

New Analytical Approaches to Urban Governance in China: The Identification of Governance Modes in the Process of Changing Urban Strategies in Guangzhou

Friederike Schröder

Abstract

Since the beginning of China's reform process in the late 1970s, Guangzhou has witnessed a relative decline in its role as central city in the Pearl River Delta (South China). This diminished city role is due to the rise of other cities in the Pearl River Delta where there has been taking place increasing inter-city competition especially from Shenzhen. In order to reposition itself and enhance its competitiveness, Guangzhou established a new development strategy in 2000 that involved the reorganization of the city. The administrative boundary was expanded through annexations as a measure to gain control over surrounding areas. Furthermore, urban space was administratively restructured to promote certain parts of the city. This paper is aimed to identify urban governance modes in the course of Guangzhou's restructuring process, with a major focus on the creation of the Luogang District in the East of Guangzhou. The argument builds upon analytical directions by an integrated model of urban governance developed by DiGaetano/Strom (2003).

Introduction

Since the beginning of the reform process in the late 1970s, China's cities have been undergoing tremendous transformation. The cities are at the core of the gradual transition process from a planned to an increasingly market-oriented economy. The major driving forces are the following three imminent processes: marketization, decentralization, and globalization (SHEN 2007: 303). These important factors have influenced many issues, including increased competition between cities for capital and resources, the emergence of entrepreneurial structures in local governments, the increasing inclusion of private actors into urban development, massive urban expansion and the transformation of the built environment, environmental degradation, as well as social and spatial fragmentation. These interacting factors are the major driving forces for changing urban development strategies and therefore changing urban governance modes.

Guangzhou, with its history of more than 2000 years, is the capital of Guangdong province in South China. In conjunction with the following eight cities, Jiangmen, Zhuhai, Zhingshanm Foshan, Zhaoqing, Dongguan, Huizhou, Shenzhen, Guangzhou forms the Pearl River Delta (PRD) Region (see fig. 1) which is growing together to eventually become one single mega-urban region. Since economic reform,

Guangzhou has experienced a relative decline in its role as the region's central city. This is due to rapid urbanization of other cities in the PRD, such as Shenzhen, Dongguan or Foshan (WU/ZHANG 2007: 723). Guangzhou is also suffering from environmental problems and escalated urban sprawl, primarily caused by congested inner city and unregulated growth of sub-urban areas. These problems are enforced by limited land resources that are under the city's direct jurisdiction, and the pressure to reposition itself in a highly competitive environment. To face these challenges, Guangzhou has expanded its administrative boundary in 2000 with the annexation of two county-level cities (Panyu and Huadu). It also implemented a new urban development strategy in 2000, which resulted in the administrative reorganization of the city area towards a more poly-centric structure (XU/YEH 2003: 361).

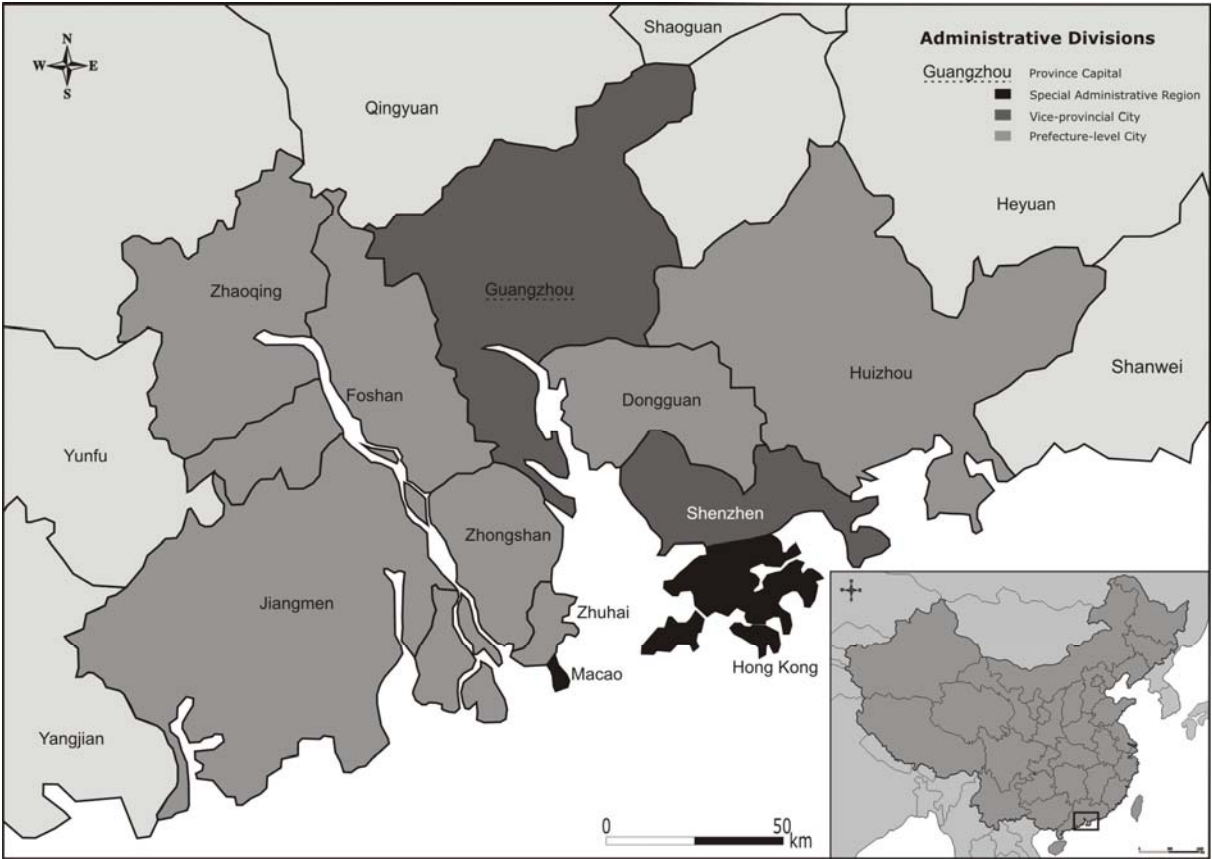


Fig. 1: The Location of Guangzhou and its surrounding cities in the Pearl River Delta. Cartography: Henry Küper, 2008.

This paper analyzes the governance modes of this territorial and administrative reorganization process with special regard to the creation of the Luogang District (east of Guangzhou) in 2005. Luogang comprises the 'Guangzhou Development District' (GDD) which is Guangzhou's economic strength. The GDD was established in 2002, by the merging of four economic development zones¹ under a joint administration. It is now an integral part of the new urban development approach and is planned to mature

¹ The four development zones include Guangzhou Economic & Technologic Development Zone (GETDD), Guangzhou Hi-tech Development Zone (GHIDZ), Guangzhou Free Trade Zone (GFTZ), Guangzhou Export Processing Zone (GEPZ)

into a new sub-urban center of Guangzhou. In this regard the managerial function of GDD has changed from a mere economic into a comprehensive urban management considering the requirements of qualified labor forces, such as housing, recreation space, education facilities, etc. (WANG et al. 2001; WONG/TANG 2005: 310; WONG et al. 2006: 651).

The main objective of identifying urban governance modes in the case of Guangzhou's administrative restructuring process and especially the creation of Luogang District corresponds with the main hypothesis of this essay, i.e. "the restructuring process and creation of Luogang District followed a rather strong hierarchical and formal mode of decision making". The analysis is based on qualitative interviews with experts and stakeholders alike, including university staff, urban planners, government staff, companies and inhabitants in the GDD. Furthermore, documentation (i.e. newspapers, planning material, explanatory reports, etc.) were studied for a detailed understanding of the restructuring process.

Analytical Framework

In this article, governance is understood and used as an analytical instrument. This allows looking at *how* regulation and coordination within a city occur and it opens the eyes for *structures* and *processes*. According to BENZ et al. (2007: 16) and PIERRE/PETERS (2000: 22) structures are institutional contexts in which actors are able to operate (hierarchy, markets, networks, communities, associations). Processes describe what actors can do, i.e. regulation (via incentives or hierarchical command) or coordination.

Thus, the governance concept is applied to the Southern Chinese case. In China, governance is characterized by a still high degree of state (local government) control in urban policies. Although, the central government is no longer exercising an all-embracing top-down control over the economy and society (Ng/Tang 2004: 175). Considering the strong position of state bodies, the analytical framework of this paper is based on an integrative model for comparative urban research developed by DIGAETANO/STROM (2003). The authors incorporated three major approaches in

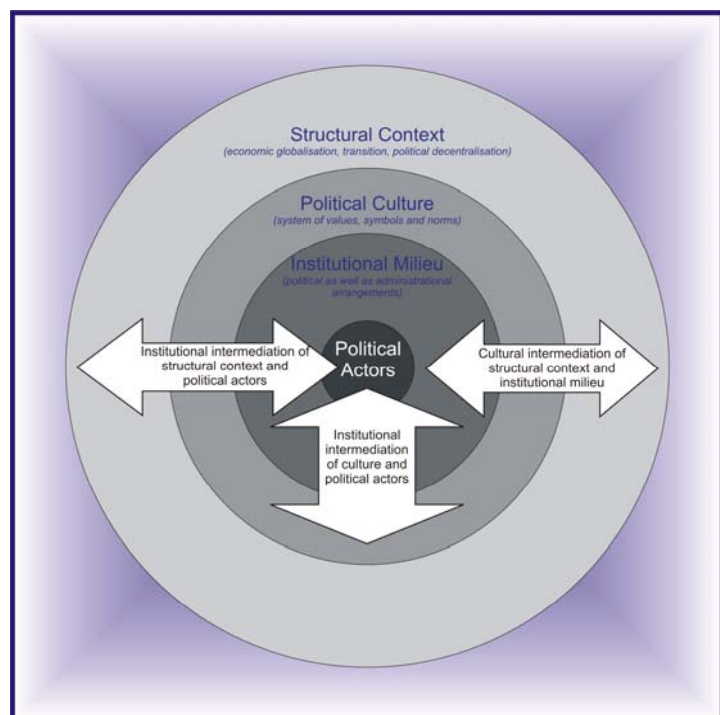


Fig. 2: Integrative Model of Urban Governance. Source: DIGAETANO/STROM (2003: 372), modified.

comparative urban research into one integrated framework, i.e. structural, cultural and rational-choice approaches. This framework tries to embrace the complexity of governance as well as the dynamic and multiple complexities of urban governance forms. Thus, the model takes into account three interrelated levels of analysis: the structural context (transition, marketization, decentralization, globalization, etc.) that frames the setting in which all policy making takes place; the political culture that is a system of values, symbols and beliefs which define meaning to decision making; and political actors who attempt to influence governmental decision making in ways that benefit themselves and the interests they represent. These three levels of analysis are moderated by the institutional milieu which is the set of all formal and informal political and governmental arrangements (see fig. 2). In this sense, the model examines the character of governance in a particular urban setting by identifying governance modes. These modes describe *how* a city is governed by analyzing the relationships between different actors (governing relations), the way decisions are made (governing logic), the impact of key decision makers and the political objectives. Based on these criteria, DiGaetano/Strom (2003: 365) identify five distinct governance modes: clientelistic, corporatist, managerial, pluralist, and populist. The associated characteristics are shown in figure 3.

	Clientelist	Corporatist	Managerial	Pluralist	Populist
Governing relations	Particularist, personalized, exchange	Exclusionary, negotiation	Formal, bureaucratic, or contractual	Brokering or mediating among competing interests	Inclusionary, negotiation
Governing logic	Reciprocity	Consensus building	Authoritative decision making	Conflict management	Mobilization of popular support
Key decision makers	Politicians and clients	Politicians and powerful civic leaders	Politicians and civil servants	Politicians and organized interests	Politicians and community movement leaders
Political objectives	Material	Purposive	Material	Purposive	Symbolic

Fig. 3: Urban Governance Modes. Source: DIGAETANO/STROM (2003: 366).

China’s changing urban development and transition process towards a more market-oriented economy has been under extensive study (for a detailed literature review see MA 2002). Compared to increasing understanding of the impacts of economic reforms and globalization processes on changing urban landscapes and internationalization of cities (FRIEDMANN 2005; GAUBATZ 1999, 2005; LOGAN 2002; MA/WU 2005; Wu et al. 2007, etc.), only few scholars have analyzed urban development policies in China in terms of governance (CHAN/HU 2004; WU 2002; XU/WANG 2002). Wu (2002) gives a preliminary exami-

nation of the context of changing urban governance and the role of local states. His analysis provides us with a good understanding of the impact of the reform process on changing relations between different levels of government, as well as between government and private actors. However, this essay tries to apply the DiGaetano/Strom model to a specific case of China's recent urban development strategies which has never been done before. The model serves as an analytical instrument to look at the structures and the process of Guangzhou's territorial and administrative reorganization with special regard to the creation of Luogang District. And eventually, give us a notion of how this process has taken place. Thus, in the following, the different levels of analysis (structural context, political culture, institutional milieu) are filled with contents relevant to the case study.

Urban Governance Modes in Guangzhou

Structural context

A key theme of the post-Mao urban scene is marketization. This involves the commodification of labor (e.g. the attraction of migrants into cities to provide cheap labor forces), the privatization of production resources (e.g. the conversion of ownership of state-owned enterprises to share-holding companies), and most importantly in terms of urban development the commodification of the built environment through establishing a land and housing market (Wu et al. 2007: 4). Urban land in China is still state-owned but land use and land development rights have become tradable since the mid 1980s. This led to extensive bargaining for land-use rights, the establishment of a land and real estate market based on supply and demand as well as significant changes in the urban fabric of cities in the 1990s (XIE et al. 2002: 1377; ZHU 2004: 1264).

Decentralization is manifested in the devolution of economic control to the local level. This ultimately gave rise to greater local autonomy with regard to economic and fiscal independence. After a series of institutional reforms, a higher share of tax revenues is provided from the central to the local level (HU 2002: 70; LI 2005: 122; XU; J. 1999: 53; ZHANG, T. 2002: 480). In this regard, government institutions are allowed to operate revenue oriented, which fundamentally changes their conduct towards more entrepreneurial forms of governance (DUCKETT 1998; HARVEY 1989; WU 2002). The administrative and fiscal decentralization has changed the functions of local governments which now act as both administrative and economic actors.

China's open door policy resulted in a re-integration into the global economy. With permission of forming joint ventures starting in 1979 and the subsequent implementation of the policy of export-led industrialization, the attraction of foreign direct investments (FDI) became an eminent factor in China's economic, especially urban development (BATISSE et al. 2006: 48). The interactions between China and the world

economy have been increasingly deepened. With the entry of China into the World Trade Organization (WTO) in 2001, external forces have been influencing internal institutional reforms more than ever before. As a result, many government regulations and administrative rules that are inconsistent with the WTO regulations are currently under reform (SHEN 2007: 306).

Political Culture

China's political culture is strongly characterized by the party-state structure. The hierarchical party system is parallel to the administrative system. Party branches exist at all levels of government, workplaces and institutions and play a leading role in their organization (HU 2002: 56; WU 2002: 1073). This two-fold structure encompasses highly complex linkages between vertical and horizontal lines of authorities. Politicians and civil servants (who are mostly one and the same person) of any given office have a number of executives in different government branches and on different administrative levels. Hence, Chinese polity can be regarded as one of "fragmented authoritarianism" (LIEBERTHAL 1995: 169). This means asymmetric decentralization where the party still operates top-down, the administrative system, however, is increasingly decentralized. Albeit the complex structure of administrative and party organization the system is typified by major institutional gaps. Consequently, informal arrangements to exert power are common in the Chinese political system (HEILMANN 2004: 56). This leads to a fundamental phenomenon of Chinese political culture – the *guanxi*. *Guanxi* are personal connections, commitments and networks that perform as gatekeepers to personal advantages (HARTMANN 2006: 63). Both, the party-state structure and the importance of *guanxi* in political decision-making are central elements of the political culture. When applied to urban policies, it permits the role of personalities and personal ambitions of local political and administrative elites to influence urban development processes. The Guangdong province, which is historically concerned on its autonomy, is widely known for its extensive use of informal ways of decision making. Its strong local governments tend to ignore the oversight capability of the central government (WUTTKE/WAIBEL 2008). A famous saying characterizes this behavior as: "the heaven is high, the emperor far away" (GARETT 2002).

Political Actors

Urban planning in China is still following a strongly government-led system, where administrative divisions are in command of urban affairs. Although inhabitants are directly affected by changing boundaries and new urban management strategies, public participation is still rare. A common occurrence is the involvement of so called 'experts' as consultants from privatized urban management research institutes or planning bureaus to aid in shaping the economic reforms (Tang et al. 2007: 7; Wong et al. 2006: 647). The restructuring process in Guangzhou was mainly supervised by the municipal government. After a planning competition, six planning and research institutes were invited to submit project schemes for the

future urban development strategy. A group of experts also served as an evaluation committee to review the proposals. This, eventually, resulted in a final conceptual plan (WU/ZHANG 2007: 732). Nevertheless, key decisions have been finalized by officials in high governmental positions whom's personal developmental visions tainted the expert's planning proposals. The focus on Guangzhou's east as mainly an economic center is an outcome of the vice-mayor's threefold position in the Communist Party, the municipal government and as the head of the Administrative Committee of GDD.

Institutional Bases

In the course of political decentralization, China's cities gained considerable power by institutional reforms. They were designated as centers of economic and regional development (Wu et al. 2007: 15). In conjunction with a number of policies decreed by central government, this set the institutional framework for Guangzhou's changing urban development strategy; hence, restructuring and establishing of Luogang District. To enhance a city's status, urban space re-organization has occurred (SHEN 2004: 191f., 2007: 309). The vertical structure (changing city scale), i.e. the upgrading or downgrading of a city in the administrative hierarchy, has been re-organized as well as the horizontal structure (urban territorialization), i.e. expansion of a city's territory to put more areas under its control. In 2000, Guangzhou utilized this consolidated local power in order to reposition its status and annexed two county-level cities as urban districts – Panyu in the south and Huadu in the north. Hence, Guangzhou reorganized its urban area which resulted in the creation of the Luogang District. As a consequence, urban space has been significantly extended and restructured so that Guangzhou is able to compete better with surrounding cities and to (re-)gain importance as a central city in the region (MACGEE et al. 2007: 90).

Governance Modes

The structural context, political culture, political actors and the institutional bases help us to understand the framework in which the restructuring of Guangzhou's city space has taken place. Eventually, the informal arrangements (governance modes) help us to explain *how* the restructuring process and creation of the Luogang District in Guangzhou has transpired. These modes have developed around formal and hierarchical relations between the governmental elites of Guangzhou municipality and the planning and academic institutes. The governing logic is one based on a rather authoritative decision making by high governmental officials. The political objectives are twofold for the restructuring process and creation of the Luogang District. First, its purpose is to strengthen Guangzhou's role as central city in the region and to enhance its competitiveness against other cities. Therefore, the political objective can be defined as *growth-oriented*. Second, certain governmental officials have an interest, related to their career opportunities, in promoting Guangzhou's east and therefore enhancing the role of GDD as a new sub-urban center. Assigning these findings to DiGaetano/Strom's matrix of modes of urban governance

shows a clear tendency towards *managerialism* (see fig. 3). Nevertheless, a definitive label is not possible. DiGaetano/Strom's urban governance model has been developed in a western, democratic context. Therefore, it apparently does not include the authoritarian nature of China's government and the country's strong focus on economic growth. The latter is the main focus of local governments in particular and stands above all social and environmental issues. This pro-growth aspect finds consideration by DiGaetano/Strom in the corporatist governance mode. However, *corporatism* in its understanding by DiGaetano/Strom involves a high degree of private actors, i.e. powerful civic leaders. In China, one can rather speak of corporatism in the way that local governments act market-oriented and therefore adapt forms of more entrepreneurial modes. Oi (1992, 1995), for example, calls this phenomenon in Chinese context as "local state corporatism".

Conclusion

It has been shown that Guangzhou's administrative reorganization and the creation of Luogang district followed a formal, hierarchical way of decision making which supports the main hypothesis of this paper. However, the appliance of DiGaetano/Strom's model in the Chinese context takes into account some problematic aspects for further consideration. China's solid local state power and its strong pro-growth focus are not represented within this model. Therefore, it seems appropriate to amend the model by incorporating entrepreneurial forms of governance with a focus on local state dominated governance. This would help to underline the strengthened role of local governments as major drivers of economic and urban development, as well as promoters of the city's competitiveness for accumulation of innovation, capital, and resources. Additionally, it would also help to consider further approaches of increased local capacity through learning and experiments, and the widespread use of external experts. Hence, Guangzhou's strategy to reposition itself in a competitive environment proves to be a prime example of changing approaches to the (re-)organization of urban space and activity.

Bibliography

- BATISSE, C., BRUN, J.-F., & RENARD, M.-F. (2006). Globalization and the Growth of Chinese Cities. In F. Wu (Ed.), *Globalization and the Chinese City* (pp. 47-59). New York, London: Routledge.
- BENZ, A., LÜTZ, S., SCHIMANK, U., & SIMONIS, G. (2007). Einleitung. In A. BENZ, S. LÜTZ, U. SCHIMANK & G. SIMONIS (Eds.), *Handbuch Governance. Theoretische Grundlagen und empirische Anwendungsfelder* (pp. 9-26). Wiesbaden: Verlag für Sozialwissenschaften.
- BENZ, A., LÜTZ, S., SCHIMANK, U., & SIMONIS, G. (2007). *Handbuch Governance. Theoretische Grundlagen und empirische Anwendungsfelder*. Wiesbaden: Verlag für Sozialwissenschaften.
- CHAN, R. C. K., & HU, Y. (2004). Urban Governance: A Theoretical Review and an Empirical Study. *Asian Geographer*, 23(1&2), 5-18.
- DIGAETANO, A., & STROM, E. (2003). Comparative Urban Governance. An Integrated Approach. *Urban Affairs Review*, 38(3), 356-395.
- DUCKETT, J. (1998). *The Entrepreneurial State in China: Real Estate and Commerce Departments in Reform Era Tianjin*. London: Routledge.
- FRIEDMANN, J. (2005). *China's Urban Transition*. Minneapolis, London: University of Minnesota Press.
- GARETT, V. M. (2002). *Heaven Is High, The Emperor Far Away - Merchants and Mandarins in Old Canton*. New York: Oxford University Press.
- GAUBATZ, P. (1999). China's Urban Transformation: Patterns and Processes of Morphological Change in Beijing, Shanghai, and Guangzhou. *Urban Studies*, 36(9), 1495-1521.
- GAUBATZ, P. (2005). Globalization and the development of new central business districts in Beijing, Shanghai and Guangzhou. In L. J. C. MA & F. Wu (Eds.), *Restructuring the Chinese City* (pp. 98-121).
- HARTMANN, J. (2006). *Politik in China. Eine Einführung*. Wiesbaden: Verlag für Sozialwissenschaften.
- HARVEY, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler B*, 17(1), 3-17.
- HEILMANN, S. (2004). *Das politische System der Volksrepublik China* (2nd ed.). Wiesbaden: VS Verlag für Sozialwissenschaften.
- HU, Y. (2002). *Regional Development and Governance in an era of Globalization: A Study of the Pearl River Delta Region, China*. The University of Hong Kong, Hong Kong
- LI, Y. (2005). *Institutional Analysis of Land Use Policies in China under the Transition Economy: With Reference to Rural to Urban Land Conversion in Guangzhou*. The Polytechnic University, Hong Kong.
- LIEBERTHAL, K. (1995). *Governing China. From Revolution through Reform*. New York, London: W. W. Norton & Company, Inc.
- LOGAN, J. R. (Ed.). (2002). *The New Chinese City. Globalization and Market Reform*. Oxford: Blackwell Publishers Inc.
- LOGAN, J. R. (2002). Three Challenges for the Chinese City: Globalization, Migration, and Market Reform. In J. R. Logan (Ed.), *The New Chinese City. Globalization and Market Reform* (pp. 3-21). Oxford, Malden: Blackwell Publishers.
- MA, L. J. C. (2002). Urban Transformation in China, 1949-2000: A Review and Research Agenda *Environment and Planning A*, 34, 1545-1569.
- MA, L. J. C., & Wu, F. (2005). Restructuring the Chinese city diverse processes and reconstituted spaces. In L. J. C. Ma & F. Wu (Eds.), *Restructuring the Chinese City. Changing Economy, Society and Space* (pp. 1-20). New York, London: Routledge.
- MA, L. J. C., & Wu, F. (Eds.). (2005). *Restructuring the Chinese City. Changing Economy, Society and Space*. Abingdon, New York: Routledge.

- MACGEE, T. G., LIN, G. C. S., MARTON, A. M., WANG, M. Y. L., & WU, J. (2007). *China's Urban Space. Development under Market Socialism*. London, New York: Routledge.
- NG, M. K., & TANG, W.-S. (2004). Theorising Urban Planning in a Transitional Economy. The Case of Shenzhen, People's Republic of China *Town Planning Review*, 75(2), 173-203.
- OI, J. C. (1992). Fiscal Reform and the Economic Foundations of Local State Corporatism in China. *World Politics*, 45(1), 99-126.
- OI, J. C. (1995). The Role of the Local State in China's Transitional Economy. *The China Quarterly*, 144, 1132-1149.
- PIERRE, J., & PETERS, G. B. (2000). *Governance, Politics and the State*. Basingstoke: MacMillan Press.
- SHEN, J. (2004). Reorganizing Urban Space in Postreform China. In J. Meligrana (Ed.), *Redrawing Local Government Boundaries: An International Study of Politics, Procedures, and Decisions*. Vancouver, Toronto: UBC Press.
- SHEN, J. (2007). Scale, State and the City: Urban Transformation in Post-reform China. *Habitat International*, 31, 303-316.
- TANG, B.-S., WONG, S. W., & LAU, M. C. H. (2007). Social Impact Assessment and Public Participation in China: a Case Study of Land Requisition in Guangzhou. *Environmental Impact Assessment Review*.
- WANG, M.-H., DUAN, X.-F., & TIAN, L. (2001). The Practice of Concept Planning for the City of Guangzhou (广州城市总体发展概念规划的探索与实践; Guangzhou cheng shi zong ti fa zhan gai nian gui hua de tan suo yu shi jian). *Focus Report*, 25(3), 5-10 (chinesisch).
- WONG, S.-W., & TANG, B.-S. (2005). Challenges to the Sustainability of 'Development Zones': A Case Study of Guangzhou Development District, China. *Cities*, 22(4), 303-316.
- WONG, S.-W., TANG, B.-S., & HOREN, B. v. (2006). Strategic Urban Management in China: A Case Study of Guangzhou Development District. *Habitat International*, 30, 645-667.
- WU, F. (2002). China's Changing Urban Governance in the Transition Towards a More Market-oriented Economy. *Urban Studies*, 39(7), 1071-1093.
- WU, F., Xu, J., & Yeh, A. G.-O. (2007). *Urban Development in Post-Reform China - State, market, and space*. London, New York: Routledge.
- WU, F., & ZHANG, J. (2007). Planning the Competitive City-Region: The Emergence of Strategic Development Plan in China. *Urban Affairs Review*, 42(5), 714-740.
- WUTTKE, C., & WAIBEL, M. (2008). The Evolution of Local State Capacity and Institutional Change in East-Asian Mega-urban Regions: The Case of the Pearl River Delta in China. *CEU Political Science Journal (Institutional Reforms and State Capacity)*, 3(2), 230-251.
- XIE, Q., PARSA, A. R. G., & REDDING, B. (2002). The Emergence of the Urban Land Market in China: Evolution, Structure, Constraints and Perspectives. *Urban Studies*, 39(8), 1375-1398.
- XU, J. (1999). *Development Concepts and Land Use Planning Mechanisms in China: A Case Study of Guangzhou*. University of Hong Kong, Hong Kong.
- XU, J., & YEH, A. G. O. (2003). City Profile Guangzhou. *Cities*, 20(5), 361-374.
- XU, X., & WANG, X. (2002). Characteristics of Governance in China: Based on the Practice in the Pearl River Delta. In K.-Y. WONG & J. SHEN (Eds.), *Resource Management, Urbanization and Governance in Hong Kong and the Zhujiang Delta* (pp. 249-257).
- ZHANG, T. (2002). Urban Development and a Socialist Pro-Growth Coalition in Shanghai. *Urban Affairs Review*, 37(4), 475-499.
- ZHU, J. (2004). From Land Use Right to Land Development Right: Institutional Change in China's Urban Development. *Urban Studies*, 41(7), 1249-1267.