politically disseminating and legitimising a dominant, prior criterion of public rationality, and of institutionally liberalising the actions of individuals to the extent that the public and private rationalities can be coordinated to increase the impersonal sum of good or the net balance of satisfactions of all utility bits' interests and desires. And, in viewing such necessity in the context of China's first stage of economic reform, it is argued that the presence of China's constitutional protection to rural property titles and its restrictive institutional arrangements on household movement³⁵ make it difficult for more than 0.8 billion peasants living in rural areas (seen by utilitarianism as utility bits) to be organised and mobilised to migrate to urban areas to become industrial practitioners or labourers for increasing the totality of good in terms of national state economic performance. This lack of motivation largely derives from what Scott

³⁵ For example, the household registration system represents one of China's most controversial but effective barriers to the general public's rights to free movement and equal social welfare. This system, since its implementation in 1958, deeply affected the interests of rural residents by imposing residential restrictions on inter-rural and urban movement in the pre-reform era, and through imposing some relative restriction on migrated labourers' social welfare rights during the reform era. Notably, the present restrictions exerted by the household registration system amount to one of the key conditions to the presence of China's massive number of low-cost labourers, and thus to the feasibility of exerting China's comparative advantages on global markets.

(1977) calls 'subsistence ethics', according to which peasants' action logic is subsistence-oriented rather than interest-oriented, and their motivations are thus shaped by risk-avoidance consideration rather than by profit maximisation. It is argued that it is unlikely to trigger any massive social mobilisation to support economic growth without first securing the aforesaid necessity.

In order to fulfill these requisites, utilitarianism shall be politically ideologised to set forth a prior ascendant criterion of public rationality, the strategic orientation of which can in turn be institutionalised into some corresponding structural selectivities. In the context of China, utilitarianism was adapted and ideologised, in an incremental yet very steady fashion, to define an ascendant criterion of public rationality, namely, economic construction, which not only serves as a legitimation for the state regime and institutional practices, but also liberalises and justifies a great deal of personal actions, which were previously limited or even prevented by the orthodox socialist ideology and the planned economy system, from pursuing personal/private economic interests. Such political liberalisation and justification helped in a top-down fashion to encourage and justify state and non-state institutions, entities and persons to engage in various economic activities that contribute to the state's growth as well as to other public and private interests such as better state financial incomes, more effective and efficient state administration and social control, and higher business profits and personal well-beings. And, they also helped to foster extensive social recognitions and acceptances of the regime legitimation that heavily rests on national economic performance.

In a word, it is argued that the erection of the growth-oriented state ideology amounts to applying 'rule utilitarianism' to the whole society. The conception of rule utilitarianism, as Harsanyi (1982: 41) states, differs from 'act utilitarianism' which means that 'each individual act must be judged directly in terms of the utilitarian criterion', and instead 'rule utilitarianism is the view that the utilitarian criterion must be applied, in the first instance, not to individual acts but rather to the basic general rules governing these acts'. Goodin (1995: 18) argues that as the utilities admitted by utilitarianism are

often produced by coordinated actions of a substantial number of individual agents, the best way of coordinating one's actions with those of others for maximising total utilities in a society is therefore to 'promulgate rules and to adhere to them'. In the context of China's economic reform, the basic general rule, to which the utilitarian criterion may apply, obviously refers to the core issue of 'concentrating on economic construction', which has been reiterated by all the top leaders of China since Deng, and meanwhile widely recognised and accepted by the general public in China. In the general public's view, the growth-oriented state ideology provides them with confidence and some sort of utility indicators, on which they could rely to shape the contents of their actions and to measure the importance of various alternatives.

These social recognitions then widely reshaped the general public's criterion of action, thereby laying out the potential and prospect of fostering, motivating, and mobilising a great number of indifferent utility bits towards certain strategically nominated sociospatial sites, institutional structures and industrial sectors. As Ronald Coase and Ning Wang (2013) assert, China's economic reform would not have been initiated without the change of the political idea in China. Utilitarianism is thus in this regard interpreted in practice into a set of ideologically dominant external preferences, which then institutionally and socioeconomically penetrated and assimilated various personal preferences, and brought all these personal preferences into line with the sole, dominant criterion of public rationality, that is, 'concentrating on economic construction'.

In an abstract view, it is argued that China's political effort of assimilating and coordinating multifarious personal preferences with one external preference in terms of the growth orientation entailed effects that went beyond conventional utilitarianism assertions. Sen (2004) argues that one objection to the utilitarian stance of measuring importance through utility lies in that the importance measure based on an impersonal metric of utility neglects a person's own desirability to the important, valuable ideas or actions assumed by the metric of utility. This objection then raises the troublesome question of to what extent a person's own desirability of something shall be weighted in determining whether something is valuable/important under the

impersonal metric of utility measurement. According to Sen and Williams (1982: 6), if utility is seen as an admission condition of moral importance rather than the measure of importance, there implies a priority of personal preference to external preference, leading to 'a rejection of welfarism, and thus a *fortiori* of utilitarianism'.

Notably, in adopting and applying utilitarianism in its economic reform and political legitimation, not only had China fenced with this troublesome objection, but also it even set aside the more controversial issue as to how utilitarian theories can handle and be sensitive to 'what people want'. As Sen's (2004) argued, three devices in terms of reduction, idealisation, and abstraction, may usually be used for treating desires/preferences. But, the practice of utilitarianism in China did not tangle with any attempts of reducing all interests, ideas, and desires to a specific way of realisation, or of assuming some sort of true or 'perfectly prudent preferences' and seeing them as actual rational choices. Instead, China's utilitarianism exhibits a directionally clear but substantively uncertain growth-orientation. In more specific terms, during the first stage of China's reform, the clarified growth orientation entailed the challenging tasks of liberalising a great deal of potential labourers and regional productivities at local scales, which were depressed by China's conventional planned economy system, and then coupling them with a variety of global strategic resources. The key to fulfilling these tasks no doubt lies in liberalisation. It is in this sense that, under the utilitarian criterion of economic growth, individuals, business entities and state institutions were encouraged and enabled to pursue profit-oriented activities in order to establish sets of primitive and/or transitional industrial structures and sociospatial relations that could contribute to promoting economic growth. The transitional processes of creating these primitive new structures and relations served in effect to reorganise old sociospatial relations, scales, sites and networks in China, and, meanwhile, to bring about a set of new institutional and industrial establishments, which, in turn, laid out the pragmatic foundations for future social mobilisations. But for the liberalisations of institutional restrictions and social productivities and innovations at the first stage, there would not have

been the establishment and accumulation of the primitive foundations, on which regional uneven development could rest and evolve.

However, it must also be noted that notwithstanding such liberalisation, utility bits under the growth-oriented state ideology are, to various degrees, deprived of their valuing autonomies, those are, their capability to choose. In other words, the general public of China was only endowed with the capabilities of dealing with the 'content characteristics'³⁶ of utility-related activities. They were confined at the very beginning of the reform to the realm of growth-related affairs and to the public rationality of utilitarian growth. It is for this reason that China's reform has widely been regarded as conducting economic reform without political democratization. And, there witnessed a trend throughout the economic reform that the capabilities to choose of the general public were indeed more or less circumscribed and undermined in a progressive fashion. As we shall see, this trend corresponds with the trajectory and locus of the evolution of China's major growth patterns and, more importantly, with the evolution of regional uneven development in Jiangsu province.

It is thus proposed that there indeed exists an interactive dialectic relationship between the general direction manifested by China's dominant state ideology and its institutional expressions on the one hand, and the recursive capabilities of utility bits to exercise choice over time and space on the other. This dynamic dialectic reveals certain key structural and strategic dimensions of the evolving regional uneven development in question. It is this dialectical dynamic that makes China's growth-oriented state ideology rather a complicated one in terms of its nature, contents, and effects. Any overlooking of this dialectical dynamic is likely to result in a misreading of the objectives and functions of China's state ideology and institutional practices as well as imprecise explanations of regional uneven development.

Regarding the relevance of this dialectical dynamic to the present discussion, as utility bits under China's utilitarian ideology were to various degrees deprived of their capabilities to choose, it is argued that the growth-oriented state ideology thus acted, at this stage of the reform, as an 'ideal

³⁶ Discussions as to the conception of the 'content characteristics' can be seen in Harsanyi (1982) and Mirrlees (1982).

observer' or an 'impartial sympathetic spectator', which is, according to John Rawls (1999: 163), 'a person who takes up a general perspective' and 'assumes a position where his own interests are not at stake, and he possesses all the requisite information and powers of reasoning', thus being 'equally sympathetic to the desires and satisfactions of everyone affected by the social system'. In glancing at this definition more closely in the particular context of China, the position of the impartial spectator who does not consider his own interests at stake but is sympathetic, from a general perspective, to everyone's desires and satisfactions, may indeed be reminiscent of, and resonates with, some fundamental reign ideas and policies reiterated by the CPC such as Mao's 'serving the people with heart and soul', and the idea of 'representing the fundamental interests of the overwhelming majority of the Chinese people'³⁷. In other words, the CPC, in producing, disseminating and implementing the growth-oriented state ideology, put itself into the position of an ideal observer, thereby advocating the universal applicability of the growth-oriented state ideology to multifarious individual and collective entities, and to the society at large.

As Rawls observed (1999), the impartial spectator definition is different from his two principles of justice theory in the respect that the former makes no theoretical assumptions like his original position and veil of ignorance, but instead, singles out some key value orientations. It seems that it is this very absence of such assumptions that results in Rawls' critique to the utilitarian use of ideal observer. Whilst the use of the ideal observer by China's utilitarianism shared in some ways this problem of lacking sufficient theorem to justify the growth orientation, which was ideally observed by the CPC, some key empirical backgrounds and political considerations had, from both

³⁷ This idea is part of the theory of Three Represents, which was first proposed by Jiang Zeming, the former president of China, and was written into the constitution of the CPC in 2002, and into the constitution of China in 2004. As Jiang reported at the 16th CPC Congress in 2002, 'Our Party must always represent the requirements for developing China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people. These are the inexorable requirements for maintaining and developing socialism, and the logical conclusion our Party has reached through hard exploration and great praxis'.

the general public's and the CPC's perspectives, provided practical justifications³⁸.

Yet, it is noteworthy that, the CPC during the first stage of economic reform could find no precedent or path that they could consult with for changing the existing planned economy system and industrial structures towards a market-oriented system without invoking severe challenges to its reign and legitimacy³⁹. And, the rise of neo-liberalism and other related trends such as liberal urbanism and new regionalism during the 1980s were of relative unfamiliarity to the party/state of China at that time. Thus, the party/state of China, during the late 1970s, the 1980s and most of the 1990s, though upholding an explicit prior value orientation towards economic growth, did not fully pretend to possess all the requisite information and powers of reasoning (an key characteristic of the impartial spectator defined by Rawls (1999)) in practising the growth-oriented state ideology.

This deliberate omission is arguably indicative of a unique feature of China's utilitarian state ideology, that is, to integrate, or balance between, the political effects of a dominant state ideology and the practical feasibility of a pragmatic belief system. According to Giovanni Sartori (1969, cf: Festenstein & Kenny, 2005: 11), 'Pragmatic belief systems are practically-minded and open to revision in the light of experience, where ideological belief systems privilege the authority of theory over practice and are resistant to revision in the light of experience'. In the light of this observation, China's growth-oriented state ideology assumes that, as the masses need guidance, it thus takes the role of directing the masses toward some socioeconomic goals, whilst it does not purport to possess or exhibit any of Sartori's (ibid) complex,

³⁸ It is beyond the scope of this research to fully outline all the practical backgrounds and political considerations that may amount to such justifications. In brief, there are both internal and external factors. Internal factors principally involve, for example, the CPC's political consideration of restoring and strengthening, through economic reforms, its authorities and functions, which were severely undermined during the Cultural Revolution. External factors mainly refer to the changing position of China under the trends of neo-liberalism and economic globalisation. The reestablishment of the diplomatic relationship between China and the US in the late 1970s had thereby enabled China to get into, and embed within the global commodity, industrial, and commercial chains in a relatively rapid pace. And all these contextual and practical considerations to various degrees contributed to the shaping of CPC's ideal observer's view as well as to the initial and the later extensive public recognition and acceptance to the state ideology which revealed a strong inclination to growth-oriented utilitarianism.

³⁹ Indeed, there are views that some economic reform measures conducted by the party/state of China during the 1980s accumulated social discontentment that contributed to the Tiananmen square incident.

'quasi-logical structure'. Put differently, the growth-oriented state ideology is purportedly open to revisions so long as they can help promote economic growth, and do no harm to the CPC's reign. This open stance on the growth-oriented state ideology arguably reflects, and corresponds to, the renowned metaphorical assertion made and upheld by Deng, that is, 'crossing the river by groping the stones'⁴⁰. This metaphorical assertion together with several other famous propositions by Deng, though not constituting an ideology with strict logical structures, or a political theory with scientific hypotheses, amount to the semi-instinctive 'political judgment' which is described by Isaiah Berlin (1996) as an outstanding political capacity of understanding a particular situation in terms of its full uniqueness in a particular place at a particular time, and of grasping the unique combination of characteristics that constitute this particular situation⁴¹.

In concrete terms, the fact that the CPC moved from the position of an ideal observer enabled China's utilitarian state ideology to be experimented with a variety of ways. Certain utility bit groups and individuals inspired by the utilitarian growth-orientation began to recalculate and reselect their tactics and acts towards a growth-orientation, underpinning some exemplar growth patterns, the experiences of which were then rapidly spread to other sociospatial sites. For instance, the starting point of the utilitarian growth in China lies in the so-called 'household contract responsibility system'. Although this institutional innovation at the outset served to dramatically improve the performance of agricultural sectors, the key point here is the eventual acknowledgment of this system by central government⁴² and the rapid

⁴⁰ This renowned assertion was literally addressed in 'Selected Works of Chen Yun' (See, Chen, Y. (1986), 'Selected Works of Chen Yun', vol. 3, p. 279), and had been repeatedly asserted and upheld by Deng Xiaoping in many occasions to reflect his core spirits of China's economic reform, namely, 'emancipating the mind, and seeking truth from the facts' (See, Deng Xiao's speech in the Working Conference of the CCP Central Committee on 1978 Dec 13th).

⁴¹ According to Berlin (1997), political judgment refers to a capacity for integrating the multifarious relevant changing dynamics pragmatically in a single pattern with the purpose of making proper political decisions; and it is thus a special understanding of public life, which 'Bismarck had, or Talleyrand or Franklin Roosevelt', and 'which is conspicuously lacking in men of more purely theoretical genius such as Newton or Einstein or Russell. It is interestingly to note that, resonating with Berlin's observation that Russell lacked the capacity of political judgment for practical states of affairs, Chairman Mao, in his youth in 1920, also criticised Russell's political ideas as 'theoretically reasonable but practically infeasible' after he listened to Russell's speech in China on Oct 26th, 1920.

⁴² Although the household contract responsibility system had been implemented in a few small villages in China in the late 1970s, this system, due to its obvious incompatibility with the orthodox socialist

expansion of this system across the whole country led to the decollectivisation in sociospatial and productive senses of rural areas of China. Such decollectivisation in effect liberalised a substantial amount of peasants from the rigid people's commune production system, thus endowing them with relative capabilities to choose under the utilitarian growth-orientation. These relatively liberalised rural labourers contributed to Coase and Wang's (2012) so-called 'marginal revolutions', which, from their perspective, can be seen as the true force that pushed forward and secured economic reform and growth in China. In the official definition, Coase and Wang's marginal revolutions are read as 'incremental reform', which means experimenting with more radical, market-oriented reforms on non-state sectors without infringing state-owned sectors (Wu & Ma, 2012: 82). From a long-term perspective, the decollectivisation brought about by the household contract responsibility system had not only liberalised rural labourers' capabilities to choose, but also, more importantly, guaranteed a massive amount of labour reserve for the subsequent rural industrialisation and the rise of cities, all of which fostered and shaped regional uneven development in Jiangsu province.

The most prominent outcome of the decollectivisation is that it gave birth to massive numbers of township and village enterprises (TVEs), which acted as both the major employers of industrialised rural labourers and the essential growth engines of non-state economies. As Deng appraised in 1987, 'the rise of township and village enterprises is a totally unexpected success...not only did these enterprises achieve more than 20 per cent annual output value, but they also employed more than 50 per cent of the surplus rural labours and built up many new small towns'⁴³. Whilst being of critical importance to the first stage of the economic reform, the development of TVEs also began to reveal regional unevenness in economic and sociospatial senses⁴⁴.

ideas, was not acknowledged by the central government of China until 1982. Later household contract responsibility system became a legitimate state policy.

⁴³ Deng made this comment in his meeting with Stefan Korosec, member of the Presidium of the Central Committee of the League of Communist of Yugoslavia, on June 12th, 1987. This comment is included in the article—'We Shall Speed up Reform in 'Selected Works of Deng Xiaoping, Vol. 3

⁴⁴ As Coase and Wang (2012: 58) assert, 'the rise of the private sector (in China) followed a marked geographic pattern, which further illustrates the marginal nature of this revolution'.

Notably, the region with the best TVE growth in China is indeed one of the case studies of this research, that is, the south of Jiangsu province. Based on his extensive fieldwork, Fei Xiaotong (1984) summarised the development of TVEs in the south of Jiangsu, proposing the well-known conception of the 'Southern Jiangsu Model'. Since then, this gradually became a role model for the growth of non-state sectors in other regions in China.

The 'Southern Jiangsu Model' in general refers to the local growth pattern, which is mainly driven by TVEs in the rural areas of the three cities in the south of Jiangsu, those are, Suzhou city, Wuxi city and Changzhou city. TVEs in these areas were established with support from local governments at village and township scales, and operated according to market demands. Notwithstanding the local governmental support, most TVEs were by no means state owned. According to the Annual Book of the Chinese Private Economy (1994: 71; 1996: 112), around 83 per cent of TVEs are private enterprises. The private nature of these enterprises has later been structurally affirmed by the shareholding reform and other types of privatisation since the state officially recognised private enterprises in the mid-1990s (Coase and Wang, 2012: 53). The blooming of TVEs in the 1980s and 1990s in the south of Jiangsu, however, revealed sharp sociospatial unevenness. Estimations show that, there were at its peak in Jiangsu about ten thousand TVEs, whose production amounted to four fifth of the provincial agricultural economy, two third of the provincial industrial economy, and contributed to one thirds of the national GDP by 2000. But, only around 10 percent of the TVEs in Jiangsu were in the north, whereas all the rest were in the south (Chinese Territory Resource News, 2012).

It is thus argued that the Southern Jiangsu Model indeed established a set of spatiotemporal fixes in the south with its own spatiotemporal boundaries and relative structural coherence. This relative coherence of the south highlighted the isolation of the north. Yu (2010: 38) observes that, from a social structural perspective, there is an evident fracture in China's social structure, which is reinforced by core groups, and serves to prevent peripheries from accessing core interests. The spatiotemporal fixes of the south also exhibited various institutional and physical obstacles to other

sociospatial sites such as the north of Jiangsu. But, from a utilitarian perspective, the salient growth in a net sum sense achieved by Jiangsu province endowed the emergent regional unevenness with some sort of political justification. In other words, although the marginal revolution in terms of TVE-driven local growth to some extent 'operated outside state control' (Coase and Wang, 2012: 1), the achievement in terms of rapid economic growth attained by the south of Jiangsu realised, as a practical example, what Deng had famously claimed, that is, 'letting some regions and peoples get rich first'⁴⁵.

Although the growth-oriented ideology and its utilitarian tendency liberalised and justified the institutional innovations that brought about TVE-driven growth, it is argued that the regional growth attained by the south, from a utilitarian perspective, is also indicative of a paradigm of developmental unevenness that had later turned out to be a set of path-dependencies, which institutionally constrained potential innovations in the north and industrially undermined the north⁴⁶. And, at the national scale, Coase and Wang (2012) pointed out that the state of China indeed faced a delicate dilemma in its intervention into institutional change. Although state interventions may help facilitate institutional changes and make such changes exemplars for other entities and regions, the authoritative/coercive nature of state actions may also inevitably reduce institutional diversity, which is of essence to future institutional innovation (ibid: 52).

In summarising the above characteristics of China's utilitarian state ideology, it is proposed that at the first stage of its economic reform, China's growth-oriented state ideology mainly served to build a general criterion of public rationality which attempted to formulate a clear direction for socioeconomic values/preferences, while not prescribing and imposing too many specified, rigid restrictions that might impede the promotion of economic efficiency and the maximization of the net balance of total social satisfactions. Notwithstanding the importance of socioeconomic liberalisation, and, of

⁴⁵ This political assertion is widely recognised by both the party/state and the general public in China. And, Deng Xiaoping frequently made it in certain occasions. See, for example, 'Selected Works of Deng Xiaoping', Vol. 2, p. 152; Vol. 3, p. 23; Vol. 3, p. 52. Vol. 3, p. 166. Vol. 3, pp. 277-278; Vol. 3, pp. 373-374

⁴⁶ This point will be extended in **Section 4.3.3**.

coordinating the public and private criteria of values and preferences towards a single utilitarian growth-orientation, it must be pointed out that these alone cannot guarantee and generate a considerable promotion of economic efficiency, neither do they lead to prominent regional uneven development. The continued economic growth and resulting regional unevenness in Jiangsu were caused and sustained by another aspect of the growth-oriented state ideology, acting together with an earlier form of China's pragmatism through their respective but interrelated institutional expressions across relevant spatial horizons. These points will be specifically elaborated in the following section.

4.3.3 Deng's envision of the richness of commonwealth and his trial-and-error strategy (the mid-1990s -- the early-2000s)

The starting point of this section is one of the most popularly discussed objections to utilitarianism, that is, as Goodin (1995: 18, 19) stated, 'utilitarianism can never be implemented in practice because it requires us to engage in impossible interpersonal utility comparisons'. This problem of having interpersonal comparisons in practising utilitarianism was also encountered by China's economic reform. It was at first solved by resorting to the application of a shared highest-order preference, which, according to Rawls (1982), exhibits a typical account of 'interpersonal comparison' in utilitarian tradition. More importantly, the issue of realising effective interpersonal comparisons had, at the first stage of the economic reform, been settled by the essential utilitarian political judgement made by Deng. This refers to, as noted earlier, Deng's vision of 'letting some regions and peoples get rich first, and then bringing along and helping other peoples and regions to eventually arrive at the richness of commonwealth'⁴⁷. As a prominent manifestation of the utilitarian ideology, this political judgement made by Deng became both a general, strategic guideline for later institutional

⁴⁷ Deng Xiaoping had in several occasions during the 1980s put forward this statement, saying this was his persistent view of how to facilitate development toward the richness of commonwealth. It is notable that Deng's political statements, since the late 1970s, always exerted strong authoritative importance to all the key political and socioeconomic affairs in China. As the actual Chinese top power, Deng was used to releasing his crucial decisions through his conversations and opinions in some meetings or surveys. And, the essence of his views would then be officially organised and published by the central government through a series of state policies and strategies.

practices, and a justification for various socioeconomic inequalities and developmental unevenness that emerged during the second and third stages of China's reform.

In general, Deng's political statement raises two crucial implications. First, it reiterates the prior public rationality of concentrating on growth, and emphasises the integrative assimilation between this public rationality and each individuals' interests and actions. That is to say, whilst the chief public actions of the state would serve for the sole rationality and orientation of economic growth, individuals should bring their actions in line with the growth-orientation as all of them are constitutive of both the process and outcome of this political vista. Second, and more importantly, Deng's political assertion explicitly put forward a general, flexible and, speaking critically, ambiguous and politically slippery horizon in both socioeconomic and spatiotemporal terms. It was then within this horizon that the state ideology, state institutions/policies and all developmental practices had been shaped, advanced and justified throughout the reform.

Thanks to his own politically shaped horizon of institutions, Deng made his political assertion, on the one hand, a quasi-state strategy⁴⁸ in Jessop's (1988) sense that guided and justified various institutional expressions, which contributed to rapid but uneven development. On the other hand, this assertion acted as a quasi-'ideological form of justification' in Habermas's (2007: 112) words, which provided state institutions and policies that had shaped developmental unevenness with crucial political legitimacy, which was necessary for securing wide public recognition, and motivating substantial social mobilisation.

In a word, an assumption can be put forward here that, with the proposition of a shared highest-order preference that assimilates public rationality and the actions of the general public, and of relatively clear spatial horizons and an ambiguous temporal horizon for realising this, China's utilitarianism began to, under the judgement of the general architect of

⁴⁸ As Jessop (1988: 159; cf. MacLeod & Goodwin, 1999) articulated, state strategy refers to patterned state intervention which '(a) favors the course of [a particular] accumulation strategy and the flow of material benefits to the requisite social base; and (b) constructs forms of representation that systematically favor the access of the key sectors and social groups to sites of political and economic power'.

China's economic reform⁴⁹, roughly express its spatial preference as a result of assessing the net balance of total social satisfaction. But, notably, such a calculation of the net balance of total satisfaction cannot be theoretically qualified and politically justified as utilitarianism without a temporal horizon, within which the true effects of utilitarian practices can be recursively evaluated. It is in this sense we argue that the spatiotemporal horizon inherent in Deng's words is ambiguous and politically slippery in nature. The temporal horizon sketched by Deng largely rests on a political vision or a promise, the realisation of which is neither specified by 'the theory on the initial stage of socialism'⁵⁰, nor indeed answered by the recent assertion made by Xi Jinping (the new president of China) as to the 'Two One Hundred' objective⁵¹. But, this ambiguity in Deng's theory was at later stages arguably complemented by a much clearer temporal horizon of dominant institutional time, which intensified the practice of utilitarianism in relation to regional (uneven) development in China. This point is fully discussed in **Section 4.4**. Suffice it to say here that the spatial expressions of utilitarianism in China explicitly presumed regional uneven development.

Notwithstanding Deng's political authority, his utilitarian judgement, as he personally admitted, generated suspicion and opposition too⁵². In responding to these, Deng adopted some sort of pragmatism, which is embodied as a series of institutional experiments and innovations at various sociospatial sites. And, the successful cases of these trial-and-error tests will be made as role models, which are then transplanted or spread to other sociospatial sites. In reading the earlier form of China's pragmatism in this way, it can first be seen a clear growth-orientation in Deng's ideas. In his

⁴⁹ Deng Xiaoping is officially titled as the 'general architect of China's economic reform'.

⁵⁰ The theory on the initial stage of socialism is one of the cornerstones of Deng's theory. In general, this initial stage does not refer to a stage that any socialist states have to experience, but indicates the stage that China, in particular, has to go through under the situations of less developed market economies and productivities. It roughly refers to the period between 1956 and the middle of the 21st century.

⁵¹ The 'Two One Hundred' objective is proposed by Xi Jinping in the 18th Congress of the CPC in 2013. As essential complementarities to Xi's conception of 'Chinese Dream', this objective proposes to build a moderately prosperous society in all aspect in China in the year of the CPC's 100th anniversary (2021), and to realise the revival of the Chinese nations in the year of the PRC's 100th anniversary (2049).

⁵² As Deng said, although the policy of letting some regions and peoples get rich first was opposed by some people, these oppositions should be tolerated and left to be judged by facts and practices. See: Deng, X. P. (1993), 'Say upon facts', in 'Selected Works of Deng Xiaoping', Vol. 3

recent book, Vogel (2011) sketches Deng as indeed a pragmatist, whose ideas and practices largely embodied pragmatism, and may be best reflected by one of his most important speeches in his southern survey. In this speech, Deng asserted that 'market economy is not equal to capitalism, and planned economy is also not equal to socialism. Both market and plan are just tools and methods towards prosperity; hence, whether they are feasible or risky shall be tested and amended by practice'⁵³. Cheung (2009) sees Deng's words--'give it a try and then take a look', which in some ways summarised the above speech, as the actual guiding principle of China's economic reform. As Deng said in 1990 (cf: Vogel, 2011: 667), 'Why do the people support us? Because over the last ten years our economy has been developing'. Deng continued saying that 'If the economy stagnated for five years or developed at only a slow rate, for example, at 4 or 5 percent, or even 2 or 3 percent a year, what effects would be produced? This would be not only an economic problem but also a political one' (ibid.).

After clarifying the growth-orientation in Deng's pragmatism, it is argued that the institutional aspects of pragmatism reflected, in the context of China, a series of limited devolution and liberalisation practices. For example, after Deng affirmed the success of the Shenzhen Special Zone, and suggested that these working patterns and ideas should be passed on to the rest of the country, thousand of development zones were established throughout China. Coase and Wang (2012: 152) observed that China had to take an experimental approach due to its inexperience in building and running a market economy. Thus, Deng's pragmatism provided not only a politically prudent and socioeconomically feasible way for promoting growth, but also 'a solution to the ideological predicament that had constrained and confused the Chinese since the very beginning of reform: how could socialism and market reform coexist' (Coase and Wang, 2012: 122). Ong (2006) suggested that the Shenzhen Special Zone not only plays the function of promoting local economic growth through attracting foreign capital and liberalising labourers, but also, more importantly, plays a political role that goes beyond the conventional functions of enterprise zones; that is, in establishing a space for

⁵³ See 'Selected Works of Deng Xiaoping', Vol. 3, p. 373

the experiment of some new, flexible sovereign rules and governance technologies with the aims of spreading economic networks and fostering political integration. In this sense, the Zones in China can primitively be seen as some sort of 'liberalism as exception' in Ong's (2006) sense. But, as we shall see, the situation was further complicated by the spatial effects of China's pragmatism and the rising inter-urban competition⁵⁴.

As noted, the earlier form of China's pragmatism also expressed vital spatial effects in relation to regional uneven development. Whilst the trail-and-error strategy has the potential of fostering institutional successes, which are then transplanted to other regions, these successful institutions in one place may prove to be path-dependencies to other places, which adopt similar institutions. Once adopted, any attempts of revoking such institutions which have been proved successful in other places, can be highly risky in political senses. This is because that failure of operating such institutions would usually be ascribed to the capabilities of local head officials rather than institutions themselves. And, it is more politically prudent to adopt certain existing institutions rather than to make institutional innovations at local scales in the context of Chinese bureaucracy. In a word, it is argued that the rigid transplantation of successful growth patterns reveals the negative aspect of the empirical-orientation in the methodology of China's pragmatism. For, endowing a parochial empirical case of success with clear political recognition, and presuming its wider applicability without context-specific analyses, may bear high risks in terms of whether such success can be generalised at wider scales. Arguably, this is perhaps why Coase and Wang (2012: 152) make the comment that 'Success breeds failure, however, when it leads people to believe that they have fortunately stumbled upon a fault-proof formula that works everywhere and forever'.

The following subsections will specifically articulate all the above arguments. It will first take an abstract perspective to analyse the political-philosophical nature of Deng's crucial political judgement of 'letting some regions and peoples get rich first, and then bringing along and helping other peoples and regions to eventually arrive at the richness of commonwealth'. In

⁵⁴ See also Harvey, D. (2005), for a discussion of neoliberalism with Chinese characteristics, which provides a broad review of China's economic reform throughout the late 20th century.

addition, it will then attempt to elaborate how this utilitarian strategy and ideological form of justification had in practice amounted to an indispensable condition for the persistent promotion of China's economic efficiency on the one hand, and how the chief local growth pattern of the second stage of the reform shaped regional unevenness under the influences of utilitarianism and the earlier form of pragmatism.

4.3.3.1 A Critical reading of Deng's political judgment

As Habermas (2007: 111) suggested, justifiable norms based on a rational consensus express generalizable interests, whereas those norms, which are based on force and do not regulate generalizable interests may be termed as normative power subject to one indirectly justifiable exception. This exception refers to compromise, which manifests a normed adjustment between particular interests 'under conditions of a balance of power between the parties involved'. What is notable here is that Habermas has made a distinction between generalizable interests, and non-generalizable and/or particular interests. It is this key distinction in the presence of some institutional arrangements that is of specific relevance to the present discussion. Habermas (2007: 112) further suggests that if any of the two conditions of the compromise formation is not satisfied, such a compromise shall be recognised as a pseudo-compromise. While pseudo-compromise can be of significance to a society's legitimation, Habermas (ibid: 112) argues, 'In traditional and liberal-capitalist societies, it is rather the ideological form of justification, which either asserts or counterfactually supposes a generalizability of interests, that is dominant'.

If looking at China's economic reform through the lens of Habermas' views, it is argued that Deng's utilitarian assertion indeed exhibits a seemingly generalizable interest, as well as a prospective generalizability of such interest which is claimed to be realised across some spatiotemporal horizons. In other words, the growth-oriented state ideology expressed by Deng's words does at first admit the existence of a generalizable interest. But, in order to realise its generalizability, this interest tends to be unequally attainable and

differentially accessible, during an ambiguously defined period and across different sociospatial sites.

In practice, it is argued that this politically asserted generalizability of interest was also subject to some particularistic interests concealed behind the state ideology. All those conditions for, and obstacles to, realising the generalizability of the interest are strongly characteristic of a utilitarian nature, and had, in turn, inspired a series of institutional selectivities to which regional uneven development in China was subject.

Before we slide into discussions of more concrete-complex issues, it is worth returning a bit to the objection of interpersonal comparison to utilitarianism. If now introducing the conceptions of the asserted generalizable interest and the prospective generalizability of such interest to deal with the difficult problem of having proper, precise interpersonal comparison, this problem can in practice be solved by the application of these two conceptions. This solution is not only based on theoretical discourses, but also of practical importance to China's rapid but uneven development.

In more specific terms, as the growth-oriented state ideology has asserted the presence of a generalizable interest to both the state and the people, this generalizable interest then may be qualified as the Rawls's (1982) 'highest-order preference', which serves to secure both a public understanding and social unity through persuading and enabling all the people in a society to adjust their desires and abilities towards the advancement of the asserted one rational good, that is, the generalizable interest. In explaining how interpersonal comparison can possibly be undertaken in a society with a highest-order preference, Rawls (1982: 180) states that the notion of a shared highest-order preference implies a loss of individuality and personal distinctiveness, which leads individuals to become 'bare persons' whose desires and capacities are adjustable according to their conceptions of the good which are 'publicly commensurable via a shared highest-order preference'. Although Rawls's conception of 'bare persons' is constructed in the light of individuals' indeterminate desires and capacities, it seems that if looking at this conception from the state's perspective in relation to practical utilities, 'bare persons', according to Rawls's definition, are to

some extent equivalent to the 'utility bits' of classic utilitarianism. It is in this sense argued that 'bare persons' are presumed to bring their preference and measurement of the good into line with the public standards and ends set forth by the state, whilst the state is presumed to view each person as a utility bit in terms of his/her capacities for promoting the highest-order good in total.

It must also be noted that although Rawls sees this solution to interpersonal comparison as characteristic of utilitarian convention, it is still theoretical in nature, and may not suffice in practice to achieve the essential role of liberalising and guiding a great deal of social productivity and mobilisation towards one highest-order good without entailing critical social discontent. In other words, it is argued that in the situation where the regime legitimacy of the government is not conferred and renewed by modern representative democratic election, the ideological assertion of one shared highest-order preference alone is not politically sufficient and logically coherent to maintain a socio-politically credible criterion of interpersonal comparison against any enduring uneven development in reality, let alone to secure political legitimation and rapid economic growth. This is because that when a political regime relies heavily upon economic performance for legitimation without having a democratic discursive will-formation, the general public's initial beliefs and motives of pursuing the one shared highest-order preference can subsequently be undermined by their empirical observations on, and self-cognitions of, the actual divergence between state interests and their own interests, and the sociospatial uneven development between different city-regions. This may result in a severe crisis to regime legitimacy as well as to the state's capabilities for social mobilisation.

Therefore, it is argued that what Rawls missed, but which may, indeed, be of critical necessity to the practices of utilitarian state ideology in an authoritarian state such as China, is an explicit assertion with strong political credibility, which, at first, admits of the existence of temporary unjust, unequal and inappropriate interpersonal comparisons, institutional arrangements and/or socio-economic well-beings, but then guarantees a prospective, eventual realisation of the generalizability of interests and well-beings, on the condition that the general public recognises and accepts temporary

transitional inequality and unevenness. And, the strong political credibility of such an assertion does not refer to any rational consensus produced through discursive will-formation, but to the practical capacity of political judgment in Berlin's (1997) sense together with an authoritative competence for effective execution. In viewing all these conditions and relating them to the context of China, it seems that not only does the contents of Deng's political judgement fulfill the condition of putting forward both a generalizable interest and its prospective generalizability, but also Deng's claim that 'whoever does not carry out economic reform shall resign from the leadership'⁵⁵. His actual enforcement of depriving two CPC general secretaries of the top leadership vividly demonstrates the credibility and authority of any of his essential political assertions and judgments. In a word, Deng's political assertion as to the way of achieving the generalizable interest exhibits strong utilitarian orientation, and serves as a key legitimation to state regime and authority⁵⁶.

With this ideological form of legitimacy and justification, the subsequent task faced by the party/state obviously lies in how to shape and implement various state institutions and policies to guide social productivity and mobilisation towards the end of rapid economic growth, to which the party/state's regime legitimacy is susceptible. Notwithstanding the strong authority and credibility of Deng himself and his political judgments, it is argued that Deng's ideas are substantially ideological and political in nature rather than based on rigorous and precise scientific calculations. The credibility of his ideas and the entailed legitimacy were thereby continually undermined by the ongoing processes of regional unevenness in terms of the rise of development zone-driven local growth pattern and the entailed inter-urban competitions on the one hand, and also by the growing social discontent towards some particular interests (this rise of party/state powers and special interest groups), and also the unrealizable generalizability of the interest on the other (witnessed by a dramatic growth of mass disturbances in

⁵⁵ In his survey to the south of China in 1992, Deng made this strong claim, saying whoever does not carry out economic reform shall resign from the leadership.

⁵⁶ As Habermas (2007: 112) observes, legitimation in this case consists of 'interpretations, of narrative presentations or of systematized explanations and chains of argument, that have the double function of proving that the validity claims of norm system are legitimate and of avoiding thematization and testing of discursive-validity claims'.

China during the last two decades). As Sun (2006a) points out, since the mid-1990s, China's powerful elite groups have increasingly exerted more and more controls on state institutions and policies, resulting in a salient imbalance between economic growth and social justice, and public policies showed clear preferences and inclinations towards the interests of those upper classes, neglecting the interests and demands of lower and middle social classes. In other words, Deng's utilitarian assertion of 'letting some regions and peoples get rich first' gave rise to growing tensions between market-oriented economic efficiency and social justice, and has, since the mid-1990s, made economic growth somewhat of an antithesis to social justice, resulting in a distorted reform policy, and a challenge to social consensus. In Sun's (2006a: 5) words, whilst China's earlier economic reform was mainly pushed forward by institutional changes and innovations, which entailed new social structures and forces, the composition and margin of such new structure and forces, however, were getting to be more and more solidified during the 1990s, and they thus began to control and distort the progress and direction of China's economic reform in their own interests. It is in this sense that Sun (2006: 73) observes that the mid-1990s constitutes a key turning point in China's socioeconomic development, since in this period large scale poverty emerged, and the disparities between the rich and the poor became too large to be overlooked by the general public. These problems were later exacerbated during the third stage of China's economic reform. But the task in this research is to narrow down these general issues, putting them into the context of regional uneven development in Jiangsu province with the aim of sketching a clearer picture that can decipher the critical institutional and individual forces underlying the socioeconomic unevenness at issue. In other words, it is argued that, whilst the growing social discontent in many ways reflects certain causes and outcomes of regional unevenness, it is the complex of the institutions, policies, strategies and growth patterns, which embodied and practised the growth-oriented state ideology at various scales, that constituted the very forces that directly and/or indirectly shaped regional uneven development in China. And, it is the rise of development zones in semi-urban areas and the resulting inter-locality

competitions that most reflected the growth-oriented state ideology and thus shaped regional unevenness in Jiangsu during the second stage of the reform.

4.3.3.2 The rise of development zones and inter-locality competitions, and the earlier form of China's pragmatism

In March 2013, China's new Premier Li Keqiang chose Jiangsu province as his first survey object after taking his office. It is noted that when Premier Li visited Xinqiao Town in the south of Jiangsu, local officials particularly stressed a core strategy in explaining their local growth pattern. This refers to the so-called 'three concentration strategy', which involves: concentrating agricultural lands for large-scale operations, concentrating enterprises into development zones, and concentrating rural households into towns. This 'three concentration strategy' has indeed been widely implemented in Jiangsu and later in many other areas in China from the mid-1990s. The practice of the later two concentration strategies in fact served for one particular agenda, namely, development-zone driven local growth.

The 1990s witnessed the expansion of development zones throughout China. As one of the most active regional growth engines, development zone not only played a paramount role in shaping regional economic performance⁵⁷, but also then critically affected in a path-dependent way the subsequent urbanisation processes of different city-regions.

There are in China seven categories of development zones⁵⁸. The expansion of development zones initially derived from a series of trial-and-error based pragmatic practices after Deng made a statement on the success of the Shenzhen Special Economic Zone. Following Deng's comment that 'apart from the current special zones, a number of new sites could be opened in coastal cities for implementing special zone policies, though not be titled as special zones' (Deng, 1984), the Secretariat of the CPC Central Committee

⁵⁷ It is generally agreed that the average GDP growth rate of development zones in China secures 2 to 3 times higher than China's national annual GDP growth rate. See Coase and Wang (2012: 141), and Liu (2007).

⁵⁸ These are: special economic zone, economic and technological zone, tariff-free zone, high-tech industry development zone, national tourist resort, comprehensive development zone, and state pilot zone for overall reform.

and the State Council proposed, and then approved, the sequential establishments of 14 coastal open cities and 11 national economic and technological development zones.

The rise of development zones in China may be interestingly contrasted with the rise of Enterprise Zones in the UK under Thatcher's reign. In brief, whilst both the zones served to promote better growth, the difference here is quite evident. Enterprise Zones were arguably established and operated partly for the UK central government to bypass elected local government (Duncan & Goodwin, 1988), whereas the rise of development zones in China witnessed the emergence of more active and powerful local governments at various scales towards the single growth-orientation.

Coase and Wang (2012: 140), in accepting the importance of development zones, assert that 'the national industrial parks⁵⁹ enjoy an economic growth rate three times as high as the national GDP growth rate' on average. Apart from the national development zones, there are thousands of zones at provincial, municipal, and county-scales. Development zones indeed provided Chinese local governments with not only revenues, but also, more importantly, records of performance in terms of local growth which played a key role in deciding bureaucratic promotion. Local governments could thereby be regarded as active utility bits, which are institutionally encouraged by the growth-oriented state ideology to seek growth under the quantitatively measurable GDP criterion. It is in this sense that Cheung (2009) saw China's local governments at county-scales as effective business firms which intensively competed with each other, since all local governments were seeking the greatest net balance of their local GDP growth records.

In taking a closer glance at the rise of development in Jiangsu province during the second stage of the economic reform, it is argued that development zone-driven growth brought about some changes in spatial and scalar terms in shaping the regional uneven development at issue. In more concrete terms, as most township and village enterprises (TVEs) were at first located at township and village scales, development zones were then established to change such scattered industrial compositions through attracting and

⁵⁹ The term of 'industrial park' used by Coase and Wang (2012) generally means the same thing as 'development zone' used in this research.

concentrating TVEs and other types of manufactories into the zones at county scales or above. Cheung (2009: 63) observes that county-level cities in China have the chief economic power, for these cities 'possess the right to decide and allocate the use of land'. Cheung sees this right of deciding and allocating land use as the key issue in local growth, as land acts as a basic condition to both survival and development, and takes priority over other considerations.

In addition, concentrating various enterprises into development zones helped coordinate the primitive industrial forces and sociospatial relations fostered at the first stage of the reform, with the aim of creating industrial agglomerations, which exhibit lower transaction costs as well as higher competitiveness. In practice, the industrial agglomerations resulted from development zones to various degrees led to a series of derivative effects such as social mobilisation of migrant labourers, and concentrations of capital and other resources, which in turn triggered and shaped urbanisation at the county scale. In other words, some county-level units with strong development zones began to exhibit similar or even stronger socioeconomic competitiveness than some of the municipal-level units in China⁶⁰. As the places which had got rich first according to Deng's utilitarian strategy, those witnessed a trend that many such places were seeking for being rescaled into county-level cities, which possess much wider and stronger institutional capacities and autonomies. And, this was particularly so in Jiangsu province. The problem entailed by this rescaling practice lies in that not all counties were in fact qualified for being rescaled into quasi-cities. In other words, under the popular trend of county-to-county-level city rescaling practice, there existed many cases of incompatibilities and discrepancies between local institutions and local socioeconomic situations. These issues are discussed in detail in Chapter Five.

Under the general phenomenon of having industrial concentration strategies at various local scales, all the local governments, which upheld the growth-orientation, produced homogeneous growth patterns (subject to their respect path-dependencies), and inevitably got involved in, and contributed to, increasingly intense inter-locality competitions. This is mainly because

⁶⁰ The scalar governance structure of China is described in Chapter One.

development-driven growth is highly dependent on attracting external resources and investments to couple with local assets in order to promote local growth. An obvious asymmetry in terms of existing industrial bases can thus be seen here. Regions with better existing industrial bases or reserves such as local TVEs, reveal a great advantage in attracting or mobilising those enterprises that are located within their jurisdictions to local development zones, whereas regions that have lagged with respect to their rural industrialisation at the first stage of the reform tend to lag again under this growth pattern. And, since the development zone-driven growth pattern had proved to be successful in certain regions, other regions could face no choice but to adopt the same pattern. It is at this point that we have to introduce the earlier form of China's pragmatism.

Pragmatism at this stage can be summarised by Deng's words of 'crossing the river by groping the stones', which is indicative of a trial-and-error strategy, which encourages local governments with devolved and liberalised powers to have a variety of institutional experiments for promoting growth. This trial-and-error strategy, whilst serve to test institutional innovations, can exercise strong path-dependent effects for other regions so long as an institutional innovation proves to be successful in one place. Indeed, the 'Southern Jiangsu Model' had at the first stage become some sort of institutional path-dependency to which the rural industrialisation of the north of Jiangsu province was subject (Yang & Zheng, 2006).

And, the development zone-driven growth pattern was based on the even more prominent sample experience of the Shenzhen Special Zone in Guangdong province, which stands as a role model and a pioneer of China's economic reform. It was Deng's express decision to spread the success of the 'Special Zone'. It is thus by no means surprising that this growth pattern was quickly and pervasively expanded across China during the 1990s. But, as noted, although Deng's political judgements revealed clear strategic considerations based on utilitarianism and pragmatism and did in practical terms work in many ways, they do not reveal many rational scientific analyses, but, instead, they are more often than not empirically oriented. This is, arguably, particularly so with respect to China's pragmatism.

In concrete terms, whilst the ‘Southern Jiangsu Model’ and other growth patterns may prove to be successful practices from a national perspective, any rigid transplantations of such a success to other localities could be not only conflictual with national and provincial utilitarian propensities in terms of preferences for establishing and sustaining regional economic polarisation, but also incompatible with the regional or local specific endowments and institutions of other areas. The rigid transplantation of successful growth patterns reveals the parochial aspect of the empirical-orientation in the methodology of China’s pragmatism. For, endowing a parochial empirical case of success with political recognition, and presuming its wider applicability without context-specific analyses, bears high risks⁶¹. In addition, as development zone-driven growth is primarily based on labour-intensive manufacturing industries which require numerous labourers⁶², regions with better performance under this growth pattern tend to more or less draw on and deprive the human resources of other regions, which in turn weaken the capacities and opportunities of other regions for promoting local growth. This tendency evidently amounts to one of the core ideas of utilitarianism. These mechanisms will be articulated in detail in the latter case study chapters.

Regarding inter-locality competitions in more specific terms, such competition was principally expressed in the form of competing for inward investments through a variety of investment invitation campaigns conducted by local governments. Most of these campaigns involved preferential policies on land price and taxation. Cheung (2009: 64) argues that as ‘economic power rests mainly with the xians (county-level cities in Chinese), competition at this level is the most intense’. While both the local governments in the south and the north of Jiangsu possess the planning power to determine land use, the presence of numerous TVEs in the south endowed the south with better resources and opportunities to facilitate development zone-driven growth. And, local governments in the south exhibited better institutional

⁶¹ This point may be compared with the issue of ‘policy transfer’ raised by Jamie Peck and Nik Theodore.

⁶² Sun (2006b: 207) suggests that about 82.7% of migrated rural labourers were employed in secondary industry, among which manufacturing industry, construction industry, and mining industry absorbed 66.2%, 13.0%, and 3.5% respectively.

capacities in terms of what Dicken et al. (2001: 100) defined as the concrete way that state institutions strategically couple regional assets with global production networks with the purpose of creating, enhancing, and capturing values for promoting regional development. Neil Coe et al. (2004: 469), also similarly state that regional development is 'a dynamic outcome of the complex interaction between territorialized relational networks and global production networks within the context of changing regional governance structures'. In addition, as Coase and Wang (2012: 142) observe⁶³, 'What the Chinese local governments did was essentially to provide organizational services – putting together all factors of production'; and 'with industrial parks cropping up all over China to win investment, local governments had to convince investors that their industrial parks had everything needed to assure the success of a business'. Regarding 'all factors of production', Coase and Wang (2012) particularly address the factor of organization which is often inadequate in developing countries, but was provided by Chinese local governments which possess the power to mobilise various resources. But, although almost all local governments in China assert that they and their development zones could provide all the institutional and material elements, which may guarantee the business success of enterprises, it will be seen in the case studies that the implementation of organisational services by different local governments revealed many diversities in both substantive and procedural terms in reality. These differences in practice critically affected the growth of development zones, and, of course, local growth at large.

And, regarding the specific economic entities located in development zones, it is observed by Coase and Wang (2012: 143) that 'In the intensifying competition for investment, it did not take long for local government officials to realize that a winning strategy was to distinguish their industrial park from its peers by focusing on certain industries with a promising long-term growth, rather than accepting a group of unrelated firms'. Whilst Coase and Wang rightly point out this tendential practice of local governments, it is argued that in reality, not all local governments could have a certain choice in selecting firms with investing intentions because of the intense inter-locality

⁶³ The term of 'industrial park' used by Coase and Wang (2012) generally means the same thing with 'development zone' used in this research.

competitions. Thus, not all local governments could attract sufficient numbers of enterprises to establish industrial agglomerations with clear themes or coordinated divisions. In addition, many enterprises attracted to development zones tended to be those which could generate short-term growth rather than the guarantee of promising long-term growth. This is because any long-term growth would inevitably lie outside the records of performance that could be attained by the head officials who attracted investments into development zones. This issue will be specifically elaborated when discussing the notion of pragmatic institutional time in **Section 4.4**.

One more notable point occurred at this stage of China's economic reform is the emerging nexus between industrialisation at county and semi-urban scales, and its derivative urbanisation. As noted, one of the 'three concentration strategy' refers to concentrating rural households into towns. This strategy in a *prima facie* view, served to mobilise migrant labourers for supporting labour-intensive manufacturing sectors at county or above scales, usually in development zones⁶⁴. Coase and Wang (2012: 146) assert that China's industrial agglomerations and economies of localization, although being inefficient with respect to internal economies in Alfred Marshall's sense, gained external economies of scale from access to low-cost labour. This gain of external economies helped to exert the greatest competitive advantage of the Chinese economy within the global commodity chains, that is, a substantial amount of low-cost labour reserves. Whilst some regions and places with strong development-zone performance (such as the south of Jiangsu) did exert this advantage by making FDIs and exports their chief local

⁶⁴ There existed in China a substantial number of so-called surplus rural labourers, the exact amount of which, according to different estimations, is between 0.1 billion and 0.5 billion (Wen, 2011). Since 1992, there have been a series of official policies and institutional changes enacted by central and local governments to direct and regulate the mobilisation and migration of surplus rural labourers. For example, the foundational policy paper – 'Decision of the CPC on some issues concerning the establishment of the socialist market economy system' in November 1993, points out that the governments shall encourage and direct the flow of surplus rural labourers, incrementally transferring them between regions, and into non-agricultural sectors. Other essential policies papers on this issue during the 1990s include, inter alia, 'The implementation plan concerning the promotion of labour market, and the improvement of employment service system' enacted by the Ministry of Labour on August 8th, 1994; 'The notice concerning the re-employment project, and the phrase one of the project of urban-rural coordinated employment – the ordering of the trans-regional flow of rural labour force' enacted by the Ministry of Labour in November 1993, 'The temporal regulation on the trans-provincial flow and employment of rural labour force' by the Ministry of Labour on November 17th, 1994, which for the first time institutionalised the Employment card management system.

growth engines, it is argued that the interplay between social mobilisation in terms of migrant labourer supplies and development zone-driven growth had entailed not only the prosperity of export-oriented, labour intensive manufacturing industries, but also the changes in the regional/local sociospatial relations, which were concretely expressed as the processes of urbanisation. This kind of urbanisation could hence be seen as a derivative of local industrialisation. As Zhu et al. (2008) suggest, the actual theoretical foundation of the 'Three Concentrations' strategy rests on presumptive interactions between industrial agglomeration and urbanisation. Those interactions assume that successful industrial agglomerations can also promote concentrations of local households and lead to better construction of, and coordination between, infrastructure and other resources, which in turn push forward the urbanisation process (ibid.: 5). As the case study chapters will show, the development of derivative urbanisation also exhibited unevenness between regions, in accordance with the unevenness in local industrialisation. But, such unevenness was to various degrees overcome when urbanisation itself became an independent and chief endogenous local growth engine rather than merely a derivative of local industrialisation.

Moreover, derivative urbanisation at the second stage of the economic reform also held a key implication for later regional (uneven) development. It inspired and began to shape local state institutional arrangements and capacities in a way that saw the element of land and the sociospatial relations attached to land as the most critical factors for local growth. In other words, although local institutions still made investment invitation campaigns and development zone operations their primary tasks at this stage, new local institutional selectivities and local growth patterns based on urbanisation-driven growth were fostered in order to meet the state-led, urbanisation-driven growth-pattern, which pervasively dominated during the third stage of China's economic reform.

4.4 China's Pragmatism and the third stage of the economic reform (the earlier 2000s – 2013)

John Keynes (1924) once said, 'in the long run we are all dead'. Notwithstanding the various interpretations of the true meaning of his words, it is argued that when turning our attention to China's economic reform, the *prima facie* essence of Keynes' words seemingly reflected an essential aspect of China's growth-oriented state ideology, of which the institutional expressions complemented the utilitarian practices of regional (uneven) development through establishing a dominant institutional time that replaced Deng's ambiguous schedule as to preferential sociospatial growth⁶⁵.

As noted before, the earlier form of China's pragmatism can be summarised by Deng's words of 'crossing the river by groping the stones', which indicates a trial-and-error strategy, which encourages local governments with devolved and liberalised powers to have a variety of institutional experiments for promoting growth. And, this strategy in turn expressed spatial effects in relation to regional uneven development. Whilst the trial-and-error strategy has the potential of fostering institutional successes, which are then transplanted to other regions, these successful institutions in one place may prove to be path-dependencies to other places, which adopted similar institutions. It is argued that at the earlier stages of the economic reform, China's pragmatism had not yet produced any essential temporal effects through institutional expressions that could vitally affect regional uneven development. But, with the ongoing progress and maturity of the reform and state institutions, an alienated form of pragmatism⁶⁶ began to emerge and spread in China. Deng's pragmatic idea of setting aside any ideological debates on capitalism versus socialism, and concentrating on institutions and methods which can promote economic growth, was, at the third stage of the reform, alienated into a pervasive institutional tendency in terms of principally promoting local agendas that can pragmatically realise GDP-oriented economic performance and other related interests within the

⁶⁵ This refers to Deng's strategy of 'letting some regions and peoples get rich first, and then bringing along and helping other peoples and regions to eventually arrive at the richness of commonwealth'.

⁶⁶ In saying the alienation of China's pragmatism, the notion of alienation resonates with Deng's ideas as to the fundamental distinction between socialism and capitalism. According to Deng, this distinction lies in that 'the biggest advantage of socialism shall be of the richness of commonwealth which reflects the core essence of socialism' (Selected works of Deng Xiaoping, Vol. 3, p. 364). And if this cannot be achieved, China's socialism and reform will be alienated and failed (Selected works of Deng Xiaoping, Vol. 3, p. 139).

temporal horizon of a certain institutional time. In other words, the third stage of the reform witnessed that state institutions and related growth patterns at local scales were increasingly shaped by the temporal effects of China's pragmatism. And, this institutional propensity was to a large extent socioeconomically working in concert with the phenomenal process of state-led urbanisation, which spotlighted the discourses and practices of regional (uneven) development of China at the third stage.

This section and its sub-sections will thus at the outset articulate the political-philosophical rationales of the alienated form of China's pragmatism, advocating that, based on the assumption of the primacy between different temporal planes, there can be a dominant institutional time, by which the strategic selectivities of the major state institutions are shaped, and to which the strategic calculations of various individuals and entities are oriented. It then puts the above arguments into the concrete context of China, analysing how the dominant institutional time entailed by China's pragmatism operated in shaping regional (uneven) development through the state-led urbanisation-driven growth pattern.

4.4.1 The political-philosophical rationales of the alienated form of pragmatism

In order to have an insight into China's alienated pragmatism and its influence on regional uneven development, it is necessary to introduce time-space relations into the following analyses. This to some extent echoes Giddens's (1981: 3) supposition that 'the articulation of time-space relations in social systems has to be examined in conjunction with the generation of power'.

As having noted before, China's utilitarianism was expressed into sociospatial preferences through institutional practices, which could be justified by the proposition of the prospective generalizability of a generalizable interest, the realisation of which is, however, subject to an ambiguously defined temporal horizon. Notwithstanding the absence of a clear temporal horizon under China's utilitarianism, it is proposed that if we view China's alienated pragmatism through the lens of time-space relations, it will reveal a much clearer temporal horizon, which embodied China's

pragmatism. And, it is within this temporal horizon that various preferential interests can be defined and realised, and the pursuance of generalizable interest may be subject and given way. In other words, China's pragmatism at this stage constituted an essential complement to its utilitarianism, as the latter justified the presence of developmental unevenness, and the former delineated the fundamental temporal horizon within which unevenness was motivated and realised. Indeed, it is for this reason to say that it is the combination of China's utilitarianism and pragmatism that more completely reflects China's growth-oriented state ideology.

In order to articulate the temporal effects of China's pragmatism, a number of conceptions reviewed and used by Giddens (1981) must at the outset be adopted and adapted. According to his structuration theory, Giddens (1981: 19) advocates that 'all social actions consist of social practices, situated in time-space, and organised in a skilled and knowledgeable fashion by human agents', but 'such knowledgeability is always bounded by unacknowledged conditions and action on the one side, and unintended consequences of action on the other'. Although Giddens pointed out that knowledgeable social practices/actions can be affected by unacknowledged conditions and unintended consequences of actions, his observation has arguably neglected the situation where both knowledgeability and unacknowledgeability can be ideologically and politically constrained and institutionally woven by the presence of a universal, imperative state ideology, and of an authoritative, powerful government.

Saying this does not intend to rebut Giddens's (1981: 19) duality of structure, which asserts that 'the structured properties of social systems are simultaneously the medium and outcome of social acts'. Indeed, the actual practice of China's alienated pragmatism revealed a series of dynamic mutual constitutions of structure and agency which are characterised by 'sets of chronically reproduced, deeply sedimented, rules and resources which constrain, facilitate, and bind social actions in time and space' (Giddens, 1984: 17-25: cf. Jessop, 2004: 35).

And the reason for asserting the above negligence derives from the uniqueness of China's situation in terms of the prominent parameter of

'institutional time' in the practice of pragmatism. This parameter, whilst having twisted and alienated China's pragmatism, served as a cornerstone, upon which institutional selectivities in terms of rules and resources were built, thus having become a supra-logic over other layers of temporality in relation to regional (uneven) development in China. Thus, the notion of 'institutional time' in the context of China, and its differences with what Giddens (1981) defined must be clarified.

Based on his theory of structuration, Giddens (1981: 20) suggested that there are, in general, 'three intersecting planes of temporality involved in every moment of social reproduction'. These refer to: first, the temporality of immediate experience, which indicates to the continuous flow of day-to-day life; second, the temporality of *Dasein*, which means the life-cycle of the organism; and third, the *longue durée* of institutional time (ibid.: 20). In outlining these planes of temporality, Giddens puts his concerns primarily on the intersection and interaction between/among different social practices of temporality. As he (1981: 28) argued, 'The structural practices of social systems bind the temporality of the *durée* of the day-to-day life-world to the *longue durée* of institutions, interpolated in the finite span of existence of the individual human being'. And, it is in this sense that Giddens (1981: 20) observes that no form of *durée* 'has logical primacy over the other'.

Giddens here seems to have taken a general, objective view in dealing with the intersected complex of temporal *durée*. However, whilst this objective construction of the temporal distancing of social practice may have in a *prima facie* sense correctly delineated what the reality is like, it is argued that Giddens's view is in some aspects flawed due to the failure of not institutionally distinguishing the different degrees and roles of the strategic conducts of various situated actors in producing and reproducing institutions. In other words, it is argued that, although it is right to say that, under the conception of duality of structure, social actors' routine practices of using rules and resources as a whole result in and connect with structured social systems, it is overly simplistic to assume a pan-presence of practical and discursive consciousness in all social actors/agencies, and to presuppose that actors are, according to Giddens (1981: 18), 'highly knowledgeable

(discursively and tacitly) about the institutions they produce and reproduce in and through their actions’.

This view to some extent corresponds with Jessop’s (2004: 36) critique that Giddens’s mutual theoretical isolation of structure and agency results in ‘little, if any, recognition (let alone adequate explanation) of the differential capacities of actors and their actions to change different structures’.

In addition, although Giddens (1981) observes that human agents appear to be ‘cultural dopes’ in Parsons’ and Althusser’s senses, it is, however, argued that such ‘cultural dopes’, if ideologically reviewed through the lens of utilitarianism, may be adapted to be ‘bare persons’ or ‘utility bits’ that are indispensable components to the practice of an utilitarian state ideology and its institutional expressions. To adapt the conception of ‘cultural dopes’ in the present analysis does not intend to resort to functionalism. Instead, the key point lies in advocating and applying a more concrete-contextual and subjective analytical view in deciphering and articulating the recursive properties of the consciousness and capacities of a social actor under authoritative, ideological/institutional interventions.

More importantly, to adopt this concrete-contextual, subjective view entails a challenge to the view of Giddens that no form of temporal *durée* has logical primacy over the other. Although it is correct to see, from the perspective of an objective third party, the institutional *longue durée* of time-space, which is constitutive of continuous flows of conducts and of human beings as a coherent ontology of time-space, to admit this coherent ontology of time-space, however, leads to a quasi-evolutionary scheme, to which Giddens himself tries to object. In order to uphold the duality of structure on the one hand, and also to avoid the tendency to evolutionism on the other, it is hence necessary to pay attention to the presence *per se* of the conflicts and contradictions between different forms of temporal *durée*, and of the resulting logical and *de facto* primacy of one temporal *durée* over the others.

This recognition of the primacy is generally premised upon two presumptions, which are related in a logically progressive fashion. The first primitive presumption starts with the conception of Giddens’s second form of temporal *durée*, that is, in his words (1981: 19-20), ‘the temporality of *Dasein*,

the life-cycle of the organism'. As regards to the notion of *Dasein*, Giddens (1981: 34) relied on Heidegger's ideas, stressing the factor of temporal finitude and arguing that only human beings are aware of temporal finitude. Giddens (ibid.: 34, 35) also points out Heidegger's misleading implications, saying that Heidegger 'concentrates too resolutely upon the individual as a futural being', and fails to envisage 'the problems of the generations – of how the dead make their influence felt upon the practices of the living'. Whilst Giddens (ibid.: 35) seems to have again taken a third party view to objectively delineate 'institutional forms which persist across the generations', it is, however, argued that the peculiar human consciousness of temporal finitude, from a subjective view, leads to a variety of conflicts and inconsistencies among different generations of institutions and human beings. In more specific terms, it is argued that a human being in the original position, due to the consciousness of his own finitude, tends to appeal to interests that can only be realised within the finite *durée* of his life-cycle. This tendency derives from that human's own knowledge, capacities, and intentions in the original position. Then, if extending the situation of one single human being into a pure association of multiple human beings, the aims and contents of each individual tendency can be more or less diverse with each other because of the differences in the finite *durée* of life-cycle in cognitive and physical senses. Conflicts and collaborations may thereby be fostered and realised according to those cognitive and physical differences in the finite *durée* of humans.

And, in the original position, humans with analogical cognitions to the length of their *Dasein* (the aggregation of these human beings forms, in a rough sense, a 'generation') tend to form a set of rules or institutions that reflect, and appeal to, their collective, though unnecessarily homogenous, interests within a collectively cognised finite *durée*, whereas other generations also tend to possess their own sets of rules. So long as there exists more than one generation, there are overlapped temporal *durée*, within which conflicts and collaborations can be mostly activated. It is from these conflicts and collaborations a logical primacy of temporal *durée* is derived.

The above primitive presumption is logically woven in an abstract context that deprives all social and natural parameters and moral considerations. If progressing the above presumption by introducing certain concrete-contextual factors, it is proposed that the rationale and applicability of the primitive presumption can be shaped by, and subject to, other vital logics, upon which a society's operations may rely.

These kinds of logics of intentions and actions include, for instance, *inter alia*, family-oriented considerations for posterity, environmental protection and sustainable development-related considerations for future generations, and charity considerations. Although all such considerations do reveal a common tendency of taking account of longer-term interests to which more than one generation can be susceptible, it must be seen that these considerations by no means represent the mainstream guiding logics of individuals or states in reality. If we adopt Maslow's (1962) theory of hierarchy of needs, it can be seen that he labels most long-term considerations that are beyond a human's *Dasein* as 'high levels' of needs. The satisfactions of these needs will not be realised until the lower levels of needs can be satisfied. And, satisfying these lower levels of needs may require actions and interactions of temporal co-presence. In other words, lower levels of needs are in most occasions concerned with the issues which can be realised within the finite *durée* of a human being.

In further progressing the above presumption with an institutionalist view, the situation as to the logical primacy between different planes of temporalities can be even clearer in practical terms. It is noted that, in proposing the notion of the *longue durée* of institutional time, Giddens (1981: 28) means 'the long-term reproduction of institutions across the generations'. This ontological, holistic view of institution time, arguably, neglects the specific, subjective conflicts between institution time and finite *durée* of human life-cycle, and simply upholds the duality of structure by emphasising the intersections of the different planes of temporality. It is argued that institutional time shall be analysed with more contextual-specificity and subjectivity in relation to its production and reproduction. In other words, institutional time should not be seen as merely an objective *durée*. Indeed, it can be

conceptualised as a temporal horizon with vivid, practical boundaries and selectivities.

Defining institutional time in this manner inevitably leads to a multi-presence of various institutional times. But, arguably, it is possible in most cases to identify one horizon of institutional time, which acts as an ecological dominance to other actors and institutions within a given spatiotemporal fix. This view of institutional time is to some extent reminiscent of Jessop's (2004: 42) standpoints in the strategic-relational approach, according to which all institutions have a definite spatiotemporal extension, and 'emerge in specific places and at specific times, operate on one or more particular scales and with specific temporal horizons of action, have their own specific ways of articulating and interweaving their various spatial and temporal horizons of actions, develop their own specific capacities to stretch social relations and to compress events in space and time', and thus 'have their own specific spatial and temporal rhythms'.

Thus, if institutional time is seen as a definite temporal extension with specific temporal horizons of action, the relationship between institutional time and human lifespan may accordingly go beyond embedded intersection, revealing more realistic interactions between institutions and individuals.

Moreover, if we can identify a dominant institutional time, to which all other systems and horizons of action are subject, it is proposed that the earlier primitive presumption can also accordingly be amended as: a human being in the context where a dominant institutional time exists, due to the consciousness of his own finitude and, of the dominant institutional time, tends to appeal to interests that can only be realised within both the finite *durée* of the dominant institutional time and his life-cycle.

Arguably, this amended presumption is also applicable to actions that involve long-term interests that go beyond the length of one generation. This is because the realisation of long-term interests inevitably involves connections between temporally absent peoples and requires institutions to support interactions between temporally absent people. The existence of a dominant institutional time can therefore exert path-shaping effects at present, and become path-dependency in the future, to affect such institutions. In a

word, it is argued that an institutional time in the above sense tends to set out an artificially demarcated temporal horizon or boundary, by which relevant agents' motivations are to a large extent shaped, and within which their actions can be enabled and/or constrained.

In practice, institutional time may serve as a common agenda, which attracts a variety of entities, rules and resources which seek to realise interests within the given institutional time, and integrates them into dynamic institutional/industrial complexes. In most cases, the temporally finite nature of institutional time stimulates or catalyses the pursuance and realisation of particularistic interests because the more recognisable and shorter the temporal horizon of an institutional time is, the more preferential and intensive its institutional selectivities will be. To what extent institutional time may influence a region's socioeconomic development at large and an actor's motivations and actions in particular, mainly depends on how dominant this institutional time is in a political and socioeconomic system. Identifying the dominance and contents of an institutional time, arguably, helps to articulate the primacy between different temporal planes, and to decipher the causes and evolution of the conflicting interests that are expressed as developmental unevenness from a strategic, relational perspective that goes beyond Giddens's division of 'structural contradiction' and 'conflict'. Under this strategic, relational view, institutional time is a basic parameter, by which strategic selectivities are shaped, and to which strategic calculations are oriented⁶⁷. In the case of China, it is argued that there exists a dominant institutional time, which is shaped and twisted by pragmatism and its institutional expressions, and thus plays a key role both in analytical terms in deciphering institutional and individual actions, and in practical terms in shaping regional (uneven) development.

⁶⁷ A notable effort partly involving the use of institutional time can be seen in the analysis by Pemberton and Goodwin (2012) as to 'how successive governments have used institutional reorganisation and rescaling as a means of delivering different political strategies related to the primacy of politics at a national scale'. This analysis indeed resonates with Brenner's (2009: 135) call of focusing on the 'periodization' of state activity 'to generate...insights into the trajectories of state rescaling in different global regions and national state spaces'. The 'periodization' approach adapted by Pemberton and Goodwin serves to connect trajectories of state rescaling in London with the essential political strategies and approaches implemented by the governments over a series of successive periods of rescaling. In carving the different phases and periods of rescaling, Pemberton and Goodwin mainly rely on the particular dominant scale of institutional organisation during the relevant period, and the ruling party of the government at that time.

4.4.2 The dominant institutional time in relation to regional development in the context of China

Having clarified the conception of institutional time, we can thereby connect institutional time with China's alienated pragmatism in the more concrete context of China's third stage of economic reform. In general terms, it is suggested that, as a key idea of the growth-oriented state ideology, China's alienated pragmatism consolidates and considerably intensifies the tendency of trying and using any feasible methods to pursue economic growth and realise particularistic interests within a given dominant institutional time. Although this tendency can be regarded as part of Deng's political legacy, the persistent growth-orientation, as a fundamental political task to which the CPC's regime legitimacy is highly susceptible, has redefined Deng's pragmatism in respect of the conditions and criteria for interest realisations, in order to accord with the changing economic structure and the dominant scale of institutional organisation. The dominant institutional time in the context of China shall thus be seen as a product of China's growth-orientation.

In more specific terms, following the institutional and industrial changes such as the tax redistribution system, strategic reorganisation of state-owned sectors, and, the rise of development zones, China's economic reform at the third stage witnessed the revival of state-led economic development, which may be imprecisely defined as China's State Capitalism⁶⁸. Arguably, it was during this stage that the thematic tone of China's economic reform⁶⁹ was to the largest extent expressed and embodied, and the dynamic dialectic⁷⁰ revealed a sharp inclination to the party/state's interests. And, the realisation of such interests in turn restricted peoples' recursive capabilities to choose. In other words, the rise of state institutions, SOEs and related interest groups during the third stage of China's economic reform made the dominant institutional time a key parameter in understanding regional uneven development, as the institutional time in China clearly reflects some most

⁶⁸ See, 'State capitalism in China, of emperors and kings', *The Economist*, Nov. 12th, 2011.

⁶⁹ This refers to the proposition that China's economic reform was indeed guided by and served the pragmatic consideration of how to restore and strengthen the authorities and functions of the party/state of the CPC, which had been severely vitiated by the Cultural Revolution.

⁷⁰ This refers to the interactive dialectic relationship between the general direction expressed by the growth-oriented state ideology and its institutional expressions on the one side, and the recursive capabilities of the general public (utility bits) to choose over time and space, on the other.

crucial incentives and contents of local state institutions and growth patterns in relation to regional development.

Regarding the particular form and nature of the dominant institutional time in China, it is proposed that this dominant institutional time covers a temporal horizon of five years or less. It is accordingly within this less than five years temporal horizon that state institutional selectivities and strategies were shaped and operated in promoting regional development. This horizon of less than five years generally results from two largely overlapping institutional times.

The first refers to the so-called 'Five-year development plan for the national economy' which has been successively renewed every five years since the PRC founded. These plans set out the general targets, directions, and strategies that guide the socioeconomic development of all regions and state institutions in China. And, local governments at all scales must draft and publish their local versions of the five-year plan, which shall comply, and be compatible with, the national plan, subject to sanctions and amendments by upper level governments.

The second one refers to the term of party/government office in China, which also covers five years or less, according to the scale of the party/state institution, and the position of the state official. This limited term of party/state office is another essential political legacy of Deng, who for the first time rescinded the lifelong tenure. Thus, in a general sense, party/state officials in China are subject to a re-election for every five years, and officials at local scales tend on many occasions to change to different posts within less than five years. These two institutional times are notably overlapping. For example, the new CPC central committee was elected and formed in 2012, which will be re-elected in the 19th CPC congress in 2017, whilst the 12th national five-year plan covers the term of 2011 and 2015, and it will be renewed in 2016. It is thus in this sense proposed that there exists a dominant institutional time, which covers a temporal horizon of five years or less.

The reason for saying this institutional time is of dominance lies in that all the state institutions and functionaries are simultaneously constrained and/or empowered to deal with development matters in their jurisdictions

within this temporal boundary. In other words, thanks to Deng's rescission of the lifelong tenure, the state officials in China have to realise either their political ambitions and tasks, or their other interests within their office term. This institutional time is also applicable to non-state entities and individuals since whoever intends to conduct socioeconomic activities are more or less subject to either the five-year development plans, or his personal connections with state officials whose positions and office terms are usually fluctuant⁷¹. Thus it is argued that this dominant institutional time takes priority upon both the temporality of *Dasein*, and that of immediate experience in the context of China, as officials tend not to appeal to aims and interests that may only be realised beyond their office term, and an individual's immediate experience (the continuous flow of day-to-day life) is usually shaped by, and subject to, their rational plans within the dominant institutional time.

The existence of this dominance institutional time thus reflects and embodies the earlier proposition that a person in the context where a dominant institutional time exists, due to the consciousness of his own finitude and, of the dominant institutional time, tends to appeal to interests that can only be realised within both the finite *durée* of the dominant institutional time and his life-cycle.

The functioning of the dominant institutional time in practice is institutionally strengthened and complemented by the central-local relations in China. As Xu (2010: 5) argued, China's fundamental institution is a regionally decentralized authoritarian regime (RDA), which is characterised as 'a combination of political centralization and economic regional decentralization'. This regime has substantial centralized personnel governance and controls over state institutions at various scales on the one hand, and extensive devolutions and delegations of authorities and responsibilities for economic development and social governance to local state institutions on the other. The pivot of the RDA regime lies in the incentive device and the related

⁷¹ In my fieldwork, many local businessmen complained about the problems they had suffered when some local head officials were reallocated to some other places or positions, because this kind of change in many cases means the repudiation of various promises made by previous officials in relation to, for example, better administrative efficiency and preferential policies. These businessmen thus had to re-establish new personal connections with new local head officials with the aim of seeking new preferences to their businesses.

performance evaluation rules. Albeit never being explicitly published, the system of GDP-based bureaucratic promotion, which manifests and accords with the growth-oriented state ideology, has been widely acknowledged by most Chinese bureaucrats and officials since the mid-1990s. This performance evaluation system, on the one hand, acts as a key incentive to state institutions and officials in relation to regional and local development matters; and on the other hand, constrains/enables state institutions and bureaucrats to realise their political as well as economic interests within the temporal horizons prescribed by the evaluation system. Zheng (2013) claims that local bureaucrats in China usually do not possess a perspective of sustainable development, but rather stick to the task of delivering development in terms of local GDP growth within their own term of office. Such GDP growth is often achieved through various means of development, which are unhealthy and polluting, and through the commercialisation of essential social welfare services, and duplicate infrastructure constructions (Zheng, 2013: 17).

Keynes's words that 'in the long run we are all dead' may in the Chinese context be amended to: 'in the long run no one will always be a bureaucrat'. Local bureaucrats are put into a position with substantial autonomous economic power, but are also subject to the career path control of the CPC and/or upper-level governments. As Burns (1994, cf: Xu, 2010: 13) observed, there exists in China a nested network, within which the central party/state possess personnel control over provincial leaders, and provincial leaders extend such control down to municipal, county and township scales. As this nested network ties the promotion, rotation, and demotion of local bureaucrats with the local socioeconomic performance in their jurisdictions (Xu, 2010), it is argued that being pragmatic within one's institutional time in dealing with socioeconomic performance therefore becomes a rational choice to as well a common consensus among state institutions and bureaucrats⁷².

⁷² It must be noted that although China's pragmatism ideology and its various institutional expressions do entail a variety of corruptions, corruptions and personal interests are not the objects of this research. As this research concentrates on the dynamic relational interactions between ideology/institution and regional uneven development, it must be made clear that these short-term particularistic interests bear strategic and structural characteristics, and can only be understood from an institutional perspective.

Another notable institutional change underlying China's central-local relations is the tax redistribution reform of 1994. It is beyond this research to fully articulate the effects of this reform, but suffice it to say here that this tax redistribution system serves to strengthen central government's financial revenue, and directly undermines regional/local governments' tax-related capacities and their controls on local banks. But, local governments' losses of tax revenue and banking control, as Xu (2010: 22) observed, were compensated by 'extra-budgetary and non-budgetary revenues', and by monopolistic controls on local land transfer and use. For a variety of reasons, before the beginning of the 2000s, most local governments had not yet found and made land their principal finance source and the main engine and leverage of local development. This can be reflected by the statistics provided by Sheng Huaren, the vice chairman of the National Congress of China. According to Sheng, the gross land-transferring fees at all local scales in China were 910 billion RMB during 2001 to 2003, whereas this revenue was only 6.7 billion RMB in 1998 (cf: Yuan, 2012: 24). This big discrepancy was partly caused by central government's further appropriation of the enterprise profit tax since 2002, which, as Xu (2010: 56) suggests, 'greatly disincentivizes local governments' efforts to improve enterprise efficiency'. And, more importantly, as it is argued that the practices of institutional time do not rest in a vacuum, but are situated in a series of socioeconomic dynamics and relations, this discrepancy in some aspects revealed an essential change from the development zone-driven growth to a new chief growth pattern which is more feasible under, and compatible with, China's alienated pragmatism, in particular, the dominant institutional time. This new local growth pattern refers to state-led land-economy in the form of urbanisation, which is looked at in more detail in the next subsection.

Before going to the next section, there is, notably, a symbolic call against the consensus of concentrating on matters and interests within institutional time. This call refers to the claim made by China's new vice-premier, Wang Yang. According to his words, bureaucratic promotion-related

achievements need not be completed within his prefecture⁷³. Wang Yang made this assertion as the CPC secretary of Guangdong province, which is the region with the highest local GDP in China. Known as a reformist in the CPC, Wang's assertion indeed reflects the universal recognition of the opposite view. This issue will be expanded in the case study chapters.

4.4.3 Institutional time and state-led, urbanisation-driven growth

From a historical perspective, sociospatial relations have arguably been of a consistent, core significance to all the dynasties of China as well as to modern China. The land reform conducted by the CPC under Chairman Mao's guidance pivotally contributed to the CPC's reign. Later, the economic reform under Deng's design was also initiated by, and based upon, a series of changes in sociospatial relations (decollectivisation in rural areas). When glancing at the critical roles and position of sociospatial relations at the third stage of China's economic reform, the rare advantage enjoyed by China's economic reform at its early stages, that is, free of vested interests in China's political establishment, had been considerably undermined (Coase and Wang, 2012: 79). This advantage was arguably replaced by a few new dominant complexes of institutions and actors, of which the structural selectivities and individual actions concentrated on exploiting and acquiring interests in terms of growth, performance and profits through producing and reproducing key sociospatial relations within the temporal horizon of the dominant institutional time. In other words, the changing dynamics of sociospatial relations provided an arena, upon which various new dominant scales of institutions and their capacities and interests were woven. Such changing dynamics of sociospatial relations were most vividly expressed by China's state-led urbanisation.

While the focus of the rest part of this section will largely rest on urbanisation, it is argued that urbanisation and its entailed industries and developments shall by no means be seen as economic issues only and be analysed in pure economic terms. The city, as Giddens (1982: 144) claims, shall be understood 'first and foremost in relation to the generation of power'.

⁷³ See the report of 'contributing to a blest Guangdong province by strengthening social construction and innovating social management' made by Wang Yang in the second general meeting of the ninth plenary session of the 10th party provincial committee of Guangdong province on July 12th 2011.

As previously argued, China's economic reform served in general to restore and reinforce the party/state's authority which was vitiated by the aggressive socio-ethical movements of the Cultural Revolution. It is therefore argued that exerting the party/state authority in the third stage of China's reform began to be strategically and structurally connected with land development and the extensive commodification and capitalisation of land, in the name of state-led urbanisation.

The strategic dimension of urbanisation can arguably be best identified by the so-called Policy Paper No. 18 [2003]⁷⁴, which is seen as a landmark policy paper for the real estate industry, since it for the first time explicitly confirmed that the real estate industry had become a pillar industry of the national economy. Since then, the state-led, urbanisation-driven growth pattern was continually and universally adopted and implemented by most local governments, becoming a mainstream, chief contributor to local GDP and records of performance. And, regarding the structural dimension of urbanisation, land revenue in many cities and regions of China contributed more than half of their gross local revenues, in the context of the increasing proportion of state revenue within the gross national incomes. In general, local land revenue derives from land-transferring fees, which usually amount to 20%-40% of the final housing prices, and also from transaction-related taxes which usually amount to 30%-40% of the final housing prices. This means that roughly 50%-80% of the market price of a real estate property may consist of various state revenues (Yuan, 2012: 24)⁷⁵.

As a pillar industry of the national economy, it is estimated that the real estate industry directly connects with and influences more than thirty other essential sectors including resource, service, material sectors etc. In a word, the real estate industry and its peripheral, complementary sectors, together with infrastructure development have been core elements and engines in

⁷⁴ Policy paper No. 18 refers to the 'The notice concerning the promotion of sustainable and healthy development of the real-estate industry market', enacted by the State Council on August, 12th 2003.

⁷⁵ In 2009, the three cities (Suzhou, Wuxi, and Changzhou city) in the south of Jiangsu province were all among the top 20 highest municipal land revenues in terms of land-transferring fees, whereas no city in the north of Jiangsu was listed (China real estate industry indicator data-base, cf: Chen, 2012: 266).

promoting and sustaining China's urbanisation and in maintaining and consolidating the powers and interests of local state institutions.

The strategic and structural importance of urbanisation does not derive from a sudden coincidence. As noted in **Section 4.3**, urbanisation was not the primary growth agenda at the second stage of reform, but was more like a derivative resulting from local industrialisation, and served to establish better infrastructures and environments in development zones for attracting inward investments, and accommodating migrant labourers. Toward the third stage of the economic reform, urbanisation began to break its nexus with local industrialisation. This is primarily because local governments realised that urbanisation alone could be not only a better endogenous engine, through which local GDP could be achieved more stably and efficiently within the dominant institutional time, but also an effective measure for strengthening autonomous local institutional authorities and financial capacities.

When local governments came to realise that their powers on land purchase and transfer were effective in, and propitious to, promoting urbanisation in the light of the growing market demands for real estate properties and infrastructures, and that the realisation of those demands could dramatically generate high GDP rate and record of performance, it is not surprising that local governments, in a pragmatic way, all chose to make the real estate industry their pillar industry and a key revenue source.

This similarity in local growth pattern eventually resulted in similar forms and contents of structurally inscribed strategic selectivities in different places, which then produced similar types of spatiotemporal fixes in Jessop's (2004) terms. As Ye (2013: 21) observed, local governments in China all strived to promote urbanisation-driven growth, constructing cities with similar forms and plans, and building CBDs (Central Business District) to attract consumption resources from adjacent areas without taking into account the optimal allocation of such services.

The homogeneity of greatly relying on urbanisation, which is mainly based on the endogenous element of land however resulted in the case that regional unevenness was evolving to a large extent quantitatively rather than qualitatively during the third stage of the reform. As the later case studies

show, the developmental disparities between the two cities/city-regions were in many key respects mitigated under the pervasive state-led, urbanisation-driven growth.

Underlying the evolving quantitative regional uneven development, arguably, lies the visible hand of China's dominant institutional time. It is argued that state-led urbanisation proceeded with the purpose of realising, within the dominant institutional time, quantitatively assessable records of performance that are linked to the relatively short-term interests of state institutions and sectors. Other interests and aims, which have to be realised beyond the temporal horizon of dominant institutional time, or can contribute less to records of performance, may thus be deferred, displaced, or omitted by local governments and powerful interest groups.

Arguably, such practices critically reflect Jessop's (2004: 42) view that the spatiotemporal selectivity of an institution 'involves the diverse modalities in and through which ... some practices and strategies are privileged and others made more difficult to realize according to how they match the temporal and spatial patterns inscribed' in the institution at issue. Such practices occurred in China at all scales, not only because that the dominant institutional time is expressed in a top-down way, but also because the bond between China's regime legitimacy and economic growth has left local governments few choices under the bottom-up bureaucratic accountability system. As Yuan (2012: 186) claims, 'the very pressure in reality has forced Chinese government to make a hard balance between short-term and long-term risks. And, its choice of focusing on short-term interests seems to be based on, rather than some fine considerations of balancing, political incapability to establish economic strategies that can accord with long-term interests'. Governments in China, as Yuan states (*ibid*), are thus 'dancing with shackles in a narrow space shaped by the reality, being incapable of getting rid of their addicted reliance on rapid, high growth'.

4.4.4 Mitigated regional unevenness and exacerbated socioeconomic unevenness

Whilst it was argued that the regional unevenness in Jiangsu province was in many aspects being mitigated during the third stage, if looking at state-led urbanisation in each locality independently, it can arguably be seen that such local growth patterns had themselves become a generator of severe socioeconomic uneven development within the finitude of China's dominant institutional time. In other words, the growth pattern in each city, by seeking to attain its own relative structural coherence, led to unevenness. How and to what extent such coherence might be secured, on the one hand, depended on the capabilities of the key local institutional complex in creating, enhancing and capturing the values for, and displacing, deferring and omitting the costs of, local development. On the other hand, the interactions of one generator of unevenness with other scales, places and networks also play important roles in shaping and affecting the unevenness between different generators of unevenness. This is particularly so when two or more generators of unevenness are sociospatially close to, and institutionally similar with, each other.

In promoting urbanisation-driven growth, local governments had all operated to defer and to displace the various costs of securing growth and coherence to a future temporal horizon, and to some other places, scales, and social strata. For example, the numerous local debts now owed by many local governments largely reflected such practices⁷⁶. China's core official press, the People's Daily (2013) recently addressed this, sharply criticising the fact that many local governments merely strived for short-term interests, and records of performance, whilst intentionally neglecting high loan burdens, and long-term and sustainable development. Regarding the displacement of the costs in sociospatial terms, as Wen (2011: 189) suggests, the process of migrating and industrialising rural surplus population, though having been manifested as a part of urbanisation, was actually a sociospatial displacement of poverty, because the various costs and tribulations of industrialisation and urbanisation had been born by migrant labourers, and rural residents who lost their land, whilst some special interest groups (such as SOEs and property

⁷⁶ A discussion of the high risks brewed by the local debts owed by China's local governments can be seen in Wu. L. (2012), 'Local debts, the sword hanging over China's central government', *New View Weekly*, Vol. 36, No. 600, pp. 5-7

developers whose wealth dramatically increased during the last decade) enjoyed the benefits generated from urbanisation. This view to some extent resonates with Ong's (2006: 4) argument that 'exceptions to neoliberalism exclude migrant workers from the living standards created by market-driven policies' and 'exclude noncitizens from the benefits of capitalist development'.

It is in this sense to argue that the capabilities of deferral/displacement reflect the core importance of the dominant institutional time, as it is the institutional time that entailed the key incentive for local state institutions to exercise their structural selectivities that were pragmatically preferential to the interests that could be realised within short-terms. In other words, most state-led local institutional complexes possess and exhibit similar temporal extensions and temporal horizons of actions under the urbanisation-driven growth pattern, and the basic boundary of these temporal extensions and temporal horizons of actions was defined and shaped by the dominant institutional time.

Whilst such practices of local growth does not, in a *prima facie* view, invoke conflicts between different cities and regions since the costs of securing their relative structural coherence can be deferred to their own respective future temporal horizons, it is argued that the subjects, of which the interests are vitiated, and the very way, in which the costs are deferred, implied and entailed essential conflicts and causes of regional unevenness. Moreover, although the urbanisation-driven local growth pattern has enabled many local governments to successfully secure economic performance in a homogenous fashion, such economic growth and mitigation of regional unevenness attained throughout the last decade can arguably not be sustained because the growth pattern itself is not sustainable and, has resulted in severe sociospatial unevenness and conflicts. In order to decipher this point more clearly, the notion of China's 'pseudo-urbanisation' needs be invoked.

In a rough sense, China's pseudo-urbanisation refers to the phenomenon that state-led urbanisation is mainly based on infrastructure investments and architectural modernisation, but neglects and deprives the interests and welfare of newly migrated urban population. During the last

decade, more than 70 percent of the newly increased urban population in China consisted of migrated agricultural/rural population. On the one hand, although most rural migrants have been in permanent residence in the cities or city-regions, China's restrictive household registration system prevents them from enjoying equal public goods/services provided by local state institutions with standard urban households. And, rural migrants who do not possess urban household status are also constrained with respect to their political rights and opportunities, which in turn directly or indirectly undermine their incomes and living standards (Yu, 2010). On the other hand, as China's pseudo-urbanisation was driven by the increasing demands for land, numerous rural migrants and urban residents lost their land through state-led land expropriation, and meanwhile did not obtain sustainable jobs. Although the call of reforming the household registration system has long been a hot issue addressed by many critics, most local governments showed reluctance to support and facilitate such sort of reform. This is largely because the household registration system justifies and helps local governments to omit, or at least to defer the huge costs of politically and socially urbanising migrants, out of the temporal horizon of the dominant institutional time.

The negative effects of the deferral practice are further exacerbated by China's pseudo-urbanisation itself. Urbanisation in China was expanded through appropriating and converting rural and arable land into urban use land. The compulsory purchase system in China enables local governments to legally purchase land at relatively low prices from rural residents and then to transform the land for urban development uses, which can be transferred to property developers at rather high prices. As Yuan (2012: 43) had criticised, under the compulsory purchase system, the treasure of land, which should have been a potential capital for rural residents to integrate into urbanisation, had, however, been asymmetrically absorbed into urban areas, in particular, into local governments and related interest groups. Xu (2010: 52) contends that 'This (state-led land expropriations) often led to sharp conflicts between those who lost land without receiving proper compensation', and property developers who could profit immensely from such transactions, thanks to their

close associations with local governments. And these issues are specifically reviewed and reflected in the case study chapters.

At this point we thus need to again invoke the interactive dialectic relationship between the dominant state ideology and its institutional expressions and the recursive capabilities of utility bits to choose. It is argued that, compared to the earlier stages of China's economic reform, the capabilities to choose of the majority population, that is, the colony of migrated rural labourers and residents, were most constrained at this stage. The constraints set upon their capabilities to choose derive from the triumph of the pervasive urbanisation-driven growth pattern which exhibits and entails a series of local spatiotemporal extensions with clear strategic institutional selectivities by which the interest-orientations of governments, SOEs, and other privileged interest groups have been critically shaped and sustained. Sun (2006b) describes this phenomenon of constrained capabilities to choose as an institutional tendency towards a rigid social structure and the loss of stratum fluidity. If looking into this institutional tendency through the lens of regional developmental unevenness, it is argued that under those normative guises of local economic growth, regional competitions, and urbanisation, the socioeconomic unevenness in Jiangsu province during the third stage evolved at a household scale, although often hidden behind aggregate regional scale statistics. This sociospatial pervasiveness of unevenness was, arguably, institutionally produced and reproduced by the politically distorted and spatiotemporally compressed practices of China's utilitarianism within each local spatiotemporal extension defined by China's pragmatism.

As a crucial complement to utilitarianism, China's pragmatism institutionally generated and also shaped a group of interconnected competitive spatiotemporal fixes, which ramified and intensified utilitarian practices within them. In other words, it was under this situation that the growth-oriented state ideology accomplished its full face in institutional and spatiotemporal terms. In simple terms, it can be interpreted as that the major institutions at all scales should operate to let some regions and peoples get rich first within every five years or less.

Regarding whether there exists any institutional or socioeconomic barriers to new regions and peoples, which wish to get rich in the successive five years in future, it is believed that Sun's (2004) ideas of the rigid social structure and the loss of stratum fluidity and Coase and Wang's (2012) observation of the vested interests in China's political establishment, have answered this question. In practice, the answer to this question is reflected by the collapse of the public consensus on the growth-oriented economic reform (Li, 2011; Xu, 2010). It is important to recall Deng's words here. As Deng said, 'Socialism shall not be that some minority gets rich whilst the majority stays poor. The greatest advantage of socialism is the richness of commonwealth, and this lies in the core essence of socialism'. And, 'if the reform leads to polarisation, it means that the reform has failed, and turned out to be capitalism'⁷⁷.

Generally speaking, the key situation in China during this stage was definitely not the eventual richness of commonwealth. But it is also more complicated than Fred Hirsch observed in his *Social Limits to Growth*, that is, 'material wealth increases, but the positional inequality remains' (cf: Dahrendorf, 2008: 13). The very element that leads to the further complexity lies in the basic and underlying motive of the CPC in initiating the economic reform, because this motive directs, and meanwhile distorts, conventional government and market activities, or in Dahrendorf's language, affects both entitlement and provision, though in an unconventional fashion. To Dahrendorf (2008: 15), the key connections between politics and economics lie in, *inter alia*, the questions of 'what are the economic prerequisites of political freedom', and 'what are the political prerequisites of economic progress'. But the connections in terms of such questions do not merit much practical importance in the specific context of China, as political freedom had been radically ruled out from the top agendas of China's reform since the Tiananmen Square incident. The later question posed by Dahrendorf shall arguably be adapted to that of what are the political and institutional prerequisites of relying on economic progress for strengthening and

⁷⁷ See, 'Selected works of Deng Xiaoping', Vol. 3, p. 139, 364, and 'The chronicle of Deng Xiaoping's life', Vol. 2, pp. 1356-1357

sustaining regime legitimacy, in order to address China's situation in a more precise fashion.

Obviously, answering these adapted question requires, apart from the practice of state-owned enterprises, concrete institutional participation and the intervention of local governments in local socioeconomic development. As Zhang (2013: 160) suggest, in the process of land development, local governments tend to be both the chief actors of law infringement and the crucial engine for promoting institutional innovation. These two seemingly contradictory roles have arguably served the same twofold objective. The first part of the objective refers to securing and strengthening the party state's leading role in local governance, as this is the very power and regime foundation, upon which the practices of all party/state institutions and individuals are premised. The second part of this objective is dealt with producing and reproducing at regional/local scales dominant institutional selectivities which not only accord with the first part in a macro sense and with the evaluation criteria for bureaucratic promotion, but can also endow local governments with certain degrees of autonomous maneuverability in managing developmental matters within the relevant institutional spatial and temporal horizons. Notably, the state practice of securing this twofold objective did not evolve in a linear fashion during the first two stages of the reform, since regional and local development during these periods witnessed a variety of institutional innovations and competitions, which expressed various comparative advantages respectively enjoyed and exerted by different localities. Although not all innovations and competitions resulted in economic success, most of them brought about more or less liberalisation and empowerment to peoples' capabilities to choose (for example, the rural decollectivisation practice led to the rise of TVEs, and the rise of development zones led to the increase of inward investments and labour-intensive and high-tech industrial agglomeration in new and semi-urban areas). The realisation of such liberalisation and empowerment was, arguably, due to the fact that growth agendas expressed by local dominant institutional selectivities during these periods involved the extensive, institutional and industrial participations of rural labourers, whose recursively selected tactics and

actions not only contributed to improving the general living standard, but also promoted the economic and entrepreneurial foundations, which help local governments institutionally restructure their autonomies and authorities in relation to economic development.

But, all these seemingly win-win institutional arrangements were broken when urbanisation pervasively became the key local growth agenda during the third stage of China's reform. And, the local dominant institutional selectivities of the urbanisation-driven growth pattern expressed a rather narrowly defined interest-orientation, which privileged state institutions and a few newly formed interest groups, whilst depriving most migrant labourers and many other social groups who have to afford high house prices, of their capabilities to choose and opportunities to participate, in the context of the so-called pseudo-urbanisation process.

In brief, it can be summarised that the rural industrialisation-driven growth in Jiangsu province was characteristic of an interest-orientation toward the richness of commonwealth, and also an ambiguous but effective public-private partnership in promoting regional economic development, whereas the urbanisation-driven growth revealed some features in terms of state-led growth and an oligopolistic interest-orientation. Hence, it is argued that the institutional deprivation of the mass, and the privileging of the state and few interest groups, to the largest extent embodied the utilitarian characteristics of China's growth-oriented state ideology in terms of 'letting some peoples and regions be rich first'. Meanwhile, the practice of pragmatism served to geographically expand utilitarian institutions to different localities at various scales, and to compress local utilitarian practice within the temporal horizon of the dominant institutional time.

It may further be argued that the evolution of regional development in terms of the changing institutional selectivities and the people's capabilities to choose, reflects a strategic, sociospatial shift of the governments' key emphasis on development, that is, from emphasising economic reforms in rural areas to concentrating on urban and semi-urban development. In more specific terms, during the second stage of China's economic reform, this sociospatial shift was progressing in a relatively incremental, conventional

fashion in the context of intense inter-urban industrial and institutional competitions (although many local governments had begun to compulsorily purchase and industrially transform rural lands in their territories, which constituted key local leverages for attracting and using external resources for local growth). This shift was accelerated towards urban-oriented growth in the late 1990s, as a central-local institutional compromise had been reached, which enabled local governments to use their land not only as a leverage for absorbing external resources, but also as a fully controlled endogenous asset that can be commercialised and capitalised to stimulate and support local growth. The completion of this sociospatial shift at the third stage of the reform, as Huang (2013) observes, reflects the controversial tendency of 'the state owned sectors advancing whilst private sectors retreating'. Huang (2013) then further observed that it was based on political considerations that China chose to pause and reverse the progress of rural industrial and financial reforms, incrementally shifting to urban-oriented reforms. This choice, albeit successfully helping China transform from a centrally planned economy into a 'State Capitalist' economy, did not result in a complete market economy transition.

Although Huang's observation rightly points out the general outcomes of the strategic, sociospatial shift between the rural and urban orientations, it fails to clearly articulate the actual political considerations underlying this shift. In fact, it is argued that there are no such decisive political considerations, at least, not in any concrete policy forms. What does exist in reality is a growth-oriented state ideology, which is susceptible and subject to the objective of restoring and strengthening the party/state's regime legitimacy.

But this growth-oriented state ideology entailed no policy measures or any institutional arrangements directly, but a set of guiding rationales and criteria, with which all the concrete institutional expressions of the state ideology should be in accordance. For example, the institutional innovation of rural decollectivisation was, arguably, partly an individual, coincident case, and partly an inevitable outcome of the reform, as the restructuring of rural sociospatial relations had at the beginning of the economic reform been recognised as a priority. Successful rural industrialisation in some regions and

areas was indeed an additional institutional innovation entailed by rural decollectivisation. Those areas with successful rural industrialisation growth then became both model patterns and path-dependencies for other regions pursuant to China's pragmatism. It was also during this era that regional unevenness began to be fostered and facilitated by the radical and extensive restructuring of rural sociospatial relations, across different temporal and spatial horizons respectively. But, the success of rural industrialisation in some areas did not lead to further substantive reforms in relation to the rural financial system and rural governance.

Corresponding to the global trend of the rise of the city-regions, most local governments during this stage chose to adopt the development zone-driven growth, which had been experimented internationally (for example, the UK's enterprise zone) and domestically (for example, the Shenzhen Special Zone), to agglomerate local scattered rural industries into newly built city-regions with the aim of furthering both urbanisation and industrialisation processes in a complementary and interactive way. During this stage, those local governments with better endogenous industrial growth and higher inward investment became more powerful in relation to their institutional and financial capacities. In other words, parallel to the regional unevenness at issue lies the evolving unevenness of local state capacities and this is also reflected in the bureaucratic evaluation system, which vitally relies on some GDP-oriented criteria to determine the promotion of local head officials.

Despite inter-urban competitions, the rise of development zones eventually inspired local governments to find the quickest and easiest way of promoting their local GDP growth, that is, the land-oriented growth. And, this at the third stage of the economic reform became a common growth pattern that was adopted by most local governments at various scales. The emergence of urbanisation-driven growth indeed signifies the completion of the strategic, sociospatial shift, which makes urban areas the absolute growth pivot. It is also during the course of urbanisation that local state institutions, state-owned enterprises, and special interest groups have institutionally embedded their interests into local growth and governance models, and made them the very subjects, which local institutional selectivities mostly privilege. It

is also during this course that China's party/state authorities have become ever stronger since the inception of the economic reform. But the disproportional growth rate between state income and local residential income indicates that only the first utilitarian part of Deng's dictum has been realised, but the second part, that is, 'eventually reaching the richness of the commonwealth', is still largely neglected.

4.5 Summary

To provide a conceptual framework, this chapter has first adopted a historical-abstract perspective to analyse the sharp transition from Mao's reign of virtue, which is reflected by the guiding ideas and practices of China's Cultural Revolution, to the growth-oriented state ideology, upon which China's economic reform is premised. It is argued that China's economic reform was triggered by a thorough alteration of its dominant state ideology, which politically reconstituted the regime legitimacy basis of the party/state, and this in turn resulted in modifications to the aims, functions, and structures of state institutions at various scales. Through this historical analysis, it can be seen that the basic task of China's economic reform is to restore and strengthen the authorities and functions of the party/state of China, which was severely undermined by the Cultural Revolution.

After briefly clarifying the above issue, this chapter specifically articulated the two core ideas of China's growth-oriented state ideology, namely, utilitarianism and pragmatism with unique Chinese characteristics. Regarding the relevance of these two ideas to regional uneven development in China, it is argued that both the institutional practices of utilitarianism, and pragmatism revealed prominent spatial and temporal elements and effects at different scales and during different periods. In more specific terms, China's utilitarianism, whilst establishing a growth-orientation that assimilated the public rationality and individual actions, also laid out a path-strategy for realising economic growth. This refers to Deng's political judgement of 'letting some peoples and regions get rich first, and then bringing along and helping others to eventually arrive at the richness of commonwealth'. Although the first part of Deng's judgement reveals a clear sociospatial preference in

utilitarian sense, which thus directly shaped and justified subsequent regional unevenness, it avoids in the second part the essential factor of the temporal horizon, within which the common richness can be realised. In addition, it is argued that the earlier form of China's pragmatism also imposed certain spatial effects onto regional uneven development through the trial-and-error strategy, which is summarised by Deng's words of 'crossing the river by groping the stones'. It was seen in practice that, under this strategy, successful institutional innovations and experiments in some regions and places would quickly be transplanted to and adopted by other regions and places, although such highly empirical-oriented method may not guarantee an extensive applicability of such successful sample models. Instead, these sample models in terms of major local growth patterns and projects might turn out to be some sort of path-dependencies to regions, which adopted them. More importantly, as the rise of the cities and development zones in China during the second stage of the reform stressed on the strategic couplings between local assets and external resources, regions with homogenous growth patterns fell into intense inter-locality competitions. All these had hence decisively shaped the regional unevenness between the south and the north of Jiangsu province at the first two stages of the reform.

When China's economic reform progressed to its third stage, it is asserted that China's pragmatism was alienated by the emergence of a dominant institutional time, which complemented the ambiguous temporal horizon set forth by China's utilitarian strategy on the one hand, and critically shaped the incentives and selectivities of state institutions and local growth patterns of this stage, on the other. It is proposed that this dominant institutional time covers a temporal horizon of five years or less. It consists of two largely overlapping institutional times: China's 'five-year development for the national economy', and the term of party/government office. It is within this dominant institutional time that all the state institutions and officials are simultaneously constrained and/or empowered to deal with development matters in their jurisdictions within this temporal boundary.

The presence of this institutional time directly leads to the change of the major local growth pattern, which transits from development zone-driven

growth to state-led urbanisation-driven growth. It is the homogeneity of this growth pattern at local scales that defines the evolution of regional unevenness at this stage. The pervasive operations of this growth pattern, on the one hand, brought about a great deal of endogenous local growth that quantitatively undermined regional unevenness in Jiangsu province. And, on the other hand, they also entailed in each place pervasive sociospatial unevenness, which was institutionally produced and reproduced by the politically distorted and spatiotemporally compressed practices of utilitarianism in each local spatiotemporal extension defined by China's alienated pragmatism. Hence, it is summarily proposed that it was under this situation that the growth-oriented state ideology accomplished its full face in institutional and spatiotemporal terms.

In simple terms, it can be interpreted that the major institutions at all scales should operate to let some regions and peoples get rich first within every five years or less. This reveals the fundamental logic of the regional uneven development between the south and the north in Jiangsu province, and also, arguably, sketches out the key rationale of China's economic reform. And, all the above conceptual articulations will be empirically reflected and discussed in the following case study chapters.

Chapter Five: Case Study One: Changzhou city and its sub-areas in the south of Jiangsu province (Part One: the first and second stages of reform)

5.1 Introduction to the case studies

The two case studies of the south and north of Jiangsu province serve to empirically explore how the growth-oriented state ideology has, in practice, interacted with various socioeconomic forces and processes to produce regional uneven development at different local/regional scales over different temporal stages. Among these forces and processes, industrialisation and urbanisation constitute the major engines of regional growth at respective stages of China's economic reform, and their recursive interactions contributed substantially to regional unevenness and institutional change.

Regarding the analytical structure of the two case studies, the chief aspects of the evolving development of the two city-regions will be temporally demarcated in accordance with the three-stage division of China's economic reform set out in the previous chapters. As we will see, these correspond with key local growth patterns in each place at each stage. In brief, while the (uneven) development of the two city-regions during the first two stages largely involved industrialisation-driven growth, the analytical focus of the third stage is on state-led, urbanisation-driven growth. However, this research does not aim to merely present a historical-empirical record of regional uneven development in Jiangsu province, but instead, it has an analytical ambition to critically reflect on some key issues, which are of immediate significance to contemporary China and prospective regional uneven development in the near future. The two case studies thus give more analytical and empirical prominence to the third stage of China's economic reform. It is in this sense that the case study of the south of Jiangsu is divided into two chapters. This Chapter will focus on the first two stages whereas the next chapter concentrates on the third stage. In addition, it is worth noting that whilst the two core ideas of the growth-oriented state ideology will be applied in the case study chapters to decipher the concrete evolution of regional uneven development, the TPSN framework, though may not be fully used in every stage, will also be applied to grasp those most essential parameters that have

shaped or affected regional unevenness at each stage of China's economic reform.

5.2 TVE-driven growth in Changzhou during the first stage of the reform

Unlike the regions of the northern Jiangsu province, whose economies have risen and fallen over time, the south of Jiangsu has, since the Song dynasty (960AD - 1279AD), consistently been one of the most developed regions in China. For example, in the Qing dynasty (1644AD – 1912AD), Jiangnan province (which included the current southern Jiangsu, Anhui province, and Shanghai city) contributed about one third of gross national revenue incomes. At the end of Qing dynasty (1644AD - 1911AD), the Westernization Movement advanced by powerful local military groups had initialised local industrialisation in a number of key cities in the south of Jiangsu. This primitive industrialisation process was then continued during the pre-reform era under the CPC reign. As Wen (2011: 16) points out, by the end of the 1970s, the three cities in the south of Jiangsu (Suzhou, Wuxi and Changzhou city) all possessed a relatively mature industrial structure, the composition of which ranged from chemical, textile and heavy industries to equipment manufacturing and steel industries. The south of Jiangsu thus established an urban belt with strong industrial isomorphism⁷⁸. It must also be pointed out that, despite the presence of this industrialised urban belt in the south, the sub-regions of these three cities (their counties, towns and villages) had not established any rural-based industrial bases during the pre-economic era. This industrial vacuum in rural and semi-rural regions had accordingly made these regions ideal sociospatial sites for receiving the capital and technological spillage, which overflowed from their municipalities.

The inception of China's economic reform in some ways enabled and realised such urban-rural interactions, thus resulting in rather successful rural industrialisation in the south of Jiangsu during the first stage of the reform. While the most prominent region of reform and development at that stage was

⁷⁸ In Coase and Wang's (2012: 143, 144) words, such industrial isomorphism refers to the phenomenon of substantial duplicative investments in the same sectors, which, though incompatible with Ricardo's conceptions of specialization and comparative advantage, helped to facilitate and spread social and industrial learning in terms of human skills and manufacturing technologies, which in turn contributed to the rise of China's export-oriented labour-intensive manufacturing sectors.

the Pearl River Basin, which was a flagship locality for implementing Deng's 'Open Policy', and received most state support in terms of having local autonomous powers for experimental institutional innovations, the south of Jiangsu was taking a lower profile in its local institutional changes for economic growth.

Thanks to the innovation and expansion of China's 'household responsibility system'⁷⁹, agricultural production in many areas achieved dramatic growth during the first stage of China's reform. But, compared to the widespread and common growth in agricultural sectors, the essential institutional change brought about by this system, namely, rural decollectivisation, led to far more complex and indeed uneven outcomes in relation to rural industrialisation in different regions. The south of Jiangsu might perhaps be the most successful region in China with respect to rural industrialisation, whose growth pattern was summarised and labelled by China's leading sociologist, Fei Xiaotong⁸⁰ as the well-known 'Southern Jiangsu Model'.

Generally speaking, rural decollectivisation in China served to liberalise a set of rural resources, the subsequent operations of which were ideologically guided and institutionally justified by the growth-oriented state ideology. In other words, peoples' capabilities to choose were to some extent emancipated so long as their chosen action was to improve local economic growth subject to relevant laws and policies. And, the weaker political importance of rural areas in terms of their bureaucratic scales and functions led the party/state to be more tolerable to those rural-based institutional innovations. Rural areas were endowed with much more manoeuvre than urban areas, in experimenting and establishing their innovative growth patterns at the outset of the reform. The devolution of such manoeuvre accords with Deng's pragmatism in terms of 'crossing the river by groping the stones'. The most prominent expression of such manoeuvres in institutional terms in the south of Jiangsu at this stage is the rapid rise of local township and village enterprises (TVEs). In his survey in Jiangsu province in 1983,

⁷⁹ See **Chapter 4**

⁸⁰ Fei Xiaotong completed his PhD at LSE, and was in 1981 awarded the Huxley Memorial Medal of the Royal Anthropological Institute of Great Britain and Ireland.

Deng explicitly recognised the achievements made by the TVEs in Suzhou city in the south; and in 1987, Deng asserted that ‘the rise of TVEs is a totally unexpected success...not only did these enterprises achieved more than 20 per cent annual output value, but also employed more than 50 per cent of the surplus rural labours and built up many new small towns’⁸¹. In this year, the gross industrial output of local TVEs in Jiangsu reached 79.7 billion RMB, which amounted to be more than half of the gross provincial industrial output. But this prominent economic performance of TVEs was based on an equally prominent regional unevenness. As the birthplace of TVEs, the south contained more than 90 per cent of local TVEs in Jiangsu in the 1980s (Chinese Territory Resource News, 2012).

Thanks to the earlier form of China’s pragmatism, the success of TVEs in the south soon became an exemplar and a path-dependency for other regions in particular the north of Jiangsu (the reasons for unsatisfactory performance of TVEs in the north will be discussed in **Chapter 7**). It is in this sense argued that rural industrialisation in terms of TVE-driven growth constituted the essential manifestation that delineated the regional unevenness between the south and north in Jiangsu during the first stage of the economic reform. The following sections intend to shed some insights, from a TPSN perspective, on some key of the institutional logics and arrangements, which contributed to the success of TVEs in the south. In other words, it is proposed that the parameters of territory, place, scale and network critically, though not simultaneously, affected the regional and local growth in the south. And, in identifying their roles and practices underlying the different aspects of local growth, a clearer understanding of the key logics and evolution of regional (uneven) development in China can hence be grasped.

5.2.1 Prerequisites for the success of TVEs in the south

As already noted, China’s growth-oriented state ideology and the process of rural decollectivisation, in both an ideological and a physical sense, opened the possibility of rural industrialisation. The key question facing rural areas

⁸¹ Deng made this comment in his meeting with Stefan Korosec, member of the Presidium of the Central Committee of the League of Communist of Yugoslavia, on June 12th, 1987. This comment is included in the article—‘We Shall Speed up Reform in ‘Selected Works of Deng Xiaoping, Vol. 3

then lies in how to take advantage of this opportunity to use rural industrialisation to promote local economic growth. There were two basic issues that had to be tackled at the outset: first, what institutional arrangements were necessary for obtaining the requisite financial capital, technologies, and materials for initialising primitive industrialisation; and, second, what commercial and industrial connections needed to be built with urban systems for securing sustainable product distributions and reproductions.

Regarding the first issue, most towns and villages at that time did not have much access to banking loans and credits, and they could only rely on the collective funds previously accumulated under the people's commune system. This was the case for both the south and north of Jiangsu. For example, the Annual Statistics Book of Wuxi city in 1981 showed that the fund source of TVEs consisted of 95.4% self-funding, 2.9% local governments' financial support, and 1.7% domestic banking loan. Xu and Zhang (1997), based on their empirical study, suggested that it was not until 1984 that debts and borrowings became TVEs' chief financing measure. Compared to the limited availability of capital, rural areas in China possessed sufficient, low-cost labourers. More importantly, although rural land, even now, cannot be capitalised and commercialised by town and village communities and households on the primary land market, such land was allowed to be disposed and used by local town and village collective organisations for locally based projects, like running TVEs. That is to say, TVEs, as collectively owned economic entities in appearance or in substance, usually did not have to pay rent for establishing their premises on their respective collectively owned rural land so long as such a piece of land is collectively decided to be used for non-agricultural uses, and is out of the reach of the household responsibility system. In a word, notwithstanding the shortage of financial capacity and support, which was at that time primarily enjoyed by state-owned sectors in urban areas, the rural areas of the south of Jiangsu made up for the lack of capital with effective organisations and mobilisations of rural labour and land in initialising rural industrialisation.

Wen (2011) conceptualised such effective organisations of rural collectivities for industrialisation as some sort of 'organisational rent', which refers to the surplus or additional interests generated from the effective collective, coordinated work of an organisation. While this may have to some extent sketched out certain initial reasons for the rise of TVEs, it does not explain the lagged development of TVEs in the north of Jiangsu since both the south and the north bore the institutional legacy of highly collectivised productive organisations left by the people's commune system. It seems thus necessary to take a closer look at the institutional rationality and arrangement of TVEs in the south.

It must be noted at the outset that, the TVE, as a key corporate form of rural industrialisation, has now largely become a historical fossil since the wide range of privatising restructuring of TVEs in the late 1990s. It is therefore relatively difficult to obtain primary data on local TVEs. But, thanks to the prominence of the Southern Jiangsu Model, it is possible to use much secondary data to explore the institutional rationality of TVEs' success in the south.

There are two essential institutional arrangements underlying TVEs' success in the south. The first is TVEs' unique public-private partnership. Many scholars have assessed this partnership from a property rights perspective, but the actual substance of it still remains a rather controversial issue. For example, Li (1995) proposed the notion of ambiguous property rights, and Weitzman and Xu (1993) proposed the notion of vaguely defined cooperatives, both attempting to explain the paradoxical question of how TVEs had achieved outstanding performance with their seemingly poorly constructed systems of corporate ownership and function. I have no intention of analysing TVEs' success in the south from the property rights perspective. Rather, as has been noted, I will try to articulate, from the perspective of the TPSN approach, some important sociospatial advantages expressed by this public-private partnership in the course of TVEs' development in the south.

5.2.2 TVEs' public-private partnership and the differences between the places of the south and those of the north

Whilst the public-private partnership of TVEs played a key role in the growth of local TVEs, the practice of this partnership was shaped by, and subject to, a variety of place related characteristics in the south, which were different from those in the north.

First, it is argued that those villages in the south, which generated better TVE performance, tended to have smaller population and territory than most villages in the north. For example, the symbolic Huaxi village⁸² in the south of Jiangsu had less than 1000 farmers at the outset of its rural industrialisation, whereas villages in the north usually had around 3000 residents. It is argued by Wen (2011: 26) that villages with smaller populations tend to reach collective agreements for industrialisation much easier and also bear less risks against external influences. In a rural community with relatively smaller territory and population, local governments at town and village scales could also intervene in the establishment and management of TVEs in a more efficient fashion. Such governmental intervention not only endowed TVEs with a political justification for responding to the central state's concerns as to whether TVEs were compatible with China's socialist ideology and regime, but also, more importantly, smoothed for TVEs a variety of administrative obstacles in relation to, for example, licensing approvals and contract disputes, and helped TVEs actively in connecting and coupling with external strategic resources (the importance of this is to be more concretely discussed later in dealing with the second basic issue for TVEs' success). Li (1995) argued that such local state intervention was an efficiency in the development of local TVEs in a business environment with inadequate legal systems and extensive bureaucratic distortions. In brief, small territory and population amount to be a crucial advantage for the south to start its TVE growth.

Regarding the private side of this public-private partnership, it is first argued that some special rural cultural factors particularly in the south of Jiangsu effectively helped TVEs' primitive accumulation. Wen (2011) pointed out that there existed a set of unique local cultural habits in the south, which served to harmonise the orthodox conflict between capital and labour, resulting in further mitigation of labour costs for rural industrialisation, and

⁸² Huaxi village is widely known as the No.1 Village in China because of its outstanding entire economic performance and richness of each household in the village.

internal accumulation of generated profits for reproduction. It was this particularly place-bound rural culture that lowered the payment expectation of rural TVE labourers, and ensured that the labour input, as a key source for capital accumulation, could contribute to rural industrialisation without invoking conventional capital-labour conflicts.

In many rural areas in the south, TVE workers did not ask for monthly wage payments, but accepted an annual payment based on the workpoints system which was one of the institutional legacies of the people's commune. Under this workpoints system, TVE workers received points for the jobs they did in a same way as farmers in conducting agricultural tasks. Indeed, many TVE workers were part-time, and also worked as farmers in certain months of a year. And, TVE workers in the south did not ask for payment at the same level as that of urban workers. Their salaries were almost the same or even less than farmers. Thanks to this system, TVEs in the south could on the one hand use those postponed salaries as some sort of bank loan at no interest, and on the other hand, even postponed annual payment till the end of the next year in the case of enterprise losses. The later situation is indicative of co-risk taking within the collectives.

In their respective interviews, both Mr. S⁸³, and Mr. W⁸⁴ observed that the local culture in the rural places of the south was rather unique and played an essential role in the early days of TVE development. And, they maintained that the north of Jiangsu, because of socio-cultural and historical reasons⁸⁵, lacked such cultural assistance to rural industrialisation. It was in this sense that central government credited TVEs as a great innovation made by farmers in towns and villages, and the south was the best role model of this innovation (Wen, 2011: 27).

Apart from rural labour and cultural factors, the collective ownership of rural land was another key parameter in the rise of TVEs in the south. Generally speaking, it is argued that Ricardo's theory of differential land rent is critical in relation to the transformative use of rural land for TVE-driven

⁸³ Mr. S is a former head officer of the Planning Bureau of Wujing district of Changzhou city.

⁸⁴ Mr. W is a civil servant at the Administration for Industry and Commerce of Wujing district of Changzhou city.

⁸⁵ According to these two interviewees, people in the north of Jiangsu had lacked entrepreneurial spirit and skills.

industrialisation. It is obvious that the locational value and economic advantage inherent in the rural land in the south made the transformative use of rural land for industrial purposes a rather attractive option in economic terms. While the public-private partnership did enable TVEs to appropriate rural land, and to transform it for industrial use in a relatively convenient, but usually nonstandard or illegal fashion, Wen (2011) and Mr. S had both pointed out a curious phenomenon, that is, most towns and villages in the south, in initialising their local TVE operations, chose to maintain the largest proportion of their rural land for grain production rather than for industrial or vegetable production, which could nonetheless lead to products with higher added value. And, this general trend was not changed in the south until the mid-1980s. This deviation to Ricardo's law of rent was derived from a consensus reached by the public-private partnership, that is, preserving local autarkic agricultural sectors against the potential external risks of running local TVEs. This prudent choice in fact encouraged more local rural labourers to take part in TVE development. But, with the rapid growth and expansion of TVEs, more and more collectively owned rural land was used for industrial productions.

Although land should have been one of the most expensive elements that local industrialisation had to bear in a conventional market economy system, most TVEs in the south could at the outset rely on the public-private partnership to appropriate rural land as their assets without costs. In other words, the public-private partnership of TVEs justified such appropriation of rural land, at least at local scales (Cai, 1995). The course of this sort of land appropriation indeed amounted to a process of land capitalisation, from which a large proportion of TVEs' earlier profits were derived (Wen, 2011). Notably, although this quasi-land capitalisation was implemented under the veil of TVEs' public-private partnership and tolerated by the central government, which encouraged any institutional innovations for growth in rural areas at that time, such processes had not been systematically and legally institutionalised and nationally regulated. Local governments at town and village scales in this situation possessed a great advantage which could be used to promote the economic efficiency and interest distribution of rural land capitalisation

through the public-private partnership system, which could in turn determine the long/short-term performance and function of TVEs.

However, the low-cost occupancy of rural land did not spontaneously lead to the success of TVEs. Qiang and Gu (1987) argued that the root problem underlying the lagged development of Nantong's TVEs in the north of Jiangsu was TVEs' free occupancy of rural land, because these low standards of market access, albeit giving rise to many TVE establishments, resulted in inefficient and unproductive enclosures in terms of cutthroat competition, duplicate investments⁸⁶, as well as high rates of TVE establishment and insolvency.

Notably, the massive low-cost occupancy of collectively owned rural land for industrial production was eventually recognised by the central party/state as some sort of illegal abuse. According to the 1987 'Notice as to enhancing land management and prohibiting the abused appropriation of rural land'⁸⁷, which was issued by the central party commission and the state council, abuse of rural land for non-agricultural use by TVEs had at that time in China become a common phenomenon. This notice therefore requested a thorough clearance to scrutinise such abuse of rural land according to the Regulation of State Confiscation of Constructive Land 1982. For example, Changshu, one of the most developed county-level cities in the south, found that all the 4277 local TVEs committed an abuse of rural land, illegal occupying 12.9 sq. km.. As Shen Ruiqing, the former District Party Secretary of Wujin district stated, Wujin district, as a birthplace of TVEs, suffered many problems in terms of the abuse of rural land and the absence of effective land use planning, these problems lasted for a long time till the 21st century⁸⁸. While the illegal abuse of rural land by TVEs was revealed to be a common practice in the south, Wen (2011) sees that such abuse indeed reflects the self-capitalisation of land and the internal distribution of land-related value-

⁸⁶ Whilst Coase and Wang (2012) saw duplicate investments in China helped facilitate and spread social and industrial learning in terms of human skills and manufacturing technologies, such activities were obviously subject to place-specific effects. As Huang (2003: 261) suggests, duplicate investment in China has resulted in the fact that 'regions do not specialize along the lines of their comparative advantages', 'instead, they all push strongly into similar industries and product groups'.

⁸⁷ See the policy paper of 'Central Issued, No. 7, 1987'.

⁸⁸ Quote from an internal speech paper of Wujin government.

added income, both of which primitively contributed to the rapid growth of local TVEs in the south.

Scale is also a key factor in affecting TVE-driven growth in the south. It is argued that the low scale upon which TVEs were premised ensures the efficacy of the public-private partnership of TVEs. As their title suggests, TVEs were formed and run at the outset at village and town scales. This implies that rural industrialisation in the south did not follow the classic path, according to which industrialisation should start from household industrial workshop, which would then gradually transform into large scale manufacturing factories. In other words, TVEs in the south did not at the very beginning experience the household workshop stage. This can be contrasted with another prominent local growth model in China, that is, the 'Wenzhou Model', which was characterised by numerous household workshops that were subsequently transformed into clusters of enterprises, which represented the largest and most energetic group of private economies in China⁸⁹. On the contrary, TVEs in the south had at the beginning been economically integrated into manufacturing sectors that served, and/or linked with, the industrial structures of their respective upper level municipalities. They were later sociospatially incorporated into the semi-urban areas of those municipalities during the second stage of the reform, which also saw the rise of development zones.

From another perspective, Mr. S has suggested that had the public-private partnership been operated at a higher scale during the first stage, there would have been too many ideological and institutional obstacles to allow TVEs with vague property rights and illegal actions to survive, let alone bloom. As he observed, urban economies at that time were almost entirely controlled by SOEs through the system of public ownership, which still ideologically signified China's socialist regime. And, urban land was and still is state-owned rather than collectively owned. Local governments at the municipal scale could not dispose of urban land as flexibly as villages and towns did, at least until the late 1990s.

⁸⁹ The difference in the basic scale on which rural industrialisation was premised resulted in a variety of long-lasting, profound impacts to the 'Southern Jiangsu Model' and 'Wenzhou Model'. Generally speaking, whilst local private enterprises under the latter model exhibited relatively better competitive strength and business flexibility, the local state institutions under the former model possessed better institutional governance and financial capability.

In a word, a TVE public-private partnership was not feasible in, or compatible with, the institutions of large-scale and more urbanised localities. In this sense we can propose that the success of TVE-driven growth under the public-private partnership is to some extent subject to the territory-, place- and scale-specificities of a region.

5.2.3 Local state corporatism at county scales and below

As noted before, there are arguably two pivotal institutional arrangements underlying TVEs' success. The above section explained the question of how TVEs obtained the necessary capital, technologies and materials for initialising primitive industrialisation through their place- and scale-specific public-private partnership. The second pivotal institutions, namely, local state corporatism is of critical significance to answering the second key question. That is: what commercial and industrial connections need to be established with urban areas for securing TVE's sustainable product distribution and reproduction? And, the answer to this question, arguably, concerns with the key factor of network that was enjoyed by the south in pushing forward its TVE-driven growth.

The term 'local state corporatism' was first proposed by Jean Oi (1992) in her empirical research on certain TVEs in China. The most important implication of this conception lies in its emphasis on the critical role played by local state institutions in promoting TVE growth. In Oi's (1992: 100) language, local state corporatism refers to 'the workings of a local government that coordinates economic enterprises in its territory as if it were a diversified business corporation'. Oi's (1992) study on TVEs in China articulated a set of institutional logics underlying the motives and actions of local governments in promoting TVEs-driven growth in the context of China's fiscal reform in the 1980s. This reform in general aimed to endow local governments at county, town and village scales with more independent fiscal capabilities subject to the imperative of submitting a specified portion of their revenue income to upper level governments. Notably, Jiangsu province had since the mid-1970s begun to carry out a similar fiscal reform at the provincial scale, which

considerably strengthened its fiscal autonomy⁹⁰. This system was subsequently devolved to the sub-scales of the province by 1982. This devolution stimulated the process of rural industrialisation in the south at the local scale. As Chen Huanyou (1998), the former Provincial Party Secretary of Jiangsu, stated, there was a set of autonomous fiscal systems being established across Jiangsu by 1985 in all localities down to the township scale. This so-called policy that 'the government of each scale shall have its own fiscal system at that scale' enabled governments at local scales to autonomously arrange their own local developmental matters (Chen, 1988). It was under this nationwide contextual trend of institutional change that local state corporatism was brewed. Jiangsu province, and, in particular, the south, ran ahead of other regions in this respect.

This institutional empowerment of local governments thus made it possible in practice for rural industrialisation in the south of Jiangsu to be economically linked to urban industrial structures through the medium of TVEs. Before the rise of TVEs, the entire industrial entities and resources were under state control, and sociospatially concentrated in urban areas. It was more ideologically and institutionally feasible for local governments at county scales or below to contact SOEs in urban areas to build and extend business networks for TVEs with the aim of acquiring the necessary material and technological resources as well as markets and other opportunities which TVEs needed for initiation and further growth. As Chen (2005: 58) states, there are, in general, three common ways for TVEs to acquire from state-owned sectors resources and technologies. First, local governments at county scales or below could help TVEs to search for SOEs which need subcontractors to produce components and parts. In such a case, local governments usually also acted as the coordinator for any dispute resolution. Second, as local governments usually enjoyed better information, political reputation, and wider social relationships, many local governments acted as some sort of informal agencies to help TVEs to establish various economic and technological cooperation and partnerships with domestic universities and research units. Third, the most common way for a TVE to get help from SOEs

⁹⁰ In 1977, Jiangsu province submitted 58% of its gross revenue to the central government, and retained the rest, and it submitted 57% and retained the rest during 1978 to 1980.

was that local state officials used their personal networks or private connections, to hire, under informal agreements, experts from SOEs to give specialised guidance and help to TVEs, often at weekends. As Yang (2008) noted, there was at the beginning of the Southern Jiangsu Model a group of so-called 'Sunday engineers of Shanghai', going to the sub-urban regions of Suzhou, Wuxi and Changzhou city in the south, to help local TVEs there, by offering advanced technologies and management experiences. Wen (2011) and Oi (1992) have pointed out that local governments also offered key assistance to TVEs in relation to matters of finance and shaping production strategies. For example, local governments usually serve as the guarantor for TVEs securing a bank loan, as it is unlikely for local banks to approve an investment loan without a local state's support for a TVE project. And, local governments could also rely on their available resources and information to help shape local TVEs' development strategy that could best use local support and couple local assets with external resources. Thus, as Wen (2011) observed, the efforts by local government to link their rural resources with urban industrial structures, led to an extensive and rapid rise of rural industrialisation in the south of Jiangsu.

It may thus be argued that due to the active roles played by local governments in promoting TVEs, and the locational advantages enjoyed by the south of Jiangsu in terms of closer proximity to the existing urban industries, the south indeed possessed better relational processes and social structures than the north did, in advancing rural industrialisation. In saying that the south possessed better networks is indicative of an issue of relativity in spatial and temporal terms. In other words, local governments in the north could, and indeed did, in many respects, follow the successful path of the south in promoting TVEs. Such institutional transplantation and imitation accorded with China's pragmatism in terms of the trial-and-error strategy. But, as will be seen in the case study of Nantong in **Chapter 7**, the successful TVE growth pattern turned out in practice to be more a path-dependency in the north than a path-shaping tool. Whilst the spatiotemporal disadvantages and some local, internal factors of the north are also articulated in the case study of Nantong, it must be pointed out here that these disadvantages for rural

industrialisation were intensified under the growth-oriented state ideology and some of its institutional expressions.

In more specific terms, it is argued that, not only did the growth-oriented state ideology liberalise and justify a set of institutional innovations at local scales in the south of Jiangsu for rural industrialisation and local growth, but also institutionalised a fundamental, growth-oriented criterion for all individuals, therefore shaping a rather competitive atmosphere, within which different localities and regions began to compete for securing better local growth. As Wen (2011: 54) argued, under China’s bureaucratic evaluation system, which made local economic growth the sole criterion for officials’ promotion, demotion and rotation, local governments which upheld local state corporatism, tended to concentrate their institutions and resources on pro-growth matters. In the courses of competing for higher ranks and better records of economic performance, local governments of different regions and localities exhibited furious inter-regional competitions at various local scales. Wen (2011: 55) suggested that such growth-orientation should not be seen as an isolated practice by one or two state institutions, but rather as a common pursuance for the overall party/state system.

Although during this earlier stage of reform, the competition between different localities had not yet been fully practiced within the dominant institutional time, and expressed at the municipal scale, local governments at county scales or below had begun to shape their institutions and actions like a quasi-company, competing with others across different spatial horizons. This can be demonstrated by a famous rating competition, namely, Top 100 counties in China, the ranking of which is based on a group of indicators made by the National Bureau of Statistics. A list of these indicators can be seen in the table below:

Table 5.1 The indicator system for evaluating Top 100 counties in China (Wen, 2011: 55)

Gross parameters and indicators	Local population
	Local urbanisation rate
	Local GDP

	Local within-budget state income
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Average parameters and indicators	Resident	Income	Average income of urban residents
			Average income of rural residents
			Average salary of working persons
		Saving	Per capita local saving rate
		Consumption	Per capita individual consumption

Average parameters and indicators	Locality	Per capita local GDP
		Per capita general budget revenue of local finance
		Per capita loan balance of local financial institutions
		Per capita local state fiscal expenditure

Development rate	Growth rate of local GDP
	Growth rate of local general budget
	Growth rate of local resident income

It is notable that under this system, there were 6 county-level units of the south of Jiangsu ranked in the national top 10 in 1991, and Wujin county (rescaled into county-level city in 1995, and then rescaled into municipal district in 2002) was No. 2. In 1992, 7 counties of the south were still ranked in

the top 10, and Wujin county was No. 7. In 1993, 7 counties were among top 10, and Wujin county was No. 8. In 1994, 7 counties of the south were again ranked top in the 10, and Wujin county kept at No. 8. There were 8 counties of the north of Jiangsu listed in 1991. The one with the highest rank was Tongshan county in Xuzhou city, which was No. 32. Half of the listed northern counties were in Nantong city. Whilst the evaluation of the Top 100 counties in China reflects an absolute developmental lead of the south over the north, as we shall see, the central and provincial government during this stage did not put forward any concrete policies for mitigating this obvious and increasing regional unevenness.

To the central party/state, the dramatic rise of TVEs in the south of Jiangsu was 'a big, unexpected surprise' in Deng's words, as it quickly accelerated national industrialisation and enhanced industrial employment without incurring costs at urban scales⁹¹. To Deng, this unexpected surprise was, arguably, a successful practice that authenticated his political strategy of 'letting some regions get rich first'. And, to the provincial government of Jiangsu, the prominent success of TVEs in the south, although coexisting with the unsatisfactory growth of the north, was still a utilitarian achievement in its own terms of securing the greatest net balance of satisfying the diversified interests and interest appeals of different members across the spatial and temporal horizons within its territory.

Regarding Deng's words of 'bringing along and helping other peoples and regions to eventually arrive at the richness of commonwealth', Mr. S had pointed out in his interview that the provincial government at that time felt that the lagged development of the north was merely a problem of temporal backwardness and it would only be a matter of time for the north to catch up with the south in the near future. Whilst the reality did not match the provincial government's expectation, the attitude of the provincial government was

⁹¹ As Li Ruihuan, the former Standing Member of the Political Bureau of CPC, and the former Chairman of the People's Political Consultative Conference of China, observed (1991), one of the essential conditions of China's industrialisation lies in the transformation of rural labourers into industrial ones. Having regard to China's large number of population and rural labourers, how to solve the problem of arranging surplus rural labourers is of critical importance to China's political stability and economic development. By 1991, there had been more than 90 million farmers employed by TVEs. The south of Jiangsu especially did well in this respect. Whilst these transformed farmers went into industrial sectors, the state did not suffer any high costs. Had these industrial employment issues been solely faced in urban areas, a great deal of costs would have been incurred and been born by the state.

arguably merited in the light of China's earlier form of pragmatism. In brief, according to China's pragmatism, it would have been another successful outcome of pragmatism to transplant the 'Southern Jiangsu Model' to the north, had the north adopted similar institutions and growth patterns for promoting its regional development. But, as we shall see in **Chapter 7**, the reality showed that the empirical-oriented methods of pragmatism did not work in the case of the institutional transplantation of TVE-driven growth pattern in Jiangsu.

Because of the influences of utilitarian and pragmatic thinking, the provincial party committee in the 7th Congress of Party Representatives in 1984 only proposed a nominal directive of 'facilitating developing the north, and actively promoting the south' without any concrete remedial policy instruments for the north. And, it was not until 1994 that the 9th Congress of Party Representatives put forward the strategic idea that 'the modernisation of Jiangsu province is incomplete without the modernisation of the north'. It was in 2001 that a provincial coordination team was established to ensure the implementation of supportive policies towards the north in accordance with the official document of 'furthering regional economic development in the north of Jiangsu'. In a word, while the somewhat unexpected rise of TVEs-driven growth in the south of Jiangsu did give rise to a considerable regional unevenness during the first stage of China's economic reform, such unevenness was triggered at the outset by the growth-oriented state ideology, and was later justified at both central and provincial scales by the utilitarian and pragmatic logics of this state ideology.

The Chapter has taken a general perspective, looking at how the TVE-driven growth pattern in the south of Jiangsu operated as a successful role model of the trial-and-error strategy, through some scale- and place-specific institutions, which were empowered and justified by China's utilitarian growth-orientation, and were in a certain aspect or extent not possessed by the north. The following section aims to take a more concrete view to articulate some individual experiences as to how local TVEs developed in Wujin county at this stage of the reform. It is believed that such personal views may to some

extent reflect how the state ideology and state institutions were in practice expressed, and recursively recognised by individuals.

5.2.4 Brief notes as to TVEs development in Wujin county of Changzhou city

I selected Wujin county as a case study because it is one of the birth places of TVEs and the 'Southern Jiangsu Model'. As such, it was regarded as a typical locality where economic growth was primarily driven by local TVEs. As a sample model of rural industrialisation, Wujin achieved prominence at the outset of reform. In 1981, the local TVE industrial output of Wujin had reached 1 billion RMB, which was much higher than those counties closer to Shanghai. It is in this sense argued that locational advantages in terms of closeness to a regional growth pole was not a necessary condition to the rise of Wujin.

As Shen Ruiqin, the former District Party Secretary of Wujin stated⁹², Wujin possesses a long, traditional local culture of entrepreneurship, which enables a large group of local residents to begin and expand business practices. It was this very entrepreneurship that triggered the rise of a massive number of TVEs in the earlier days of the economic reform. Mr. Dai Suofang is widely regarded as a typical local entrepreneur. In an interview, he suggested to me that there are two particular factors enabling the success of his TVE. Those are, the state institutional innovations, which encouraged rural industrialisation and production, and his personal interest in, and skills of, tree planting. Mr. Dai is locally known as the 'King of Trees', not only because of his leading TVE in tree planting industry, but also due to his speciality in growing trees and flowers. In Mr. Dai's view, it was rural decollectivisation that first offered him the chance to build a tree-related business. His initial success in this industry encouraged a group of local practitioners. According to Mr. Dai, there have been more than one thousand distributors selling trees from Wujin across China, and more and more local farmers became involved in planting trees, as Mr. Dai helped ensure the marketing of their tree products.

⁹² Quoted from an internal speech paper of Wujin government.

Thanks to Dai's efforts, the tree and flower planting industry has now become one of the pillar sectors and a feature of Wujin district. In 2013, Wujin successfully held China's 8th Flower Expo, and for the first time Changzhou city held an essential national-level exposition (previous ones were mostly held in Beijing and Shanghai). In evaluating the tree planting industry, Mr. T, a head local official of Jiaze village, in which most of Wujin's tree-planting bases are located, suggested that the success of local tree-planting industry in Wujin revealed a typical feature of the earlier TVE growth pattern. That is, selecting and enabling a number of truly capable persons with particular specialities to lead and manage local TVEs. And Mr. T further argued that although the reform of rural decollectivisation liberalised large numbers of rural residents from agricultural sectors, most local governments were at that time still facing the question of assigning which person to lead and manage rather limited local resources for TVE development. Thanks to China's relatively small, and closely connected rural society, local governments in Jiaze village, for example, did not find it too difficult to target someone capable to be empowered to run local TVEs. This system of using the right person rather than a relative, as Mr. Tang argued, was also a key to the rise of TVEs in the south of Jiangsu. Mr. S also echoed this view, arguing that the long business tradition provided the south with the advantage of finding some capable local businessmen whereas the north lacked such tradition.

In addition to the tree planting industry, the steel industry constitutes another pillar sector of Wujin's economy. In an interview with Mr. Yuan, a local ironwork entrepreneur, he said that before privatisation, his ironwork was a typical TVE, which mainly produced steel parts for a number of urban-based, state-owned ironworks. The reason for him to be chosen under the public-private partnership to manage the TVE at that time was partly due to his endeavour and risk-taking spirit, and partly because of his family tradition of being good at running businesses, which was known among the village. Mr. Yuan particularly emphasised that the quick rise of the local ironworks in his villages during the first stage of China's reform, relied to a large extent on the business and technical interactions with, and help from, urban state-owned ironworks in Changzhou city. Thanks to the communication efforts made by

local state institutions, some local TVEs in Mr. Yuan's village established a series of subcontracts with urban-based SOEs, and also received technical assistance from them. Mr. Yuan also suggested that apart from certain TVEs whose productions and products primarily emphasized local advantages, most TVEs in Wujin county at the outset interacted closely with urban SOEs in the south of Jiangsu. Although almost all the small and medium ironworks in Wujin district are now private enterprises, Mr. Yuan stated that, like his enterprise, most of them were TVEs before the privatization. It is this group of former TVEs that has been acting as the key driving force that has maintained Wujin's high, persistent local economic growth since the inception of the reform.

The importance of TVEs to Wujin county and Changzhou city during the first stage of the reform is evident. As Ye (2004) indicated, the industrial output of Wujin county of Changzhou, Jiangyin county of Wuxi city, and Changshu county of Suzhou city, all had exceeded 3 billion RMB in 1986. Even if setting aside the urban industrial output of the above three cities in the south, their 12 counties contributed to 13% of the national industrial output, and 56% of the provincial output in 1986. Indeed, this gross rural industrial output of the 12 counties was almost equal to the sum output of the three municipalities in the south. The prosperity of TVEs in the south makes it easy to conclude that the difference in local TVEs-driven growth is the most decisive cause of the regional unevenness between the south and the north at the first stage of China's reform, and this is widely agreed among scholars (Wen, 2011; You, 1988; Xu, 2003; Hong, 2008).

5.2.5 Critiques on TVEs and TVE-driven growth

However, there are also some arguments criticising the TVE-driven growth pattern, the implications of which reveal certain interesting points in relation to the observations that were summarised in the above interviews. These views may also shed a useful light on the discussion of regional (uneven) development during the second stage of China's reform. These critical views on TVE, from my perspective, are much more important than the repeatedly reiterated data and literature, which simply outlined in a statistical fashion that

the unevenness in Jiangsu in the 1980s was attributed to, and can be explained by, the regional difference in the qualitative and quantitative strength of local TVEs. A review of these critiques may, arguably, help provide another perspective on regional unevenness.

For example, the famous anti-Cultural Revolution activist, Xiaokai Yang, who after the Cultural Revolution became a well-known economist, co-wrote a work with Jeffrey Sachs and Wing Thye Woo (2000: 453), which stated that 'TVE is hardly innovative' in an institutional sense. They (p. 455) claimed that the system of TVE 'distorts the geographical location of firms and retards efficient urbanisation,' and the resulting 'coexistence of flexible TVEs with inferior technology and rigid, large state firms with superior technology implies a dilemma between the exploitation of technology and location efficiency and the exploitation of X efficiency'. Thus, they conclude that the impressively high growth rate achieved by TVEs is too costly and in fact inefficient. From my perspective, it may be argued that Sachs et al.'s (2000) view is negligent of certain contextual and concrete factors to which TVEs-driven growth was subject during the first stage of China's economic reform⁹³. First, they overlooked the conservative role of China's socialist ideology, which was at the time still a strong constraint on unorthodox institutional changes or innovations that could be recognised as capitalist-related. This was why after establishing a growth-oriented state ideology with high public consensus, Deng still had to interpret and practise it in a utilitarian and pragmatic fashion to confine the economic reform within limited spatiotemporal horizons. And, it was also why China's economic reform was blooming at the outset through rural decollectivisation and rural industrialisation, since rural areas, as the places of less social and political sensitivity, bear less political risk in experimenting with essential institutional changes.

In addition, as Huang (2013) observed, the fact that China's economic reform started in rural areas was partly because a planned economy was

⁹³ Regarding that Sachs et al. argued in the same paragraph that 'Under a free enterprise system, many TVEs might be replaced by large private firms located in the urban areas, which are more competitive than large state firms in urban areas', the whole expression of which indeed depicts what practically occurred during the second stage of China's economic reform, it is thus reasonable to assume that the negative aspects of TVEs they are talking about are concerned with TVEs' development during the first stage.

harder to run in rural areas than in urban localities, since agricultural sectors are highly subject to changing factors and parameters such as climate and soil conditions. And on the other hand, the political impacts of the Cultural Revolution mainly targeted urban places, thus leaving rural areas with some degrees of market economy-oriented activities, which were more likely than those strictly controlled urban places to revive economic reforms. Therefore, rural industrialisation should not be simply treated as a distorted geographical location of resources but a more feasible way of allocating resources in practice in the context of the first stage of the reform. Indeed, the dual track reform in urban industries since 1985 did give rise to severe institutional corruption, and then contributed to social discontent against such corruption, which in consequence led to the Tiananmen Square Incident.

If one takes into account the global context at that time in terms of the serial collapses of communism in east Europe and Russia, it is by no means easy to deny the prudence and feasibility of China's strategy of starting extensive industrialisation in rural areas rather than concentrating resources in private enterprises in urban areas.

Second, it is argued that the strategic and institutional rationality of TVEs and rural industrialisation can be further supported by the nature of, and restraints to, the so-called incremental reform of China. In the situation that SOEs in urban places bore too much social welfare burdens and suffered low efficiency and high losses under the rigid control of planned economy, urban industrial structures could not form effective endogenous growth in the absence of technological advance and foreign and domestic capital support, but chose to spatially and technologically disperse their resources to rural areas during the first stage of China's reform. That is to say, apart from political constraints, the reform at the first stage was also restrained by the absence of financial and technological resources, and thus had to pursue quantitative industrial expansion and growth in those sociospatial sites which possessed less or no industrial base. It is also argued that during this stage, the TVEs in the south of Jiangsu, at least, proved to be far more efficient than those more privatised enterprises and, of course, than urban SOEs. As Wang (2002: 81) pointed out, from 1984 to 1992, the annual GDP growth rate of

TVEs in Wuxi city in the south of Jiangsu was 31.2%, which was 4 times higher than that of SOEs and 1.5 times higher than that of Wenzhou city, which is widely known as the most prominent region in China characterised by its intense composition of private economies. Whilst it was true that TVEs in some regions, for example, in the north of Jiangsu, were far less efficient in promoting local growth, the existence of such regional unevenness in TVE efficiency, arguably, at least to some extent rebutted Sachs et al.'s generalised view as to the strategic and institutional defects of TVEs. On the contrary, it is argued that such unevenness is indicative of the presence and operation of some regional-specific factors that may vitally determine TVE performance, and this is what this section has particularly addressed.

In more concrete terms, one of the most notable critiques invoked by Sachs et al. (2000: 455) states that 'TVE shares all the common flaws of the enterprises system under local government control' because it 'generates unfair game rules' and 'the rule makers, the referee, and the player are the same local government'. If looking at this view in the light of TVE growth in the south, these common flaws, whilst essentially neglecting the scalar interactions, to which TVE can be subject, can, from a reverse view, constitute the strong points, on which local TVEs might rely for their initial rise and sustainable growth. First, regional unevenness between the south and the north in TVE performance indicates that it is a matter of individual governmental actions in particular places rather than a generalised assumption of institutional defects that may determine whether local government control is of assistance or detrimental to TVEs. For example, it has been illustrated that, without local state interventions, most rural communities would be unable to achieve primitive capital accumulation for their rural industrialisation, and could not establish economic links and interactions with urban industrial structures. As the case of Wujin has shown, local state control/intervention acted as a practically feasible, though not theoretically perfect, institution that ensured to some extent fair and efficient allocations of human resources, that is, selecting the right local persons for managing TVEs. The safe-check system on local state control, which was also overlooked by Sachs et al., lies in the party/state's local performance

evaluation system, which was not matured in the earlier days of the reform. Notably, this performance evaluation system entails, in the present context, two implications. The first one refers to the fact that local governments did not enjoy full control of TVEs, as their imperatives and operations in practice were subject to the institutions and policies of governments at higher scales. For example, the clearance regulation on rural land abuse issued by central government exerted critical effects on local TVEs. And, as the case of TVEs in the south has shown, their business transactions were largely dependent upon urban SOEs' subcontracts and technological assistance, so even where a local government might exert full control on a local TVE, it would not be the sole player in an economic or a political sense (senior managers of SOEs in China also possess state official ranks, and are superior to head officials of towns and villages). In other words, while TVEs were premised at town and village scales, their business operations were embedded within inter-scalar networks, which were far beyond a single local government's reach.

And, the second implication refers to the growth-oriented motivation of local governments under the performance evaluation system. This motivation effectively shaped local governments' institutional selectivities and actions in operating TVEs in a market-like context of inter-locality competition. In other words, even maintaining the view that 'the rule makers, the referee, and the player are the same local government', local governments could be more or less constrained from institutional corruption as they faced competition horizontally with each other for attaining a better performance record. In dealing with their horizontal counterparts, local governments had to comply with some market-oriented rules rather than relying on political privileges. This was particularly so for localities within the same province. Thus, the competition between different local governments and localities should be seen as important remedies in dealing with Sachs et al.'s 'common flaws' of the enterprises under local government control. An extra notable point here lies in the fact that the critique by Sachs et al. (2000) seems to be derived from an aggressive political advocacy rather than from a pure economic consideration. They seem to argue that necessary westernised constitutional transition and democratic reform must be in place first before furthering healthy and

sustainable economic development. This may thus go back to the questions proposed by Dahrendorf (2008: 15), namely, 'what are the political prerequisites of economic progress, and what are the economic prerequisites of political freedom?'

The correlation between economy and politics, or in Dahrendorf's language, between provision and entitlement is, pursuant to my view, more complicated than Sachs et al.'s (2000) advocacy of seeing economic transition as only a part of a large-scale shift of constitutional rules, which can determine economic performance in the long-run. In this regard, I agree with Dahrendorf's (2008: 18) stance of invoking and adapting Max Weber's concept of chance, and claiming that 'the conflicts of modern societies are about life chances', which can be defined as 'a function of options and ligatures', in particular, of alternatives of action, and of choices given in social structures. This topic will be revisited and elaborated in a more systematic fashion in the concluding chapter, which aims to advance a set of evaluative principles to assess the socioeconomic development in China in the light of the dialectic relation between institutional arrangement and resource acquisition and distribution. Suffice it to say here that the rise of TVEs in the south did ideologically and institutionally offer local rural residents a set of formal and informal life chances, which are combinations of entitlement and provision, or at least are more liberalised and widened capabilities to choose. But the actual practice and realisation of such life chances or capabilities to choose was subject to the requisite resources, available within the relevant spatial and temporal horizons, for growth purposes. The institutions of TVE-driven local growth, although they effectively and feasibly mobilised and distributed available resources in the south, also gave rise to the emergence of regional unevenness in Jiangsu province during the first stage of China's economic reform.

5.2.6 Summary

In a summary, **Section 5.2**, based on the empirical data and observations, articulated how the growth-oriented state ideology liberalised local productivities, and justified institutional innovations at county scales or above

(rural areas), for promoting growth in the south of Jiangsu province. Thanks to the growth-oriented state ideology, which assimilated individual ideas with the public rationality of concentrating on economic construction, places like the south of Jiangsu, which has long traditions of conducting businesses and entrepreneurial spirits, generated a series of institutional innovations at their county scales or below, where state-controlled economies exerted relatively less influences. TVE-driven growth, also known as the 'Southern Jiangsu Model' was the most prominent achievement among those innovations. The great success of TVEs in the south made it a typical region that demonstrated and approved Deng's utilitarian strategy of 'letting some regions and peoples get rich first'. However, compared to the institutional innovation of rural decollectivisation, which secured a wide applicability at the national scale, it is argued that the TVE model was in various aspects subject to place- and scale-specific factors, which might not be possessed by other regions such as the north of Jiangsu province. Indeed, the success of TVEs in the south was unique even against the national context. None of the regions in China achieved such growth through TVEs (the other two regional growth poles in China, namely, Guangdong and Zhejiang province adopted different growth patterns). And, this phenomenon arguably grasped the core essence of Deng's utilitarian strategy. Moreover, under the influence of the earlier form of China's pragmatism, the TVE model of the south then became a path-dependency to the north after it widely adopted this model. As will be seen in the **Chapter 7**, the transplantation of TVEs in the north illustrates a somewhat negative aspect of the empirical-orientation in the methodology of China's pragmatism, that is, what works in one place does not necessarily work elsewhere. In the next section, attention turns to the second stage of the reform, during which both the south and the north began to adopted new growth-patterns. The practice of such growth-patterns was unfolding at new and changing scales, and triggered rather intense inter-locality competitions between regions. All this has further affected regional uneven development in Jiangsu province.

5.3 Development zone-driven growth in the south and the entailed inter-locality competitions

The second stage of China's economic reform witnessed a series of strategic changes, which not only relocated and rescaled the major local sociospatial sites for economic growth, but were also expressed as a set of new state institutional selectivities and actions. These served to address and promote the newly orchestrated chief agenda and engine for local growth in the context of the rise of the city-regions and development zones. Such strategic changes in the local growth pattern were experienced by Jiangsu province, and concretely shaped and contributed to the regional unevenness there. In brief, there were two prominent phenomena, by which the regional development in the south was characterised at this stage of the reform. These refer to: the institutional and sociospatial transition of local industrialisation, and the resulting intense inter-urban competition. These two phenomena were respectively linked with different key parameters of TPSN, and will be analysed in sequence in the context of the south of Jiangsu, with the purpose of articulating the essential institutions and forces that were of critical significance to shaping the regional unevenness in question.

5.3.1 Institutional and sociospatial transition of local industrialisation

As noted in the last section, Sachs et al. (2000) asserted that TVEs suffered from a number of common flaws and inefficient features. While their research can be criticised for neglecting certain contextual factors, which affected the feasibility of TVE operations, it should be acknowledged that TVE-driven growth was declining during the second stage of the reform, partly due to the general decline of TVE profitability and efficiency, and more importantly and also interactively, because of the sociospatial shift of the national state development strategies, that is, from rural decollectivisation and industrialisation to the nexus of interactive industrialisation and urbanisation.

From a dialectic point of view, the decline of TVEs in the south can be seen as a relative rather than an absolute issue. As already depicted, the active roles played by local state corporatism and public-private partnership to a large extent secured TVEs' success during the first stage of the reform. But

the high involvement and intervention of local governments in TVE operations also entailed numerous non-business costs to local TVEs in order to support local state expenditures and local infrastructure.

Whilst the State Council's regulation of rural collective enterprises 1990 states that no less than 60% of the after-tax profits should be used by TVEs for productive capacity, this ratio was hardly complied with in practice. According to Wen's (1998) empirical research, many TVEs in the south had to transfer more than 70% of their after-tax profits for local government projects and other expenses. The heavy burden of non-business costs on TVEs weakened their sustainable profitability and growth. This affected the north even more as TVEs in the north exhibited lagged business foundations. Notwithstanding the difficulties suffered by TVEs, the regional growth in Jiangsu province did not stop. The rise of the cities, as a national strategy as well as a global trend, endowed the local state institutions and business communities of the south with new powers in promoting regional development.

The national strategic shift in changing the major sociospatial sites for growth had been initiated from the late 1980s and been expanded and realised during the early 1990s. From 1985, central government directed the establishment of a series of experimental development zones in both the north and south of Jiangsu, according to the successful experience of the Shenzhen Special Zone in Guangdong province. Notably, all experimental localities were scaled at the level of regions, municipalities or county-level units, whereas no villages and townships, on which TVEs were premised, were involved. And, complementary to these macro regional development plans lies the enactment of the Land Management Act 1988, which specifies that land appropriation and use by TVEs must be sanctioned by local governments at county-level scales or above. As noted before, one of most key ways for TVEs to achieve primitive capital accumulation was to use the free occupancy and transformation of collectively owned rural land for industrial uses. This Act thus in effect deprived or at least highly restricted TVEs' abuse of rural land. The actual motive underlying such restriction was also statutorily expressed in this Act, that is, putting forward the land

compulsory purchase or expropriation system, which would legally and institutionally enable local governments at county-level⁹⁴ scales or above to expropriate land within their territories for economic development purposes.

This rescaling of land disposition power was pervasively practised through the widespread establishment of development zones in urban, semi-urban, and new urban areas. Wen (2011) suggested that this institutional change in land disposition meant that local governments no longer needed to directly or indirectly get involved in concrete operations of local TVEs to finance government expenditure and cost, but chose to primarily rely on fixed asset investment in development zones to promote local growth. Such investment attracted to development zones in the south during the 1990s derived from two major sources, those are, foreign direct investment (including those from Taiwan and Hong Kong), and domestic investment from TVEs.

Xu (2003) used official data, sketching out a general picture of TVEs in the south during the second stage of China's reform. According to his research, with the serial establishment of development zones in the south, TVEs were persuaded by governments to move and concentrate in local development zones. This concentration strategy radically undermined TVEs' place-based characteristic, thus forcing TVEs to operate more in accordance with market economy rules. Xu then took Suzhou city in the south as the example, stating that by the end the 9th Five-Year Plan (1996-2000), there were in Suzhou city about 200 development zones, and more than 40% of local TVEs and around 80% of newly established enterprises had moved into these zones.

In more specific terms, the strategy of gathering TVEs into development zones was not an isolated practice of industrial agglomeration, but was accompanied by a set of complementary strategies that had profound implications for the socioeconomic structure and development of the south of Jiangsu. It has been noted in **Chapter Four** that most county-level units in the south had started at this stage to implement the so-called 'Three concentrations strategy', that is, 'concentrating TVEs into development zones,

⁹⁴ According to section 25 of the 1988 Act, county-level governments are authorised to approve land expropriation, the acreage of which is less than 0.49 for rural land, and 1.64 for other land.

concentrating agriculture sectors into planned areas, and concentrating rural population into cities and new city-regions'. For TVEs in the south, the concentration strategy, whilst depriving them of the advantage of occupying and using collectively owned rural land at low cost, and adding the cost of land acquisition fee for operating in development zones, could endow TVEs with a variety of benefits for their further growth. For example, in my interviews with local entrepreneurs in Wujin district whose enterprises were transformed from TVEs by privatisation, they all suggested that the separation of TVEs from local villages and towns under the concentration strategy not only resulted in the physical relocation of TVEs, but also to some extent undermined local state control on TVEs and therefore opened up the opportunity for privatisation. Mr. S suggested that in order to push forward the concentration strategy, the Planning Bureau of Wujin county made and implemented dozens of new urban development plans in the name of optimising and improving the capability of rationally using land; and some of the planned zones became the model zone of TVE concentration.

Zhu et al. (2008) suggested that, whilst the trend of extensively establishing development zones had already spread across China from the early 1990s, the south of Jiangsu enjoyed a key advantage in industrial agglomeration, that is, an abundant source and foundation of rural industrialisation and local business communities formed during the 1980s. Zhu et al. (2008) further argued that the earlier development of TVEs in the south, though achieving good economic performance, had by the early 1990s began to exhibit showed the negative features of being scattered, small, and lacking coherence. These negative features made the concentration strategy necessary for further industrialisation and urbanisation in the south of Jiangsu.

After concentrating and operating in development zones, most local TVEs in the south started to enhance their economies of scale and in many cases formed some sort of organised industrial clusters. For example, Mr. S pointed out in his interview that the earlier concentration of TVEs in Wujin county exhibited some specialised local industrial clusters, including the lamps and lanterns sector, the floor sector, the textile sector, and the tree and flower planting sector. Wujin was thus in sequence officially labeled by central

government as ‘the capital place of textile materials’, ‘the capital place of aggrandizement wooden floors’, ‘city of lamps and lanterns’, and ‘the town of flowers and trees’.

All these TVE-concentrated sectors constituted in practice the major force that drove the growth of local development zones in Wujin. This essential advantage of having adequate local business communities for supporting development zones was not possessed by other regions such as the north of Jiangsu. The lagged development of local TVEs in the north at the first stage of the reform directly affected the development zones-driven growth there in the 1990s, and constrained the north from fostering effective endogenous growth. These factors thereby put the north in a rather disadvantaged position against the south for competing to attract inward investments from external sources.

5.3.2 The nexus between industrialisation and urbanisation

In addition, as already noted, the industrial concentration in the south was not an isolated policy practice. With the new power of land disposition and expropriation, local governments in the south started to link local industrialisation with urbanisation through the medium of development zones. Put differently, it is argued that the rise of development zones in the south not only entailed TVEs’ further industrialisation and later privatisation, but also caused an urban-oriented turn, which corresponded to both the national strategic change and the global trend for the rise of cities. Indeed, linking industrialisation with urbanisation served as one of the requisites for the realisation of TVEs’ increased economies of scale. As most of the TVEs in the south were in labour-intensive manufacturing industries, their further growth was thus dependent upon, and interactive with, the massive social migration and mobilisation encouraged and facilitated by central government. Such mobilisation aimed to transfer more than 200 million rural labourers into urban areas to undertake jobs in manufacturing and/or service industries. It was noted that in a CPC conference in December 1987, a policy opinion was put forward, pointing out that local TVEs in coastal regions should play a pivotal role in exerting China’s comparative advantage on the global market through

developing labour-intensive manufacturing. In practice, local TVEs, foreign subsidies and joint ventures within development zones did become the major destinations for these migrant labourers.

Xu (2003: 47) suggested that the south had witnessed a low level of outward migration, and most TVEs in the south had started to use inward migrant labourers since the end of 1980s. As Song (2012) pointed out, the total migrant population in Jiangsu in 1990 was about 1.3 million, including 0.52 million migrants from other provinces and 0.78 intra-province migrants, and in 2005, the migrant population in Jiangsu reached 15.32 million consisting of 11.10 million intra-province migrants and 4.22 million exterior ones. Song (2012) further stated that more than 80% of migrant labourers concentrated in the south of Jiangsu. It can thus be seen from the above data that although the south of Jiangsu was able to use the high employment of migrant labourers to develop labour-intensive sectors, it absorbed a large amount of human resource from the north, thus reinforcing the relatively lagged rural industrialisation of the north.

Such intra-province labour migration could be seen as some sort of optimal distribution of human resource. Mr. Y of the Labour Bureau of Wujin however stated that the north suffered a severe impact from its outflow of a local workforce to the south. In fact, some cities in the north such as Nantong city were nationally well known for their outstanding high education and good performance in the National university entrance examination. But, a high number of local students in Nantong city, especially those who performed well in the entrance examination and were accepted by highly ranked colleges and universities such as those in the south, chose to work in the south after graduation rather than go back to their hometowns in the north.

As a result, the concentration of industry, capital, and human resources in practice effectively promoted urbanisation in the south during the second stage of the reform. And, because of the strategic link between industrialisation and urbanisation, it was noted that the urban-oriented turn in the south presented a feature different to the classic urban growth pole model. In other words, rapid, extensive urbanisation in the south during this stage did not principally happen in municipal areas but occurred in county-level units,

where development zones were located. It was this very group of county-level units with outstanding economic performance that vitally contributed to the regional unevenness in question during this stage of China's reform. In other words, it is argued that the county scale is the key to the understanding of regional unevenness in Jiangsu at this stage.

According to a report by the provincial bureau of statistics (2004a), the total local GDP of the six county-level cities in the south of Jiangsu had even exceeded the provincial GDP of some provinces such as Xinjiang province, Gansu province, and Neimenggu province; and the local state income of these county-level cities in total had also exceed the provincial state income of certain provinces⁹⁵. Notably, the industrial output of Jiangyin county of Wuxi city in the south alone had reached 135.5 billion RMB, which was almost equal to that of Guangxi province, and Jiangxi province respectively (ibid.). While in some ways the comparisons put forward by the provincial bureau of statistics are a marketing exercise, it does point out the presence of extremely strong local economies at the county scale in the south, which makes the comparison between the south and the north at county scales difficult to draw. The economic ascendance of the county-level units in the south is also revealed by their high ranks in the annual appraisals of China's Top 100 counties, in which only a few county-level units in the north were listed and ranked much lower. In comparison, those in the south always make up more than half of the top 10 counties. In a word, apart from the socioeconomic disparities at urban scales, the economic unevenness between the south and north in Jiangsu province during this stage of China's reform owed much to the substantial disparity in economic growth at county scales. It must be emphasised here that the rescaled socioeconomic disparity at the second stage of the reform was not simply attributed to the legacy of unevenness at town and village scales accumulated during the previous stage. Rather, the regional unevenness at this stage was affected by, and subject to, institutions, policies and actors at multi-scales.

⁹⁵ As this report points out, the gross local GDP of Kunshan county, Jiangyin county, Zhangjiagang county, Changshu county, Taichang county and Wujiang county reached 237.9 billion RMB, and their gross local state income reached 32.2 billion RMB.

The national strategic change in terms of the urban-oriented turn entailed a series of preferential sociospatial rescaling practices. In more specific terms, although the first two national development zones in Jiangsu were both established in the north, this first-mover advantage enjoyed by the north was soon offset after Deng made his survey trip to southern China in 1992, claiming the strategy of furthering reform through development zones at various scales. The quick rise of development zones in the south was, arguably, a direct outcome of Deng's insistence on the growth-oriented state ideology. As Deng stressed in his southern survey in 1992, 'the reform and open policy must be insisted and be operated more liberally, bravely and rapidly'. Deng's statement was soon expressed via some institutions and policies with clear strategic selectivities, according to which local state institutions, economic entities and actors reflexively reshaped their actions and tactics. Put differently, before Deng's survey in 1992, development zones could only be formed within the 14 special zones. After 1992, the State Council only retained its authority for sanctioning national-level and some large scaled development zones, and delegated the authority of approving other local development zones to local state institutions. As Zhou (2009) pointed out, there emerged in the early 1990s a popular tide of forming development zones, which in turn entailed a variety of problems such as high inflation, soil erosion and over investment. Before the mid-1990s more than 4000 development zones were formed across China, including more than 3000 zones that were illegally established without proper approvals.

5.3.3 The importance of high-tech zones to regional (uneven) development

Notwithstanding this general development zone upsurge, we can also find a set of national political and economic privileges given to the south of Jiangsu. For example, since central government approval in August 1992 to upgrade Kunshan development zone, which was a county-level zone in Suzhou city in the south, into a national economic and technological development zone, another three national-level high-tech industry development zones had been established in Suzhou, Wuxi and Changzhou city respectively, and 68

provincial-level development zones had also been formed in the south of Jiangsu. Moreover, during the 1990s, numerous municipal and county-level zones were built in the south. As an official internal report pointed out, since the 10th Five-Year National Development Plan (since the mid-1990s), the growth of development zones in Jiangsu province had experienced a transition from quantitative extension to qualitative promotion characterised by the diversified roles of different types of development zones in different localities. This transition particularly refers to the establishment of those high-tech industry development zones in the south, which were indicative of the precedence of the south over the north with respect to its industrial upgrading and restructuring process. As the provincial Bureau of Statistics of Jiangsu (2004b) states, high-tech industry provides a key criterion for evaluating the economic and scientific growth of a region. Developing high-tech sectors is of key importance to optimising local industrial structure, improving economic quality, and enhancing core competitiveness of a region or a locality. It is noted that by 2005 there were six high-tech industry development zones in Jiangsu, and all of these zones are located in the south. And in 2003, the gross industrial output of high-tech zones in the south⁹⁶ reached 333.19 billion RMB, representing 87% of that of Jiangsu province. There were by 2003 in Jiangsu 1791 large and medium sized high-tech enterprises, including 581 in Suzhou city, 402 in Wuxi city and 401 in Changzhou city (Bureau of Statistics of Jiangsu, 2004b). Among these high-tech enterprises in the south, a large proportion consisted of foreign, Hong Kong, and Taiwan invested enterprises (513 by the year of 2003), and local private high-tech enterprises (417 by the year of 2003). As the provincial government possesses the power of approving the establishment of local high-tech zones, and the State Council retains the authority of selecting potential zones and qualifying them as national high-tech industry zones, it is thus clear to see a privileged position given to the south in this respect.

⁹⁶ Notably, the south of Jiangsu referred here also includes Nanjing city, which is the capital city of Jiangsu, and Zhenjiang city, apart from Changzhou, Wuxi, and Suzhou city. This is because that the provincial Bureau of Statistics of Jiangsu adopts a pure geographical definition of the south of Jiangsu, which is different from the socioeconomic-oriented conception of the south of Jiangsu. Yet, the use of the south of Jiangsu in this research means the conventional regional group of Changzhou, Wuxi, and Suzhou city, unless it explicitly states otherwise.

The dominance of the south in high-tech sectors reflected, on the one hand, its strong local business communities and industrial bases, and also on the one hand, its institutional advantage of using high-tech industry zones to attract foreign investment and technology and coupling such investment with local assets.

As Mr. G, the former leading official of Changzhou high-tech zone, asserted, the core strategy of the high-tech zone of Changzhou city could be summarised as seeking sustainable local development through, *inter alia*, export-oriented industries, scientific and technological advancement, and urbanisation. Within the high-tech zone of Changzhou, there emerged four industrial clusters, each of which concentrated on, respectively, the IT industry, new material production, advanced manufacturing, and biological and pharmaceutical industries. The industrial output of these four leading industries in 2008 contributed to 90% of the gross industrial output of the national high-tech zone of Changzhou (Wu, 2010). Wu (2010) argued that high-tech industry has already become one of the pillar industries of the national economy, and the gross industrial output of high-tech enterprises in 2009 was 288.695 billion RMB, which constituted 48.29% of the gross municipal industrial output.

In practice, the economic importance of high-tech zones lies in three main aspects. First, the industrial orientation of high-tech zones confers better institutional advantages in attracting domestic and foreign investments than normal economic development zones. Second, high-tech zones help promote local industrial structure with the purpose of enhancing local competitiveness in terms of better R&D capacity and higher value-added products and services. Third, high-tech zones receive better state support for fostering and promoting strategic sectors so as to 'play the leading role for industrial cluster and radiation in a region'⁹⁷. As Wang (2012) suggests, high-tech zones are different to other development zones since their functioning has in many respects reflected the conflict between the long-term national strategic

⁹⁷ See the State Council's policy paper – 'Several policies on exerting the roles of national high-tech industry development zones in promoting economic development in a stable, rapid manner'. (State issued [2009] No. 9): http://www.gov.cn/gongbao/content/2010/content_1547212.htm (accessed on Nov 15th, 2013)

objective of achieving industrial upgrading and innovation, and local growth agendas, which are usually spatially parochial and temporally finite. On the other hand, this conflict has generated, in a top-down fashion, more policy and resource support preferential to high-tech zones and enterprises. For example, high-tech enterprises running in high-tech zones can enjoy a variety of tax exemptions in relation to corporation tax, export and import tax etc⁹⁸. In Changzhou high-tech zone, foreign invested enterprises are eligible for the so-called policy of ‘two exemptions and three reductions’⁹⁹

In his empirical research on national-level development zones in the Yangtze River Delta, Liu (2009: 12) suggests that, apart from Shanghai, the national high-tech zones in most regions of the Yangtze River Delta had better economic performance than national economic and technological zones in the same localities. And, the better performance of the high-tech zones mainly derived from the competitiveness of high-tech industries over conventional sectors such as textiles and agriculture. In addition to the crucial function of attracting more foreign investments and promoting high-tech industrial clusters, high-tech development zones in the south did not confine their institutional capabilities to pure industrial promotion and agglomeration, but extended and exerted such capabilities in larger territories and then eventually at higher scales through advancing high-tech zone-driven urbanisation and modernisation. It is indeed this strategic institutional link between urbanisation and industrialisation that reflects another facet of the utilitarian state policies and practices that were privileged in the growth of the south.

Take the national high-tech zone in Changzhou and the provincial-level high-tech zone in Wujin district for example, Mr. S observed that there was a clear urban-oriented turn in the evolution of high-tech zones in Changzhou. The high-tech zone of Changzhou was initially established in November 1992,

⁹⁸ See, the policy paper by the Ministry of Finance of China, and China’s State Administration of Taxation – ‘The notice on the preferential policies for corporation tax’ (Finance & Taxation issued [1994] No.1): http://w1.mohrss.gov.cn/gb/zt/2006-01/18/content_103512.htm (accessed on Nov 15th, 2013)

⁹⁹ This policy applies to foreign invested productive enterprises which run more than 10 years in China. According to this policy, the first and second year corporation tax on such enterprises can be exempted if such enterprises have been profitable. And, the corporation tax will be reduced to half for the third to the fifth year.

its planned territory only covered 5.63 sq. km., but in 1995 this territory was massively enlarged to 115.88 sq. km. as a result of the rescaling practice of upgrading the high-tech zone into the new urban district of Changzhou. In April 2002, this territory was again reshaped to cover 439.16 sq. km., thus becoming a standard municipal district of Changzhou city, which covered one sub-district office and certain towns at that time. As Mr. G stated, since 1998 when he was in charge of the high-tech zone, the old developmental strategy of 'growing through trade' had then been changed to a five-fold strategy, which aimed to develop the high-tech zone through urbanisation, globalisation, educational and technological advancement, urban-rural interaction and sustainable development. Mr. G further stated that under the growth-oriented state ideology, the local government of the high-tech zone had by 2002 invested more than 3.5 billion RMB for infrastructure construction with purpose of holistically enhancing local urbanisation, and the high-tech zone had, after ten years' development since its inception in 1992, emerged as a modern urban district complete with energetic growth, dynamic industrial foundation, and complete transportation networks (airport, railway, auto and water route). The following pictures will show some sights of the high-tech zone of Changzhou.

Figure 5.1: The expressway in the high-tech zone of Changzhou



Figure 5.2: Factories in the high-tech zone of Changzhou



Figure 5.3: Football stadium in the high-tech zone of Changzhou



The provincial high-tech zone of Wujin also exhibited a similar path of development. As Mr. S emphasised, the general development plan of Wujin high-tech zone had at the outset clearly expressed that the objective of this high-tech zone 'is to build a new industrial city, which can integrate various functions of high-tech industrial agglomeration, modern tourism, urbanisation for residence and business'. Apart from industrial growth and urban development, the local high-tech of Wujin is also characterised by its ancillary education institution, that is, the so-called 'City of universities and colleges', which is officially called 'Changzhou Science and Education Town'. The former Premier Wen Jiabao in his survey in Changzhou, gave particular recognition and evaluation to this local institutional complex of education and R&D, asserting that 'the establishment of this college town takes a right path' as 'it provides an effective answer to tackle the balance between the state investment and support on economic growth and on education and employment'. The main reason for Premier Wen saying this lies in the pro-industry nature of this education district. It is noted that all of the colleges and universities within this special district are oriented to education and training of

industry-related skills rather than pure academics. While the colleges and universities there do not enjoy high ranks, they have consistently ensured high employment rate for their graduates, as most of the graduates can be absorbed by those nearby enterprises in local development zones. Recent years have seen the town of colleges extensively promoting R&D centres in this district with the aim of linking the industrial promotion and upgrading of local enterprises with the R&D institutions. Notably, there have been a dozen top universities building up R&D centres in this special district, including Oxford University. In a word, it is argued that the high-tech zones in Changzhou have largely contributed to industry-driven urbanisation during the second stage and indeed third stage of China's reform. The following pictures show some sights of the high-tech zone of Wujin.

Figure 5.4: Factories in the high-tech zone of Wujin



Figure 5.5: Residential areas in the high-tech zone of Wujin



Compared to the north, it can thus be seen that high-tech zones in Changzhou, and at large in the south of Jiangsu conducted a quicker extension of their institutional capacity to promote the urban-oriented turn through territorial and rescaling practices (which will be articulated in subsequent paragraphs). Wang (1999) suggested that at earlier stages, development zones in China tend to rely on preferential policies and foreign investment, exhibiting a lagged process of urbanisation which was shaped by the urban hierarchy produced by the influence of transnational capitals. In order to transit from this pre-mature status into effective industry-driven urbanisation, Wang (1999) then points out that as the urbanisation of development zones usually take the path of integrating into their municipalities or becoming satellite cities, three conditions must thus be present. These refer to, first, sufficient financial capacity for undertaking large scale urban infrastructure construction; second, effective local state institutions for coordinating economic coexistence and mutual benefits between development zones and their municipalities; and third, less administrative interventions and more delegated authorities from municipalities for development zones.

Whilst it can be argued that the case of high-tech zones in Changzhou shows that development zones in the south tend to receive better institutional and financial support from their municipalities than those in the north, it may also be argued from a different perspective that lagged local industrialisation and less agglomeration of capital, technology and human resource in the north had already determined that industrialisation-driven urbanisation could by no means be as efficient as that of the south. As Zhang (2001) suggests, the urbanisation process driven by development zones in China is indeed different to traditional urban extension that serves to relieve and disperse overly crowded concentration in existing urban areas. As development zones in the Yangtze River Delta operated in a highly investment-driven fashion, the process of urbanisation driven by development zones in this region thus reflects the extent to which these zones have been effectively coupled with global resources and markets, and whether the industrial structure and local infrastructure in these zones can be attractive to local and external

professionals and labourers (Zhang, 2001). Zhang further points out that development zones in the three cities in the south of Jiangsu exhibited the same pattern in expanding their development zone-driven urbanisation. Under this pattern, development zone-driven urbanisation was evolving from a shape of connected plots into more dispersed areas. This can be illustrated in the three figures below, which show the evolution of the urban structures in Wuxi city, Suzhou city, and Changzhou city in sequence. These figures are taken from Zhang (2001).

Figure 5.6 shows the evolution of the urban territory of Wuxi city from the 1980s to the 1990s. The left is the existing urban areas of Wuxi at the beginning of the 1980s whereas the right shows how urbanised development zones had contributed to a much larger urban territory of Wuxi by the end of the 1990s. Figures 5.7 and 5.8 show that how the urban territories of Suzhou city and Changzhou city were changing from the 1980s to the 1990s. Similarly, most of their newly increased urban territories were established through the rapid urbanisation of local development zones.)

Figure 5.6: the evolution of the urban territory of Wuxi city from the 1980s to the 1990s

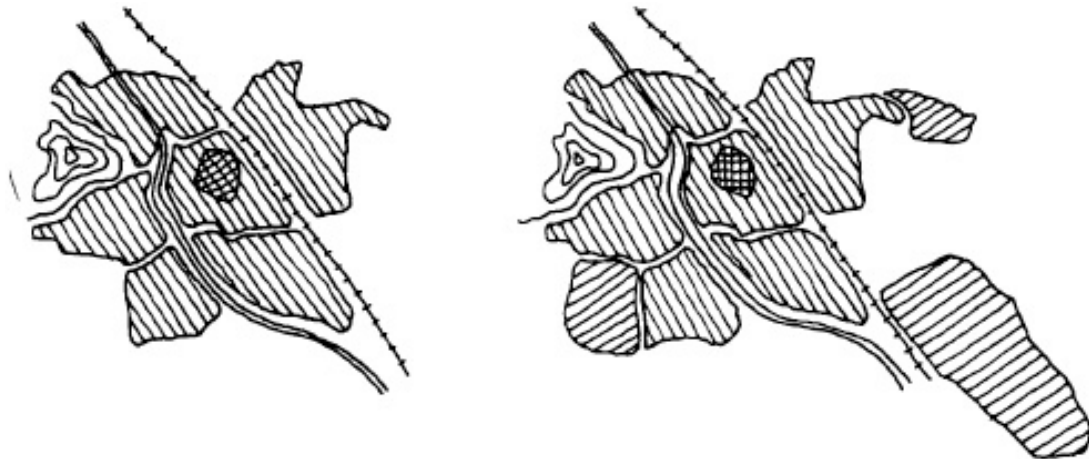


Figure 5.7: the evolution of the urban territory of Suzhou city from the 1980s to the 1990s

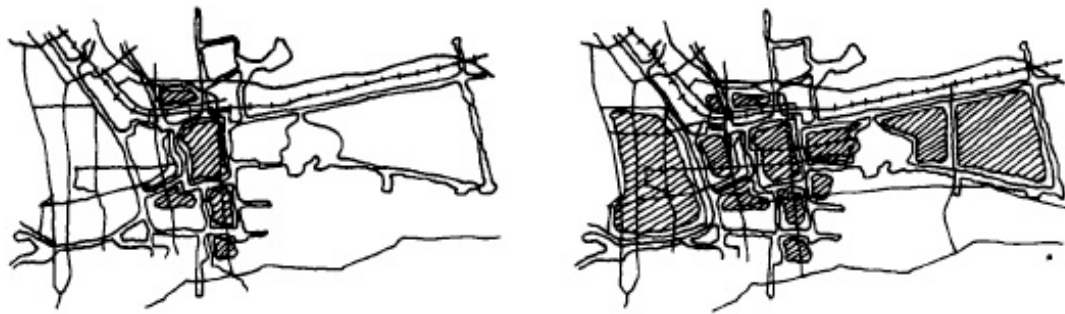
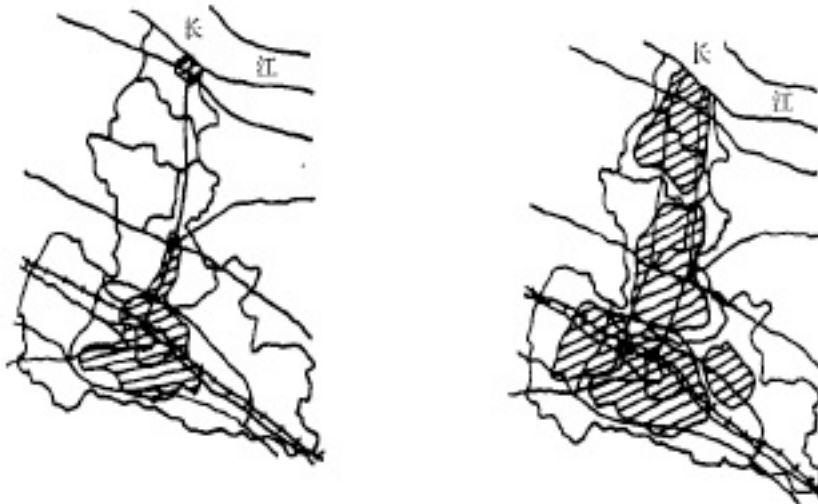


Figure 5.8: the evolution of the urban territory of Changzhou city from the 1980s to the 1990s



5.3.4 Rescaling practice and its implications on regional uneven development

As mentioned before, the territory extension practice by development zones was on most occasions accompanied by the rescaling of local governments at county-level in the south, through which their institutional and financial capacities could be much strengthened. In 2013, the State Council published its policy document No. 24¹⁰⁰ and this attracted wide social attention. This policy document ratified the administrative practice of rescaling Gaochun

¹⁰⁰ The State Council's NO. 24 policy document in 2013 is 'The official reply as to the authorisation of the administrative division in Nanjing city in Jiangsu province'.

county and Lishui county of Nanjing into municipal districts of Nanjing. This practice signifies that there will be no county anymore in the 'larger' south of Jiangsu¹⁰¹. While the State Council's policy document gave rise to some controversies, what is more notable for the present research lies in the fact that almost two decades ago before the 2013 policy, there was already no standard county in the 'south' of Jiangsu in a strict sense. Unlike the rescaling practice of Nanjing city in 2013, which aims to address the dilemma between rapid local urbanisation and inadequate land supply, the practice of rescaling the counties in the south into county-level cities in the 1990s bore and indeed produced much more complicated institutional and economic considerations and impacts in the evolution of regional uneven development.

The origin of county-rescaling practice lies in the Central Committee of CPC's policy document No. 51 in 1982, namely, 'Notice as to regional institution reform and implementing the system of subordinating counties under municipal control'. And this system was first experimented in Jiangsu province in 1983. This experiment and its subsequent expansion throughout the country not only made counties a part of the administrative territory of their municipalities, but also enabled municipalities to have strong control over local governments of their counties with respect to, for instance, finance and personnel matters. As Mr. J of the Office of Provincial Government of Jiangsu observes, the original purpose of the 1983 regional reform was to break down the institutional division and resource isolation between urban and rural areas so as to promote rural industrialisation and urbanisation. The situation in the south of Jiangsu, as Mr. J further suggests, quickly evolved out of the original expectation, since many counties in the south had exhibited by the end of the 1980s prominent economic performance that was no worse than their municipalities. This inevitably led to certain conflicts between municipalities and their counties especially when they competed for various projects and resources, attempting to attract more into their own jurisdictions. Whilst central government eventually authorised the practice of rescaling counties into county-level cities in the 1990s to address the problems resulting from the rapidly increasing economic strength of counties in the south, the north of

¹⁰¹ The south here includes Nanjing and Zhenjiang city, both of which, though being geographically located in the south, are not conventionally and socioeconomically included in the south of Jiangsu.

Jiangsu had before this rescaling practice suffered difficulties in implementing the 1983 reform. This was because most counties in the north did not achieve satisfactory rural industrialisation and TVE growth as in the south, and most municipalities in the north of Jiangsu found they were both institutionally and industrially incapable of leading and promoting the counties within their respective territories. And, this led to the establishment of two new municipalities in the north in 1996 for relieving the heavy governance burden of regulating and promoting too many counties. Notably, by the end of the same year, all the counties in the south had finished their rescaling practice, becoming county-level cities. For example, in 1995, Wujin county of Changzhou city was rescaled into Wujin county-level city, Wuxi county of Wuxi city became Xishan county-level city, and Wu county of Suzhou city became Wu county-level city.

Most local state officials, whom I interviewed, suggested that the extensive rescaling practice in the south during the 1990s was, on the one hand motivated by the central and provincial governments' policy encouragement, and on the other hand due to the real, pragmatic situation that most counties in the south had at that time already possessed sufficient economic strength to qualify for the State Council's criteria with respect to 'rescaling county into county-level city'. But, there are, arguably, more real interest-oriented considerations underlying such rescaling practices.

A direct outcome of rescaling a county is the practice of upgrading local head officials' bureaucratic ranks. In practice, the party secretary of a standard county is in most cases lower in his rank than that of a county-level city, because the party secretary of a county-level city is usually also a Member of the Standing Committee of the Municipal Party Committee, whose official rank is under China's bureaucratic system prior to party secretary of county/county-level city¹⁰².

For example, Sheng Keqin was the Party Secretary of Wujin county-level city between 2001 and 2002 and his prior official title during his office

¹⁰² A member of the Standing Committee of the Municipal Party Committee possesses the rights to speech and vote on all the essential matters, which must be discussed and collectively determined by the Standing Committee Conference of the Municipal Party Committee. This confers such a member who is also the party secretary of a county-level city with some powers to influence essential municipal policy decisions that may affect county affairs.

time in Wujin was not Party Secretary of Wujin but the Member of the Standing Committee of the Party Committee of Changzhou city. This was same for his predecessor Mao Weiming¹⁰³, and his successor, Shen Ruiqin. On the contrary, for instance, Zhang Shushan was not a Member of the Standing Committee of the Party Committee of Nantong city during his office term of serving as the Party Secretary of Haiyan county. It can thus be seen that the practice of rescaling county into county-level cities became an institutional short cut through which the official ranks of a large amount of local state officials at county scale can be simultaneously rescaled upward. Moreover, as Mr. J of the Office of the provincial government of Jiangsu and Mr. S of the Planning Bureau of Wujin pointed out, the rescaling practice could result in both a variety of visible and latent benefits to local development. For example, the rescaling practice gives rise to the administrative advantage of receiving approvals from upper-level governments more easily with respect to application for financial support, quota for land expropriation and compulsory purchase and so on. More latent benefits could also be derived from the better locality image of being a county-level city, which on many occasions could play a crucial role in marketing and inward investment campaigns. As Mr. J asserted, as the term 'county' in Chinese can still culturally lead to a first impression of being rurally related, many local officials were keen to pursue county-level status, prefer to be addressed as 'mayor' rather than 'county magistrate'.

Notwithstanding the presence of all the above institutional advantages, it must be emphasised that in order to secure a precise, comprehensive understanding of those rescaling practices in the south of Jiangsu during the second stage of China's reform, a dynamic, relational view shall be taken so as to reveal the reality that those rescaling practices in the south were not merely functionally specific to county scales, and more importantly, to analyse the question of to what extent the interactive contradiction between institutionally rescaled urban status and socioeconomically and historically

¹⁰³ Notably, largely because of the satisfactory local economic performance of Wujin, Mao Weiming has later been promoted to be the Vice-Governor of Jiangsu province, and Sheng Keqin has later been promoted to be the Deputy Minister of the provincial Organisation Department of Jiangsu.

produced urban scales, had shaped the respective regional development in the south and the north, and the unevenness between them.

In more specific terms, it is argued that the unique phenomenon of all counties in the south having been institutionally rescaled into county-level cities in the 1990s, though motivated by political considerations, reflects more the regional continuity in terms of the economic legacy of rural industrialisation that supported the local growth in the south during the second stage, and the regional change in terms of the rise of development zones, which linked local industrialisation with urbanisation. Thanks to the economic prominence at county scales in the south at this stage, rescaling these counties into county-level cities was, arguably, more like an institutional reflection or justification of the geographical materialisation of the economic and social relations in terms of rural urbanisation and industrialisation in these counties. Put differently, it can be justifiable to conceive of the regional development mainly driven by TVEs at township and village scales, and by various development zones at county scales in the south during the respective stages, as some sort of sociospatial restructuring process in Neil Brenner's (2009) sense. This means that the sociospatial restructuring process was expressed in practice as growth-oriented territory-, place-, scale-, and network-specific forms that were shaped by various selective institutional arrangements and privileged policies on the one hand, and empowered and restrained cooperative and/or conflictual actions that served to couple regional social, economic and even cultural assets with domestic and global resources and markets through rural urbanisation and industrialisation, on the other.

Mr. J is right that in Chinese cultural sense the term of county is reminiscent of rural-based areas or issues. As those counties in the south had during the first two stages of the reform paved the way of transiting from highly rural places into semi-urban sociospatial sites through rural industrialisation and development zone-driven growth, these newly emerged and restructured socioeconomic relations at the county scales in the south had, irrespective of the institutional or nominal rescaling, reflected substantial

processes and practices, the scale-specificity of which went beyond both of the functional and scalar borderlines of a standard county.

It is in this sense argued that there was in the south much less contradiction in terms of the institutional incompatibilities between the institutionally rescaled local urban status, and socioeconomically and historically shaped urban scales as well as the socioeconomic relations and processes thereby entailed. In other words, thanks to the processes of rural industrialisation and urbanisation, those counties in the south had already been factually rescaled into sociospatial sites in an ontological sense, and the institutional rescaling approved by the State Council constituted more nominal justification than concrete empowerment.

The situation in the north differs considerably. Regarding for example the rate of rural urbanisation of the counties in the south and north respectively, Shen and Liu (2003) have adopted 16 indicators for assessing the rate of rural urbanisation of all the 64 county units in Jiangsu province. They then categorised all county units into four groups, namely, urbanised areas, quasi-urbanised areas, transitional areas, and rural areas. They noted that ten county units qualified as urbanised area, and nine of them are the county-level cities in the south, including Wujin county-level city. None of the county-units in the south fall into the third and fourth groups. Notably, Hainan county of Nantong is within the third group, being seen as a transitional area by 2001. Under the trend of rescaling counties into county-level cities, there had been 18 county-level cities formed in the north. But, none of these county-level cities achieved a high rate of rural urbanisation during the second stage of China's reform.

Having regard to the critical role of local development zones in concentrating the multifarious elements for promoting urbanisation, the lagged rural urbanisation at the county scale in the north during the second stage therefore, arguably, reflected the inefficient performance of development zones there. Indeed, the institutional rescaling practice in the north in some aspects became an institutional burden, the presence of which delineated both the apparent and latent incompatibility between the artificially founded scale and institutions, and the actual spatial expressions of the socioeconomic

relations and processes at the county scale in the north. The rescaling practice in the north during the 1990s was thus seemingly more like a balance of interests in the political sense between the south and the north of Jiangsu, rather than a reflection of socioeconomic reality.

But, the discrepancy between institutional scalar arrangement and actual scalar expression of socioeconomic relations did result in a series of severe problems such as pseudo urbanisation, administrative confusion, and most severely, over expropriation of rural land by local governments at county-level scale. These problems then led to a sudden prohibition on the practice of rescaling counties into county-level cities, by the State Council in 1997. Since the 1997 prohibition, although there had been persistent calls for lifting the ban on such rescaling practice¹⁰⁴, the State Council only approved a few exceptional cases. This long-term prohibition arguably reflects the failure of the institutional rescaling practice in a general sense, with the somewhat unique exception of the south of Jiangsu. Therefore, it is proposed that both the active rescaling of the sociospatial relation and productive force through the rise of development zones, and the somewhat passive rescaling of changing county into county-level city, constituted one of the key causes to the leading position of the south of Jiangsu in regional/local development during this stage. In other words, scale in terms of social processes and relations matters in this context.

Whilst the relative success of the county rescaling practice in the south was indeed dependent on the appropriate institutional manifestation of the pragmatic local socioeconomic relations and processes within the territories at county scale, it must be further pointed out that the dynamic materialisation of the sociospatial relations and economic processes at county as well as urban scales in the south had also expressed, and been horizontally and vertically embedded in, the complex interscalar effects and networks during the second stage of China's reform. In other words, the local growth pattern driven by development zones had institutionally and substantively shaped both the county and urban scales during the second stage to interact more

¹⁰⁴ Notably, Mrs. Shan Xiaoming, the present Party Secretary of Haiyan county of Nantong, put forward an official proposal in 2012 in the National People's Congress, urging that the general prohibition on rescaling counties should be lifted so as to address the urban issues faced by counties in the new era.

competitively in the context of China's insertion into the global market and worldwide interscalar networks. The materialisation of the diverse interscalar relations and processes, which were expressed as the increasing inter-urban competition through development zone-based investment attraction, enhancement and value-capture, also constituted a critical element, which not only led to the failure of rescaling counties in the north, but also more importantly, contributed to the regional uneven development during this stage. As Brenner (2009: 66) observed, 'the linkages between urban and supraurban scales are today generally considered intrinsic to the very content of the urban question'. While his observation rightly points out the critical significance of vertical interscalar relations, the somewhat unique scene of local government-led inter-urban competition in Jiangsu province delineated how the horizontal interscalar relations and processes might concretely shape regional unevenness. This is the major topic of the following section.

5.3.5 Inter-locality competitions in Jiangsu province and the key importance of network to regional unevenness

As noted before, there were two prominent phenomena, namely, the institutional and sociospatial transition of industrialisation and the resulting inter-urban competition, by which regional uneven development in Jiangsu is characterised at the second stage of the reform. This section focuses on the institutional expressions and implications of the latter with respect to the regional unevenness in question.

Contextually speaking, it is argued that the increasingly intensified inter-urban competition during the second stage of China's economic reform was to a large extent a synthetic reflection and embodiment of the growth-oriented state ideology and its institutional expressions in terms of specific regional/local development strategies and growth patterns. The major reason for conceiving of this phenomenon as a synthetic reflection lies in the fact that the inter-urban competition in China was shaped by, and taking place, in a state-led manner, across the dynamics and networks of a variety of scales (global, national, and sub-national scales). In a general, holistic view, whilst the world witnessed the rise of the cities in the 1990s and the 'hollowing out'

of the state (Jessop, 2004), China, thanks to its idiosyncratic path of starting a market-economy oriented economic reform without simultaneously advancing any radical, westernised political and legal reforms, exhibited, during the second stage of its economic reform, a unique picture that combined a pervasive but regionally and locally uneven rise of cities, and a hollowing out of central governance in terms of concrete developmental matters combined with a financial and revenue centralisation that ran counter to destatization. In the light of China's authoritarian regime and the basic objective of China's state-led economic reform, these dialectic central-local relations were thus of significance to the subsequent evolution of regional unevenness, and to the practice of the ambiguous notion of the 'China Model'.

The idiosyncratic nature and manifestation of China's path methodologically forces the present research not to normatively rely its explanatory power upon those contingent, empirical trends at national and supranational scales, but, as MacLeod and Goodwin (1999: 515) have pointed out, to 'stress the complex articulation of social, economic and political forces through space and across time'. This perspective also resonates, in a general sense, with Zhang and Peck's (2014: 5, 6) view that 'national roles, functions and institutional ensembles must be understood in those multi-scalar terms through which they are profoundly co-constituted'. Zhang and Peck also claim that the Chinese model 'must be understood to be plural rather than singular' at regional/local scales because of 'the patterned heterogeneity of the Chinese model of capitalism'. Zhang and Peck (2014: 6) point out that there are distinctive regional-capitalist formations and sub-models in China, which are often to different degrees and in different ways 'reciprocally embedded in national regimes and constitutively connected to offshore economies and networks', and these qualitative and quantitative differences have *de facto* essentially contributed to regional unevenness.

However, such regional unevenness should neither be simply recognised as a plural-form consequence of incoherent local institutions that diverged from a national coherence, nor be attributed independently to the presence of various paradigmatically enumerated regional sub-models of economic growth. Arguably, it is also overly ideal and romantic to describe the

Chinese capitalism as what Zhang and Peck's so-called oriental version of Michel Albert's (1993) 'capitalism against capitalism'. Despite the synthetical reflection and polymorphic expressions of regional uneven development in China, the supra logics of the growth-oriented state ideology in terms of utilitarianism and pragmatism were present throughout the entire economic reform, and empowered and/or delegated and restrained/confined the pace, patterns and propensities of all the state-led institutional innovations and competitions at different scales.

In more concrete terms, whilst the pragmatic trial-and-error strategy led to the extension of rural decollectivisation and industrialisation, and the utilitarian strategy of developing some regions in priority led to the blooming of the special zone (the prototype development zone) in Shenzhen city in Guangdong province, Deng had at the outset of the second stage reinforced the growth-oriented ideology and applied it to the Yangtze River Delta. Shanghai and the Yangtze River Delta were specified by Deng to be another region which should be empowered to develop and 'get rich first'. As Deng asserted during his survey trip to the south in 1992, it was his mistake not to make Shanghai an economic special zone in the 1980s, but this could also be an advantage to learn from, and improve on, the experiences of Guangdong province. Deng also claimed that whilst the rural reform in terms of the household responsibility system had been proved by concrete practices as a successful attempt, the question of urban reform and development must also be answered by concrete practices. At the end of his survey, Deng notably emphasised to the head officials of Jiangsu province the key importance of grasping the opportunity for economic growth, and expressed his anxiety for the risk of missing important opportunities during this stage of China's reform. Though not fully expressed, the developmental strategies widely practised at regional and local scales during this stage revealed that the opportunity pointed out by Deng means: establishing and extending extra-local relations and networks in order to embed local growth into global commodity chains and couple local assets with global strategic resources, through the new urban sociospatial sites, those are, development zones. In addition, Deng also explicitly stated that areas like the south of Jiangsu, which had secured better

developmental performance should continue to grow faster than other regions in the country.

As Deng had made it clear that China's economic reform must be accelerated, and be re-orientated to urban development through embedding new urban sites in the global markets, inter-urban competition turned out to be an inevitable consequence, to which regional uneven development would be subject. As noted, the original purpose of setting up development zones was to attract and capture exogenous investment for forming and enhancing local endogenous growth. This very purpose is already indeed indicative of a strong tendency towards inter-locality competition. As most localities at various scales had been authorised to establish development zones since 1992, such relatively over-abundant supplies of platforms against limited investments naturally resulted in intense competitions for attracting and capturing investments. The problem of over supplies of development zones can be illustrated by the State Council's action of revoking surplus zones. According to the 'Notice as to clearing and reorganising various development zones and enhancing the management of constructive land'¹⁰⁵ and the 'Principles and conditions on clearing and reorganising development zones'¹⁰⁶, the clearing campaigns managed to reduce 6866 development zones to 1568, and reduce the planning coverage from 38600 sq. km. to 9940 sq. km. by 2007. Regarding the clearing campaigns in Jiangsu province, Tao Peirong, the Director General of the provincial department of land and resources, stated in 2005 in an official speech that by the end of 2004, 544 development zones in Jiangsu were revoked, accounting for 77.5% of the sum total. The reason for revoking development zones lies, as the Ministry of Commerce (2004) asserted, in the numerous abusive expropriations and illegal transfers of rural land, and the *ultra vires* and race-to-the-bottom problems, both of which frequently occurred in local investment invitation campaigns.

Regarding the more concrete causes of inter-urban competitions in China, Tao (2011) suggests that there were in general three factors that have

¹⁰⁵ Office of the State Council Issued, (2003) No.70, 'Notice as to clearing and reorganising various development zones and enhancing the management of constructive land'.

¹⁰⁶ National Development and Reform Commission, Ministry of Land and Resources, and Ministry of Construction drafted, the State Council approved, NDRC issued, (2005), No. 1521. 'Principles and conditions on clearing and reorganising development zones'

decisively shaped inter-urban competition since the mid-1990s. First, the market-oriented reform after Deng's survey in 1992 led to the quick emergence of FDI and private enterprises, thus considerably undermining state owned enterprises (SOEs) and TVEs' competitiveness and profitability. As SOEs and TVEs gradually became a heavy burden and negative assets to local governments, their privatisation was inevitable. Extensive privatisation of SOEs and TVEs then transformed local governments from enterprise owners into tax collectors. Meanwhile, SOEs and TVEs were endowed with, and in the case of the south of Jiangsu encouraged to have, the mobility to relocate into development zones, as these zones usually provided better deals in terms of preferential taxation policies and land price. Tao further suggests that the tendency of establishing development zones since the mid-1990s was also entailed by the Tax Redistribution Reform in 1994, which largely deprived local governments of their revenue sources, enforcing them to seek new financial incomes through competing for manufacturing-related investments. The third cause refers to the motivation system underlying development zone-based inter-locality competition. In a word, while local governments proposed many policies for attracting manufacturing-related investment, 75% of the value-added tax and the corporation tax would be collected by central government under the 1994 Tax system. As local governments would merely enjoy a small proportion of the tax income generated by manufacturing-related investment, they needed not think prudently to offer a variety of preferential tax policies in the race-to-the-bottom competition. In fact, what most local governments were keen to obtain from inward investment, as Tao (2011) pointed out, was the spill over effects brought about by manufacturing sectors in the interest of the development of local service sectors. As Tao has not given a clear explanation on his notion of spill over effects, it is argued that such effects may better be interpreted, as the actual practices of development zones has demonstrated, as the effects of industrial agglomeration in the interest of urbanisation.

Since industrial agglomeration and growth could result in the concentration of financial, technological and human resources, which in turn generated various, high demands for service sectors as well as infrastructure

constructions, local governments, from the taxation point of view, could thus acquire a large amount of governmental income through collecting the business tax generated from local service sectors, and from the land transferring fees through granting urban land for multifarious business uses. In practice, these incomes exclusively belong to local governments.

Albeit Tao's observation delineated some crucial logics behind development zone-based inter-urban competition, it is arguably flawed in some respects. First, it is argued that the privatisation of SOEs and TVEs must not be fused, but be separately deciphered, since most SOEs suffered difficulties in the 1990s whereas TVEs secured persistent high growth rates until 1994, when the new Tax Redistribution System was enacted (Li, et al., 2013). This coincidence, according to Li et al. (2013), reveals that, as local governments under the 1994 tax redistribution system could no longer acquire extra-budgetary revenue from local TVEs as usual, the motivation to control and more importantly to support local TVEs quickly faded away, leaving TVEs in a rather less advantageous position in market-oriented competitions. Li et al. (2013) conceived that as the motivation for pursuing extra-budgetary revenue was the major cause that led local governments to build their major local growth patterns, it is thus unreasonable to see inter-urban competition for inward investment as pursuing prospective business tax revenue. This is because such revenue is within-budget income and can only be realised out of the office term of local head officials, because of the long-term turnover of most manufacturing firms. In other words, it may be argued that Tao's observation has contradicted with the action logics of local governments under the growth-oriented state ideology.

But, Mr. W confirmed in his interview that the local government of Wujin tended to exercise tolerant and flexible taxation practice with the purpose of fostering local industries and collecting prospective tax revenue on a much larger taxation base in the future, although Mr. Wu suggested that such practice is not a common one, and not seen much in those less developed regions such as the north of Jiangsu. He also stated that local governments tended to use the cheap land price of development zones in competing for exogenous investment. Yuan (2007) points out that, as a region

that attracted the largest amount of FDI, the south of Jiangsu was not only successful in inter-urban competition with respect to inward investment, but also the region which bore higher costs. These costs noted by Yuan mainly refer to the low land prices of development zones, which are below original land expropriation or construction costs. Yuan (2007) quoted an internal document of the provincial government of Jiangsu, suggesting that the land cost of a development zone in Suzhou city in the south of Jiangsu was 200000 RMB per 666.67 sq. m., but the local government proposed the price of 150000 RMB per 666.67 sq. m. in investment invitation campaigns in order to attract more FDI than other localities. Such race-to-the-bottom competitions in turn resulted in a dispersal of sale on the land price of development zones. Indeed, when working as the Chairman Assistant in Shanghai People's Enterprise (Group) Ltd., I experienced a lot of competition on the land price of development zones in dealing with the investment invitation campaigns initiated by different local governments. In reality, the very core issue in the negotiation between local governments and investors who are intended to establish their manufacturing in development zones lies in the land price, which is on most occasions attached with, or included in, a bundle of preferential policies relating to infrastructure, bank loan and state subsidy. In some inland, less development areas, local governments even offered zero priced land to attract exogenous investment. A municipal Party Secretary in Hubei province asserted in an investment invitation that whilst some nearby municipalities might offer zero priced land, his government could offer more competitive bundles of preferential policies¹⁰⁷.

Notwithstanding these various motivations behind local governments' actions, inter-urban competition was becoming normal throughout the second stage of China's reform. And, from a retrospective view, the south of Jiangsu successfully renewed its major local growth pattern through such competitions, resulting in the so-called 'New Southern Model'. As Hong (2008) observed, since the beginning of the 1990s, the economies of the south of Jiangsu continued to rise due to two major forces. The first force refers to the various development zones, which made the south of Jiangsu the region with

¹⁰⁷ I took part in this campaign in Oct. 2010.

most dense agglomeration of FDI and investment from Taiwan. The other refers to the rapid growth of privatised TVEs, and of those TVEs which formed joint-ventures with foreign companies. Regarding the privatising tide of TVEs in the south, Hong (2008) conceives of it as an institutional innovation entailed by China's further reform towards market economy. TVEs in the south, after their privatisation, did not suffer hostile depressions and competitions from the foreign investments attracted by local governments, as Hong further argued, because development zones in the south provided privatised TVEs with the opportunities and platforms to establish effective business cooperation and joint ventures with foreign invested companies. This mixed entrepreneurial structure constituted the micro-economic and industrial foundation of the economy of the south of Jiangsu, and it endowed the south of Jiangsu with more advanced industrial technologies and larger enterprise scale than other regions (Hong, 2008). While Hong has presented a quasi-official view on the success of the south in capturing and coupling global resources with local assets to promote endogenous growth during the second stage of the reform¹⁰⁸, it must be emphasised that the relative success of the south is also to a large extent indicative of the relative failure of other regions, in particular, the north, because of its closeness to the south in terms of its territory, place, scale, and path-dependency, in the context of highly intense inter-urban competition. In order to further articulate this point, we need to explain more about the properties of inter-regional/urban competition in China.

Zhang and Peck (2014) are quite correct in pointing out that regional styles of capitalist development in China are differently embedded within global markets and production and commodity chains. But they have made a misreading of China's inter-regional competition. The 'variegated capitalism approach' they used provides them with a semi-political perspective, which confines their attention to certain prominent (mainly economically and some socio-politically) local growth patterns that did not indeed interact much, let alone directly compete with each other. Inter-regional/urban competition in China only occurred between localities with similar or path-dependent growth

¹⁰⁸ Hong Yinxing serves as the Chancellor and Party Secretary of Nanjing University (top 1 University in Jiangsu province), and the quoted view was published on the party official press, Xinhua Daily. It is thus reasonable to say that Hong's view here represents a quasi-official position.

patterns at various sub-national scales. For example, Zhang and Peck's (2014) so-called war between the Guangdong-style and Chongqing-style is only meaningful, and concretely expressed in the course of competing for inward investment. Despite the combination of social welfare enhancement and economic growth, which occurred in Chongqing, its low rank of regional GDP makes its so-called war against Guangdong province (top 1 regional GDP in China) more like a pseudo-thesis under the growth-oriented state ideology. It is proposed that the impacts and role of inter-regional/urban competition can only be analysed through the lens of institutional arrangements and practices that are functionally identical, or path-dependent with, each other. It is this kind of inter-regional/urban that entails substantive difference in the network of a region that contributes in practice to regional unevenness.

Hence, if taking a more concrete insight, looking into the extra-local relations and processes of the south of Jiangsu, it is by no means hard to find that development zones in the south achieved prominent performance in attracting, enhancing, and then capturing values of inward investments during the second stage of the reform whereas the north, as the APA report (2006) admits, lagged further behind. In a macro view, in 2003 (the end of the second stage of China's reform), the south of Jiangsu contributed 6.7% to the national GDP, 12.1% of the national total volume of foreign trade, 7.1% of the national fixed asset investment, and 25% of the disbursement of foreign capital in China; and indeed, the regional GDP of the south of Jiang alone would be fourth in the national rank of regional GDP¹⁰⁹ (Cao, 2004). And, by 2005, there had been 178 Fortune Global 500 companies establishing branches in the development zones of the south (91 in Suzhou city, 58 in Wuxi city, and 29 in Changzhou city); and in 2004 the regional volume of foreign trade and the disbursement of foreign capital of the south¹¹⁰ amounted to 91.4% and 75.8% of the provincial total sum (Cao & Gu, 2006). In other words, the south had achieved outstanding preponderance over the north with respect to the extra-local relations and processes in terms of coupling local assets with global strategic resources and networks. And, this preponderance was

¹⁰⁹ The south of Jiangsu referred by Cao (2004) here includes Nanjing city and Zhenjiang city.

¹¹⁰ The south of Jiangsu referred by Cao and Gu (2006) here includes Nanjing city and Zhenjiang city.

substantively secured through development zone-based inter-urban competition for inward investment.

If looking at Changzhou city in the south in particular, it can be seen that its extra-local relations and processes were shaped by, and resulted from, a variety of multi-scalar actors and practices. At the meta-level, the national strategy of putting China's domestic development into the grand circle of the global economies through promoting export-oriented manufacturing industries in coastal regions derived from a prominent internal report, namely, 'the possibility of, and conditions on, the economic development strategy of integrating in the grand circle of the global economy', which was drafted by Wang Jian (1987). Wang's (1987) strategic contemplation in terms of embedding China's massive migration of rural surplus labourers in the global market through promoting export-oriented, labour-intensive manufacturing sectors, had soon become the theoretical underpinning to the national strategy of developing economies of coastal regions. In January 1988, Deng ratified the policy paper as to 'accelerating open policy and economic reform in coastal regions' which conceived of local TVEs as the key players in conducting export-oriented businesses. In order to support the export transactions for local manufacturing enterprises, the State Council approved in 1987 the establishment of a series of 'united exporting goods production enterprises'. There were 41 such enterprises in Jiangsu province, and 32 of them were in the three cities in the south (6 of them in Changzhou, and half of them were located in Wujin county). These state-owned trade companies then helped local TVEs in the south accumulate their earlier experiences in conducting export transactions. In a word, the south had, till the end of the first stage of the reform, already been recognised by central government as the sociospatial and economic forefront through which regional economies and assets could be embedded in, and coupled with, global production and market networks. And the subsequent quick rise of development zones throughout the second stage of the reform institutionally strengthened these extra-local networks and processes in Changzhou city.

The official data (Zhang & Geng, 2002) shows that after a decade of growth, the high-tech zone of Changzhou city in 2001 achieved prominent

performance in attracting inward investment (a protocol FDI of 0.5 billion USD, and a realised FDI of 0.16 billion USD), and enhancing local industrial output (12.4 billion RMB). Whilst the protocol FDI attracted by the high-tech development zone amounted to 43.58% of the municipal sum total in 2001, more than 45.71% of the large-scale projects (the amount of investment reached 10 million USD) in Changzhou city were located in the high-tech zone (Zhang & Geng, 2002). Indeed, the high-tech zone of Changzhou was the first one in China that established the joint venture cooperation model with a foreign investor¹¹¹ to develop industrial and residential infrastructure in development zone. In 1993, the municipal government of Changzhou approved the establishment of four local-level development zones respectively in its county-level cities and urban districts. This included the establishment of the high-tech zone of Wujin. Apart from the two downtown districts of Changzhou, other urban districts and county-level cities also had established provincial-level zones or national development zones by 1996.

As Wen (2011) observed, there are four vital factors that determine the level of transaction costs in relation to FDI, and in turn determine the local attractiveness to FDI. These refer to industrial foundation, infrastructure construction, geographical location, and policy preferences. Changzhou and the other two cities in the south were well placed compared to most other regions in China with respect to the above four factors, and hence the south of Jiangsu achieved more effective inward investment campaigns than all other regions. This effectiveness, as Wen (2011: 132) suggested, is another key characteristic of the so-called 'New Southern Jiangsu Model'. Moreover, the success of the 'New Southern Jiangsu Model' set up some institutional criteria and costs in terms of infrastructure and policy conditions, which the local governments of other regions usually could not afford. All these physical and institutional barriers imposed upon inward investment campaigns could not only put other regions in a disadvantaged position in inter-urban competitions, but also considerably undermine the financial status and social stability of other competing localities. In a word, inter-regional/urban competition had not only caused those less developed regions to suffer less

¹¹¹ This refers to Sun Hung Kai & Co., a large Hong Kong company.

inward investment, but also directly and indirectly brought about social conflicts and discontent.

For example, the famous Oji Paper Incident in Nantong city in the north of Jiangsu in 2012 is a typical case of social conflicts resulting from inward investment campaigns. This Incident derived from the local government's approval of the Oji Paper's local sewage disposal project in Qidong county-level city of Nantong city. As the local residents expressed serious environmental concerns with the side effect of this project, an aggressive massive protest quickly emerged, resulting in a trespass into the local government building and the illegal and violent detention of both the Party Secretary and Mayor of Qidong. Oji Paper Group is one of the largest foreign investors attracted by the local government of Nantong, and Oji Paper Group's production in Nantong constitutes its largest investment. This incident also resulted in about 10 local state officials being investigated for corruption.

Apart from those environment-related problems, the state-led actions of land expropriation and compulsory purchase also constitute a primary source, from which local social conflicts and discontent frequently occurred. Despite the political sensitivity of land expropriation conflicts and news blackouts on such incidents, the high frequency and severity of such incidents has in practice led to some institutional innovations. For example, in a group discussion with the local officials in Nantong municipal government, it was mentioned to me that a land dispute settlement centre has been established in Nantong's national economic and technological development zone to deal with the conflicts caused by land expropriation and compulsory purchase issues.

It was admitted by those local officials that such conflicts frequently occurred throughout the evolution of development zones in Nantong in the north, in the forms of mass disturbance, collective petition at municipal, provincial and even national scales and sometimes even violent confrontation. Establishing this dispute settlement centre aimed to mitigate these social conflicts, which are of severe political threats to local head officials' performance record. Indeed, this land dispute settlement centre in Nantong is the first such institution established in Jiangsu province. In an investment

invitation campaign conducted by Gangzha district of Nantong city, in which I myself participated, the core issue in the negotiation between the district government and the company I served, focused on the price of the land transferring fee, and on what time this fee could be fully paid. But, these two seemingly finance-oriented questions were indeed directly related to the state-led process of land expropriation and compulsory purchase. This was because, a large proportion of the land transferring fee would be used by the local government to defray the costs of local compulsory purchase, that is, the compensation and arrangement fee for those residents who would lose their land and houses in the course of establishing development zones. This cost could fluctuate according to the actual power and method of the specific local state institution and the bargaining position of specific local residents. As a local official explicitly said to me in an interview, the quicker the land transferring fee could be fully paid to the local government, the more efficient the land expropriation process would be. Similar situations were encountered in other campaigns, in which I was involved, in those less developed regions such as some cities in Heilongjiang province, Liaoning province, and Hubei province. In a word, it is argued that all such social conflicts and financial burdens/losses should be conceived as of some sort of institutional costs that are likely to be born by less developed regions, and are directly or indirectly generated by the path-dependently shaped development zone-based inter-urban competitions during the second stage of China's reform.

A further point that must be elaborated here lies in the positive effect of inter-scalar competition within the territory of a municipality or a region with high degrees of socioeconomic connections and industrial isomorphism. While Cheung (2009) has argued that inter-locality competition amounts to an essential institutional impetus to China's economy, he confines his analytical perspective to the competitions at county scale horizontally across a general territory. A potential flaw of Cheung's assumption lies, as the above paragraphs illustrated, in the various costs bore by regions, which do not perform well in inter-locality competition (albeit it may be argued that the path-dependent institutional transplantation and competition can in the long run strengthen the local economic performance and institutional thickness of less

developed regions). More importantly, there is another potential flaw inherent in Cheung's generalisation of inter-locality competition in China. This refers to the positive effect of local growth brought about by inter-scalar competition in the south of Jiangsu. Generally speaking, the unique administrative status of county-level cities and the prominent economies of those county-level cities in the south of Jiangsu have made the coexistence of county-level cities and their municipalities more nuanced than standard urban and sub-urban relations in other regions of China. The strong economic strength not only provided these county-level cities in the south with autonomous financial capacity, but also in many cases endowed them with the essential power of bureaucratic personnel control, which should have been retained by their municipalities¹¹².

An anonymous official of Wuxi municipal government mentioned to me that, because of the competition and conflict between Wuxi city and its county-level city, Jiayin city (frequently ranked as Top 1 county-level city in China), the Standing Committee of the People's Congress of Jiayin city usually tended to procedurally veto municipal appointment decisions on local head officials, as such appointments are seen by Jiayin as the intervention made by Wuxi municipal government to Jiayin's local affairs. With the relative autonomy on financial and personnel matters, these county-level cities in the south were, arguably, standing in an almost equal position against their municipalities in the context of inter-urban competition. Whilst TVEs at the outset provided these county-level cities with decent economic strength, the extensive rise of development zones in these localities endowed them with further institutional capacities to pursue growth and prevent municipal intervention. Ms. M of the Office of Wujin district government suggested that most development zones in the county-level cities in the south attempted to seek more autonomous powers at their inception, so as to be immune from municipal intervention.

As the south of Jiangsu was the most dense region attracting FDI and fostering TVEs (which were all later privatised), the equal position between

¹¹² For instance, the development zone of Kunshan county-level city, which belongs to Suzhou city, possesses a quasi-municipal administrative rank, which makes this development zone a province-controlled unit, whose head official is concurrently the Party Secretary of Kunshan county-level city.

municipalities and their county-level cities in this region stimulated inter-scalar competition among these localities, and in turn greatly optimised resource allocation and improved institutional thickness. In other words, inter-scalar competition in the south turned out to be some sort of positive-sum game between entrepreneurial cities in Jessop's (2000) sense. In addition, the strong presence of these county-level cities in the south prevented the trend of concentrating all resources into several urban poles. The situations in the south of Jiangsu had exhibited a series of healthy competitions characterised by dispersed sociospatial sites with even resources and rationally disposed industrial clusters with identical structures and sectors. In the rank of Top 100 counties in China, those county-level cities with prominent economic performance in the south of Jiangsu consistently and firmly seized the top 10 or even top 5 positions. It is noted that all the county-level units in Jiangsu in total in 2001 contributed to 56.8% of the provincial GDP; and regarding Suzhou city and Wuxi city in the south, their respective county-level cities contributed to 82% and 69% of their respective GDP and 67% and 51% of their respective local state incomes (Wang, 2002). And, the gross GDP of the three county-level cities of Changzhou city in 2001 contributed to 63% of Changzhou's GDP (Data from the Provincial Bureau of Statistics of Jiangsu, 2002). Indeed, it is argued that the inter-scalar competition in the south of Jiangsu amounts to the ideal sample of Cheung's (2009) conceptualisation of 'inter-locality competition', which is of key institutional engine to China's growth.

The situation in the north of Jiangsu in relation to the inter-scalar competition within its territories is entirely different from that in the south, because of the absence of any county-level cities with prominent economic strength. In a series of interviews conducted for this research, many local officials in the north suggested that due to the agricultural dominance of its industrial structure, and lagged rural industrialisation, many local governments in the north of Jiangsu not only encountered the problem of lacking endogenous industrial and business supports, but also, in the context of inter-urban competition, lacked the necessary experience to conduct effective campaigns to attract more inward investment. The larger municipalities in the

north suffered these difficulties as well as county-level units. A vice-Mayor of a municipality in the north once asserted that lectures about economic globalisation should be presented in the south rather than the north, since it is beyond the pace of the north to engage in such development (Wang, 2010).

Gu (2005)¹¹³ suggested that the lagged development in the north derived from strategic limits in terms of confining its development to the domestic territory of Jiangsu province, which had in practice resulted in a series of failed institutional imitations and transplantations from the 'Southern Jiangsu Model'. In other words, Gu (2005) pointed out that, whilst those local governments in the north of Jiangsu did also operate inward investment campaigns, the north did not actively and strategically attempt to embed regional development and local assets into the global production chains and industrial restructuring. In a word, the north of Jiangsu during the second stage not only directly lagged behind the south in inter-urban competition, but also indirectly lagged behind because of the inter-scalar competition within the south. That is to say, the south possessed better networks at county scales or above than the north in attracting, enhancing, and capture the value of coupling local assets with strategic external resources. And, this considerably contributes to regional unevenness.

And, a notable point worth mentioning lies in the inward investment practice by Qiu He, the former Municipal Party Secretary of Suqian city, which is in the north of Jiangsu province, and is known as the least developed city in Jiangsu. Although a municipal party secretary is usually not able to attract national attention, Qiu was an exception, because of his unique investment invitation campaigns. In 2002 during his office term in Suqiu city, Qiu implemented a series of policies that required one third of all local state officials to temporally give up their normal routine tasks in order to attract inward investment, and another third of local state officials to conduct various business transactions on a rotating base. Moreover, high-rank local officials who could not achieve the task of attracting more than 5 million RMB inward investment would thereafter be removed from their offices. The controversial policies adopted by Qiu and the political and social attention he attracted

¹¹³ As Gu Weidong serves as the Director of the Policy Research Office of the Provincial Commission of Development and Reform of Jiangsu province, his views principally represent the official position.

arguably reflects the inadequate institutional thickness in the north with respect to investment invitation. As Qiu (2006) himself observed, the key importance of promoting economic performance in less developed regions lies in changing from primarily relying on state-owned capitals to initialising the leverage of private capitals through both fostering local enterprises and attracting external ones. It is particularly noted that, whilst Suqian city has not yet changed its lowest rank in Jiangsu province, Qiu He, as a controversial official, was promoted in 2006 to be the Vice-Governor of Jiangsu Province, and in 2007 re-appointed as the Municipal Party Secretary of Kunming city (the capital city of Yunnan province) and in 2011, was promoted as the Vice-Provincial Party Secretary of Yunnan province.

5.3.6 Summary

Section 5.3 looked at how the regional uneven development between the north and south in Jiangsu was evolving in a more complicated manner at the second stage of the economic reform. It first looked at the institutional and sociospatial transition of local industrialisation in the south. Generally speaking, while local TVEs were still playing essential roles in promoting local growth, their leading roles were at this stage replaced by the rise of the cities and development zones, which institutionally and sociospatially rescaled rural industrialisation from the low scales of village and town up to county scales and above. These rescaling practices, whilst contributing to the concentration and subsequent privatisation of local TVEs, exerted more important influence on the local growth patterns of both the south and the north. In other words, as the major force and agendas of regional/local growth rested on development zones, development zone-driven industrialisation quickly led to the agglomeration of various resources in terms of capital, technology, labour, and others. Such agglomeration in turn gave rise to the possibility and consciousness of promoting urbanisation in these areas, since local urbanisation is not only a necessary complement to the industrial agglomeration in newly established development zones, but also an essential tool for local governments to realise their performance records and in many cases their particular interests.

And, the prominence of the development zone-driven growth that occurred in the south was, on the one hand, premised upon its industrial base previously accumulated through local TVE, and, on the other hand, supported and justified by the utilitarian propensity of ‘letting certain regions get rich first’. This is particularly reflected by the spatially asymmetric establishment of national high-tech development zones in Jiangsu province. The north suffered because of the lack of such zones in its territory.

Another key aspect of regional unevenness lies in the substantial difference in the economic competitiveness of the places at the county scale between the north and the south. The three cities in the south were all attached to extremely strong county-level units, whose economic strength was not only equal or even better than their own municipalities, but also stronger than that of some provinces in China. These strong county-level units in the south derived their economic performance partly from the industrial legacy of TVEs, and partly from their relatively successful transition in the implementation of the ‘three concentration strategy’. The presence of these strong county-level units resulted, in the 1990s, in a series of rescaling practices which made these counties become county-level cities that were more autonomous in terms of institutional capacity, and finance and personnel power. Whilst this rescaling practice was also witnessed in the north, in some aspects it became an institutional burden, the presence of which delineated both the apparent and latent incompatibility between the artificially founded scale and institutions, and the actual spatial expressions of the socioeconomic relations and processes at the county scale in the north.

More importantly, as both the north and the south at this stage adopted a set of homogenous growth patterns and local state institutions, which were largely oriented to seeking inward investments with the purpose of coupling local assets with external strategic resources to promote local growth, it inevitably led to intense inter-regional competition. In other words, the two parameters, namely, scale and network, were in practice playing critical roles in shaping and affecting regional unevenness in Jiangsu province. **Section 5.3.5** specifically looked at a variety of factors and issues that were underlying the phenomenon of inter-locality competition in Jiangsu. And, it was not

surprisingly that the south took great advantages in such competitions thanks to its economic strength and institutional thickness at various local scales. In a word, the south of Jiangsu during the second stage delivered prominent economic performance at the county and municipal scales, and in development zones, which resulted in further regional unevenness. The empirical analyses of the first and second stages of reform with respect to regional uneven development in the south of Jiangsu province constitutes the first part of the Case Study One. The next chapter will put forward the second part, which concentrates on urbanisation-driven growth in the south during the third stage of China's economic reform.

Chapter Six: Case Study One: Changzhou city and its sub-areas in the south of Jiangsu province (Part Two: the third stage of reform)

6.1 A general context of state-led urbanisation-driven growth in the south of Jiangsu

As we have seen, the main theme of the second stage of China's economic reform is characterised by industrialisation driven by development zones at local scales in the context of inter-urban competition. Although this theme continued to play an essential role in regional (uneven) development, its dominance was fading, and replaced by a new major theme after the State Council published on August 31st, 2003 the so-called policy paper No. 18¹¹⁴, which for the first time explicitly confirmed that the real estate property industry had become a pillar industry of the national economy. On the day after this policy paper was issued, the Working conference on the national real estate market was held in Beijing, and a number of high-ranking officials elaborated this policy paper. As Xie Jiajin, the director-general of the sub-ministry department of real estate suggested, 'the core spirit of this policy paper lies in activating China's real estate market'. Wang Guangdao, the Minister of the Ministry of Construction stressed that 'this policy paper amounts to a programmatic document that guides for now and a future period the development of the domestic real estate market'¹¹⁵. The speech by the Vice-Premier Zen Peiyan was particularly noteworthy as it showed a discrepancy with the evolving reality, and was at odds with the expectations and control of the original intention and design of this policy paper. The first issue refers to Zen's observation that since 1998 the national institutional reform of replacing the welfare housing system with the commercialised housing market, China's real estate industry and its related sectors had secured rapid growth, but in some areas, real estate investments started to overheat under inadequate state supervision. It will be seen later that such

¹¹⁴ The No. 18 policy paper refers to 'The notice by the State Council as to promoting China's domestic market of real estate property in a optimal, sustainable fashion'. State Issued (2003) No. 18.

¹¹⁵ The officials' speeches and statements are quoted from an internal minutes of this conference.

incidents by no means qualify as overheated when viewed against the structurally overheated real estate industry across the whole country throughout the third stage of China's economic reform. The second issue is concerned with Zen's emphasis that the implementation of the policy paper No. 18 must be based on a demand-orientation with the aim of modifying the supply structure of the real estate industry. Zen then further clarified this by stating that the key aim of the real estate industry is to build and supply more residential properties at medium and low prices and restrict land supply for luxury and large real estate projects at high prices. This policy requirement turned out to be highly meaningless in practice as, first, the relatively low growth rate of residential incomes, and the pervasiveness of raised house prices meant that high proportion of migrant labourers and new graduates were unable to afford even the so-called properties of low/medium prices. And, local governments, which monopolised primary land supplies, adopted a set of institutional interpretations of the land supply restriction in their own interests with the purpose of enhancing land transferring fees by reducing the supply of residential and commercial land. Notwithstanding these discrepancies between policy intentions and realistic practices, this policy paper did politically and institutionally stimulate the domestic real estate industry, and thus symbolically opened up the third stage of the economic reform, which is characterised by state-led, urbanisation-driven growth across the temporal horizon of the pragmatic, dominant institutional time¹¹⁶.

As noted, during the first two stages of China's reform, urbanisation had not yet become a pivotal growth agenda of local governments, but was more a derivative of industrialisation, which served to establish better infrastructures and environments in development zones for attracting inward investment. Since the real estate industry was explicitly recognised as a pillar industry of the national economy, urbanisation had rapidly turned out to be of a key significance to local governments and to regional (uneven) development.

The rise of the state-led, urbanisation-driven local growth pattern had arguably broken the nexus between industrialisation and urbanisation since

¹¹⁶ The notion of the dominant institutional time in China is articulated in **Chapter 4**.

local governments realised that urbanisation alone could be not only a better endogenous engine, through which local GDP could be achieved more stably and efficiently within the temporal horizon of the dominant institutional time, but also an effective way to strengthen autonomous local institutional authorities and financial capacities. In other words, urbanisation was no longer a spatial ancillary or derivative produced by the expansion and concentration of industrialisation. Its process at this stage was underpinned by a set of institutional innovations in terms of new forms of local control, planning and use of land, and new institutional selectivities. In more specific terms, the broken nexus was economically manifested as an increasingly over-supplied and over-heated real estate market, the demands of which were shaped by investment needs rather than the needs of residents, and also institutionally expressed as pseudo-urbanisation that overly focused on urban physical modernisation, rather than on the generalisation of urban public goods and services.

In addition, as the endogenous growth of urbanisation has become a common agenda of local development, it will hence be seen that network is no longer of key importance to local governance and growth. Instead, territory and scale, which are of key requisites to local urbanisation, exhibited prominence in the processes of state-led urbanisation throughout the third stage of reform.

It is argued that the local growth pattern driven by urbanisation was premised upon a distorted urban land use structure and constrained land supplies under a state monopoly on extensive land expropriation. Its distortion can be practically illustrated by two dimensions.

6.2 The first dimension of the distorted urban land use structure

6.2.1 Local growth leveraged by monopolistic land supply

First, it is argued that, notwithstanding the broken nexus between industrialisation and urbanisation, the local growth pattern driven by industrialisation was still of critical path-dependency to local development during the third stage of the reform. As Tao (2011) asserted, the land use structure of China exhibited an extreme imbalance between urban industrial

land and urban residential/commercial land. This imbalance refers to both the differences in the respective land transferring fees and land supplies of those two general categories of urban land. It is estimated that the national urban industrial land had covered 7900 sq. km. by 2004, and this reached 9853 sq. km. by 2008, which constituted 25% of the gross national urban constructive land¹¹⁷ (Tao, 2011; Dai, 2006). As Qi (2014) pointed out, Jiangsu province possessed a higher figure than the national one, reaching almost 30%, which is much higher than the global average convention of 10-15%. The following tables showed the composition of China's urban constructive land between 2004 and 2009 (The statistical yearbooks of Chinese urban and country construction, 2004-2009), and a comparison between Changzhou city in the south and Nantong city in the north with respect to their urban land use compositions in 2006 (Qi, 2014).

Table 6.1 the composition of China's urban constructive land between 2004 and 2009

Ratio/Year	2004	2005	2006	2007	2008	2009
Urban constructive land	100%	100%	100%	100%	100%	100%
Residential land	31.6%	31.4%	30.8%	30.9%	30.8%	31.1%
Public facility land	12.3%	12.5%	13.3%	13.0%	12.7%	12.5%
Industrial land	25.7%	25.4%	25.2%	25.3%	25.2%	25.4%
External Transportation land	5.6%	4.9%	4.4%	4.4%	4.4%	4.3%
Road and square land	9.7%	10.1%	10.6%	10.8%	11.0%	11.3%

¹¹⁷ The notion of urban constructive land under the Chinese laws indicates to the generic terms of urban residential land, public facility use land, industrial use land, storage use land, external transportation use land, road and square use land, municipal facility use land, green land, and special use land.

Municipal facility land	3.4%	3.6%	3.5%	3.4%	3.4%	3.4%
Green land	9.3%	9.8%	9.9%	10.0%	10.3%	10.0%
Special land	2.5%	2.3%	2.2%	2.1%	2.2%	2.0%

Table 6.2 A comparison between Changzhou city in the south and Nantong city in the north with respect to their urban land use compositions in 2006

	Changzhou city	Nantong city
Residential land	22.94%	12.05%
Public facility land	9.91%	11.54%
Industrial land	26.06%	61.30%
Storage land use	3.08%	4.20%
External Transportation land	9.95%	2.37%
Road and square land	13.04%	6.90%
Municipal facility land	3.74%	0.11%
Green land	10.72%	1.53%
Special land	0.57%	0.00%

As seen in this table, the proportion of industrial land use of Changzhou was a slightly higher than the national average rate, whereas that of Nantong was almost 2.5 times larger than the national average rate. Notwithstanding the substantial amount of urban industrial land in Nantong, the amount of its gross industrial investment in 2006 was 79.618 billion RMB, whereas the respect amounts of the three cities in the south were 115.87 billion RMB (Suzhou city), 81.276 billion RMB (Wuxi city), and 56.290 billion RMB (Changzhou city). And the gross industrial output of Changzhou in 2006 was 422.271 billion RMB, whereas that of Nantong was 294.953 billion RMB (Data from the provincial and municipal bureaus of statistics). In a word, having regard to the fact the territory of Nantong is almost twice larger than that of Changzhou, the larger territory of Nantong's urban industrial land had neither led to a larger amount of local industrial output, nor attracted

appreciably more industrial inward investment for Nantong. The reason here, according to Mr. S of the Wujin Planning Bureau, lies in the way that land expropriation was abused by many local development zones in the north of Jiangsu, which led to the inefficient use of land. Mr. S further argued that thanks to the high appreciation potential of urban constructive land, the phenomenon of abusively expropriating land and leaving it unused had been common since the end of 1990s.

As a bulletin of the Ministry of Land and Resources (2005) said, by the end of 2004, 72000 hectares of land in China were unused, 54800 hectares of land were idle, and 135600 hectares of land had been nominally approved but not supplied. All of these amounted to 7.8% of the gross urban constructive land. As Shu Kexin (2006), the head director of the Sub-Ministry of Land Use, stated, the uneconomic, extensive development of development zones vividly exemplified the problem of land abuse in China, as the large territory and substantial infrastructure of most development zones did not match their local capacities to attract and use inward investment. In other words, Shu sees such land abuse as a contradiction between the over expropriation and use of land on the one hand, and low and lagged regional and local development on the other.

Indeed, central government has issued a series of policy papers to address the distorted structure of urban land use at regional/local scales. For example, in April 2006, the Ministry of Land and Resources issued the 'Notice of the national land use plan in 2006', reiterating the fundamental national policy of 'rationally using land and cogently protecting rural land'¹¹⁸. The next month, another 'Urgent notice as to further advancing the present strict land management' was issued by the Ministry of Land and Resources, which rigorously specified a series of prohibitive measures against, *inter alia*, illegal expropriation of rural land, exceeded use of local land quota, prior land supply to luxurious real estate projects and illegal use of land in development zones¹¹⁹. And in December 2006 the Ministry of Land and Resources and the

¹¹⁸ Ministry of Land and Resources (2006), 'Notice of the national land use plan in 2006', MLR Issued, No. 53

¹¹⁹ Ministry of Land and Resources (2006), 'Urgent notice as to further advancing the present strict land management', MLR Issued, No. 17

National Development and Reform Commission issued the bundle of the 'Index of Restrictive Projects of Land Use' and the 'Index of Prohibited Projects of Land Use', which specified that certain categories of real estate projects such as golf course, villa residence, and local recreation centres should be prohibited from being built¹²⁰. And in September 2006, the State Council issued the 'Notice as to strengthening land use control and regulation', addressing the problems of the over-expansion of low cost industrial land and the illegal abuse/occupation of rural land, through, *inter alia*, the head official accountability system, the fiscal mechanism of putting land transferring fees (which were previously extra-budgetary revenues) within the local state budget scheme, and establishing the system of publishing the standard lowest conditions for industrial land transfer¹²¹. In a word, the territory of different kinds of local urban land has become essential sources of conflicts and forces in relation to urbanisation-driven local development.

These central policies, though having more or less worked in mitigating those abusive expropriations of land at local scales, were implemented, from the perspective of Rhodes's (1990) policy network approach, through a variety of interest mediations of integrated policy communities, which were, arguably, institutionally woven by the preferential structural selectivities of the urbanisation-driven local growth pattern and local governments at various scales¹²². In more specific terms, such local structural selectivities could, arguably, be primarily reflected by the interest orientations of local governments under the local land use structure. Indeed, the above imbalance between the high proportion of urban industrial land in urban territory and the relative low one of urban residential and commercial land was a highly manipulated outcome that was produced and sustained by local governments so as to maximise the land transferring fees of urban residential/commercial

¹²⁰ Ministry of Land and Resources (2006), 'Index of Restrictive Projects of Land Use' and 'Index of Prohibited Projects of Land Use', MLR Issued, No. 296

¹²¹ State Council (2006) 'Notice as to strengthening land use control and regulation', State Issued, No. 31

¹²² In saying local governments at various scales, it will be later seen in the famous case of 'Iron Event', in which the provincial government of Jiangsu, the municipal government of Changzhou city, and the district government of Xinbei possessed a set of interrelated interests, which led them to collude in this case. Because of the 'Iron Event', all the local governments that were involved received explicit criticism and punishment from the State Council.

land through depressive and controlled supplies of such land. For example, Tao (2011) quotes the official data, indicating that in 2006 the national average price of urban land was about 1544 RMB per sq.m., and, those of urban commercial land, residential land, and industrial land were respectively 2480 RMB per sq. m., 1681 RMB per sq. m., and 485 RMB per sq. m.. Rapid urbanisation entailed a sharp increase in the national average prices of urban commercial land and residential land, which were raised to 5185 RMB per sq. m. and 4245 RMB per sq. m. respectively in 2010, whereas the average price of urban industrial land only suffered a slight increase, being 629 RMB per sq. m. in the same year.

Regarding the situation in Jiangsu province, Gan (2006) points out that, while the average prices of residential and commercial land of Jiangsu in 2005 were both higher than the national averages, the average price of industrial land in Jiangsu was notably below the national average. During 2000 to 2005, the growth rates of the prices of commercial and residential land were respectively around 5%-10% and 5%-12% in Jiangsu, whereas that of industrial land was about 1%-2%. This low growth rate, according to Gan (2006), is at odds with the prominent economic and industrial development of Jiangsu province.

From a *prima facie* view, this discrepancy in the prices of different types of land revealed the broken nexus between industrialisation and urbanisation during this stage of the reform, because the former process was highly subject to inter-urban competition, whereas the latter process largely became an endogenous growth engine which could homogeneously be adopted by different regions for effectively promoting local growth. And, if taking a more profound view, it is argued that local governments were using their institutional monopoly on the primary market of land supply to selectively control the quantity and location of urban commercial and residential land that is available for transfer in order to pursue, in a standard utilitarian fashion, the greatest net balance of local state revenue and record of local performance, through maximising transferring fees of commercial and residential land. In addition, apart from acquiring substantial amounts of local state revenues, premises and projects that developed upon commercial and residential land

could, more often than not, generate more locally collected revenues, and result in a more efficient output of regional/local GDP within the temporal horizon of the dominant institutional time than development zone-based industrial projects, which on most occasions involved relatively longer construction and turn-over terms for contributing to local GDP.

As many local officials mentioned in the interviews, and in the investment invitation campaigns in which I was involved, one of the most essential reasons that the projects of Wanda Plaza (the major businesses of Wanda Group, whose Chairman, Wan Jianlin was ranked in 2013 as the richest man in China) are extremely popular, and welcomed by, all local governments lies in the guarantee made by Wanda Group that a project of Wanda Plaza will be completed in any city within less than 18 months. As most commercial complexes in China need more than two years for their construction and preparation before starting business, Wanda Plaza's outstandingly short term of completion ensures that its projects can more often than not be finished within the office-term of state officials.

The pervasive utilitarian practices of pursuing the greatest net balance of local land transfer fees through monopolistic, regulated supplies of urban land, revealed the increasing importance of the so-called land economy to local governments during the third stage of the economic reform. Tang (2010) has cited Zou Xiaoyun's¹²³ comment, observing that, since the land transfer fees were exclusive of central governmental collection, and became the chief local revenue source for local growth, such fees had, on average, constituted around half of the gross local state revenues in most localities, and in some cities in less developed regions, local land revenues can be about 80% of their gross local revenues. As Zhen and Li (2013) pointed out, whilst the national land transfer fee revenues increased about 20 times from 52.714 billion RMB in 1999 to 1025.980 billion RMB in 2008, the gross quantity of the transferred land during the same period only increased about 20% from 99017 pieces to 123358 pieces. But, the increase of 24341 pieces of transferred urban land during the period of this decade covered 22448.59

¹²³ Zou Xiaoyun is the Vice-Chief Engineer of the College of Geo-Information Science and Engineering of China.

hectares, indicative of around a 50% increase in the volume of the transferred land. This suggests that the increased pieces of transferred land during the decade from 1999 to 2008 tend to have a larger coverage and generate more revenues for local governments.

This tendency, from a general perspective, reflects, on the one hand, a sharp increase in the local governments' land-related revenues, and, arguably, on the other hand, the emergence of strong local institutional selectivities towards certain highly profitable sectors, powerful actors and interest groups, which not only shaped their tactics and actions in accordance with local institutional selectivities, but also exerted privileges or even monopolies on acquiring and developing urban residential and commercial land.

As Sun (2006) and Chen (2012) stated, the real estate interest group has now been widely recognised as one of the most matured interest groups in China, against which the general public has expressed most hostility and discontent. It is estimated that local land transfer fees plus various local taxes on the construction and sale of real estate properties amount to between 50%-80% of the final price of a property on the real estate market (Chen, 2012). As such high local state revenues may both politically and economically justify the control of land supply as a rational choice under the growth-oriented state ideology, it is by no means hard to understand that local institutional selectivities were strategically shaped to be of preference to the real estate industry. Tu (2008: 185, 186) exemplifies some more latent, delicate local state manipulations in local land supply transactions. As he points out, a local government in Jiangsu province invited some real estate enterprises to be sham bidders to take part in the bidding of local land with the aim of deliberately driving up the land prices; and if such a piece of land is eventually obtained by any of these sham bidders, then local government could simply take the land back by claiming administrative flaws in the bidding process. While local institutional selectivities towards the real estate industry can explain why less urban land supply generates much larger land transfer fees during the third stage of the economic reform, a further explanatory point

is the increasing semi-oligopolistic phenomenon in the real estate market in China.

For example, notwithstanding the existence of a massive number of real estate enterprises in China, the gross sales of the Top 100 real estate enterprises amounted to 26.9% of the gross sale of all real estate enterprises in 2010, and indeed, the Top 10 enterprises accounted for 12% of the gross sales in 2010 (Evaluation report of top 500 real estate enterprises of China, 2011). And, in 2011, whilst the sold floor areas of the Top 500 real estate enterprises only amount to about 20% of the nationally sold floor areas, the sales income of the Top 500 enterprises amounted to 38.5% of all the gross sales income (Evaluation report of top 500 real estate enterprises of China, 2012). It is also noted that most of the top 100 real estate enterprises make their major business residential property development rather than commercial property development. More notably, regarding state-owned enterprises, which possess industrial and institutional monopolies after SOE's strategic restructuring, the State-owned Assets Supervision and Administration Commission (SASAC) reported that among the 113 central SOEs, 21 SOEs have their major businesses as real estate development. Yet, there are also 78 SOEs who have extensively conducted real estate businesses, even though this is not their majors. Although the SASAC had in March 2010 issued an administrative order requiring those 78 SOEs to withdraw from the real estate market, very few had done so by the end of 2013. The ignoring of the SASAC's order was caused by the extremely high profitability of the real estate industry which has been institutionally, politically, and also economically embedded, in utilitarian and pragmatic fashions, into the widely implemented state-led, urbanisation-driven local growth pattern. Zhou Fangsheng, the former Vice-Director of Enterprise Reform Bureau of the SASAC, suggested that SOEs' collective involvement in conducting real estate businesses was motivated by both the pursuit of high profits and the state evaluation system on the performance of SOEs. Whilst the average profit rates of most SOEs' major businesses usually do not exceed 10%, that of real estate businesses can more often than not be higher than 30-40%. This high profitability drives large SOEs such as China Railway Group,

Sinopect, China Oil & Foodstuffs Corporation, and National Petroleum Corporation to get involved in the real estate market. In a word, the semi-oligopolistic tendency and the involvement of most central SOEs in the real estate market have intensified the privileged direction of local institutional selectivity towards the real estate industry, and had in turn strengthened the state-led, urbanisation-driven local growth pattern.

Regarding the more concrete situation of the real estate industry in Changzhou city and in Jiangsu province, a rapid acceleration of the real estate investment growth occurred in Jiangsu province in 2002, and this has largely persisted. Before 2002, the annual investment growth rates of the real estate industry in Jiangsu between 1997 and 2001 were 3.8%, 21.5%, 10.1%, 8.5%, and 14.8%. But this rate suddenly reached 31.5% in 2002 (JSSB, 2003). Whilst the gross real estate investment in Jiangsu was only 54.47 billion RMB and ranked No. 5 in 2002, it has reached 555.27 billion RMB a decade later in 2011, becoming No.1 in China (JSSB, 2012). Among this substantial amount of the real estate investment in Jiangsu, 408.59 billion RMB were invested in residential property development, constituting 73.6% of the gross investment. From an intra-provincial perspective, Xiong (2005) points out that the rapid growth of the real estate market in Jiangsu also exhibited regional unevenness, since more than 60% of the real estate enterprises were all in the south, whose annual sale contributed to more than 75% of the gross provincial sale by 2005.

Notwithstanding this unevenness in the real estate investments and enterprises, Ms. J of the provincial broadcasting of Jiangsu supplied me with some official ranks of the average house prices of each municipalities in Jiangsu, stating in her interview that such unevenness did not decisively affect average house prices. As Ms. J pointed out, the average house prices of Yangzhou city and Nantong city, both of which are in the north, in 2012 were ranked No. 3 and No.5, whereas that of Changzhou city was No. 6. And, in 2013, the housing price of Nantong reached No. 3, whereas that of Changzhou city was again No. 6. As Ms. J observed, the high house prices in northern cities such as Yangzhou and Nantong, in which local residents made less GDP per capita, and received lower annual income than those of the

south, arguably reflected the existence of severe real estate bubbles in terms of over-heated investments and speculation activities in those cities. Ms. J further argued that although the rapid rise of house prices in the north revealed that the lagged development of the real estate industry in the north begun to accelerate and catch up with the south in recent years, it was, however, also indicative of the regional unevenness in terms of the weaker foundation of development zones in the north, which turned out to be a negative path-dependency during this present stage.

The line of reasoning of Ms. J's argument mainly lies in the fact that, due to the previous inefficient operation of development zones in the north, these zones had therefore failed to deliver sufficient urbanisation, which could have been generated by a concentration of resources in development zones. Unlike the south where most sociospatial sites at county scales had completed rudimentary, derivative urbanisation through expansions of development zones during the second stage of the reform, most city-regions in the north had to face the very costly and troublesome problem of land expropriation, house demolition, and state compensation at county-level scales and in development zones, the operations of which had not only generated high economic costs and social conflicts, but also given rise to rather large demands of residential properties advocated by local residents whose houses and land were expropriated and demolished. And such economic costs and social conflicts, as well as local demand all contributed to the dramatic rise of local housing prices in the north during the third stage of the reform.

6.2.2 Local growth shaped by rescaling practice

Arguably, Ms. J's view can be institutionally reflected by a comparison between two similar rescaling practices which occurred in Changzhou city and Nantong city during the third stage of economic reform. In more specific terms, although the State Council had since 1997 rescinded any practices of rescaling counties into county-level cities, the rise of urbanisation-driven growth motivated many local governments to initialise and implement a different type of rescaling practice, which served to institutionally extend

municipal control over the land of a larger territory, and to nominally enhance the rate of urbanisation of municipalities. This practice refers to that of rescaling a county into a district of a municipal-level city. The Ministry of Civil Affairs issued in 2003 a draft policy of 'The conditions for establishing municipal districts' which specified a set of prerequisites to such practices, including, for example, having achieved a local GDP and financial state revenues that are no less than the average levels of those districts of the municipality in the previous year. But, this draft policy had not been issued as a formal policy, thus reducing the institutional barriers for such rescaling practices. Between 1998 and 2004, 62 county-level units were rescaled into municipal districts. Regarding the two comparative examples at issue, in 2002, Wujin county-level city in the south was institutionally rescaled into a district of Changzhou, whereas in 2009, Tongzhou county-level city was rescaled into a district of Nantong.

There are arguably a variety of motivations that drove municipalities to pursue county-district rescaling practices. These include, most importantly, exercising and extending their institutional capacity in relation to land use, local budget control, and bureaucratic personnel control onto county-level units. As Mr. S observed, there were two crucial considerations underlying the municipal government's decision to rescale Wujin county-level city in 2002. The first related to the municipal strategy of more effectively coordinating urban land use and supply within the territory of Changzhou in order to resist any attempted provincial control over county-level units. The second one was based on the aim of concentrating all urban resources to pursue better GDP-oriented local performance within a shorter timescale, that is, less than the temporal horizon of the dominant institutional time. Notwithstanding these municipal strategic considerations and calculations, it was noted that Mr. S and several other local state officials and businessmen in Wujin district all expressed a common negative attitude towards the rescaling practice. This attitude had indeed been common among most county-level cities in the south¹²⁴. Certain local state officials in Wujin district pointed out that after

¹²⁴ For example, Jiayin county-level city has resisted the plan of rescaling it into the district of Wuxi city for many years, having regard to the unsuccessful precedent of Xishan county-level city, whose

being rescaled, Wujin, as a municipal district, no longer qualified for participating in the annual rank of Top 100 county-level units, which then undermined Wujin's image in inward investment campaigns. And, Wujin's previous autonomous institutional capacities and economic development also became increasingly subject to municipal interventions. It is particularly noteworthy that an anonymous local official of Wujin district mentioned an unorthodox system that was core to the compromise made by Wujin in the rescaling practice, that is, a temporary independent local financial capacity. This independent financial capacity ensured that Wujin district could to some extent maintain its autonomies in relation to local development matters, in particular, local urbanisation. There were many rumours as to the length of this temporary arrangement, ranging from 3 to 5 years. This uncertainty, as this local official suggested, has, since the rescaling practice, led to an accelerated process of local urbanisation in Wujin, particularly, in respect of the state-led local infrastructure construction projects, because local infrastructure construction involves and entails much space for local manoeuvre, and such manoeuvre will be lost if this temporary institutional arrangement is rescinded¹²⁵.

Regarding the urbanisation process of Wujin, it was officially estimated that in 2002 Wujin's urbanisation rate was 38%¹²⁶, and in the same year, that of Changzhou was 55.8%. Urbanisation evolved in a consistent, quick pace in Changzhou city after the rescaling of Wujin district. In 2007, the urbanisation rate of Changzhou was 60.90 %, and in 2009, it was 61.16% (Wu, 2011). According to the 'Report of the quality of China's urbanisation' (2013), Changzhou city was ranked No. 13 (and regarding the other two cities in the south, Suzhou city was No. 9, and Wuxi city was No. 14).

It can be argued that the rapid growth of urbanisation in Changzhou reflects two points. On the one hand, urbanisation in Wujin evolved, together with the old municipal areas, in an efficient fashion after its rescaling practice.

economic competitiveness and administrative autonomies were critically undermined after the county-district rescaling practice.

¹²⁵ I personally contacted the Financial Bureau of Wujin district, and this financial autonomy is still in effect at the end of 2013.

¹²⁶ In China, the official statistical method for urbanisation rate usually resorts to the ratio between the number of urban residents in a city and that city's total population.

And, on the other hand, the official method of calculating urbanisation rate is in some ways imprecise in assessing a highly industrialised county-level unit such as Wujin. This methodological impreciseness mainly derives from the way of relying on the quantity of local urban residents to estimate urbanisation rates. Although this method can be applicable to most conventional county-level units in China, of which the sociospatial composition is usually characterised with a large proportion of rural land, rural population, lagged urban and industrial constructions, it may underestimate places such as Wujin with respect to indicators of local infrastructure, per capita purchasing power, local GDP and industrial output. Put differently, it is argued that most towns in Wujin, thanks to their high levels of rural industrialisation accumulated during the first two stages of China's economic reform, had, before the rescaling practice, already established fairly developed urbanised and semi-urbanised physical and socioeconomic conditions. The rescaling practice of Wujin had not generated any heavy burdens in terms of financial support and physical construction on the municipal government of Changzhou city in promoting urbanisation in Wujin. Instead, urbanisation has become an administrative measure for Wujin to maintain its own local financial autonomies. Similar cases could be seen in other highly developed regions with prominent local economies at county scales¹²⁷.

In contrast to the county-district rescaling practice in developed localities such as those in the south of Jiangsu, such practices in the north of Jiangsu did not function well, and usually led to no more than a nominal appearance of pseudo-urbanisation¹²⁸, because the local sociospatial and industrial structures at county scales in those less developed regions had not

¹²⁷ For example, regarding Guangdong province, whose the regional GDP is No. 1 in China, Shunde county-level city in Guangdong exhibited an outstanding local economic performance, which enabled it to compete with Jiayin county-level city in Jiangsu for the No.1 rank of China's best county-level city for many years. In 2003, Shunde county-level city was rescaled into a municipal district of Foshan city. And, since then, Shunde had suffered a variety of economic deceleration and administrative inefficiency. Yet, on the other hand, the urbanisation process of Foshan city, after the rescaling practice, had accelerated towards the strategic aim of being the third largest municipality in Guangdong province. The declining competitiveness of Shunde district received a wide range of social attention, and in 2011, the provincial government of Guangdong issued an experimental policy, which rescaled Shunde from a standard municipal district into a provincially-regulated county-level unit with respect to its institutional and financial capacities.

¹²⁸ The conception of pseudo-urbanisation was touched in Chapter 4, and will be articulated in detail later in this chapter.

yet been fully integrated into municipal networks. Mr. J of the provincial office of Jiangsu had suggested that, as most of local governments at county scales serve to deal with rural and agricultural issues, county-district rescaling practices can end up distributing this function, because most municipal governments had at this stage made state-led, urbanisation-driven growth their prior task.

Thus, regarding the practice of rescaling Tongzhou county-level city into a municipal district of Nantong city in 2009, it can be seen that the urbanisation rate of Nantong city in 2007 was 48% whereas in 2011 this rate sharply increased to 57.6%. This is the fastest growth rate among all cities in Jiangsu province. And, this rapid local urbanisation process was largely ascribed to rescaling Tongzhou into a district of Nantong city. Although this urbanisation model based on scalar and territorial measures in Nantong did endow local government with a much larger urban territory, such a utilitarian growth pattern, which pursued the greatest net balance of economic performance within China's dominant institutional time, led to economic inefficiency and social conflicts.

In more concrete terms, as Zhang (2011) pointed out, the urbanisation process of Tongzhou after the rescaling practice, was constrained not only by the existing low urbanised level of Tongzhou, but also by the intense inconsistency between the local development plan of Tongzhou and the new municipal development plan of Nantong city, which had not been completed after the rescaling practice. Zhang alludes to the problem that many rural residents in Tongzhou were reluctant to migrate into urban areas through transferring their rural land to the local government. Indeed, it is argued that the large proportion of rural land and population in Tongzhou district was the true reason that hindered local urbanisation.

In an official project report of the district Party School of Tongzhou, Zhang and Zhang (2014) asserted that if estimating the urbanisation rate of Tongzhou district by looking at the number of local urban residents, its urbanisation rate was only 39% by the end of 2012. Whilst this low level of local urbanisation entailed the necessity of conducting a wide range of rural land expropriation and construction, a side effect could be identified. As the

high costs of undertaking extensive land expropriation and compensation were transferred into final house prices, many urban residents and rural residents, who lost their land in land expropriations, could hardly afford such high prices. Ms. J quoted the official data, suggesting that whilst the average house price of the properties in the peripheral urban areas in Nantong city had reached around 10000 RMB/sq. m. by the end of 2010, the average annual income of urban residents in Nantong was only 23541 RMB. This could be sharply contrasted with the situation in Changzhou. By the end of 2010, the average price for the properties in the urban area of Changzhou was 7506 RMB/sq. m., whereas the average annual income of urban residents in Changzhou in the same year was 26269 RMB. In other words, residents in Changzhou city in the south possessed higher annual incomes, whilst enjoying less expensive housing costs. Moreover, the average house price of Nantong quoted above was that of the properties in the peripheral urban areas. Properties in downtown areas were much more expensive.

More severely, an anonymous local official released a piece of internal news that some town and village governments in Tongzhou district frequently conducted land expropriations through issuing IOU notes to rural residents. Indeed, Tongzhou has been a sensitive district, which generated numerous conflicts caused by state-led land expropriation and house demolition. In 2013, Lu Honglai, the former party secretary of Pingdong town of Tongzhou district was convicted for the offences in relation to land expropriation, and received seven and half years imprisonment. But, notwithstanding all these troubles and difficulties in promoting local urbanisation, land expropriation has still been of paramount importance to the routine of the local governments of Nantong. This can be seen in the 2012 policy paper of the 'Notice as to the evaluation mechanism on land/house expropriation and demolition in Nantong'¹²⁹ issued by the Bureau of Housing Security and Property Management of Nantong. This notice specified a set of criteria for evaluating the performance of each district government in Nantong in conducting land and house expropriation.

¹²⁹ The Bureau of Housing Security and Property Management of Nantong, (2012), 'Notice as to the evaluation mechanism on land/house expropriation and demolition in Nantong'.

The comparison between the two county-district rescaling cases revealed that, whilst both rescaling cases exhibited the institutional selectivities towards advancing and extending state-led local urbanisation, regions subject to the path-dependencies in terms of local industrialisation and its derivative urbanisation during the earlier stages of regional development tended to suffer administrative and economic inefficiencies, and social conflicts and costs. These inefficiencies and conflicts were expressed in the course of urbanisation in terms of *inter alia* sociospatial and institutional rescaling, state-led urban land planning, expropriations, supplies and constructions.

Put differently, although both Changzhou and Nantong city had initiated their county-district rescaling practices with the same strategic objective of institutionally controlling and acquiring more urban land to extend urbanisation at a larger scale to secure better economic growth and political records under the growth-oriented state ideology, their respective rescaling practices developed quite unevenly because their counties accumulated during the previous stages of the reform different levels of local industrial foundations, business communities, and urban constructions.

Wujin's existing prominent industrialisation and urbanisation could provide a variety of agglomerations of resources with the municipal government to advance and realise the strategy of extending municipal urbanisation in a relatively economically efficient and socially harmonious fashion. In this sense, it is argued that these various agglomerations of resources brought about by development-zone driven local growth also delivered certain path-shaping effects to Wujin's subsequent urbanisation during the third stage. Tongzhou district, on the contrary, though being rescaled 7 years later than Wujin, could only serve to supply a great deal of land to its municipality. And, the expropriation and development of the newly increased territory immediately led to numerous financial burdens and social conflicts, which the local governments had to tackle.

The comparison of the two local rescaling practices may in some respects be reminiscent of the differences between the practices of rescaling counties into county-level cities in the south and the north of Jiangsu during

the 1990s. Yet, it must be pointed out that whilst these two types of rescaling practices at two different stages of China's economic reform and the concrete outcomes of these rescaling practices were all shaped by, and subject to, the utilitarian propensity of the growth-oriented state ideology, county-district rescaling practices at this stage were less directly affected by utilitarian institutions at the national scale. This is because state-led, urbanisation-driven local growth was mainly leveraged by the endogenous resource of local land, which was under the monopolistic control of each local government. And, this growth pattern did not, as development zone-driven growth did, involve many intense inter-urban competition and strategic couplings of local assets with global networks and processes.

Moreover, it must be noted that the state-led, urbanisation-driven local growth pattern itself had functioned to institutionally express utilitarianism at local scales. As the following section articulates, this practice was counter to the political assertion of central government with respect to the difference between what urbanisation ought to be, and what it had been in reality during the third stage of China's economic reform.

6.3 The second dimension: pseudo-urbanisation¹³⁰

As noted, local governments in advancing urbanisation-driven local growth tended to adopt and conduct distorted and monopolistically controlled land supply and rescaling practices in order to maximise urban territories and residential/commercial land value. Both processes are of key importance to the actual performance of this local growth pattern, subject to the path-dependencies accumulated during the earlier stages of the economic reform. But, these institutional selectivities in terms of distorted urban land uses and supplies towards residential and commercial property development have not fully explained how utilitarianism was intensively practised locally or touched on how these institutional selectivities interacted with key actors and their reflexive tactics in the course of urbanisation. These issues will be reviewed in the following sections.

¹³⁰ A brief discussion of China's pseudo-urbanisation can be seen in **Chapter 4**.

As we noted earlier, the policy paper No. 18 in the 2003 explicitly stated that the real estate industry has become a pillar industry of the national economy. And, it was also clearly indicated that the real estate industry should be promoted towards a demand-orientation proportional to the purchasing capabilities of the general public. This demand-orientation of the real estate market could arguably be seen as a rational, strategic discretion, which corresponded to the migration of numerous rural surplus labourers entailed by rural industrialisation and the extension of development zones.

The reality of the third stage of China's economic reform, however, evolved along a different path, and as a result, Li Keqiang, the new Premier of China, has to re-emphasize, 10 years after the issue of the No. 18 policy paper, that urbanisation in China should proceed in a people-oriented fashion with the aim of solving three key problems: namely, 'promoting the settling down of the 0.1 billion rural migrants in urban areas, renewing and reforming the shanty towns and villages-in-city, in which 0.1 billion urban residents are living, and helping direct 0.1 billion residents to be locally urbanised in the mid-western regions of China'¹³¹. Premier Li's reiteration, whilst sketching out what China's urbanisation ought to be, criticised the discrepancy between an ideal urbanisation and what had actually occurred during the last decade.

It is argued that this discrepancy can be reflected by two key conflicts, which are pervasive in China's urbanisation-driven growth at various local scales. These two conflicts refer, first, to central-local conflicts in promoting or suppressing the real estate industry and its markets at different scales¹³², and second, to the urban-based socioeconomic conflicts between interest groups that institutionally benefited most from urbanisation, and a majority of migrant urban residents whose capabilities to choose, and socioeconomic interests and welfares, were substantially constrained and deprived. These two critical conflicts interactively and decisively shaped how urbanisation-driven regional (uneven) development evolved during the third stage of the reform, and

¹³¹ Premier Li's speech is quoted from his 'Government Work Report' presented in the 12th National People's Congress on March 5th, 2014.

¹³² It has been noted that the regulation policies by the central government towards the real estate markets were usually diversified according to the scale of the city. For example, capital or quasi-capital cities like Beijing and Shanghai received real estate policies that were different from those standard municipalities such as Changzhou and Nantong city.

concretely expressed the actual forms and contents of China's pseudo-urbanisation.

6.3.1 The conflict of central-local relations in relation to urbanisation

Regarding the first conflict, its expressions were often confined, in a nuanced fashion, to various policy regulations and manipulations in relation to administrative, fiscal, and economic matters. In other words, while central government has made its mind to allow and use the land economy-oriented urbanisation process to be the major growth engine for promoting regional and local development, the practical realisation of these policy measures can usually be subject to local governments' interpretations and implementations. Premier Li has already asserted on a variety of occasions that the realisation of central policies at local scales was a long existing problem, which was hard to tackle, but must be addressed¹³³. Although this is hardly indicative of any administrative efficacy between the central-local administrative operations, there is, arguably, an institutional reason underlying Li's assertion. This refers to the fact that local governments are responsible for a large amount of welfare, infrastructure and development activities based on a rather small proportion of taxes and revenues. It is this contrast between local autonomy over economic growth and a lack of local fiscal autonomy that fuelled high volumes of local re-interpretations of central intentions and policies, and entailed the heavy reliance of local governments on urbanisation-driven growth.

In more concrete terms, the central government's position in this central-local conflict was indeed shaped by China's growth-oriented state ideology, which, on the one hand, had at the third stage been primarily sustained and realised by urbanisation-driven growth, and on the other hand was institutionally expressed as the bureaucratic evaluation mechanism that mainly targets and assesses local GDP-based performance achieved within the dominant institutional time. In other words, central government formulated policies on urbanisation, in particular, the real estate industry and market. Such central policies can thus been seen as sub-measures, which may often

¹³³ See, for example, Li's speech in the conference of provincial economies on June 6th, 2014, and Li's speech in the standing meeting of the State Council on May 30th, 2014.

be subject to local institutions and strategies, which could better embody the growth-oriented ideology, even though such local institutions and strategies could conflict in some technical aspects with the original intention of central government.

In a word, central-local relations at this stage of reform were embodied as the conflict between the keen motive of local governments to use urbanisation to drive local growth and record of performance on the one hand, and the attempt by central government to relieve the over-heated real estate market and the social discontent resulted from *inter alia*, high house prices, unfair wealth distribution, as well as land expropriation.

In practice, a large proportion of central policies on the real estate industry and markets were issued through bank-led financial measures, which aimed to *inter alia* raise the financial institutions' benchmark deposit and lending rates, raise the requisite sum of down payment for buying real properties and acquiring land, and extend the tax categories in relation to real estate transaction. Apart from the above measures, land use quota restrictions, local land transferring procedures, and mandate requirements on building government subsidised houses for low-income residents can impose more direct effects on local governments.

However, these remedial policies were, on the one hand, undermined by the massive scale and quantity of investment-driven local economies that were motivated by high profitability, supported by excess liquidity, led by local governments and the real estate industry¹³⁴, and, on the other hand, partly repudiated, and then replaced with more stimulating policies towards the real estate industry under the impacts of the financial crisis, which severely affected China's export-oriented manufacturing industries. As Tao (2011) pointed out, notwithstanding central government's policy regulations, the annual growth rate of house prices in China had been sustained at over 10% since 2004, and the attempt at cooling down such growth were relinquished following the State Council's publication of its 'Four Trillion Stimulus Plan' on Nov. 5th, 2008, which further exacerbated the overheated domestic real estate markets and urban infrastructure construction projects.

¹³⁴ According to the estimation by the national bureau of statistics of China, since 2007, investments have contributed more than 50% to the national GDP of China.

An effort was recently made by central government to recalibrate the central-local conflict via the 'Notice as to modifying/improving the evaluation on the record of performance of local party/state head officials' issued by the CPC's Organisation Department on Dec. 10th, 2013. This policy explicitly specified that the evaluation of local head officials should focus more on the conditions of state loans within office terms, preventing local governments from conducting any irrational and inefficient investments, which are aimed at pursuing short-term records of performance. Whilst this policy addressed the issue of the dominant institutional time by encouraging local officials to pursue long-term achievements, which cannot be done within their office terms, it is argued that the state-led, urbanisation-driven local growth pattern may not be given up or changed until more radical institutional innovations can be issued by central government.

Thus, in a word, having regard to the financial importance and institutional convenience of using local urban land as the major engine and leverage for promoting local growth, the homogeneous adoption of the state-led, urbanisation-driven growth pattern could be recognised as a politically and economically rational choice by most local governments during the third stage of the economic reform. And, this rational choice was politically justified by, and economically and institutionally embodied the growth-oriented state ideology.

However, this seemingly rational choice by local governments has imposed an increasingly risky burden, which forced local governments to have no choice but to insist on their current urbanisation-driven growth pattern. This burden clearly refers to the massive local debts accumulated by local governments in promoting urbanisation. There are various estimations of the precise amount of the present local debts. The National Audit Commission of China suggests that by the end of 2010, local debts owed by local governments in China had reached 10700 billion RMB, to which local governments at provincial, municipal and county scales respectively contributed 3210 billion, 4660 billion and 2840 billion. The Chinese Academy of Social Sciences in its report of the State Balance Sheet of China stated that by the end of 2012, gross local debts had reached 19940 billion RMB, which

amounted to 38% of China's national GDP¹³⁵. As Xu Shaoshi (2013), the Chief Director of the National Development and Reform Commission, asserted in the report of the 12th Five Years Plan in the National People's Congress, some regions relied too much on investment-driven growth, which resulted in over-scaled local debts. Although the Ministry of Finance and other departments of central government jointly issued the 'Notice as to the prohibition on local governments' illegal and irregular financing actions'¹³⁶, as yet no positive policies have been issued by central government to solve the problem of local debt. In a report released by the National Audit Commission in June 2013 which addressed the auditing outcomes of local governments' debts, 17 provincial capital cities proposed to meet their liabilities through local land transfer fees, with tacit central government support of the continuance of urbanisation-driven growth.

This problem of high local debts was extremely severe in Jiangsu province, which by the end of 2013 owed the largest local debts in China, albeit its debt ratio was in the middle among all provinces thanks to its prominent economic performance. Since 2012, the provincial government of Jiangsu had, whilst admitting that the repayment of the local debts relied on land transfer fees, claimed that the risk of debts was under control. According to the report of auditing outcome released by the provincial government of Jiangsu in January 2014, most of the local debts in Jiangsu were used for local infrastructure and public facility constructions, land banking, and government-subsidised house constructions. Zhao (2013) argued that quasi-municipal bonds which mainly attracted civil investment to sustain urban infrastructure projects, were one of the key causes that resulted in high local debts in Jiangsu. Zhao (2013) also released a series of statistics, indicating that, by July 2012, Suzhou, Changzhou, and Wuxi city in the south respectively possessed debts of 42.8 billion RMB, 35.4 billion RMB, and 34.0 billion RMB, which were ranked as No. 1, No. 3 and No. 4 in Jiangsu

¹³⁵ The data proposed by the National Audit Commission of China and the Chinese Academy of Social Sciences were reported by China Central Television:

<http://jingji.cntv.cn/2013/12/25/ARTI1387965383884610.shtml>

¹³⁶ The Ministry of Finance, the National Development and Reform Commission, the People's Bank of China, and the China Banking Regulatory Commission, 'Notice as to the prohibition on local governments' illegal and irregular financing actions', MOF Issued (2012), No. 463

province. And, the local debts of Changzhou in 2012 amounted to 93.4% of its local revenues, whereas that of the national average in 2012 was only 69.23% (Zhen, et al., 2013). As most local debts had been incurred for constructing urban infrastructure and public facilities, Changzhou had become a nationally well-known example of a so-called 'ghost city', the phenomenon of which was widely witnessed in China in many regions. This was caused by the conflict between the oversupply of houses, and the inadequate purchasing capabilities of the general public on Chinese real estate markets. Whilst both Nantong city in the north and Changzhou city in the south had been criticised for constructing ghost cities, the situation in Changzhou was in some respects different to that of Nantong where not only the oversupply of local properties, but also extremely high house prices contributed to a distorted local real estate market. In order to explain the situation in Changzhou, it is necessary to invoke the articulation of the second key conflict, by which China's pseudo-urbanisation was characterised. Such conflict, as noted before, occurred between interest groups that institutionally benefited most from urbanisation, and the majority migrant urban residents whose capabilities to choose, and socioeconomic interests and welfares were substantially constrained and deprived.

6.3.2 The 'Tieben Event'

Before turning attention to the second conflict, a typical incident, which shows how central government was acting in conflict with the interest community of local governments at different scales in Jiangsu and in Changzhou, needs be exposed. While this incident exhibited an extreme situation, in which central government adopted some rigorous administrative measures to deal with central-local conflicts in relation to local land uses and supplies, it vividly shows how the various interest groups with different institutional and financial capacities and at different scales, colluded and conflicted with each other in seeking some particular and illegal interests under the state-led, urbanisation-driven local growth pattern. This incident was referred as the 'Iron Event' or 'Tieben Event' (the name of the iron enterprise at issue) of Changzhou city.

In May 2002, Tieben iron company submitted to the local government of the development zone of Changzhou city a project plan to acquire land and establish iron factories. As central government retained its administrative approval rights in relation to large pieces of rural and urban land expropriation and to iron projects, Tieben's application should have been passed on to upper level governments to avoid *ultra vires*. However, the local government of Changzhou national high-tech zone colluded with Tieben, deciding to split the iron project into a dozen sub-projects in order to encapsulate these within local jurisdictions. During the course of project splitting, the Tieben company expanded its original project plan with the encouragement of the municipal government of Changzhou. Eventually, Tieben iron company increased its earlier investment plan from 1-2 billion RMB to 10.6 billion RMB, and then extended its planned land coverage from 1.3 sq. km. to 4 sq. km.. In 2003, state institutions at municipal and provincial scales approved these split projects. Notably, the provincial department of land and resources of Jiangsu approved, within only two days, all the applications of land transformation and expropriation submitted by the government of Changzhou, through 42 approval operations.

These provincial approvals on land transformation and expropriation then caused more than 6000 rural residents to lose their rural land and houses. And it was the letters of complaint sent by some of those rural residents to the national news agency that exposed the illegal actions of local governments and the Tieben company. After investigations, the State Council issued a series of administrative punishments, the severity and breadth of which was unusual during China's economic reform. As an outcome, Fan Yanqing, the Municipal Party Secretary of Changzhou, received a party discipline of serious warning¹³⁷; Gu Heilang was removed from the post of the Vice-Director of the municipal People's Congress of Changzhou; Cao Jianxin was removed from the posts of the Vice-Director of the high-tech zone of Changzhou and the Vice-Party Secretary of Xinbei district of Changzhou; Wang Mingxiang received a serious warning and a record of a major

¹³⁷ Generally speaking, there are five measures for enforcing the CPC discipline, including: warning, serious warning, removal from party posts, probation within the Party, and expulsion from the party.

demerit¹³⁸, and was then required to resign from the post of the Vice-Director of the provincial Department of Land and Resources of Jiangsu; Qin Yanjiang was removed from the post of the Vice-Director of the provincial Development and Reform Commission of Jiangsu; and Wang Jianguo was removed from the post of the Chief Director of the Bank of China Changzhou Branch.

It is argued that the 'Tieben Event' in Changzhou city was not merely a case concerned with improper and illegal administrative operations. Rather it reflected how utilitarianism and pragmatism were concretely institutionalised at local scales through a set of practices, which exhibited strong strategically inscribed structural selectivities towards local economic growth leveraged by land. In the light of local governments' position, the purpose of approving and supporting the Tieben company's projects was to pursue prominent local growth and a positive record of performance. In order to achieve this, the municipal government, provincial government and certain bank branches together intentionally shaped the administrative and financial prerequisites for the projects of the Tieben company in an utilitarian fashion.

In more specific terms, although the projects of Tieben gave rise to extremely large demands for land supply, which had to be realised through land transformation and expropriation, the local government not only reduced the land transfer fees of the relevant pieces of land to less than the average market price, but also started the land transformation and expropriation before the whole project was approved by the upper governments. The reduced land transfer fees directly undermined the available amounts of state compensation fees paid to the rural residents whose land and houses were expropriated and demolished. It is thus argued that both the capabilities to choose and socioeconomic interests of over 6000 rural residents, which were largely attached to, and expressed through, their rural landholdings, were weighted against the economic and political potential of the project. The residents had also been sociospatially displaced through the institution of improper land expropriations in exchange for realising a greatest net balance of local economic performance within the temporal horizon of the dominant institutional time.

¹³⁸ China's administrative sanctions include: a warning, record of demerit, record of a major demerit, demotion, removal from office, and discharge.

It was this dominant institutional time articulated by common office terms and the consecutive five years development plans that had shaped and reinforced local utilitarian institutions in a pragmatic fashion. Pursuant to the official report on the 'Tieben Event' by the news agency of China, it was admitted by some local officials that, had the standard administrative procedures been strictly followed, it would have taken at least one to two years for the local government to draft, submit, and wait for the State Council to approve or decline, respectively, land transformation and expropriation, private-owned iron projects, and environmental assessment result. This is on the condition that all applications are submitted and examined simultaneously.

It can thus be seen that, although the Tieben project could have been legally approved by central government, local government choose not to comply with the standard procedure, since the time consumed for obtaining such approvals might, more often than not, result in the completion of the project outside the temporal horizon of the dominant institutional time. In other words, if standard procedures are adopted, the realisation and output of the Tieben project was likely to be a record of performance that would not belong to those local officials who initiated this project, but rather to those who came after them. It was this pragmatic consideration that had arguably motivated the local governments at municipal and provincial scales to take the risk of infringing administrative rules to conduct improper and illegal procedures in a utilitarian way to pursue local growth.

Some anonymous local officials and businessmen said to me that, if Tieben's projects had been successfully established and operated, Changzhou city would have achieved much better growth with respect to its local economic scale and industrial structure, since the impacts of the 'Tieben Event' deterred local government from adopting any aggressive institutional innovations and large-scale industrial projects during the whole third stage of the reform. Some even observed that, as Fan Yanqing, the municipal Party Secretary of Changzhou, had politically suffered in this event and lost the prospect of being promoted, he choose to only adopt conservative policies in promoting local economies during the decade of his office term.

An anonymous local state official particularly observed that there was a latent consideration underlying the 'Tieben Event', that is, the attempted state monopoly on essential industries like the iron industry. The rise of state-owned enterprises (SOEs) since the national policy of 'strategically restructuring SOEs' in the late 1990s, had transformed SOEs into a group of extremely large companies, which enjoyed various monopolistic powers on economic matters. As the National Development and Reform Commission claimed in 2004 in an official document that the prerequisites of market access to the iron industry should be enhanced, and no new iron enterprises would, in principle, be allowed to be built (Liu, 2004). It was noted that soon after the 'Tieben Event', certain SOEs including China Resources Enterprise, which had recently been investigated by the Central Discipline Inspection Commission, tried to acquire some of the Tieben's subsidiaries. It is argued that, in a conflict between local utilitarian practices and national utilitarian practices in terms of giving preference and priority to the development of SOEs, which are an essential economic pillar to the reign of the CPC, the latter more often than not took priority. The presence of SOEs illustrates the complicated situation in China. Whilst local government can rely on urbanisation to promote growth and retain autonomy in central-local conflicts, central government can use SOEs to control all the essential sectors and markets of the national economy. An anonymous local official of Wujin district has suggested to me that recent years have seen in Wujin a great deal of acquisitions initiated by SOEs towards those local private enterprises which performed well. While these acquisitions had more or less further strengthened SOEs' monopolies on the national economy, private enterprises had been qualitatively and quantitatively undermined. This resulted in the fact that domestic and overseas capital flowed not into local manufacturing industries, but into those real estate projects.

As Wu and Ma (2012) suggested, the new form of monopoly of SOEs exhibits an essential incompleteness of China's market economy reform. In a word, we can discern from the 'Tieben Event' some typical characteristics of China's economic reform expressed in the form of regional development. Those are: first, utilitarianism and its institutional expressions and specific

practices at local and national scales, and second, pragmatism and its institutional expressions which decisively shaped the key motivations of local governments in seeking local growth and records of performance within relevant spatial fixes and temporal horizons; and third, the key thematic tone of China's reform, which seeks to use economic and institutional measures to restore and strengthen the authorities and functions of the party/state of China, in order to secure and sustain the regime legitimacy of the CPC. Moreover, it is argued and admitted by most local officials whom I interviewed that the failure of the Tieben project was only because that it was not conducted at the right time. Had this project been initiated in the mid- or late-part of the third stage, in which urbanisation and large scale rural land expropriation had become more usual, and hence a phenomenon that could be better addressed by local governments, there could have, arguably, been an entirely different outcome.

6.3.3 The conflicts between interest groups and migrant urban residents

Whilst urbanisation has become a common growth agenda accepted and adopted by a wide range of local governments in China at the third stage of the economic reform, it is argued that this common agenda has been implemented, in utilitarian and pragmatic fashion, to structurally expand and consolidate the political and economic benefits of interest groups at various local scales on the one hand, and to undermine and deprive massive numbers of migrant urban residents, of their capabilities to choose, and also of their social welfare and economic interests. Premier Li Keqiang, in describing his notion of new urbanisation, stressed that this must be a people-oriented urbanisation, which institutionally urbanises those migrant rural labourers who have become urban residents¹³⁹. Though not yet widely institutionalised in practice, Premier Li's notion of new urbanisation has been critical of previous practices of urbanisation that did not fully take account of the interests of the 'people', but were oriented to the interests of something else. While Premier Li has not, because of political sensitivity, attempted to define or clarify explicitly the core properties and propensities of China's

¹³⁹ See the speech by Li Keqiang in the Central Conference of urbanisation works, on Dec. 14, 2013: http://www.gov.cn/ldhd/2013-12/14/content_2547880.htm

previous urbanisation, it is not hard to discern that the 'people', whose interests should be particularly addressed by new urbanisation, refers to migrant rural labourers whose rural land had been expropriated by local governments in a utilitarian fashion that did not provide these labourers with adequate socioeconomic compensations that should have been more proportional to the eventual market values of their land.

As Zhang (2011) argued, one of the most severe problems of China's current urbanisation is concerned with residents who lived in the rural and semi-urban areas and had lost their land due to land expropriation. Zhang (2011) further stated that in order to obtain more financial revenues, most local governments tried to lower state compensation fees for land expropriation and house demolition. In the subsequent distribution of the added value generated by the expropriated land, local governments and real estate developers usually relied on their respective strength to obtain massive interests, whereas local residents, who lacked rights to information and advocacy, were often in a disadvantaged bargaining position neither capable of resisting unfair expropriation agendas, nor possessing enough social welfare protection for future security.

Tao (2011) agreed with this view, further observing that, in order to capture more inward investments, local governments tended to, on the one hand, omit labour rights and protections and be reluctant to provide public goods and services to migrant labourers, and on the other hand, deprive the dispossessed of their rights and interests which should have been attached to urbanisation, through the state monopoly on land use and supply. Tao thus defined those dispossessed as people who are both unemployed and land-lost.

Cui (2007) estimated that, between 2000 and 2005, around 71.8% of the newly increased urban residents should be institutionally viewed as 'rural residents' because they hold rural households which do not enable them to have the level of social welfare that can be enjoyed solely by urban households. This is why Chen Xiwen (2010), the Director of the Office of Central Rural Work Leading Group, asserted that the *de facto* rate of China's urbanisation has been over-estimated as there were around 0.2 billion urban

residents (including 0.15 billion migrant rural labourers) among the 0.6 billion, who do not enjoy the standard welfare rights of urban citizens. Director Chen pointed out that, whilst the process of land-urbanisation through transforming massive rural land into urban constructive land had been rapidly advanced in recent years, the process of people-urbanisation lagged far behind, resulting in billions of migrant rural labourers being isolated from urban social welfare and rights.

Director Chen's assertion has recently been collaborated by an internal report of the District Party Committee and the Direct Government of Wujin in August 2013¹⁴⁰. This report explicitly states that the urbanisation of Wujin district should be transitioned from physical urbanisation to human urbanisation, in particular, from land-oriented urbanisation to rural resident-oriented urbanisation. This report admitted that some places in Wujin lacked such long-term plans and considerations in the course of their development, concentrating on pursuing short-term interests, thus resulting in conflicts with local residents in relation to land expropriations and house demolitions.

In more specific terms, while it is hardly possible to quantitatively work out to what extent migrant rural labourers have economically suffered by losing their land in the course of urbanisation, it is, however, not hard to find out the disparities between the amounts and growth rates of the incomes of local governments, economic entities, and the majority of local residents in the context of China's urbanisation. Generally speaking, Zhou (2009) argues that since 2000, the income of state revenues has grown most rapidly, continuingly extending its disparity with the income of normal residents as well as with the growth rate of national GDP. According to the Chinese Academy of Social Sciences, national state revenues have increased from 1730 billion RMB in 1998 to 10800 billion RMB in 2009, and its proportion of the national GDP has also increased from 20.4% to 32.2%¹⁴¹. This phenomenon occurred both in Nantong and in Changzhou city the third stage of the reform¹⁴². The

¹⁴⁰ The District Party Committee and the Direct Government of Wujin (2013), 'Report on the situation of modern small town constructions in Wujin district'. Internal Report

¹⁴¹ See the news: Chinese Academy of Social Sciences, (2010), 'The state revenues have been one third of China's gross GDP': <http://news.163.com/10/0913/01/6GE59HTJ0001124J.html> (Accessed on Jan, 13th, 2014)

¹⁴² The situation in Nantong will be discussed in **Chapter Seven**.

following table demonstrates the comparison between the amounts and growth rates of local state incomes and resident incomes of Changzhou from 2005 to 2007.

Table 6.3: the comparison between the amounts and growth rates of local state incomes and resident incomes of Changzhou from 2005 to 2007

Year	Residential Income	Growth Rate	Local State Income	Growth Rate
2005	14589 RMB	13.4%	22.00 billion RMB	25.9%
2006	16649 RMB	14.1%	27.73 billion RMB	25.8%
2007	19089 RMB	14.7%	41.40 billion RMB	33.0%

(Data collected from the municipal Bureau of Statistics of Changzhou, and the annual government reports made by the Mayor of Changzhou city in the relevant years)

Indeed, the growth rates of the annual urban residential income of Changzhou even decreased after 2007, turning out to be 13.1%, 10.0%, and 10.6% in 2008, 2009, and 2010 respectively. The reason that no further comparisons are made in relation to the local state revenues of Changzhou lies in that, after 2007, the annual government report of Changzhou no longer released the exact amounts of its local state revenues, but only published its general budgetary incomes instead¹⁴³, which do not include local land transferring fees. Having regard to the substantial amount of such fees, it may be argued that the disparity between the state revenues and the residential incomes could be even greater in recent years in Changzhou.

¹⁴³ This change arguably derives from the central policy, which requires that, since 2007, all the land transferring fees should be managed and audited under the local fund budget system. In other words, all such fees, in principle, should only be used for paying state compensations, constructing infrastructures and other public facilities, and supporting rural lives and sectors.

In a word, the conflicts between the interest groups (mainly including local governments and real estate developers) and the majority migrant rural labourers, have been intensified by the overly high housing prices and the unfair and disproportional distribution of wealth. For example, the average house price in 2011 in Changzhou was around 8100 RMB per sq. m., whereas the annual residential income in 2011 was 29710 RMB. Thus, in order to buy a normal flat that covers 100 sq. in Changzhou, it costs an urban resident's 27 years annual income to complete the purchase. Buying a flat in urban areas constitutes the primary method for migrant rural labourers to obtain urban registered permanent residence. As estimated by the Development Research Centre of the State Council, by 2007, only 1.7% of the migrant rural labourers had become permanent urban residents (cf: Tao, 2011: 21). It is clear that such a low rate of so-called 'people urbanisation' was largely caused by the barrier of high housing prices. High housing prices directly restricted consumption-driven growth and, more importantly, had constrained urban residents from choosing to conduct socioeconomic activities that can bear more innovative elements, but forced most of them to devote a large proportion of their lives and activities to repaying their housing mortgages.

As overly high house prices are both an outcome of most local governments' utilitarian and pragmatic practices, and an obstacle to the socioeconomic integration of rural labourers into urban lives and residence, it was rather ironic to find that the regional unevenness between the south and the north of Jiangsu province was more even in this critical aspect of regional development during the third stage of China's reform. In other words, whilst the south exhibited higher average annual residential incomes than the north, residents in the south also suffered higher average house prices. As we saw Nantong city in the north turned out to be an exception, which exhibited higher average house prices than the two cities in the south of Changzhou and Wuxi. It will be seen in the next chapter that such an exception only revealed a more severe distortion in the local land supply mechanism and the local real estate market in Nantong.

6.4 Summary

Generally speaking, the evolution of regional (uneven) development in Jiangsu at this stage was mainly shaped by pervasive state-led urbanisation-driven growth, which replaced the development zone-driven growth at various local scales. As this growth pattern largely relied on the endogenous element of land, the south and the north revealed high levels of homogeneity in their growth pattern, and the unevenness between them was seen at this stage largely in quantitative terms. In other words, it is argued that regional unevenness was being reduced, albeit in an unsustainable fashion, which entailed increasingly large local debts and severe social discontent and conflicts.

The causes of this derived from both the distortions in the urban land use structure, characteristic of a state monopoly on urban land supply, and by the county-district rescaling practice, and the deviation from human- and demand-oriented urbanisation to building- and investment-oriented urbanisation. These resulted in an urbanisation that was a pseudo-one both in nature and in manifestation.

Taking an institutionalist perspective to look into urbanisation in the context of regional (uneven) development, it is proposed that the pervasive adoption of such a growth pattern by local governments was an inevitable rational choice, having regard to the fact that local governments were commonly motivated by a growth-oriented state ideology to seek performance records in the utilitarian sense within the dominant institutional time. Urbanisation-based projects such as local infrastructures, residential and commercial properties, and various service sectors all constituted the subjects, to which the local strategic institutional selectivities gave preferences, and, from which a variety of interest groups benefited, because the growth of these projects could realise local utilitarian and pragmatic practices, and strengthen the institutional and financial capacities of state institutions.

Whilst state institutions and interest groups both benefited from urbanisation, the costs and side effects were arguably born by the majority of the general public, in particular, rural migrants who worked and lived in city-

regions. Urbanisation-driven growth, in its nature, can thus be seen as a localized practice of utilitarianism within a clarified temporal horizon. And, the pervasive localisation of the state-led utilitarian and pragmatic practices through urbanisation, is indicative of another dimension of reduced regional unevenness, that is, migrant rural labourers in both regions suffered losses of land, and constraints on capabilities to choose, in exchange for the greatest net balance in terms of local GDP growth within the dominant institutional time. It is this negative aspect, which was suffered by the migrant rural labourers in both the south and the north, which makes the difference in the urbanisation rate between these two regions a *de facto* meaningless issue. In other words, notwithstanding the various disparities and discrepancies in relation to physical aspects like urban infrastructure, commercial and residential establishment, and to the effects of local institutions such as county-district rescaling practice, both the south and the north now have to address the critical problem of how to feasibly and efficiently institutionalise Premier Li's people-oriented new-urbanisation in the future.

Chapter Seven: Case Study Two: Nantong city and its sub-areas in the north of Jiangsu province

7.1 An overview of Nantong's development, and the structure of this Chapter

The evolution of Nantong's socioeconomic development was in many aspects tied to the Yangtze River Delta, the contextual dynamics of which shaped the rise and fall of Nantong. The short-term urban-industrial prosperity of Nantong city at the beginning of 1900s stimulated by the plan and practice of Zhang Jian, the famous entrepreneur, quickly declined, since Nantong's water transport system was marginalised by other areas in the Yangtze River Delta¹⁴⁴.

The inception of China's economic reform in the late 1970s resulted in a series of regional developmental policies and strategies, which reshaped and rescaled inter-regional socioeconomic cooperation and competitions. Under Deng's utilitarian and pragmatic political guidelines of 'Letting some peoples and areas get rich first', and 'Crossing the river by groping the stones', the Yangtze River Delta was chosen, by no means surprisingly, as, *inter alia*, an essential experimental area for initiating regional economic reform and promoting regional growth. Whilst China's economic reform at the first stage concentrated on the Pearl River basin where the special economic zones took the lead in a variety of institutional innovations, the Yangtze River Delta also witnessed some pro-reform, strategic institutional changes at this stage. These include the Shanghai Economic Zone and the Shanghai Economic Zone Planning Office that were established in 1982 and 1983 respectively. The Shanghai Economic Zone covers both Shanghai, as the core city-region, and its peripheral city-regions, including the three cities in the south of Jiangsu, and, notably, Nantong city.

The Planning Office, which was directly accountable to the State Council, was dissolved and later restructured as the Directors Caucus of the Yangtze River Delta Economic Coordination Commissions (Offices). This

¹⁴⁴ These areas included the south of Jiangsu province, and Shanghai.

indeed reflected the difficulties of coordinating regional economies in a top-down fashion in the context of the uneven rises of different city-regions. Some regions, such as the south of Jiangsu, emerged as stronger economic actors. On the contrary, the economies of Nantong, as the report by APA (2006: 8) indicated, lagged far behind 'the rapid rise of southern Jiangsu cities such as Suzhou, Wuxi, and Changzhou' which 'made Nantong's growth pale', and Nantong's 'share in Jiangsu's economy dropped from 10.7% (1983) to 7.9% (2004)'.

Nantong's land area and population respectively accounted for 7.3% and 9.3% of the Yangtze River Delta, but by 2005, Nantong's regional GDP was only 4.3% of Yangtze River Delta's total GDP, and its regional GDP per capita was 47.1% of the Yangtze River Delta average (APA, 2006: 8). The proportion of Nantong's contribution to the regional GDP in Jiangsu persistently declined from 10.7% in 1983 to 9% in 1989, and to 8.6% in 2000, and then to 7.9% in 2004 (APA, 2006: 9). In a word, Nantong could be regarded, during the first two stage of the economic reform, as an underdeveloped region both in Jiangsu province and in the Yangtze River Delta. And, Haiyan county of Nantong city, during these stages, was somewhat jokingly described as the 'Little Sixth'¹⁴⁵ because of its lowest position in economic terms among all the districts and counties in Nantong city.

There are various arguments why Nantong and the north of Jiangsu lagged behind the south. Quite interestingly, among those local state officials of the south whom I interviewed, most of them felt that social and cultural factors were most important in contributing to the regional unevenness between the south and north. For example, Mr. W had argued that many officials in the north are less administratively efficient and entrepreneurially competent compared to those of the south, and local labourers in the north tend to be less educated. Mr. W particularly stressed that whilst both the south and the north may possess similar or even identical institutions, the south was more competent in implementing and realising policies. According to Mr. W, this led to a disparity in the capability to promote regional

¹⁴⁵ See China's official press, Jiefang Daily, 'The Little Sixth now becomes The Big First – The integration of limited resources by Haiyan county for promoting enterprises and employment', 2011 May 9th

development between the local endogenous institutions of the south and the north. When interviewing some local enterprises with experiences of investing in the northern city-regions of Jiangsu, they complained about how their routine transactions suffered various obstacles and damages caused by local bureaucracy in the north. One quoted a famous saying: 'open up for attracting investment and then close doors to beat dogs', which vividly illustrated the way that local governments in the north treat external investors.

Although these opinions provide rather parochial and superficial views on the causes of the lagged growth in the north, the fact of regional unevenness, as the APA's (2006:9) report set out, has existed for some time. As the report said, Nantong city's development, though the best among the north, witnessed a widening gap with the south of Jiangsu; and 'therefore, the city remains in the mid-industrialisation'. Given that the APA collaborated on the report with Nantong municipal government, the conclusion that Nantong was only in mid-industrialisation during the first two stages of China's economic reform can be taken to represent the official position.

This Chapter explores this lagged development based on a series of findings and discussions drawn from my empirical research in Nantong city and its sub-region, Haiyan county, using the same periodization in terms of the three stages of China's economic reform¹⁴⁶. The first two stages focus on Nantong's relatively inefficient and slow industrialisation, which occurred at local scales. It shows how inefficient local industrialisation driven by path-dependent TVEs and by development zones under inter-locality competition contributed to lower level of economic growth in the north, and, how such growth evolved unevenly against that of the south. The third stage is mainly characterised by state-led, urbanisation-driven growth, which was similar to the major growth pattern of the south. The third section of this Chapter concentrates on how urbanisation in Nantong has led to a reduction in uneven development. And, it will be seen that the evolution of regional development in the north, and its uneven performance against the south were shaped and affected by China's utilitarianism and pragmatism.

¹⁴⁶ These are: the first stage (the late 1970s – the earlier 1990s), the second stage (the mid-1990s – the earlier 2000s), and the third stage (the earlier 2000s – 2013).

7.2 Slow and inefficient rural industrialisation in Nantong city¹⁴⁷

From a general perspective, it is argued that Nantong city's lagged industrialisation during the first two stages of the economic reform was caused by, on the one hand, its local population composition and industrial structure, and on the other hand, its path-dependencies on the south of Jiangsu with respect to the TVE-driven growth pattern, and the development zone-driven growth pattern. In addition, from the perspective of the TPSN framework, as we have seen in **Chapter Five**, it is argued that those place- and scale-specific advantages for promoting TVE-driven growth were widely absent in Nantong city and in the north of Jiangsu at large.

First, regarding the local situations in Nantong city, the municipal bureau of statistics of Nantong (2009) suggested that the highly planned economy system had separated and restricted the rural-urban interactions in terms of labour movement since the founding of the PRC. By 1978 when China's economic reform began, there were 6.72 million agricultural residents among Nantong's population of 7.22 million. Such a large proportion of agricultural/rural population determined the agriculture-orientation in Nantong's industrial structure. Nantong was therefore known as a key agriculturally driven city at that time. In a word, Nantong city did not possess a well-fostered local base for industrialisation. This can be contrasted with the situation in the south during the same period. For example, by 1978 Changzhou city had its local industry largely underpinned by *inter alia* the textile industry, the machine building industry, electronics, and the chemical industry. Each of these four sectors amounted to 34.9%, 35.6%, 11.95%, and 13.3% of Changzhou's gross industrial output value respectively¹⁴⁸.

The high proportion of agricultural population and industry forced the local governments of Nantong to make rural industrialisation its priority throughout the early stage of reform. According to Mr. L of the Municipal Office of Nantong city, the principal strategies of rural modernisation in

¹⁴⁷ When conducting fieldwork and secondary research, it was quite difficult to acquire precise data and information as to rural industrialisation in Nantong during the first two stages of the economic reform. Since local governments in the north acknowledged that the north did economically lag behind the south, they tended to avoid addressing these issues, and only emphasised in official documents the economic achievements they secured at the third stage of the economic reform.

¹⁴⁸ See the Chorography of Changzhou (1995)

Nantong involved the migration of rural labourers into urban areas, and the transformation of rural labourers into industrial populations. In practice, the effects of these strategies varied geographically within Nantong city. The migration of rural labour in the three northern counties (including Haiyan) progressed in a slower pace than that of its southern counties. Although the aggregate number of transformed rural labourers in Nantong reached 1.44 million by 2007, this was far from efficient compared with the situation in the south of Jiangsu (Municipal bureau of statistics of Nantong, 2009). It is argued that the inefficient transformation of rural labourers in Nantong was mainly attributed to its slow rural industrialisation and backward industrial agglomeration, which could not absorb substantial number of local rural labourers. As we saw in Chapter Five, in contrast to the context of inefficient industrialisation in the north of Jiangsu, the south, during the 1980s and 1990s, witnessed the rapid rise of TVEs and development zones respectively. But, the north arguably lacked at that time the necessary place-specific conditions for rural industrialisation, and thus for TVE-driven growth.

In an overview of the industrialisation process of the north of Jiangsu, Xu and Liu (2009) suggest that, whilst Jiangsu's provincial development policies in the 1980s and 1990s had a clear propensity to economic growth rather than regional balance, and resulted in high agglomeration of resources in the south, exacerbating the regional unevenness, the north itself also made certain mistakes in promoting growth. This particularly refers to the effort of attempting to imitate the so-called 'Southern Jiangsu Model' in the north. Su and Huang (1999) had suggested that the failure of the north to copy the 'Southern Jiangsu Model' was largely due to the inadequacy of human resource in the north, in particular, a lack of skilled local labourers for supporting TVE-driven growth and development zone-driven growth.

First, regarding the TVE-driven growth, as the 10th Five-Year Plan for TVEs in Jiangsu province¹⁴⁹ suggested, in 1995, the total numbers of TVEs in the five cities¹⁵⁰ in the south amounted to 64.2% of all TVEs in Jiangsu, and to

¹⁴⁹ The 10th Five-Year Plan for TVEs in Jiangsu province, see:

<http://www.jste.gov.cn/zjfg/zcwj/1007589.htm> (accessed on Nov 18th, 2013)

¹⁵⁰ These five cities are Nanjing (the provincial capital city), Zhenjiang, Changzhou, Wuxi, Suzhou. Whilst Nanjing and Zhenjiang are not conventionally included in the south of Jiangsu in an economic sense, they are geographically in the southern region of Jiangsu.

59.6% in 2000. In 1995, 51% of the employees working in the TVEs in the south consisted of migrated or transformed rural labourers, whereas the figure in the north was about 24%, and both figures had not changed much by 2000. The differences in the number of local TVEs and migrant labourers sketched out one aspect of the regional unevenness in TVE-driven growth. More importantly, it is argued that the prominence given to the 'Southern Jiangsu Model' by both central and provincial governments exerted more profound institutional influences, in a path-dependent way, on the regional growth of the north (Yang & Zheng, 2006).

Generally speaking, since the ideas of reform and growth became a semi-state ideology upheld by China's central government, pursuing growth and seeking ways of promoting growth had naturally been key tasks of local governments at all scales. As noted earlier, the institutional practice of the growth-oriented state ideology exhibited strong utilitarian and pragmatic characteristics. The earlier forms of pragmatism can be summarised as Deng's words of 'crossing the river by groping the stones', which is indicative of a trial-and-error strategy, which encourages local governments to make a variety of institutional experiments in promoting growth. This strategy successfully led to the rise of TVEs in the south of Jiangsu, which dramatically stimulated growth. As a role model of local growth pattern, TVE-driven growth under the name of the 'Southern Jiangsu Model' became not only a reference point for the north, but also some sort of institutional path-dependency, to which rural industrialisation of the north was highly subject.

It is argued that, although the economic prominence of TVEs in the south of Jiangsu represented a successful outcome of the utilitarian and pragmatic practices of the growth-oriented state ideology at the national scale, a rigid transplantation of such success at local scales in the north was incompatible with the national and provincial utilitarian propensities of establishing regional economic polarisation. In addition, it is further argued that the rigid transplantation of the 'Southern Jiangsu Model' revealed the parochial empirical-orientation in the methodology of the trial-and-error strategy. There can be potential risks of endowing a particular empirical

exemplar of success with political legitimation¹⁵¹ and presuming its wider applicability, since empirical successes in one place cannot guarantee that such successes may be copied in other places.

In the case of Jiangsu province, the presumption of the wider applicability of the 'Southern Jiangsu Model' by both the provincial and local governments, seemed to have overlooked the fact that the growth of TVEs in the south was on the one hand attributed to very particular unique characteristics in terms of places, scales, and networks that were equipped with the south, but not in presence in the north¹⁵². And, on the other hand, the operations of TVE-driven growth in the south had established certain spatiotemporal fixes that had their own structural coherence, and the costs of securing such coherence were displaced to other external sociospatial sites, whereas the welfare and interests generated by them were largely internally distributed and digested.

In other words, whilst the precedence of TVE-driven growth in the south was largely attributed to its local institutional innovations and unique elements, it also drew on, and deprived, other regions of the resources and opportunities for promoting effective TVE-driven growth themselves. As Cheng et al. (2007) showed, TVE-driven growth in different regions in China revealed a large unevenness. Most provinces were below the average level, apart from three distinctive regions, namely, the south of Jiangsu, the south of Zhejiang province, and Guangdong province (Cheng et al., 2007)¹⁵³. And, it must be emphasised that, although TVEs in other provinces might receive their own provincial supports, the situation for the north of Jiangsu was much more narrowly defined. The geographical adjacency between the south and

¹⁵¹ In his survey in Suzhou city in the south of Jiangsu in 1983, Deng expressly acknowledged the achievement made by local collective enterprises which were later known as TVEs; and in March 1984, the Central Party Committee and the State Council approved and published the 'Report as to creating a new situation for collective enterprises', which officially legitimised collective enterprises, renamed them as township and village enterprises, and institutionally empowered TVEs'. See, The Provincial Party History Office of Jiangsu, (2009), 'The evolution and inspiration of TVEs since China's economic reform – TVEs in Jiangsu between 1978-1992', in The No.3 Research Department of the Central Party History Office (ed), *Rural reform and development in the new era*, Beijing, CPC History Press.

¹⁵² See **Chapter 5, Section 5.2**

¹⁵³ As Wen (2011) states, the developments of private enterprises in the south of Jiangsu province, the south of Zhejiang province, and the Pearl River Basin, represent the three outstanding growth models emerged throughout China's economic reform.

north of Jiangsu gave the north no choice, but to adopt the 'Southern Jiangsu Model'. And, the provincial government would not give any effective support to the north. In other words, the adoption of the 'Southern Jiangsu Model' by the north should be seen as a rigid generalisation of a particular precedent, subject to utilitarian marginalisation effect.

However, notwithstanding the contextual utilitarian practices, which favoured the south, this does not mean that the north was not totally unsuitable for adopting the 'Southern Jiangsu Model' for promoting its growth. Indeed, if we stand in the position of local governments in the north at that time, it may seem that adopting the 'Southern Jiangsu Model' was a rational choice, in the absence of any thorough analyses of the prospects of transplanting the Model in the north, which were not practically and theoretically feasible owing to China's highly unique situation¹⁵⁴. Hence, we need to have a closer look at those local parameters, which negatively contributed to TVEs' growth in the north.

There are a lot of observations on the local, internal shortcomings of the north in fostering TVE-driven growth. Many of them agreed with my interviewees, saying that both the informal local culture and the formal state institutions in the north did not fit with the 'Southern Jiangsu Model' (Yang & Zheng, 2006; Fan & Yu, 1994; Xu, 1988). These critics often focused on local phenomena such as blindly following the trend of establishing and running TVEs, making false reports of the performance of TVEs, improper interventions by local state institutions, and the lack of modern entrepreneurship and management systems. In a report on Nantong city's TVEs in the 1980s, Qiang and Gu (1987) pointed out that the root problem underlying the lagged development of Nantong's TVEs was TVEs' free occupancy of rural land. The free occupancy of rural land amounted to a key supportive measure to the initial starting of TVEs, as it reduced the cost of market access¹⁵⁵. Qiang and Gu (1987), however, noted that the low standard

¹⁵⁴ In **Chapter 8**, an evaluation on the dialectic between a region's institutional empowerment and that region's capacities of acquiring and distributing supportive resources will be specifically elaborated to unravel the mystery of China's rapid, persistent growth, which also theoretically inspires the question of making an effective pre-assessment on the choice of local growth path.

¹⁵⁵ This point was proved by the experiences of the south in initiating TVEs. See, **section 5.2, Chapter 5**.

of market access resulted in many inefficient and unproductive enclosures, which brought about vicious competitions, duplicative constructions, and high rates of TVE establishment and insolvency in the north.

This problem of free occupancy of rural land also occurred in the south, but it is seen by Wen (2011: 31) as a process of land capitalisation, from which a large part of the profits made by the TVEs in the south derive¹⁵⁶. A notable point here lies in the ways of distributing the profits generated by land transformation and capitalisation. Wen (2011: 34) noted that most TVEs in the south chose to retain and use the added value of land capitalisation for further industrial development rather than for collective dividends; and this way of value distribution was in many cases supported by local governments and rural collectives. This can be contrasted with the situation in the north. As Xu (1988) described, certain local governments in the north tended to draw too much capital from TVEs for non-business or private purposes, and many TVEs in the north lacked market-oriented consciousness and entrepreneurial spirit, but relied heavily on state support in financial and material terms to sustain their inefficient operations. For example, in Haiyan county of Nantong, the gross debt of all 873 local enterprises (including both state-owned enterprises and TVEs) reached 4.26 billion RMB, and the gross loss was 0.16 billion RMB by the end of 1994 (Dongtai Daily, 2008). While the local government of Haiyan made 'saving enterprises' its top priority and established teams for supporting local enterprises, most local enterprises had not improved their performance by the end of 1990s (Dongtai Daily, 2008).

In a word, it is argued that the relatively slower and inefficient development of TVEs in the north should be seen as a logical outcome that stemmed from the path-dependent and rigid transplantation of the 'Southern Jiangsu Model' in the north. However, the lagged development of TVEs in the north did not mean that TVEs did not contribute to regional economic growth. As Chen (1992) suggested, although the TVEs in Nantong grew less inefficiently than those in the south, they had still made crucial contributions to

¹⁵⁶ The free occupancy of rural land by TVEs serves to transform rural land into industrial land without costs, and thus increases the economic value of the land. The collective-ownership nature of rural land ensures that the added value of industrially transformed land accrues to the corresponding TVEs, becoming the primitive accumulation for rural industrialisation (Wen, 2011: 34). See, **section 5.2, Chapter 5**.

Nantong's development. In 1991, TVEs in Nantong secured a gross industrial output value of 11.5 billion RMB, which accounted for 42.9% of the gross municipal industrial output value, and contractually introduced foreign investment of 27.73 million USD, accounting for 31.3% of the gross amount of the municipality (Chen, 1992: 34). Regarding the issue of further promoting TVEs' development in Nantong, Chen (1992) argued that the key institutional innovations for this lie in, *inter alia*, optimising Nantong's institutional environment, in particular, by making use of Nantong's preferential status as one of the 14 coastal open cities initially identified by central government, to couple domestic resources with foreign investment. Chen thus stressed the importance of the role of development zones in Nantong.

Although Chen (1992) had to some extent pointed to the right path for TVEs' further development, the realities turned out to be more complex. It was the south, rather than the north, during the second stage of the reform, which exhibited a better use of development zones to promote local and regional growth in the context of increasingly intense inter-locality competitions.

7.3 Restricted development zone-driven growth in the north

The 1990s witnessed the expansion of development zones throughout China. As the most active regional growth engine, development zones not only played a paramount role in shaping regional economic performance¹⁵⁷, but also vitally affected subsequent urbanisation in different cities.

Unlike the path-dependent transplantation of the 'Southern Jiangsu Model' in the north of Jiangsu, it can be seen that, during the early stage of development zone campaigns, Nantong city was, among all the cities in Jiangsu, the first one chosen to adapt the Shenzhen special economic zone to establish a development zone within its territory. Although this central decision of choosing Nantong to some extent reflected the utilitarian orientation of 'letting some regions get rich first' from a national perspective, the adaption and transplantation practices at local scales again exhibited the deficiency of

¹⁵⁷ It is generally agreed that the average GDP growth rate of development zones in China secures 2 to 3 times higher than China's national annual GDP growth rate. See Coase and Wang (2012: 141); Liu (2007).

the earlier form of China's pragmatism, that is, the high uncertainty of generalising a local institutional success to wider scales/places.

Moreover, the subsequent rise of inter-urban competitions after China's initial development zone campaign quickly led to a radical shift of the utilitarian orientation from favouring the north to privileging the south. As Fang and Cui (2004) argued, in the 1990s the advantages generated by central government's preferential policies for Nantong were soon taken over and partitioned by Suzhou, Wuxi, and Changzhou in the south. This was because development zones in the south, though being set up a little bit later than those in Nantong city, quickly surpassed their counterparts in the north in the qualitative and quantitative senses in competing for inward investment and in producing industrial outputs.

Among the various kinds of development zones, economic and technological zones played a leading role in regional development. As the most common type, an economic and technological zone is not only indicative of a city-region's preferential status as a regional growth pole, but also is attached with a variety of state authorised preferential policies with respect to taxation, land use, and administrative approval. The aim of establishing economic and technological zones was officially summarised as the so-called guideline of 'three majors, one dedication', which was later amended as 'three majors, two dedications, and one furtherance'. This means that such zones 'mainly serve to attract foreign investments with high qualities, to promote modern manufacturing industries, and to optimise the export structure; dedicate to promote both high-tech industries and high value-added service industries; and further the transition of economic and technological zones into multi-functional, comprehensive industrial zones' (Ministry of Commerce of the PRC (MOC), 2004). Reading these bureaucratic descriptions in simpler words, the actual role of such zones lies in a well-known phenomenon, namely, 'investment invitation', which turned out to be the most essential task for local government at all scales throughout the second stage of the economic reform. The quality and quantity of inward investment thus determined the condition of a development zone, and on most occasions

determined the performance record of local state officials under China's bureaucratic evaluation system.

Parallel to the rise of development zones in China during the 1990s, the global scale had witnessed increasing economic interactions and interdependences leading to greater economic globalisation. It was in this global context that China started to gradually engage in, and be embedded within, global markets and commodity chains through exerting its comparative advantages, principally in terms of export-oriented labour-intensive manufacturing industries, towards, at first, the east Asia markets and, then the US and EU markets. Development zones were widely seen as the critical local institutions for exerting such comparative advantage¹⁵⁸. But, institutions alone cannot generate productivity, the question lies in the extent to which such institutions can practically attract and use capital, technology, and labour, and entrepreneurially coordinate all those factors to generate productivity and growth.

Regarding the source of the above factors, whilst most state-owned enterprises (SOEs) at this stage were struggling with state plans, welfare burdens, or restructuring and privatisation, TVEs, which absorbed a massive number of labourers and mostly ran labour-intensive manufacturing business, were the most active players in initiating and promoting development zones¹⁵⁹. In other words, apart from foreign direct and indirect investments, the quality and quantity of TVEs in a given locality largely determined the conditions of a development zone.

Not surprisingly, the legacy of TVEs accumulated by the south during the first stage of the reform greatly empowered this region to update and revive its growth pattern and engine through development zones at this stage (Zhu et al., 2008). On the contrary, the relative underdevelopment of TVEs in both qualitative and quantitative terms in the north directly undermined its sources of inward investment and business communities.

¹⁵⁸ For example, Liu (2009) observes that the year of 1992 represents the turning point for the Yangtze Delta River's improved engagement in the globalisation through development zones-driven growth.

¹⁵⁹ As Coase and Wang (2012: 140) suggest, development zones served to create 'fresh opportunities for entrepreneurship outside the existing economic structure where state enterprises tended to prevail.

Notwithstanding having the first national economic and technological zone in Jiangsu province, Nantong's development zones, together with other earlier economic and technological zones in China, did not secure outstanding performance. As the MOC's (2004) report commented, economic and technological zones before 1991 suffered from many difficulties such as underdeveloped infrastructures, insufficient foreign investment, and lack of experiences. The gross industrial output value of the 14 initial national economic and technological zones was 14.59 billion RMB, and they achieved a gross export value of 1.14 billion USD¹⁶⁰ (MOC, 2004). By 1991, the accumulated foreign investment attracted and utilised by the 14 zones was 1.37 billion USD (MOC, 2004).

The relatively unsatisfactory performance of the initial batch of economic and technological zones still triggered an extensive rise of development zones after Deng made his second survey trip to the south of China in 1992. Deng gave the political legitimisation to further economic reform and openness as well as the express claim of establishing a socialist market economy at the 14th Congress of the CPC justified and stimulated a new round of growth-oriented local experiments. This was characterised by, *inter alia*, the emergence of more development zones with different functions and orientations and, perhaps more importantly, at various scales. That is to say, the central state power of planning and approving development zones was partly devolved to regional and local scales. Such devolution then in effect encouraged and empowered local governments to competitively undertake and generate a range of growth models in accordance with China's pragmatism, and also served to confirm the utilitarian propensity on the other hand, albeit in a seemingly devolved manner.

Whilst the former view on the pragmatist nature of devolution is easier to understand, the latter one regarding the utilitarian propensity entailed by devolution can be more difficult to comprehend. As Coase and Wang (2012: 148) observed, 'Once Beijing gave up its claim on a monopoly of truth in

¹⁶⁰ If viewing the national economic and technological zone of Nantong alone from an evolutionary perspective, the official data indicates that after a decade since 1991, it achieved a gross value of export of 0.358 billion USD, whereas its counterparts in the south of Jiangsu, for example, Suzhou industrial park achieved 11.885 billion USD gross value of export in 2004 (MOC, 2004), which was more than 10 times larger than that of Nantong.

economic policy and allowed experimental policy-making, regional competition was able to take hold'. It is argued that it is this very phenomenon of regional and urban competition that institutionally realised the utilitarian propensity. In defining the very objects local governments compete for in regional competition, Coase and Wang (2012: 148) correctly pointed out that, in competing for investment to promote their development zones, 'local governments also vie over different ideas of economic development'. Those growth models and policies, which failed to attract investment or to promote entrepreneurship, would then be of institutional obsolescence. The intense context of regional competition washed out those failed developmental ideas and practices, and then forced those local governments who did not secure good development zone-driven performance to be more or less path-dependent on relatively successful local growth models. In other words, those city-regions with better historical-concrete business community supports again acquired utilitarian preference in terms of policy and business resources through pan-devolution and market-oriented practices.

If we apply these lines of reasoning to the context of Jiangsu province, the devolution of powers on development zones did in effect revitalise the 'Southern Jiangsu Model' to foster endogenous growth through coupling local business assets and networks with global commodity chains. And, this made the state's preference of firstly establishing the national development zones in the north of Jiangsu more like a political compromise between the reformist and conservative forces who did not wish to take an experimental risk in the key regions of the Yangtze River Delta. We saw in the first case study that devolution fostered a series of highly endogenous growth engines in the south at county scale or below. And, these socioeconomic sites at lower scales possessed a very strong competitiveness that was no less than municipal-scales. They exhibited one of the key differences between the south and the north at this stage of the economic reform¹⁶¹. In a word, it is argued that the devolution of powers on development zones, whilst promoting the south, resulted in further institutional path-dependence in the north to, and moreover, further intensely competition with, the south.

¹⁶¹ See Section 5.3.4, 5.3.5 in Chapter 5.

As Yang and Zheng (2006) suggest, since the mid-1990s, the north of Jiangsu had been strongly influenced by the growth-path of the south, thus making inward investment the only way of promoting economic performance. And they further argue that in the light of the asymmetries between the north and south with respect to, for example, the presence of TVEs, skilled labourers, management, and infrastructure, the north was in a disadvantaged position against the south in seeking inward investment. The APA's (2006) report also says that although external investment has significantly contributed to the growth of Nantong in recent years, its exogenous investment, as the following table shows, did not exceed endogenous investment until 2004.

Table 7.1: 1993-2005, Nantong Investment structure analysis (APA, 2006: 12)

	Total fixed asset investment Billion (RMB)	Endogenous investment	Exogenous investment	Exogenous investment proportion to the total investment (%)
1993	8.9	5.6	3.3	37.5
1994	12.6	7.9	4.3	37.0
1995	19.3	10.7	8.6	44.3
1996	19.9	12.2	7.7	38.7
1997	22.2	13.3	8.9	40.2
1998	25.7	14.4	11.3	42.2
1999	21.2	15.4	5.8	27.3
2000	24.0	16.9	7.1	29.5
2001	25.8	18.6	7.2	27.9
2002	31.0	20.4	10.6	34.2
2003	44.8	23.2	21.6	48.3
2004	60.6	28.2	32.3	53.4
2005	81.0	33.9	47.1	58.2

In 2000¹⁶², for instance, Nantong attracted exogenous investment of 7.1 billion RMB (this includes both FDI and domestic investment from other regions) (APA: 2006). In the same year, the FDI attracted by Suzhou, Wuxi and Changzhou (the three cities in the south of Jiangsu) was 2.88, 1.08, 0.56 billion USD respectively, whereas Nantong attracted FDI of 0.083 billion USD (Wen, 2011: 154; Zhang et al., 2008). And, at the county scale, Wujin county-level city of Changzhou attracted FDI of 115.9 million USD in 2000, whereas Haiyan county of Nantong had 7.6 million USD (statistical year book of Jiangsu 2001). Such disparities in inward investment reflected the unevenness between the north and the south with respect to both the quality and quantity of their development zones, and to, arguably, their local institutional thickness.

As Wang¹⁶³ (2012) pointed out, one of the chief problems faced by Jiangsu in relation to development zones lies in the unevenness between the development zones in different provincial regions. From a general perspective, in describing the evolution of development zones in Jiangsu over the two decades since 1984, an internal report by the Commerce Department of Jiangsu (CDJ) suggested that Deng's speech in 1992 triggered the blooming of the export-oriented economy of Jiangsu province, resulting in the sequential establishments of 4 national high-tech industry development zones in Nanjing (the provincial capital city) in 1991, and in the three cities of the south in 1992'. Alongside forming a series of provincial-level economic development zones in county-level cities in the south, the industrial park of Suzhou (the leading city in the south) was established in 1994 by the cooperation between Singapore and the local government of Suzhou, the economic performance of which proved to be one of the best across China¹⁶⁴. On the contrary, there is only one development zone in the north that was addressed by this report, and that is Nantong economic and technological

¹⁶² The annual average exogenous investment attracted by Nantong between 1993 and 2001 was 71.3 billion RMB (APA, 2006).

¹⁶³ Wang serves as the vice-director of the provincial department of commerce of Jiangsu province.

¹⁶⁴ As the best-performing development zone in China, Suzhou industrial park in the south of Jiangsu achieved a regional GDP of 190 billion RMB, a gross import and export volume of 80.46 billion USD.

zone thanks to its inward investment from the Oji Paper Group¹⁶⁵ (the largest paper manufacturer in Japan).

This internal report by the CDJ, whilst summarising the evolving situation of development zones in Jiangsu during the 20 years since 1984, also pointed out certain key clues to the regional unevenness at issue. As the report noted, ‘since the 10th Five-Year National Development Plan (since the mid-1990s), the growth of development zones in Jiangsu province had experienced a transition from quantitative extension to qualitative promotion’. This qualitative transition was primarily seen in the diversified orientations of the different development zones. This *inter alia* referred to the serially established ‘high-tech industry development zones’ solely in the south, the operations of which reflected the precedence of the south over the north with respect to industrial upgrading and restructuring. By 2005 there were 6 high-tech development zones in Jiangsu, all of them located in the south. As provincial government possessed the authority of approving the establishment of a local high-tech zone, and central government holds the authority of selecting potential qualified zones and identifying them as national high-tech zones, it is therefore easy to see a privileged position given to the south in this aspect¹⁶⁶. But it may be argued that a reverse logic is at work here. In identifying a high-tech zone, local governments have to assess and identify whether a firm can qualify as a high-tech under the supervision of provincial departments¹⁶⁷. A dense agglomeration of high-tech enterprises is the prerequisite for a high-tech zone. That is to say, whilst central and provincial governments are entitled to make final decisions on institutional issues, the

¹⁶⁵ It was noted that in 2012, Oji’s investment in Nantong gave rise to a severe local protest and then social riots because of the local concerns on the pollution caused Oji Paper Group’s manufacturing in Nantong.

¹⁶⁶ The economic importance of high-tech zones lies in three main aspects. First, high-tech zones exhibit a greater advantage in inviting foreign investments in terms of capitals, networks, and technologies, than normal development zones. Second, high-tech zones can serve to help promote local industrial structures with the purpose of enhancing local competitiveness in terms of better R&D capacity and higher value-added products and services. Third, high-tech zones can usually receive better state support for fostering and promoting pivotal, strategic sectors so as to play the leading role for industrial cluster and radiation in a region. A more specific discussion of the importance of high-tech zones to regional uneven development can be seen in **Section 5.3.3 in Chapter 5**.

¹⁶⁷ The rules and policies as to high-tech industrial development zones are articulated by ‘the State Council’s notice on the approval of national high-tech industry development zone and other relevant policy rules’. See: http://news.xinhuanet.com/ziliao/2005-02/17/content_2587962.htm (accessed on Dec 2rd, 2013).

very composition of local business and industrial communities is a prerequisite to the establishment of a high-tech zone.

In the context of furious inter-urban competition, most city-regions have made the promotion of high-tech industries their key developmental orientation according to the national strategy of industrial upgrading. This on the one hand had resulted in industrial isomorphism and duplicate construction in the south of Jiangsu. On the other hand, Liu (2009: 13) argued that it has caused an intense scramble for high-tech zones among local governments. The institutional path-dependency of the north on the growth models of the south had obviously put the north in a lagged position in relation to high-tech zones-driven growth. In other words, development zones in the north faced difficulties in competing with the south for attracting high-tech enterprises to their localities. In a group interview with the officials of Haian county, Mr. X¹⁶⁸ and Mr. Z¹⁶⁹ emphasised the critical importance of Haian's high-tech industries to local growth. And, Mr. L¹⁷⁰ also indicated that Nantong city has in recent years tackled the problem of lacking high-tech industries through establishing a series of cooperation development zones, which were collaboratively built and operated by both Nantong city and cities in the south or Shanghai¹⁷¹. But at the second stage of the economic reform, most development zones in Nantong, and in the north of Jiangsu were still largely driven by low-tech traditional industries with small and low scales of production and investment.

In an internal report provided by the Statistics Information Network of Jiangsu (the provincial statistics bureau), it was pointed out that, during the period of the 9th Five-Year Plan (1995-2000), economic development in Nantong city, especially in its northern region (where Haian county is located), was largely constrained by its low-level industrialisation and unbalanced industrial structures, which were characterised by local enterprises with low-tech and low value-added productivities. The primitive and lagged industrial accumulation in the north of Jiangsu meant that city-regions in the north were

¹⁶⁸ Mr. X serves as the director-general of Haian government office.

¹⁶⁹ Mr. Z serves as the director-general of Haian Development and Reform Committee.

¹⁷⁰ Mr. L serves as the Vice-director of Nantong municipal office.

¹⁷¹ These issues will be dealt more specifically when articulating Nantong and Haian's development at the third stage of China's reform.

disadvantaged in the context of the inter-locality competitions between development zones at different scales. This disadvantage was characterised by the difficulties encountered by local governments in enhancing local productivities of high added value and high-tech goods, and large-scale industrial agglomeration on the one hand, and also by the incapacity of local development zones to attract exogenous investments that could be coupled with local assets for promoting local endogenous growth.

It must be further noted that, whilst the inadequacy of rudimentary industrial base was a substantive, concrete disadvantage to the north in relation to development zone-driven growth, some light must also be shed on the institutional capacities of different development zones. In other words, apart from historical, concrete industrial disparities, development zones also exhibited different levels of institutional capacity in conducting investment campaigns, which in turn contributed to the regional uneven development between the south and north.

If we see development zones as the basic physical premise for industrialisation via inward investment, local governments in China then play a leading role in inviting and attracting investment into such development zones. From a general point of view, this role was a direct outcome of the devolution of economic governance powers and autonomies to local state institutions at the beginning of the 1990s. Parallel to this devolution, there had been persistent centralised personnel control by the central state, and, since 1994, the tax redistribution system. These two parallel institutions in effect motivated and reinforced the local state practice of attracting inward investment. The priority of attracting inward investment often marginalised a variety of social welfare functions of local governments, as local governments all tried to mobilise a great deal of party/state human and financial resources to search for and secure external inward investment. Based on my personal experiences¹⁷² in relation to investment invitation campaigns, local

¹⁷² When serving as the senior manager of Shanghai People Enterprise (Group) Ltd. (a top 500 Chinese company), I was practically involved in a series of investment invitation campaigns, communicating and negotiating with certain local governments who attempted to invite the company to establish some manufacturing bases in their localities. These local governments include, *inter alia*, Gangzha district government of Nantong city, Xuzhou municipal government, Huangshi municipal government, Haierbin municipal government, Panan county government of Jinhua city, Panshi county government

governments (both in the north and south of Jiangsu, and in other regions in China) usually exhibited similar patterns and features in conducting such campaigns. For example, such a campaign is often at the outset led by a head official of a local government together with his local cabinet, who will warmly introduce the general situations and advantages of the place, and propose a series of preferential offers in relation to land cost, tax exemption, and other state support. Manufacturing industries are on many occasions preferred, as factories may absorb a considerable amount of local labourers and entail fixed investment in local places, and they are particularly attractive to governments in less-developed regions. Whilst governments in more-developed regions (such as in the south of Jiangsu) usually possess better business networks, and state officials with better professional skills, at the outset of investment invitation campaign, the presence of local head officials is more important to investors, as such presence provides potential investors with feelings of being well recognised and respected, and most local governments have adopted this pattern.

Mr. W¹⁷³ and Mr. S¹⁷⁴ both pointed out to me in their respective interviews that the amount of inward investment had become a core criterion for evaluating relevant state officials' performance, and the lower the scale of a government is at, the wider the applicability of this criterion is. That is to say, state officials at county scale or below tend to be most widely involved in investment invitation campaigns. And Mr. S particularly mentioned that although the aforesaid criterion concerned the amount of investment attracted, it did not take the actual performance and side effects of such investment into consideration in assessing an officials' performance record. In other words, so long as inward investment can be financially or physically attracted to local sites, and result in a local GDP record, a positive record of an official's performance will be secured.

of Jilin city, Wenling county government of Taizhou city, Dandong municipal government, and so on. On the other hand, when serving as the personal interpreter for the Vice-direct chief of Wujin district of Changzhou city, I was also involved in certain investment invitation campaigns towards overseas and Hong Kong companies.

¹⁷³ Mr. W is a civil servant at the Administration for Industry and Commerce of Wujin district of Changzhou city.

¹⁷⁴ Mr. S is a state official served in the Labour Bureau of Wujin district of Changzhou.

This emphasis on the amount of inward investment, rather than on the actual performance or side effects of them, is understandable if we take account of the finite temporal horizon of the dominant institutional time in China¹⁷⁵. To local head officials, maximising GDP performance within their jurisdictions is of central importance to their career path, but to those basic functionaries, apart from fulfilling tasks assigned by their superiors, the issue of how to increase their personal interests through rent-seeking in the courses of state-led and regulated economic affairs is also important. In my interviews with local businessmen in Changzhou in the south, they all suggested that although they did receive a warm welcome from local head officials when being invited to invest in the north, their actual business operations encountered various troubles and obstacles directly or indirectly imposed by local functionaries after investing. Although these obstacles do not often fall into standard rent-seeking, they still harm entrepreneurship and industrial efficiency without offering the benefits of pro-business actions. On the contrary, Mr. W suggests that the district government of Wujin in the south has long adopted a tolerant, flexible attitude toward enterprises in local development zones with respect to, *inter alia*, taxation issues. According to Mr. W, this attitude may be seen as some sort of long-term strategy, which can be termed as 'offering extra water to let fish grow up'. This means that local governments during a certain starting period shall tolerate the tax evasion actions of enterprises within their jurisdictions, with the purpose of allowing some enterprises to grow up, and then acquiring adequate taxes from them at later stage when they have become much larger tax bases. And, such tolerant tax policy can foster a better environment for business initiation, and in effect attract further investment. Suffice it to say that, whilst the priority of inward invitation is manifested at the national scale as a widespread tendency, when it was practically institutionalised at local scales in a top-down fashion, different places with diverse local territories and socioeconomic spaces and pro-entrepreneurial networks, could exhibit rather diversified outcomes in terms of regional economic performance, even though these places might possess identical forms of institutions.

¹⁷⁵ The articulation of the dominant institutional time is in **Section 4.4.1, 4.4.2 and 4.4.3 in Chapter 4.**

In summary, it can be seen in this section that Nantong city and the north of Jiangsu had been actively involved in the rise of development zones during the second stage of the economic reform, and development zones in Nantong did contribute to local growth through industrialisation and investment attraction. But, Nantong's development also revealed a relatively backward tendency in the context of increasingly intense inter-locality competitions. If we see Nantong's growth from an isolated perspective, the industrialisation process at the county scale and above was progressing. But, if we compare it with the regional growth in the south, which was characterised by the substantial attractions of global financial and technological resources, and their strategic coupling with local assets (local TVEs and development zones), it can be argued that the north did not achieve a satisfactory growth, and was restrained by the south, in a path-dependent fashion, with respect to both the contents and capacities of local growth patterns and local state institutions.

In more specific terms, whilst Nantong city and the north also attempted to promote development zone-driven growth, such growth was arguably constrained by the national and provincial preferences given to the south, in the forms of establishing high-tech zones and approving county upgrading and rescaling¹⁷⁶. In an official article written by the Research office of Nantong Party committee, Huang and Zhang (2000, cf: APA, 2006: 38) suggest that at a provincial scale, the conventional asymmetric and disproportional development strategy adopted by Jiangsu province visioned and attempted to preferentially promote the south, and then to radiate and help drive the north through a ripple effect. But, the north was rigidly influenced by the 'Southern Jiangsu Model', and was also short of complementary industrial collaboration. Thus, the north did not receive any effective dispersal of industry, and faced an even more disadvantaged position in terms of inefficient competition and duplicate construction (ibid.). Huang and Zhang (2000) concluded that since the provincial government of Jiangsu put forward the idea of 'actively promoting the south, and accelerating the north' in 1984, the emphasis of provincial development had always been

¹⁷⁶ The issue of upgrading and rescaling counties in the south and its influence on regional development is discussed in **Section 5.3.4 in Chapter 5**.

on the south. The rapid growth of the south had not, as expected, stimulated the north to bloom as well. These outcomes, as a whole, arguably reflected the practices of China's utilitarianism and earlier form of pragmatism.

Indeed, Huang and Zhang's observation correctly sketch the dilemma faced by the north, which lacked both endogenous growth and exogenous investment. This situation had not changed much until China's economic reform approached its third stage, which was characterised by pervasive urbanisation-driven growth across different scales. As the APA's report (2006) noted, thanks to fixed investment-driven growth, Nantong's economy started to accelerate from 2002. This stage, arguably, not only witnessed the rise of local party and state's authorities and functions, but also delineated the birth and progress of a convergent local growth pattern with a series of strong structural selectivities across local spatiotemporal horizons. It was also during this stage that China's utilitarianism and pragmatism expressed their matured forms of institutional practices, which delivered prominent nominal growth figures on the one hand, and entailed a variety of intense socioeconomic conflicts on the other. All these issues are discussed in the next section.

7.4 The mitigated regional unevenness at the third stage of the economic reform

7.4.1 Brief introduction to China's urbanisation

Potter et al. (2008: 145) and Friedmann and Weaver (1979: 91) pointed out that most developing countries in seeking to catch up with developed states should, and indeed, did associate development with industrialisation and accelerated urbanisation. Whilst continuously involved in the actions of import substitution industrialisation (ISI) and industrialisation by invitation (I-by-I), regional (uneven) development in China at the third stage witnessed, and was mainly driven by the other growth engine described by Friedmann and Weaver (1979), that is, urbanisation.

Generally speaking, urbanisation in China was mainly a state-led process. The essential presence of the party/state of China in socioeconomic matters distinguished China's urbanisation from other westernised patterns. The label of 'state-led' entailed more than merely state interventions in

regional/local development, but new forms of central-local relations and interactions, new functions of local state institutions, and new local growth patterns, which reworked and redistributed socioeconomic rights and interests, and thus reshaped the properties and propensities of regional unevenness in Jiangsu. It is this complex state-led urbanisation process during the last 10 years or so that has carved out the current regional socioeconomic situations in China, and shaped the institutional path-dependencies, to which future development is subject.

In terms of development, urbanisation is often seen as a process jointly occurring with industrialisation (Potter & Lloyd-Evans, 1998). This was also true in the context of China. In more specific terms, rural industrialisation decollectivised rural labourers, and the rise of development zones then geographically concentrated the flow of these labourers. Such agglomeration of migrant labourers, and of capital and other elements triggered and sustained a derivative form of urbanisation. The above line of reasoning can be illustrated by the so-called ‘three concentrations strategy’, which had widely been implemented in the south of Jiangsu province since the mid-1990s¹⁷⁷.

At the first two stages of reform, urbanisation had not yet become a pivotal growth agenda to local governments, but was more a derivative of industrialisation. However, since central government asserted that the real estate industry had become a pillar industry to the national economy, urbanisation alone transitioned into a hegemonic growth agenda encouraged by governments at all local scales¹⁷⁸. This is because that urbanisation-driven growth is mainly leveraged by local land. And, local governments in China usually exert full control over the expropriation and disposal of land within their territories. Chi (2013: 17) suggested that, during the last decade (2003-

¹⁷⁷ A detailed articulation of the ‘three concentration strategy’ in the south of Jiangsu province can be seen in Zhu, W., Zhan, Y. & Han, Z. (2008).

¹⁷⁸ In a recent BBC report, Peston (2014) exemplifies the urbanisation of Wuhan city in China, pointing out that ‘The rate of infrastructure spending in Wuhan alone is comparable to the UK’s entire expenditure on renewing and improving the fabric of the country’, and ‘In this single city, hundreds of apartment blocks, ring roads, bridges, railways, a complete subway system and a second international airport are all being constructed’. Wuhan is located in Hubei province in the middle of China, which is relatively less developed compared with Jiangsu province, particularly the south of Jiangsu. Wuhan’s rapid, extensive urbanisation, as Peston (2014) argued, reflects a broader story of China’s widespread urbanisation, which is characterised by substantial development of infrastructure and commercial and residential properties.

2012), local areas in China had a common growth agenda, which was characterised by three factors. These are: an orientation towards GDP-growth; the motivating and restraining system for assessing local financial income and cadre performance¹⁷⁹, and strong administrative facilitations and interventions in regional economic development. The leading role played by local governments in urbanisation, according to Gu (2013: 19), is indicative of a critical imbalance in China's investment structure, as government investments had become the major growth engine for regional development. In other words, China's local governments, no matter whether they are located in developed or less developed regions, find that they all possess a substantial number of assets, which can be interchangeably transformed into resources and properties, as well as capital. In other words, territory and scale became the pivotal elements for development at the third stage of reform. And, the state monopoly on the primary market of land ensured and enabled each local government to exercise some strategic selectivities to privilege some types of actions and actors without seeking external resources.

All these institutional selectivities on the meta-level accorded with the growth orientation, since they served to promote local economic growth. They also revealed clear utilitarian characters, as they tended to privilege a small number of actors¹⁸⁰ with the aim of securing, within the dominant institutional time, a greatest net balance of satisfactions in terms of the best regional economic performance records. But in many other aspect, they have restrained, marginalised, and damaged the capabilities, rights and interests of the 0.21 billion migrant rural surplus labourers¹⁸¹. That is to say, state-led, urbanisation-driven growth is in accordance with the utilitarian and pragmatic features of China's growth-oriented state ideology, and with the thematic tone of China's economic reform¹⁸².

¹⁷⁹ This system in Chi's terms indeed means China's bureaucratic evaluation system, which determines local state officials' promotion or demotion upon the criteria of local GDP-oriented performance.

¹⁸⁰ These usually include: local governments themselves, state-owned enterprises, real estate developers, and other related industrial sectors and companies.

¹⁸¹ This may be reflected by the sharp decline in the contribution rate of the gross domestic consumption to China's GDP. According to the Nobel Laureate Michael Spence, in China in 2000, 'private consumption accounted for 46 percent of GDP, but by 2012, it had fallen to a mere 36 percent of GDP', see, Schlefer (2014).

¹⁸² The authorities and functions of China's state institutions (including the party and government organisation and state-owned sectors) evolved rather quickly and extensively during the third stage of

Notwithstanding the various problems caused by China's urbanisation, it did lead to pervasive growth in most places at different scales in China at the third stage of economic reform. Such pervasive local economic growth and the homogeneity in local growth patterns resulted in some reduction in regional unevenness in Jiangsu province. The next section will explore how Nantong city and its sub-region Haiyan county developed under the urbanisation-driven local growth pattern, and made their unevenness with the south be reduced.

7.4.2 Revival of the economy of Nantong city in the north subject to its previous lagged development

7.4.2.1 Restrictive factors to Nantong's urbanisation

In the first case study in Chapter 5, we briefly glanced at some aspects of urbanisation in Nantong city, such as its extremely high house prices, and aggressive expropriation of rural land. Here we will take a more detailed view, looking into some local-specific factors that have shaped and affected Nantong's urbanisation.

Since 2002, there has been a sudden but quite persistent revival of the local economy of Nantong city (APA report, 2006). As Mr. L¹⁸³ suggested, Nantong has been taking the lead in the north of Jiangsu in regional development during the third stage of reform. But, Guan (2009) suggested that the local growth in Nantong city could not conceal its lagged urbanisation. For instance, the overall urbanisation rate in Nantong in 2007 was only 48.6%, which was 4.6% lower than the average provincial level¹⁸⁴. Indeed, the 10th Municipal Congress of the Party Representatives of Nantong thus made catching up with the south with respect to the urbanisation rate an official task.

Mr. L pointed out two essential factors relating to Nantong's relatively low urbanisation rate. The first one lies in Nantong city's large territory. As noted before, the territory of Changzhou city in the south is nearly half of that

the reform. This may be simply reflected by the increasingly larger personnel composition of state institutions, and the sharply increasing number of the applicants in the state examinations in recent years.

¹⁸³ Mr. L served as the vice-director of Nantong municipal office.

¹⁸⁴ According to a rank list proposed by the Chinese Academy of Social Sciences, Suzhou city, Wuxi city and Changzhou city, which are the three main cities in the south of Jiangsu, are all listed in top 20 with respect to their urbanisation level.

of Nantong, and only includes 2 county-level cities. Nantong, on the contrary, covers 8001 km², including 2 counties, 3 county-level cities, and 1 economic and technological development zone, apart from the municipal districts. The existence of so many county-level units within its relatively large territory lowers the average rate of Nantong's urbanisation. Indeed the administratively planned urban area of Nantong in 2002 was only 355 km², which was even smaller than that of Changzhou, and this small urban area was not extended until 2009, when Nantong municipal government rescaled one of its largest county-level cities, Tongzhou, into a municipal district. While this rescaling practice in a nominal sense extended Nantong's urban coverage to 1521 km², its urban residents by 2009 were only 2.3 million, which was the same as that of Changzhou¹⁸⁵ (NBS, 2012).

This large difference in the density of urban population between Nantong and Changzhou reveals some key aspects of Nantong's lagged urbanisation. For example, despite a similar urban population, Nantong's larger urban area resulted in less *per capita* urban roads than in Changzhou, and in similar *per capita* floor space in urban areas with that of Changzhou¹⁸⁶.

According to Mr. L and Ms. C¹⁸⁷, all these problems were closely related to the substantial amount of urban land in Nantong, which was undeveloped, but which had been administratively planned and approved by governments at upper scales. In 2010, such land in Nantong covered 2156 hectare (5327.6 acre), and this ranked as number two in Jiangsu province. Ding¹⁸⁸ et al., (2012) observed that the presence of this undeveloped land in Nantong was mainly caused by *inter alia* ongoing demolition resettlements, changes of development plans, unrealised and delayed projects, and operational land reservations, while this reflected inefficient development of

¹⁸⁵ The discussion of Nantong's rescaling practice can be seen in **Chapter 6**.

¹⁸⁶ By 2009, the per capita urban road possession of Nantong and Changzhou are 18.8 m² and 20.2 m² respectively, and the per capita floor spaces in urban areas of the two cities are 35.5 m² and 37.8 m² respectively. These official statistics came from a report by Nantong's Municipal Party Secretary and Mayor. See, Ding, D. W., Zhang, G. H. & Huang, W. D. (2012), 'Accelerating modernisation and making new achievements: an analytical study on Nantong's modernisation practice', The Office of Nantong Municipal Party Committee (ed), *Investigation and study of the essential projects as to Nantong's development*. (Internal Document not for publishing)

¹⁸⁷ Ms. C served as a chief officer in the Municipal Bureau of SMEs of Nantong.

¹⁸⁸ Ding was the Mayor of Nantong city.

approved land, but also meant that Nantong had much potential for prospective urbanisation and development.

It is argued that, although Mayor Ding may be right about the potential of such undeveloped land, the realisation of this potential, as Liu et al. (2013: 120) pointed out, requires the support of extremely large amounts of state-led investments, which usually may only be financed by mortgaging or selling land. Notwithstanding Nantong's large territory, the commercialisation and capitalisation of local urban land is also subject to local governments' debt-paying abilities. As local debts in China had become too large because of rapid urbanisation at all local scales during the last ten years, central government in July 2013 urged an immediate audit of all local debts to prevent further state borrowings¹⁸⁹. In a word, the presence of numerous local debts institutionally constrained Nantong's land-leveraged urbanisation.

The second factor referred to by Mr. L concerned the population constraint on urbanisation in Nantong. An internal report of the Municipal population and family planning commission of Nantong stated that by 2010 Nantong city had a population of 7.28 million, which is about 1.7 times larger than that of Changzhou city. And, among the 7.28 million, 1.24 million are working in agricultural sectors, 2.13 million are industrial practitioners, and the rest of the working population are all in service sectors. This made the commission conclude that Nantong suffered from a lagged urbanisation, compared to the three cities in the south of Jiangsu¹⁹⁰. Moreover, this report also suggests that Nantong is a population-exporting city, which is different from most cities in the Yangtze Delta that more often than not tend to absorb rural migrants labourers to support local manufacturing sectors.

In a word, there were numerous local people (usually young labourers and graduates) migrating out of Nantong each year, since 'Nantong's built urban area is too small to have sufficient labour-absorbing capacity' (NPFPC, 2012). In addition, although Nantong enjoys a nationally well-known

¹⁸⁹ The conclusion by central government's audit was that by 2010, local governments' debts had accumulated to about ten thousand billion RMB, which approximately accounted for 25% of China's GDP; and the IMF estimated that China's actual government debts could have reached 50% of its GDP (Liu et al., 2013: 126).

¹⁹⁰ China's official criteria for assessing a city's urbanisation rate are mainly based on, *inter alia*, the percentage ratio of urban population among its total population, and on that of the industrial and service sectors' outputs among its local GDP.

reputation for its high school education, the annual rates of graduated high school and university students who return to Nantong to work are only respectively 40% and 1% respectively (ibid.) Mr. W and Mr. Y. confirmed this phenomenon, observing that many students who are from the north and studied in the south tended to work and live in the south after their graduation, rather than go back to their hometowns. Another notable point that limited Nantong's urbanisation is the average age of local residents. Whilst the enhancement of Nantong's urbanisation rate requires more labour transfer from local agricultural sectors into service sectors, the NPFPC (2012) questioned in its report the feasibility of such transfer since about 81.2% of all the local agricultural labourers are above the age of 50. That is to say, even if all the 0.23 million local young and middle-aged agricultural labourers transfer to local service sectors, the percentage ratio of service sector labour among Nantong's total labourers is still much lower than that of the three cities in the south. This can be seen in the following table, which shows a comparison between Nantong and the three cities in the south in 2010 with respect to their respective labour market structure (NPFPC, 2012:).

Table 7.2: A comparison between Nantong and the three cities in the south in 2010 with respect to their respective labour market structure

Region	Total Labourers	Regional/Local GDP	Ratio of the agricultural labourers	Ratio of the industrial labourers	Ratio of the service labourers
Jiangsu province	44.86 million	4090.3 billion RMB	22.8%	44.0%	33.2%
Nantong city	4.61 million	341.7 billion RMB	27.1%	46.2%	26.7%
Suzhou city	6.62 million	916.8 billion RMB	3.8%	64.2%	32.0%
Wuxi city	3.75 million	575.8 billion RMB	5.0%	60.4%	34.6%
Changzhou	2.68	297.6 billion	12.0%	55.3%	32.7%

city	million	RMB			
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Generally speaking, the two major factors¹⁹¹ that had constrained urbanisation in Nantong, and indeed, in the north of Jiangsu province at large, were to some extent interrelated, and followed from Nantong's previous lagged regional development. In more specific terms, Nantong's slow and insufficient rural industrialisation during the first stage of reform led to a weak growth of TVEs in both qualitative and quantitative terms, and then, this weak endogenous business community could not support the growth of development zone-driven economies in the context of intense inter-urban competitions for inward investment and new technologies. Therefore, its insufficient rural industrialisation meant that a large amount of rural labourers could not be transferred into industrial sectors, but chose to migrate to other city-regions (on many occasions, to the cities in the south). In a word, Nantong's lagged development with respect to local TVEs and development zones exerted, in a path-dependent fashion, critical constraining effects on its state-led urbanisation growth.

These arguments indeed differed in some aspects from the official view which asserted that Nantong's industrialisation was just lagging behind its urbanisation¹⁹². It is argued that this official view over-simplifies and neglects the causalities in terms of path-dependency between Nantong's major local growth patterns at different stages of reform. However, a notable point must be recalled here. This refers to the broken nexus between industrialisation and urbanisation under the urbanisation-driven local growth pattern at the third stage of China's economic reform¹⁹³. Although Nantong's urbanisation was constrained by some path-dependencies, it was, as will be seen in the following discussion, still playing a key role in promoting overall local economic growth. In other words, although industrialisation in a lagged status undermined some rudimentary elements for promoting Nantong's urbanisation

¹⁹¹ These refer to: a substantial amount of undeveloped urban land and the high percentage ratio of agricultural labourers.

¹⁹² This official conclusion can be seen in, for example, the APA report (2006), and a series of official speeches made by the Party Secretary of Nantong, and the Mayor of Nantong.

¹⁹³ See **section 5.4.1 in Chapter 5**.

in a conventional way, the broken nexus between these two key processes enabled Nantong's urbanisation to progress, just like all other city-regions which adopted the urbanisation-driven growth pattern, in a utilitarian and pragmatic fashion to contribute to high GDP growth, and a consequent unfair socioeconomic distribution and unevenness within its own territory.

7.4.2.2 Achievements and side effects of Nantong's urbanisation

According to the 12th Five-Year Plan Summary for Nantong's Economic and Social Development¹⁹⁴ (2011), 'during the period of the 11th Five-Year Plan (2006-2010), Nantong had secured great achievements in terms of the successful establishment and utilisation of Su-Tong Bridge, which connects the south and north of Jiangsu province across the Yangtze River, the successful building and utilisation of the three principal seaports in Nantong city, the large-scaled urban construction, and the growth of large development zones'¹⁹⁵.

Notably, the four prominent achievements addressed by this plan summary are all concerned with projects related to infrastructure and property construction, and the underlying motivation of focusing on these two sorts of projects is arguably premised upon both economic and political considerations.

Regarding the economic consideration, it has been suggested in Chapter 6 that residential and commercial property development in many cities in China contributed more than half of their gross local revenues. Local land revenue derives from a land-transferring fee, which usually amounts to 20%-40% of the final real estate price, and from transaction-related taxes, which usually amount to 30%-40% of the final real estate price. This means that roughly 50%-80% of the actual market price of a real estate property consists of different state revenues (Yuan, 2012: 24).

As the Plan Summary (2011: 2) observed, Nantong's gross state incomes grew dramatically from 17.11 billion RMB at the end of the 10th Five-

¹⁹⁴ This Plan Summary was passed on Feb 24th, 2011 in the forth conference of the 13th Municipal People's Congress of Nantong.

¹⁹⁵ This paragraph is expressed at the very beginning of the Summary Plan, which serves to deliver an official evaluation, defining the most crucial and obvious characteristic of Nantong's socioeconomic development during a specified period.

Year Plan (roughly the year of 2005) to 71.34 billion RMB at the end of the 11th Five-Year Plan (roughly the year of 2010). An interesting comparison may be found. It is noted that although Nantong's gross state income increased more than four-fold during the five years from 2006 to 2010, the average annual income of the urban and rural residents in Nantong, only increased about 1.8 times during the same five years period¹⁹⁶.

The big difference between the increasing rate of local government's income and that of local residents' income reflects, on the one hand, the financial importance of land and property development to local government, as well as an extremely unfair distribution of the gross regional wealth among the local state institutions, property development related practitioners, and the majority of urban and rural labourers. On the other hand, as a big portion of local government's financial income derives from the land transferring fee and property development related taxes¹⁹⁷, the dramatic rise in such income indeed also reflects the prosperity of Nantong's urbanisation.

Regarding the political consideration, the enhanced local state income did not favour the majority population in egalitarian ways, but was spent on most occasions on urban infrastructure projects, which could bring about better performance records under China's performance evaluation system. As Wu and Deng's (2013) empirical research on 283 municipal-level cities in China pointed out, local state investments in urban infrastructures and encouraging residential/commercial property development were the most effective measures that can be used by municipal party secretaries and mayors to get promoted, whereas state investments on, for example, environment protection matters tended to undermine promotion prospects.

After briefly clarifying the political and economic considerations that motivate local governments to promote urbanisation mainly through infrastructure and property development, we will look into these two sorts of

¹⁹⁶ The average annual income of urban residents in Nantong increased from 11590 RMB to 21825 during the period from 2006 to 2010, and the average annual income of rural residents in Nantong increased from 5501 RMB to 9914 RMB during the same period.

¹⁹⁷ Albeit there is no data directly showing the precise proportion of Nantong's gross land transferring fee within the local government's gross financial income, it has been found from separate sources that Nantong's gross land transferring fee in 2010 is about 45.4 billion RMB (see data collected by the www.soufun.com which is one of the largest real estate agent website in China), and Nantong local government's gross financial income in 2010 is 71.3 billion RMB. Thus, it is calculated that land transferring fee accounts for about 63.7% of the local state financial income.

projects more closely to see how they affected the local development in Nantong city.

Regarding the infrastructure construction in Nantong, Mr. C¹⁹⁸ puts forward a dialectic view of Nantong's massive infrastructure investment during the third stage of the reform. He suggests that, while the massive local infrastructure investment in Nantong reflects a common trend of using infrastructure investment to enhance local GDP and secure better performance records for state bureaucratic promotion, some of them were built for one specific aim, that is, the municipal strategy of 'economically integrating into the south of Jiangsu province'. Such projects include, for example, the Su-Tong Bridge¹⁹⁹, which was started in 2003 and completed in 2008, and a series of cooperation development zones co-established by Nantong and the cities in the south of Jiangsu. The strategic importance of the Su-Tong Bridge lies in the fact that, with the successful completion of the bridge, there is now a motorway directly connecting the territory of Nantong with that of the south of Jiangsu province. A chief director of the Gangzha District of Nantong once mentioned to me a famous joke that, although Nantong in Chinese literally meant 'go through to the south', the reality was 'it cannot go through to the south because of the Yangtze River'. Indeed, many interviewees said that the absence of any bridges between Nantong and the south made Nantong geographically isolated and marginalised from the south and Shanghai. They all saw this as one of the key reasons resulting in regional unevenness. Notably, when I asked why a railway was not integrated into the Su-Tong Bridge²⁰⁰. Mr. C says that although railways can contribute more to inter-urban industrial and economic cooperation, the authorities of planning and constructing motorways and railways under the current central institutional arrangements fall into the different Ministries, including, the Ministry of Transport, the Ministry of Housing and Urban-Rural Development,

¹⁹⁸ Mr. C serves as a division director of Shanghai Railway Bureau, who supervises all the railway matters within Nantong's territory.

¹⁹⁹ The full name of this bridge is Su-Tong Yangtze River Bridge, which has a span of 1,088 meters, and it was the cable-stayed bridge with the longest main span in the world. Its two side spans are 300 meters each, and there are also four small cable spans. See: http://en.wikipedia.org/wiki/Sutong_Bridge (accessed on March 5th, 2014)

²⁰⁰ Nanjing Yangtze River Bridge, which was built in the 1960s and connects the south and north of Jiangsu, has built-in railways together with motorways. There should not be any technical problems for doing this.

and the Ministry of Railway. This separation of power at the central and local scales may give rise to difficulties for carrying out ministerial cooperation. Another reason for not having a railway bridge, according to Mr. C, lies in the local industrial structure and resource endowment in Nantong. The principal industrial outputs of Nantong for Shanghai and the south of Jiangsu are agricultural products such as vegetables and eggs, and these do not entail the necessity of having railway transportation. Mr. C also says that, compared to increased multi-track railways in the south, which reflects dynamic local economies there, most railways in Nantong are still of single track. And, an anonymous local head official of Nantong observed that, while the opening of the Su-Tong Bridge does contribute to integrating Nantong into the sociospatial and economic circle of the south of Jiangsu, the prominent Shanghai-Nanjing Intercity High-Speed Railway²⁰¹, which started to operate in 2010, has in effect marginalised Nantong and the north of Jiangsu as a whole again from the south.

Compared to the Su-Tong Bridge, cooperation development zones in Nantong have more complicated implications for Nantong's growth and attempted integration into the south. Zhang Guohua, the current Mayor of Nantong proposed in an internal municipal meeting that the development of Nantong should focus on promoting and transiting local development zones through effectively coordinating industrialisation and urbanisation, with the aim of building Nantong into a modernised new city with first-class development zones²⁰². In addition, Mayor Zhang stressed the importance of complementary interactions between industrial operations in development zones and urban lives. Whilst Mayor Zhang seemed to attempt to re-connect the broken nexus between urbanisation and industrialisation, some doubts emerge as to the feasibility of Mayor Zhang's strategy. This strategy is indeed highly identical to

²⁰¹ The Shanghai-Nanjing High-Speed Railway is a 301 kilometres (187 miles) long high-speed rail. The construction of this high-speed railway began in July 2008. The line went into test operations in early April 2010, and opened for full service on July 1, 2010. The line has a design speed of 350 km/h (217 mph). The journey time between the two cities has been shortened from 120 minutes to 73 minutes on non-stop service. According to the arrangements of related departments, 120 pairs of trains are operating on the line, and the time interval between the services is 5 minutes at the shortest. The railway links some major cities in the Yangtze River Delta, including Suzhou, Wuxi, Changzhou, and Zhenjiang, effectively making the southern Jiangsu city-belt operate like a single metropolitan region. See: http://en.wikipedia.org/wiki/Shanghai-Nanjing_Intercity_Railway (accessed on Mar 4th, 2014)

²⁰² See, The speech in municipal the meeting as to the open up policy issues, by Mayor Zhang Guohua, Sep 27th, 2012.

the chief growth pattern of the south of Jiangsu during the second stage of the reform, in particular, to the 'three concentration strategy' extensively adopted in the south. As Nantong had not been able to secure a prominent local economic performance during the second stage in the context of inter-urban competitions, it is reasonable to doubt whether a return to the old growth pattern may work.

Mayor Zhang's answers to these doubts seem to lie in the very transition from previous inter-urban competition to present inter-urban cooperation. Such cooperation is specifically embodied by, *inter alia*, the Su-Tong technology industrial park and the Xi-Tong technology industrial park, which are being collaboratively constructed and run respectively by Suzhou and Nantong (Suzhou is in the south of Jiangsu) and Wuxi and Nantong (Wuxi is also in the south of Jiangsu) (Zhang, 2012). As most of these cooperation development zones in Nantong are still under construction during the third stage of the reform, their impacts on regional unevenness cannot be assessed in this research. Suffice it to say that the most important event that directly triggered this institutional transition from regional competition to cooperation is the most recent global financial crisis. Generally speaking, the financial crisis has profoundly affected China's export-oriented growth engine, resulting in a series of severe and interrelated problems such as the extensive recession of the export-oriented manufacturing sector, and the reflux of unemployed migrant labourers back from urban/semi urban regions to rural and inland areas. The reduction of global market demands and the increase in the various transaction costs for running a labour-intensive manufacturing enterprise, together forced a great number of enterprises in the south of Jiangsu, to either upgrade their products and production, or sociospatially transfer their production bases to less developed regions, which can provide lower land costs and more labourers thanks to the return of migrant labourers. Nantong's 12th Five-Year Plan Summary has outlined a strategy to selectively receive industrial transfers from Shanghai and the south of Jiangsu as a key part of Nantong's regional cooperation strategy. It is thus against this global background that some regional cooperation projects between the south and the north became possible. But, to what extent such cooperation can

contribute to the reduction of regional unevenness remains a doubtful question.

Mr. A, who is a chief manager of a large chemical factory, suggested to me that the factory run by his family was a typical TVE located in Suzhou city in the south, which was later privatised. His factory suffered quite severely during the financial crises and had been mandated by local government to transfer out of Suzhou by 2011 because of new environment-protection policies. Eventually, his factory was transferred to Nantong city. As Mr. A said, most factories transferring out of the south are in the labour-intensive manufacturing industries and they are also environmentally contaminating. There have recently been a lot of local concerns over such transfers. It was noted in Chapter Six that an aggressive local protest against the establishment of a paper manufacturing enterprise, occurred in Qidong, which is a county-level city in Nantong, on July 28th, 2012. In this protest, the Mayor of Qidong city was caught and put under detention by local protestors who forced him to express a position against the establishment of such factories. The outcome of this event was that the Nantong municipal government issued an official notice to rescind the paper factory project²⁰³. Mr. A admitted that this protest resulted in a delay to the transfer of his factory. It is fair to conclude that although regional cooperation in the form of industrial transfer could contribute to regional growth of the north, but it might also give rise to many negative effects.

Regarding property development in Nantong city, since the land supply aspect of the real estate industry has already been assessed in Chapter Six, this section hence only focuses on the issues related the house prices in Nantong. Generally speaking, it is argued that the financial capacities of the majority of urban and migrant residents are directly and/or indirectly undermined by the prosperity of the real estate industry. As noted before, high land transferring fees are included in the final house prices, which are born by consumers. Hence, it can be reasonably assumed that the dramatic rise of Nantong's state income leads to a high average house price in Nantong.

²⁰³ See, <http://politics.people.com.cn/n/2012/0728/c70731-18618626.html> (accessed on March, 6th, 2014)

But, the reality has turned out to be even worse than this assumption. Ms. J²⁰⁴ pointed out that Nantong's average house price was unique among the so-called third tier cities, as its average price was even higher than many second tier cities. But, this high average price does not reflect high market demands in Nantong. On the contrary, Ms. J suggested that Nantong's real estate market in recent years has suffered consistently low trading volumes, usually about 900 flats/houses per month. Notably, the average house price of Nantong has been consistently higher than that of Changzhou for more than 7 years. Its average house price in 2010 was 7541 RMB, which was No. 30 among the top 100 cities of high house prices in China, whereas Changzhou was ranked at No. 40 with an average price of 7087. In 2013, Nantong's rank was raised to No. 21, whereas Changzhou's rank was No. 32 and Wuxi²⁰⁵ was ranked after Nantong as well²⁰⁶. Ms. J observed that Nantong's high house prices and low trading volumes and occupancy rates, while contributing to extraordinary local GDP growth, entailed the risks of inefficient land development and house bubbles.

And, high house price tended to drain investment away from the 'real side' of China's national economy, driving it into real estate sectors to pursue higher profits. This greatly damaged investment in China's labour-intensive manufacturing industry, and then directly gave rise to massive unemployment, low incomes for the majority of migrant labourers, and incapability to achieve industrial upgrading. This also reveals the broken nexus between China's urbanisation and industrialisation.

From a micro-perspective, high house prices also affect domestic purchasing powers of the majority, further widening the wealth gap and reducing the contribution made by consumption to the national economy. Whilst the urbanisation-driven local economy encouraged the prosperity of the real estate sector in Nantong, the overly high house prices had, as the People's Daily (2013) criticised, increased the costs and obstacles to further sustainable urbanisation. Arguably, Nantong showed at this stage of the

²⁰⁴ Ms. J is a senior journalist of the provincial official broadcasting of Jiangsu (JSBC).

²⁰⁵ Wuxi city is also located in the south of Jiangsu.

²⁰⁶ The house prices of all cities in China were shown by the data of the Chinese real estate information system (CREIS) collected and published by the State Council of China.

economic reform a typical form of pseudo-urbanisation, which was critically discussed in detail in Chapter 6.

7.4.2.3 Regional uneven development during the third stage of economic reform

Notwithstanding the side effects of Nantong’s urbanisation-driven growth, it is argued that, from a holistic perspective, regional unevenness between Nantong and the south of Jiangsu was in some aspect being reduced. This can be illustrated by the following comparisons.

In viewing Nantong’s overall development against that of the south at the end of the 11th Five-Year Plan, Ding et al. (2011: 7) observed that, by 2010, Nantong was approximately equal to the average level of the south in 2007 in some key economic performance indicators, and regional unevenness was in many aspects being reduced. As Ding is the current Party Secretary of Nantong, his observation largely represents the official view. The charts below illustrate this reduced unevenness at the third stage of China’s economic reform.

Table 7.3: The comparison between the regional GDP of Nantong and the average of the south of Jiangsu province from 2003 to 2010 (Ding, et al., 2011: 8)

Year	The regional GDP of Nantong (billion RMB)	The average GDP of the south	The ratio of Nantong against the average of the south
2003	98.018	156.298	62.7%
2004	119.574	191.640	62.4%
2005	148.380	231.781	64.0%
2006	178.839	273.285	65.4%
2007	216.369	324.838	66.6%
2008	259.313	382.230	67.8%
2009	287.280	423.058	67.9%
2010	246.567	503.708	68.8%

Table 7.4: The comparison between the gross state income of Nantong city and the average of the south of Jiangsu province from 2003 to 2010

(Ding, et al., 2011: 9)

Year	The gross governmental income of Nantong (billion RMB)	The average gross governmental income of the south	The ratio of Nantong against the average of the south
2003	11.699	24.411	47.9%
2004	13.872	31.608	43.9%
2005	17.119	39.779	43.0%
2006	21.757	49.358	44.1%
2007	30.071	63.466	47.4%
2008	39.021	79.577	49.0%
2009	48.610	95.750	50.8%
2010	71.336	148.271	48.1%

If we compare Nantong city with the south in 2005 and 2010 respectively with respect to some key economic indicators such as gross fixed asset investment, gross local consumption, and gross value of exports and imports, all such indicators show that Nantong has consistently been reducing regional unevenness in most aspects except two, those are, foreign direct investment (FDI) and disposable personal income (DPI) of local urban residents (Ding, et al., 2011: 8). If we use Changzhou as the specific counterpart to Nantong, it can be seen that Nantong lagged behind with respect to per capita local GDP, DPI of local urban and rural residents, and the rate of urbanisation by 2009 (Ding, et al, 2011: 5).

It is thus argued that, while the lagged general socioeconomic development of Nantong may be attributed to its path-dependent growth of TVEs and inter-locality competition-constrained growth of development zones, its low urbanisation rate and low personal income were ascribed to its unreasonably high local house prices. And, although local state institutions

and a few interest groups had benefited from high house prices, not only were the generalizable interests of the majority of local and migrant residents undermined, but they also produced a risky economic bubble that made this growth pattern unsustainable. It is noted that Changzhou in the south has also suffered extremely high vacancy rates in residential property. And, this reflects the homogeneity in their local growth patterns.

Finally, a crucial consideration, which has to be taken account in comparing Nantong and Changzhou, is that Nantong has a larger population as well as almost twice the territory of Changzhou. Thus, although Nantong has secured a larger gross local GDP than Changzhou, it still lagged behind Changzhou in almost all the per capita socioeconomic indicators except some trivial and ambiguous issues such as the number of PC ownership per 100 households, overall social satisfaction to public security etc. (Ding, et al., 2011). But regarding the key indicators such as per capita GDP, Nantong has even fallen behind some cities in the north. The following table shows a comparison on the per capita GDP between Nantong and Changzhou in recent years (Ding, et al., 2011).

Table 7.5: A comparison on the per capita GDP between Nantong and Changzhou

Year/ per capita GDP	Nantong city / rank in the province	Changzhou city / rank in the province
2008	36199 RMB / No. 7	51746 RMB / No. 3
2009	40231 RMB / No. 7	56861 RMB / No. 3
2010	48083 RMB / No. 7	67327 RMB / No. 3
2011	56005 RMB / No. 7	77485 RMB / No. 3
2012	62506 RMB / No. 7	85040 RMB / No. 4

During the third stage of China's reform, Wuxi city and Suzhou city interchangeably occupied the first two ranks in Jiangsu province with respect to per capita GDP, and, it is also noted that, Nanjing city (which is the capital city of Jiangsu), Zhenjiang city (which is located in the south but not conventionally included in the core economic circle of the south), and

Yangzhou city (which is located in the north, and is famous for its tourism and being the hometown of Jiang Zemin the former Chinese president), have all been ahead of Nantong city. This in some ways reveals that not only Nantong city, but also other cities in Jiangsu province are also contributing to reduced regional unevenness.

In order to address this disproportionality in terms of unequal population and territory in analysing regional unevenness, Haiyan county of Nantong will be analysed in more detail, since it possesses a similar territory and population to those of Wujin county-level city of Changzhou.

Before we move into the analysis of Haiyan county, a brief summary of Nantong at the third stage of the economic reform is worth outlining. The whole course of Nantong's development at the third stage was primarily characterised by its rapid urbanisation, which was exemplified by a series of big infrastructure projects, and a large number of high-priced local real estate projects. Local state institutions played a leading role in shaping and pushing forward these projects. As noted in Chapter Six, such leading roles were based on, and realised by, a state monopoly over a distorted local land supply. Although Nantong's urbanisation was in some aspects constrained by its lagged industrialisation at earlier stages, the extensive scale of urbanisation within Nantong's large territory still helped to considerably improve its local growth. This revealed a clear tendency of reducing regional disparity although in a somewhat unsustainable way.

The reason for saying Nantong's urbanisation-driven growth is unsustainable lies in three issues. First, local growth that is based on large infrastructural investment has resulted in a substantial amount of local debts born by local government. As local government officials do not have to be responsible for local debts that go beyond their office term²⁰⁷, many local governments in China now have huge debts, which have forced central government to limit this growth pattern.

²⁰⁷ The CPC Organisation Department has recently issued a policy paper, stating to change the old bureaucratic evaluation system by making local state officials be responsible for all local debts, which are borrowed within their office terms. See: 'Notice as to modifying/improving the evaluation on the record of performance of local party/state head officials', CPC Organisation Department Issued [2013]

Second, whilst local governments and real estate developers have benefited from urbanisation, the unfair distribution of wealth, and the removal of rural residents from their land have given rise to increasingly intense social discontent and conflicts. These have led to challenges to the public consensus on the growth-oriented state ideology, and in turn to the regime legitimacy of the party/state of China.

Third, rapid urbanisation together with industrialisation, have brought about increasing environmental concerns, which can also limit the continuity of such growth pattern.

7.4.3 Haian's local development at the third stage of the economic reform

It was noted at the beginning of this Chapter that Haian county was, during the first two stage of the economic reform, regarded as a so-called 'Little Sixth'²⁰⁸ because of the lowest economic performance among all the districts and counties in Nantong. This began to change when approaching the third stage of China's reform, and when, perhaps to some extent coincidentally, Zhang Shushan became the County Mayor of Haian in 2002, and later the Party Secretary of Haian in 2006.

To particularly stress Zhang seems to contradict my research epistemology, as it is inclined to focus on the rationales and roles of state ideologies and institutions, and their essential logics and parameters within China's 30 years of economic reform. However, this does not mean that the actions of individual officials may be neglected. On the contrary, local official leaders are endowed with great power, but are not subject to sufficient official scrutiny. But, in promoting local development, most local official leaders tend to hold a conservative position, adopting those mainstream growth patterns of the day. As most local head officials' office terms are subject to the temporal horizon of the dominant institutional time, which covers five years or less, not all local head officials have the time and the courage to bear the political risk of experimenting radical reform initiatives for local development. Thus, whilst

²⁰⁸ See China's official press, Jiefang Daily, 'The Little Sixth now becomes The Big First – The integration of limited resources by Haian county for promoting enterprises and employment', 2011 May 9th

local governments often interacted through inter-urban competitions, such competition do not involve conflicts between institutional innovations with substantive differences. This has been particularly so since China explicitly clarified the ideological issue of establishing the socialist market economy in 1994. And, this is how the phenomenon of the homogeneity of local growth patterns becomes possible²⁰⁹.

Quoting the above issues serves to identify the practical economic difficulties and political risks facing local head officials who dare to attempt to make institutional innovations. This is one of the major considerations, which leads me to concentrate on state institutions and ideologies. But although there is no such a thing as the 'Haian Model', it seems that some distinctive features expressed by Zhang's strategies and practices for local growth in Haian should not be overlooked, because of, not only Zhang's long term of office in Haian, but also the outstanding economic performance attained by Haian at the third stage.

In a seminar held for my fieldwork, Mr. D²¹⁰ emphasised that the leap of Haian county, since the inception of the 10th Five-Year Plan (2001-2005), had relied on, and empowered by, the local industrialisation strategy in the interest of both Haian county and its local residents. A key implication of Mr. D's statement lies in the fact that, during the third stage of reform, Haian still focused on local industrialisation, even though urbanisation had become a pervasive local growth engine in many places. Mr. Z²¹¹ suggested in this seminar that the industrialisation-oriented local development strategy was

²⁰⁹ Since the mid-1990s, only two local growth/governance models with outstanding characteristics and performances have attracted national attention, and been named after the relevant cities/regions. These are: the Chongqing Model and the Guangdong Model. Chongqing city is one of the 4 direct-controlled municipalities along with Beijing, Shanghai, and Tianjin city. The Chongqing Model was formed and promoted by the famous former party secretary of Chongqing, Bo Xilai, who has recently been arrested and sentenced during his office term in Chongqing. The Guangdong Model was promoted by the former party secretary of Guangdong province, Wang Yang, who currently serves as the vice-premier of China. And, Wang is the one who first puts forward that 'promotion-related achievement needs not be completed within his prefecture'. The Guangdong Model was confined to, and experimented in, Guangdong province, which has always been the most open and liberalised region in China's economic reform. Contrary to the emphasis on economic growth and open environment, Bo's Chongqing Model was characterised mainly by its stress on social justice and fair distribution. But, even these two models had now largely decayed. Guangdong province has since the reform always been the most developed region in China, and this fact, arguably, makes the Guangdong Model less innovative. The Chongqing Model stands out under the growth-oriented state ideology, and has been criticised by Bo's political opponents, who claimed that it is reminiscent of the Cultural Revolution.

²¹⁰ Mr. D is the current Mayor of Haian county.

²¹¹ Mr. Z serves as the Director of Haian's Development and Reform Commission.

chiefly determined by Haian's Party Secretary Zhang, and this strategy indeed reflected both Haian's advantages and disadvantages.

In more specific terms, Haian is in a disadvantageous position with respect to its geographical location, as it has no link to the Yangtze River and has a rather short coastline (8.55 km). And, Haian's rural industrialisation and development zone growth ranked the lowest among all the 6 counties and districts of Nantong city. One of the most severe factors that restricted Haian's local industrialisation at that time was the highly scattered local administrative division. This factor also financially and institutionally constrained Haian from conducting extensive urbanisation. As Mr. U²¹² pointed out in the workshop that, by the end of 1984, Haian consisted of 42 towns and villages; and by the end of 1995, this was rescaled into 34 towns and villages. Since 2000, more aggressive rescaling practices had been carried out. By 2001, there were 22 towns and villages. In 2004, this number had been reduced to 14. Finally, by the end of 2011, Haian's administrative territory was rescaled to include 10 towns and 3 development zones (one National development zone, one high-tech industry zone, and one new urban zone).

It can thus be seen that the general trend of Haian's internal local rescaling practice during the last decade was to rescale and merge small villages and towns into larger towns. This pattern of rescaling practice, as Mr. Zhang noted, serves a twofold objective. This refers, first, to rescaling the scattered administrative places, and then integrating their local assets and resources, with the purpose of forming a number of prominent units, and strengthening the physical facilities and institutional capacities of these units, which may in turn help promote industrial fostering and agglomeration; and, second, to accomplishing this rescaled territorial and institutional arrangements in order to prepare for, and facilitate, Haian's future extensive urbanisation. It can thus be argued that from the perspective of the TPSN approach, territory, scale and rescaling of institutions played a key role in local development in Haian, they made difference to the sociospatial foundation, upon which Haian's industrialisation and urbanisation can be processed.

²¹² Mr. U serves as the Director of Haian County Office.

Zhang's strategy is indicative of an interactive and balanced development plan between local industrialisation and urbanisation. That is to say, rather than promoting the state-led, urban property- and infrastructure-oriented pseudo-urbanisation process, Zhang, during his ten years term, focused on optimising the strategic territorial and scalar composition for Haian's rural industrialisation on the one hand, and, on promoting a set of industrially specialised, endogenous industrial agglomerations that fit with the local territorial and scalar composition on the other. In Zhang's words, 'Haian's urban and rural planning shall be designed in a strategic way, not only corresponding to the national strategies, but also to coordinate the local land use plan and the urban construction plan, and thus to promote local industrial agglomeration'. In short, Mr. Zhang sees industrialisation as a key prerequisite to proper urbanisation.

In practice, Zhang's local growth pattern did give rise to a highly accelerated local development in Haian county, and this prominent performance record has led to a promotion for him (Mr. Zhang now serves as a Member of the Standing Committee of Nantong Municipal Party Committee, and the Director of Propaganda Department of Nantong Municipal Party Committee). Before elaborating certain specific issues about Haian's development during the third stage of reform, two seemingly connected issues are worth mentioning. First, Zhang's 10 years term of office (5 years as the County Mayor and 5 years as the County Party Secretary) in one place was by no means a common practice in China. According to a report by the First Finance Daily (2013), the average office term of county party secretary in Jiangsu province between 1998 and 2010 was 3.53 years, and this had been one of the longest average office terms in China. It is thus argued that Zhang's long, consistent office term in Haian provided him with sufficient time to initiate and realise some policies with long-term effects. This is indeed a great advantage, which is not usually enjoyed by other local head officials, who tend to conform to the dominant institutional time and choose to conduct short-term GDP-oriented policies. The second issue lies in the fact that, after Zhang's promotion, Haian county passed its holistic urban development plan for the period between 2012 and 2030, and the local government of Haian

now begins to concentrate much more on urbanisation, seeing it as a new, key growth engine (Lu & Zhou, 2013). Whilst this official expression of prospective growth strategy may only nominally serve to correspond to the new Premier Li Keqiang's national strategy of making new-urbanisation the chief growth engine, it must be noted that Mr. Zhang's political legacies (including: rescaled and integrated territorial composition, enhanced local industrial bases and business communities, and agglomerated and specialised development zones) have not only made Haian county already prepared for extensive urbanisation, but also prevented Haian from suffering the problems of unsustainable local debts and severe environmental contamination, which are now pervasively faced by many local governments in China. In a word, it can be argued that the length of a local head official's term of office is of importance to the performance of his territory.

In turning our attention to the specific local growth pattern of Haian during the third stage of China's reform, Mr. Zhang points out three key elements, apart from the serial territorial rescaling and integration. The first key element refers to fostering and promoting more local enterprises with unique local competitiveness with the purpose of creating strong an endogenous growth engine. In practice local government tried to target a number of local private SMEs with the most potential, and provided them with a series of preferential policies and financial support with the aim of fostering them to be examples for others.

In targeting and fostering local SMEs, local government did not choose to promote multifarious sectors, but instead concentrated on a few sectors, which exhibit unique local features and exert local productive competitiveness. After investigations, the local government made textile, equipment manufacturing, and high-tech industries the three principal sectors. As a result, during the period of the 10th Five-Year Plan, Haian attained 32.5% annual average industrial output growth rate. This is 1.6 times more than planned. And, Haian's local gross industrial output reached 45.4 billion RMB in 2005, which is 4 times that of 2000. By 2005, there were 55 local large-scale enterprises in Haian, whereas there were only 6 enterprises of this scale in 2000.

The second key element refers to regional cooperation. In the 8th Conference of the 10th County Party Committee of Haian in 2005, local government for the first time proposed the aim of 'socioeconomically integrating into the south of Jiangsu, and competing for being in the Top 100 counties in China'. As Mr. Zhang suggests, the strategy of socioeconomically integrating into the south of Jiangsu does not mean being path-dependent on the growth pattern of the south. On the contrary, it will not follow the path of the south, since this may lead to industrial isomorphism, and Haian has no advantage in competing with the south in similar sectors. According to Mr. Zhang, the critical significance of integrating into the south lies in the other two key strategies, namely, establishing specialised development zones, and promoting high-tech industries and cooperation. As he states, there have been four industrial districts constructed in Haian since 2005, and all these industrial districts are not rigidly confined by local town boundaries and urban-rural thresholds, but are constructed in accordance with the various sociospatial and industrial features of the respective regions, within which the relevant industrial district is located. In order to improve the industrial output of each industrial district, local government has set out some policy regulations, specifying that all the industrial projects operated in industrial districts should involve no less than 1.6 million RMB investment per mu (1 mu is equal to 666.67 square meters), and the plot ratio must be no less than 0.6. Any unqualified projects will be punished.

In practice, local government is now facilitating the construction of the Xi-Hai industrial park (cooperatively constructed by Wuxi city in the south of Jiangsu, and Haian) and the Yangpu (Haian) industrial park (cooperatively constructed by Yangpu district of Shanghai, and Haian), and making these two industrial parks an example for attracting more investment and projects from Shanghai and the south of Jiangsu. Haian's consistent emphasis on rural industrialisation and development zone eventually leads to the establishment of Haian national economic and technological development zone, which is the first county-based national-level development zone in the north of Jiangsu. As mentioned, the establishment of a national development zone is indicative of central government's recognition of the local economic performance of a

city/county. In addition, the presence of this development zone confers on Haian a series of entitlements to supra-county administrative powers and preferential status, which may further promote the local growth of Haian.

The third key element refers to the local government's emphasis on fostering and promoting high-tech industries. In the group seminar with the local head officials of Haian, all of them particularly mentioned the various efforts made by the local state institutions in supporting high-tech industries. As Mr. Zhang suggested, Haian has in recent years established a series of scientific and technological fostering bases, which cover an area of 390000 square meters, and serve to provide various financial, legal, and technological assistances to local high-tech enterprises. These bases can be seen as some sort of state-supported R&D centres which closely cooperate with high-tech enterprises with the purpose of realising technologies into actual products with high competitiveness. In order to achieve this aim, Haian county government put forward a set of performance evaluation criteria for all the head officials of each town of Haian.

In more specific terms, town-level head officials are required to contact local enterprises within their respective jurisdiction to learn their technological needs and difficulties, and to visit universities and colleges in Jiangsu or even other provinces to establish certain partnership projects for helping solve local enterprises' technology-related problems. Universities in the south of Jiangsu are often the first choice. For example, the Institute of Technology of Changzhou city, the University of Changzhou city, and Nanjing Agricultural University have respectively signed 40 production and research partnership agreements with the towns and districts in Haian. By 2013, more than 20 local enterprises reached specific cooperation agreements with colleges and universities in the south of Jiangsu, on R&D issues. This has in practice helped solve 62 technological problems for local enterprises.

Moreover, local government conducted a series of talent attraction projects to import some high-level professionals and researchers to work in Haian. For example, in 2012, Dr. Su Xuping from University of Changzhou, and Dr. Hong Yaoliang from Suzhou, both national-level talents, are attracted by Haian government from the south of Jiangsu. As a result, Haian has now

become one of the five model counties in Jiangsu for effectively advancing technological development, and it is ranked No. 1 among all the districts/counties of Nantong in the municipal evaluation of local head officials for the works in relation to advancing technological development for the last 7 years. By 2012, there have been 39 local high-tech enterprises located in Haian development zone, and this amounts to about one third of all the local high-tech enterprises in Nantong city. In 2010, Haian industrial park was entitled by the Ministry of Science of China as the 'International base for scientific and technological cooperation', which is the only one in the north of Jiangsu, while the other two are in the south. As Haian's internal official document shows, by 2009 it had secured 343 research & production partnership projects, resulting in additional annual output of 14.89 billion RMB, and considerable local growth.

In a word, Haian's local development during the third stage of the reform, as Mr. Zhang suggests, has taken a path that is principally characterised by the dynamic, positive interactions and collaboration between local rural industrialisation and town-urbanisation. Local government has always made the link between industrial planning and urban planning a pivotal starting point for all the urban residential/infrastructure and development zone constructions and investments. That is to say, Haian refused the common pattern of urbanisation-driven growth, which focuses on infrastructure and property investment. Its growth pattern is by no means the common one adopted by other county-units and districts of Nantong and by most other cities in the north of Jiangsu. It is thus argued that regarding the experience of Haian, less developed areas do not have to follow the path of a developed region, and do not have to necessarily be path-dependent upon those prominent models such as the Southern Jiangsu Model. Places like Haian county can their own appropriate local growth pattern.

It is argued that Haian has effectively completed the course that most cities in the south had accomplished during the first two stages of the reform. To what extent the regional unevenness²¹³ between Haian and other county-

²¹³ If comparing Haian with Wujing district in the south with respect to their local GDP and local per capita GDP, there still exists a considerable disparity. For example, in 2009 Haian's local GDP is 30.08 billion RMB, whereas Wujin achieved a local GDP of 96.5 billion RMB, three times more than that of

level units in the south may evolve in the future depends on what growth patterns Haian may use, and to what extent such growth can be effectively and sustainably promoted.

Finally, it is worthy mentioning that viewing the regional development of the north from a holistic view, although state-led, urbanisation-driven growth has helped the north in many aspects approach to reduce regional unevenness, this achievement, though in a narrow sense has fulfilled the task of restoring and strengthening the authority of the CPC, makes the traditional phenomenon of regional uneven development in Jiangsu a less critical issue. This is because that regional unevenness is nowadays being shaped by spatially interspersed utilitarianism and temporally compressed pragmatism in the context of China. Put differently, each locality has itself become a generator of intra-unevenness between different social strata and groups. Whilst some few groups are privileged, the majority of the general public is deprived of their interests in terms of fair distribution of wealth, and more importantly, their capabilities to choose.

7.5 Summary

This chapter articulated the evolution of the relatively lagged regional development in the north of Jiangsu province in comparison with the south during the three stages of China's economic reform. Generally speaking, because of the utilitarian propensity inherent in the national strategy of letting some regions become rich first, the north, as a region with lagged industrialisation and urbanisation, did not receive sufficient support from both the provincial and central governments. The prominent economic performance achieved by the south through TVE- and development zone-driven growth to some extent concealed or, more likely, justified the unevenness within the province. Moreover, such unevenness was exacerbated by a series of institutional practices in terms of the rescaling practice and inter-urban competition. Whilst the TVE- and development zone-driven growth patterns proved to be relatively efficient in the south, they also

Haian county. And, the per capita GDP of Haian in 2009 is 32104 RMB, whereas that of Wujin is 97900 RMB. It can thus be seen that although Haian has been one of the best counties in the north in relation to local economic performance, it still lags behind the south from a general perspective.

became some sort of path-dependencies for the north under the influence of China's trial-and-error based pragmatism. Some empirical data indicated that the north did not possess the necessary local conditions for copying the TVE-driven pattern of the south, and the north failed, more often than not, in competing with the south in attracting inward investment. In a word, during the first two stages of economic reform, the north not only suffered a lagged, slow rural industrialisation, the results of which then also led to the less competitive development zones in the north. It is noted that Neil Smith's (1984) theory of uneven development based on the see-saw of capital has only a partial explanatory strength here. Although the regional unevenness in Jiangsu province did witness many examples of labour and capital concentration in the south, it was an outcome that was heavily contributed to by the growth-oriented state ideology on the one hand, and the quasi-market-based actions of local state institutions in terms of inter-urban competition on the other. That is to say, even at the scale of urban units, which Smith (1984) declared the greatest applicability of his theory, the explanation of the see-saw of capital cannot fully explain the primitive cause of the capital concentration in the south. And, before Smith's theory can be empirically tested with respect to the second part of the see-saw trend, the explanatory power of his theory was further undermined by the broken nexus between local industrialisation and urbanisation at the third stage of economic reform. The seemingly mitigation of regional unevenness at the third stage does not owe much to the see-saw of the capital, but more to the endogenous growth engine of state-led urbanisation, which could bring about more GDP-based performance record for local head officials within their five years or less office term. Thanks to this endogenous resource-based growth pattern, the north of Jiangsu, in particular, Nantong city, quickly arose, though subject to a variety of side-effects of state-led urbanisation, such as the inefficient use of land, intense conflicts entailed by land expropriation, and most importantly, the increasing socioeconomic disparities between a small number of special interest groups and the majority of the normal urban residents (including migrant labourers). It is therefore argued that while the state-led urbanisation-driven growth pattern did help reduce regional unevenness in Jiangsu province, this growth pattern

is no longer sustainable because of the large local debts and the pervasive, intense social discontent.

Notably, the development of Haian county, under the governance of Mr.Zhang Shushan, took a somewhat different path to the mainstream growth pattern. Haian's development during the last decade was based on an interactive and balanced development plan between local industrialisation and urbanisation. Rather than promoting the state-led, property- and infrastructure-oriented pseudo-urbanisation process, Haian county focused more on optimising the strategic territorial and scalar composition for its rural industrialisation on the one hand, and, on promoting a set of industrially specialised, endogenous industrial agglomerations that fit with the local territorial and scalar composition on the other. It is thus argued that regarding the experience of Haian, less developed areas do not have to follow the path of a developed region, and do not have to necessarily be path-dependent upon those prominent models such as the Southern Jiangsu Model. Places like Haian county can their own appropriate local growth pattern.

Chapter Eight: Conclusion

This Chapter aims to discuss four topics. First, it puts forward a summary of all the findings of this research. Second, it reiterates the importance of introducing the meta- and macro-level elements in terms of China's growth-oriented state ideology into this research, and then justifies this analytical stance. Third, it sets out some critical reflections on China's regional (uneven) development in relation to the global trends and processes of neoliberalism. Finally, based on the justification of my analytical stance and the reflection on the 'China Model', it proposes a critical dialectic between institutions and resources that may inspire and illuminate future research and practice in relation to China's governance and growth models. In a word, towards the end of this research, I would like to quote what Rousseau once said: 'All my ideas are connected, but I could not expound them all at once'²¹⁴.

8.1 Summary of the findings of this research

This research critically and empirically studied how regional uneven development in Jiangsu province, in particular, between the south and the north, was evolving under China's growth-oriented state ideology during the economic reform era. Based upon a set of political-philosophical and historical analyses, it critically articulated that, as the foundation of China's regime legitimacy in the reform era, the growth orientation of China's dominant state ideology consisted of two key rationales, those are, China's utilitarianism and its pragmatism. Both of these are mainly orchestrated and expressed through Deng's key political judgments and decisions, which take the highest priority in all state institutions, policies, and strategies in the context of China's political sphere. China's utilitarianism is primarily expressed through Deng's strategy of 'letting some regions and peoples get rich first, and then bringing along and helping other peoples and regions to eventually arrive at the richness of commonwealth'. And, pragmatism at the earlier stage of China's economic reform was primarily embodied as a trial-and-error test strategy, which attempted to find some successful institutional innovations, and then

²¹⁴ See: J. Rousseau (1998: 36)

spread such institutions to other places. At the third stage of China's reform, pragmatism was alienated by a dominant institutional time, which complemented the ambiguous temporal horizon set forth by China's utilitarian strategy on the one hand, and essentially re-shaped the incentives and selectivities of state institutions and local growth patterns of this stage, on the other. Regarding the relevance of these two ideas to regional uneven development, both the institutional practices of utilitarianism, and pragmatism revealed prominent spatial and temporal elements and effects at different scales and during different periods. For example, Deng's utilitarian political judgment exhibits a clear sociospatial preference, which has shaped and justified the evolution of subsequent regional unevenness, but fails to set out any explicit temporal horizon for when the generalisability of the interest in terms of the richness of commonwealth can be realised. Under the earlier form of China's pragmatism, successful institutional innovations and experiments in certain places would quickly be transplanted to, and adopted by, other regions and places, although such highly empirical-oriented method may not guarantee an extensive applicability of such successful sample models. More clearly, the alienated form of pragmatism expresses a dominant institutional time that generally covers a temporal horizon of five years or less. This dominant institutional time involves two largely overlapping institutional times. Those are China's 'Five-year development for the national economy', and the term of party/government office. It is within this dominant institutional time that all the state institutions and officials have been simultaneously constrained and/or empowered to deal with development matters in their jurisdictions within this temporal boundary.

Corresponding to the influence of the growth-oriented state ideology, there are different kinds of strategically inscribed structural selectivities being expressed during different stage of the economic reform. Such selectivities are mainly exhibited by, and practised through, the dominant local growth patterns/engines of the respective stage of the reform. Those are: TVE-driven growth, development zone-driven growth, and state-led, urbanisation-driven growth. Whilst the actual practices of these local growth patterns all decisively (re)produced and (re)shaped regional unevenness between the south and

north of Jiangsu province, they exhibited, and were subject to, polymorphic and multidimensional sociospatial relations and processes which may be explored from the perspective of the so-called TPSN framework.

For example, under the TVE-driven growth pattern, it has been seen that the factors of place and scale are of critical importance to the success of the south in terms of its outstanding TVE performance. The subsequent rise of development zones across China made inter-locality competitions the key to regional/local socioeconomic development. At this stage, scale and network proved to be more decisive factors on whether local governments could couple local assets with external strategic resources to attract, enhance, and capture the value of inward investment to promote local growth.

Apart from this general phenomenon, regional unevenness in Jiangsu province was affected by a further layer of path-dependency. As the south had achieved a well established industrial foundation at the first stage by local TVEs, the rise of development zones encouraged or mobilised the industrial and sociospatial rescaling practice, which not only agglomerated scattered local TVEs into industrial clusters in development zones, but also rescaled all the counties in the south into county-level cities, which possessed strengthened institutional capacities together with more financial autonomies for promoting local growth in an increasingly intense inter-locality competition. Whilst the north also initiated a series of sociospatial rescaling practices, such practices did not lead to satisfactory outcomes. The difference derives from the fact that, in the south, rescaling county to county-level city reflects more the regional continuity in terms of the economic legacy of rural industrialisation that supported the local growth in the south during the second stage, and the regional change in terms of the rise of development zones, which linked local industrialisation with urbanisation. Put differently, it is argued that there was in the south less contradiction in terms of the institutional incompatibilities between the institutionally rescaled status of county, and the socioeconomically and historically shaped local socio-economic relations and processes. In the north, the rescaling practice is more like a political compromise, which does not actually reflect the local

socioeconomic situations, and thus brought about an incompatibility between institutions and realities.

When economic reform came to the third stage, state-led urbanisation-driven growth was essentially leveraged by local endogenous element, namely, the territory of urban land. In order to obtain more land for sustaining urbanisation, territory became the major factor that determined the growth rate of a place. And, the enlargement of urban territory was chiefly achieved through land expropriation and rescaling county-level units into municipal districts. Thanks to this local growth pattern which relies more on an endogenous resource than external ones, regional unevenness between the south and the north has in many respects slowed down and been reduced. However, it is argued that although the urbanisation-driven local growth pattern does enable many local governments to secure economic performance in a homogenous way, this seeming reduction of regional unevenness can hardly be sustained because the growth pattern itself is not sustainable and, has resulted in severe sociospatial unevenness and conflict. China's state-led urbanisation is to a large extent pseudo-urbanisation as it is based upon infrastructure investments and architectural modernisation, but neglects and deprives the interests and welfare of the newly migrated urban population. It is argued that under those normative guises of local economic growth, regional competitions, and urbanisation, the socioeconomic unevenness in Jiangsu province during the third stage evolved at a household scale, although often hidden behind aggregate regional scale statistics. And, this sociospatial pervasiveness of unevenness was arguably institutionally produced and reproduced by the politically distorted and spatiotemporally compressed practices of utilitarianism within each local spatiotemporal extension defined by China's pragmatism.

In a word, this research found that during the economic reform era and against the background of the rise of global urbanisation and globalisation, China's growth-oriented state ideology in terms of utilitarianism and pragmatism exercised decisive influences on the regional uneven development between the south and the north in Jiangsu province. And, the evolution of such unevenness was embedded within the multidimensional and

polymorphic local sociospatial relations and processes that can be understood in terms of TPSN which played roles with different degrees at different stages of China's economic reform.

8.2 A brief justification of the analytical approach of this research

As noted in **Chapter 1**, this research aimed not just to present a mere empirical record as to how regional unevenness between the south and north of Jiangsu province evolved in the context of China's economic reform. In order to analytically avoid this descriptive orientation, this research has introduced into its explanatory framework certain meta- and macro-level parameters, which have, from my perspective, exerted a decisive influence on regional uneven development and growth patterns of China. This helps to not only endow the research outcome with wider spatiotemporal applicability, but also provides a better insight into the actual rationales of the so-called 'China Model', which seemingly deviates from a variety of conventional political and economic ideas and paradigms.

The core parameters utilised in this research refer to two interrelated concepts, namely, the dominant state ideology of China, and its key institutional expressions or practices. Under China's state regime which differs considerably from the mainstream regimes of representative democracy, these two concepts and their relations are worth particular attention.

An institution, as John Rawls (1971: 55) observed, is 'a public system of rules which defines offices and positions with their rights and duties, powers and immunities, and the like'; and, it 'exists at a certain time and place when the actions specified by it are regularly carried out in accordance with a public understanding that the system of rules defining the institution is to be followed'. The important relevance of Rawls's words to the present context lies in the nature of the public understanding, and the subject, which such a public understanding targets. Not surprisingly, Rawls seems to have woven his definition in the context of a westernised democratic regime. Thus the subject, which his so-called public understanding targets, seems to refer to a set of foundational or constitutional rules that can procedurally determine whether a proposed institution may be legitimated. In other words, the public

recognises a set of rules for establishing institutions rather than directly consents to the actual contents of institutions. Whilst this is how representative democracy works, the situation in China is different. In the absence of *de facto* representative democracy, and following the decline of Mao's reign of virtue, the public understanding of China during the era of economic reform, which is called by many²¹⁵ as 'the consensus on reform', targets less procedural issues²¹⁶, but more the substance and propensity of China's top political judgments. Put differently, China's public understanding interacts, rather than through representative mechanisms, directly with the contents of the dominant ideological orientation, and of some key institutional expressions of the dominant state ideology, upon which the regime legitimacy of the party/state of China is premised. This was made possible for two reasons.

The quasi-authoritative nature of China's regime does not at the outset provide the general public with an institutional channel, through which they can shape the constitutional and procedural prerequisites for the production and operation of key institutions. Second, the emergence of China's growth-oriented state ideology was, to a large extent, a political necessity to address China's legitimation crisis following the Cultural Revolution. It is thus a state ideology that deeply relates to what Samuel Huntington (1991) calls 'performance legitimacy'. This means that the state ideology itself involves less constitutional or procedural rules but a clear general path as to how public rationalities and individual actions can be exercised in an assimilative fashion, and some specific contents of national development. In some ways, the initialisation of China's growth-oriented state ideology can be seen as the exercise of some sort of Lockean 'prerogative power', which happened to be widely recognised by the general public in China. In saying that the state ideology happened to be publically recognised triggers the complex notion of

²¹⁵ The term of public consensus on reform is not only used by the official press, but also advocated by civil scholars. See, for example, the report of 'agglomerating the consensus on reform' by Guangming Daily, Mar. 24th, 2014: <http://opinion.people.com.cn/n/2014/0324/c1003-24715806.html>, and the 'proposition of consensus on reform' proposed by 70 Chinese scholars at the Forum of Consensus on Reform, which was held by Beijing University in Nov. 2012.

²¹⁶ This has been particularly so since the Tiananmen Square incident, which makes any westernised constitutional discourses taboos in China.

Locke's 'consent'²¹⁷, which here concerns the nature of the public understanding/recognition of China.

It has been noted in **Section 4.3.2 of Chapter 4** that the utilitarian dimension of the growth-oriented state ideology serves to assimilate personal desires and actions with one prior public rationality, which is in Rawls's language 'a shared highest-order preference'. It may simply say that the general public in China, during the reform era, keeps giving 'tacit consents' in Locke's sense to the growth-oriented state ideology, because both state institutions and most Chinese people did follow and concentrate on the public rationality in terms of growth in their routine actions. But, this simplified saying does not help to clearly decipher the fact of the coexistence of dramatic growth and increasing socioeconomic unevenness, and to perceive the recursive and reflexive cognition to this coexistence from the perspective of the general public, and of an academic observer without ideological/political bias.

As clarified, the subject of China's public understanding in the reform era is a set of specific orientations and contents rather than a set of constitutional rules. Thus, peoples' consents are also content-oriented, and directly related to, or susceptible to, the nominal assertion and practical effect of the growth-oriented state ideology and its institutional practices. This means that the majority of the general public was, at least, at the beginning exhibiting some sort of active consent through their concrete actions that were in line with the public rationality of promoting growth. Indeed, even before Deng set aside the ideological obstacle of orthodox socialism to the path of capitalist growth²¹⁸, people in certain rural places in China had already expressed the intention of replacing egalitarian modes of production with the growth pattern that stressed the protection of private property. Their actual practice, though controversial, was later justified by central government, and widely expanded across China. This practice, of course, refers to the so-called 'household contract responsibility system'²¹⁹. There were also other examples of such active consents which were embodied in practice as some

²¹⁷ This refers to what John Locke specifically discussed in Second Treatise of Civil Government.

²¹⁸ See the discussions in **Sections 4.3.3.2 and 4.4 in Chapter 4**.

²¹⁹ The discussion of this system can be seen in **Section 4.3.2 in Chapter 4**.

sort of pro-growth actions. The rise of TVEs and the tide of resigning from public posts to start businesses in the 1980s and 1990s all reflect a public understanding of the growth-orientation which in a top-down fashion liberalised and encouraged the realisation of these consents. This is why many asserted that a consensus on reform that was based on the majority of the public was fostered and most stable in the 1980s and the first half of the 1990s (Fang, 2012; Zhang, 2012; Huang, 2012).

The fact that the consent of the Chinese people is directly related to the contents of the state ideology and its institutions, rather than the rules for making or declining them, has two essential implications. First, such consents can be relatively less durable and stable than those given to procedural rules as the former are affected by the eventual performance of, rather than the initial legitimation of, state ideologies and institutions, within a given spatiotemporal horizon. In other words, such consents can be repudiated in case of institutional failures in terms of unsatisfactory economic performance, or if, perhaps more importantly, people's capabilities to act or choose in promoting their own interests are disproportionally and unevenly constrained by state institutions. Second, such consents have presumed the possibilities and capabilities of exerting prerogative powers in institutional practices, as state institutions need no pre-legitimation. Even the outcome-oriented legitimation can be set aside by, or justified by, factors such as the temporal delay of the realisation of institutional performance, path-dependencies on exemplary growth patterns²²⁰, and also the unevenness inherent in state institutional selectivities and developmental strategies. In a word, there exist critical dynamics between China's growth-oriented state ideology and its institutional expressions, and the majority of Chinese peoples' understanding of, and also reflexive actions to, this state ideology and its institutions. And, as all these above factors have been of ontological presence in practice in China's economic reform, it is thus argued that, in order to have satisfactory explanatory strength in deciphering regional uneven development in Jiangsu province in China, it is not sufficient to solely focus on local contextual

²²⁰ For example, although the TVE-driven growth pattern did not work well in the north of Jiangsu, it was adopted and encouraged by local governments there since this pattern had proved successful in the south of Jiangsu. See, **Chapter 5**.

parameters. And, these parameters must be analysed within the ontological context of China's growth-oriented state ideology and its institutional expressions, which (re)produce and (re)calibrate local growth patterns in shaping regional uneven development. This research has therefore been conducted within this line of reasoning in order to articulate these analytical parameters.

In addition, it is worth pointing out that the assumption that Chinese people are giving some sort of active consent to China's growth-oriented state ideology and its key institutional expressions, is indicative of something more which may inspire and illuminate future research and practice in relation to China's growth and governance models, which I will briefly elaborate it in **8.4**.

8.3 A critical reflection on China's economic reform in relation to the global trends/processes of neoliberalism

As noted in Chapter Two, the rise and wide expansion of neoliberalism and its variable institutionalised practices in different countries had in many respects influenced the concurrent process of China's economic reform throughout the 1980s, the 1990s, and also the first decade of this century. David Harvey (2005) considered China's economic reform as a rather important example of neoliberalism, albeit with distinctly Chinese characteristics. Ong (2006) takes a more cautious view, delineating China's reform practice as a mixed product of 'neoliberalism as exception' and 'exception to neoliberalism'. Indeed, both of the above views on the 'China Model' seem to indicate that China's growth was on the one hand shaped and driven by those orthodox market economy rules in terms of free markets, free trade, and private property rights, but was, on the other hand, negligent of the distributive justice, preservation of welfare benefits, and neoliberal political rights. As Ong (2006: 3) suggests, neoliberal practice should be seen as a technology of government which 'is a profoundly active way of rationalizing governing and self-governing in order to optimize'. Whilst these sorts of views to some extent point out the *prima facie* characters of China's economic reform and the 'China Model', their explanatory strength was, arguably, mitigated by, and subject to, the periodization of the different stages of China's economic reform. That is to say, at the different stages that

are specified by this research, the state and the individuals were playing quite different roles in qualitative and quantitative senses, according to the primary local growth patterns of the respective stage. There are hence no simple ways of looking at China's reform through the lens of some conventional neoliberal values, or of using these values as basic criteria to determine the success and failure of China's reform.

In more specific terms, the criterion of seeing liberalism as governance technology cannot fully explain, for example, the state's roles/actions at the first stage characterised by TVE-driven growth, since such growth was to a large extent a 'marginal revolution' (Coase and Wang, 2012) that was out of the expectations of the state and, of course, its governance technologies. Neither can the concept of 'neoliberalism as exception' answer why different countries' neoliberal practices resulted in multifarious socioeconomic and political consequences even within an increasingly globalised context. Arguably, a more proper view of studying the 'China Model' requires a careful scrutinization and conceptualization of the state's properties and roles across different spatiotemporal horizons.

This implies that notwithstanding its critical significance, neoliberalism, albeit being a pervasive global trend, cannot be simply presumed to be the actual major force underlying China's growth, nor can it be used as the sole analytical tool for deciphering the causalities as well as the consequences of China's economic reform. There are two crucial reasons for this. First, there exists throughout China's economic reform one dominant growth-oriented state ideology, of which the core ideas are different from, are an antithesis to, neoliberalism. This growth-oriented state ideology exerts its own spatial and temporal effects, which in turn interacted with a variety of regional and local parameters explored here through the lens of TPSN. And, it was such a process of interaction that reflexively and recursively orchestrated the major institutional expressions and growth patterns that dynamically defined the evolution of China's regional (uneven) development. The presence of the dominant institutional time with a horizon of five years or less, for example, is by no means a value or feature of neoliberalism, as it exhibits a leading role of, rather than the hollowing out of, the state in developmental matters.

Second, and perhaps more importantly, it has been argued that the thematic tone of China's economic reform rests with the objective of restoring the party/state's authority and functions, which had been undermined by the Cultural Revolution. It is this basic objective that distinguishes the purpose of China's growth rather than the conventional neoliberal growth pattern, which serves to tackle the decline of Atlantic Fordism and Keynesianism. As Deng stated, both capitalism and socialism are just tools for development, and growth is not only an economic issue, but also of political importance to the regime legitimacy of the CPC²²¹. It is not hard to see from Deng's words that economic growth in China interacts with political legitimation and people's consents, rights and capabilities in a somewhat unique fashion which differs from the general pattern of western democratic system. In brief, whilst economic performance may only be one of the determinants to which general elections are susceptible under a representative democracy system, the CPC relies on economic growth much more heavily, treating it as the primary, if not the sole, legitimation measure in the economic reform era. One corollary of the above observation lies in the fact that most of the institutions and practices with neoliberal characteristics in China are more or less expedient measures under either the external influences or the domestic pressures, and they are neither premised upon rigid neoliberal values, nor pursuant of any orthodox neoliberal aims. This may to some extent explain the incremental progress of economic reform and the retardation of political reform in China, as economic reform is serving for, and embedded in, China's political legitimation agendas. In fact, it may be in this sense argued that those adapted neoliberal practices in China such as free markets and trade, neoliberal urbanism, and development zones should be seen as concurrent or lagged experimental reflections of the global trends, but are also subject to China's growth-oriented state ideology. Whatever reason such practices were initiated, their ongoing progress has been critically reshaped by China's state ideology, and by the orientation of the interests of the party/state in terms of political legitimation and authority restoration.

²²¹ See 'Selected Works of Deng Xiaoping', Vol. 3, and Vogel (2011).

In a word, 30-years of China's economic reform has shown a variety of neoliberal features and was embedded in a broad global neoliberal trend. But it is by means indicative of a dominant position of neoliberalism in directing and shaping economic reform. On the contrary, neoliberal practices and institutions in China may better be seen as a series of expedient experiments highly subject to the growth-oriented state ideology and the party/state interests. Moreover, the diversification of the leading local growth patterns at different stages, and the complexity of the state's roles at different scales and over different spaces and times can also undermine the explanatory strength of any analyses solely based on neoliberalism or adapted neoliberalism in the case of China. This is to some extent similar to Smith's (1984) theory of uneven development, but Smith does not effectively take account of the role of the state in shaping and reproducing regional unevenness.

A notable point deriving from the above arguments is that although an analyses based on China's growth-oriented state ideology and the TPSN framework does possess a satisfactory explanatory strength in deciphering what has happened in China in the last three decades with respect regional uneven development, and the core logics and causalities underlying economic reform, such analyses do not provide an effective evaluative criterion for assessing the efficiencies and flaws of China's economic reform and development from a political/ideological-free perspective. In other words, it is argued that future research on uneven development in China may elaborate some general rules/theorems, which can evaluate whether and to what extent certain kinds of institutions and practices are feasible and optimal, subject to external and internal influences. This is what I will try to articulate in the next section.

8.4 Inspirations for prospective research and practice: the dialectic between institutions and resources

In recent years, most studies of China's consistent and rapid economic growth have resorted to critiques of China's unorthodox regime that is built on a hybrid model of capitalist growth model and authoritarian governance system.

These tend to note that despite the lack of de facto democracy, China has formed a new type of growth model in terms of the 'Beijing Consensus' that differs from, and even outstrips, the so-called 'Washington Consensus'. It however seems to me that all such views and studies either bear strong political propensities that deliberately over-stress China's political deficiencies and their relations to economic growth, or reveal overly optimistic perceptions to China's miracle, thus neglecting the true reasons and risks of China's development.

A proper reading of the successes and problems of the 'China Model' requires an analytical perspective that is free from the arbitrary political prejudice of China's political regime, and also from one-sided optimism on the superficial prosperity of China's economy. In other words, some objective analytical hypothesis must be put in place to find out the key prerequisites for socioeconomic development of a state or a region, and then to scrutinise China's situation under such hypothesis with the aim of seeing whether and to what extent China's successes and problems can be linked to the presence and/or absence of these prerequisites. And, this hypothesis can, arguably, inspire future research and practice as to China's economic reform.

In brief, it is proposed that, in managing socioeconomic development, the state institutions of a country should be proportional to, and compatible with:

- (i) that country's actual capacity of competing for, and acquiring, key resources from domestic and global scales, for satisfying peoples' appeals and desires to participate in different socioeconomic activities, and for meeting any constitutionally prescribed welfare demands;
- (ii) that country's actual capacity of digesting and distributing such key resources and the interests attached to, or generated by, the use of such resources, in a socially just and economically efficient fashion.

While there are clear institutionalist features inherent in the above proposition, which in some ways echoes Amin's²²² conception of institutional

²²² As Amin (1999: 365, 370) argued, compared to conventional 'firm-centred, standardized, incentive-based, and state driven' policies, institutionalist informed approaches mainly aim to promote 'the wealth of regions with upgrading of the economic, institutional and social base considered as the prerequisite for entrepreneurial success'. See also: Amin, A. and Thrift, N. (1994), and Amin, A. and Thrift, N. (1995).

thickness, it is argued that this proposition is by no means fully prone to the ideas of institutional thickness. I indeed agree with Wood and Valler's (2004: 12) critiques that it is unclear whether institutional thickness stimulates economic growth or whether strong regional economies cultivate institutional thickness. Amin and Thrift's theory does not answer the question why some regions with well-developed institutions have not produced satisfactory economic performance.

Arguably, many questions raised by neo-institutionalism in explaining the roles of institutions in relation to economic development are caused by the basic methodological orientation of institutionalism. This refers to the fact that neither does institutionalism, as Hodgson (1998) observed, seek to build an all-embracing theory, nor 'does it constitute a discernible school of thought that necessarily manages to integrate disciplines or in some cases even to unite one' (MacLeod, 2004: 58, 59). Although this self-restrictive orientation does not prevent the use of interdisciplinary explanation, it does more or less undermine and/or restrain the explanatory strength and applicability of institutionalist approaches, since such approaches tend to overly emphasize empirical contingencies and contextualities, thus isolating their analyses from larger scales and higher dimensions. In other words, whilst securing an insight into local-specific institutional features and arrangements, the empirical evidence-based methodology of institutionalism fails to take further steps towards clarifying the supra-logics of institutions in relation to growth. And, this observation to some extent echoes with MacLeod's (2004: 68) idea²²³ of 'thin political economy'. Indeed, my proposition as to the key prerequisites for determining whether institutions may effectively promote socioeconomic development aims to, *inter alia*, broaden the applicability of the so-called 'institutional turn'. Now I begin to elaborate the basic logics of this proposition.

As noted, many critical observations of China's socioeconomic development more or less touched on the element of democracy. Some see that the absence of *de facto* democracy in China vitiates or restrains China's growth, whereas some others see the authoritarian regime of China as the key momentum of the China Model. It is argued that the institutional practice

²²³ As MacLeod (2004: 68) suggests, the 'most obvious analytical lacuna is the failure to connect urban regional change with the changing nature and scalar configurations of the state'.

of democratisation, indeed, has more profound implications since it simultaneously conflicts with, and contributes to, the continuous, constant processes of capital accumulation and sociospatial expansion in modern societies.

In saying this, modern democratisation is seen as an incremental process of institutionally extending the political composition and popular foundation of a society through bringing more and more subjects in terms of social strata, groups, and communities into existent institutions with the purpose of not only endowing these subjects with constitutionally prescribed rights, but also providing them with institutionalised positions and paths to advocate and appeal for political rights, economic interests, and social welfare. Such conceptualisation of democratisation is based on a historical-political perspective that summarises the experiences of major western countries, in particular, the democracy in America²²⁴. Although this process of sociopolitical expansion and empowerment can contribute to enhancing regime legitimacy and social stability through reflecting, in a dynamic fashion, peoples' demands and appeals generated by the changing economic structure of production and consumption, its effectiveness with respect to promoting a country's economic growth is critically subject to increasing state burdens and socioeconomic costs in terms of the key resources²²⁵ for satisfying peoples' appeals and demands.

In more specific terms, apart from the constitutionally prescribed costs such as public goods and services, once a person's rights are institutionally embedded into the democracy system, such rights are reasonably expected to transit into various appeals for having the necessary capabilities to choose or to conduct socioeconomic activities that may satisfy or fulfill that person's hierarchical needs in Maslow's sense²²⁶. Along with the development of

²²⁴ See, for example, E. Foner, (1998), 'The story of American freedom', New York, W.W. Norton & Company, Inc., and A. Tocqueville, (2003), 'Democracy in America', London, Penguin Books Ltd.

²²⁵ The notion of 'key resources' used here generally refers to those most dispensable resources for sustaining modern industrialised civilizations. Petroleum, gas, essential minerals are all such sort. The importance of such resources can be demonstrated by some crucial national strategies of those most powerful countries in the world (for example, the US's interventions in the Middle East, China's strategies in Africa, and the importance of oil & gas in the EU-Russian relationship).

²²⁶ The essence of Maslow's (1943, 1962) theory lies in that motivation is based on a number of human needs. Such needs are illustrated by his famous hierarchical model with basic needs at the bottom and higher needs at the top. In general, they include (from the lowest to the highest): 1. Physiological needs

production and technology, the amount of resource required for sustaining peoples' socioeconomic activities and their needs is increasing as well. In a word, the expansive institutional empowerment of democratisation and the development of human civilisation together contribute to the dramatic rise of resource demands²²⁷. This rise of resource demands entailed by democratisation is not merely a socioeconomic phenomenon, but bears political importance for regime legitimation. It is argued that regime legitimacy is critically subject to the question of whether and to what extent sufficient resources are present to address the appeals and demands of the institutionally empowered individuals and entities. In other words, the institutional empowerment process under democratisation must not make a 'political promise', which exceeds the state's capacity in terms of resource possession in satisfying the static cost of social welfare, and more importantly the dynamic appeals and needs of choosing or conducting socioeconomic activities in the course of social production and capital accumulation.

It is argued that a shortage of resource possession in supporting expansive institutional empowerment is likely to damage regime legitimacy, resulting in pseudo- or defective democracy, which is characterised by political tension and unsatisfactory economic performance. In some countries, some sort of semi-political mechanisms are adopted to constrain the institutionally empowered demands and appeals in order to maintain the balance between institutions and resources. These include, for example, the Caste system in India, and many rigid religious systems that play a quasi-political role in shaping peoples' capabilities to choose and act.

There is, apart from revolutionary technological development, another common way of getting rid of the domestic limit of resource, that is, geographical expansion through physical occupation, or institutional control. The evolution of the modern history witnessed the latter method gradually

– needs for food, sleep, 2. Safety needs – needs for stable environment, warmth, and order, 3. Love needs – needs related to affectionate relations with others and status within a group, 4. Esteem needs – need for status, self-respect and the esteem of others, and 5. Self-actualisation needs – needs for self-fulfilment. Maslow's theory considerably influenced the development of management theory during the 1950s and 1960s.

²²⁷ Notably, it is argued that revolutionary technological innovation in relation to resource application can radically change the structure and efficiency of existing resources. Such innovations include, for example, the use of steam power, electricity, and nuclear resource.

replacing the former. It is argued that the necessity of spatial expansion is indicative of the limited and relatively homeostatic nature of the amount of all the key resources in the world. It is under this situation of limited resources that competitions between countries with their respective resource demand for meeting the increasing appeals generated by institutional empowerment become inevitable. In the case that some most developed countries happen to be those with most comprehensive and extensive institutional empowerment, it is unlikely that the rest may acquire their necessary proportions of key resources for meeting the interest appeals resulted from extensive institutional empowerment. This is arguably why many states that transplant western democratic institutions cannot reproduce socioeconomic prosperity and stability. This may also to some extent explain why some regions like the north of Jiangsu province could not achieve similar growth as the south, even after it adopted a similar growth pattern.

In the context of China's economic reform, it can be seen that China's success in terms of its economic growth is by no means a miracle but the outcome of a nuanced balance (though not necessarily intentionally made) between the process of institutional empowerment and the presence of key resources. For example, rural decollectivisation at the outset of China's reform served as quasi-empowerment of the majority of Chinese people. Rural labourers were empowered under the growth-oriented state ideology to conduct business activities through TVEs, and such capabilities to choose do not exist in the pre-reform era. As illustrated in **Chapter 5**, the key element that triggered the low-cost starting of TVEs is collectively owned rural land. Such land becomes the key resource, which can be sufficiently provided by the state to satisfy the interest demands generated by institutionally empowered rural labourers and TVEs. But, notwithstanding such empowerment, there were institutions that simultaneously constrained rural labourers' capabilities to choose. This refers to China's household registration system which even today prevents rural residents and migrant labourers from receiving the same social welfare as urban residents. Indeed, the entrepreneurial form of TVE is itself some sort of restrictive institution that serves to constrain people from conducting businesses that exceed the

available amount of key resources. Having regard to China's extremely large rural population (0.8 billion in the 1980s), such institutional constraints were arguably quite necessary at that time. In urban areas, there were also restrictive institutions. In the earlier days of reform, sole traders were not allowed to hire more than 8 employees. And, private firms did not enjoy same level of access to productive resources as SOEs. All these institutional constraints effectively, though not necessarily efficiently in the economic sense, made a nuanced balance between limited institutional empowerment and resource supply. It must also be noted that, during the 1980s, China could not access external resources and was not capable of acquiring key resources from the global scale.

The rise of local development zones signified that China had begun to attract external resources and to couple them with local assets to promote economic growth. The increase of key resource possession was also accompanied by extra institutional empowerment in relation to capabilities to choose and conduct business activities. For example, a lot of TVEs were privatised during the second stage of China's economic reform, and a substantial number of different types of firms and business communities were established in development zones at various scales. The political culmination of such institutional empowerment is reflected by the so-called 'Speech of July 1st' made by Chinese president Jiang Zemin who indirectly asserted that the class foundation of the CPC must be broadened to allow, for example, business practitioners (capitalists) to be included²²⁸. Pursuant to President Jiang's theory of 'Three Represents', the CPC shall always represent the development trends of advanced productive forces, and the orientations of an advanced culture. In order to make these possible, institutionally empowering China's quasi-capitalist class and other groups of social elites is hence an inevitable outcome.

However, national economic growth alone is neither necessarily indicative of a prosperity that is enjoyed by the majority of a society in a socio-

²²⁸ See the Speech of July 1st by Jiang zemin (2001): <http://www.people.com.cn/GB/shizheng/252/5792/> President Jiangsu pointed out that whether an individual such as a private entrepreneur can become a CPC member does not depend on his class but his political belief. In other words, the major criterion as to whether one can be a CPC member lies in whether they can spontaneously dedicate their life to the struggle of the CPC's rules and paths.

politically just way, nor affirmative of sustainable socioeconomic development. The final key objective of President Jiang's 'Three Represents' declares that the CPC shall always represent the fundamental interests of the overwhelming majority of the people of China. Arguably, whether this can be achieved returns to the second part of my proposition.

Whilst it has been proposed that institutional empowerment should not exceed resource possession, it should neither lag behind in order to distribute key resources and the interests attached to, or generated by, the use of such resources, in a socially just and economically efficient fashion. As noted, China's process of institutional empowerment has not, since its reform, proceeded in a western style in terms of standard democratisation. It carefully manipulates the contents and effects of empowerment strictly in accordance with the growth-orientation. That is to say, whilst some groups of peoples and entities were institutionally empowered within the realm of choosing and conducting socioeconomic activities in line with the public rationality of promoting growth, such empowerment does not touch the 'sacred realm' of regime legitimacy. In other words, it does not offer some generalised institutions for people who, for a variety of generic and social reasons such as pure misfortune, born in poor families, and born later than the golden age of the economic reform, are not capable of appealing for their interests and needs within and against the already formed interest framework²²⁹. Here I partly agree with, and correspond to, John Rawls's challenge in terms of 'difference principle' and 'distributive justice', to John Locke's meritocracy and equality of opportunity.

We have seen since the mid-1990s the emergence of an increasingly solid social structure in China, which is characterised by vested interests in socioeconomic and political establishments that prevent or constrain the majority from accessing key resources and positions. In a word, China's socioeconomic development over the last decade or more was suffering an extremely unfair distribution of key resources that could critically hinder further sustainable economic growth, and more severely, give rise to social unrest and discontent that may in turn challenge the regime legitimacy of the CPC. It

²²⁹ The reason for lacking such generalised institutions lies in that, *inter alia*, both the growth-oriented ideology and peoples' consents to this ideology are content-based rather than rule-based.

is thus proposed that the 'China Model' should in its prospective practice particularly address the issue of how to expand institutional empowerment in a way that is proportional to, and compatible with:

(i) China's possession of key resources, for satisfying peoples' appeals and desires to participate in different socioeconomic activities, and for meeting any constitutionally prescribed welfare demands;

(ii) Using and distributing key resources and the interests attached to, or generated by, the use of such resources, in a socially just and economically efficient fashion.

In brief, a dynamic balance must be sustained between resources and the institutions that acquire and distribute them. And, for China, this serves to re-conceptualise the core constitutive elements of a good society, and to push forward democratisation and socioeconomic development to a higher level.

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Appendix 1.

The historical annual average exchange rates between USD and RMB (from 1978 to 2011) (in the format of 1 USD = X RMB)

1978=1.5771

1979=1.4962

1980=1.5303

1981=1.7051

1982=1.8926

1983=1.9757

1984=2.3270

1985=2.9367

1986=3.4528

1987=3.7221

1988=3.7221

1989=3.7659

1990=4.7838

1991=5.3227

1992=5.5149

1993=5.7619

1994=8.6187

1995=8.3507

1996=8.3142

1997=8.2898

1998=8.2791

1999=8.2796

2000=8.2784

2001=8.2770

2002=8.2770

2003=8.2774

2004=8.2780

2005=8.1013

2006=7.9718

2007=7.6040

2008=6.9451

2009=6.8310

2010=6.7695

2011=6.4588

Appendix 2.

The hierarchy of China's governance structure/scale by Yeh, E. T. (2008)

