

The London School of Economics and Political Science

**Entrepreneurial Managerialism:  
Mobilisation of redistributive mechanisms for  
entrepreneurial redevelopment of *Penghuqu* in a  
Chinese Third-Front city**

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A thesis submitted to the Department of Geography and Environment of  
the London School of Economics and Political Science  
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## Abstract

This thesis aims to investigate the change of urban governance in post-socialist China, as illustrated by the redevelopment of a shantytown or *penghuqu* neighbourhood established during the Third Front Construction (1964-1981) in Luzhou, a city in Western China. In the literature on Western cities, the change of urban governance in the neoliberal era has been described as a shift from managerialism towards entrepreneurialism. While this is often depicted as to entail a qualitative transformation of the state, we cannot regard such a change as a fundamental shift. As argued in this thesis, the state, however entrepreneurial it is, would still maintain some redistributive functions, rendering the mode of urban governance nowadays bearing the characteristics of managerialism and entrepreneurialism simultaneously. This would be evident in China. On the one hand, the local state in China, which depends heavily on a land-based accumulation system, is becoming more entrepreneurial. On the other hand, as China remains a “socialist state”, the legitimacy of the state is still founded partly upon accountability to its people, especially those disadvantaged ones. Drawing upon a series of ethnographic data collected from fieldwork between 2015 and 2017, this thesis will argue that entrepreneurialism and managerialism not only co-exist in the contemporary mode of urban governance in China, but intertwine in an integrated way, which may be termed “entrepreneurial managerialism”. The redevelopment of *penghuqu*, a national project aiming at improving the living conditions of disadvantaged urban residents with some degree of managerial features, has been strategically appropriated by the local state to serve its entrepreneurial vision. Furthermore, within the course of housing expropriation, the redistributive mechanism that could be dated back to the Maoist era with some modifications, have been mobilised to differentiate residents, and legitimise expropriation. The mode of urban governance that combines managerialism with entrepreneurialism also has significant implications for residents, shaping their minds and responses that bear such dual features.

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## Abbreviations

CCP	Chinese Communist Party
CCTV	Chinese Central Television
CDB	China Development Bank
CQ	Changjiang Qizhongji Chang
CW	Changjiang Wajueji Chang
CY	Changjiang Yeyajian Chang
LMG	Luzhou Municipal Government
LRDC	Luzhou Reform and Development Committee
MHURD	Ministry of Housing and Urban-Rural Development
MOF	Ministry of Finance
RAR	Residents' Autonomous Redevelopment
QSO	Qiancao Sub-district Office

## Glossary

*Notes on Romanisation of Chinese terms:* this thesis follows pinyin system to Romanise Chinese terms and characters. When referring to a term originally in Chinese, I present its English translation first and then introduce its pinyin representation and its original spelling in Chinese. Chinese characters and pinyin signals are put in a bracket, in the style as follows: “English translation (pinyin signals Chinese characters).” Here, in this glossary, these terms are listed in a different way for convenience: Pinyin signals are put at the beginning to enable the alphabetical ordering, and they are followed by Chinese Characters and then English translations.

*Baozhangxing zhufang* 保障性住房: affordable housing

*bushu qiye* 部属企业: enterprises under the direct administration of the First Ministry of Machinery

*chaiqian* 拆迁: demolition and resettlement

*Changqi* 长起, or *Changjiang Qizhongji Chang* 长江起重机厂: The Changjiang River Crane Factory

*Changwa* 长挖, or *Changjiang Wajueji Chang* 长江挖掘机厂: The Changjiang River Excavator Factory

*Changye* 长液, or *Changjiang Yeyajian Chang* 长江液压件厂: The Changjiang River Hydraulic Components Factory

*chanquan diaohuan* 产权调换: the exchange of the property right

*chaoda chengshi* 超大城市: Super-Mega city

*chaoxiang* 朝向: the direction a room faces

*chengqu* 城区: urban area

*chengshi fangwu chaiqian* 城市房屋拆迁: demolition of urban housing and resettlement

*Chengtaofang* 成套房: full complete set of flat (with bathroom and kitchen inside)

*Chuangruzhe* 闯入者: *Red Amnesia* (a movie)

*da chengshi* 大城市: big city

*diji shi* 地级市: prefectural-level city

*dingzihu* 钉子户: nail household

*diyi caijing zhoukan* 第一财经周刊: The First Financial Weekly

*duoceng* 多层: multi-storey building

*erji chengshi* 二级城市: second tier city (prefectural city)

*fadong qunzhong dou qunzhong* 发动群众斗群众: play the mass off against each other

*fanfu zuogongzuo* 反复做工作: communicate repeatedly

*fanggai fang* 房改房: housing 11strategizi during the housing reform

*feichengtao fang* 非成套房: incomplete set of flat (without bathroom and kitchen inside)

*fenfang* 分房: housing allocation

*fensan* 分散: disperse

*fuli fang* 福利房: welfare housing

*gongping* 公平: equity or justice

*gongtan mianji* 公摊面积: shared area

*gongzufang* 公租房: public rental housing

*Guihuaaju* 规划局, or *chengxiang gui hua guan li ju* 城乡规划局: Bureau of Urban-Rural Planning Management

*guoyou tudi shang fangwu zhengshou yu buchang* 国有土地上房屋征收与补偿: expropriation of or compensation for housing on state-owned land

*hengda* 恒大: Evergrade Real Estate Group

*huxing* 户型: house structure

*jiachou buke waiyang* 家丑不可外扬: not washing your dirty linen in public

*jiancheng qu* 建成区: built-up area

*jianzhu mianji* 建筑面积: gross floor area

*jiaxiang ren* 家乡人: person from the hometown

*jiedao banshichu* 街道办事处: Sub-district Office

*jiedao* 街道: sub-district

*jindong* 进洞: inside caves

*Jing-Guang tielu* 京广铁路: Beijing-Guangzhou Railway

*jiucheng he penghuqu gaizao* 旧城和棚户区改造: old town and *penghuqu* redevelopment

*jumin zizhi gaizao* 居民自治改造: residents' autonomous redevelopment

*kaoshan* 靠山: near mountains

laoshi 老实: simple-minded  
 lungang 轮岗: wait for the posts to be available  
 miaozi 苗子: Miao ethnicity  
 moni zhengshou 模拟征收: quasi-expropriation  
 penghuqu gaizao 棚户区改造: penghuqu redevelopment  
 Qianxiyuan 千禧苑: Millennium Garden  
 qu 区: city district  
 sanxian chengshi 三线城市: tier-3 city or city established during the Third Front Construction  
 sanxian jianshe 三线建设: The Third Front Construction  
 shequ 社区: residential communities  
 shi 市: city or municipality  
 shida jiechu qingnian 十大杰出青年: Ten Outstanding Young Persons  
 shifu 师傅: mentors  
 shiyong mianji 使用面积: net floor area  
 sixian chengshi 四线城市: tier-4 city  
 sixiang gongzuo 思想工作: thought work  
 teda chengshi 特大城市: mega city  
 Wenhua ju 文化局: Municipal Bureau of Culture  
 Wenwu ju 文物局: Bureau of Cultural Relics  
 Xi Dada 习大大: Xi Jinping, President of the People's Republic of China  
 xian 县: County  
 xianji shi 县级市: county-level city  
 xianle qingchun xian zhongshen, xianle zhongshen xian zisun 献了青春献终身，献了终身  
 献子孙: contributed not only youth, but also whole lives and even offspring  
 xiao chengshi 小城市: small city  
 xiao gaoceng 小高层: small high-rise  
 xibu huagongcheng 西部化工城: Chemical industry city in Western China  
 xingzheng fuyi 行政复议: appeal for administrative reconsideration by a higher authority  
 xingzheng susong 行政诉讼: sue the local government  
 Xinwen Lianbo 新闻联播: a CCTV news programme  
 xuanfang 选房: choosing flat  
 xunshi zu 巡视组: inspection group

*yi chutou wage jinwawa* 一锄头挖个金娃娃: find gold by digging only once  
*yiba chizi liangdaodi* 一把尺子量到底: use only one ruler to measure until the end  
*yinbi* 隐蔽: conceal  
*zhandi gong* 占地工: land-occupying workers  
*zhao* 找: looked for troubles  
*zhengyi* 正义: justice  
*zhicheng* 职称: professional rank  
*zhiwu* 职务: posts  
*zhixia shi* 直辖市: City under the direct administration of the central government  
*zhongdeng chengshi* 中等城市: Middle-level city  
*Zhongguo jiucheng* 中国酒城: Chinese City of Liquor  
*zhonglian zhongke* 中联重科: Zoomlion, a Chinese leading machinery company  
*Zhujianju* 住建局, or *zhufang yu chengxiang jianshe ju* 住房与城乡建设局: Bureau of Housing and Urban-Rural Construction  
*Zhujianju* 住建局, *Guijianju* 规建局 or *zhufang yu chengxiang guihua jianshe ju* 住房与城乡规划建设局, Municipal Bureau of Housing and Urban-rural Planning and Construction  
*zonggui ban* 总规办: Office of General Planning  
*zuo de ke ai* 左得可爱: being naively left-wing

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# Chapter 1 Introduction

## 1.1 Entry to the thesis

In 2013, Chinese Central Television (CCTV), the mouthpiece of the Chinese Communist Party, made a long series of reports, ten episodes in all, on the redevelopment of an old neighbourhood called Caojiaxiang<sup>1</sup> in Chengdu, the capital city of Sichuan Province. The first five episodes of this series were even broadcast on *Xinwen Lianbo* (新闻联播), a live news programme that is rebroadcast daily by every important Chinese television channel at 7 p.m. This made the redevelopment of Caojiaxiang a well-known case throughout China.

The redevelopment of Caojiaxiang was conducted in the name of *penghuqu* redevelopment (*penghuqu gaizao* 棚户区改造)<sup>2</sup>, and adopted an innovative mode called “residents’ autonomous redevelopment” (*jumin zizhi gaizao* 居民自治改造) (for further details, see Deng, 2017). Among the series of CCTV reports (CCTV, 2013), one scene was particularly interesting. A resident of Caojiaxiang, Mr Sui, came to the housing expropriation office to pursue a negotiation. His claim for higher compensation for his properties had been declined by the expropriation officials. But, having failed to come to an agreement, as he was about to leave he found himself besieged by indignant residents in Caojiaxiang. They urged him to accept the compensation scheme and surrender his properties in the public interest, or else he would be detained there. Mr Sui suddenly felt that he had turned into a public enemy (see Figure 1-1). After almost

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<sup>1</sup> Literally, Caojiaxiang means the lane of the Cao Family.

<sup>2</sup> In this thesis, I use the term “redevelopment” to translate the Chinese word “*gaizao*”. *Gaizao* is an ambiguous term, which may refer to either a fundamental change (reform), or a minor change of specific features (renovation). For *penghuqu gaizao*, the state advocates both renovation and redevelopment measures (see Section 4.5). But in practice, redevelopment measures are more widely practised and so I translate *penghuqu gaizao* as *penghuqu* redevelopment. The word ‘renovation’ will also be used where applicable.

twenty hours in the same place, Mr Sui, now worn out, finally agreed to the compensation offered. He was then released by the residents, who were also exhausted.

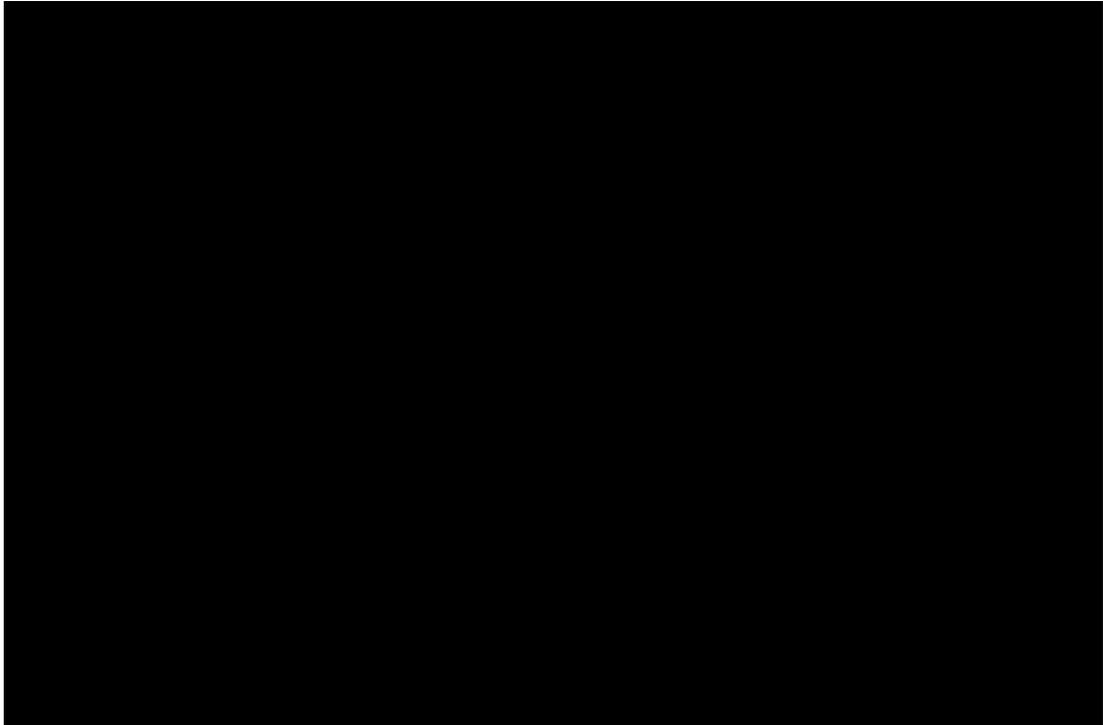


Figure 1-1 Screen shot: Mr Sui surrounded by his neighbours

Source: Notes: Mr Sui, the man in the chair, is saying: “Now I have become the enemy”.

The case of Caojiaxiang provokes debate on at least two issues. First, the redevelopment of Caojiaxiang had been conducted as part of the national project of *penghuqu* redevelopment. The question is how this national project can be reconciled with the needs of local government. *Penghuqu*, translated sometimes as “shanty town” or “shanty area” (see Lu, 1995; Wu and He, 2005; Huang, 2012; Shi *et al.*, 2016; Li *et al.*, 2018), is a kind of decrepit neighbourhood in a Chinese city where living conditions are poor. The redevelopment of *penghuqu*, which had long been a local practice, became a national project in 2007. The redevelopment of *penghuqu* is now being carried out, under the sponsorship of the central government, as the most important component of China’s new affordable housing system (*baozhangxing zhufang* 保障性住房; see Chapter 4). The Chinese central government committed itself

to improving the living conditions of more than 100 million residents in *penghuqu* neighbourhoods (General Office of the State Council, 2014).

The second debate that might derive from the case of Caojiaxiang involves questions about the way in which residents are mobilized, including the use of the system of “residents’ autonomous redevelopment”. Promoted by the state throughout China in *penghuqu* redevelopment practices, “residents’ autonomous redevelopment” probably assumes that local residents will unite and play a more significant role in the redevelopment process of their own neighbourhoods, rather than being dictated to by a coalition of the state and market forces such as prevails in contemporary urban China (for example, Yang and Chang, 2007; Shin, 2009a; Wu, 2016). But, as the experience of Mr Sui shows, this mode eventually generated antagonism among the residents themselves. What do these local initiatives tell us about state-society relations in a rapidly urbanising China?

## **1.2 Research Context**

In the last twenty years, the system of housing provision in urban China has been dramatically transformed. In 1998, as a critical measure of the housing reform, the socialist welfare housing scheme, after years of local experiments, was terminated (Wang and Murie, 1996; Wang, 2000; Wang and Murie, 2000). Before this reform, public housing in Chinese cities had been allocated to workers in the state-owned enterprises and employees in the public sector (Whyte and Parish, 1984: 76-85; Davis, 1989; Wang, 1995). This mode of public housing constituted an important pillar of the socialist welfare system (Wu, 1996). However, the system not only produced widespread housing shortages, poor maintenance of the stock and ineffective methods of allocation, but also impaired economic growth, because the state had to bear the

heavy responsibility of providing public housing (Wang and Murie, 1999). It was believed that privatisation might be the remedy. Therefore, along with the overall market transition, public housing was privatised and commodified (Zhou and Logan, 1996; Adams, 2009; Man, 2011), or recommodified (Davis, 2003). The responsibility for supplying dwellings to Chinese citizens was thus transferred to the market. A real estate market, which had been eliminated in the Maoist era (Wang, 1992), started to boom again and has become a major component of the economy (Wu *et al.*, 2007: Chapter 3).

The commodification of housing did improve the overall housing conditions for China's urban residents (Zhou and Logan, 1996), but it also resulted in a series of economic, political and social changes. For one thing, the commodification of housing fuelled speculation in land and real estate in China. Earlier, in 1988, the amendment of the Chinese Constitution and the Land Administration Law marked the foundation of a land market in China (Xu *et al.*, 2009; Hsing, 2010). This amendment differentiated two rights in relation to land, namely, the ownership right and the land use right (Yeh and Wu, 1996). While urban land remained state-owned, the land use right could be leased at a profit for a fixed period (Hsing, 2006). Later, in 1994, the reform of China's tax-sharing system altered the fiscal relations between central and local governments. After the reform, as a recentralisation strategy, the central state took a greater share in the fiscal resources, imposing tighter budget constraints upon local governments (Tao *et al.*, 2010). But the local states were also left with a space in which to generate local revenue through land development, including land expropriation, conveyancing and leasing, in the form of extra-budgetary revenue (Lin and Yi, 2011; Cao *et al.*, 2008). Therefore, the local states, as the *de facto* landlords (Shin, 2009a), were motivated to use their monopoly power over land to pursue land accumulation,

either by converting rural land for industrial and real estate development (Zhang, 2000), or seeking the “rent gap” through expropriating land in existing urban areas in the name of redevelopment (Yeh and Wu, 1996; Yang and Chang, 2007). Land revenues thus constituted a vital source of revenue for the local state (Li, 1999; Ho and Lin, 2003; Yeh 2005; Ong, 2014). Furthermore, the political agenda of China’s local state leaders has been entirely dominated by urban development, which has been described by You-tien Hsing (2010: 6) as “the urbanisation of the local state”.

The urban-oriented accumulation mechanism has produced in China a mode of “speculative urbanisation” (Shin, 2014a), which affected the lives of the masses to their detriment. First, with the upward spiral of land prices, real estate speculation took off, triggering a crisis in housing affordability. Between 2004 and 2015, land prices for residential and commercial use in 35 large cities increased nearly five-fold (Wu *et al.*, 2015). In the same period, from 2003 to 2013, the average real estate prices in China’s leading cities grew by 13.1 per cent per year (Fang *et al.*, 2015); they are now between two and ten times higher than the cost of construction (Claeser *et al.*, 2017). For ten years there was no effective provision of affordable housing (Wang and Murie, 2011) and the high cost of housing became a major cause of social instability in general (Man, 2011; Yang and Wang, 2011). Second, the local state, to maximise the revenues that it accumulates from land, always adopts enforcement measures (or “eminent domain”) to expropriate land and housing at the cost of infringing the rights and interests of the public. As a result, disputes over land expropriation and housing demolition also generated widespread social unrest and resistance (So, 2007; Hsing, 2010; Guo, 2011; Whiting, 2011; Shao, 2013).

The new affordable housing system in China in recent years was established in some sense to mitigate the negative consequences of housing commodification. In

2007, after a ten-year vacuum following the housing reform, this system of affordable housing was first set up with the dual intention of improving public welfare (*gaishan minsheng* 改善民生) and reducing social inequality, as well as stimulating domestic consumption at a time of global financial crisis (Huang, 2012; Chen *et al.*, 2014). The foundation of the affordable housing system may be contextualised in the so-called “golden age of social policies” under the leadership of Hu Jintao and Wen Jiabao (2002-2012) (Howell and Duckett, 2018). Unlike the previous social welfare system, which benefited only a small proportion of the population (Davis, 1989; Dillon, 2015), this new system, it is argued, provides for the very first time social security and a safety net for all citizens, under the regime of the Communist Party (Howell and Duckett, 2018).

The privatisation of public housing and the retreat of the state from public housing provision was never unique to China. In a broader context, it can be interpreted in the framework of the dramatic change experienced by urban governments in Western societies from managerialism to entrepreneurialism (Harvey, 1989). In fact, it had long been doubted whether the provision of public housing should be taken as a pillar of the welfare state (Ginsburg, 1979; Harloe, 1995; Malpass, 2005). But after the Second World War, faced by the urgent need to cope with a housing deficit, the provision of public housing became one of the noticeable characteristics of the welfare state in the West (Hill, 1991; Ball, Harloe, and Martens, 1988). In addition, the provision of public housing by the state and the state’s assistance with home ownership (in such forms as subsidies and loans) fostered an important social group called “urban managers”, who were the “gatekeepers” of urban resources and could allocate public housing at their discretion in (Ford, 1975; Gray, 1976; Williams, 1976, 1982).

Therefore, their personal values, attitudes and preferences could generate specific spatial results in the urban fabric, such as social stratification, social segregation, and, inevitably, social injustice (Rahl, 1970, 1975). The important role played by the state in the redistribution of social surpluses and the dominance of bureaucratic organisations in the allocation of redistributive resources constituted the defining features of the managerial mode of urban governance (Griffith, 1998).

Apart from the typical welfare state, in some of the developmentalist states in East Asia, the provision of public housing also constituted an important pillar of their social policies and facilitated their economic growth (Castells *et al.*, 1990; Park, 1998). This was particularly the case in Singapore. As revealed by Park (1998), the state-society relationship in Singapore had a great impact on the housing policy of the Singaporean government. When the Singaporeans attempted to build an independent nation, the People's Action Party, to gain populist support, initiated a populist alliance with the people by promoting such populist policies as public housing and education (*ibid.*: 281-282). Therefore, the public housing programme became a cornerstone in ensuring the political legitimacy of the ruling party in Singapore (Castells *et al.*, 1990; Chua, 1991, 1997; Haila, 2015). Even if some public housing was privatised later, in order to improve housing quality, privatisation *per se* still served as a tool to maintain political legitimacy and political patronage (Eng and Kong, 1997).

However, with the transformation of urban governance from managerialism to entrepreneurialism (Harvey, 1989) – or the rise of neoliberalism (Jessop, 2002; Harvey, 2005) – the state started to retrench in its responsibility for redistributing goods in its territory, at the same time redirecting its mode of governance towards facilitating speculation, promoting certain places and delivering social services in conjunction with private business (Harvey, 1989a). In the realm of public housing, such a

transformation was buttressed by a long-held belief in owner occupation, such that purchasing a house in the real estate market should be the norm (Harloe, 1995), generating a large-scale privatisation of public housing, not only in typical welfare states such as Britain (Forrest and Murie, 1988), but also in developmentalist states in East Asia (Ronald and Doling, 2010).

This trend is particularly applicable to Britain, where the “right to buy” scheme, especially under Thatcherism, led to the faster privatisation of public housing than took place in any country in Western Europe (Forrest and Murie, 1988; Castles, 1998: 251), and in any other sector of the welfare state in the UK (Forrest and Murie, 1988: 5). Nowadays, the state has significantly limited its direct involvement in the housing sector, rendering the occupancy of social housing merely a “residual role”, taken by largely low-income people, rather than something that once prevailed in a wide range of people (Harloe, 1995: 3; Woods, 2000: 137). The “residual role” of public housing was in line with its “wobbly pillar” status in the welfare state, as argued by some scholars (Torgersen, 1987; Malpass, 2003). Furthermore, with the rising importance of private ownership, the state turned to transforming housing into an asset, a new source of welfare for individual families, thus promoting asset- or property-based welfare (Groves et al., 2007; Malpass, 2008). This has also been the practice of developmentalist states in East Asia (Ronald and Doling, 2010).

With the entrepreneurial change of urban governance and the rise of neoliberalism, the privatisation, commodification and even financialisation of communal assets may be subject to the need to accumulate and the maximization of profit at the expense of people’s rights. This is best revealed by David Harvey (2003, 2005) in his concept of “accumulation by dispossession”. According to Harvey, accumulation by dispossession means “to release a set of assets (including labour-

power) at very low (and in some instances zero) cost. Over-accumulated capital can seize hold of such assets and immediately turn them to profitable use” (Harvey, 2003: 149). Or, as Levien puts it, accumulation by dispossession refers to the “use extra-economic coercion to expropriate means of subsistence, production or common social wealth for capital accumulation” (Levien, 2011: 457).

### **1.3 Research Questions**

Against this backdrop, the present research critically examines the (re-) establishment of the affordable housing system in China, with the redevelopment of *penghuqu* as the major concern. Two main questions are considered. First, does the practice of *penghuqu* redevelopment suggest that urban governance in China, which is now tinged with entrepreneurial characteristics (in particular, dominated by the logic of land accumulation), has shifted its orientation and retaken a managerial, or even paternalist approach? Second, what implication does it have for local residents, who are supposed to benefit from the social welfare provision? The first main question can be further divided into a series of related sub-questions: First, how does the national project of *penghuqu* redevelopment, which bears the characteristics of managerial mode of governance, take shape? Second, what is the situation of the local practices of the national project of *penghuqu* redevelopment? Third, how does the local state develop new avenues of accumulation with entrepreneurial characteristics? Fourth, how does the national project of *penghuqu* redevelopment interact with the entrepreneurial urban governance?

To address these questions, a series of intensive periods of fieldwork was conducted between 2015 and 2017. I take the redevelopment of Qiancao, in Luzhou,

Sichuan Province as a case in which to explore the underlying logic of urban governance in contemporary China. Qiancao, established during the Third Front Construction period, was an urban area mingling industrial and residential uses (1964-1981), and formed part of the central state's preparation for war in the Cold War era. As in the case of Caojiaxiang, the redevelopment of Qiancao was conducted in the name of *penghuqu* redevelopment. With more than 10,000 households, meaning 30,000 people, to be relocated, the redevelopment of Qiancao was the largest individual project of *penghuqu* redevelopment in the whole of Sichuan Province (*Sichuan Daily*, 2016). The choice of Qiancao as a Third Front city provides an opportunity to discuss the socio-spatial impact of urbanization, drawing attention away from the Eastern coastal cities that have been at the centre of urban China studies.

This thesis argues that the managerial and entrepreneurial mode of urban governance should be considered dialectically. Redistributive mechanisms, which are the essential part of managerial urban governance, were able to be appropriated to serve entrepreneurial purposes. To analyse this is to describe the concept of “entrepreneurial managerialism”. Through a detailed examination of the redevelopment of Qiancao, this thesis will demonstrate how the local state strategically took advantage of the local history in relation to Third Front Construction and the landscape of the area to present a heterogeneous neighbourhood as *penghuqu* in order to procure resources that were being redistributed by the central state. Meanwhile, informed by the practices in Caojiaxiang, the local redistributive bureaucrats applied the residents' autonomous redevelopment model to the redevelopment of Qiancao. By manipulating the redistributive mechanism, they successfully exerted pressure upon residents and achieved their goal of accelerating land and housing expropriation, while ensuring that resistance by local residents was contained.

## 1.4 Thesis Structure

This thesis consists of eight chapters. Following this introductory chapter, in Chapter 2, I review the relevant literature and propose a framework of entrepreneurial managerialism. In this chapter, I first explore the instrumental dimension of redistribution or social welfare. Next, I review mainstream debates on the characteristics of the managerial and entrepreneurial modes of urban governance and the explanations for the dynamic of the change from managerialism to entrepreneurialism. The tendency in general, and particularly in the Chinese context, will be considered to show in what sense the redistribution of resources could be manipulated to serve specific purposes. The situation of socialist redistribution, both in the Central and Eastern European countries and in pre-reform China, will also be considered. At the end of Chapter 2, it is proposed to consider the managerial and entrepreneurial mode of urban governance from a dialectical perspective, which I term as “entrepreneurial managerialism”, so as to understand the contemporary mode of urban governance. The rest of this thesis demonstrates how China’s *penghuqu* redevelopment can be accounted for through the lens of entrepreneurial managerialism.

Chapter 3 is concerned with the research method. In this chapter, I first review the process of my fieldwork and introduce the various sources of the materials used in this thesis to support my arguments. Following this introduction, I reflect upon some critical issues in relation to my fieldwork, which consist of the rationale of the field site selection, some constraints encountered when conducting interviews, and the efforts I made to overcome those constraints. I believe these issues are not only critical for the course of my fieldwork *per se*, but may also shed light on the theme of this thesis. For example, from observing how local

residents were sensitive to my appearance as a stranger in their neighbourhood, it may be inferred that the redevelopment project placed them in a precarious and anxious position.

Chapter 4 provides the context for this thesis: both the historical context, namely, the Third Front Construction, and the policy context, that is, the redevelopment of *penghuqu* as a national project. Regarding the historical context, I review the general process of Third Front Construction and how it was implemented locally in Qiancao. The experience of some residents as “Third Front migrants” is also explored in this chapter. As noted above, the local history in relation to the Third Front Construction has been strategically mobilised by the local state to justify its redevelopment project. In addition, as further examined in Chapter 7, local residents also referred to their personal experience within and after the course of Third Front Construction to frame their perception of justice and injustice in the ongoing development. The policy context first traces *penghuqu* back to its emergence and in its early period under the Communist regime. The emergence of *penghuqu* went hand-in-hand with the industrialisation of China. I also review the establishment of the new affordable housing system in recent years and the process by which the redevelopment of *penghuqu* has moved to a central position in this new system.

Chapters 5 to 7 contain the empirical findings. Chapter 5 first extends the discussion in Chapter 4 on the essence of *penghuqu*. I argue that *penghuqu* should not be regarded as a common-sense policy with a specific content. On the contrary, it has never been clearly defined. I review how the central policies on *penghuqu* redevelopment change over time to reveal the flexibility of *penghuqu* in terms of its scale, range and policy purpose. The vagueness and flexibility of the central policies on *penghuqu* redevelopment leave room for the local government to exploit development opportunities. The second part of this chapter scrutinises the local

practice of *penghuqu* redevelopment in Luzhou. It explores how the local state orchestrates Qiancao as *penghuqu* by re-mobilising its historical linkage with the Third Front Construction and exaggerating the negative dimension of the living conditions there. This qualifies it for national resources and facilitates land acquisition. In this regard, this chapter shows how entrepreneurial managerialism is not to be considered as merely a local practice: It is made possible by the mutual action, or even a kind of collusion, of the central and the local state.

Chapter 6 is concerned with the other dimension of the entrepreneurial managerialism, that is, the critical role played by the redistributive bureaucrats once given discretion to pursue entrepreneurial purposes. The redistribution of scarce resources was able to be used to reward people who contributed to the generation of land revenue. Conversely, those who hindered the progress of redevelopment would be punished by being put at a disadvantage in the redistribution process. This chapter examines how the local officials devised a sophisticated allocation scheme to play a dual role in allocating resettlement housing. As speed (in particular, the speed of housing expropriation) became a critical feature pursued by the entrepreneurial local state, those who could surrender their dwellings soonest were rewarded. By contrast, the housing expropriation authority also mobilised residents' social ties with their neighbours and acquaintances, and their dependence upon existing redistributive mechanisms, to put pressure on local residents and compel them to surrender their dwellings without violence. In fact, the chapter reveals that the mode of residents' autonomous redevelopment served as a mechanism to bind most residents together and redirect the potential antagonism caused by land and housing expropriation towards society. This could fragment the society even more, a state which may be seen by the local state as desirable, particularly under entrepreneurial managerialism.

Chapter 7 is concerned with the implications of entrepreneurial managerialism as a mode of urban governance for local residents, especially for their perception of justice and injustice. As the local state turned to pursue entrepreneurial purposes that prioritised the exchange value of land and housing over their use value, residents may also have been inclined to accept the fairness of exchange in light of their sense of justice and injustice. Meanwhile, managerial urban governance, although sharply different from that under the socialist redistributive system, still plays a role. As a result, local residents could also refer to their previous experience to articulate their satisfaction or discontent with the current scheme for allocating resettlement housing. However, it may not be sufficient to constrain the debate on the issue of redistribution around social justice alone. As something widely debated in political philosophy, the issue of recognition, especially the recognition of particularity, is also necessary (if not more important) for social justice. The remaining part of this chapter looks at local residents' frustrations and the way in which they derive from officialdom's failure to acknowledge their particular treatment of their housing. It is argued that only when housing has been cherished in terms of its use value, rather than exchange value, can we achieve a kind of social and spatial justice.

The concluding chapter summarises the findings of this thesis, and also includes reflections on the changes that happened in Qiancao after my fieldwork. I also state some limitations of this research which could be further elaborated as part of future research.

### **1.5 Potential Contributions**

This thesis aims to make a contribution in the following aspects.

First, by proposing entrepreneurial managerialism and using the case of *penghuqu* redevelopment in China to exemplify it, this thesis, rather than merely emphasising the rise of entrepreneurialism, advocates a dialectical understanding of the change in urban governance (Harvey, 1989; particularly in China. Wu, 2003; Chien, 2013a; He *et al.*, 2018). By doing so, we can understand the statecraft and the essence of the state in a relational way. Even a state dominated by entrepreneurial ideology could still use some strategies with strong managerial characteristics to serve its entrepreneurial purposes. The two approaches are not mutually exclusive, but can be integrated with each other in a more nuanced way. In this regard, entrepreneurialism *per se*, or a purely market-dominated logic, may not be the fundamental pursuit of urban governance, but is merely adopted in an instrumental way, as managerialism was under the capitalist welfare state.

Second, this thesis explores the redevelopment of *penghuqu* not through the lens of policy debate, which in some sense takes *penghuqu* as a kind of policy *doxa*, an a priori, self-evident category, but in order to question the essence of *penghuqu per se* and expose *penghuqu* as a discursive constituent. By doing so, this thesis attempts to extend current research on *penghuqu* redevelopment or the new affordable housing system in China (for example Huang, 2012; Ni *et al.*, 2012; Li *et al.*, 2018) and bring the issue of *penghuqu* redevelopment into a more general debate on urban redevelopment. In addition, by scrutinising how the stigma on *penghuqu* in China is not the same as that of other types of urban neighbourhood where low-income urban people congregate, such as the slum or “sink estate” in the British context (Lees, 2014; Slater, 2018), it will reveal how the socialist legacy has implications for the entrepreneurial urban practices in contemporary China and further sheds light on the reflection of neoliberalism in the Chinese context.

Third, in terms of the research on contemporary Chinese cities, this thesis attempts to make a contribution by bringing cities “off the map” (Robinson, 2006, 2008) and into mainstream urban studies. A wealth of studies on mega-cities such as Beijing, Shanghai, and Guangzhou has delineated a general image of urban transformation in contemporary China. The urban changes in these mega-cities are undeniably critical for understanding the overall trend. However, these mega-cities may also be unique because they are the “frontier” where political power, capital and the forces that could drive significant changes in civil society (such as NGOs and academic researchers) are concentrated. Such a unique combination could shape a particular mode of relationship between different agencies, which may diverge from what can be found elsewhere. This thesis joins the attempt to explore the urban change elsewhere (see Chien, 2013a; Su, 2015; He *et al.*, 2018). As the local state has been constrained by its political, fiscal, and financial capabilities, it may pursue some innovative ways that are not to be observed at the frontier.

Fourth, this research has sought to convey the experience of the “forced” migrants from the East to a Third Front city, and exhibits how their sense of justice and injustice, as well as their understandings of the (Party-)State and its actions, have been shaped in the long course of China’s industrialisation, economic reform and urbanization. If it has done so, this research will extend some existing studies (for example, Lee, 2007) on working class politics in China.

## **Chapter 2 Entrepreneurial Managerialism: Revisiting the role of redistribution in the entrepreneurial era**

### **2.1 Introduction**

The mode of urban governance in Western countries underwent a critical shift in the 1970s, as outlined by David Harvey (1989a); it was a transformation from “managerialism to entrepreneurialism”. Similarly, it was a transformation from a Fordist “welfare” state to a neo-liberal, post-Fordist “workfare” state (see Jessop, 1995). Since then, debates around the change to entrepreneurialism in urban governance have become heated. Much effort has been invested in exploring the dynamics of this transformation and describing the innovative strategies made by entrepreneurial cities. This framework is also applied by many scholars as they explore the urban changes in contemporary China. But an important issue remains unclear, namely, is this change a fundamental transformation? How should we understand the social redistributive measures after the entrepreneurial change? For China, which is still being defined as a socialist country that retains many redistributive mechanisms, this issue is even more critical.

In this chapter, I first explore the instrumental dimension of redistribution, namely, that redistributive measures can serve other purposes than achieving a fundamental justice, with reference to both the capitalist societies and the socialist societies. Then, I will review the key features of managerial and entrepreneurial mode of urban governance and describe some of the driving forces of the change from managerialism to entrepreneurialism. By highlighting the possible convergence of these two modes, I seek to propose my idea of entrepreneurial managerialism.

I argue that rather than regarding managerialism and entrepreneurialism as excluding each other, it is better to regard managerialism and entrepreneurialism in a dialectical way and pose them on opposite ends of the same spectrum of urban governance. A given mode of urban governance may bear the features of both entrepreneurialism and managerialism at the same time (Shin, 2016a). The instrumental dimension of redistribution enables redistributive measures to be manoeuvred for entrepreneurial purposes. In the Chinese context, to understand the essence of some new redistributive measures (in this research, the redevelopment of *penghuqu*), the concept of “entrepreneurial managerialism” bearing the features of both entrepreneurialism and managerialism is proposed as a framework of understanding China’s urban governance.

## **2.2 The instrumental dimension of redistribution**

### *Instrumental use of redistribution in the capitalist societies*

In the Western context, redistribution is widely concerned as the approach to realise social equality. Typically, it could be defined as follows (Calhoun, 2002: 142):

“[a] shift in the distribution of income or wealth, generally as a means of pursuing *egalitarian* goals or of assisting disadvantaged sections of the population. The most common tools of redistribution are taxes on income, wealth, and commodities; transfer payments ... and the provision of public goods ... Other measures include price controls, rent controls, minimum-wage legislation, and the rationing of goods and services. At the societal level, the challenge is not merely to achieve a *more equitable distribution of wealth*, but to increase wealth so that redistribution is not simply a zero-sum game in which one person’s gain is another’s loss. For this reason, equity considerations cannot be divorced from issues of how income and wealth are generated. Government action can also privilege the redistribution of ‘opportunity ...’”

In general, as according to Korpi and Palme (1998), welfare states have at least three types of redistributive policy. The first one focuses on targeted social groups, such as the disabled; the second one adopts a more universal approach that provides all citizens with benefits of an equal standard; the third one is similar to the second one, but takes account of citizens' earnings and income before the redistribution. The benefits they may obtain should determine their level of income.

For the first type, that is, the targeted policy, some researchers think it could not help achieve the goal of reducing inequality. According to Korpi and Palme (1998), if a large number (or a majority of) citizens were excluded from the welfare scheme, they might form coalitions and revolt against or even repeal taxes. Meanwhile, targeting specific groups reduces the total amount of social wealth being transferred (*ibid.*: 672). This creates a kind of “paradox of redistribution”, namely: “the more we target benefits at the poor only and the more concerned we are with creating equality via equal public transfers to all, the less likely we are to reduce poverty and inequality” (*ibid.*: 681-682). In this regard, to ensure a well functioning welfare state, welfare policies should adopt a universal logic that covers everyone irrespective of their personal traits (e.g. Tawney, 1952; Korpi, 1980; Garfinkel *et al.*, 1996; Wilson, 1996; Korpi and Palme, 1998).

However, some researchers (Le Grand, 1982; Goodin and Le Grand, 1987; Saez, 2006; Kakwani and Subbarao, 2007) doubt the universal logic of welfare provision to be wasteful, or could even enhance social inequality. For example, as argued by Le Grand (1982: 137), any universal redistribution may end in being used by the better off and favouring them, thus disadvantaging other social groups and aggravating inequality. Hence this faction of researchers claim that it is more efficient to concentrate scarce resources on those who are in need.

The fact that either mode of welfare scheme could contribute to a greater level of inequality could challenge the seemingly solid linkage between redistribution and social equality. In fact, it is better to consider the use of redistributive measures to cope with social inequality as an “affirmative remedy” (Fraser, 1995a; further discussion in Chapter 7) of the internal contradiction of the capitalism, which could achieve some degree of equal result, but leave the source of inequality, that is, the capitalist mode of production intact. Redistributive measures primarily serve the fundamental incentive of capital accumulation, which is “Moses and the prophets” (Marx, 1973: 595). In this regard, redistribution could be regarded as an instrument that serves different purposes of the regime.

The role that welfare measures played in the developmentalist state in East Asia could be a vivid case of such understanding of redistribution. Ian Holliday (2000, 2005) refers to the Esping-Anderson’s typology of welfare regimes (1990) to consider the condition of welfare provision in the developmental states, East Asia in particular. He uses the term the “productivist world of welfare capitalism” (Holliday, 2000: 709) to describe the welfare model in East Asia. In general, welfare policies in these states are subordinated to, and serve the purpose of economic growth, which is the source of legitimacy for these developmentalist states (see also Gough, 2001; Kwon, 2005).

Song’s research (2009) on the welfare regime in South Korea may exemplify Holliday’s model. In South Korea, where at one stage in its rapid economic growth a redistributive system was less than firmly established, a welfare regime could even be established in direct response to the need for neoliberalisation (Song, 2009; see also Lee, 1999; Song, 2003). Song (2009) calls this mode of welfare regime “the neoliberal welfare state”. According to Song, redistributive measures that sought to provide citizens with a minimum standard of living were designed to cope with the decline in

the wake of the Asian Debt Crisis (1997-2001). Nevertheless, only certain citizens, such as unemployed young people (new intellectuals) and short-term homeless people, were prioritised as “deserving” recipients of welfare, in that they were still “promising, had the potential to be employed and contributed to the information and service industries, making them “governable subjects of a neoliberal welfare state” (Song, 2009: xii).

As well as developmentalist states in East Asia, typical neoliberal countries such as the UK, the US, and Australia, the state also does not take an anti-welfare rhetoric, but, on the contrary, pursue reshaped welfare regimes and manipulate welfare provision to secure the maintenance of neoliberalism. Hartman (2005: 57) uses the metaphor that “neoliberalism has indeed got into bed with its putative enemy” to capture this phenomenon. Using the case of income support, Hartman (2005) provides three explanations for the coexistence of neoliberalism and redistributive measures. First, more recently employed people have to rely on income support to supplement their wages from precarious casual work. The provision of low income support helps the peripheral labour market to flourish, thus maintaining a stable supply of cheap labour. In the meantime, the provision of income support, although not too much of it, can also ensure that workers’ living conditions are slightly above basic subsistence, thus helping them gain a meagre capacity as consumers in the market. Second, through the functionalist lens, the provision of social welfare under capitalism can to some degree contribute to social cohesion. It will, on the one hand, serve to syphon off public discontent in the face of malfunctioning capitalism, and, on the other, allow the recipients to maintain a certain degree of integration in society. Third, with the prevailing anti-welfare rhetoric and the basis of welfare provision shifting from entitlement to obligation, the recipients must submit to a plethora of disciplines and

conduct self-monitoring. By providing social welfare, the state achieves social control by producing docile subjects who internalise neoliberal disciplines. In sum, welfare provision is deemed by Hartman (2005) to be an integral part of neoliberal governmentality, maintaining the successful operation of neoliberalism at a time when social inequality is being exacerbated.

More recent cases since the rise of neoliberalism in capitalist economies further demonstrate such function of redistribution (Kurtz, 2002; Mansfield, 2007; Morrison, 2012; Scanlon, 2010). Redistributive measures have not been abandoned, but are strategically employed to support the underlying mechanism of accumulation. Against this backdrop, it is argued that the instrumental use of redistributive measures is not an exception, but rather the essence of redistribution. Social redistribution was supposed to achieve the result of narrower social inequality, but this would further serve the underlying demand of capitalism.

#### *Instrumental use of redistribution in the (former-)socialist societies*

By means of their welfare policies, in the former socialist countries of the Central and Eastern Europe (hereafter CEE), redistributive mechanisms were also able to be manipulated instrumentally, which generated social inequality, despite the different essence of redistribution. Szelényi attempts to make a differentiation between redistribution in the capitalist market economies and in socialism (or, in the West and in the East) (Szelényi and Manchin, 1987: 107):

“Redistribution has different meanings in the West and East. In the West, redistribution refers to transfer of incomes amid different groups of the population. In the East, redistribution means the appropriation of revenues of firms into the state

budget by central government apparatuses and the reallocation of these as government grants, subsidies, or handouts in the sphere of production and reproduction.”

Or similarly, in an earlier version taking the case of socialist Hungary (Szelényi, 1978: 75):

“Under State Socialism the state redistributed surplus, surplus which was never accumulated in personal income, but was directly centralised in the State budget and reallocated according to centrally defined goals.” (emphasis added)

According to Szelényi (1978, 1983), this special context of redistribution became the source of greater inequality. As the state monopolised redistributive resources, the central redistributive bureaucrats in charge of the redistribution process were always inclined to formulate some redistribution schemes in favour of themselves and their own kind (Szelényi, 1978). They were already guaranteed privileged access to scarce resources over ordinary workers (*ibid.*: 77). Such special arrangements could strengthen and extend the socio-economic inequality. Therefore, addressing this injustice could not rely on the redistribution in a general sense for remedy, as in the capitalist society but demanded a new mechanism, which Szelényi calls “welfare redistribution” (Szelényi and Manchin, 1987). Meanwhile, as these socialist states prioritised industry (in particular, heavy industry) due to their political goals (such as rapid industrialisation to compete with the capitalist bloc), they would also channel redistributive resources to serve specific industrial sectors that could meet the requirement of rapid industrialisation (Kornai, 1959, 1972, 1992; Walder, 1992).

#### *Instrumental use of redistribution in the Chinese Context*

The logic of instrumental use of redistribution in former socialist states could also be applied to the Chinese context. As summarised by Xueguang Zhou (2004: 7-

8), under socialism, with the monopolistic power of the Party State, redistributive priorities are decided by political logic rather than through a market process. Meanwhile, the state could also manipulate the redistributive mechanism to reward political loyalty in industries and bureaucratic organisations, thus achieving its goal of governance in these sectors (Walder, 1986; Nee, 1989; Lee, 1991; Zhou, 1995).

To be specific, in the pre-reform era, welfare measures did exist in China, but they disproportionately benefited only a small part of the Chinese population, namely, workers (especially permanent workers in large factories) and employees in the public sector, generating a significant difference between urban residents and peasants (Davis, 1989). This preferential treatment even betrayed the most deeply held commitments of the Communist Party to equality (Dillon, 2015: 2). Moreover, the peasants were further exploited by the enforced “price scissors” or “scissors effect” (Knight, 1995; Oi, 1993; 1999), that is, lowering agriculture’s terms of trade with industry and thus sacrificing it for the sake of industrialisation. Such an “urban bias” (Oi, 1993) could be understood only in the state’s requirement of rapid industrialisation. In this regard, according to Nolan and White (1984), the preferential welfare delivery to urban residents should rather be understood as “state bias”. For them (*ibid.*: 77), since China in the pre-reform era was quite poor, “there [was] a strong tendency for the state to act in furtherance of its own interests as a distinct (yet internally heterogeneous) social force. In key areas of strategic choice, policies which [were] defensible, indeed vitally necessary, to promote economic efficiency, social equity and political democracy [were] stifled or weakened by a state apparatus unable or unwilling to countenance change.” In this regard, the Third Front Construction, which contextualises my research (see Chapter 4), was a massive redistribution project that served the urgent need of the state for national security.

In addition to the industrialisation in general, the redistributive mechanism had also been used to serve another goal of the state, that is, social or interpersonal control through constructing a kind of patron-client relationship between Party officials and members of the society. Clientelism, along with other exchange-based mechanisms such as co-optation, is critical for the survival of a one-party regime (Magaloni & Kricheli, 2010). The works of Jean Oi (1985) and Andrew Walder (1986) spearheaded the application of the concept of clientelism to the Chinese context. They focus respectively on China's rural politics and labour politics before the economic reform. Unlike some succeeding scholars (Paik, 2014; Paik and Baum, 2014) who explore the clientelist relationship in elites (eg. local government cadres and land developers) and the corruption caused by this mode of clientelism, Oi and Walder are concerned with the link between the elite and the masses and the social control based upon such clientelism.

According to Oi (1985), the economic environment in Chinese villages, centred on the distribution of private and collective goods, laid the foundation for clientelist politics to flourish. The leader of a village team, who monopolises the power to allocate labour, income and welfare resources, becomes the patron, whilst the peasants who depend on the team leader to maximise their interests represent the clients. By distributing preferentially to their clients, patrons can garner not only political support from their clients (especially when patrons are subject to surveillance from higher ranking officials and thus in urgent need of support to demonstrate their achievement and secure their position), but also material repayment from them. Peasants as clients characteristically become the most enthusiastic supporters of the team leader. In the meantime, they can encourage other non-clients to act as they do. Although peasants who do not fall into the patron-client relationship have little

prospect of turning into clients, they have to show some degree of respect for the village leader or provide him with gifts if they want to keep immune from the worst distributive consequences. Applying this perspective to rural China, Oi seeks to demonstrate that the exercise of social control in communist/socialist societies may be flexible, subjective, and imbued with personal sentiment. In a broader sense, Oi claims that “clientelism should be part of the definition of a communist political system” (1985: 266). However, clients are not always passive. Rather they may take advantage of the clientelist mechanism to participate in politics and maximise their own interests, which may even contribute to the ineffective implementation of state policies.

Andrew Walder’s research focuses on the basic units of Chinese urban society before the economic reform, namely the state-owned enterprises and organisation work-units. With the concept of “neo-traditionalism”, Walder (1986) reveals how clientelism became embedded in China’s labour politics. He first highlights two alternative understandings of social control in communist/socialist societies: totalitarianism and group theory. In a totalitarian society, which may also be found in the Soviet Union and other CEE countries, the ruling party seeks total power, total submission, and total social transformation under its ideology. To achieve these ends, the ruling party deploys secret police, recruits informants, and mobilises institutions, terrorising selected parts of the population and leaving the rest in a state of habitual obedience due to caution and fear (Walder, 1986: 2). Further, Walder (1986: 2–3) points out two major features of a totalitarian society. First, the tie between the ruling party and its active adherents is an impersonal and ideological one. In this regard, totalitarian movements are driven more by psychological and political impulses than by material interests. Second, a society under a totalitarian regime is atomised. The ruling party as a common authority is the sole mediator between individuals. From the

opposite perspective, group theory regards a communist/socialist society as fragmented. Unlike the diagnosis of totalitarianism which atomises individuals, group theory holds that in such a society different social groups emerge and seek to articulate and compete for their shared interests (Walder, 1986: 4–5).

However, in pre-reform China, the strategy of social control differed fundamentally from either mode, and may rather be termed “neo-traditionalist”. For Walder, the core of neo-traditionalism is the distribution of scarce resources (both material and immaterial). According to Walder (1986: 7):

“The neo-traditional image stresses a formally organised particularism in the distribution of goods, income, and career opportunities, a network of patron-client relations maintained by the party, and a rich subculture of instrumental-personal ties independent of the party’s control.”

To be specific, first, the neo-traditional model portrays social control in China as a kind of exchange. To maintain the Party State, it uses positive incentives rather than passive ones, such as coercion, to acquire political loyalty and compliance. Without a sufficient supply of resources outside the party’s control, individuals have to be affiliated to the system. Second, individuals’ loyalty here is a mixture of public loyalty to the party and its ideology, and personal loyalty to the party cadres. The two dimensions of loyalty constitute a highly institutionalised network of patron-client relations. Third, although the party’s ideology seems hostile to personal ties, which may turn to corruption in extreme cases, the whole structure leaves lower-ranking party officials with wide discretion in the disposing of scarce resources, such as the higher positions, official approval, housing, and public goods, thus fostering a plethora of instrumental-personal ties (Walder, 1986: 6-7). In sum, by dividing the public and generating antagonism amongst the rank and file (between a minority of loyal and

cooperative workers and the majority), the Communist Party manages to deflect any potential antagonism away from itself and to redirect it to the workers, thus achieving social control in state-owned enterprises (Walder, 1986: 12, 167).

In the reform era, the Chinese economy has been redirected to operate with more features of a market economy, while redistribution plays a less important role (Nee, 1989), as noted above. With the expansion of the market, the delivery channels for resources are no longer monopolised by the Party State and its branches. Meanwhile, Chinese society has witnessed drastic changes, particularly the collapse of the work-unit system (*cf.* Bray, 2005). Despite all these changes, the clientelist relationship endures in some circumstances and performs specific functions. It is used to explain the expansion of employment in the public sector (Ang, 2016), or the way in which social stability is maintained (Lee and Zhang, 2013). For example, in recent years, many popular protests have arisen throughout China, but the regime under the Communist Party still remains remarkably stable. Ching Kwan Lee and Yonghong Zhang (2013) provide an explanation that steers clear of focusing on the macro infrastructure of the state and turns to the “microfoundation” of subordination. They highlight three mechanisms that constitute this “microfoundation”, namely, protest bargaining, legal-bureaucratic absorption, and patron-clientelism. According to them (Lee and Zhang, 2013), when a protest breaks out, the clientelist network can be mobilised to gather advanced or real-time information and influence public opinion in the neighbourhood, helping to control or even calm social unrest. Compared to the communist neo-traditionalist mode, this “revamped” clientelism has several new features. First, the scale of the social groups that can be integrated into the clientelist relationship has dramatically reduced. Only specific social groups are now included, such as civil servants, the elderly and retirees, and former protest leaders and

participants who are still dependent on the resources redistributed by the party state. Second, with the fading away of ideological commitment, what the patron can provide to different clients hinges more on material benefits and career security or promotion, a mode of clientelism which is more like buying cooperation. Third, in the Maoist era, the operation of clientelism entailed top-down institutional commands or the reassertion of party discipline, but it has since been replaced by a complicated bargaining process between the patron and the clientele. This process transforms the essence of clientelism, making it a less reliable or even fragile mechanism.

To summarise, in China, as well as those former socialist CEE states, where redistribution is the dominant mode of economic integration, redistribution can also be manipulated instrumentally for different purposes, such as serving the need of rapid industrialisation, generating the preferential allocation of scarce resources to suit redistributive authorities, and feeding clientelism for social (interpersonal) control. The bureaucratic system in charge of redistribution, with its wide discretion, is a major source of these functions. To highlight the instrumental dimension of redistribution could help us understand how the redistributive mechanisms could be fit to the entrepreneurial mode of urban governance. In the next section, I will review the characteristics of both the managerial and entrepreneurial mode of urban governance in general, as well as the entrepreneurial orientation of the Chinese state.

### **2.3 The managerial and entrepreneurial modes of urban governance**

#### *The managerial urban governance*

The departure point of the transformation of urban governance is managerialism. Griffith (1998: 42) identifies three major characteristics of

managerialism, which include “an emphasis on the allocation of state surpluses (rather than on the attraction of private investment flows); the dominance of bureaucratic organisational forms in the delivery of services (rather than the more flexible, less formalised, organisational approaches that were being adopted in the leading parts of the business world); and the dominance of social welfarist ideology (as distinct from the business values of wealth generation and competitive success)”.

For many researchers, managerialism after the Second World War was a prevailing mode of urban governance for Western welfare states (Carley, 1991; DiGaento and Klemanski, 1993; Brenner, 2004). With managerialism underpinned by the Keynesian ideology and Beveridgean commitments, the state in post-war Western societies sought to replace ideas such as patronage, partiality, and *laissez-faire* that dominated previous modes of governance (Clarke and Newman, 1997: 4), and to take greater responsibility for social redistribution (Williams, 1982) as a response to greater social pressure after the Second World War. The welfare state in a sense became in this period a defining feature of the advanced industrial democracies (Pierson, 2001: 1). It was designed to remedy failures of the market and to protect citizens by a range of different measures, including compulsory insurance (covering health, unemployment and retirement); education and training programmes (aimed at enhancing citizens’ personal capability); social services and other income-support services, such as public or subsidised housing and family allowances (Kitschelt, 2001: 265; Goodin *et al.*, 1999: 24). With these redistribution or transfer measures, the welfare state was able to further a variety of purposes, such as decreasing poverty rates, promoting social equality and integration, avoiding social exclusion, achieving high economic growth and maintaining social integrity and stability (Goodin *et al.*, 1999).

In addition to the overall redistribution function played by the welfare state, the managerial mode of urban governance also operated at a micro level, namely the dominance of bureaucratic organisations in channelling redistributive resources to social groups and individuals. Resources were not automatically distributed to individuals, but were intermediated by the bureaucratic system constituted by agents, called “urban managers” (Gray, 1976; Williams, 1976, 1978; Robson, 1975) or “gatekeepers” of urban resources (Ford, 1975; Forrest and Wissink, 2017). According to Ray Pahl (1970: 206), these gatekeepers included

“those who control or manipulate scarce urban resources and facilities such as housing managers, estate agents, local government officers, property developers, representatives of building societies and insurance companies, youth employment officers, social workers, magistrates, councillors and so on.”

Logically, the introduction of a sophisticated bureaucratic system to deliver public welfare was meant to get rid of the previous system of governance, which was corrupt, oppressive, and enmired in patronage, nepotism and corruption (du Gay, 1994). The new bureaucratic system was assumed to be neutral, professional and efficient (Pollitt, 1993: 2-5), allowing equality in the results of redistribution (Clarke and Newman, 1997: 5). But these gatekeepers in practice had wide discretion, conditioned by their values, attitudes, and preferences (Ford, 1975; Pollitt, 1993: 3). For example, in Britain, local government officials played a key role in allocating public housing, which was a scarce resource that many competed for (Forrest and Wissink, 2017). Their decisions to offer what housing to whom was based to some degree on their subjective judgements of family structure, existing housing conditions and housing needs. In this regard, the decisions of these bureaucrats could have significant implications for urban social and spatial segregation. Building societies in Britain played a similar role vis-à-vis buyers of private property, for the professionals had the

power to permit or reject applications for loans based on an applicant's background (*ibid.*; Ford, 1975). The discretionary power of bureaucrats (not only governmental officials, but also other professionals such as are noted above) left space for discriminatory patterns associated with gender, race, ethnicities, and so on (Forrest and Wissink, 2017; Henderson and Karn, 1987). Therefore, for Pahl (1970, 1975), urban managerialism constituted a constraint on accessing scarce urban resources and thus contributed to social stratification and injustice.

In sum, as noted above, managerial urban governance consisted, on the one hand, of a critical welfarist role in redistribution played by the state to achieve social justice while achieving the sustenance of the capitalist mode of production, and, on the other, a bureaucratic system, which used its own discretion to deliver welfare resources in a professional and efficient way. Table 2-1 summarises some key features of the managerial mode of urban governance.

*Table 2-1 Key features of the managerial mode of urban governance*

- In response to the crisis of democratic system after the Second World War;
- Social welfarist ideology urban democratic system;
- Emphasis on state redistribution/allocation of surpluses;
- Dominance of bureaucratic organisations in the delivery of services (urban managers or the gatekeepers of scarce urban resources).

#### *The entrepreneurial urban governance*

In sharp contrast to managerialism, entrepreneurialism suggests the shift of many city administrations away from the provision of welfare, services and collective consumption (Castells, 1977; Pinch, 1985) towards a more capital-friendly stance.

Harvey (1989a) in his research identifies three key features of urban entrepreneurialism. According to him, urban entrepreneurialism “typically rests ... on a *public-private partnership* focusing on investment and economic development with the *construction of place* driven by *speculative* initiatives rather than amelioration of conditions in a particular territory as its immediate (though by no means exclusive) political and economic goal” (*ibid.*: 8; emphasis added).

To be specific, first, entrepreneurialism changes the spatial strategy of urban governance from a territorial one that takes into account the improvement of residents’ living and working conditions in its jurisdiction to one that lays emphasis on place (*ibid.*: 7). Under entrepreneurialism, the place-making strategy focuses on enhancing the condition of a city and transforming it into an attractive locus for footloose capital rather than the good of the population in (*ibid.*; see also Brenner, 1999; Jonas and Wilson, 1999). City (or even neighbourhood) branding or place-marketing thus became a widely adopted strategy (Paddison, 1993; Short *et al.*, 1993; Ward, 1998; Ward, 2000; Kavaratzis and Ashworth, 2005; Kavaratzis, 2007; Masuda and Bookman, 2018). For one thing, urban governance will invest in physical and social infrastructure, and provide labour with the appropriate materials, etc. to create local advantages. In addition, substantial local fiscal resources can be used to subsidise large scale development. (Harvey, 1989a: 8) For another, urban governance is also committed to the “upgrading” of the consumption structure in its jurisdiction. Gentrification (Wyly and Hammel, 2001), beautifying urban areas by spectacles and other attractions (Acuto, 2010), and boosting tourism (Page, 1995; Gillen, 2010; Su, 2015) are all in the toolkit. These strategies not only transform a city into “an innovative, exciting, creative, and safe place to live or to visit, to place and consume in” (Harvey, 1989a: 9), but also open new markets for speculative capital to make profits from (Jessop and Sum, 2000).

Second, in terms of the leading force of entrepreneurial practices, the local state is no longer the sole policymaking authority, but rather a constituent member of a partnership with other private participants, either local or external (Healey *et al.*, 1992). A coalition between public and private agents to boost local economic growth has long existed, as revealed by the urban growth machine theory (Logan and Molotch, 1987; Molotch, 1976) and urban regime theory (Carley, 1991). Harvey regards the public-private partnership (PPP) as the centrepiece of urban entrepreneurialism (1989a: 7). By participating in development, a local public sector could act as the risk bearer that exempts the private sector from difficulties and dangers (*ibid.*), thus strengthening a friendly atmosphere for capital accumulation. Hall and Hubbard (1996, 1998) coin the term “entrepreneurial city” to capture the cooperative mode of urban governance, characterised by the “proactive promotion of local economic development by local government in alliance with other private sector agencies” (Hall and Hubbard, 1998: 4).

Third, entrepreneurialism is speculation-oriented (Harvey, 1989a; Hall and Hubbard, 1996) or profit-driven (Mazzucato, 2015). The speculative pursuit of profit inherent in entrepreneurialism is confirmed by Jessop and Sum (2000) in their discussion of the entrepreneurial city. According to these two writers (*ibid.*), the city has for centuries been the site where economic innovation is supported. What differentiates entrepreneurial cities from their predecessors is that the former serve capital accumulation rather than wealth creation. Like entrepreneurs that innovate to facilitate capital accumulation as suggested by Schumpeter, entrepreneurial cities use five fields of innovation to maintain or enhance their economic competitiveness, in the view of Jessop and Sum (2000: 2290). These include the production of new types of urban place or space (such as industrial parks) (see also Hall and Hubbard, 1996; Short

et al., 1993); new methods of space or place production (such as new cybernetic infrastructures); the opening of new markets and new sources of supply (such as funding from the EU and other non-nation state institutions); and redefining the urban hierarchy (or rescaling; see also Brenner, 1999). In addition, Jessop and Sum (2000) pay attention to the discursive dimension of entrepreneurialism. According to them, the entrepreneurialism espoused by entrepreneurial cities is not restricted to their strategies alone, but also to their discourses, narratives, and self-identity. Recently, some scholars (Beal and Pinson, 2014; Lauermann, 2018) have turned to investigating the diversified portfolios of entrepreneurial cities. Economic growth, or speculation, remains an important goal, but no longer the only one. Cities also conduct policy experiments (Lauermann, 2018) that are not necessarily associated with certain economic returns, but have the potential to export to other cities, thus widening their implications (McCann, 2013). Table 2-2 summarises some key features of the entrepreneurial mode of urban governance.

*Table 2-2 Key features of the entrepreneurial mode of urban governance*

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| <ul style="list-style-type: none"><li>● In response to increasing inter-city competition and the rise of neoliberalism</li><li>● Place-making, city-branding and other innovative strategies to attract footloose capital.</li><li>● Public-private partnership. The state acts as risk bearer, working in alliance with capital.</li><li>● Speculative pursuit of profit.</li></ul> |
|--|

### *The driving forces of the transformation*

A more critical issue for debate lies in the dynamics that led to the transformation from managerialism to entrepreneurialism. This transformation was a reaction to a series of changes that increased inter-city competition, both domestically and internationally (Harvey, 1989a; Jessop and Sum, 2000). As a result, the Keynesian welfare state that played a significant role in redistribution was regarded as “unproductive”, laying the foundation for neoliberalism to emerge (Brenner, 2004; Jessop, 2002; Harvey, 2005).

According to Harvey(1989a), major industrial countries in the Western world witnessed in the 1970s the process of deindustrialisation, structural unemployment, and fiscal austerity at both central and local levels (see also Gaffikin and Warf, 1993). In terms of industry, the Western world also experienced a transition from Fordism to “flexible accumulation” (Harvey, 1987, 1989b; Schoenberger, 1988). With the annihilation of spatial barriers, capital becomes increasingly more footloose. The capacity of nation states to control capital flows sharply declines, replaced by a new mode of investment that obliges (international) capital to negotiate with (decentralised) local powers, with their special attractions (Harvey, 1989a; Short *et al.*, 1993). In addition to these geo-economic factors, the change of geo-politics also intensifies this mode of international competition. As suggested by Jessop (1997), the termination of the Cold War redirected international competition from struggles between the capitalist camp and the communist bloc towards struggles in capitalist countries. Meanwhile, the means of competition also changed from military to civilian economic and technological measures. Globalisation, internationalisation, and the competitive threat posed by the rising economies in Asia have all contributed to fiercer international competition.

In general, as observed by Jessop (1997), the rise of the entrepreneurial mode of urban governance is driven by a set of intersecting economic, political, and socio-cultural narratives that consolidate a series of “diagnoses and prescriptions for the economic and political difficulties now confronting nations, regions, and cities and their respective populations” (*ibid.*: 30) based on past failures and future possibilities.

### *The rise of entrepreneurial governance in China*

In the Maoist era, despite the fact that the then regime of the Communist Party was far from being a democratic one and the Party State not having adopted a Western welfarist ideology, the operational logic of governance in China did bear some similarities to the managerial governance described above, which could be called ‘socialist managerialism’. Under the central planning economy system, not only did the provision of social welfare hinge completely on redistribution by the state (Davis, 1989), but the entire Chinese economy was considered a redistributive economy (*cf.* Naughton, 1996; for this concept, see Polanyi, 1957), which blurred the boundary between distribution and redistribution. In general, the overall social welfare system consisted of two tiers: the “upper deck” for urban residents and the “lower floor” for the peasantry (Wong, 2005: 3; see also Selden, 1988: 159-165). In particular, as noted above, workers and employees in the government and public sectors were the ones who benefited most from the state redistributive mechanism. They could obtain free or highly subsidised housing, education for their children, health care, labour insurance, etc. (Dixon, 1981; Whyte and Parish, 1984: Chapter 4; Davis, 1989) The peasants, although not fully covered by the welfare system, could still obtain food (grain), public education, clinics and relief for destitution (Dixon, 1982; Wong, 2005: 3).

Meanwhile, especially in the city, social redistribution was delivered through a sophisticated bureaucratic system, namely, the work unit (or *danwei*) system (Lu and Perry, 1995; Bray, 2005) through rational planning (Whyte and Parish, 1984: 100-101). Workers and employees in the public sector all served in a work unit. In return, all redistributive resources were allocated through the work unit that they belonged to. Workers had to rely on their work unit for most of the basic necessities of everyday life (Bray, 2005: 112). In this regard, the work unit was not only the workplace for Chinese urban residents in the pre-reform era, but constituted the foundation of urban China and thus became the locus of state power as it governed the day-to-day conditions of urban life (Bray, 2005; see also Walder, 1986, as is shown earlier).

In tandem with the overall economic reform in China from a central planned economy to a “socialist-market economy” and the implementation of the “open door” policy since 1978, the urban governance in China also changed dramatically (Croll, 1999). On the one hand, the Chinese state no longer plays so significant a role in redistribution. A large share of the workers in state-owned enterprises, who once lived under the auspices of the socialist welfare system, has been laid off (Cai, 2006; Gold *et al.*, 2009). The responsibility for providing social services such as housing (Wang and Murie, 2000; Man, 2010) has been transferred to the market. On the other hand, the state has turned to pursue more entrepreneurial strategies, as many scholars have thoroughly investigated (Wu, 2000, 2003; Duckett, 2001, 2006; Shin, 2009a, 2014b; Wu and Chien, 2011; Chien, 2013a; He *et al.*, 2018).

The entrepreneurial practices of the state, especially the local state, were encouraged by two factors. First, the strategising and commodification of business areas and urban services (Chien and Wu, 2011), especially land and housing, provided the local state with resources from which to generate economic profits (Duckett, 2001;

Zhu, 2004; He and Wu, 2009; Hsing, 2010). Second, with the reform of the taxation system in 1994, which aimed at fiscal recentralisation but left space for local autonomy (Zhang, 1999; Wu, 2002; Landry, 2008), the local state obtained more decision-making power and responsibility than it had had in the planned economy era to pursue the maximisation of economic growth, like any other entrepreneur subject to market forces (Zhu, 2004). To attract more free spending, local cadres are motivated to adopt the strategies of city branding and place marketing, such as developing various developmental zones and industrial parks (Cartier, 2010; Hsing, 2010), building university towns (Li *et al.*, 2014) and eco-cities (Hoffman, 2011; Chien, 2013b), mobilising the historic heritage (Su, 2015), rescaling (Chien, 2013a; He *et al.*, 2018), and so on. The changing behaviour of local cadres was also associated with the fact that their career was once closely associated with local economic performance (Li and Zhou, 2005; Chien and Woodsworth, 2018), and that they could at times make private profit from illegal activities (Duckett, 2006). In these ways, intercity competition has become increasingly intense.

An important feature of the entrepreneurial change of urban governance in China is its intimate association with land (Shin, 2009a; Chien and Wu, 2011). In 1988, China formally established a market in land lease-holding. The state maintained its ownership of land in the cities, but land-use rights could be leased for a fixed period via state-authorized channels. The land reform had at its core the commodification of land (Hsing, 2010: 5; see also Lin, 2009; Lin and Zhang, 2015). Since then, land (or, more accurately, the land-use right) as a commodity has become a major source of extra-budgetary revenue for local governments (Hsing, 2006), in that local states (especially municipal and district governments as well as their affiliated institutions) who monopolise the power in land-use right transactions have become *de facto*

landlords (Shin, 2009a). Land finance, which indicates heavy reliance upon land-leasing for local authority finance, has begun to take shape (Cao *et al.*, 2008).

Unlike what happens in the post-industrial cities of Western countries, where investment in the secondary circuit of capital, or real estate, is a kind of “spatial fix” when over-accumulation occurs in the primary circuit of capital, or industrial production (Harvey, 1978; Lefebvre, 2003), in China the process of industrialisation and urbanisation happen, as a rule, simultaneously and reinforce each other (Shin, 2014a). According to Fulong Wu (2018), under the state-monopolised land system, land supply for industrial use is constrained at a very low price to ensure that it remains cheap. Meanwhile, the price of labour (mostly migrant workers from rural areas) is also kept at a low exploitative level, since they are excluded from social provision. The relatively cheap supply of land and labour was able to attract more (mostly overseas) investment in the primary circuit of industrial production (*cf.* Harvey, 1978). The model of the “world factory” thus constitutes the foundation for the entrepreneurialism in China (Wu, 2018: 1385). In addition, productive investment in the built environment (or fixed assets, such as high-speed railways, highways, airports and other items of infrastructure) both facilitated industrial production and generated an increase in GDP and therefore was used as a quick speculative route to economic growth (Shin, 2014a).

In addition to this investment in the built environment, investment in commercial real estate property has also become lively. The real estate market was established in China by the end of the twentieth century after a series of reforms that brought the welfare housing system to an end (Wang and Murie, 1996; see also Chapter 4). Finally, in 2004, the protection of private property was included in an amendment to China’s constitution (Hsing, 2010), followed in 2007 by the enactment of the property rights law. Unlike the cost of land parcels for industrial use, which has to be

kept low, the cost of leasing land parcels for residential and commercial use can be much higher (Cao et al, 2008; Wang and Murie, 2000; Shin, 2016b). Fuelled by the desire of Chinese people to find material comfort in the form of better private housing (Huang, 2003; Zhang, 2010), the real estate market in China has boomed dramatically (Glaeser *et al.*, 2017). In the period 2003-2013, real estate prices in China's leading cities grew by 13.1 per cent per year (Fang *et al.*, 2015). Simultaneously, from 2004 to 2015, land prices for residential and commercial use in 35 large cities increased nearly five-fold (Wu *et al.*, 2015). Local states in China are now eager to seize more land, either by clearing urban land for redevelopment (He and Wu, 2005, 2009; Shin, 2009a), or converting rural land to urban for construction use (Hsing, 2010: Chapter 4). Land and real estate speculation has emerged as a significant characteristic of the entrepreneurialism in China, and even its rapid urbanisation can be called land-centred speculative urbanism (Li *et al.*, 2014; Shin, 2014a, 2016).

*The difference between entrepreneurialism in China and that in Western countries*

Although there is much evidence that urban governance in China now bears entrepreneurial characteristics, scholars still emphasise that entrepreneurialism in China diverges critically from its Western counterpart, as outlined above (Chien and Wu, 2011). A critical element lies in the role played by the state. As noted above, Harvey regards the public-private partnership (PPP) as the centrepiece of urban entrepreneurialism (1989a: 7). With the transformation from managerialism to entrepreneurialism, the state is no longer the only policymaking authority, but has to work in coalition with other agents in the private market. In China, however, although the state in China still takes a direct part in market activities, it plays a dominant role

(Chien and Wu, 2011: 6; Huang, 2008), as may be partly revealed by the monopolisation of land discussed above. For this reason, Fulong Wu (2018) calls the entrepreneurialism in China “state entrepreneurialism”. According to Wu (2017, 2018), this is not a matter of the state integrating itself into the market mechanism, but rather the state selectively trying to internalise market tools in its repertoire. As Wu says, “the state apparatus, in particular the local state, demonstrates a greater interest in introducing, developing and deploying market instruments and engages in *market-like* entrepreneurial activities” (Wu, 2018: 1384; emphasis added). The maintenance of the state’s autonomy makes it capable of easily shifting its policy from market-friendly to market-regulating (Chien and Wu, 2011). Concepts like “local state corporatism” (Oi, 1992, 1995), “local government as industrial firms” (Walder, 1995) and “urbanisation of the local state” (Hsing, 2010: 6) could all fit into the underlying logic of state entrepreneurialism.

In addition to the dominant role persistently played by the state in market activities, especially in relation to land and real estate, some new tendencies in urban governance in China may further highlight the distinctiveness of entrepreneurialism in the Chinese context. With the advent of the global financial crisis in 2008, the model of the “world factory” was hard to maintain, but boosting domestic consumption instead became the engine for economic growth. The state has had to roll out social policies and take greater responsibility for the provision of social security and redistribution (Wu, 2017), such as affordable housing (Huang, 2012; Chen *et al.*, 2014). This view may even make us wonder whether it marks the return of Keynesian principles (Liew, 2006; Wu, 2010, 2017), or the persistence of managerialism.

Although urban governance in China bears some entrepreneurial features, it may not fit into the orthodox opinion that the transformation goes hand-in-hand with

the rise of neoliberalism (Laurenmann, 2018; Sbragia, 1996). In his profound work, David Harvey (2005) lists China's experience since the economic reform as an example of the rise of neoliberalism. Although some researchers are inclined to accept Harvey's proposition to describe China's market transition as on a course leading to neoliberalisation (Ong, 2006; Zhang and Ong, 2008; He and Wu, 2009), they may also hesitate to do so because the co-existence of neoliberal economic policies with state authoritarianism clouds any certainty of neoliberal change (Liew, 2006; Ong, 2007: 4). This is in line with some global experiences that economic liberalism does not always coincide with political liberalism (Künkel and Mayer, 2012; Eraydin and Taşan-Kok, 2014). Other writers reject the idea that China is on an approach towards neoliberalism (Nonini, 2006); they believe that the authoritarian regime is maintained, and, what is more, the state does not retreat from market activities (Wu, 2017).

Against this backdrop, especially the maintenance of a strong party state and some redistributive measures adopted by the state (such as the provision of affordable housing), it is necessary to reconsider the relationship between managerialism and entrepreneurialism. It may not be appropriate to regard welfare measures and entrepreneurialism or neoliberalism as mutually exclusive; rather they may converge with each other. As informed by the instrumental dimension of the redistributive measures, the state guided by entrepreneurial ideas could appropriate redistributive mechanisms to serve its demand on economic growth and capital accumulation. In the next section, I will seek to define the idea of entrepreneurial managerialism.

## 2.4 Defining entrepreneurial managerialism

In previous sections, by investigating the instrumental dimension of redistribution, I suggested the potential convergence of managerialism and entrepreneurialism. On the one hand, redistributive measures could be used to serve the goal of boosting economic growth and accumulation by stimulating domestic consumption. On the other, by promoting social integration or generating patron-client relationships in the process of allocating redistributive resources, redistribution could facilitate social control to better serve the purposes of accumulation.

In practice, we can see many cases of redistribution playing a role when the entrepreneurial mode of urban governance prevails. In addition to the above cases of welfare provision under neoliberalism, according to Harvey (1989a), the redistributive mechanism does not cease to be fully functional, but rather maintains its importance in a narrower range. Either in Britain or in the United States, some cities still depend for their survival on military and defence contracts provided by the central or state governments, thus the competition for redistribution does not decline (*ibid.*, 10). In the UK, when the New Labour government was elected in 1997, some efforts to “reinvent” the welfare state with managerial characteristics could also be recognised (Clarke *et al.*, 2000).

In the Chinese context, the convergence could be even more explicit, especially given the direct involvement of the state in entrepreneurial activities. For example, in his earlier observation on the entrepreneurial change in Shanghai, Fulong Wu (2003) notices that this change is buttressed by the close cooperation of the central state with the local (municipal) government. To procure an advantageous position in international competition is not only the goal of the municipal government, but also of the Chinese central state. Therefore, the central government devised a new fiscal

arrangement to deliver more resources to Shanghai. In this regard, the rise of entrepreneurialism in Shanghai is a sort of “redistribution of regulatory capacities in the state apparatus itself than building consensus at the societal level” (Wu, 2003: 1685). In another case, Shin (2009) does not find that the affordable housing programme in China (in Beijing, particularly), which was designed to provide low- and middle-income households with better living conditions that they could afford, suggests less entrepreneurial zeal in the local government. On the contrary, in coalition with private developers (PPP), the local government strategically appropriated the redistributive measures to fulfil its urban renewal purposes. The persistence of redistributive measures even generates doubt whether the entrepreneurialism in China could be regarded as “true” in any sense. Based on the case of Guangzhou, Xu and Yeh (2005) argue that allowing the remains of “soft-budget constraints”, namely, any investment risk, to be transferred to the central state, thus exempting the local government from going bankrupt, allows renders local government to pursue development goals recklessly without a prudent calculation of cost and revenue such as a real “entrepreneur” would always make.

Following this argument, rather than regarding managerialism and entrepreneurialism as exclusive of each other, or reading the change of urban governance as a sharp shift from one mode to another, I contend that it is better to regard managerialism and entrepreneurialism in a dialectical way and pose them on the two ends of the same spectrum of urban governance. An existing mode of urban governance may bear the features of entrepreneurialism and managerialism simultaneously (Shin, 2016a). Regarding the redistributive measures in China to cope with the Global Financial Crisis in 2008, such as the provision of affordable housing (Huang, 2012; Wang et al., 2014), I do not deem them a “return” of Keynesian

principles (Wu, 2013, 2017), but would rather term this mode of urban governance “entrepreneurial managerialism”. First, these redistributive measures may serve the purpose of capital accumulation and economic growth, which is in line with entrepreneurial practice. Meanwhile, the bureaucratic organisation in charge of redistribution can take full advantage of its discretion in the allocation of redistributive resources to satisfy entrepreneurial demand. In this thesis, by exploring the experience of the redevelopment of a *penghuqu* neighbourhood, I want to demonstrate the operation of entrepreneurial managerialism.

## 2.5 Summary

In this chapter, I first explored the instrumental dimension of redistribution. Although redistribution in capitalist societies may contribute to a more equal distribution and some degrees of social justice, it still serves the underlying purpose of capital accumulation, and, further, the survival of capitalism (Lefebvre, 1976). In addition, as suggested by the experience of (former) socialist states, redistribution may also be employed in an instrumental way, such as creating a mode of inter-personal dependence, or clientelism, which is made possible by the discretion of the bureaucrats who are in charge of redistribution. Then I reviewed in turn the managerial mode and entrepreneurial mode of urban governance and the dynamics of the transformation from managerialism to entrepreneurialism. Based on the instrumental dimension of redistribution, the managerial mode of urban governance can engage with entrepreneurialism. I defined the instrumental use of managerial strategy with the underlying intention of serving entrepreneurial purposes as “entrepreneurial managerialism”, which is elaborated below in Chapters 5, 6 and 7. Before moving to

empirical discussions, I first outline the methodology of this thesis in Chapter 3, and provide some background information in Chapter 4.

## **Chapter 3 Research Method: Doing research in a Third Front city**

### **3.1 Brief introduction to the process of the fieldwork**

This thesis is based on my ethnographic fieldwork between 2015 and 2017, conducted in my home city, Luzhou, in Sichuan Province. From July to September, 2015, I conducted two months of preliminary fieldwork, in preparation for the main fieldwork that lasted seven months from June to December, 2016. In August and September, 2017, I revisited the same site for some follow-up observations and interviews. The primary methods were qualitative, including interviews with both individuals and groups, participant observation and the archival research.

As noted by Kevin O'Brien (2006: 27), doing interviews has become the fundamental method used by many researchers conducting fieldwork in China. For this research, I interviewed two groups of interviewees: local officials and local residents. I conducted four interviews with local officials at the municipal level, who are in charge of the redevelopment of Qiancao in general, and the sub-district level who are in charge of the practical expropriation of housing. I obtained from them a number of documents, both printed ones and electronic ones regarding the redevelopment project studied in this thesis. I also managed to interview an expert on local history (a visiting professor of history from Southwest University) with regard to the local practices of the Third Front Construction; and a cadre from *Changqi*, who told me the role played by the factory in expropriating housing and the industrial heritage project.

Regarding residents, I interviewed 70 of them in 42 interviews (see Table 3-1). Some interviewees were interviewed twice in different years to update their accounts. These interviews were all semi-structured ones, which lasted from half an hour to five hours. In the preliminary fieldwork, my interviews were more open, leaving more space for interviewees to tell their stories in their own words, whereas in the main fieldwork period, my interviews were more structured, based on the background of the interviewee. I raised different questions with different types of resident. When I re-interviewed someone, I asked more personalised questions. With the permission of the interviewees, I audio-recorded some interviews. In other interviews, I took notes using keywords and wrote up the interview contents soon after each interview.

In my participant observation, I regularly visited several neighbourhoods in the field site to figure out the constitution of the different types of housing. This also helped me formulate a plan for structuring the interviews. During these visits, I was able to trace the progress of the demolition and I used my cell phone to record my ideas and reflections at the time. After each visit, I transcribed these recordings as field notes. In addition, I took more than 1,000 photos, illustrating the various buildings in different conditions (e.g., before, during and after demolition) and the government documents posted in the neighbourhoods. The photos I took were sometimes used as visual data for this thesis or as guidance in writing field notes. Besides, these visits served as opportunities to encounter potential respondents.

For archival and documented records, I collected data from two major sources, partly to provide background knowledge of the Third Front Construction and the trajectory of urban development in Luzhou. I went to Luzhou Library and Sichuan Library in Chengdu to collect information from statistical yearbooks, urban development yearbooks, local chronicles and monographs on the Third Front

Construction. The other source was government documents and new reports regarding the redevelopment of *penghuqu*. The government documents from departments of the central and provincial governments were collected from the Internet. The documents issued by the municipal government also came from the Internet, or else directly in my field interviews from local officials and local residents who had received brochures describing a detailed scheme for compensation as mentioned above. The results from the document collection are mainly presented in Chapter 4.

In the remaining part of this chapter, I discuss the selection of the field site, and reflect upon difficulties I encountered while conducting field research. I believe these difficulties are not only critical for my research, but could also shed light on the major concern of this thesis. The final section describes my analysis of the collected data.

### **3.2 The rationale of choosing the field site: the optic of ordinary cities approach**

To choose my home city as the field site was to a lesser degree motivated by the pragmatic consideration that my local knowledge and personal connections with potential respondents could facilitate my research. More importantly, it was due to the distinctiveness of Luzhou, particularly the redevelopment of Qiancao in Luzhou as the largest individual project of *penghuqu* redevelopment throughout Sichuan Province<sup>3</sup> (*Sichuan Daily*, 2016), which made it a suitable site in which to investigate the implementation of *penghuqu* redevelopment.

In China, a “city” (*shi* 市; sometimes also translated as ‘municipality’) always encompasses built areas and rural areas. There are three levels of city: (1) provincial

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<sup>3</sup> In some cases, *penghuqu* redevelopment projects in several neighbourhoods could be combined in a larger project. The term “individual project of *penghuqu*” redevelopment refers to a project in one (extended) neighbourhood.

level city, or municipality, administrated directly under the central government (*zhixia shi* 直辖市) (there are four of these: Beijing, Shanghai, Tianjin, and Chongqing); (2) prefectural-level city (*diji shi* 地级市), administrated by the province; (3) county-level city (*xianji shi* 县级市), administrated by the province or a prefectural-level city. Provincial level city and prefectural-level city are further divided into districts (*qu* 区; usually the city centre) and counties (*xian* 县) (see Chien, 2013a). Luzhou city or municipality contains 3 districts and 4 counties. My field site was located in Jiangyang District, the city centre of Luzhou. As a prefectural-level city in Sichuan Province, Luzhou has a population of 1.52 million within its urban area<sup>4</sup> and a total population of 4.31 million in its municipal region (LMG, 2018).

According to the most recent criterion set by the State Council to classify cities in terms of population within the urban area, Luzhou can be categorised as a “big city”<sup>5</sup>. However, although a “big city” in terms of its scale, Luzhou has hitherto been a city “off the map” (Robinson, 2002) of urban studies. It has been classified as a third- or fourth-tier city (*sanxian/sixian chengshi* 三线/四线城市) by an influential Chinese business journal<sup>6</sup>, in some sense indicating the limited role it plays in the national

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<sup>4</sup> The “urban area” (*chengqu* 城区) here refers to all built-up areas (*jiancheng qu* 建成区) adjacent to the city centre within the administrative area of this city, but does not include those built-up areas isolated from the city centre (such as individual towns or the centre of a county under this city). The population of the urban area is used as the scale for measuring the size of a city in China.

<sup>5</sup> According to the criteria formulated by the central government in China, a city with a population in its urban area of more than 10 million is a super-megacity (*chaoda chengshi* 超大城市; such as Beijing and Shanghai); between 5 million and 10 million is a megacity (*teda chengshi* 特大城市; such as Chengdu, the capital city of Sichuan Province); between 1 and 5 million is a big city (*da chengshi* 大城市); between 0.5 to 1 million is a medium-sized city (*zhongdeng chengshi* 中等城市); under 0.5 million is a small city (*xiao chengshi* 小城市) (State Council, 2014). The city of Luzhou (or Luzhou Municipality) is made up of three urban districts and four counties. The population of the municipal region refers to all the residents (either urban or rural) within Luzhou Municipality, a total of 4.31 million. Under the redistributive system in China, the more population a city has in its urban area, the more resources it may receive. For example, according to a very recent document issued by the central government (General Office of the State Council, 2018), only cities with a population of more than 3 million in its urban area are allowed to construct a metro system.

<sup>6</sup> This journal is called *China Business Network Weekly* (*diyī caijing zhouban* 第一财经周刊), based in Shanghai. In 2013, it started to rank Chinese cities using a series of criteria in relation to commercial activities (Yicai, 2013). It set up six levels: first-tier city, new first-tier city, second-tier city, third-tier city, fourth-tier city, and fifth-tier city.

economy. Moreover, the insignificance of this city, in the broader sense, may even explain why some of my respondents doubted the value of my research. Being influenced by the prevailing discourse setting the urban hierarchy, it is difficult for some of them to comprehend that their experience within their own neighbourhood deserves academic attention from a student affiliated to a foreign institution; hence they suspected that I had some underlying intention (see the next section).

Undoubtedly, even “small cities” may also serve as the basis for theorisation (Bell and Jayne, 2006, 2009; for cases in China, see He et al., 2018). As suggested by Bell and Jayne (2009), it may be misleading to focus only on selected “big cities” in the Global North that are leading the trend of globalisation whilst ignoring “small cities” as theoretically irrelevant. According to these authors, “small cities” (even though the small-ness can be defined in different ways) are not “would-be cities” or “not [yet] cities” that lack city-ness. On the contrary, they are significant mediators “between the rural and the urban, the centre and the suburb as well as between the local and the global” (*ibid.*: 691). Furthermore, with an in-depth investigation of the complex network of economic and social relations within small cities, it is possible to understand the “real urban economy” (*ibid.*).

Jennifer Robinson’s proposition is even more radical. Rather than differentiate cities as big and small, or according to any other hierarchy based on limited criteria

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This ranking was also conducted in 2016, 2017, and 2018. In recent years, “first-tier city” and “new first-tier city” become disputed terms (see Yicai, 2016). In all these four rankings, the first-tier cities have been Beijing, Shanghai, Guangzhou, and Shenzhen. In 2013, Luzhou was classified as a fourth-tier city (with another 75 cities; see Yicai, 2013), in 2016 as a third-tier city (with another 69 cities; see Ifeng, 2016), and as a fourth-tier city in both 2017 (with another 89 cities; see Yicai, 2017) and 2018 (with another 89 cities; see Ifeng, 2018). By coincidence, the term this journal uses (the third-tier city; *sanxian chengshi*) is the same as cities within the Third Front (*sanxian chengshi* 三线城市), which are discussed in the next chapter. In my interview with the official from the planning bureau, I used the term “*erji chengshi*” (二级城市 second tier city) to classify Luzhou – it actually refers to a prefectural-level city (one at the second level of cities under provincial level). The official identified this with “second tier city” (*erxian chengshi*) and sneered at me, which may indicate how influential this ranking system is.

that ascribe prominence to certain features of cities, such as the tiered hierarchy mentioned above, Robinson proposes to understand all cities as “ordinary cities” (2006, 2008; see also Amin and Graham, 1997). In general, the ordinary cities approach takes the step of regarding cities as “constituted through multiple and overlapping networks of varying spatial reach and as composed of a diversity of economic, social and political relations” (Robinson, 2008: 75). In this way, cities can be comprehended as internally differentiated distinctive entities with complex and diverse lives (Robinson, 2006: 109). The ordinary cities approach can in particular be more constructive for research into inclusive and redistributive urban policies, which are normally implemented at the level of the city, in that this approach focuses more on the city *per se* to frame urban policies and no longer prioritises the study of globalising networks, as the world cities approach used to do (Robinson, 2008).

These debates may in some sense justify my selection of the field site. They point up the key issue in this research as the need to focus on the complexity of the city *per se*, reading it as the node of multiple factors, including the Third Front Construction and the later experiences of Third Front migrants, the nationwide project of *penghuqu* redevelopment, the entrepreneurial motivation of the local state and the remains of the socialist legacy.

### 3.3 Overview of the field site

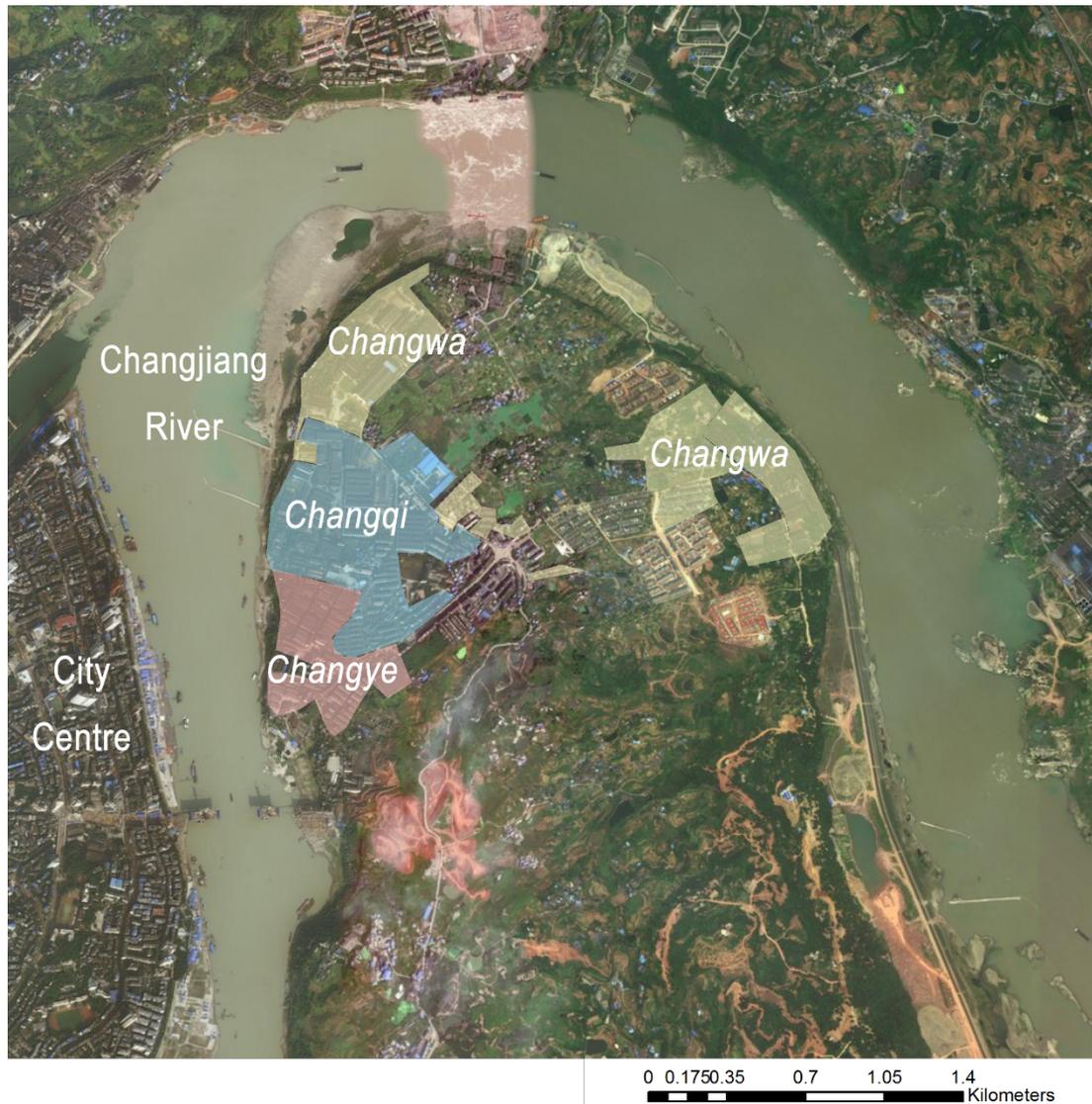


Figure 3-1 Satellite Map of Qiancao

Source: Illustrated by the author with ArcMap. Base map source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS Community. (taken in 2010)

My fieldwork was conducted on Qiancao Peninsula. In terms of the administrative system, Qiancao is a sub-district (*jiedao* 街道) of Jiangyang District of Luzhou. In the course of housing and land expropriation, the Qiancao Sub-district Office (*jiedao banshichu* 街道办事处), the *de facto* government at this administrative level, had been transformed into the operating headquarter for the task of housing and

land expropriation. It was thus necessary to interview local officials at both the municipal level and the sub-district level. Before the redevelopment, Qiancao Sub-district encompassed three residential communities (*shequ* 社区) and seven rural villages. The three communities were roughly organised around three large-scale factories established during the Third Front Construction: *Changqi* (长起; short for *Changjiang Qizhongji Chang* 长江起重机厂, The Changjiang River Crane Factory), *Changwa* (长挖; short for *Changjiang Wajueji Chang* 长江挖掘机厂, The Changjiang River Excavator Factory), *Changye* (长液; short for *Changjiang Yeyajian Chang* 长江液压件厂, The Changjiang River Hydraulic Components Factory). According to the official statistics, 11,039 households of urban residents had been living in these three communities, comprising a population of nearly 30,000, of which the majority were the employees or former employees of the three factories and their family members. In addition, the seven rural villages contained 1,397 households and 5,209 persons (QSO, 2014a).

### **3.4 “Doing it right”: gaining access to local officials**

As noted in the introduction of this chapter, an important component of my interviewees was local officials. Because I came from this city and had a few personal connections (or in O’Brien’s words, “idiosyncratic channels”) (2006: 27), it was not especially hard for me to make contact with local officials (for the importance of such connections for researchers, for example, see Hansen, 2006: 88; Solinger, 2006: 156-158), except for two types of difficulties, both linked to what may be called the issue of “doing it right”.

First, it was not always easy to find the “right” person to interview, the one who was in charge of the specific project I was focusing on; indeed it was sometimes difficult to know exactly which local government department this person served in. In my case, the Municipal Bureau of Housing and Urban-rural Planning and Construction (*zhufang yu chengxiang guihua jianshe ju* 住房与城乡规划建设局; normally known as *Zhujianju* 住建局 or *Guijianju* 规建局) was known to take on the main responsibility for planning the redevelopment project in Qiancao. This was what some local news reports delivered regarding redevelopment projects. But I still could not tell which specific office of this bureau was in charge. I tried to find out from someone I knew who worked in the *Zhujianju* which office I should target and whether she could introduce me to its staff. However, at the beginning of 2015, before I started my preliminary fieldwork, Luzhou Municipal Government had had a major sectoral reshuffle. The previous *Zhujianju* had been divided into two new bureaux, the Bureau of Housing and Urban-Rural Construction (*zhufang yu chengxiang jianshe ju* 住房与城乡建设局; still known as *Zhujianju*) and the Bureau of Urban-Rural Planning Management (*chengxiang guihua guanli ju* 城乡规划局; known as *Guihuaju* 规划局). The person whom I contacted now served in the new *Zhujianju* and the *Guihuaju* was no longer part of her department but had moved somewhere else. Fortunately, she helped me to contact a local journalist who had interviewed me once before and still remembered me. The husband of this journalist was a close friend of the director of the new *Guihuaju*. With the journalist’s help, the director introduced me to the Office of General Planning (*zonggui ban* 总规办), where I was able to arrange an interview with the official in charge of the general planning of the redevelopment in Qiancao.

When I tried to find out more about the industrial heritage site as part of the redevelopment project I encountered a similar situation. In summary, I discovered

from the public reports that the Municipal Bureau of Culture (*Wenhua ju* 文化局)<sup>7</sup> was in charge of this project, so I sought the help of someone I knew who worked there. It was surprising to find that the Bureau of Cultural Relics (*Wenwu ju* 文物局; a bureau affiliated to *Wenhua ju*) had been put in charge of the initial phase of the industrial heritage project. My informant introduced me to the director of *Wenwu ju* and then I managed to arrange an interview with the deputy-director, Mr Chen, an expert in ancient tombs, stone carvings bridges and similar items of historical heritage, who was temporarily in charge of the industrial heritage project awaiting the establishment of a special state-sponsored investment company to run this project.

This process of finding the “right” person to interview may suggest something of the operational logic of local government in China, which is further discussed in Chapter 5. But my experience may entail some risk. In both cases, because I was introduced to the “right” person by the director of the bureau in question, it is hard to tell whether s/he might have been somewhat less than frank when talking with me. To cope with this situation, I tried to cross-check their narratives by referring to other local reports and the narratives of other respondents, especially local residents.

Second, it was also necessary to ask the “right” questions when conducting an interview with local officials (see for example, Thunø, 2006). Local officials have their own concerns, probably not the same as those of researchers. For example, in the prologue of *The Great Urban Transformation*, You-tien Hsing (2010: 1) speaks of her frustration when interviewing local government officials. When she wanted to ask questions about the upgrading of technology programs, local officials always felt dull

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<sup>7</sup> The full official name of this bureau is the Municipal Bureau of Culture, Sport, News, Publication, Radio, and Television (*wenhua tiyu xinwen chuban guangdian ju* 文化体育新闻出版广电局).

and changed the subject of their conversation to such topics as industrial parks or the new town centres.

In my case, since demolition and resettlement (*chaiqian* 拆迁) were always sensitive topics for local officials in China, potentially involving the use of coercive actions of some kind, which sometimes may even involve misconduct or corruption on their part (*cf.* Shao, 2013), local officials were generally reluctant to be interviewed on demolition-related topics. Therefore, when seeking access to local officials, I emphasised the industrial heritage project, with the demolition of residential buildings and the resettlement of residents admittedly as essential components. By doing so, I was able to get permission to interview them, especially the sub-district officials who interacted directly with local residents. One instance shows that this concern of mine was reasonable. The day after I had interviewed a sub-district official, I went to the First Village of Changwa, which stood next to the office building of Qiancao Sub-district, for an interview with a resident. On my way back, around 7 p.m., I saw the same official again in his car. As soon as he saw me, he stopped the car, got out and asked me where I was going. He demanded that I should inform him before every interview I held and wanted to send someone each time to accompany me. This requirement had never been strictly applied, but it still suggests the sub-district officials were concerned about any possibility that I might cause trouble (such as by agitating local residents), or that these people might tell me something that the officials did not want me to know.

### 3.5 Interviewing local residents

In line with the topic of my thesis, the local residents I interviewed were mainly urban residents. As noted above, Qiancao Peninsula has three residential communities (see Picture 3-1). Since the composition of residents varies in the three communities (see Chapter 4) and the housing expropriation had been conducted separately in each, I decided to recruit respondents from these three factories separately.

In general, there are four different types of resident on Qiancao Peninsula: first, urban residents who own the property right of their dwellings. Their dwellings are either *fanggaifang* (房改房)<sup>8</sup> or commodity housing built after the housing reform and nowadays they are all items of private properties that can be transacted on the market. The second type is urban residents who rent the public housing owned by the state. Their dwellings are called *feichengtaofang* (非成套)<sup>9</sup>. Most of this type and the previous one used to be or are still employees of the three factories, who had experience of living under the socialist redistributive system. In addition, the third type of resident was the land-occupying worker, who had lived there before the arrival of migrants during the Third Front Construction, when the greater part of Qiancao Peninsula was covered by farmland. As the factories expanded, so the farmland was converted to industrial or residential use. As compensation, some peasants who lost land were recruited by the factories, becoming “land-occupying workers” (*zhandi gong* 占地工). They are factory workers, but before the redevelopment, they still, like other peasants, owned the rural homes in which they lived. The fourth type of resident was the peasants who lived by subsistence farming. I interviewed the first three types

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<sup>8</sup> Literally, *fanggaifang* refers to flats privatised in the housing reform. Prior to the housing reform occurred by the end of the 1990s, this category of flats were owned by the state-owned enterprise on behalf of the state. They had been sold to their occupants in the housing reform at highly subsidised price later (Wang and Murie, 1996). These flats were mostly *chengtaofang* (or complete set of flats). I will explain this notion further in Chapter 4.

<sup>9</sup> Literally, *feichengtaofang* refers to incomplete set of flats. Unlike *chengtaofang* (成套), this category of flats did not have independent kitchen, bathroom and balcony inside. I will explain this concept in detail in Chapter 4.

of resident, but merged the third type (one interview with three respondents) with the first type because they were both considered residents of *chengtaofang* and their schemes of compensation were similar. The number of interviews I conducted with each type of resident is shown in Table 3-1.

*Table 3-1 Number of interviews in each category*

	<i>chengtaofang</i>	<i>feichengtaofang</i>
<i>Changqi</i>	9   16	4   11
<i>Changwa</i>	13   17	5   9
<i>Changye</i>	3   4	4   9
Others	3   3	1   1
Total	28   40	14   30

*Source:* compiled by the author. *Notes:* In each cell of this table, the first number before the vertical bar indicates the number of interviews I conducted in each category. The second number is the total number of interviewees covered. Some interviewees were conducted with multiple interviewees.

### *The Strategy of recruiting respondents*

As noted above, I could not rely on local officials to facilitate my research among the residents. Moreover, unlike other researchers, no local NGOs or research institutes were already active on this site for me to work with. I had to pursue it all by myself. I used two major methods to recruit respondents from the local residents. First, I employed a snowball sampling strategy, relying on my friends, former classmates, neighbours and my parents' acquaintances living in Qiancao or working in the three factories. They could either be interviewed themselves or introduce somebody they

thought might be informative. Residents contacted in this way became an important element among my interviewees.

The second recruitment strategy was “encounter”, which is a widely used approach in qualitative geography (Herbert, 2010). I first used the Internet to “encounter” potential respondents. I joined an online chat group formed by Qiancao residents, which had once been a major platform for local residents to exchange information and ideas. After observing for a while, I found several people who fairly actively expressing their opinions in this online chat group. I tried to contact them and got two positive responses. Mr Tian (see Chapters 6 and 7) was one of the interviewees I established contact with in this way.

Concurrently, I paid frequent visits to neighbourhoods in Qiancao looking for physically encountering potential respondents. These neighbourhoods were not gated and anyone could have visited them. I did so to make sure that I would have some respondents for each of the categories shown in Table 3-1 to ensure triangulation. I frequently visited Qiancao carrying a SLR digital camera in order to take photos of buildings and let myself be seen by local residents. After some visits, I calculated, local residents would notice me and be curious who I was and what I was doing. Then, I could chat with them and find a chance to ask for an interview. For example, during the preliminary fieldwork, just before my arrival in the First Village of *Changqi* on the morning of 14 September 2015, an enforced demolition work was in progress. I met a resident of the First Village who still seemed taken aback after having witnessed the mighty use of the state power. Without any detailed knowledge of my purpose there, this woman invited me into her house and called in some of her neighbours to chat with me. This became an *ad hoc* group interview. She lived in a *feichengtaofang* flat. She and her neighbours lived in “nail-households”, having held out against compulsory

resettlement. Being awoken by the enforced demolition, they had much to complain about. This group interview lasted for more than five hours. By chance, one of the respondents in this group said that he had often seen me in this neighbourhood with my camera, thus endorsing my statement that the purpose of the interview was academic research. I noted down the contact details of some of these residents and held a second interview with them to update what I knew of their experiences.

But, much to my surprise, the encounter approach that I was using generated a kind of anxiety among other residents. In the course of my fieldwork, I saw others taking photos, especially when demolition was taking place, or in the workshops as a record of local history. A local resident, whom I had a successful interview with later, questioned the purpose of my photography. After hearing my explanation, he did not ask me to stop but explained that the Sub-district Office had recently sent someone to take photos of their buildings, which the residents interpreted as a signal that the Sub-district Office would accelerate the pace of expropriation and had complained about to the Sub-district Office. I realised it was highly likely that I was the person being complained about, because at that period, I always wandered around these neighbourhoods and took photos, but did not encounter anybody else doing the same as me. They had misunderstood what I was doing, but nobody had come to stop me, indicating how apprehensive these residents were and how tense was the relationship between the local state and local residents.

### *The issue of insider/outsider*

Doing research in one's home territory (either the home country or the home city) is not necessarily the exciting experience described by Ite (1997). For one thing,

the issue of positionality, which has long been a critical concern to field researchers in geography (Cupples and Kindson, 2003; Rose, 1997) is more keenly felt for a “returning-home” researcher. The researcher may not face some kind of antagonism between “insider” and “outsider” (Giwa, 2015; Rubin, 2012), but a “returning-home” researcher will inevitably bear two identities at once, or embodying a kind of “in-betweenness” (Rubin, 2012; Till, 2001; Yawei Zhao, 2017).

This situation is the one I was in. On the one hand, I was an insider. As shown in previous sections, my identity as a native of Luzhou helped me considerably when I was trying to find interviewees, either local officials or residents, by navigating within my personal network. Those who knew me in person would be clear about my background (as a local person) and my intention (working on my PhD thesis) and it would not be difficult to interview them.

But on the other hand, I was an outsider. The identity of “outsider” itself is dual, an outsider in their neighbourhood and an outsider in the country (being affiliated to the LSE, a foreign university). Those residents who did not know me, especially those I came across, found it difficult to fully trust me and to understand the purpose of my research as an outsider in their neighbourhood, although they agreed to be interviewed. Moreover, even when I told them I was a student, some residents did not believe me. A common suspicion was that I might be a journalist. But as the press in China is under strict censorship of the Communist Party, the residents believed that a journalist would hardly be able to make their voices heard and therefore chatting with me would be pointless. In one case, a respondent even tried to persuade me to stop interviewing because picking up rubbish for recycling might earn me more money than this useless work would. To some degree, I was irritated by his words, but soon realised this reaction revealed how desperate these residents were.

However, their suspicions about my identity were not all negative. Some of them regarded me as the secretary of a high official, or as a member of an inspection group (*xunshi zu* 巡视组) who had been sent incognito to collect public information that might help alleviate their hardships; thus they were happy to be interviewed by me. In one case, hearing that I promised anonymity in using the information collected in the interviews, a respondent even asked if I could include his real name to better publicise his case. The suspicion that I was a member of the inspection group casts a somewhat bitter light on a very interesting story.

Sending inspection groups to the lower level of party branches has been an important measure in the Communist Party's nationwide anti-corruption movement since 2012 (*cf.* Yeo, 2016). The primary task of inspection groups is to collect information, including reports on the public, in relation to corruption or misconduct on the part of the leading local party cadres. According to one respondent who suspected me to be a member of an inspection group, he happened to see a television news item that the provincial party branch had sent an inspection group to Luzhou early in 2015. This group published its contact address and said that any report was welcome. The residents suffering home ownership issues saw this as a chance to get this persistent problem solved (see Chapter 7). Therefore, they made an appointment to meet the inspection group on a Monday, but got no confirmation until the following Thursday that the group would meet them the next day. On Friday, they duly sent some representatives with supporting documents to meet the inspection group. Much to their disappointment, the reception staff would not let them finish their statement, refused to take their documents and asked them to submit their case to the municipal government. Moreover, the staff even recommended them to compromise, take the compensation package and move to resettlement flats.

Such a lukewarm response irritated the residents. They did not leave the venue straightaway but spoke to other people who had also sought to report their cases to the inspection group. The second set of residents' representatives had been told that there were two inspection groups, the real one sent by the provincial party committee, while another, a "counterfeit" organised by the municipal party committee to baffle people. For the first set of residents, the group they had met, which had adopted the arguments of the local government, was beyond question the "fake" one.

There is some possibility that these residents did indeed meet a "counterfeit" inspection group, which may hint at an unusually sophisticated mode of local governance. But it is also possible that the inspection group they met was "authentic". However, on the surface at least, what the group wanted to collect was clues suggesting the misconduct or corruption of local cadres, putting these residents' specific appeal in relation to their housing outside its terms of reference. It is therefore understandable that the inspection group did not take serious account of the residents' appeal. But the residents were inclined to accept the first possibility and believe that they had met the "counterfeit". The "authentic" inspection group, wherever it was, could still, they believed, lend a hand in solving their problems. It was not so much that they suspected that I had concealed my identity as that they *hoped* I had done so. They wished me to be the kind of person who could help them (also see Liu, 2000: 19; Svensson, 2006: 268-270), indicating how they were still relying on the managerial state. Although I had very often clarified that I was simply a doctoral student and I could do hardly anything to produce an instant effect on their situation, they still asked me to "make them heard".

My identity as a kind of outsider of this country brought me up against more barriers. In an extreme case, a respondent suspected that I was a spy. In another case,

a potential respondent turned down my request for an interview. Although I was introduced to him by his colleague, who knew me personally, he still believed that it was inappropriate to expose the misconduct of local officials to people with links abroad; it was too much like “washing your dirty linen in public” (*jiachou buke waiyang* 家丑不可外扬). Others who accepted my interview were still not quite confident about whether it was “appropriate” to talk about these issues with me; hence they asked me to write impersonally and maintain anonymity. In addition to a general sense of obedience under the authoritarian regime, the residents’ cautiousness also had something to do with the background of the enterprise they served in, which was established during the Third Front Construction (see Chapter 4). As some products of these factories had been put into military use, they had long been disciplined to take care of any possibility that would leak the secret. In my interviews, some residents even emphasised that what he or she was talking about was no longer confidential, so he or she could share this information with me.

*To overcome the difficulty as an “outsider”*

I tried in several ways to reduce residents’ worry and suspicion. It was not difficult to tackle extreme cases, such as the suspicion that I was a spy. I merely asked the resident to think of any information she possessed that could endanger national security; she then realised that she had overreacted. In other cases, it was still my identity as an “insider” that helped me. First, I could speak both standard Mandarin (*Putonghua*) and with a local dialect. I used the Luzhou dialect with local residents to convince them that I was native to the place. With migrants of the Third-Front Construction who still spoke standard Mandarin or some other accents of Northern China, I tried to reduce the distance between us by using a mixture of standard

Mandarin and a Luzhou dialect. When I mentioned that I had studied in Beijing for seven years, a migrant born in Beijing even called me a “person from the hometown” (*jiaxiang ren* 家乡人).

Second, I showed them my LSE student ID card, but this did not help much, since only a few of my interviewees could understand English. Those who could did not know the LSE and its academic reputation. I then presented my previous student ID card from Peking University, which I had obtained when I was a Master’s student there. Such an identity helped me gain more trust from the residents, since Peking University is one of the two top universities in China.

Third, in my interviews, so long as I did not leak anyone’s privacy, I was able to refer to information I had obtained during my fieldwork when interviewing some residents. The information included the details of the compensation scheme, and the state policies on *penghuqu* redevelopment. Hearing these details, sometimes surprised the residents, who were convinced by the amount I seemed to know about what was happening in their neighbourhood and were more willing to give their own opinions.

### **3.6 Data Analysis**

#### *Introducing the datasets*

As introduced in the previous sections, the five main sets of data collected in my fieldwork and used in this thesis came from: (1) interviews; (2) notes of observations; (3) government documents; (4) news reports; (5) background information collected from published books. Table 3-2 shows how each research question is to be dealt with what kind of data.

Table 3-2 How each research question is dealt with datasets

1) How has the <i>penghuqu</i> redevelopment project taken in shape?	<ul style="list-style-type: none"> <li>● Review of policy documents</li> <li>● Review of news report</li> </ul>
2) How has <i>penghuqu</i> redevelopment been practiced locally?	<ul style="list-style-type: none"> <li>● Notes of participant observation</li> <li>● Interview with local officials</li> <li>● Interview with local residents</li> </ul>
3) The local trajectory of development	<ul style="list-style-type: none"> <li>● Review of books and news reports</li> <li>● Interview with local planning officials</li> <li>● Review of local planning documents</li> </ul>
4) The interaction of national project of <i>penghuqu</i> redevelopment and local development agenda	<ul style="list-style-type: none"> <li>● Interview with local officials</li> </ul>
5) The implication for local residents	<ul style="list-style-type: none"> <li>● Notes of participant observation</li> <li>● Interview with local residents</li> </ul>

The first set is unquestionably the most important source for this thesis. In total, I conducted 48 interviews, covering 76 respondents. Some interviews without recordings were summarised in writing as soon as the interviews were over. Those that were audio-recorded were transcribed by means of a mobile app called Ifly Voice Notes (*Xunfeiyuji* 讯飞语记)<sup>10</sup>. The other four sets of data were also of great importance.

<sup>10</sup> This is an automatic voice recognition app developed by the University of Science and Technology of China. I

As indicated in the introduction section, participant observation helped me to understand the field site better. From these visits, I decided to make a general typology of residents and conduct interviews according to it (see Table 3-1). In addition, I was also able to raise many questions about what I had seen, seeking answers in my interviews. The other three data sets not only provided background information for the redevelopment project implemented in Qiancao, but also equipped me with knowledge I could appropriate to deepen my communication with local officials and residents.

#### *Classifying and coding data*

I used two characters and four digits to register the 42 interviews with residents, mainly based on Table 3-1. Since the numbers of interviews with local officials, factory cadres and other professionals were limited, I would refer in this thesis to each respondent directly (these interviews were classified as “others”). The first two characters labelling the interviews with residents indicate which neighbourhood they are from (CQ for Changqi, CW for Changwa, CY for Changye and OT for others). The first digit indicates the phase of my fieldwork in which this interview was conducted (1 for preliminary fieldwork; 2 for the main fieldwork; 3 for the last revisit). The second digit indicates the type of housing the interviewee occupied (1 for *chengtaofang*, 2 for *feichengtaofang*). The last two digits compose the serial number of the interview sorted according to its sequence. Thus, “CW-2109” refers to the ninth interview, conducted with a resident living in *chengtaofang* in Changwa in the course of my main fieldwork. A further classification of the interviews I conducted in each category is shown in Table 3-3. In this thesis, when quoting interview material, I

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listened to the recordings and repeated what I heard to my cell phone in standard Mandarin. It can automatically transcribe what is said into written words, with only minor errors.

further introduce some necessary background information about the respondent. All the (sur-)names I use in this thesis are pseudonyms to ensure anonymity.

Table 3-3 Number of interviews in each sub-category

	11**	12**	21**	22**	31**	32**
CQ	1	2	8	2	0	0
CW	2	2	10	3	1	0
CY	0	0	3	3	0	1
OT	1	0	2	1	0	0

*Source:* compiled by the author. *Notes:* refer to the description in the previous paragraph for the explanation of each character and figure combination.

In terms of data analysis, I followed the procedure of thematic coding approach (Robson, 2011: 474-489). I used Nvivo, a qualitative data analysis software program to code the interview data set. The initial coding was mainly based on the potential descriptive and theoretical implications of the data *per se*. After the initial coding, I group these codes into a smaller number of themes. These themes were identified either according to the similarity of codes I noticed in the coding process, or based on the research questions of this thesis. These themes are significant in that they can link the empirical materials with the theoretical concern of this thesis. Some samples of themes and codes are shown in Table 3-4.

Table 3-4 Samples of Themes and Codes

Sample Theme	Codes
Policy changes of <i>penghuqu</i> redevelopment	How long is the <i>penghuqu</i> redevelopment project?
	How many households of <i>penghuqu</i> to be renovated?
	How to compensate residents affected by the redevelopment of <i>penghuqu</i> ?
	What sort of housing is considered as <i>penghuqu</i> ?
Housing as use value	Size of previous housing
	Size of the resettlement housing
	Layout design

Source: compiled by the author.

### 3.7 Summary

This chapter briefly summarised the process of my fieldwork. The difficulties I encountered during my fieldwork as both an “insider” and an “outsider” and how I attempted to solve them were not only a kind of academic trial for me, but more importantly, they also hint at some of the rationales of governance and residents’ reliance upon the redistributive system, which points to the key concern of this thesis. The next chapter describes the detailed context of Third Front Construction and the genealogy of *penghuqu*, based on the data that I collected.

## **Chapter 4 The Context of *Penghuqu* redevelopment in a “Third Front” city**

This chapter outlines the context for my enquiry in the present study. It contains three major parts; first, a general history of the Third Front Construction and the way in which it had been practiced in Qiancao; second, the physical context landscape in Qiancao and residents’ living experiences; third, the policy context in relation to the redevelopment of *penghuqu*. The three contexts not only provide the backdrop against which the discussions in succeeding chapters are understood, but also indicate the power of the state redistribution mechanism.

### **4.1 The Third Front Construction: Historical Background**

The Third Front Construction (*sanxian jianshe* 三线建设) during the Cold War period was a large-scale project of industrial development for the interior provinces of China. Between 1964 and 1981, many manufacturing factories, military factories, and military-oriented research institutes were sent from the coastal regions and the northeast China to the western inland provinces. At its peak, more than 4 million people were mobilised to migrate inland for this purpose. It was a major event of industrial construction and economic investment amid the political turmoil caused by the Cultural Revolution (1966-1976) (Naughton, 1991). For some researchers, it is considered to have ended in failure, particularly in that it was economically unwise (Naughton, 1991; Chan, Henderson and Tsui, 2008: 818-819; Li and Wu, 2012: 62-63; Wu and Zhang, 2010: 62); for others, especially some Chinese scholars (Chen, 2003,

2014; Zhou, 2014a, 2014b), this project left a profound economic, social and spatial legacy in China's inland regions.

The Third Front Construction was motivated mainly by the drastic changes of geopolitics in East Asia in the early 1960s (Chen, 2003; Chen, 2014). During this specific period of the Cold War, the Vietnam War to the south of China had escalated in 1961 because of the United States' direct intervention, sending troops to assist South Vietnam (Jian, 1995; Lüthi, 2008). Some researchers hold that two major battles between the United States and Socialist Vietnam in 1964 were the direct catalyst for the Third Front Construction (Chen, 2014: 7; Naughton, 1988: 353). Moreover, to the north of China, the relationship between China and the Soviet Union, its former socialist ally, had increasingly deteriorated from the late 1950s. In 1963, the Soviet Union dramatically expanded the scale of its forces deployed on the Sino-Mongolian border (Chen, 2014: 4). Besides the threats from the two major super-powers, the risk of war between China and India, and between Mainland China and Taiwan also loomed. For instance, in 1962, the border conflict between China and India escalated into a battle (Chen, 2014: 4).

The change of geopolitics convinced the leadership of the Chinese Communist Party (CCP), especially Mao Zedong, that China would soon be invaded (Chen, 2003). But the distribution of industry in China at the time was grossly unbalanced. Most industrial bases were located in the northeast (close to the Soviet Union) and coastal regions, thus jeopardising the national security. This created an urgent need to balance the distribution of industry for defence purposes.

Launched in August 1964 (Chen, 2014: 9), the Third Front Construction was meant to create a complete supplementary industrial system in naturally remote but strategically secure regions (Naughton, 1988: 354). The CCP leadership decided to abandon its previous version of planning, which had prioritised the existing industrial bases and civic industries (Ji, 2016). A newer version of its planning divided the entire country into three “fronts”<sup>11</sup>. There are different versions of the division, but in general, the coastal region was the First Front, the mountainous inland region (except for two provinces on the border, Xinjiang and Tibet) was the Third Front, and the region in-between was the Second Front (Chen, 2014: 8; see Figure 4-1). The central planning authority would reduce the resources allocated to the First Front (even if within the First Front, the remaining investment would be allocated to its interior regions. For the situation of Guangdong, see Bachman, 2001), but the Third Front would be prioritised when new construction projects were planned. More importantly, all the factories in the First Front, especially those producing machineries and arms, etc., together with all the universities and research institutes, were to be entirely or partly relocated to the Third Front for defence purposes (Chen, 2003: 57; 2014: 8-9). Millions of employees and their family members were to migrate with these organisations, as well. A slogan during the Third Front Construction, “sending more talented staff and best equipment to the Third Front” (*haoren haoma shang sanxian* 好人好马上三线), may reveal something of the then guidelines in deploying people and facilities.

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<sup>11</sup> The Chinese word for “front” is *xian* (线), which literally means line. Some researchers translate *sanxian jianshe* as “Third Line Construction” (such as Lüthi, 2008; Chen, 2018). But other English writers (such as Meyskens, 2015; Naughton, 1988) translate ‘*xian*’ as “front”, which in Chinese is “*qian xian*” (front line). In this thesis, I have adopted the latter version.

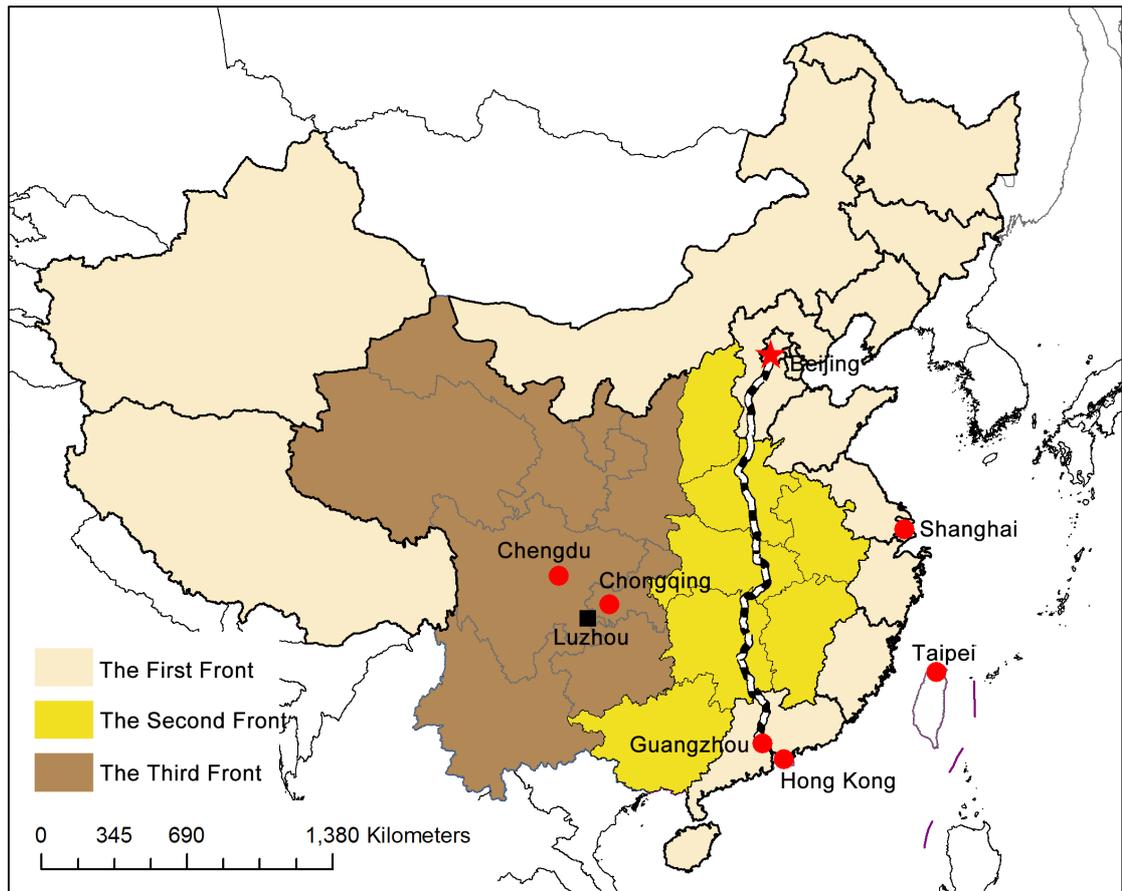


Figure 4-1 The division of the three “fronts”

Source: illustrated by the author. Notes: The railway indicated in this map is the Beijing-Guangzhou Railway (*Jing-Guang tielu* 京广铁路). In another version of the division into three fronts, the region to the west of this railway was designated as part of the Third Front, so part of the region mapped here as the Second Front was in practice also treated as the Third Front.

In an era characterised by scarcity, the investment in the Third Front Construction was enormous. By and large, China devoted 205.2 billion *yuan* to this project, accounting for 39.01 per cent of all the national investment in capital construction in this period (AROTFC, 1991: 32). During its peak years from 1964 to 1970, this percentage may even have reached as high as 50 per cent (Zhou, 2014a). As the province with the largest population in the Third Front<sup>12</sup>, Sichuan was a key site of

<sup>12</sup> From 1954 to 1997, Chongqing was part of Sichuan Province. According to China’s third population census in 1982, directly after the termination of the Third Front Construction, Sichuan Province had more than 99.7 million inhabitants, nearly one tenth of the national population (1.032 billion). Sichuan had the largest population of any province not only in the Third Front, but also in China (see National Bureau of Statistics, 1982).

the Third Front Construction. In general, the national investment in Sichuan Province during the entire period was 41.1 billion *yuan*, accounting for 20 per cent of all the investment in the Third Front (*ibid.*). At its peak in 1966, the investment in Sichuan alone accounted for more than 15 per cent of the national total (Naughton, 1988).

With the redistribution of these funds, the Third Front completed more than 1,000 industrial projects, scattered across the Third Front region (Meyskens, 2015: 238). As noted above, some existing factories and institutes were divided and moved to the Third Front, either entirely or in part. Naughton hence describes it as a process of “mitosis” (1988: 356). In this movement when rapidly duplicated new facilities were needed, China had to resort to its existing industrial capability. But in view of its motivation, as the process continued, the factories evacuated from the First Front should not necessarily be relocated to a limited number of metropolises. Their distribution had to comply with the principles of “disperse (*fensan* 分散), conceal (*yinbi* 隐蔽), near mountains (*kaoshan* 靠山), inside caves (*jindong* 进洞)” (Chen, 2014: 9, 14; Meyskens, 2016: 239). Therefore, many evacuated factories were resettled in relatively remote sites (Wu, 2015: 27), which in some ways reflects the “anti-urban” ideology in the Maoist China (Kirkby, 2018; Ma, 2002: 1558). They became isolated non-rural settlements scattering across the territory.

While the Third Front Construction did not last long, it had two climaxes, one from 1964 to 1966, and the other from 1969 to 1971 (in the wake of another major clash between China and the Soviet Union; see Bachman, 2007) (Chen, 2014: 12). In 1972, with the rapprochement of the Sino-America relationship marked by President Nixon’s visit to China, one of the greatest threats that had motivated the Third Front Construction no longer existed. After this, although the central planning authority had not officially terminated the Third Front Construction, it ceased to give it priority in

terms of resource redistribution (Naughton, 1988: 362). Around 1979, when Deng Xiaoping took power and the economic reform was officially initiated, the Third Front Construction was eventually abandoned (Naughton, 1988: 379). With the termination of the Third Front Construction, some of the factories evacuated to the Third Front were restored once again to their original places. Others stayed where they were in the Third Front. Since, these factories have experienced a major reform and now make goods for the commercial market instead of militarily-oriented products (Brömmelhörster and Frankenstein, 1997; Gurtov, 1993).

The Third Front Construction has widely been believed to have failed, whether or not the intention behind it had been to narrow down the country's regional disparities for a while (Chan, Henderson and Tsui, 2008: 818-819; Li and Wu, 2012: 62-63; Wu and Zhang, 2010: 62). According to Naughton (1988: 379), it is economically unwise to allocate resources to geographically disadvantaged places as the ratio of output to input was fairly low. Moreover, because the Third Front Construction was not well prepared, its scale was more grandiose than the capital-starved central state could afford (Naughton: 1988: 380; see also Li, 2002). In addition, its implications for reducing interprovincial disparity may not have endured either (Chan, Henderson and Tsui, 2008: 819). In Naughton's view (1988: 379), the central state should have invested the diverted resources it allocated to the Third Front in the coastal region to boost their economic growth.

Naughton could perhaps be right. However, it may not be appropriate to assess the result of the Third Front Construction only by its economic performance. Meyskens (2015: 240) emphasises that the Third Front Construction was driven by anxiety about national security, whereas its economic effectiveness was not a major concern. Since no war ever occurred, it is impossible to conjecture how the newly-

built industrial base in the Third Front would have operated in wartime, but it still leaves major legacies. First, the construction of transport infrastructure, especially railways, incorporated the Third Front, or the entire Western China in the nationwide industrial networks (Meyskens, 2015).

Second, the Third Front Construction deeply influenced industrialisation in Western China. After the formal termination of the Third Front Construction, some factories and research institutes that had relocated from the First Front, have remained in the Third Front, thus constituting the pillars of industrialisation of western China. For example, the only research institute for nuclear weapons in China (the China Academy of Engineering Physics) is still located in Sichuan Province, where it moved in 1969 as part of the Third Front Construction<sup>13</sup>.

Third, the Third Front Construction also has implications for urbanisation of western and central China (Zhou, 2014a). Even though the guidelines for factory resettlement advised “disperse, conceal, near mountains, and inside caves” as noted above, not all projects were built in remote areas. Existing cities increased in scale when factories or factory complexes, some of vast size, settled nearby (Naughton, 1988: 361). With their affiliated amenities, such as hospitals, schools and shops, these factories could be seen to have constituted independent cities or at least independent towns in themselves. Cities such as Panzhihua in Sichuan Province (accommodating the Panzhihua Steel Factory; for a detailed discussion on Panzhihua, see Kinzley, 2012), Liupanshui in Guizhou Province (accommodating the Shuicheng Steel Factory and coal mines), and Jiayuguan in Gansu Province (accommodating the Jiuquan Steel Factory) exemplify this point (Xu and Chen, 2015; Zhou, 2014a, 2014b).

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<sup>13</sup> See the history of CAEP, available at <http://www.caep.ac.cn/zjzwy/index.shtml>.

In sum, the Third Front Construction was a large-scale industrial, economic, and political campaign launched by the Chinese Party State to secure national security at all costs, which undoubtedly manifested the capacity of the socialist regime to implement its plan in the era of the planned economy. The Third Front Construction exemplifies one mode of “landscapes of priority” (Sjöberg, 1999) under central planning by means of which the redistributive authorities (central planners) endeavoured to ensure that the most important tasks would in fact be carried out in the face of shortages. Some principles applied to the Third Front Construction were economically or technically irrational, even if we take its defence motivation into account, but we should not regard it as a total failure since it still has critical implications for the development of Western China.

#### **4.2 The Third Front Construction in Qiancao**

##### *The establishment of factories in Qiancao*

As a city in Sichuan province<sup>14</sup>, Luzhou too received its “quota” of relocated factories to host from the First Front. In the original plan of the planning authority formulated in 1964 (Feng, 2017: 1-5), a large-scale engineering machinery complex was to be established in Luzhou, turning this city into a hub of production for engineering machinery in the Third Front. In terms of the loci of this industrial complex, Qiancao Peninsula turned out to be a good choice. This peninsula faces the city centre of Luzhou on the opposite bank of the Changjiang River, providing the proposed industrial complex with a shipping channel and easy access to an established city. In addition, some factories had already been built on the Qiancao Peninsula,

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<sup>14</sup> Between 1960 and 1983, Luzhou was a county-level city, under the administration of Yibin Prefecture. In 1983, it was upgraded to a prefectural-level city, under the direct administration of Sichuan Province.

including a factory for small hardware items, a steel factory, since abandoned, and a power plant, all of which occupied industrial land that could be appropriated by the new factories. The new industrial complex would consist of the following four factories: (1) the Changjiang Crane Factory (based on part of the Beijing Crane Factory); (2) the Changjiang Excavator Factory (based on part of the Fushun<sup>15</sup> Excavator Factory); (3) the Changjiang Hydraulic Component Factory (based on the factory that made items of hardware and given technical support by a workshop relocated from Shanghai for this purpose); (4) the Changjiang Piledriver Factory (based on part of the Shanghai Construction Machinery Factory). There was also a research institute, the Luzhou Research Institute of Machinery Engineering (moved from Changde, in Hunan Province). These factories and the institutes were designed to cooperate with each other as a machinery “trust”<sup>16</sup>, and not to operate independently.

According to the plan noted above, in 1965, the first three factories were established. Between 1965 and 1967, 1,357 workers from Fushun, 1,100 from Beijing<sup>17</sup>, and 65 from Shanghai arrived in Luzhou. Their families either came with them or arrived later. After a year of preparation, in 1966, these factories started to operate. (Feng, 2017: 4)

However, the original plan was not yet completely fulfilled, but the Third Front Construction in Luzhou was soon seriously interrupted, despite the claim that the Third Front Construction received the top priority from the Party State. In the summer of 1966, the Cultural Revolution broke out. From June 1967, for a period of one and a half years, hostile factions armed with weapons continued to fight each other in

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<sup>15</sup> Fushun is a prefectural-level city in Liaoning Province (not the provincial capital). It is famous for coal industry. According to my interviewees, Fushun Excavator Factory mainly served coal mines in Fushun.

<sup>16</sup> “Trust” is an agglomerated mode of industrial complex, proposed by Liu Shaoqi, Vice-Chairman of the CCP. See Lyu, 1993.

<sup>17</sup> Some workers of Beijing Crane Factory are from Tianjin and Hebei Province.

Luzhou. Qiancao became the site of fierce battles. For six months, as the risk of becoming a casualty grew, many migrants decided to flee back to their hometown again, against all the odds<sup>18</sup>. Moreover, the fourth factory listed above and the research institute cancelled their plan to move to Luzhou (ECCMFL, 1994: 225-226)<sup>19</sup>, putting the original plan to build a machinery “trust” beyond fulfilment. Only at the end of 1968, when the factories were taken over by military forces, was normal production restored. Nevertheless, the three factories could no longer operate as a united complex due to internal tensions, but divided into three independent factories, namely, Changqi, Changwa, and Changye as noted in Chapter 3 (*ibid.*, 5). The three factories occupied different levels in the administrative hierarchy. *Changqi* and *Changwa* were *bushu qiye* (部属企业), that is, enterprises under the direct administration of the First Ministry of Machinery. Their general managers were as high in rank as the mayor of Luzhou. *Changye*, meanwhile, ranked lower.

#### *Workers’ views of the city and other citizens*

The unique history in Qiancao had great implications for the workers’ views of the members of other factories and other citizens in Luzhou. First, as noted above, the factories in Qiancao had different hierarchical status, according to which the workers held different views of each other. The workers of *Changqi* were relocated from the capital, and their factory went on to outdo the others. This made them have a tendency to look down upon workers from the other factories. The workers of *Changwa* were

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<sup>18</sup> According to some of my interviewees from *Changqi*, under the planned economy system, they could receive their grain quota and salary only from their work units, which were still in Luzhou. After fleeing back to Beijing, they had no source of subsistence, but relied on help from parents or their friends, also surviving under austerity.

<sup>19</sup> Part of the Shanghai Construction Machinery Factory later moved to Changde, still within the range of the Third Front. Along with the research institute, this factory later moved to Changsha, the capital city of Hunan Province. They were merged with other enterprises and eventually became Zoomlion (*zhonglian zhongke* 中联重科; based in Changsha), a leading engineering enterprise in contemporary China.

proud that their factory was the largest in scale. The place of origin and the status of factories were also potential source of disputes, as indicated by some of my interviewees who reported that people from Beijing were not easy to get along with. The workers were split into several camps. This fissure impeded a kind of alliance when cooperation was needed in the face of housing expropriation, which will be shown in Chapter 6.

In terms of their views of Luzhou, in the early stages of the move, the workers of the three factories, especially the migrants, enjoyed the highest social economic status in Luzhou, which was at the time quite a poor and under developed place, significantly contrasting with their place of origin. Even Fushun, not to mention Beijing and Shanghai, was more “advanced” than Luzhou at this time in terms of urban appearance and economic development. Some of my interviewees still remember how astonished they felt when they arrived in Luzhou:

“You can’t imagine how good our life was! In our kindergarten (in Fushun), they served milk every day. My mother worked in the state-run grocery and could buy goods at discounted prices. So when I was young, I had biscuits to eat that were imported from the Soviet Union. ... When I arrived in Luzhou, I wept aloud. There was nothing here. We took a small wooden boat to cross the Changjiang River. We even had to paint our home by ourselves.” (Interview CW-2101)

“I arrived here in 1966. When we arrived here, to be frank, there was nothing in Luzhou! Handcart pullers everywhere! Most people were too poor to buy shoes and went around bare foot. What did these people eat? A bowl of porridge, pickled vegetables – that was a meal ... At the time my salary was 37 yuan per month. That was the standard salary. But this sum meant a lot here. An entire family in Luzhou could get by on just 10 yuan per month!” (Interview CQ-1201)

Despite the tremendous adversities they faced, the workers in the Third Front claimed that they had totally devoted themselves to maximum production, motivated

by a kind of “progressive naivety” (Interview CQ-2107)<sup>20</sup>. As one interviewee explained, the workers “were not [merely] complying with the command of the party, but were *sincerely* complying with the command of the party” (Interview CQ-2104, emphasis added). They believed that they had been sent to the Third Front by Chairman Mao (Interview CQ-1201). Therefore, although the working and living conditions in Luzhou were poorer than in their hometown, it was still glorious for them to participate in the Third Front Construction. They worked hard to continue production day and night under harsh conditions. Furthermore, they “contributed not only [their] youth, but also [their] whole lives and even offspring” (*xianle qingchun xian zhongshen, xianle zhongshen xian zisun* 献了青春献终身，献了终身献子孙) (interview CQ-1101) to the country’s good.

*The relationship between Luzhou citizens and the workers of the three factories*

Workers’ contributions were not unpaid. As noted above, the workers of the three factories in Qiancao could earn the highest average salaries in the city. They also enjoyed other services and the provision of material welfare by their factories. Like many other work units in China (cf. Bray, 2005), these factories were equipped with natural gas, canteens, hospitals, schools, cinemas, and even funeral parlours, which exclusively served their employees at no or very little cost. In some senses, workers formed a privileged social class. As discussed in Chapter 2, when material production (or the primary circuit of capital) dominates, the redistributive system serves to repay those who contribute to the production process, namely, workers. To some degree,

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<sup>20</sup> The original words used by this interviewee are “*zuo de ke ai*” (左得可爱), which may literally be translated as “being naively left-wing”. In Maoist vocabulary, “*zuo*” (left-wing) means progressive, whilst “*you*” (right-wing) means conservative, or even reactionary.

these workers were also proud of their status. Even now, some elderly workers in Qiancao still like to describe that their directors once refused to be transferred to be the Mayor of Luzhou, partly because the official vehicles in their factory had been imported from the Soviet Union, and so were superior to the mayor's form of transport (Interview CW-2107; Feng, 2017: 64).

The workers who lived a "privileged" life in Luzhou were envied by other local residents. This is attested by the fact that, according to some interviewees, the cadres of Luzhou city liked to send their children to work in the factories in Qiancao (Interview CQ-2107). A ballad composed in the peak years of the three factories in Qiancao, had the refrain, "Little girl, grow faster! When you grow up, you might marry into the three 'Chang-' factories" (CCTV, 2012; Feng, 2017: 63). In this regard, Qiancao in the earlier years of the Third Front Construction had more advantages than the city centre on the opposite bank.

Nevertheless, not everyone was fond of or envious of the workers in Qiancao. According to an expert in local history, Professor Zhao, at least two kinds of people held a more conservative attitude toward them (Interview OH-2003). The first kind was local leaders, even when they may have been eager to send their children to these factories. Unlike their successors, who are more entrepreneurial and welcome external investment (see Chapter 5), it was a huge burden under the planned economy for the local leaders to host massive factories, with their large personnel, such as the three factories in Qiancao. Under the planned economy system, factories of this kind were only accountable to the central planning authority. They produced as allocated by the redistributive centre. All their production would in turn also be transferred to the redistributive centre for reallocation. Although these factories were located within the administrative boundary of Luzhou city, they were not in the territory of the local state

in Luzhou (*cf.* “socialist land master”, Hsing, 2010: 35). Moreover, local leaders had to provide these factories with goods, such as vegetables and other foods. The extra supply was not very easy to organise in an era of shortage. According to Professor Zhao, Mayor Xu, the then mayor of Luzhou, never welcomed this investment. To relocate so many workers to Luzhou was for him troublesome (*tian mafan*) (Interview OH-2003).

The second group consisted of other local residents. Their attitude is clear from the way they used to call the migrant workers in Qiancao, who did not speak any of the local dialects, that is, “*miaozi*” (苗子; literally people of Miao ethnicity). This nickname infuriated some migrant workers, since they were mostly of Han ethnicity. They regarded this term as a kind of discrimination (Interview CQ-1201). According to Professor Zhao, this nickname may have appeared first during the war against Japan (1931-1945), when many asylum seekers who did not speak the dialect of Sichuan fled there from the lower reaches of the Changjiang River. It is better interpreted as reflecting a mixed attitude combining envy and discrimination against strangers of a higher socio-economic status who have “invaded” one’s land (Interview OH-2003).

#### *Qiancao after the Third Front Construction*

After the termination of the Third Front Construction, the factories (in fact, *Changqi* and *Changwa*, as most workers of *Changye* were Luzhou natives) remained in Luzhou. The administration of these factories then passed to the Luzhou Municipal Government in 1981. They became pillars of local industry until the mid-1990s, when state-owned enterprises began to be reformed. Their performance was even better in the 1980s, when the economic reform started. Because the employment in these

factories often guaranteed relatively high wages and other welfare provisions, workers were inclined to ensure that their children also got a position in their factory, either by “replacement” (*dingti* 顶替, meaning that a child may take their parent’s position in the factory after their parents had retired) or by “recruitment” (*zhaogong* 招工; recruit new workers from high school graduates, employees’ offspring, etc.). As a result, some of my interviewees in their 40s or 50s, as the second generation of Third Front migrants, had spent almost their entire life in the same factory: they were born in the hospital affiliated to their factory, educated in an affiliated school, and worked in the factory following their parents; this all generated a very strong personal dependency upon this factory. In addition, these factories also recruited college graduates assigned to them, as well as veterans, “educated young people” (*zhishi qingnian*), and local peasants whose land had been expropriated when the factories expanded. With these people (mainly local) joining in, the staff composition of these factories became more variegated.

However, some Third Front migrants, particularly those from Beijing and Shanghai, never lost contact with their personal ties and always looked for a chance to return. Even if they could not get back to Beijing or Shanghai, because of the strict system of household registration, getting much closer to their places of origin could still be an acceptable prospect. For instance, in 1983 *Changqi* founded its only branch in Gu’an county, Hebei Province. Gu’an county is located just outside the administrative boundary of Beijing Municipality. Many employees of *Changqi* who migrated from Beijing moved to this branch.

The desire to get back was not only driven by an attachment to their hometown, but also by the lure of the higher standard of living in the metropolis. In contrast, the *Changwa* employees from Fushun, a middle-sized city like Luzhou, were less likely

to pursue their return. The unrealised dream of getting back becomes a source of grievance, as remarked by Master Xi, a Beijing native (Interview CQ-1201):

“Some people fleeing back to Beijing during the chaotic period refused to return. They lost their jobs, even had to earn their living collecting rubbish for recycling. We sneered at them as deserters of the Third Front Construction. But, in the redress offered after the Cultural Revolution, they eventually got jobs and registered their households in Beijing. Now, as retired workers, they may get a pension of 5,000 to 6,000 yuan per month, whereas I have just over 2,000 yuan. One of my colleagues from Beijing has a monthly pension even lower than 2,000 yuan. When he got back to Beijing and talked about this, his relatives asked, ‘Are you being *laogai* (劳改) like prisoners<sup>21</sup>? How can your pension be so low?’ They could not believe it! ... (Sigh.) We were following the command of Chairman Mao. May that even be a mistake?”

The later experience of the three factories during the reform of state-owned enterprises initiated in late 1990s gives off an even wider sense of frustration and betrayal. Like many other SOEs in China, the three factories were all “privatised”<sup>22</sup> and their performance grew worse and worse. Huge numbers of their employees were laid off. Except for still living in Qiancao close to their factories, the workers’ ties with their factories were cut off and the local government took over the responsibility for paying them a subsistence allowance (rather than a relatively high salary). The pensions of retired workers also decreased sharply. Similar things happened all over China (Cai, 2002, 2006; Chen, 2003; Gold, et al., 2009; Lee, 2007): at first, the workers of Qiancao, as privileged workers with high standards of living also refused to accept the indignity of being “laid-off”, a social status associated with stigma. Workers

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<sup>21</sup> *Laogai*, literally meaning “reform through labour”, is a Chinese way of punishing prisoners. Therefore, to call somebody “*laogai*” indicates that this person is in some sense a captive. See Wikipedia entry on *laogai*, <https://en.wikipedia.org/wiki/Laogai>.

<sup>22</sup> Interestingly, in 2012, Sinomach (*guoji zhonggong* 国机重工), a state-owned enterprise, became the holding company of *Changqi*, indicating the renationalisation of *Changqi*.

protested by petitioning the City Hall, or blocking the traffic at Qiancao Cross<sup>23</sup> (Interview CW-1202).

But all their efforts were in vain. The laid-off workers were forced to face the bitter reality and look for jobs in the city centre. Those with expertise might find it no longer in demand, and had to accept a poorly-paid job such as a gatekeeper, rickshaw driver, or peddler selling handmade steamed-rice buns (Interview CW-2110). According to Mrs Hu (who was laid off in 2004, at the age of 41), in the peak years of her factory job in the early 1990s, she sometimes received an end-of-year bonus of 500 *yuan*, with many other material rewards such as canned beef or cutlass-fish. Her monthly salary had been around 300 to 400 *yuan*. Ten years later, when she worked as a cleaner in Luzhou Grand Hotel (in the city centre), the monthly salary was just 300 *yuan*, but her workload was much greater than that of her previous job in *Changwa* (Interview CW-1202). An interviewee gave me his explanation of this deterioration (Interview CW-2110):

“In the course of the reform, how did the workers lose our advantages? When I saw the peasants who had got rich, I tried to talk with them. My one question was how they had got so much money so quickly. They answered, ‘Everybody had their own approach. Some people work as peddlers selling jeans or belts. Which of us workers would do that? We worked in the factory, went to the factory and got back at the same time every night routinely, rarely interacting with anyone outside, and thus knowing nothing about what was happening outside. When the reform arrived, we were extremely helpless and quickly got kicked out. We could not find a way to get rich.

(I: Do you get an answer to your questions now?)

He: I’m still looking for them.”

In general, the reform of the state-owned enterprises in China has made the workers, who once enjoyed the benefits of the socialist redistributive system, suffer

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<sup>23</sup> Qiancao Cross (*Qiancao shizi* 茜草十字) is the only land entry point to Qiancao Peninsula from the city centre.

traumatic experiences. In Ching Kwan Lee's (2000) words, this is a kind of "revenge of history". But the Third Front migrants, especially those and their offspring who have been relocated from a metropolis, have been "betrayed" by the socialist system in two ways: on the one hand the Third Front Construction has distanced them from their hometown (or the chance of a better life), and on the other, the termination of the socialist redistribution system after the reform of the state-owned enterprises. In the discussion in the following chapters, I will show how the sense of betrayal plays a role in the redevelopment project.

#### **4.3 The Landscape of Qiancao: Physical Context**

In terms of the landscape in Qiancao, there was no significant change since the reform of the three enterprises, making its contrast to the city centre more evident. As demonstrated earlier, Qiancao used to represent the highest standard of living in Luzhou, which was envied by local residents. In the late 1980s, the three factories all constructed their main office buildings. These high-rise blocks were once the tallest buildings in Luzhou (see Figure 4-2). But now, the balance of power between the two banks is reversed. As "laid-off" workers living on a subsistence allowance, the residents in Qiancao had smaller incomes than other citizens. Former workers in the three factories now had to make a living in the city centre. The appearance of Qiancao remained mostly unchanged after 2002, whilst more high-rise blocks appeared in the city centre on the opposite bank (see Figure 4-3). This "degradation" of Qiancao and its residents has since been appropriated as evidence to legitimise the labelling of Qiancao as *penghuqu*.



*Figure 4-2 A view of Qiancao Peninsula from City Centre across the Changjiang before demolition*

*Source:* Photo by the author (1 August 2015). *Notes:* The high-rise block on the right is the main building of *Changqi* (demolished in January 2017), the one on the left is the main building of *Changwa* (demolished in August 2016).



*Figure 4-3 Contrast of Qiancao and Luzhou City Centre*

*Source:* Photo by the author (12 September 2015). *Notes:* Qiancao is on the left bank and the city centre is on the right bank. Only two high-rise blocks stood on the Qiancao side. The blocks far away on the left bank are the resettlement buildings under construction.



*Figure 4-4 A bird's-eye view of Qiancao Peninsula*

*Source:* Photo by the author, 7 September 2015.

The landscape of Qiancao also reflects its history over the past 50 years. As noted above, the Third Front Construction was prepared relatively quickly, in order to cope with the drastic changes in geopolitics. As in all other work-units in China, the residential buildings were close to the workshops in all three factories (see Figure 4-5). However, the buildings in Qiancao were not planned very well. They were built rapidly in a somewhat expedient way. For example, as noted above, one reason to choose Qiancao as the site for the three factories was that the Changjiang River could serve as a waterway. According to Master Tao, who once worked in the construction section of *Changwa* (Interview CW-2108), in 1965, a wharf with full facilities was built, but never came into use. Products of the *Changqi* and *Changwa*, such as mobile cranes and excavators, had to be dismantled into smaller parts and transported by truck to the nearest railway station, 60 kilometres away, and then to their destinations by train. Different workshops that should have been arranged to follow the specific processes of production were also arranged in a somewhat random way.



Figure 4-5 Different types of buildings on Qiancao Peninsula

*Source:* Illustrated by the author with ArcMap. *Notes:* The base map was drawn around 2010. By “Non-industrial buildings”, I refer to buildings for residential use (the majority), commercial use and public facilities.

So were residential buildings. In Qiancao, most residential buildings were built by the factories to accommodate their employees. Residential buildings were constructed in batches, whenever the factories obtained funds allocated for construction (see Figure 4-6). To minimise the amount needed to compensate the peasants for occupying their land, any accessible of land, especially uncultivated, on Qiancao Peninsula, was used. Therefore, the buildings constructed in different periods were inextricably mixed and mingled also with peasants’ dwellings (see Figure 4-5).

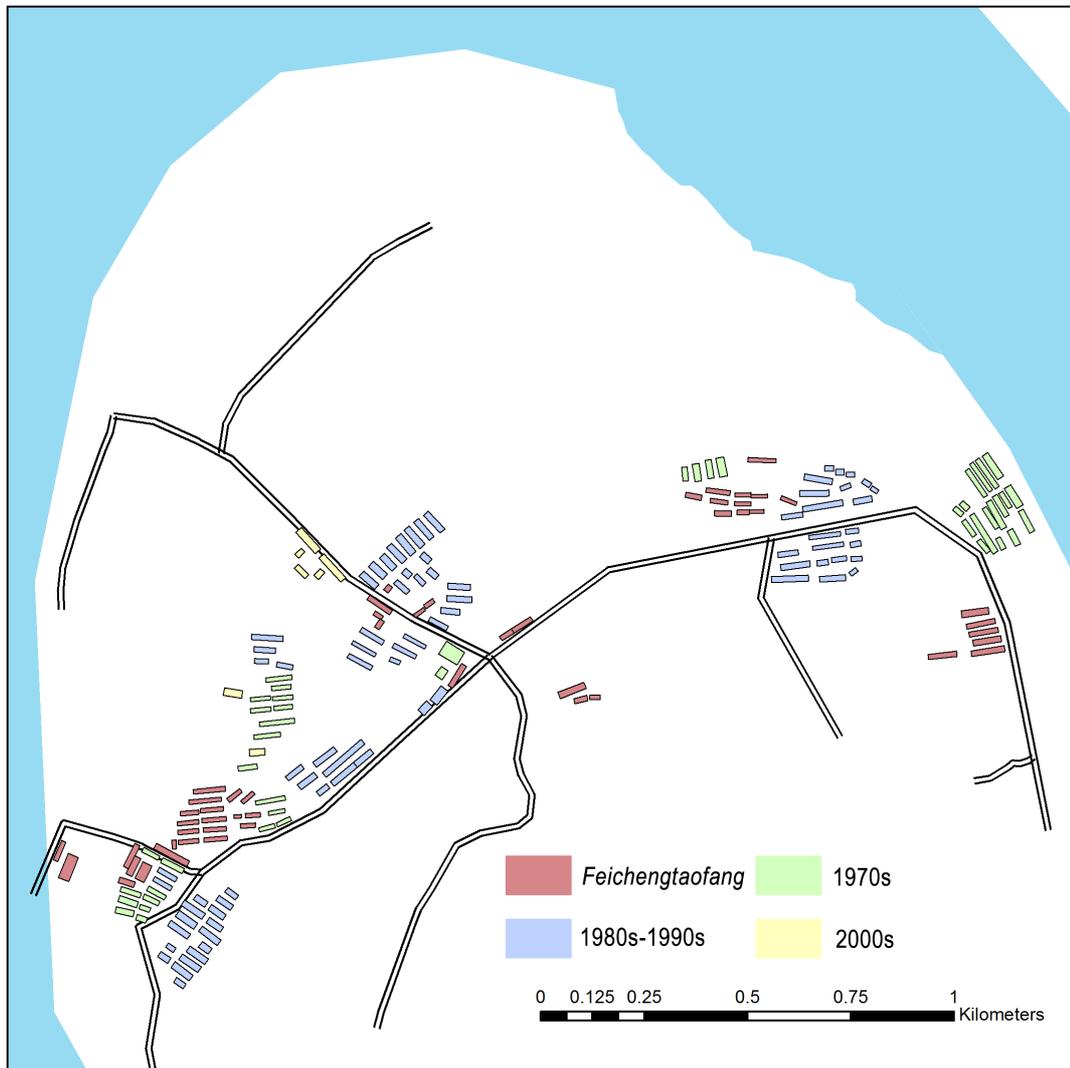


Figure 4-6 Residential Buildings Constructed in different periods

*Source:* Illustrated by the author with ArcMap. *Notes:* This map indicates only the residential buildings put up by the three factories before 2002. Because the base map was drawn in 2010, some buildings demolished before the present fieldwork may not be precisely identified.

In addition, the residential buildings constructed in different periods were not only varied in appearance, but also in the types of house types. During the Third Front Construction, one guiding slogan was “production first, then living” (*xian shengchan, hou shenghuo* 先生产，后生活), indicating that more resources should be used in the production sectors then to improve the living conditions of workers. Demonstrated in the construction of residential buildings, this ideology created a crude approach to building. According to the interviews with some elderly workers, their first dwellings

in Qiancao were state-owned. They were of such poor quality that they were called shaky buildings (*yaobai lou*; buildings that might shake in wind). Soon, a batch of new buildings succeeded them. These were blocks of flats (*danyuan lou* 单元楼) or tube-shaped buildings (*tongzi lou* 筒子楼). In both types, individual families might live in an independent flat (sometimes a single room). But in these conditions of austerity, households had to share facilities, such as kitchens and bathrooms, to maximise their use. Thus the individual flats did not contain all the elements (bedrooms, kitchens, bathrooms, and sometimes balconies) that would constitute a “fully independent” flat, they were called *feichengtaofang*, namely, “incomplete” flats as noted in Chapter 3. To accommodate families of different size, each block held flats with different amounts of sleeping space. In terms of appearance, the façade of these buildings remained raw red brick, therefore, they were called red-brick buildings (*hongzhuang fang* 红砖房) or red bricks (*hong zhuantou* 红砖头) as well. These buildings were constructed between the mid-1960s and mid-1970s. Only a few were demolished to make space for other constructions. Most of them were standing until the redevelopment.



Figure 4-7 A red-brick building of Changwa

*Source:* Photo by the author (4 January 2017). *Notes:* On the wall of this building, there was still a slogan that had been painted during the Third Front Construction, saying “In preparation for war” (*yao zhunbei dazhang* 要准备打仗).

When the guiding ideas of residential design changed in the late 1970s, kitchens and bathrooms became incorporated inside dwellings, turning flats into *chengtaofang*, namely, “complete” flats. The later a batch of flats was constructed, the better its quality was. (see Figure 4-9, 4-10) The last batch of residential buildings provided to employees by factories were constructed around 2000 (see Figure 4-10), immediately before the reform of the state-owned enterprises. Meanwhile, real estate developers put up several buildings along Qiancao High Street, which was the last major development in Qiancao, although the great urban transformation changed the landscape of more remote parts of Luzhou dramatically (see Chapter 5). The mixture of heterogeneous buildings that characterises the landscape of Qiancao has also been used by the local state to justify the label of *penghuqu* for the entire peninsula.



*Figure 4-8 A residential building of Changye built in the 1970s*

*Source:* Photo by the author (5 August 2015). *Notes:* In the 1970s, *chengtaofang* appeared. Individual flats each contain their own kitchen, bathroom and balcony. These buildings were constructed of grey bricks (no longer red ones) but the façades remain unplastered.



*Figure 4-9 The Second Village of Changwa, a typical neighbourhood constructed in the 1980s*

*Source:* Photo by the author (18 September 2015). *Notes:* This photo may also indicate the mixed land use in Qiancao. Between this row of buildings and the main road, there were still some parcels of cultivated land where peasants would grow vegetables.



Figure 4-10 *Qianxiyuan of Changqi*

*Source:* Photo by the author (6 September 2017). *Notes:* Qianxiyuan was built around 2002. It is the last batch of residential buildings that *Changqi* constructed for its employees. The façades are covered by beige and pink tiles. For the experience of the residents in Qianxiyuan, see Chapter 7.

#### 4.4 Archetypical *Penghuqu* in China

As noted above, the redevelopment of Qiancao was conducted in the name of *penghuqu*. In the introduction chapter, I made a brief description of *penghuqu*, which generally refers to decrepit urban neighbourhoods. *Penghuqu*, which could be literally translated as “shack household area”, or as “hutment” following Christian Henriot (2012), usually refers to a sort of indecent housing, mainly in urban areas. As straw hut is a traditional dwelling style in Chinese rural areas (*ibid.*), the term *penghuqu* can establish a linkage with that mode of dwelling, and leave people an impression of plain, outmoded, and dilapidated.

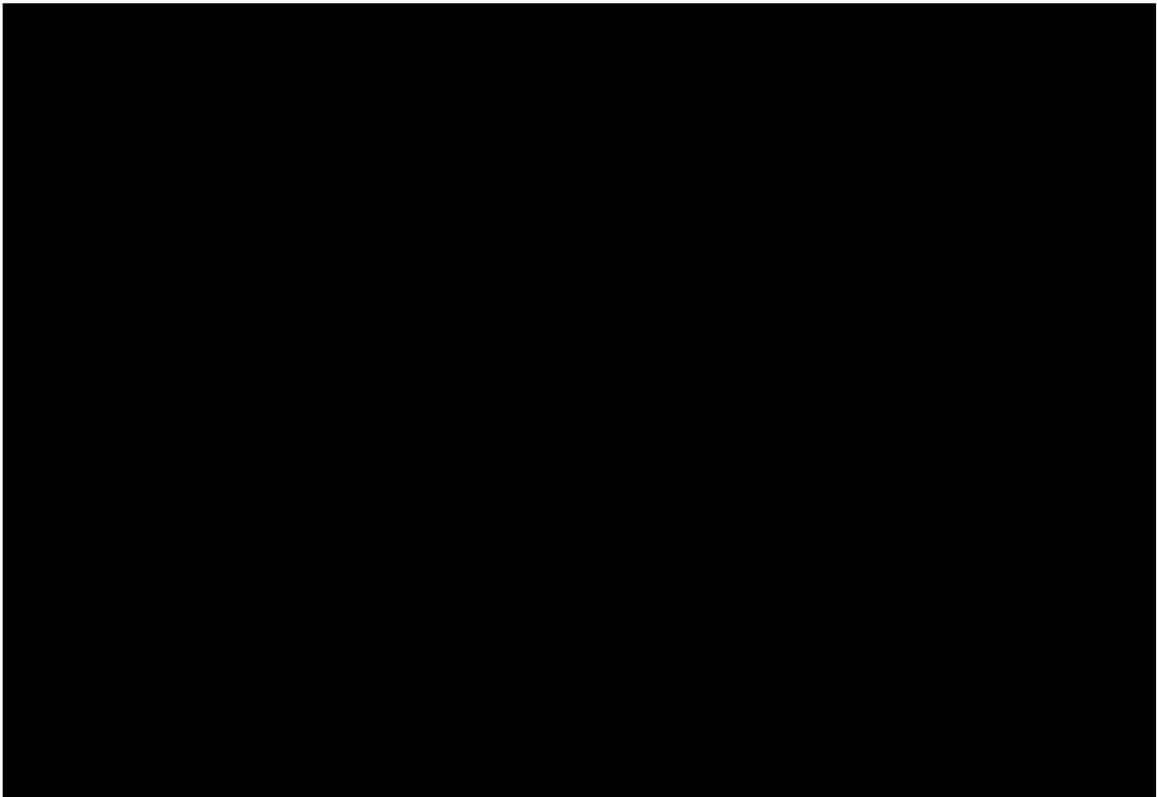
*Penghuqu* appeared in Chinese cities in tandem with the rapid industrialisation process (Lu, 1995). Due to housing shortage, labour poured into cities from rural areas

had to reside in bad and overcrowded dwellings, or even needed to put up huts themselves, which is exactly the same as Engels' description of working class's living conditions in Germany at its earlier period of industrialisation (Engels, 1970). In this regard, *penghuqu* is similar to slum (see Davis, 2006) or urban informality (Roy, 2005). Some researchers on the issue of *penghuqu* translate it directly as shanty town (see Lu, 1995; Wu and He, 2005; Huang, 2012; Shi *et al.*, 2016; Li *et al.*, 2018). However, as I will demonstrate later in the next chapter, the term *penghuqu* was employed to refer to a wide range of urban dwellings and serve different policy targets. To translate it as shanty town, as well as slum, squat, or any other English expression with similar meanings may be misleading. Therefore, I will use the original expression *penghuqu* in this thesis. In this section, I will first introduce the archetypical mode of *penghuqu* in China.

#### *The origin of penghuqu in urban China*

The appearance of *penghuqu* in Chinese cities could be dated back to the 1840s, when Shanghai was opened up as the treaty port and modern industry started to develop (Lyu, 2003: 37-38). Prior to that, dwellings in Shanghai were mostly formal and decent (Cai, 2009). When the opening up of Shanghai initiated its industrialisation process, *penghuqu* started to appear with the influx of growing numbers of migrant workers. These workers were mainly originating from poor rural areas in the northern part of Jiangsu Province next to Shanghai (Honig, 1992). They came on small wooden boats through the dense net of canals in Jiangsu. The boat served not only as the means of transportation, but also as the newcomers' temporal dwellings in the city (Lu, 1995; Perry, 1993: 26). Migrants parked their boats along waterways in Shanghai, especially at the locations close to job opportunity and settled down on the boat as they were

unable to afford a formal dwelling. When their boats decayed and could no longer float, these migrants moved to spare space on land, and built dwellings with what they could salvage their boats and any other material they could obtain (Lu, 1995: 566-567; Henriot, 2012: 505-507; see also Figure 4-11). The mode of construction earned this type of dwelling the name of “*penghu*” in the literal sense. Areas where *penghu* concentrated became “*penghuqu*”.

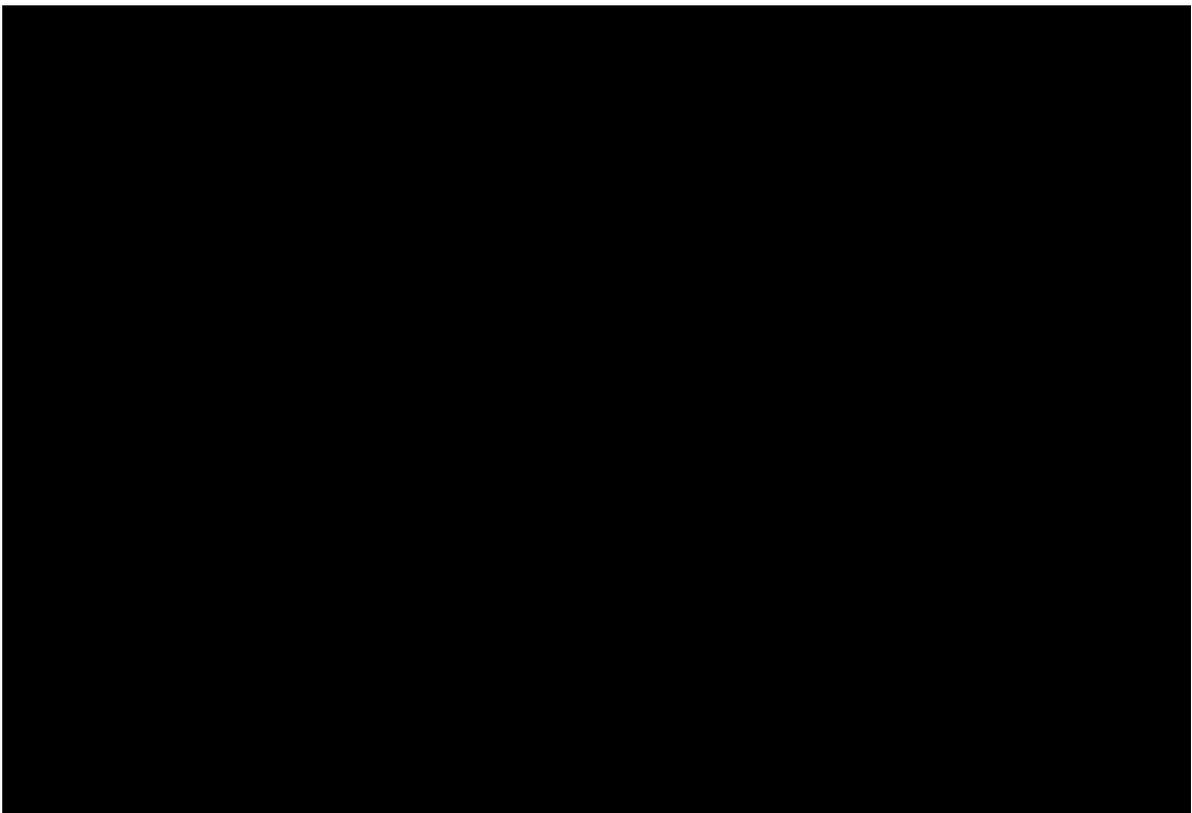


*Figure 4-11 A Creek in Shanghai clogged with boats*

*Source:* Henriot, 2012: 506; original source: Shanghai Municipal Archives.

Needless to say, living conditions in this type of dwelling were poor. According to Hanchao Lu (1995: 571), as residents were too poor to afford substantial building materials, their initial dwellings might even not have walls, limiting its size (smaller than a king-size mattress) and height (lower than an average man). After saving money for years, residents could improve their dwellings a little bit as shacks with bamboo as walls and straw as roof (Lu, 1995: 572; also see Figure 4-12). Even so, their condition

would improve remarkably. Within each *penghu*, it was inevitably dark, damp, and smelly without appropriate ventilation. Outside, to meet the high demand of decrepit *penghu* to lean against each other to avoid collapsing, and of people for living space, residents were inclined to occupy any available space to construct their dwellings, leaving no sufficient space for proper passages. Moreover, public utilities like electricity, running water, and fire hydrants were also scarce in such neighbourhoods (Lu, 1995: 573). In general, early *penghuqu*s in Shanghai were vulnerable to fire and many other sanitation and public hygiene problems. In addition, residents of *penghuqu* also suffered a high rate of unemployment (Lu, 1995: 585). Due to the high rate of unemployment, foreign settlers even called *penghuqu* as “beggars’ villages” that constituted potential threat to public health (Henriot, 2012: 509).



*Source:* Henriot, 2012: 510; original source: Shanghai Municipal Archives.

Once appeared, *penghuqu* continued to sprawl in Shanghai. Two major reasons drove the expansion of *penghuqu* in Shanghai. First, in the century after 1840, China, especially the coast region, suffered a series of wars, especially the invasion of Imperial Japan (1937-1945) and Chinese Civil War (1946-1949). Wars turned many people around Shanghai to refugees. They flooded into Shanghai for asylum (Lu, 1995: 575). In the meantime, Shanghai itself was under attack, rendering a large part of this city devastated during the wartime (Henriot, 2012: 517). Increasing need for dwellings and decreasing housing supply made *penghuqu* the expedient (and later, long-term) solution for the housing crisis. Short of building materials, *penghuqus* formed in the wartime had even worse conditions than their predecessors (Lu: 1995: 575). In Henriot's words (2012: 518), the Civil War eventually turned Shanghai into a "squatter city", and *penghuqu* became the "regular mode of housing" for newcomers rather than a transitory mode. Second, administrative authorities in Shanghai, be the Municipal Council run by foreign settlers, or the Chinese civic authority, all lacked the capability to eradicate *penghuqu* in Shanghai, despite they made a lot of efforts (Cai, 2009). When the Communist Regime established in 1949, more than one million Shanghai citizens lived in *penghuqu*, which was nearly one fifth of Shanghai's population (*ibid.*: 29).

### *Penghuqu under the Communist Regime*

Under the Communist regime, *penghuqu* did not physically disappear. On the contrary, it continued to expand in the early years of the Communist regime. In Shanghai, according to the official statistics, the size of simple house and *penghuqu* remained 3.23 million square metres from 1949 to 1957, but increased sharply to 4.59

million square metres in 1958. Only by 1982 did this figure drop below 3.23 million again (2.91 million) (SSB, 2001), indicating the persistence of *penghuqu* for decades

However, *penghuqu* became mute in public discourses for a long period. The frequency of *penghuqu* mentioned People's Daily (*Renmin Ribao*), the mouthpiece newspaper of the Communist Party can be used as an indicator<sup>24</sup>. From 1950 to 2017, 2475 reports mentioned the term *penghuqu*. It was mentioned in 29 reports in the 1950s, 13 in the 1960s, and only 7 in the 1970s. In comparison, in 2014 alone, when the national project of *penghuqu* redevelopment had been initiated, 301 reports in this year mentioned this term. Even if *penghuqu* was mentioned, it was likely to be a report on the accomplishment of a *penghuqu* redevelopment project (For example, *People's Daily*, 1959). Some earlier monographs on *penghuqu* in Shanghai took similar tone (Shanghai Academy of Social Sciences, 1962; SPPH, 1971). They admitted the existence of *penghuqu* in socialist Shanghai, but accused foreign imperialists and governments of the "old" China for generating the sprawl of *penghuqu* in Shanghai, whilst eulogising the success of *penghuqu* redevelopment by the new socialist regime. As suggested by Henriot (2012: 501), as a social problem, *penghuqu* "seemed to have been settled once and for all thanks to the effort of the new regime and the mobilisation of the masses themselves under the guidance of the CCP". The "disappearance" of *penghuqu* in public discourses was due to both the intentional or unintentional ignorance (*ibid.*).

It is true that *penghuqu* was being renovated or redeveloped. The socialist regime built new residential villages for workers, and refurbished constructions within existing *penghuqus*, which in some sense provided the socialist regime with legitimacy

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<sup>24</sup> These figures are based on the database of *People's Daily* (<http://data.people.com.cn/rmr/b/>). It is necessary to emphasise that the figure may not be precise, as some reports may be divided into two parts and published on different pages. Some reports are counted twice. But this situation does not have great impact on the general trend.

(Chen, 2012). But more *penghuqu*-like dwellings were being built in Mao's era, as the earlier years of the socialist regime was characterised by scarcity (Lu, 2006). To achieve rapid industrialisation, the socialist regime maximised accumulation and prioritised production over consumption (Chan, 1992; Wu, 1997). Investments in non-productive sectors, say the construction of residential buildings, were limited (Lu, 2006: 14-15). Decent dwellings were allocated mainly to cadres and "model workers" (Wu, 2015: 31-35). For the rank and file, individual work-units might have to bypass the central planning institutions, hoard land and construction materials, and build accommodation to meet the housing demand of their employees (Lu, 2006: 92-94).

This is particularly true for some less affluent state-owned enterprises. In the face of resource scarcity, some of these constructions were just humble huts without deliberate planning, which meant to be transitory shelters but later turned out as "permanent" (Ni *et al.*, 2012: 11; Li *et al.*, 2018). In some old industrial cities in Liaoning Province, from which the current round of *penghuqu* redevelopment originated, *penghuqu* neighbourhoods were never fundamentally renovated since their formation, some decrepit buildings built decades ago were still in use (Ni *et al.*, 2012). As a result, living conditions in these *penghuqu* were quite poor. The majority of residents in these neighbourhoods were laid-off workers. Being unable to afford to move to new flats, residents of these *penghuqu* neighbourhoods had to suffer poor living conditions, insufficient utilities, and sometimes risks, such as land subsidence after extracting mineral resources (Ni *et al.*, 2012: 17-22) (see Figure 4-13).



*Figure 4-13 Penghuqu in Liaoning*

*Source:* Ni *et al.*, 2012: 20; original source: Liaoning Provincial Government.

But some features of this mode of *penghuqu* deserve more attention. These *penghuqu* neighbourhoods were built on state-owned land by the legal occupants of the land, that is, the state-owned enterprises, or “socialist land master” (Hsing, 2010: 35-38). Although they might be built “illegally” as the SOEs took advantage of the soft budget constraint (Kornai, 1986; for its impact on urban China, see Xu and Yeh, 2005), the SOEs were still part of the state power. Buildings in these *penghuqu* neighbourhoods could be recognised by the authority. In this regard, this mode of *penghuqu* is different from the aforementioned mode in Shanghai (residents illegally occupying land and putting up dwellings themselves [Lu, 1995]), village-in-the-city (built on collectively owned land by villagers themselves or village collective, for example, see Wang *et al.*, 2009; Liu *et al.*, 2010), or informal urban settlements elsewhere (Roy, 2006; Wu, 2016). In addition, as (formal) members of state-owned

enterprises, residents used not to be the urban poor, but privileged urban dwellers, like those in Qiancao.

Despite having some differences, *penghuqu* of these two types still share some similarities, making them constitute what I call the archetypical mode of *penghuqu*. When the term *penghuqu* has been mentioned, it would be natural to remind people of the plain, outmoded, dilapidated and decrepit form of dwelling. Meanwhile, public perception of *penghuqu* may not only be associated with its physical appearance, but also with the disadvantaged social-economic status and stigmas of residents in *penghuqu*.

#### **4.5 Policy Context: the redevelopment of *penghuqu* as a national project**

As mentioned in the previous section, the redevelopment of *penghuqu* has been implemented as a local practice sporadically for long. But only until 2007, when China started to establish a new affordable housing system<sup>25</sup> after the housing reform in the 1990s, did *penghuqu* redevelopment gradually become a national project. From then on, the redevelopment of *penghuqu* has received growing importance and finally become the main body of the new affordable housing system in China. According to official statistics, from 2010 to 2016, the nationwide expenditure on *penghuqu* redevelopment increased steadily by more than seven-fold from 23.13 billion *yuan* to 172.24 billion *yuan* (with a minor decrease in 2017). In 2017, this expenditure accounted for more than 40 per cent of all governmental expenditure on the new affordable housing project (see Figure 4-14). In this section, I will review the emergence of the new affordable housing system in China, and national policies on

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<sup>25</sup> This system is called *baozhangxing zhufang*. Some scholars translated it literally as “indemnity housing” (Huang, 2012). In this thesis, I call it affordable housing with regard to its function.

*penghuqu* redevelopment, which may indicate that the Chinese state started to retake some responsibilities on social redistribution.

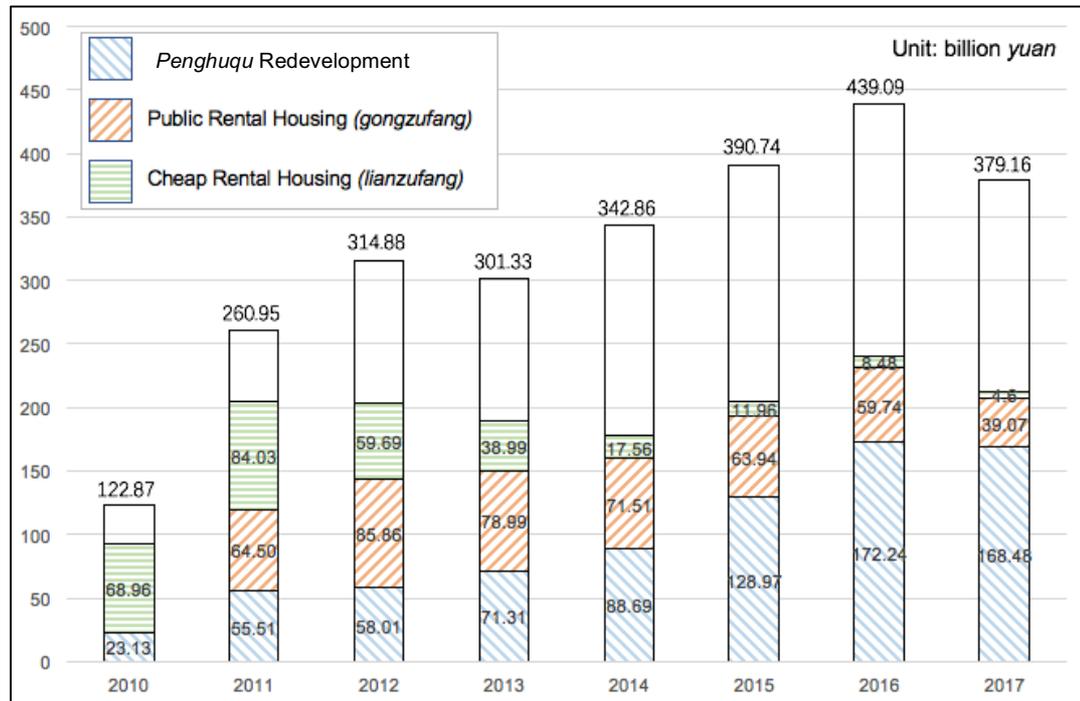


Figure 4-14 Nationwide Governmental Expenditure on affordable housing project

Source: Illustrated by the author, based on the statistics published by Bureau of Budget, the Ministry of Finance, P. R. China (<http://yss.mof.gov.cn>).

### *The establishment of China's new affordable housing system*

In 2007, China started to establish its affordable housing system after a ten-year vacuum since the watershed termination of the welfare housing allocation system in 1998 (Wang and Murie, 2011). Prior to the housing reform, an employee in China who served in public sectors (e.g., state agencies and state-owned enterprises) could obtain a flat for the entire family allocated by the employer (Wu, 1996; Wang and Murie, 1996). This type of welfare housing was owned and managed by public agents. Residents only needed to pay a fairly low rent to secure their residency (Wang and Murie, 1996). This mode of welfare housing constituted the pillar of the entire welfare system in China (Wu, 1996), but it also caused serious housing shortage due to the

limited fiscal capability of the state (Wang and Murie, 1996; 1999). In addition, as the rent was too low to meet the requirement of maintenance, the quality of this mode of urban housing also deteriorated overtime (Wang and Murie, 1996). In 1998, as part of the overall economic reform (Wang *et al.*, 2005), the reform of urban housing, which is characterised by the privatisation of public housing (*ibid.*), was launched. From then on, within several years, millions of public housing units were sold to their sitting tenants at heavily subsidised prices (Adams, 2009), soon making China one of the countries with the highest homeownership (Man, 2011).

The retreat of the state from housing provision fuelled the rapid development of China's housing market (Chen *et al.*, 2011), but also triggered a serious housing affordability crisis and wide dispute (Chen *et al.*, 2010; Man, 2011; Yang and Chen, 2014). To cope with this situation, in August 2007, the State Council of China issued a document titled "Suggestions on resolving housing difficulties of low-income urban households" (*guowuyuan guanyu jiejie chengshi dishouru jiating zhufang kunnan de ruogan yijian*) (State Council, 2007), marking the commencement of a new affordable housing system (Wang and Murie, 2011). From then on, the central government issued a series of policy documents, incorporating different types of affordable housing into this system (Huang, 2012; Shi *et al.*, 2016), including cheap rent housing (*lian zu fang* 廉租房; introduced in 2007, targeting the urban poor with local urban household registration), public rental housing (*gong zu fang* 公租房; introduced in 2010, targeting lower-income urban residents, including migrants without local household registration), "economic comfortable housing" (*jing ji shi yong fang* 经济适用房; the local state will charge no or a little land transaction fee when leasing land for its construction, thus limiting its unit price. ), the redevelopment of *penghuqu*, etc. (Shi, *et al.*, 2016).

This new affordable housing system in China bears some features of the Keynesian redistribution. First, unlike the previous welfare housing system that offered dwellings to all entitled urban residents in general, this new system focuses mainly on low-income (and later, lower middle-income) urban residents (Huang, 2012; Chen *et al.*, 2014). Second, the establishment of this affordable housing system occurred during the period of recovering from the Global Financial Crisis in 2008. The investment in affordable housing constitutes part of the measures to boost domestic consumption<sup>26</sup> (Huang, 2012; Li *et al.*, 2018). According to Wu (2017: 169), the provision of basic social security and redistribution may hint at the possibility of the return to the Keynesian principles.

#### *The growing importance of penghuqu redevelopment*

In 2007, the government document that marked the starting point of China's new affordable housing system mentioned briefly, the redevelopment of *penghuqu*. Since then, it has become increasingly important with a series of changes to state policies on the new affordable housing system. Currently, new reports (*NYT Chinese*, 2013; *Southern Weekly*, 2014a) and research outputs (Ni *et al.*, 2012; Ni *et al.*, 2014; Li *et al.*, 2018) are inclined to trace the contemporary *penghuqu* redevelopment in China to the pilot practices in Liaoning from 2005. As mentioned earlier, Liaoning, as an old industrial base in China, saw the prevalence of *penghuqu*. The pilot practices of *penghuqu* redevelopment in Liaoning was led by Li Keqiang<sup>27</sup>, who was then the party

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<sup>26</sup> In 2008, the central government in China proposed a “4000 billion yuan” (*4 wan yi*) investment projects to boost domestic consumption to cope with the Global Financial Crisis. According to the original plan, the investment on affordable housing would be 400 billion yuan, accounting for 10 per cent (NDRRC, 2009).

<sup>27</sup> Mr Li Keqiang served as the Party Secretary of Liaoning Province from December 2004 to October 2007, then first deputy-premier of the central government from March 2008 to March 2013, and became the Premier since March 2013.

secretary of Liaoning Province. When Li Keqiang became the Premier of China's central government, the redevelopment of *penghuqu* was upgraded to an important policy of the central state as advocated by him, whilst the pilot practices in Liaoning became the model for the nationwide practices. Below I discuss how the *penghuqu* redevelopment project kicked off in Liaoning Province.

In 2005, officials in Liaoning decided to prioritise the redevelopment of *penghuqu* as the primary task of the local state to improve public welfare (*minsheng* 民生, or translated as people's livelihood). The provincial government of Liaoning exerted great pressure on municipal governments, and introduced some innovative measures to finance the *penghuqu* redevelopment project (Li *et al.*, 2018). Within a very short period, this project managed to provide residents that used to live in dilapidated urban neighbourhoods with newly-built resettlement flats (see *Southern Weekly*, 2014a).

The pilot practice of *penghuqu* redevelopment soon entered the agenda of the central state. In August 2005, a conference on the redevelopment of *penghuqu* in the three provinces in northeast China (Liaoning, Jilin, and Heilongjiang, all old industrial bases on China) was held in Liaoning (State Council, 2005). This conference was chaired by the then deputy-premier Zeng Peiyan, who promised that the central state would offer more support to assist local governments to implement *penghuqu* redevelopment projects. In 2006, the then premier Wen Jiabao (Wen, 2006) included *penghuqu* redevelopment as an important task for the central government in his annual report.

From then on, the redevelopment of *penghuqu* entered the policy discourse of the central state on the new affordable housing system. In 2007 and 2008, the central

government issued two documents on the new affordable housing system, all mentioning the redevelopment of *penghuqu* (State Council, 2007; General Office of the State Council, 2008). In 2009, five key departments of the central government<sup>28</sup> (MOHURD *et al.*, 2009) collectively issued a policy document specifically on *penghuqu* redevelopment. This was the first central policy on *penghuqu* redevelopment in particular, and provided detailed guidelines for its practice. According to this document, the redevelopment of *penghuqu* was officially incorporated into China's new affordable housing system (MOHURD *et al.*, 2009). The central state promised to provide different kinds of aid for local governments to implement *penghuqu* redevelopment projects. In 2013, when Li Keqiang had become the Premier of China's central government, the State Council issued a policy document specifically on *penghuqu* redevelopment (State Council, 2013). This was the first policy document on *penghuqu* redevelopment issued by the State Council itself, rather than its constituting departments, thus having the highest level of authority. In particular, this document highlighted *penghuqu* in the factory complexes constructed as part of the Third Front Construction for redevelopment. Since then, the budgetary investment in *penghuqu* redevelopment has begun to assume the largest share in the entire budget for affordable housing. Table 4-1 below summarises key policy documents and practices on *penghuqu* redevelopment, discussed thus far.

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<sup>28</sup> The five departments are the Ministry of Housing and Urban-Rural Development, National Development and Reform Commission, Ministry of Finance, Ministry of Land and Resources, and People's Bank of China (the central bank).

Table 4-1 Key policy documents and practices on penghuqu redevelopment

Year	Key documents or practices
2005	Pilot practices of <i>penghuqu</i> redevelopment was conducted in Liaoning Province.
2005	A conference chaired by a deputy-premier on the redevelopment of <i>penghuqu</i> in the northeast provinces was held, indicating it drew the attention of the central state.
2006	The redevelopment of <i>penghu</i> appeared in the annual report of governmental work of the State Council.
2007	<i>Suggestions on resolving housing difficulties of low-income urban households</i> was issued by the State Council. It was the starting point of establishing a new affordable housing system in China. It mentioned the redevelopment of <i>penghuqu</i> without details.
2008	<i>Suggestions on promoting the healthy development of property market</i> was issued by the General Office of the State Council. It mentioned the redevelopment of <i>penghuqu</i> with some details.
2009	<i>Guiding suggestions on advancing the redevelopment of penghuqu in cities and state-owned factories and mines</i> was issued by five constituting departments of the central government. It was the first document issued by the central government specifically on the redevelopment of <i>penghuqu</i> with many details. The redevelopment of <i>penghuqu</i> officially became part of the new affordable housing system.
2013	<i>Suggestions on accelerating the redevelopment of penghuqu</i> issued by the State Council. It was the first policy document issued by the State Council itself on the redevelopment of <i>penghuqu</i> .
2015	<i>Suggestions on further works on the redevelopment of urban penghuqu and dilapidated housing in urban and rural areas and the construction of ancillary infrastructures</i> was issued by the State Council.

Even though the redevelopment of *penghuqu* becomes increasingly significant in the new affordable housing system, the *penghuqu* redevelopment is different from other modes of affordable housing provision. A crucial difference is what they target. While affordable housing policies such as the cheap rent housing and public rental housing all target specific social groups (low-income urban residents), the redevelopment of *penghuqu* targets specific urban areas, that is, land. As the definition on *penghuqu* was quite ambiguous in those policy documents mentioned above and was ever-changing, it left a huge space for the local state to steer the practice of this policy to serve their own purposes, which constituted the first aspect of what I termed as “entrepreneurial managerialism”. This issue will be further examined in the next chapter.

#### **4.6 Summary**

This chapter provides the context for the research in three dimensions. First, I reviewed the history of the Third Front Construction from its origin to its termination and how it had been practiced locally in Qiancao. The experience and views of local residents in Qiancao were also included. Second, I outlined how the landscape in Qiancao was gradually shaped since the Third Front Construction, which provides this research with the physical context. As I will demonstrate later, space is not merely the container of what was happening, but rather a dynamic constituting factor. Third, I reviewed the efforts made by the central state in China to establish the new affordable housing system. Within this system, the redevelopment of *penghuqu* became increasingly important with a series of policy changes. In the next chapter, I will scrutinise these policy changes and show how the local state of Luzhou had taken advantage of such policy changes to serve its entrepreneurial purposes.

## Chapter 5 Orchestrating *Penghuqu*: Appropriating redistributive resources for entrepreneurial purposes

### 5.1 Introduction

In July 2015, when I first paid a study visit to Qiancao Peninsula, a notice board erected by the Qiancao Sub-district office at Qiancao Cross caught my eye. It said, “You have entered the region of *penghuqu* redevelopment” (see Figure 5-1).



Figure 5-1 A notice board at Qiancao Cross

Source: photo by the author, 13 September 2017. Notes: It said: “You have already entered the region of *penghuqu* redevelopment. Please take care of your safety. Notice by the Party Branch and Office of Qiancao Sub-District”.

This notice made me feel somewhat confused, because the Qiancao I remembered was quite different from the archetypical *penghuqu* described in Chapter 4. Later in my research, I found out that the redevelopment of the residential part of entire Qiancao had been carried out in the name of *penghuqu* redevelopment. Why did

the local state redevelop Qiancao under the aegis of *penghuqu*? In this chapter, I address this question. I argue that appropriating the title of *penghuqu* for urban redevelopment perfectly manifests what I define in Chapter 2 as “entrepreneurial managerialism”.

The remaining part of this chapter is in five sections. Section 5.2 will continue the discussion in Chapter 4 on national policies of *penghuqu* redevelopment. The ever-changing central policies met the desire of the local state for resources redistributed by the central state. Section 5.3 investigates the local practices in Luzhou to show how the local state orchestrated Qiancao as *penghuqu*. Section 5.4 reviews the trajectory of the local state in Luzhou towards entrepreneurialism and how its motivations to redevelop Qiancao have been generated. Being limited in its financial capacities, the local state in Luzhou had to pursue the capturing of external resources, for which the national project of *penghuqu* redevelopment seemed to offer such an opportunity. In Section 5.5, I discuss how the local practices in Luzhou can be interpreted by the idea of entrepreneurial managerialism and what further implications this idea may have.

## **5.2 The ever-changing nature of *penghuqu*: entrepreneurial appropriation of *penghuqu* enabled by the central policies**

In Chapter 4, I have reviewed how the redevelopment of *penghuqu* gradually became the spine of China’s new affordable housing system. Despite its great importance, none of those policy documents issued by the central government contained a clear definition of *penghuqu*. It seems that *penghuqu* is like a policy *doxa* (common sense) (Bourdieu, 1996: 21). A relatively clear version could be found in a document issued by the Ministry of Finance (MOF, 2010), which defines *penghuqu* as

“a concentrated area of housing built on state-owned land, with crude structure, high density, long usage years, incomplete utilities, and inappropriate infrastructures”. This version of definition was in line with the broad image of those archetypical *penghuqu* mentioned earlier. In 2013, the Ministry of Housing and Urban-Rural Development reconfirmed this definition (MOHURD, 2013), and further divided *penghuqu* into five categories, namely *penghuqu* neighbourhoods in urban areas, in state-owned factories and mines separated from urban areas, in state-owned forestry zones, in state-owned reclamation areas and in state-owned coal mines (*ibid.*). While these policy documents clarified that *penghuqu* was associated with state-owned land (rather than rural land owned by village collectives; for the dual-track land ownership system in China, see Lin and Ho, 2005; Wu, 2016: 634; Zhu, 2013), this definition remained flexible.

In fact, I hope to demonstrate that the vagueness of the definition on *penghuqu* is somewhat intentional. Within the series of policies on *penghuqu* redevelopment, the length of the *penghuqu* redevelopment project, the scale and range of *penghuqu*, and the policy purpose were ever-changing. These changes not only enabled the local appropriation of *penghuqu*, but to some degree encouraged the strategic exploitation of *penghuqu* redevelopment for entrepreneurial purposes by the local state.

#### *The length of penghuqu redevelopment project*

In the policy document issued in 2008 (the General Office of the State Council, 2008), the central government declared its schedule for the *penghuqu* redevelopment project. It set an ambitious goal of three years (from 2009 to 2011) for solving existing housing difficulties for all urban residents, including *penghuqu* redevelopment. Later, this goal was reconfirmed by the policy document issued in 2009 (MOHURD *et al.*,

2009) with minor space for compromise. In general, it required the project of *penghuqu* redevelopment to be accomplished within three years. Regions with fiscal difficulties had their deadline extended by another two years until 2013.

In 2013, the State Council (2013) issued its first policy document on *penghuqu* redevelopment. The year of 2013 was supposed to be the deadline for *penghuqu* redevelopment in all areas as stated above. This document, nevertheless, did not declare the termination of this project. On the contrary, it proposed a new tranche of *penghuqu* redevelopment for the next five years (2013 – 2017). Most recently, in May 2017, the State Council (2017) proposed new task of *penghuqu* redevelopment again. The duration of the project would be further extended to 2020.

It seems that the redevelopment of *penghuqu* has become an everlasting project that will never reach its end. In fact, even until 2014, when the national project of *penghuqu* redevelopment had been conducted for years, the central state was still urging local governments to figure out the remaining stock of *penghuqu* neighbourhoods within their administrations (General Office of the State Council, 2014), suggesting the flexibility of this project.

### *The Scale of penghuqu*

In tandem with the extension of the period scheduled for *penghuqu* redevelopment, the scale of *penghuqu* also expanded by nearly four-fold. According to the policy document issued in 2008 (General Office of the State Council, 2008), the number of all existing low-income urban residents with housing difficulties (including residents in *penghuqu* neighbourhoods) was estimated to be 7.47 million households. The number of residents in three other non-urban *penghuqu*, namely, *penghuqu* in

forestry zones, reclamation areas, and mines, was 2.4 million households. In combination, the figure was 9.87 million households altogether, or around 26.6 million people<sup>29</sup>.

In 2013, the State Council summarised what had been achieved in the document it issued (State Council, 2013). According to this document, from 2008 to 2012, *penghuqu* redevelopment had benefited 12.6 million households altogether, which is 27.7 per cent higher than the figure estimated in 2008 (General Office of the State Council, 2008). Furthermore, this document proposed another scale of *penghuqu* to be renovated in the next five years, which was 10 million households. This new goal indicates that a large number of additional neighbourhoods had been identified as *penghuqu*.

Later, the scale of *penghuqu* further expanded for another two times. In 2015, the State Council issued a second document on *penghuqu* redevelopment (State Council, 2015). It indicated the aggregated number of renovated *penghuqu* households in 2013 and 2014 to be 8.2 million, and dramatically added another 18 million households to be subject to redevelopment in the next three years from 2015 to 2017 (the original plan for this five years was 10 million). In May 2017, the State Council included another 15 million *penghuqu* households to be renovated until 2020 (State Council, 2017). In sum, the *penghuqu* redevelopment project will have affected 53.8 million households from 2008 to 2020. This goal could be confirmed by the policy document issued in 2014 that promised to renovate *penghuqu* for 100 million people (General Office of the State Council, 2014).

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<sup>29</sup> The estimation of the total population is based on the sixth census of China's population conducted in 1 November 2010. According to the figure of this census, the average size of household in Chinese cities was 2.69 persons (see National Statistics Bureau, <http://www.stats.gov.cn/tjsj/pcsj/rkpc/6rp/indexch.htm>).

### *The changing definition of penghuqu*

The expanding scale of *penghuqu* could be partly explained by the extension of its definition. More and more categories of urban dwellings were counted as *penghuqu*. In 2007 (State Council, 2007), *penghuqu* and old residential areas (*jiu zhuzhaiqu* 旧住宅区) in cities were regarded as two separate categories. But in 2008, old and dangerous urban dwellings (*weijiufang* 危旧房) and “tube-shaped” flat buildings (*tongzilou*)<sup>30</sup> were informally incorporated into *penghuqu* and applied policies on *penghuqu* redevelopment<sup>31</sup>. “Tube-shaped” flat buildings, albeit dilapidated and condensed, were quite different from those archetypical modes of *penghuqu*. They were not temporary huts but formal residential buildings. But as *feichengtaofang* buildings, they also became the target of this policy.<sup>32</sup>

A more significant change of the range of *penghuqu* was made in 2013. According to the policy document issued by the State Council (State Council, 2013), the redevelopment of village-in-the-city (*chengzhongcun* 城中村)<sup>33</sup> was also incorporated into the redevelopment of *penghuqu*. That is, village-in-the-city was regarded as a subcategory of *penghuqu*, which dramatically extended the scope of *penghuqu* redevelopment. As mentioned earlier, *penghuqu* was defined as dilapidated

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<sup>30</sup> Tube-shaped flat building is a kind of multi-storey residential buildings with a long corridor through the middle of each floor, by the side of which line dormitories. Neighbours had to share kitchens and lavatories (Xia and Yin, 2007: 22). Flats in tube-shaped buildings are a kind of typical *feichengtaofang*. Tube-shaped flat building was widely adopted as a standard style by public sectors to construct residential buildings for their employees in China since 1949.

<sup>31</sup> In the previous document issued in 2007, *penghuqu* was juxtaposed with old residential areas (*jiu zhuzhaiqu* 旧住宅区), indicating they are two separate categories. However, in this document, dangerous and dilapidated urban housing and tube-shaped apartment buildings were put into a bracket associated to *penghuqu* [“实施城市棚户区（危旧房、筒子楼）改造”], indicating that policies on *penghuqu* redevelopment could also be applied to these two types of buildings.

<sup>32</sup> In a conference I attended in December 2016 (2016 Asia Pacific Network for Housing Research Conference), Mr Feng Jun, the former chief economist of MOHURD, confirmed in his keynote speech that in the broadest sense, they could define *feichengtaofang* as *penghuqu* and include *feichengtaofang* in *penghuqu* redevelopment.

<sup>33</sup> For village-in-the-city in China, see Lin *et al.*, 2011.

residential buildings on state-owned land. However, for many villages-in-the-city, their land is owned by rural collectives (Tian, 2008). To incorporate village-in-the-city into *penghuqu* further indicate the flexibility of this category.

#### *Policy purpose of penghuqu redevelopment*

It could not be denied that the redevelopment of *penghuqu* is an important redistributive measure to improve the living conditions of low-income urban residents. But from the beginning, the goal of improving social welfare was mixed with some other policy purposes. As mentioned earlier, the entire new affordable housing system in China was driven by the Keynesian ideology to cope with the financial crisis in 2008 by boosting domestic consumption (Wu, 2017: 169). The policy documents repeatedly emphasised boosting domestic consumption (General Office of the State Council, 2008; MOHURD *et al.*, 2009). For Huang (2012: 944), the conflict between different policy goals associated with affordable housing provision, namely, boosting economic growth and maintaining political stability, could lead to the failure of this policy.

The changing methods of compensating residents whose dwellings were to be demolished as part of *penghuqu* projects can serve as another evidence of the multiple policy purposes associated with *penghuqu* redevelopment. In 2008, the document encouraged local governments to provide residents with resettlement flats, rather than monetary compensation (General Office of the State Council, 2008). Later, according to the document issued in 2009 (MOHURD, 2009), the central state set monetary compensation parallel with the provision of resettlement housing without any preference. In 2015, however, the central government prioritised monetary compensation so that residents could purchase any suitable housing in the real estate

market within a short period as the construction of resettlement flats might take long (State Council, 2015). This dramatic reverse should be understood in a broader context. Years of heavy investment in the construction sector had oversupplied the real estate market. In 2015, the destocking of real estate became a new critical issue for the central government (Ma *et al.*, 2016). The redevelopment of *penghuqu*, which could generate new heavy demand for housing, was regarded as a solution for this glut in the real estate market. As confirmed by a deputy-minister of the MOHURD (CE, 2016), the U-turn in methods of compensation was deliberately designed to serve the destocking of real estate. In 2015, the rate of monetary compensation reached 29.9 per cent, and increased to 50 per cent in 2016 (*ibid.*).

#### *The institutional arrangements for penghuqu redevelopment*

The ever-changing central policies on *penghuqu* redevelopment both enable and constrain the practices of the local state. Under the pressure of the central state, the local state had to conduct more *penghuqu* redevelopment projects to fulfil the requirement and ambition of the central state. In the meantime, as the central policies leave some flexibility, such as the vague definition of *penghuqu*, the local state could strategically appropriate the national project of *penghuqu* redevelopment for other purposes, such as entrepreneurial land grab.

On the one hand, to secure its purposes of affordable housing provision, including *penghuqu* redevelopment, the central state introduced a kind of “central planning means” (Wang and Murie, 2011; Chen *et al.*, 2014). To be specific, the central state would sign a “work task and responsibility contract” (*gongzuo mubiao zerenshu* 工作目标责任书) with each local provincial government. Each province and, further,

each municipality, and county was allocated with a specific task of affordable housing provision. The situation of how the task had been achieved would become a determinant of local officials' career advancement (Huang, 2012), making local officials under huge political pressure.

On the other hand, the central state also provided various support to aid local practices (MOHURD *et al.*, 2009). The central state promised to arrange specific subsidy funds for *penghuqu* redevelopment, along with tax exemptions. Financial institutions were authorised to lend money to *penghuqu* redevelopment projects. More importantly, for construction projects that were used to accommodate former *penghuqu* residents, complicated administrative procedures, especially in relation to land supply, could be simplified. This was a very important incentive for local states with ambitions to profit from land, because the controls on land-use conversion became considerably stricter (Lin, 2015: 866-867).

An important aspect that deserves more attention is the role played by financial institutions. In the pilot practice of *penghuqu* redevelopment in Liaoning Province, a key to its success that moved residents hastily to resettlement neighbourhoods was how these projects were being financed. A special long-term loan from the China Development Bank (CDB) was provided to cities in Liaoning to implement redevelopment projects (*Southern Weekly*, 2014a). The term of this loan could be as long as 15 years, with the potential revenues generated from land being made available for lease after the redevelopment of *penghuqu* as pledges (Ni *et al.*, 2012: 113). In this regard, the redevelopment of *penghuqu* as a kind of redistribution, is inevitably linked with entrepreneurial land speculation. When the pilot practice in Liaoning extended nationwide, this model of financing and the role of the CDB became more significant.

In addition to the general institutional arrangement shown above, the central state also made some specific stipulations on the local practices. According to central policies (MOHURD, 2009), the redevelopment of *penghuqu* should adopt real “renovation” measures in neighbourhoods with acceptable conditions, such as enhancing construction frames, adding lifts and step-free accesses, and introducing environmentally friendly facilities. Redevelopment that entailed extensive demolition regardless of the actual conditions of neighbourhoods was strictly forbidden. The central state also required the local governments to preserve historic neighbourhoods. But in practice in Qiancao, this ban had been completely ignored.

In this section, I reviewed how *penghuqu* gradually mutated from several standpoints. The redevelopment of *penghuqu* manifests what I defined as entrepreneurial managerialism. As part of the new affordable housing system, the redevelopment of *penghuqu* was designed by the central state as a critical redistributive measure to improve public welfare, particularly amongst the urban poor who had housing problems.

However, some intrinsic features of the central policies on the redevelopment of *penghuqu* suggest that such a redistributive measure could be easily appropriated to serve entrepreneurial purposes upon implementation. First, the “definition” of *penghuqu* was somewhat vague and highly flexible. Many categories that deviated more or less from the archetypical modes of *penghuqu* were identified as *penghuqu*. In this way, tube-shaped flat buildings, dangerous and dilapidated urban housing, and villages-in-the-city, were gradually incorporated into *penghuqu*. Therefore, many practices of urban regeneration in China that were not first seen as “*penghuqu*

redevelopment”, such as the regeneration of old urban areas (*jiucheng gaizao* 旧城改造) (Shin, 2009a), the renovation of the “three olds” (old urban areas, old factories, and old villages; *sanjiu gaizao* 三旧改造) (Li and Liu, 2018; Shin, 2013; Wu, 2018), and the redevelopment of villages-in-the-city (*chengzhongcun gaizao* 城中村改造) (Shin, 2016a), could all come under the banner of *penghuqu* redevelopment and take advantage of those central state’s support measures.

Second, the central state ambitiously expanded the scale of *penghuqu* redevelopment several times over, from approximately 10 million households to more than 50 million households. The expanded scale may demonstrate a broad accountability of the socialist state, but at the same time, it lends itself to the inclusion of some ineligible projects. Not only in the case of Luzhou, which I discuss below, but also in many other cases throughout China (*NYT Chinese*, 2013; *Southern Weekly*, 2014b), many “ineligible” neighbourhoods were demolished and redeveloped in the name of *penghuqu*.

Third, as indicated by the Liaoning case, the financial resources provided for the redevelopment of *penghuqu* were buttressed by the logic of land finance. The major sources of finance for projects of *penghuqu* reform were loans provided by the financial institution (CDB), rather than direct funding by the central government, suggesting a trend to financialisation of fiscal measures, or “financialisation of the state” (see Aalbers *et al.*, 2017) in general. Therefore, the redevelopment of *penghuqu*, which by and large was a redistributive measure, merged with the land-centred entrepreneurial practices of the local state.

Fourth, the central state tried to use the redevelopment of *penghuqu*, or more broadly, the entire affordable housing system, to serve several policy purposes

simultaneously (Huang, 2012). From the beginning, the new affordable housing system by the central state was designed not only to improve public welfare, but also to expand domestic consumption and therefore, boost economic growth.

In this regard, the redevelopment of *penghuqu* would exemplify what I refer to as entrepreneurial managerialism: a mechanism that makes use of redistribution to serve entrepreneurial purposes. As discussed in the following section, the redevelopment of Qiancao, within which the local state in Luzhou orchestrated all the residential areas on Qiancao Peninsula as *penghuqu*, demonstrates how the redevelopment of *penghuqu* as entrepreneurial managerialism is put into practice.

### **5.3 Orchestrating Qiancao as *Penghuqu*: the practice of entrepreneurial managerialism**

#### *Becoming penghuqu*

As illustrated at the beginning of this chapter, the actual redevelopment of Qiancao strategically commandeered the national project of *penghuqu* redevelopment. The redevelopment of the entire peninsula, both industrial and residential areas, was conducted in the name of the relocation and reform of the old industrial zones (*laogongyequ banqian gaizao* 老工业区搬迁改造). In 2013, the central government scheduled a 10-year national programme (2013-2022) focusing on the reform of old industrial bases (NDRC, 2013). This programme identified 120 cities throughout China, in which key factories built in the early years of the socialist regime (including the Third Front Construction period) were located. Luzhou was listed among these 120 cities. This programme not only provided guidelines on the transformation of industry *per se*, but also emphasised that the redevelopment of *penghuqu* was a critical part of

this programme and would improve public welfare (NDRC, 2013: 8, 24-25). In addition, just like the national project of *penghuqu* redevelopment, the central government would also support local governments in different ways to facilitate the implementation of this programme.

In accordance with the guidelines, after a series of preparatory work, the local government of Luzhou issued a document in October 2014 on the redevelopment of Qiancao and an adjacent region identifying the area as an old industrial zone in need of modernisation (LRDC, 2014). This document reemphasised the local history in relation to the Third Front Construction, stating that (*ibid.*: 7):

“Luzhou is a typical old industrial city in western China. Thanks to its abundant natural gas resource, Luzhou became the origin of China’s chemical industry of natural gas and was listed by the central government as a key region during the Third Front Construction period. Being fuelled by several factories under the direct administration of the central government, which had been relocated here, Luzhou started to establish its complete and independent industrial system and achieved great success.”

In fact, while the Third Front Construction had long been absent from local narratives, such reemphasis gave the zones some priority for their redevelopment as stipulated by the State Council (State Council, 2013). The Luzhou document provided reasons to justify wholesale demolition in Qiancao. On the one hand, it identified the lack of sufficient space as part of the operation difficulties for the three factories in Qiancao (LRDC, 2014: 1-2). Surrounded by urban areas and without additional space, these factories could not expand, rearrange their work flows more scientifically to improve performance and add facilities to abate pollution. At the same time, the existence of these factories so close to the city centre prevented the expansion of the city and brought pollution to the city centre, which was regarded as ecologically

unfriendly. The only solution, therefore, was to relocate these factories away from the city centre to a suburb.

On the other hand, all the residential buildings in Qiancao were generally described in the document as *penghuqu* (LRDC, 2014: 2), thus legitimising their demolition for redevelopment. According to the document, most residential buildings in Qiancao had been built between the 1950s and the 1970s. They were primarily single-storey or low-rise buildings. They were described as roughly constructed, thus not structurally sound to resist disasters such as earthquakes. It was also said that with several decades passing by, they had also become dilapidated and were in urgent need of refurbishment. These descriptions reflected the “official definition” of *penghuqu* provided by the central government (MOHURD, 2013). The document even included a survey by the district government to buttress its claims (LRDC, 2014: 98). In 2012, the District Government hosted a meeting of residents’ representatives<sup>34</sup>. Surprisingly, according to the 431 questionnaires collected, 428 of the respondents (99.30 per cent) answered that they were aware of the *penghuqu* redevelopment project, and all of them were willing to be relocated.

Such a description of its residential buildings, however, deviated from the actual situation in Qiancao, as shown in Chapter 4. Admittedly, some of its residential buildings had been built in the 1960s and 1970s, and that limited by the prevailing conditions during the Third Front Construction, their quality might not have been very high (more on this in Chapter 7). Most dwellings were also *feichengtaofang*. From this perspective, they might be regarded as *penghuqu*. However, contrary to the document’s description, most of the residential buildings in Qiancao were built after the 1980s,

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<sup>34</sup> No details of these representatives were provided.

and some had even been built in this century (see Figure 4-6). They were not yet obsolete. But according to this document, all 15,248 households, or more than 35,000 people, could be called *penghuqu* residents.

Unlike such mega-cities as Shanghai and Guangzhou, Luzhou, a middle-sized city in Western China without too many factories, had no prominent *penghuqu* (tube-shaped flat buildings, or villages-in-the-city) of any kind. According to official statistics, in the 1980s, the whole municipality's stock of housing units categorised as "dangerous dwellings" (*weifang* 危房) (not *penghuqu* but bears quite similar meaning) was decreasing. In 1986, its total size was 100,000 square metres, while in 1989, the number was 81,000 square metres<sup>35</sup>. These numbers were in sharp contrast with the size of *penghuqu* dwellings as mentioned in 2010. According to a local chronicle, the entire municipality of Luzhou occupied 235,600 square metres of *penghuqu*, inhabited by 5,494 households (OLC, 2010: 255). This chronicle also stated a modest plan to provide resettlement housing for 1,138 households living in *penghuqu* residents (*ibid.*). In 2013, the local state had a separate plan to conduct *penghuqu* redevelopment for 3,840 households (OLC, 2013: 304), and in 2014, the original plan for *penghuqu* redevelopment was 3,056 households (OLC, 2014: 309).

Nevertheless, fuelled by the wholesale redevelopment of Qiancao, the actual figure of *penghuqu* redevelopment throughout Luzhou in 2014 reached 26,191 households (OLC, 2015: 300), more than eight times as large as originally planned. Qiancao alone had 15,248 households, covering more than 600,000 square metres,

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<sup>35</sup> According to official statistics, the number was 100,000 square metres in 1986, 98,000 in 1987, 91,000 in 1988, and 81,000 in 1989 (LBS, 1987, 1988, 1989, 1990). Due to the change of statistics criteria, no successive figures are available.

significantly higher than the number identified in 2010 (OLC, 2010: 255), even if the latter included all the *penghuqu* neighbourhood throughout the entire municipality.

Both the sharp increase in the numbers according to the official statistics, and the fact that many “ineligible” residential buildings in Qiancao were categorised as *penghuqu*, may demonstrate that, in order to procure the support redistributed by the central government to redevelop Qiancao, the local state in Luzhou strategically took advantage of the flexible definition of *penghuqu*. By reemphasising the history of Qiancao as it related to the Third Front Construction and exaggerating the negative aspects of the living conditions in Qiancao, the local state managed to discursively invent the largest *penghuqu* in Luzhou. Moreover, as noted above, the redevelopment of Qiancao was also the largest single project of *penghuqu* redevelopment in the entire province of Sichuan (*Sichuan Daily*, 2016). By doing so, earlier in 2013, Luzhou municipal government had borrowed 6.2 billion *yuan* that could be used only for the redevelopment of *penghuqu* from the China Development Bank to redevelop Qiancao. This sum of money was enough to fulfil the entrepreneurial ambition of the local state to acquire land in Qiancao (see Section 5.4). With this money, in 2013, even before the redevelopment of Qiancao was officially initiated, the local state hastily started to build resettlement housing to accommodate residents being evacuated from Qiancao, even without a clarification of how many people it needed to accommodate (*Sichuan Daily*, 2016). Equally, this money also allowed the local state in Luzhou to carry out its allotted task of *penghuqu* redevelopment.

### *Designating an industrial heritage site in Qiancao*

Another part of the plan for redeveloping Qiancao, although not directly linked to *penghuqu*, may indicate more of the essence of entrepreneurial managerialism; that is, the designation of an industrial heritage site in Qiancao. The emergence of this project in the course of Qiancao's redevelopment was unexpected even for local officials. As said by a high-level cadre in the Qiancao Sub-district Office, "only until the municipal leaders came to pay a visit to the industrial heritage site in Changqi earlier this year [2015] did we know some workshops would not be demolished." (interview OH-1001) Some earlier plan to redevelop Qiancao meant to demolish all the existing buildings on this peninsula (See Section 5.4). But the detailed plan of redeveloping Qiancao issued in 2014 implies further revision that allowed some buildings previously for industrial use to be transformed into an industrial heritage site for conservation.

The industrial heritage site in Qiancao owes its appearance to several factors. First, the national programme on reforming old industrial bases issued in 2013 (NDRC, 2013) included the need of preserving industrial heritage. This programme encouraged local government to preserve industrial buildings that exhibited local features and transform them into cultural use (for example, museums, industrial heritage parks, studios, and sites for creative industries) (*ibid*: 16). As a localised practice of this national programme, the redevelopment of Qiancao needed to follow the guideline and add an industrial heritage site. Second, according to a local official in charge (interview OH-2002), some reputable "insightful persons" suggested the preservation of some old workshops as industrial heritage sites, a representative of whom was Mr. Wang Guoping. Mr Wang, the former Party Secretary of Hangzhou, the capital city of Zhejiang Province, began to serve as a planning consultant for the Luzhou municipal

government from 2013. When in power, he had been an active promoter of the industrial heritage (ZJOL, 2009). He and the think-tank of which he was a member suggested that the municipal government of Luzhou should include this industrial heritage site in the planning of Qiancao (interview OH-2002), transferring the practices of Hangzhou. This would be equal to what critics refer to as a Chinese version of “policy mobility” (He *et al.*, 2018; *cf.* McCann, 2011).

The plan for the redevelopment of Qiancao (LDRC, 2014) endowed the industrial heritage site with great significance. It evaluated the industrial heritage sites in Qiancao, the products of the three factories, and associated culture, were important ingredients of the city’s industrial heritage (both tangible and intangible) (*ibid.*: 62). They “recorded and witnessed the industrialisation and economic development of Luzhou from ancient times to the modern age, authentically reflected the role of Luzhou in the social economic life of different eras, and demonstrated the contribution made by this old industrial city to human civilisation, scientific improvement, and cultural development” (*ibid.*). The official whom I interviewed (interview OH-2002) and some of the official documents he left with me also drew attention to the importance of the three factories as part of the Third Front Construction and to their unique position in Luzhou’s history. All these discourses tried to testify the great cultural value of the industrial heritage site.

But in practice, this site reflected the entrepreneurial essence of this project. First, the industrial heritage site was very selectively marked out. Since these industrial workshops had in no sense been identified as historical buildings, the urban planners could select any site to preserve, whilst demolishing others, according to the needs of its redevelopment and with no regard to the value of the buildings *per se*. According to a local official (Interview OH-2002), the proposal provided by Mr Wang was based

on the ideology of “preserving all that should be preserved” (*yangbao jinbao* 应保尽保), which Mr Wang had advocated in Hangzhou (UrbanChina, 2014). In his proposal, the area that merited preservation would reach 50 ha. The party secretary of Luzhou, Mr Jiang, agreed with Mr Wang’s suggestion only up to a point and in its final version, the area in the plan identified for preservation had reduced to 9.9 ha, retaining only some workshops of Changqi. All buildings of Changwa and Changye, although they shared a similar history to Changqi’s, were scheduled for demolition. Within *Changqi*, only the industrial buildings constructed during the 1970s were classified as Type One (valuable) buildings (see Figure 5-2, left). An additional round of selection continued in all the buildings identified as Type One: Those that could not fit into the future street pattern in Qiancao after redevelopment could not survive, either (see Figure 5-2, right).



Figure 5-2 The plan of the industrial heritage site

Source: planning documents provided by the local planning authority. Notes: the planned street pattern was also included in this design plan. The rightmost building, although indicated was to be preserved here, had been demolished later (see Figure 5-10).



Figure 5-3 The remaining buildings in Changqi after demolition (some would be further demolished)

Source: extracted from google map. Note: satellite photo taken on 26 July 2017.

Second, the selection of sites to be preserved was based on some simple and rigid criteria proposed by the planners (how long ago they had been built, whether or not they would fit into the planned street pattern), while the opinions of the public, especially those who had worked and lived in Qiancao for more than half a century, were completely ignored. According to some (former) workers of *Changqi* whom I interviewed (interview CQ-2101, CQ-2014, CQ-2018), they more or less agreed that preserving some buildings of value was welcome<sup>36</sup>. But when asked about which specific buildings they thought should be kept, they all mentioned the main building of *Changqi*, whilst holding a conservative attitude towards those old workshops that were to be kept. Some employees of *Changqi* even called these dilapidated workshops as dilapidated “*peng*” (hut) without any value (Interviews CQ-2101, CQ-2014), or the right target of the *penghuqu* redevelopment policy. As a local feature of the built landscape in the 1980s, the main building of *Changqi* had once been the highest building in Qiancao, symbolically serving as a significant icon of the workers’ collective memory. As one respondent commented (interview CQ-2108):

“In my view, our main building was peerlessly solid! In my heart, looking at it emotionally, I feel it should be kept. That building could resist a scale 8 earthquake. It was very well constructed. In our office, we once wanted to put an extra door in the wall, so I had a chance to see the internal structure and how thick the steel thread used in this building was. In my opinion, industrial heritage could be preserved first as a physical thing, second as a shared memory. You (the government) could convert this building into a shopping mall, or into an office building. Why is the government’s only option to demolish it?”

But this building had been classified merely as a Type Two building and it was eventually reduced to rubble in January 2017 (see Figure 5-4).

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<sup>36</sup> I mentioned the issue of industrial heritage in many interviews, but most respondents were indifferent to it.



*Figure 5-4 The final days of the main building of Changqi*

*Source:* Photo by the author, 31 December 2016.

Third, the proposed main function of this industrial heritage site in the future would be to serve the real estate complexes nearby. Following the practice in other cities<sup>37</sup>, these industrial workshops would be converted into an industrial heritage complex, including a Third Front Construction museum, a Third-Front-Construction themed hotel and restaurants, venues for branding and exhibitions, a centre for micro-film, workshops for artists, and a shopping space with Sichuan characteristics, et cetera. According to a local official in charge (interview OH-2002), based on a more realistic appraisal, after redevelopment, these facilities would mainly serve nearby residents, but would have limited potential to attract tourists from other cities.

In general, although the industrial heritage site in Qiancao had the support of discourses about the value of industry, its underlying motivation was still a kind of

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<sup>37</sup> When I conducted my fieldwork, the detailed design for this industrial heritage site was not completed yet. But the local planning officials provided me some documents of the preliminary design schemes. These design institutions were based in Guangzhou. Their scheme referred to some industrial heritage projects in Guangzhou, and in Ruhr.

entrepreneurialism. The local history as regards industry, especially the Third Front Construction, was strategically mobilised to justify this project, making it more eligible for the resources redistributed by the central state. As I have shown, the planning of this site demonstrates the “politics of selection” as observed by many scholars on (historic) heritage preservation (Yeoh and Huang, 1996; Zukin, 1982), although its true purpose was more closely related to real estate speculation than cultural politics. In this regard, the preservation of the industrial heritage is still a mode of “symbolic urban preservation” in China (Zhang, 2008). But its underlying logic is in line with land-centred entrepreneurialism (Shin, 2010; Su, 2015). In this regard, the survival of some workshops as industrial heritage and the clearance of most of the on-site buildings in the name of *penghuqu* redevelopment or the reform of an old industrial base actually serve the same entrepreneurial purpose of capital accumulation through land development, in spite of the fact that they suggest opposing destinies of buildings in the same region.

#### **5.4 The entrepreneurial ambition for land accumulation in Qiancao**

To redevelop Qiancao has long been embedded in the local state’s entrepreneurial desire for land, just like many other cities in China (Wu, 2003; Qian, 2011; Zheng, 2011; Chien, 2013a; He *et al.*, 2018). In fact, driven by growing benefits accumulated from land, the local authority in Luzhou revised its plan several times. In this regard, it seems that the entrepreneurial local state had a well-prepared project for long. When the financial resources redistributed by the central state offered the opportunity for its realisation, the local state would strategically appropriate those resources to achieve its ambitions. In this section, I explore Luzhou’s trajectory

towards entrepreneurialism featured by land accumulation and the evolution of the redevelopment planning for Qiancao.

*Luzhou's trajectory towards urban entrepreneurialism*

Luzhou is an “old industrial base” in Sichuan Province, partly because the Third Front Construction brought in machine industries and enhanced the local natural gas industry. When Luzhou was upgraded to a prefectural-level city in 1983, the local government was making four sectors of industry the pillars of local economy, namely natural gas (*tianranqi* 天然气), machinery manufacturing (notably in the three factories named after the Changjiang River), underground natural resources (*dixia ziyuan* 地下资源, mainly coal), and Chinese liquor (*baijiu* 白酒). As the abbreviation of the four industries (*Tian-Chang-Di-Jiu* 天长地酒) is pronounced the same as the word “everlasting” in Mandarin (*tian chang di jiu* 天长地久), it was at one time used as the name card of the city (*Luzhou Daily*, 2010).

However, since the 1990s, when the system of planned economy came to an end, these industrial sectors, especially machinery manufacturing, increasingly performed so poorly that their products could hardly compete with their rivalry except under the auspices of the redistributive system (*ibid.*). The local state tried many ways of revitalising the local industry, such as promoting the chemical industry, the energy industry, and investing in transportation infrastructure. In 2001, the local state adopted as Luzhou's new brand name “the City of Chemical Industry in Western China” (*xibu huagongcheng* 西部化工城) (*People's Daily*, 2001); this still centred on the city's efforts in industry, and reemphasised the pillars of the local economy as “coal, electricity, highways, the chemical industry, and the harbour” (*Luzhou Daily*, 2010);

however, machinery manufacturing had completely disappeared. Unfortunately, apart from investment in the built environment (or, in Harvey's term (1978), the secondary circuit of capital), these measures to boost industrial production and extract natural resources were not altogether effective.

The final remedy was the land-centred entrepreneurial mode of urban governance (see Chapter 2) (Wu, 2018), or “managing the city like entrepreneurs” (*jingying chengshi* 经营城市)<sup>38</sup> in line with those successful models that had emerged from some metropolitan cities in the 1990s (Hsing, 2006). In Luzhou, the local government adopted a series of entrepreneurial measures. First, the old name card, “the City of Chemical Industry” was abandoned, partly because of the poor impression any reference to the polluted chemical industry might make (Zhong *et al.*, 2003). An older name card, “China City of Liquor” (*zhongguo jiucheng* 中国酒城) was reinstated for city branding, but this time, liquor did not refer to the brewing industry, but was used symbolically to make the city unique, and therefore, attractive. Second, plans for boosting the local economy did not focus on industries only, but were extended to the creation of industrial parks and new urban areas, as well as the construction of transportation infrastructure (*Luzhou Daily*, 2010; for the replacement of industry by industrial parks, see also Hsing, 2010: 6). Third, the state-run land transaction centre was established in 2000 (OLC, 2001: 188). From then on, the revenues from land transaction have constituted a critical portion of extra-budgetary revenue for Luzhou. In 2017, the peak year, the fees for land-transfer reached 18.23 billion *yuan* (CHYXX, 2018), which was nearly 25 per cent higher than the budgetary fiscal revenue (14.6

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<sup>38</sup> In Sichuan Province, the city of Nanchong is the model city of the entrepreneurial management of city. According to a deputy mayor of Nanchong, *jingying chengshi* means “treating city as economic entity and participant in the market. The urban government can mobilise its power to utilize physical resources such as land, mines, public facilities, and space, and symbolic resources of a city for capital accumulation and the improvement of the city” (Fu, 2003; also see Zhao, 2017, Chapter 2 for a discussion).

billion *yuan*) (LZEP, 2018). To make the massive land leasing possible, the size of Luzhou’s urban area increased dramatically (see Figure 5-5). While the size of Luzhou hardly changed at all in the 1990s, the city expanded nearly three-fold within the ten years from 2007 to 2017, making Luzhou the third largest city in Sichuan after Chengdu, the provincial capital, and Mianyang, a key industrial base during the Third Front Construction (*cf.* Chapter 4). Meanwhile, many spectacular buildings were constructed to demonstrate the “modern” façade of this city (see Figure 5-6).

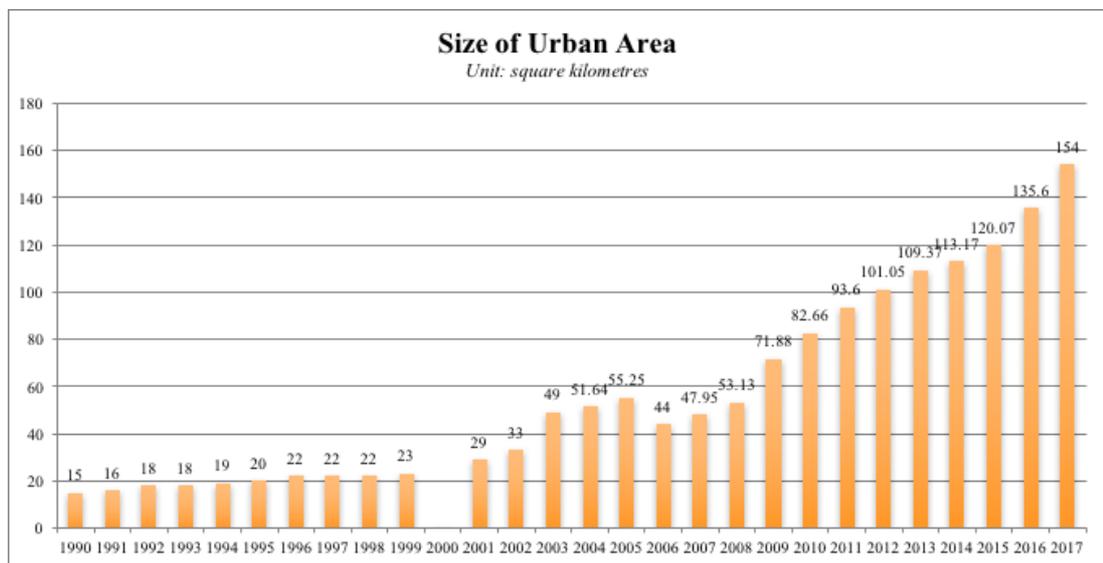


Figure 5-5 The expansion of Luzhou’s Urban Area

Source: *City Chronicles of Sichuan*, *Sichuan Statistic Yearbook* (1999-2016), and Annual Work Report of the Luzhou municipal government (2018). Notes: The number for 2000 is not available. These numbers, although all are published by the government official reports, may not be fully reliable. The reason for the numbers in the three years from 2006 to 2008 being smaller than those from 2003 to 2005 cannot be verified. However, the general trend of urban expansion is evident.



*Figure 5-6 The Crossing near Luzhou Theatre, an angle widely used to show urban spectacles in Luzhou*

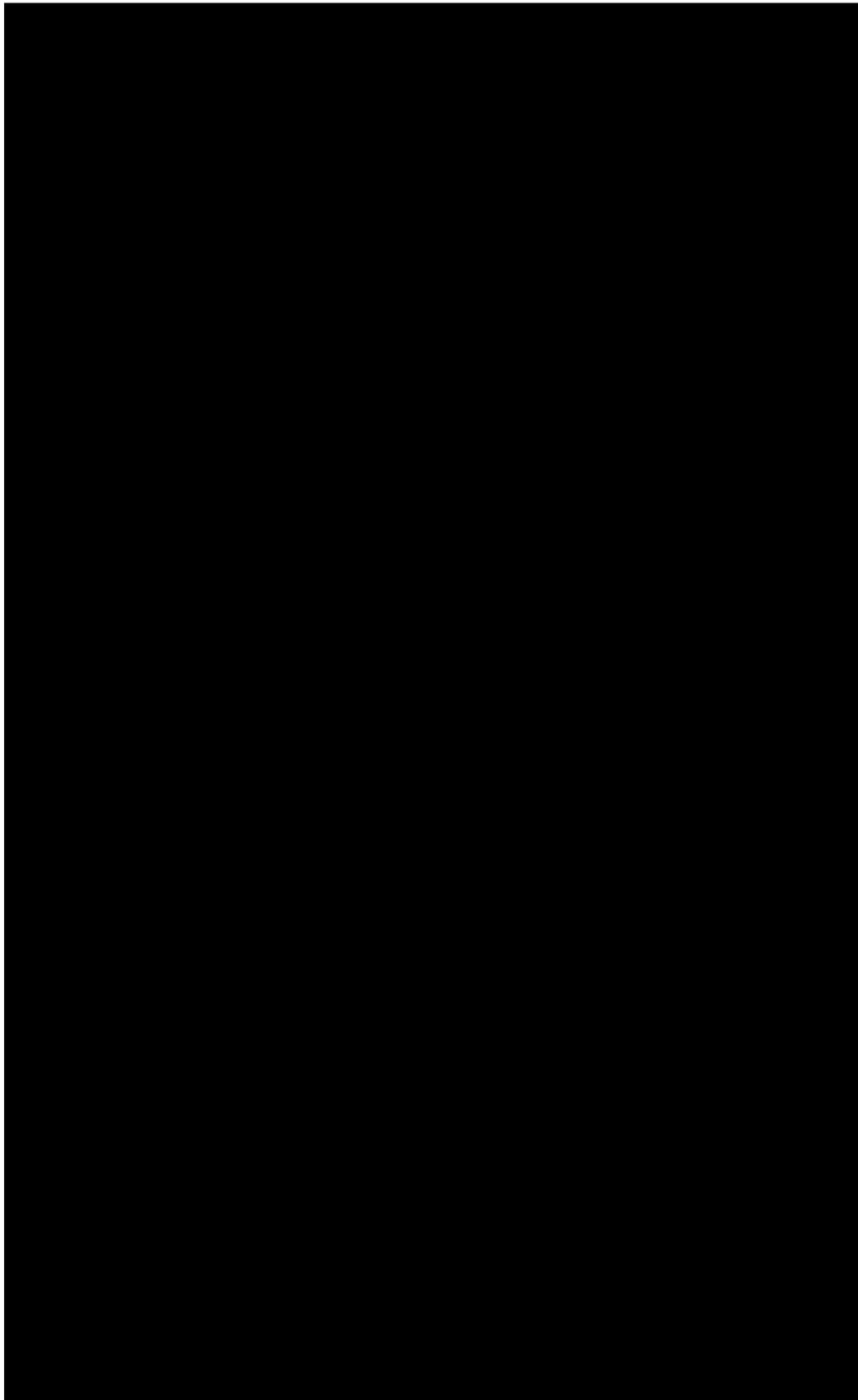
*Source: Sichuan Daily (<http://epaper.scdaily.cn/shtml/scr/b/20170504/162342.shtml>).*

### *The evolution of planning for Qiancao driven by entrepreneurialism*

Amid the drastic urban transformation in Luzhou, Qiancao Peninsula remained quite inactive, despite its proximity to the city centre. As outlined in the previous chapter, the appearance of Qiancao remained almost unchanged after 2002. It seemed a poorly planned mixture of dilapidated industrial plant and old residential buildings. The lagging behind of urban construction in Qiancao may have been due to two reasons. In the first place, although Qiancao faces the city centre of Luzhou on the opposite bank of the Changjiang River, the lack of a bridge made easy access impossible. It would take more than half an hour for vehicles to reach the other end by using the only narrow route via the southern suburb. Second, the intensive mingling of industrial and residential uses of land rendered any redevelopment (that had to be large in scale) costly.

But the potentially superior location of Qiancao Peninsula made it impossible for the local state to give up further attempts at (re-)developing it. In my interview with the local planning officials, as the time spanned for a quite long period, no one could introduce me in details how the planning for the redevelopment of Qiancao had gradually changed, but the planning documents they provided me could still reveal this trajectory.

In 2003, the local planning authority formulated a way of developing the peninsula (see Figure 5-7). This plan was relatively conservative, keeping most of its existing urban fabric intact. It would convert only the parcels of land under agricultural use. To lift the transportation barrier, it was planned to build a bridge directly connecting Qiancao with the city centre. The northernmost part of this peninsula, where the three factories were standing, was still designated for industrial use. Heavier redevelopment would occur in the southernmost part of Qiancao Peninsula, converting rural land to use into residential, commercial and industrial purposes.



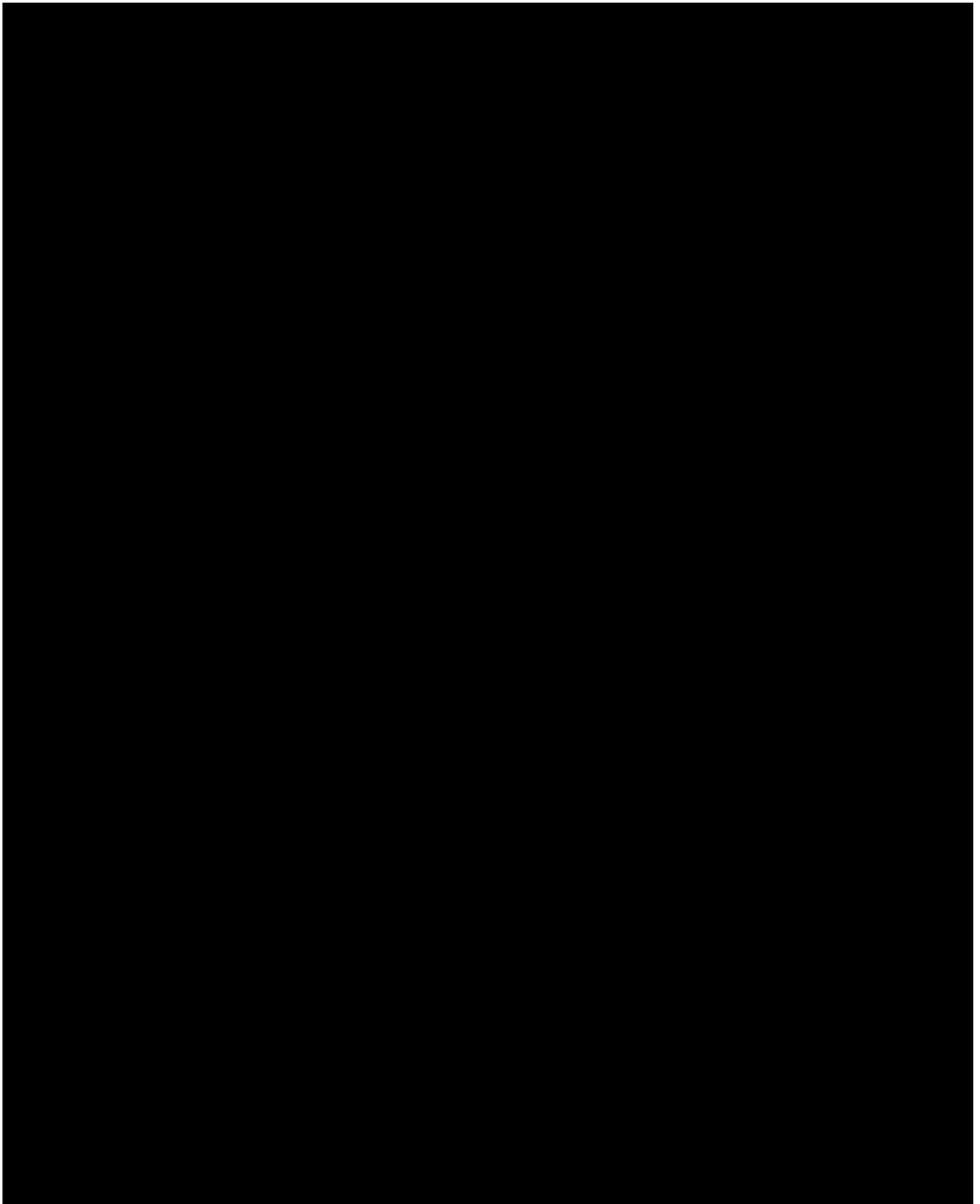
esign

*Figure 5-7 Land Use Planning for the Regulatory Planning of Shawan-Qiancao (August 2003)*

*Source:* provided by the Urban Planning Bureau of Luzhou Municipality. *Notes:* Yellow represents for residential land use, red for commercial use, and brown for industrial use.

However, such conservative planning was soon replaced by a more radical version. Two years later, the local planning authority revised the master plan of Luzhou (see Figure 5-8). This version attempted to further transform the urban landscape in Qiancao, that is, to convert industrial land for use in real estate development. Although China's urbanisation process is in general characterised by a mode of urbanisation occurring in tandem with industrialisation (Shin, 2014a), rather than acting as a "spatial fix" for the over-accumulation in the primary circuit of capital, the deindustrialisation of specific places (normally inner cities) and the shift in capital accumulation from industrial-based circulation in the socialist period to an urban-based development in post-reform China (Wu, 2015: 203; see also Shin, 2016b) could also occur.

In Qiancao, a "rent gap" (Smith, 1987) generated by two factors made the deindustrialisation profitable (see also Shin, 2006). On the one hand, with the performance of the three factories becoming poorer, the land in Qiancao, which had been primarily used for industrial purposes, became underused. On the other, as the real estate prices went up, the land in Qiancao Peninsula, which is close to the city centre, revealed its potential to earn increased ground rents. Consequently, this version of urban planning proposed to relocate the three factories for another time (after the Third Front Construction) to an industrial park designated in the suburbs (see Figure 5-8). This would release more land for residential and commercial development, and in the meantime, augment Luzhou's urban area.



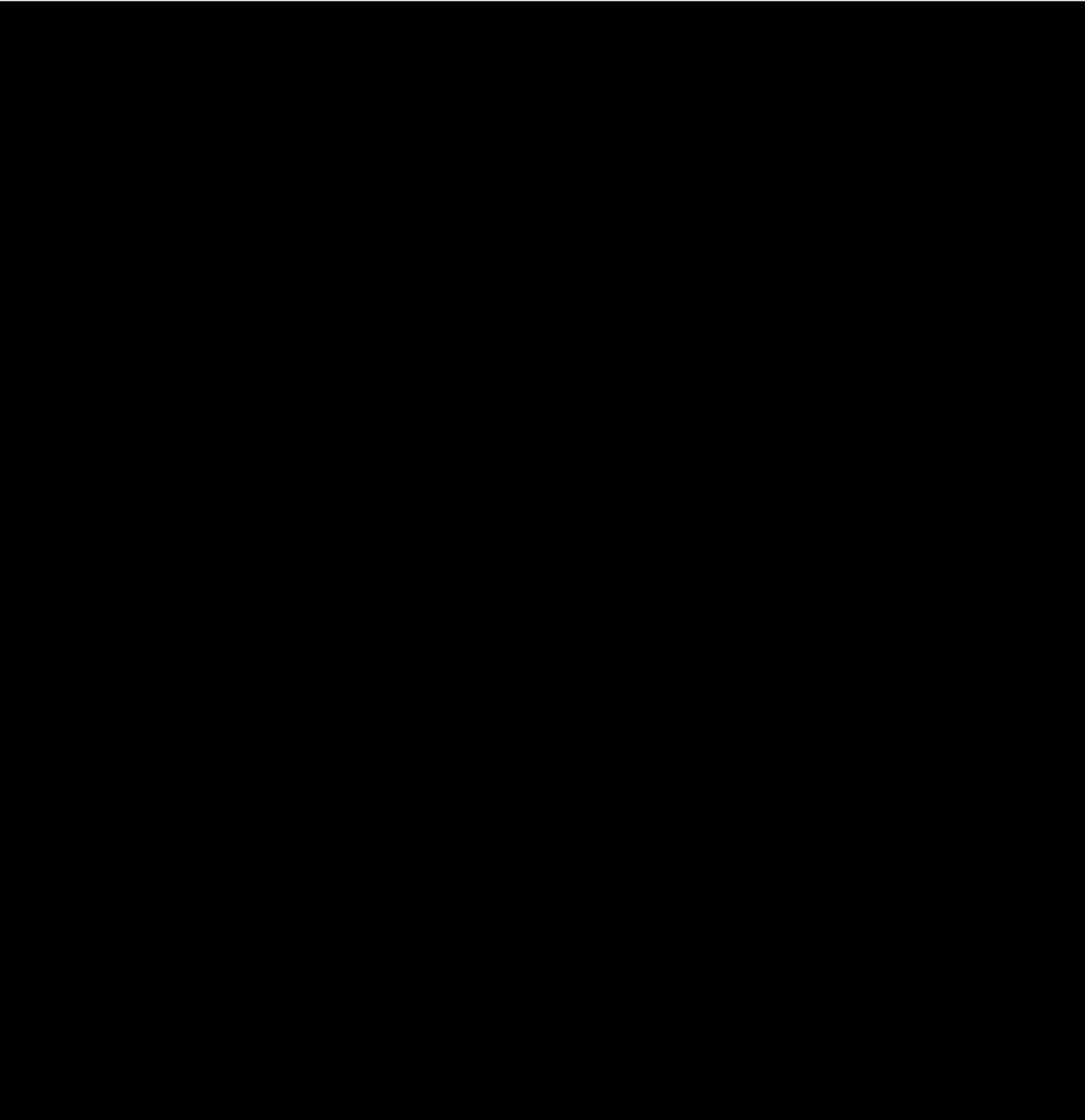
*Figure 5-8 Urban Master Plan of Luzhou (2004-2020)*

*Source:* provided by the Urban Planning Bureau of Luzhou Municipality. *Notes:* **Yellow** represents for residential land use, **red** for public facilities use, and **brown** for industrial use.

Five years later, in 2010, when the local planning authority formulated regulatory planning for Qiancao Peninsula in particular, the redevelopment plan for

Qiancao became even more ambitious (see Figure 5-9). As discussed in Chapter 4, the different types of land usage in Qiancao are highly mixed (see Figure 4-5). Removing only industrial would leave fragmented areas available for redevelopment, limiting the amount of ground rent that might be yielded. Therefore, to maximise the revenue that might be reaped from Qiancao, this version of the plan, like many other wholesale demolition projects in the Global East (Shin *et al.*, 2016: 460; Shin, 2016b), proposed to clear almost all existing buildings in Qiancao, reorganise the road net into well-arranged blocks, and allocate land parcels in a more rational way (see Figure 5-9).

Nevertheless, this ambitious plan would have cost a great deal to realise. Not only have the three main factories and some smaller factories required to be relocated, but also around 30,000 residents also had to be relocated. Constrained by its fiscal capability, the local state in Luzhou initiated no redevelopment work for years. In 2008, it began to construct a new bridge to shorten the distance between Qiancao Peninsula and the city centre of Luzhou. Although the main work finished in 2012, one of its approach bridges leading to the central area of Qiancao remained incomplete (see Figure 5-10), pending the initiation of redevelopment in Qiancao, which had later been launched in 2014.



*Figure 5-9 Land Use Planning for the Regulatory Planning of Shawan-Qiancao (September 2010)*

*Source:* provided by the Urban Planning Bureau of Luzhou Municipality. *Notes:* Yellow represents for residential land use, red for commercial use. No industrial land any more.

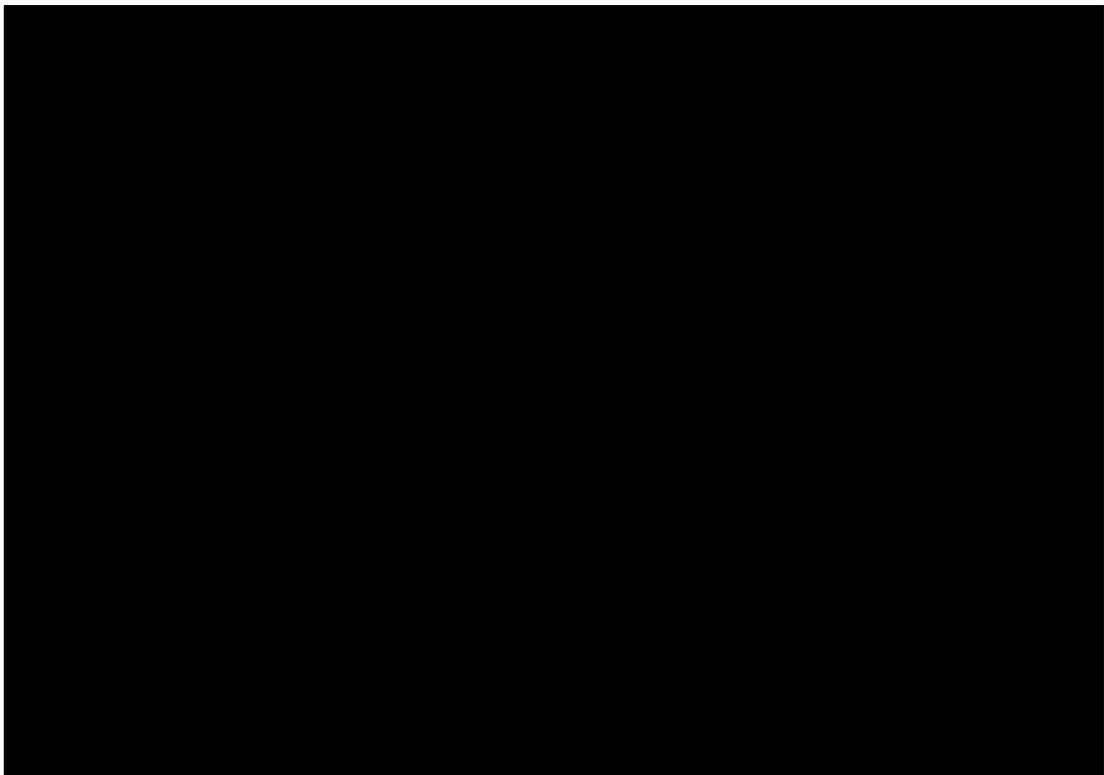


*Figure 5-10 The incomplete approach bridge above Qiancao Peninsula*

*Source:* photo by the author, September 2015. *Notes:* The photo below is the end of the approach bridge. The tall building ahead is the main office building of *Changqi*.

After 2014, the planning for Qiancao was further revised (see Figure 5-11). An evident change was the incorporation of the industrial heritage site. In all, the redevelopment of Qiancao promised to provide a bright future for its three struggling

factories, and better living conditions for the “*penghuqu*” residents. More importantly, it also aimed to transform Qiancao Peninsula into a modern urban core of Luzhou, characterised by such sectors as “modern finance, commercial service, creative industries, urban tourism, and eco-inhabitancy” (LDRC, 2014: 1) (see also Figure 5-12). When we take the entire course of the changes of the redevelopment plan for Qiancao into consideration, it becomes evident that the third purpose, namely the property-led redevelopment, is the major motivation.



*Figure 5-11 Regulatory Planning for Qiancao Peninsula*

*Source:* provided by the Urban Planning Bureau of Luzhou Municipality. *Notes:* Although the time marked on this planning was December 2016, I obtained it in 2015. The section circled out in yellow is the proposed industrial heritage site.



*Figure 5-12 Design Sketch of Qiancao*

*Source:* extracted from a document (August 2016) provided by the local planning authority.

*Notes:* those low-rise buildings under the highest building is the industrial heritage site.

The evolution of Qiancao's planning demonstrates the entrepreneurial urban governance now centring on land use in China. Planning is adopted as a governing tool to serve the local growth machine (Wu, 2015: 116). Motivated by anticipation of ever-increasing economic returns from land speculation, the local state has become steadily more ambitious to transform existing landscapes, even beyond its current financial capability. When the central state provides some redistributive resources, either as direct funds, or such non-material support as the relaxation of some strict regulations, the local state in desperate need of external resources would actively seize the opportunity, and appropriate these resources to meet its entrepreneurial goal. In Qiancao's case, the national project of redeveloping *penghuqu* and the revitalisation of old industrial bases provided the long-awaited opportunities.

## 5.5 Discussions

The decline of an urban neighbourhood is not such a process determined purely by the market, but rather the result of the collective works of different agents (Aalbers, 2006; Weber, 2002). In terms of the role played by the state, to justify the redevelopment of specific (modes of) neighbourhoods in the city, it can take various measures. First, it may directly intervene to make the conditions of the neighbourhoods physically deteriorate. For example, as shown by Fulong Wu (2016) with a case in Shanghai, the state did not provide satisfactory facilities and services for migrant neighbourhoods, but enforced stringent control over spontaneous housing development, such as size expansion and facilities improvement, rendering a thriving neighbourhood to decline and eventually deteriorate. By dominating the right of redevelopment, the state could maximise its revenue and replace informal urban neighbourhoods to state-sanctioned formal properties.

Second, the state can manipulate policy tools and adjust the definition on what neighbourhoods are targeted for demolition and redevelopment, making them more responsive to redevelopment. As revealed by Rachel Weber (2002), in the United States, the justification for urban redevelopment project entailed a gradual change from “blight” to “obsolescence”. The former has been framed around a state in which the built environment was deteriorated or physically impaired beyond normal use, which is concerned more with the compromised use value (Weber, 2002: 526). In comparison, the proof for obsolescence is tightly associated with exchange value. Even if the built environment has not been deteriorated physically yet, its decreasing profitability in the market serves as a neoliberal alibi for creative destruction (*ibid.*, 532). Such a change also reflect the overwhelming priority of exchange value over use value (Purcell, 2002).

Third, the state can also make the neighbourhoods worsen in a more discursive manner to defame specific (modes of) urban neighbourhoods (Gray and Porter, 2014). When discussing some recent policy changes associated to public housing in the UK, that is, the emerging discourse of “sink estate”, Tom Slater (2018) referred to Bourdieu’s theory of symbolic power. According to Bourdieu (1991: 170), symbolic power is:

“[T]he power to constitute the given through utterances, to make people see and believe, to confirm or to transform the vision of the world and, thereby, action upon the world and thus the world itself, an almost magical power that enables one to obtain the equivalent of what is obtained through force (physical or economic) by virtue of the specific effect of mobilisation. ... What makes for the power of words and watchwords, the power to maintain or to subvert order, is belief in the legitimacy of the words and those who utter them.”

Or according to Wacquant’s interpretation (2017: 57), symbolic power is:

“... the capacity for consequential categorization, the ability to make the world, to preserve or change it, by fashioning and diffusing symbolic frames, collective instruments of cognitive construction of reality.”

For Slater (2018), “sink estate” is such a discursive reality constituted by symbolic powers. It condemned social housing estate in the UK as the incubator of poverty, family fissure, unemployment, welfare dependency, antisocial behaviours, rife and all social ills. With such symbolic frame, the powerful institutions can control public (un)awareness and justify the demolition of social housing estates, or even the abandonment of entire social housing system, and release more space for the real estate speculation (*ibid.*).

As manifested by the policy mutations and Qiancao’s case, the Chinese concept of *penghuqu* is also a kind of discursive reality, or in the Lefebvrian sense (Lefebvre,

1991: 31-39), the “spaces of representations” conceived by people in power. Being informed by its archetypal mode, *penghuqu* became a *doxa* (Bourdieu, 1996: 21), a self-evident category not only among policymakers, but also among academics. As noted in Chapter 4, researchers on affordable housing policies in China usually translate the term *penghuqu* as shanty town without in-depth query of its essence (Chen *et al.*, 2014; Shi *et al.*, 2016; Li *et al.*, 2018), or differentiate this round of *penghuqu* redevelopment, of which the scale is dramatically larger, from previous ones in terms of their locations (interpreting this round of *penghuqu* redevelopment as being conducted in non-prime locations) (Huang, 2012: 943). The project of *penghuqu* redevelopment has been justified in a somewhat self-evident way by discourses on the detrimental living conditions within this kind of neighbourhood.

But if viewing from the perspective of stigmatization or symbolic defamation, the case of *penghuqu* is interestingly different from the practice as described by Slater (2018). Within the discourse of “sink estate”, not only the neighbourhood *per se* has been stigmatised, but more importantly, the residents of these neighbourhoods as well. They were condemned for being welfare dependent. This manifested the retreat of the state from social provision as guided by the neoliberal ideology. However, the stigmatisation of *penghuqu* entails a more paternalist discourse. *Penghuqu* residents are not directly stigmatised. On the contrary, their urgent desire for an improved living condition was used to buttress the redevelopment. Redistribution serves as the remedy, rather than the cause, of their plight, which manifest the persistence of managerial mode of urban governance.

In Luzhou, the local authority also orchestrated Qiancao as *penghuqu* in a discursive way that highlighted selective facts and intentional ignorance of some others (or following Slater (2018: 879), agonotology). On the one hand, the negative

aspects of the living conditions in Qiancao that fitted the archetypical mode of *penghuqu* were exaggerated; its special linkage with the Third Front Construction, which could allow the local state to obtain priority in the resource redistribution, was rejuvenated. On the other, the heterogeneous conditions of different types of housing in Qiancao, which could render the wholesale redevelopment of Qiancao collide with central policies that forbid indiscriminate demolition, were intentionally bypassed. Those buildings in acceptable, or even decent, conditions were also designated as *penghuqu*, even though they were not “blight” in functional sense; they were regarded as obsolete that constituting obstacles for higher exchange value, which dominated the agenda of the entrepreneurial local state. By doing so in such a strategic way, the local state could fulfill its long-lasting purpose of redeveloping Qiancao.

The local appropriation of central policies on *penghuqu* redevelopment can be regarded as a kind of policy innovation within entrepreneurialism. It demonstrates the agency of the local state, which is in line with the growing local autonomy in China since the economic reform, especially the reform of the taxation system and decentralisation (see for example Saich, 2011: Chapter 7; Wong, 1991; Zhang, 1999). But it had only been made possible (if not explicitly encouraged) by the vagueness and flexibility of the central policy, particularly its ever-changing nature of *penghuqu*. To call this mechanism as entrepreneurial managerialism illustrates a dynamic relationship between the central state and the local state in China. The central state not only exerts political pressure upon the local state as the political control through the party-sanctioned cadre appointment system never decayed (*ibid.*; Chung, 2008). By doing so, the central state could distribute task through a kind of “central planning means” (Wang and Murie, 2011), but also redistributes resources to assist local state. In this way, the ambitious goal of the central state to redevelop an enormous scale of

*penghuqu* could be achieved, in tandem with the fulfilment of entrepreneurial ambition of the local state.

It is true that such a mechanism reflects the tension between the central and the local state, within which the central state is believed to be concerned more about social stability (perform redistributive functions to disadvantaged social groups), while the local governments are more aggressive and entrepreneurial to pursue land revenues (He and Wu, 2009). But as shown by the policies on *penghuqu* redevelopment, such a contradiction may just be the two sides of the same coin. On the one side, the entrepreneurial local state has to align its practices with the demand of the central state and turns to resources redistributed by the central state for help, which is an essential dimension of managerial mode of urban governance; on the other, the implementation of redistributive policies also hinges on entrepreneurial local practices, which can be revealed explicitly by the way to finance local practices of *penghuqu* redevelopment. In this regard, there is no such a split between the “benign” central state and the “malign/predatory” local state (Guo, 2001: 435; So, 2009) as widely perceived by the public. On the contrary, the project of *penghuqu* redevelopment that can serve dual purposes simultaneously emerges out of the collusion between the central and the local state. The term entrepreneurial managerialism captures such a mechanism.

By highlighting such a mechanism that social redistribution has been appropriated for entrepreneurial purposes, or the generation of surplus, the idea of entrepreneurial managerialism also shares to an extent some features of Holliday’s concept of “productivist welfare capitalism” (Holliday, 2000). Holliday extends Esping-Anderson’s typology of welfare regimes (1990) beyond the typical welfare state to consider the situation in the productivist world, East Asia in particular. For Holliday (2000: 709), the key to the “productivist world of welfare capitalism” is its

two major aspects, namely, a growth-oriented state and the subordination of all aspects of state policy, including social policy, to economic/industrial objectives. The five states on which Holliday focuses are not typical welfare states, and even hold a hostile attitude to the very idea of them (*ibid.*: 715), and instead depend for welfare provision more on the function of the market (Aspalter, 2006). Social policies in the productivist world, although they exhibit some internal divergences (which result in there being no single “welfare model” in East Asia), are subordinated to, and serve the purpose of, economic growth. After the economic crisis in 1997, East Asian states made some policy changes to their welfare systems, and even challenged the predominance of economic growth in response to growing domestic pressure (Gough, 2001; Wong, 2004), but the underlying rationale that subordinates social policy in general to economic development remains unchanged (Holliday, 2005; Kwon, 2005). My discussion around the entrepreneurial managerialism based on the case of *penghuqu* redevelopment, while dealing only with one redistribution policy in China rather than the entire welfare system, is very much in line with Holliday’s concept in its diagnosis of the dominance of economic growth.

Furthermore, the idea of entrepreneurial managerialism may in fact extend Holliday’s concept. With the shift of capital accumulation from the primary circuit to the secondary circuit (Harvey, 1978; Lefebvre, 2003), the secondary circuit of capital, namely, the investment in the built environment is now a major (if not the primary) source of surplus (Lefebvre, 2003: 160; Merrifield, 2013: 914). Therefore, although it is not production in a classical sense, but land and real estate speculation that becomes the goal to which social policy must be subordinated to. Appropriating redistribution to serve land-centred entrepreneurial practices, as shown by the case of *penghuqu*

redevelopment in Qiancao, thus demonstrates how the shift of capital accumulation may have implications for the mode of distribution and redistribution.

## **5.6 Summary**

In this chapter, I have investigated how the local state in Luzhou strategically appropriated the national policy on *penghuqu* redevelopment to achieve its long-lasting ambition of land acquisition in Qiancao. I reviewed in detail the change of national policies on *penghuqu* redevelopment. In fact, in light of the national policies, *penghuqu* is an ever-changing category in terms of its range, scale, and policy objective. In consequence, the flexibility of national policies on *penghuqu* leave space for the local state to manipulate and cater for its entrepreneurial goal. The practice of *penghuqu* redevelopment exemplifies what I term “entrepreneurial managerialism”. In the next chapter, I will show another layer of entrepreneurial managerialism related to the operation of the bureaucratic system in charge of redistribution.

## Chapter 6 Reward and Punishment: Manipulating redistributive resources to accelerate expropriation

### 6.1 Introduction

A movie called *Red Amnesia* (*Chuangruzhe* 闯入者, literally meaning intruder) directed by Wang Xiaoshuai, a Chinese director having grown up in Guiyang in a family of Third Front migrants from Shanghai, was on show in 2014. It tells the story of Mrs Deng, now retired, whose daily routine in Beijing is interrupted by the arrival of a young man. She gradually realises that this man is the grandson of a former colleague when she was serving in the Third Front, who has come for revenge. Decades ago, some of the workers sent to the Third Front had had an opportunity to return with their family to Beijing and she and one of her colleagues had competed for the precious privilege. To secure it, Mrs Deng had written many letters reporting her rival's misdeeds to those in charge of her factory. Eventually, her tactics were successful: she was restored to Beijing, whereas the colleague had to stay in the remote Third Front for the rest of her life.

Although this story, based partly on Wang's own experience in the Third Front, is fictional, it provides a vivid illustration of the redistributive system operating to achieve social control, as indicated by Andrew Walder's idea of "neo-traditionalism" (1986) mentioned in Chapter 2. Competition within the rank and file generated by the redistribution of scarce resources could create social division. To obtain these resources, workers would look for ways to collaborate with the gatekeepers in charge of redistribution. In exchange for these resources, those workers would either support

the goals of the party state, or supply the personal needs of the gatekeepers. The relationship between the two groups resembled the patron-client relationship.

Such a mechanism is linked with the second layer of managerialism (see Chapter 2; or Griffith, 1998), that is, the dominance of bureaucratic organisational forms in the delivery of services. Beyond infusing personal preference into the process of redistribution, as the “urban managers” did (see Forrest and Wissink, 2017), redistributive bureaucrats, or the entire redistributive system, could strategically employ the redistribution of scarce resources to meet contingent purposes. This constitutes the second dimension of what I termed “entrepreneurial managerialism”. When entrepreneurial purposes, particularly land accumulation, dominate the agenda of the local state, not only the provision of public welfare *per se*, as shown in Chapter 5, but also the redistribution process itself could be used to serve entrepreneurial purposes.

Under the circumstances as above, this chapter investigates the allocation of resettlement housing in Qiancao. This component of redistribution was deliberately designed by redistributive bureaucrats to serve their purpose, that is, to accomplish the expropriation of housing *as fast as possible*. The local officials devised a mode called “residents’ autonomous redevelopment”, which took advantage of residents’ dependence upon existing redistributive mechanisms to accelerate housing expropriation and land assembly. In this regard, I argue that what the local residents could contribute to the process of land-based revenue generation was both the land they occupied at the time, which they could later vacate for redevelopment, and their readiness to surrender their housing. In this regard, resettlement housing was used not only as the compensation for residents’ expropriated dwellings, but also as the reward for their speedy cooperation. Moreover, those who had been reluctant to cooperate

might be punished by being located in a disadvantaged position in the course of redistribution, or exerting pressure upon them.

The rest of this chapter is in five sections. Section 6.2 explores the change in the logic of housing allocations. I explain how the size of residents' housing and their speed in surrendering them become their two major contributions to the production of surplus in the form of land-based revenue. Resettlement housing of better quality was used for rewarding these two kinds of contribution from residents. Section 6.3 and 6.4 investigate how the residents who resisted surrendering their dwellings were correspondingly punished. Two mechanisms, namely, residents' autonomous redevelopment and the dependence upon the existing redistributive system, were devised for use as means of punishment. The last two sections present the discussion and summary respectively.

## **6.2 Housing allocation as a reward**

In my interviews, when talking about the housing allocation, some residents would use the expression, “choosing resettlement flat” (*xuanfang* 选房) to indicate that they had played an active part; whereas others used “housing allocation” (*fenfang* 分房), which was an expression originating from the pre-reform era. The latter expression suggested their passive position in this process. It is true that the allocation logic of resettlement housing in Qiancao nowadays differs significantly from the housing allocation logic in the pre-reform era, in that residents had more initiatives. But if we probe more deeply, we can find that the two logics shared some similarities: The allocation of housing still served as a reward for people who had contributed to the generation of surplus, be the surplus value from industrial production, or land revenues.

What made them different was the change in the dominant mode of capital accumulation (see Harvey, 1978).

*The logic of housing allocation in the pre-reform era*

Before China's housing reform, the allocation of public housing essentially reflected the way in which production determined distribution. The public housing provided to workers by their work-units was part of the workers' *de facto* salary, or a kind of compensation for their low wages (Wu, 1996; Zhu, 2000). In general, those who made a greater contribution, or held a greater credential to make a bigger contribution (for instance, by having a better educational background, or seniority, thus gaining more expertise and experience) in the production process were entitled to the allocation of housing in better conditions. Taking the case of the system of housing allocation in a large university in Xi'an, Wang and Murie (2000) show in detail how such a system worked. In this case (*ibid.*: 401-402), five factors determined housing allocation: (1) the ranking in the hierarchical system (such as high-level cadre, low-rank cadre and ordinary workers); (2) educational background; (3) the total number of years at work; (4) the number of years of serving in the current work-unit, (5) special allowances and distinction awards (such as a special title honoured by a higher level of authority).

A similar system could be found in Qiancao. As shown in Chapter 4, residential buildings there were constructed in batches. Once a new batch of housing had been constructed by an enterprise, the enterprise would initiate a round of housing allocation. In addition to new flats just built, some flats would become vacant when their existing tenants moved to new flats and these would be added to the housing stock for allocation. Eligible applicants received a score based on several factors pertaining to their

personal and familial condition, including total years of employment, professional rank (*zhicheng* 职称) and posts (*zhiwu* 职务), household size, whether the partner of an applicant also served in the same enterprise, any honour obtained by the applicant, etc. Applicants were then sorted based on the total score. The higher an applicant was ranked, the higher priority the applicant would enjoy for selecting an available flat, which means this applicant would have a wider choice of flat. For those whose ranking was too low and hence unable to secure a new flat, they would still be able to select one of the second-hand flats vacated by people higher in the rankings and did so when they considered the advantages of moving were greater than those of remaining (most importantly, whether they could move to a larger flat). The rankings were displayed in public for transparency.

In Qiancao, the allocation of housing was a memorable experience for residents: After more than ten years, their recollections were still fresh. For example, Master Xu, aged 70, was a native of Tianjin who had worked in *Changqi* as an ordinary worker. When asked how he got his flat in *Qianxiyuan* (the last batch of residential housing built by *Changqi*), Master Xu emphasised his high ranking in the housing allocation process (Interview CQ-2104):

“Your housing allocation is based on your score in the factory. Only those who were eligible could obtain a flat. People were put into order according to their professional ranking, the length of their working lives and many other criteria, one by one. In terms of professional ranking, medium-level, senior-level, everything counted towards the score. Several hundred applicants were sorted, amongst whom I ranked the number four in the entire factory! Number Four! It was so rare! ... I had worked in *Changqi* my whole life long. Eventually, what I got was this flat.”

From this standpoint, each time housing was allocated it involved a comprehensive assessment of every worker's level of contribution. This allocation scheme recognises workers' unique features in multiple respects, in particular their

contribution to the working process. Beyond question, abuses traceable to corruption and nepotism were inevitable. Cadres in charge of the redistribution process could also use their discretion to benefit themselves and their superiors, resembling the behaviour of those officials in former socialist CEE countries had done (Szelenyi, 1978), such as increasing the weight given to posts in all factors (cadres could get far higher scores to raise their positions in the ranking higher than those of ordinary workers). But in general, the workers were inclined to accept this system because it maintained some kind of fairness.

*The allocation logic of resettlement housing in Qiancao in general*

In the allocation of resettlement housing in Qiancao, the local state adopted a new scheme that appeared fundamentally different from the previous practice. Workers' personal attributes, especially those associated with their working experience, would no longer be considered. Instead, the main determinants of their compensation became the condition of their current dwelling (size and homeownership status) and the speed at which they surrendered them to the expropriation office sponsored by the local state. Despite this wide difference, however, as I have argued, the underlying logic that buttressed this new scheme of housing allocation shares with the previous one the feature of being determined by the dominant mode of surplus production. Distribution serves as the reward for people's contribution to the production of surplus, be the surplus from industrial production, or land-based accumulation.

The case in Qiancao was, that the compensation for residents would differ based on the property ownership of their current dwellings (QSO, 2014a, 2014b). The households who owned their current home were entitled to two ways of compensation: monetary and in-kind compensation. If they chose monetary compensation, the state-

sponsored housing expropriation office would hire an assessment company to evaluate the market value (*yuan* per square metre) of a current dwelling. The market value of housing would differ based on the building age and which floor it was located. But the difference was quite slight (see Chapter 7 for more details). The amount of monetary compensation was calculated by multiplying the size of residents' current dwelling by the assessed unit price of their house. Upon this base, the local state would add 20 per cent of the final sum as a bonus for their cooperation.

If a household chose in-kind compensation, they would be provided with a flat in a newly built neighbourhood not far from Qiancao. The official term for the in-kind compensation was "the exchange of the property right" (*chanquan diaohuan* 产权调换), indicating the relocated residents could also obtain the property right of the new flat. In principle, residents could be resettled in a flat as big as their previous flat plus 20 per cent of the size as a bonus from the local state, which was the same as those who chose the monetary compensation (the 1:1.2 policy). If the resettlement flat they chose was more than 20 per cent larger than their previous home, they had to pay for the excess at the market price level (around 4000 *yuan* per square metre); if not, the housing expropriation office had to provide some monetary compensation to make up the difference. The method of calculation was the same as that for general monetary compensation.<sup>39</sup> If residents' current dwellings occupied less than 50 square metres, their dwelling would be calculated as 50 square metres.

In addition to size, another determinant of the kind of resettlement housing residents could finally obtain was the speed at which they surrendered their current

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<sup>39</sup> For example, if the size of a resident's current housing was 100 square metres, this resident should obtain a resettlement flat of 120 square metres. But if the resident selected a 110-square-metre flat, the expropriation office needed to provide some monetary compensation for the unused 10 square metres. If a flat was evaluated at 3,100 *yuan* per square metre, residents could obtain an extra 31,000 *yuan* as compensation for their current flat.

accommodation. In general, the earlier a family surrendered its dwelling, the sooner it could select its resettlement flat (“first come, first served”).

It should be necessary to note that size is merely one dimension of a flat. In addition to size, individual houses have qualitative differences in terms of the number of storeys, equipment and the like (Zhang, 2017: 205). The residents in Qiancao were concerned with the house structure (*huxing* 户型), the direction that it faced (*chaoxiang* 朝向), the view, location and certain other features. Some flats where all these qualities were better combined thus became scarce resources that residents would compete for. For local residents in Qiancao, as reported by some interviewees (Interview CQ-1101; CQ-2101; CW-2104), the earlier a household could select their resettlement flat, the more would be available to choose from and therefore, the higher the possibility that the family could obtain a satisfactory flat. Precedence in housing selection thus became another reward for the contribution made by the residents. To procure such a reward, residents might compete with each other to surrender their dwellings soonest. If they did, it would speed up the housing expropriation.

Meanwhile, Qiancao residents who did not own their current dwellings could choose only a resettlement rental flat as compensation (QSO, 2014b). The dwellings of these residents (mostly *feichengtaofang* residents) were still owned by the Municipal Commission of State-owned Assets Supervision and Administration (*shiguoyou zichan jiandu guanli weiyuanhui*) on behalf of the state. To ensure that the public ownership of housing remained unchanged after resettlement, the resettlement housing provided to this group of residents was constructed as public rental housing (*gongzufang* 公租房, see Chapter 4)<sup>40</sup>. In order to obtain the property ownership of this

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<sup>40</sup> As shown in Chapter 4, now there were only two types of rental housing in the new affordable housing system: cheap rent housing and public rental housing. Only those low-income urban residents who are confirmed by the government are entitled to apply for cheap rent housing. Therefore, public rental housing is the only proper category.

kind of resettlement housing, residents had to wait for five years and then purchase it at the market price. Because such residents did not own their housing, in some sense, all that they could contribute to the generation of land revenue was to accelerate the land expropriation process, namely, to accept the compensation scheme as quickly as possible and move to the resettlement rental housing. Hence, the allocation of resettlement rental housing completely ignored the condition of the families and their previous dwellings and applied the principle of “first come, first served” in all cases. Residents would be ranked according to the order in which they had signed the consent agreement with the expropriation office. According to this, the representative of a household could draw lots for a flat which would be one of two kinds, either a 49-square-metre one (in a block with no lift) or a 59-square-metre one (in a block with a lift). The kind of resettlement rental flat that a household could eventually obtain (not only different in size, but also in all the other qualities noted above) in fact depended on luck (Interview CW-1202). This could be exemplified by the experience of Mrs Zhang. Before the redevelopment, Mrs Zhang and her 90 year old mother lived in two neighbouring *feichengtaofang* flats, so she could look after her mother. In the selection of resettlement rental housing, as she was “unlucky”, Mrs Zhang drew a flat which was quite far from her mother’s. She asked the expropriation office to exchange it for one closer to her mother’s, but her request had been turned down. As reported by Mrs Zhang (Interview CY-2201):

“They (the expropriation office) did not pay attention to my case. They said, it was not their business, just because I was unlucky. I had to contact my mother’s new neighbours for exchanging housing by myself.”

In this section, I compared the two logics of housing allocation in Qiancao. Viewed from the perspective of the workers, the two logics are fundamentally different. In the socialist era, public housing was part of workers' *de facto* reward for work. The allocation of housing, therefore, was determined by workers' contribution to the process of production. Any housing allocation process served as an opportunity to comprehensively evaluate a worker's performance and family conditions. The new logic of housing allocation, on the contrary, paid attention only to questions of housing *per se*, namely, questions of property ownership and size. Residents were differentiated according to the condition of their property ownership and their speed of surrendering their dwelling. Any aspect in relation to their personal qualities was no longer considered.

But if viewed from the perspective of the dialectic (though somewhat structuralist) relationship between production and distribution, the two logics converge. The logic by which distribution is determined by production (Marx, 1973: 95-96) and serves as a kind of reward for people's contribution to the production of surplus remains unchanged. What has changed is the dominant mode of production (or capital accumulation). As revealed by theorists like Harvey (1978) and Lefebvre (2003), the secondary circuit of the built environment, that is, "capital flows into fixed assets and the formation of consumption fund" (Harvey, 1978: 107), has moved to a more important position in the production of surplus in the contemporary world; the logic of distribution would also change accordingly. In the secondary circuit of capital, what people could contribute to the generation of a surplus would no longer be limited to the effect of their labour (as with construction workers); One can also participate by offering the land they now occupy for redevelopment. In addition, the faster they surrender the land parcel, the faster the land-based accumulation process would run.

This is part of the reasons for the state exercising its eminent domain or compulsory purchase power to facilitate urban development (see Christophers, 2010; Shin, 2016b). What people could be distributed is therefore based on their contribution in these two dimensions. In the new mode of housing allocation, the redistributive bureaucrats manoeuvred the allocation of resettlement housing to facilitate expropriation and thus meet their entrepreneurial desire for land, which constituted the second dimension of “entrepreneurial managerialism” as proposed in Chapter 2.

The scheme of housing allocation stated above, however, was sometimes not sufficient for achieving the purpose of speedy expropriation. On the one hand, some residents questioned the legitimacy of housing expropriation due to their emotional ties with their dwellings (*cf.* Shao, 2013; Li, 2014) or their property ownership (*cf.* Lee, 2008), or they were discontented to find their personal qualities completely ignored by the new logic of housing allocation. On the other, some residents were inclined to believe that they ought to have a larger share in the distribution process (see Chapter 7 for further discussion). A common strategy for these discontented residents was to refuse to be relocated and to become “nail households” (Erie, 2012; Shin, 2013). To cope with such sort of situation, the redistributive bureaucrats further complicated the housing allocation scheme to allow recalcitrant residents to be punished and to have greater peer pressure exerted upon them. Two key mechanisms of punishment were to invoke “residents’ autonomous redevelopment” and to take residents’ dependence upon existing redistributive mechanisms as a chance to threaten them. These mechanisms are further examined in the subsequent sections.

### **6.3 Housing allocation as punishment: Binding residents together to punish recalcitrant residents**

Residents' autonomous redevelopment is now a widely used strategy in the redevelopment of *penghuqu* in China<sup>41</sup>. It first appeared in Zhejiang Province in 2004 (Li, 2014), but the best-known case was the redevelopment of Caojiangxiang Neighbourhood in Chengdu, the capital city of Sichuan Province (for details of this case, see Deng, 2017). In 2013, Chinese Central Television, the mouthpiece of the Communist Party, put out a series of reports on the practice of RAR in Caojiaxiang, making it the most famous case as I have already shown in the introduction chapter. The redevelopment of Qiancao also adopted this mode and made some reference to the practices in Caojiaxiang.

As indicated by the term used, residents' autonomous redevelopment (hereafter RAR) was meant to be a mode of redevelopment within which residents played a significant role. According to this mode, a redevelopment project was to be initiated in response to residents' urgent demand to improve their living conditions. An RAR committee, composed only of local residents, would be organised to implement the redevelopment project in cooperation with the local government, indicating a degree of residents' autonomy. But in practice, this mode was manipulated by local redistributive bureaucrats to bind residents together and play them off against each other, linking it to the "relational repression" used to demobilise protesters (Deng and O'Brien, 2013).

Relational repression represents a "soft" form of repression directed against protesters. In contemporary China, the local cadres have much more limited influence

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<sup>41</sup> Evidence can be found in Zibo, Shandong Province ([http://www.sohu.com/a/219890071\\_99965055](http://www.sohu.com/a/219890071_99965055)), Xiangyang, Hubei Province ([http://www.xydjw.gov.cn/publish/cbnews/201609/13/cb27730\\_1.shtml](http://www.xydjw.gov.cn/publish/cbnews/201609/13/cb27730_1.shtml)), Deyang, Sichuan Province ([http://china.chinadaily.com.cn/2018-04/18/content\\_36050819.htm](http://china.chinadaily.com.cn/2018-04/18/content_36050819.htm)), Panjin, Liaoning Province (<http://zjw.panjin.gov.cn/fdcyjphqgz/hydz/content/ff8080815e7fb570015ebcfb78b32903.html>), etc.

than in the past, making it difficult for them to approach individuals when an incident occurs. If short of force, they would have to mobilise protesters' social ties. According to Deng and O'Brien (2013), relational repression is a control technique that rests on persuasion, pressure and the impact of influential people. To be specific, after any incident, the local state tends to assemble local officials, government officials or staff of public organisations such as school teachers and the beneficiaries of government largesse (namely, people who depend on redistributive state resources) with personal ties to protesters into a work team to conduct a "thought work" (*sixiang gongzuo* 思想工作). If the members of this work team fail to persuade protesters, they become subject to punishment through their dependence on the redistributive resources (such as cutting off their subsidies) (*ibid.*, 546), thus making them work more zealously. By such actions, the local state intends to "move the mass" (Perry, 2002), pacify people and therefore exert pressure upon them to abandon popular actions (Deng and O'Brien, 2013: 534). The RAR mode is in many ways similar to relational repression, as explained below.

*The origin of RAR: depriving residents' actions of legitimacy and denying them the opportunity to appeal to legal measures*

The origin of RAR was linked to the change of national regulations on demolition issues that empowered local residents to defend their interests in the face of the mighty local state (Li, 2014). In 2011, a new stipulation on demolition was issued by the State Council after a wide debate had been sparked (XNA, 2010). The new regulation (State Council, 2011) made some critical changes to the version that had been issued in 2001 (State Council, 2001). First, it replaced the name of the former version, "demolition of urban housing and resettlement (*chengshi fangwu chaiqian* 城

市房屋拆迁)” by “expropriation of or compensation for housing on state-owned land” (*guoyou tudi shang fangwu zhengshou yu buchang* 国有土地上房屋征收与补偿). Second, the new regulation stipulates explicitly that any expropriation, including that for affordable housing projects and old town redevelopment, should be conducted in the public interest. Third, the new regulation required the local state to organise public hearings and amend its original plans for compensation in response to public opinion. Fourth, if people subject to expropriation were dissatisfied with the formal decision on expropriation made by the local government, they could appeal for administrative reconsideration by a higher authority (*xingzheng fuyi* 行政复议), or even sue the local government (*xingzheng susong* 行政诉讼). And fifth, should some residents still refuse to move after having exhausted all legal means, local government could resort to law enforcement supported by court. Even so, any violence, threats or illegal measures such as cutting off residents’ utilities were strictly forbidden by the new regulation.

These changes did constrain the actions of the local state, making considerable progress in terms of protecting the rights of residents in the face of expropriation and resettlement (Gransow, 2014). Recalcitrant residents empowered by the new administrative order (though it was not a law) could follow the procedure stated above. Despite the great likelihood that residents would lose their appeal against these legal measures, since local governments held the whip hand, the procedure could delay the process of expropriation.

The RAR mode was devised in some sense to deprive residents of legitimacy and the opportunity to resort to legal weapons of this kind. The key mechanism of the RAR in this regard was a model called two-phase expropriation. In Qiancao, the expropriation of housing was divided into two phases: quasi-expropriation (*moni zhengshou* 模拟征收) and formal expropriation (see Figure 6-1). Quasi-expropriation

was organised by the RAR committee; consequently the local government did not need to involve technically in this type of expropriation at this stage. Residents would sign a consent agreement with the RAR committee. Quasi-expropriation could be turned into formal expropriation, led by the local state (normally the district government) once the rate of consent reached a required level. According to the stipulation of the Luzhou Municipal Government (LMG, 2013), this rate is 100 per cent, but in practice the accepted rate is 90 per cent. At this second phase, government agencies stepped in to initiate the formal expropriation. As noted above, only when formal expropriation is initiated by the local government can discontented residents turn to legal measures to challenge the local government's proposed compensation scheme. However, the accumulation of residents' consent from the quasi-expropriation phase would be used by the local government to legitimise its expropriation practices. If a 90 per cent consent rate was attained, it was used to indicate that a majority of residents was demanding redevelopment and had accepted the compensation scheme.

To accumulate a high consent rate in the quasi-expropriation phase, the RAR mode operated in two ways, both manipulating the allocation of resettlement housing, namely, the redistributive mechanism, to exert peer pressure upon residents in a manner akin to relational repression (Deng and O'Brien, 2013). First, the local state offered the RAR Committee members preferential benefits. The Committee was thus mobilised to conduct "thought work" to persuade the reluctant residents to sign the consent agreement. Second, all the residents within a block were bound together in the allocation of housing. The compliant ones would even be punished, that is, by being sorted at a disadvantage position in the course of resettlement housing selection, for the reluctance of their close neighbours.



Part A: The RAR Committee of Ebaoshan Residential Community (Changwa) Qiancao Penghuqu, Jiangyang District, Luzhou (Seal)	Part B: Residents (Signature and Seal)
Date of Signing:	Date of Signing: 7 November 2015
Part C: Expropriation Office of Housing on State-owned Land, People's Government of Jiangyang District, Luzhou (Seal)	Legal Representative: Entrusted Agent: Address: Second Village of Changwa Phone Number: Date of Signing: 7 November 2015
Responsible Person: (Signature) Monitor of the Sub-district Office: (Seal) Director of the Expropriation Office: (Seal) Address: Phone Number:	Director of the agreement Signing site: (Signature) Director of the Sub-district Office: (Seal) Date of Signing: 19 April 2016

**Figure 6-1** The Final Page of the Formal Agreement

*Source:* Provided by an interviewee. To ensure anonymity, some information has been concealed; *Notes:* This is the formal agreement, but it clearly indicates the two phases. In the first phase, the resident signs the agreement with the RAR committee on 11 November 2015, and the local government joins later in April 2016 in the second phase, as Part C.

Figure 6-1 The final page of the formal agreement

### *The constitution of the RAR Committee*

The RAR committee was supposed to be the engine, propelling the “autonomous” redevelopment. As shown in Figure 6-1, in the quasi-expropriation phase, it was in “Part A” that residents signed their agreement. But in practice, the RAR committee was throughout its operation subject to the control of the local state. Members of the RAR committee had no say in any decision-making, but were merely provided with certain benefits in exchange for their reputation and influence, as further explained below. In this regard, their role, under the concept of “neo-traditionalism”, was similar to that played by clients in the social control exerted in state-owned enterprises, which Andrew Walder (1988) describes.

In Luzhou, the municipal government stipulated the adoption of the RAR mode in *penghuqu* redevelopment as a standard requirement for any *penghuqu* redevelopment project (LMG, 2013). In Qiancao, nevertheless, the Sub-district Office decided at first to avoid organising a “real” RAR committee and run a merely nominal one. Only after some protests against the initial plan of redevelopment (more on this in Chapter 7) did the Sub-district Office move back to the standard procedure and organise an RAR committee in each of the three communities (*shequ* 社区) in Qiancao. All the members of these committees were local residents. They did not become RAR committee members through any democratic process, but were appointed by the Sub-district Office. As observed by Deng (2017) in the case of Caojiaxiang in Chengdu, the RAR committee members were relatively reliable and rational in the view of the local officials. In Qiancao, the RAR committee members were either enthusiasts in community affairs or retired cadres well thought of by their neighbours. The Sub-district Office would buy their support and make use of their reputations and

capabilities with benefits or preferential treatment in the housing allocation process to facilitate the housing expropriation.

Mr Tian, a member of Changwa's RAR committee, exemplified the first type member, who joined mainly for the benefits. In my two interviews with him, he explained to me his intention to join the committee and how he had done so (Interview CW 2109, CW-3101). Mr Tian, aged 46, was still at his post at the security sector of Changwa. He was born in Luzhou as a child of Third Front migrants. Since then, he had spent almost his entire life in Changwa. Before the reform, he had worked well in the enterprise and even become one of the "Ten Outstanding Young Persons" (*shida jiechu qingnian* 十大杰出青年) awarded by the Municipal Government in 1992. Affiliating himself with the enterprise, however, did not bring him any benefits in the process of the dramatic reform of the state-owned enterprises, but had instead trapped him in poor living conditions. Therefore, he viewed the redevelopment as a precious opportunity to make up for lost opportunities. He described his incentive to join in the RAR committee as follows (Interview CW-3101):

"People were eager to join the committee. Frankly speaking, people had reached such a pitch that they would prepared to benefit from being enrolled in it, even if it meant that their gain was someone else's loss. To secure their own good, people could disregard the good of others ... As a member of the RAR committee, I have a sense of privilege. When I go to the community to get something done, it gets the green light all the way, while others have to wait in the queue."

Mr Tian claimed that some of his personal traits made him an appropriate person to join the RAR community. According to him (Interviews CW-2109, CW-3101), he was good at writing. He always posted articles on online forums and earned much money by publishing newspaper articles, including some that flattered the government. He also eagerly participated in community affairs, such as collecting water utility fees and making payments on behalf of his neighbours, which made him

a well-known enthusiast of community affairs amongst his neighbours and the local officials. Third, he established good personal relationships with Secretary Chen, the Party Secretary of Qiancao Sub-district and the deputy secretary, Mr Yang. In Mr Tian's words, they were his close acquaintances and friends.

To become a member of the RAR committee, Mr Tian also made other preparations. In his account, after the protests of local residents against the initial project of redevelopment, officials of the Sub-district Office gathered several enthusiasts in community affairs like him and retired cadres of the three factories and informed them that the redevelopment of Qiancao would adopt the RAR mode. They were asked to inform their neighbours. Mr Tian sought to translate the complicated compensation policies into more intelligible formulas. His formulas were even borrowed by the Sub-district Office and distributed to residents to explain the compensation policies. In addition, made uncomfortable by the idea of "autonomy" in the RAR mode, Mr Tian also tried to organise a "spontaneous" neighbourhood meeting to elect the RAR committee in a democratic way. As the organiser of the meeting, Mr Tian thought he would have a great chance to be elected as the RAR committee member. Therefore, he actively used the social media to propose a time and place for the meeting to his neighbours, presenting himself as the key figure who could not be ignored in the redevelopment process, either by his neighbours or by the local officials. Ironically, he was summoned to the local police station, as the local police doubted whether he could guarantee social order. Mr Tian was astonished by the immediate response of the local police. This neighbourhood meeting was not cancelled, but some plainclothes officers were deployed to the meeting site in case of any trouble. However, the meeting did not end in agreement, let alone the election of RAR committee

members. Finally, all the RAR members were appointed by the Sub-district Office. Mr Tian, despite his unsuccessful attempt to organise an election, was among them.

Some collaborative members of the RAR committee did derive some benefits for their work. According to Mr Tian (Interview CW-3101), the director of his RAR committee came in for some unusually good luck. In a lot drawing event for the resettlement housing allocation (see the next section), the director drew number one, meaning that he was to be the first person to choose a resettlement flat. Later, the construction company of the resettlement housing organised a lottery to reward the residents. This director, again, got the first prize, with an additional monetary benefit of 5,000 *yuan*. No-one believed that his two first-level rewards were due to luck alone. Mr Tian believed that the redistributive bureaucrats had manipulated the lottery procedure to reward the committee director preferentially. But the bonus they provided for Mr Tian was far below his expectations.

Master Sun, the deputy chair of Changwa's RAR committee, represented the other kind of members of the RAR committee, that is, retired cadres of the enterprises. While some other residents might respect them due to their seniority, their reputation and their status as leaders or mentors (*shifu* 师傅), these retired cadres were well disciplined by the ideology of the Party State and were loyal to it. Whenever the local state was in need of their help, they were happy to lend a hand. The local state decided to mobilise them to persuade their neighbours to accept the compensation scheme.

Master Sun, aged 79, had come to Luzhou from Liaoning in 1966 as a member of the Third Front Construction. In 1973, after working in Changwa for a time, he was dispatched for more than four years to Somalia as an expert bringing Chinese aid to Africa. According to him (Interview CW-2106), the principal qualification for being sent overseas during the Cold War era was political loyalty. Back in Changwa, he had

served as cadre in several middle-level posts, including first manager of the sales department and the head of a branch factory. He claimed he had even had a chance of being promoted to the head of Changwa, but lost to someone with a better educational background. In addition to political loyalty and expertise, he had also earned a good reputation and was respected among his neighbours, making him an appropriate person to join the RAR committee. When Mr Chen, the party secretary of Qiancao Sub-district who had once worked in Changwa, invited him to join the RAR committee, he did not hesitate. At the time, Master Sun said (Interview CW-2106):

“I told Secretary Chen, ‘You guys are too hasty. You should learn from the experience of Caojiaxiang. They spent three years (on the redevelopment project). You are too hasty. These people (of Changwa) are simple-minded (laoshi 老实). We had already come to the Third Front. If the resettlement houses are good, why not move? You didn’t get the policy ready! [not clear] I gave him an example. Xiao Chen (Chen Junior), do you know how many people died for the South-to-North Water Diversion Project? Party Secretaries alone, 28 died for it! The Party Secretary should work on it. I can understand these young cadres. They have good intentions. They want us to move as fast as possible just as they want the work to be done well. They are impatient because they work for the party. But this is an issue of the masses. You should represent the masses.’”

The conversation between Master Sun and Secretary Chen may demonstrate how well Master Sun had been disciplined by the Party State. Even though Secretary Chen was the highest government official in Qiancao, Master Sun could teach him an ideological lesson. He not only borrowed discourse from the official propaganda, but was deeply convinced by it. In the face of a representative of the state, Master Sun displayed more “state-ness” than the local cadre. Retired cadres like Master Sun constituted the majority of three RAR Committees, and the directors of each committee were all retired cadres. By doing so, even if some RAR committee members,

such as Mr Tian, were not highly cooperative due to the reward that was far below his expectation, the work of the RAR committee could proceed.

### *The task of the RAR Committee*

The work of the RAR committee comprised two major parts. First, they needed to collect people's opinions on the proposed compensation and resettlement scheme for the local state, which would then make necessary changes accordingly to meet the requirement of the central state (see above). Second, when the scheme had been finalised, the members of the RAR committee had to persuade their neighbours to accept it and sign the consent agreement. In addition, they also organised local residents to visit the construction site of the resettlement housing complex.

However, in practice, the RAR committees in Qiancao functioned merely as the mouthpiece of the local state. When the RAR committees were organised in October 2014, the construction of Qiancao's resettlement complex had already started, leaving very little space, if any, for amendments to reflect collected public opinions. According to Mr Tian (Interview CW-3101), when he and his fellow members of the RAR committee were asked to collect people's opinions on the compensation scheme, he stayed up all night to think about it and came up with seven suggestions. Yet later in an RAR committee meeting, Secretary Yang, whom Mr Tian regarded as his good friend, rejected his suggestions one after another, arguing that they were impractical. Mr Tian began to realise that the RAR committee would only ever be allowed to play a symbolic role. The local government made only a symbolic minor compromise to the redevelopment project, which was to rename the title of the redevelopment project of Qiancao as the "the redevelopment of old town and *penghuqu*" (*jiucheng he penghuqu gaizao* 旧城和棚户区改造) when the project was informed to the public.

Nevertheless, it was still implemented as *penghuqu* redevelopment and adopted the policies of *penghuqu* redevelopment (Interview OH-1001). The main schemes of compensation remained unchanged.

The second task of the RAR committees, namely to persuade local residents to accept the finalised version of the compensation and resettlement scheme, thus became their primary job. The members of the RAR committees had to use their energy, reputation and emotional ties to persuade their reluctant neighbours. The RAR committee members had to communicate repeatedly (*fanfu zuogongzuo* 反复做工作) with the reluctant ones. Master Sun told me how he had tried to persuade one of his neighbours (Interview CW-210)

“There was one such case. The person concerned lived in the same block as me (there was no escalator in this block), on the seventh floor. I went three times to visit him. He had bought his house from an engineer in our factory. I asked him, ‘Why don’t you move? Everyone else has moved out’, He said, ‘Master Sun, I have a problem’. I asked, ‘What’s that? He replied, ‘They didn’t inform me when they decided on the location for the resettlement housing complex. I don’t agree with the location they selected. I said, ‘The land is owned by the government. It is the government that requires us to be resettled there, rather than a decision made by some specific person.’ I made a joke of it. I said, ‘Master, we also don’t know the content of the Politburo meeting chaired by Xi Jinping. The government knows. This project is led by the government. The government takes account of the big picture (*daju* 大局). This place will be spared for commercial development.’”

The operation of the RAR committee, as we have seen, indicates a similar rationale to that of relational repression. Beyond the direct reach of the state power, local officials in charge of redistributive resources may exploit the social ties of protesters. We can also regard the residents who are reluctant to give their consent as a kind of protester. Because the members of the RAR committee were their close neighbours who had frequent interaction with them (or even kinship), it would have been difficult to be free from such relational pressure. The members of the RAR

committee were motivated to assist the local authorities either by the thought of benefits or by their sense of affiliation to the Party. The price was losing something of their reputation and reliability in the eyes of their neighbourhood. In my interviews, there were many critics of their roles and themselves.

### *Binding neighbours together*

A second mechanism to use peer pressure to accelerate expropriation is to bind together the neighbours in one block of flats, as the speed at which they surrendered their current dwellings was an important dimension of residents' contribution to the production of land-based revenues, but in Qiancao, what mattered was not the speed of an individual household, but rather the speed of an entire block (neighbouring flats sharing the same stairs)<sup>42</sup>.

As noted above, according to the stipulation of the Luzhou municipal government (LMG, 2013), only when the rate of consent reached 100 per cent could the quasi-expropriation be converted to formal expropriation. The 100 per cent standard was applied to the entire project. But in Qiancao, the 100 per cent standard was applied to an individual block. In the quasi-expropriation phase, having decided to accept the compensation scheme, each household needed to sign the consent agreement with the RAR committee. If one household chose a resettlement flat rather than monetary compensation, this family could choose a flat type (any flat of the same size in the same house structure), but not a specific flat. The rate at which agreements were signed was published on a noticeboard in each neighbourhood. The housing expropriation office set 31 January 2015 as the deadline for the first batch of agreement

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<sup>42</sup> In Qiancao (and all residential buildings in Luzhou built before 2000), each residential building was divided into several blocks (*danyuan* 单元). Each block had two or three flats on each storey. An eight-storey block would contain 16 or 24 households.

signatures. Residents were categorised into seven bands according to the consent rate of their whole block (see Table 6-1). When the housing selection started, residents who would like to choose the same type of flats were sequenced according to the band they were categorised into (from 1 to 7)<sup>43</sup>. Residents in higher bands could select their specific resettlement flat first before those in lower bands. If several households of residents were all in the same bands, their sequence was determined by drawing lots.

*Table 6-1 Residents' bands in housing selection*

<b>Band</b>	<b>Consent rate of the entire block</b>
1	100 per cent
2	95 to 100 (not included) per cent
3	90 to 95 (not included) per cent
4	80 to 90 (not included) per cent
5	70 to 80 (not included) per cent
6	50 to 70 (not included) per cent
7	Below 50 per cent

*Source:* based on a notice issued by the Qiancao Sub-district Office.

By doing so, the fate of residents within the same block was bound together. The competition amongst residents for flats with better quality had been directed into residential blocks. Residents from buildings with less favourable conditions (smaller, older, or more vulnerable to floods) were more willing to be relocated, resulting in the consent rate of the entire block usually higher than those buildings with better housing conditions and more residents unwilling to move. Residents would be implicated by their neighbours' reluctance and punished by obtaining a disadvantaged position in

<sup>43</sup> For example, in a block with 24 households, if two households failed to sign the consent agreement by 31 January 2015, the rate of this block would have been 91.67 per cent. Therefore, all the other 22 households within the block who had signed the consent agreement, however early they signed, would be categorised in Band 3.

housing allocation. As the situation of agreement signing was published to the public, those who refused to accept the resettlement scheme had been put under the pressure from their close neighbours who were willing to move. Such pressure could even escalate to resentment. A story told by Mrs Yin, aged 53 living in the Second Village of Changwa, could exemplify the discontent amongst residents. Mrs Yin's block reached a consent rate of 100 per cent. When I interviewed her, she had already moved to her new flat in the resettlement complex, whilst her mother was still waiting to move (Interview CW-2101):

“In my mother's block, the consent rate was only around 70 per cent. The type of housing she wanted was 73 square metres. She had to wait for those with 100 per cent consent rate to select first. Eventually, she didn't have any other option. She had to pick what was left out by others, although we were all not satisfied with that zone. My mother thus resented those three households. They didn't sign it (the consent agreement). Don't you think they are annoying? At last, they still had to sign the agreement and select a resettlement flat. The degree to which these guys harm others! They didn't get any extra money after selecting houses, but they made the entire block to be the last one to select. How unlucky!”

If Mrs Yin's opinion remains at the stage of criticising an individual person, Mr Shui, another resident whose block also had a low rate of consent, pointed to the core of this mechanism. According to Mr Shui (Interview CQ-1101), he was deprived of “the right to select resettlement housing” (*xuanfang quan*). By binding the entire block together, the local state was actually rejuvenating an old mass strategy from the Maoist era, that is, “to mobilise the mass to fight against the mass” (*fadong qunzhong dou qunzhong* 发动群众斗群众; or play the mass off against each other), as said by Mr Shui (Interview CQ-1101).

#### 6.4 Punishing recalcitrant residents within the existing redistributive system

The operation of the RAR mode manifests how the local state manipulates redistributive resources to punish uncooperative residents. In fact, the manipulation of redistributive resources was not limited to the new ones brought about by the redevelopment project, such as the allocation of housing, but could extend to the existing redistributive system itself. In Qiancao, the local state also turned to some other long-existing redistributive resources within their reach, such as government largesse, and the arrangement of working post. If residents themselves or their close relatives were depending on these resources, the local state could threaten them by suspending or cutting back these resources, thus exerting pressure upon them and pressing them to surrender their housing. The local state could practice such measures not only among residents with the property ownership of their dwellings, but also among those *feichengtaofang* public tenant residents.

For example, Mrs Chen, aged 65, was a Luzhou native. She once worked in Changye by replacing her father's post. She lived in a *feichengtaofang* flat as tenant without property ownership. As mentioned earlier, the local state would provide her with a small rental flat that was still owned by the public sector as compensation. Mrs Chen thought the compensation scheme was unfair, thus refusing to sign the consent agreement. Her only son passed away several years ago. To comfort senior parents like Mrs Chen who lost their children, the state offered them an extra sum of regular subsidy. As Mrs Chen refused to surrender her flat, the local government in Qiancao planned to exclude her from receiving this subsidy as a threat (Interview CY-2201):

“This sum of subsidy was about 4,000 yuan per year. This year it increased to 6,000 yuan, equalling twice of my monthly retiring pension. My only son passed away. According to national policy, I could receive this subsidy until death, as a reward for my sacrifice to the one-child policy. One official of Qiancao Sub-district Office in

charge of family planning gave me a call. He threatened me, as you hadn't moved, I would cut off your subsidy. I would delete your name from the list of recipients. I was quite angry. I interrogated him, who offered me this subsidy? It was the central government! I deserved it. I should receive. If it was Luzhou municipal government that offered me this subsidy, and it linked the provision of this subsidy with my housing, I would just give it up. I'm not in short of that subsidy."

If redistributive resources like the subsidy offered to Mrs Chen constitute only a minor part of people's livelihood, which people like Mrs Chen could even give up to secure their dwellings, another mode of punishment is more difficult to be escaped from. For local officials and staff of public organisations (such as school teachers and SOE workers), their leaders have the decision power on what position they could serve, even if they did not pursue promotion. To secure their position, or avoid being transferred to disadvantaged positions, they had to comply with the order of the local state. Such dependence could explain why in relational repression, it is these groups of people that constitute the "thought work team" to persuade protestors (Deng and O'Brien, 2013: 534). As said by Mr Tian (Interview CW-3101), if there is one civil servant within a family, it would be quite easy to proceed with housing expropriation. In Qiancao, the local state did so first by urging the three factories to place pressure upon recalcitrant residents. A worker of Changqi explained why some of his neighbours had to surrender their dwellings unwillingly in this way (Interview CQ-2201):

"There were still some households that had not moved out. Later they (the factory leader) added more pressure. If you were still on guard, your leader would increase the pressure. 'Go back to move house first. If you don't move, I will lay you off. We have redundant employees anyway. Our enterprise is still in recession.' It is possible that they will ask you to go back home and wait for the posts to be available (lungang 轮岗). The head of a workshop said like this explicitly. He said, it was required by his higher leader. The middle-level cadre of a plant ordered workers on guard like this. This is his original word. In this way, another patch moved out."

This strategy seems only valid for residents who have not yet retired, but could hardly be applicable to retired workers. The local state in Qiancao thus extended the application of this strategy to the close relatives of retired residents who refused to move, even beyond the administration of Qiancao Sub-district Office, but to any other public sector in Luzhou as the land and housing expropriation in Qiancao has been a major task of the municipal government. Two stories could demonstrate such reach of the state power. The first one is the experience of Master Lan, who was 75 years old and a retired worker of Changwa. He refused to sign the consent agreement. His daughter, who is a teacher in a primary school in Qiancao, thus became the target to be laid pressure on (Interview CW-2102):

“So they (the expropriation office) found my daughter. I said, excuse me! You want the school to suspend her work? NO WAY! I said. If you did that, I would risk my elderly life to fight against you! Dare you do that? I asked. I said, I walked straight and sit still. (Q: They even threatened to suspend your daughter’s work?) They called my daughter today, tomorrow, which made my daughter frightened that her job would be affected. I put the ugly word in front! Whoever go to school and suspend her work, I will go to this person’s home! I will sue this person to the court! There is no such thing now. You are the Communist Party, not Kuomintang, nor the Japanese Army (that once invaded China). If you use such contemptible means, I will fight against you until the end!”

Encountering Master Lan’s fierce opposition, at the time when I conducted the interview (July 2016), the local state had not taken further measures to expropriate his dwelling yet. But for some others, this strategy had achieved success, as said by a resident who had not moved yet (Interview CQ-2201):

“My neighbour Master Wang, who resides in the building in front of mine, his son works in the Police Bureau of Naxi District<sup>44</sup>. He is in his 60s and has already retired. He told me, he cannot do anything more to resist. He cannot adhere to it. He told me, his son called him the day before. The political commissar<sup>45</sup> of the bureau had

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<sup>44</sup> Another suburban district of Luzhou Municipality.

<sup>45</sup> In China’s public security bureau at the county level, the political commissar is the head of the Party branch in

looked for (zhao 找)<sup>46</sup> his son. The political commissar asked him to persuade his father to move. If his father still refused to move, the police bureaux of Xuyong County and Gulin County<sup>47</sup> will be in short of staff (suggesting that he would be transferred to these two counties).”

## 6.5 Discussion

Why is the speed of housing expropriation so important? In fact, the importance of speed (or velocity) in capital accumulation is evident. For Marx, the turnover time of capital in its primary circuit is crucial for the production of surplus (1974: Part II). As summarised by Harvey (1975: 12), “the longer the turnover time of a given capital, the smaller is its annual yield of surplus value.” While this logic can also be applied to the secondary circuit of capital, the built environment could act simultaneously as the source of and the barrier to capital accumulation. This results from the characteristics of fixed capital in the built environment, which is “long-lived, difficult to alter, spatially immobile and often absorbent of large lumpy investments” (Harvey, 1978: 115). In the real estate sector, the circulation time can be quite long because “capital is tied up for varying periods of time in the process of production and exchange and thereby cannot immediately be returned back to the capitalist in its enhanced form” (Gotham, 2009: 356). Therefore, according to Harvey, when the secondary circuit of capital became dominant, as a result of pursuing the speed (velocity) of capital accumulation, a contradictory tendency became apparent within capitalism: a perpetual struggle “in which capitalism builds a physical landscape appropriate to its own condition at a particular moment in time, only to have to destroy

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charge of ideology and political issues, whose administrative level is the same as the director of the bureau.

<sup>46</sup> “zhao” is a repeated words in my fieldwork. Although not very strong, “zhao” here has the connotation of “looking to make trouble”.

<sup>47</sup> Xuyong and Gulin are the two most remote counties in Luzhou with the lowest GDP *per capita*.

it, usually in the course of crisis, at a subsequent point in time” (Harvey, 2001: 247). Some recent changes in state actions, innovations in the financial sector and advances in computing and communications technology all aim at speeding up the velocity (or creating fluidity) in the secondary circuit of capital (Gotham, 2006, 2012).

Particularly in the Chinese context, speed is also a vital dimension of China’s urban growth. As observed by Ananya Roy (2011), speed has permeated into all discourse and practices in China. To explain why and how speed is crucial in China’s urban growth, Chien and Woodworth (2018) have coined the term the “urban speed machine”. According to them, the urban speed machine is composed of three institutional gears: “the Communist Party’s personal review system; urban planning dominated by fragmented local states; and a system of finance that faces strong political influences from local states” (*ibid.*: 726). However, the three components identified by these two authors entail two levels of analysis. On the one hand, local leaders in China are appointed by higher levels of officials. Their promotion is partly associated with the economic performance (namely, economic growth) within their administration (Li and Zhou, 2005; Zhou, 2010). But local leaders’ tenure is not fixed, making it urgent for them to accelerate urban expansion projects and demonstrate some proof of their capability as quickly as possible (Chien and Woodworth, 2018: 729). This urgent need felt by local leaders became the major driving force of speed. On the other hand, the two mechanisms (urban planning and the local finance system), which the local state could intervene in and manipulate (for the urban planning system, see Wu, 2015; for the local financial system, see Lin and Yi, 2011), make the operation of the urban speed machine possible. In fact, the dependence upon the financial system

generates something else that makes speed necessary: that any loan has a fixed term and will generate interest<sup>48</sup>.

With speed becoming this crucial dimension of entrepreneurialism, then, people's contribution to the production of land revenue was not merely the land they could surrender for redevelopment, but also the speed at which they surrendered it. Therefore, in the distribution process, residents would also be rewarded for their contribution on these two fronts. Similarly, if residents hinder the process of redevelopment, thus slowing it down, they would be punished for failing to make contribution.

The pursuit of speed also provides another perspective from which to view residents' protests against land and housing expropriation. Protests in any form, such as rejecting the local state's scheme and demanding higher (or fair) compensation (further discussed in Chapter 7; see also He and Asami, 2014); becoming a "nail household" (*dingzihu* 钉子户) (see Erie, 2012; Shin, 2013); or appealing to legal measures (see Hsing, 2010: Chapter 3), could all cause detrimental effect on the realisation of speed. A "stalled negotiation" between the local state and residents would drag the development plan out to great length, thus forming obstacles to further redevelopment (Shin, 2016b). To exert pressure upon residents, the local state would therefore use direct violence against the residents who had caused the delay (Sargeson, 2013; Shao, 2013), or, more mildly either by generating conflicts within their family (Zhang, 2017) or implicating their relatives (Deng and O'Brien, 2013). The allocation of resettlement housing in Qiancao exemplifies how the local state has endeavoured to manipulate the redistributive process to accelerate housing expropriation.

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<sup>48</sup> For example, in the case of Qiancao, the local state was under huge pressure to repay the loan of more than 6.2 billion *yuan* from the CDB that the *penghuqu* redevelopment project had taken out.

As presented this chapter, housing allocation in Qiancao, as the redistribution of a scarce resource for residents, has been manipulated by the local redistributive bureaucrats to accelerate housing expropriation, which exhibits the second characteristic of “entrepreneurial managerialism”, that is the redistributive bureaucrats could employ the redistributive mechanism to achieve their entrepreneurial purposes. In order to complete the housing expropriation and land assembly as fast as possible, the local state devised a sophisticated mode of residents’ autonomous redevelopment to deprive recalcitrant residents of the right to resort to legal measures. In addition, the local state attempted to use three mechanisms that involved manoeuvring redistributive resources to punish residents who were unwilling to surrender their dwellings and were thus delaying the housing expropriation. First, the local state convened residents’ autonomous committees of influential local people to persuade their obstinate neighbours. Second, under the auspices of “residents’ autonomous redevelopment”, the local state bound neighbours together. Any household within a block would be punished for its neighbours’ delay. By doing so, they could transform some residents’ eagerness for a resettlement flat of better quality (seeking a better position in the housing selection queue) into peer pressure between close neighbours. Third, if uncooperative residents, or their close relatives, relied upon any existing redistributive resource, the local state could threaten to cut it off to make them compromise.

The RAR mode, which bound residents together and involved residents’ close relatives in, suggest an interesting mode of social control that locates people as parts of a relationship, rather than treating them as isolated or even atomised. To divide and rule is a common strategy for achieving social control. On the one hand, people’s interests may be intrinsically fragmented. For example, Ching Kwan Lee (2007) calls

workers' protests in China "cellular activism" that targets local government and seldom evolves into lateral, cross-locality rebellion. According to Lee, the decentralisation of economic decisions, market competition and differentiated state policies predisposes Chinese workers to form fragmented and cellular interest groups, thus driving wedges between workers and channelling them into dispersed units of activism (*ibid.*: 121). This finding is to some degree in accordance with Elizabeth Perry's comment on an earlier strike by Chinese workers that "different workers engage in different politics" (1993: 239), suggesting a sense of continuity.

On the other hand, the state also intentionally divides the public. In his research on the daily governance of neighbourhoods in urban China, Luigi Tomba (2014) identifies a rationality called "social clustering". For Tomba, residential spaces in China are becoming increasingly segregated since the collapse of the work-unit system and the privatisation of housing. Within each residential community, collective interests are more or less homogenous. The techniques of governance, therefore, are flexibly aligned to the traits of a given community. This mode of "social clustering" highlights that "governance practices as much as space are being *tailored* to address the specific needs of a stratified society and to respond to the expectations created among different social groups by China's economic reform" (*ibid.*, 60; emphasis added). In a less institutional way, the division of people may also be made possible through "the 'porous array of intersections' of various governmental interventions" (Cho, 2013: 147).

The local practice in Qiancao seems like a counter-action binding local residents to one another in the mode of "residents' autonomous redevelopment". In fact, it demonstrates the resilience of the Party State that mobilises different adaptive governance to retain social control (Howell, 2016). However, residents' interests

remain fragmented and heterogeneous under the united surface. Compared to the state apparatus, society may be porous (for the porousness of the state apparatus, see O'Brien, 1996). When people are forcibly bound together, rather than achieving a kind of collective autonomy or stability, the potential antagonism between the state and the society had been channelled into the antagonism within the society itself, bringing destructive implications for relationships with relatives, colleagues and neighbours (Deng, 2017; O'Brien and Deng, 2015; Zhang, 2017). In this regard, the strategy that seems to bind residents together actually increases the divisions in society, as indicated by the residents' mutual resentment in Qiancao. Some scholars (Deng, 2017; Deng and O'Brien, 2013) trace the use of such a binding strategy back to imperial China. When the capacity of the state to penetrate into society was still limited, the state used systems of collective punishment such as *baojia* (保甲) and *lianzuo* (连坐) (several households in a village were grouped together. If one member of the group committed a crime, all the members would be punished). But similar strategies can be found elsewhere as well. For example, in the redevelopment of Seoul in South Korea, poor tenants' interests were bound with those of homeowners (Shin, 2009b). In this regard, we see how policies converge as if they were driven by the entrepreneurial pursuit of speed.

## 6.6 Summary

In this chapter, I explored the second characteristic of “entrepreneurial managerialism” to see how local bureaucrats manipulated the redistributive mechanism for their entrepreneurial purposes, especially that of the quickest possible expropriation of housing. With the secondary capital circuit, the allocation of housing also served other purposes. On the one hand, residents could be rewarded for their

contribution to the process of surplus land-related revenues generation, including the land they gave up for redevelopment and the speed at which they did so. On the other, negative consequences of the redistribution process would be meted out as punishment to uncooperative residents and those in their relational network, in order to exert pressure upon them and accelerate the housing expropriation. In the next chapter, I look at these events from the residents' perspective and assess how "entrepreneurial managerialism" shaped their discourse of satisfaction and discontent.

## **Chapter 7 Framing Justice: The implications of entrepreneurial managerialism for residents**

### **7.1 Introduction**

Researchers on the entrepreneurial mode of urban governance focus mainly on policy innovations made by the state (Lauermann, 2018; particularly on China see, for example, Wu, 2003; Duckett, 2006; Chien, 2013; He et al., 2018). The entrepreneurial urban authorities usually excluded local residents from any decision-making process. The actions of the local residents were seldom explained within the framework of entrepreneurialism. It might be argued that these residents were voiceless and passive recipients, who had to accept a course of urban redevelopment imposed by the mighty of the state and suffer enforced displacement. But the implications that entrepreneurialism has for people may be more variegated and nuanced. Entrepreneurial practices entail a diverse range of social groups, such as creative workers (Markusen, 2006; Peck, 2005; Binnie and Skeggs, 2004; Quilley, 2000), as the “consumers” of the products of entrepreneurial activities. Some who are the victims or opponents of entrepreneurial practices (such as NGOs and workers’ organisations) would even find their domain infiltrated by entrepreneurialism (Ong, 2011: 4-5). In response, they may appropriate entrepreneurial discourses and practices for their own retaliatory activities. Furthermore, civil society may also display its agency by actively participating in the entrepreneurial production of their space, with reference to particular models shaped and used by entrepreneurial states (McFarlane, 2012), such as transforming their informal settlements as cultural parks to make it exempt from being demolished (Chien, 2017).

In China, a vivid example of such entrepreneurial practices led by the public is the minor property right housing (*xiaochanquanfang* 小产权房), which consists of illegal residential buildings constructed on land owned by village collectives (Liu *et al.*, 2010; Kan, 2012; Paik and Lee, 2012). In regions that have industrialised rapidly, village collectives and individual villagers can also join the game of land speculation played by entrepreneurial local governments in China: they can construct residential buildings on their land parcels and lease them to migrant workers (Hsing, 2010: Chapter 5). When their housing is to be expropriated, villagers as landowners may even welcome such expropriation, because the high compensation could bring them substantial extra cash income (Paik and Lee, 2012; Lin, 2015). This practice stands in sharp contrast to the scene of “accumulation by dispossession” (Shin, 2016).

In an ideological sense, entrepreneurialism may also cast impact upon public opinion, including the perception of social justice and injustice, as I show below in this chapter with evidence from Qiancao. In the context of the dominance of land speculation when the exchange value of housing is prioritised over its use value (as displayed in the change from “blight” to “obsolescence”; see Weber, 2002), residents upon talking about justice would be inclined to calculate the market price of their dwellings and entrepreneurially determine accordingly whether their compensation has been fair or not. They might also seek to hammer out some strategies to claim a greater share of the surplus generated after the redevelopment of the land.

Meanwhile, in the context of transitional economics, the influence of the socialist redistributive system continues. Its influence is not limited to the mode of urban governance, but also to the public perception of justice, especially by those who share the collective memories of Chinese socialism and believe that the socialist state

should still take care of them. Residents also frame their sense of justice and injustice with reference to the redistributive logic that has long saturated their morality.

In this chapter, I explore residents' response to entrepreneurial managerialism, looking especially at the rise of their sense of justice/injustice. I first investigate how local residents in Qiancao refer to the entrepreneurial and managerial logic of governance to express their sense of justice and injustice. Then, moving beyond these two logics, I examine how the residents' sense of grievance may also be framed around the use value of their housing, which could hardly be fully recognised under the logic of redistribution.

## **7.2 Sense of social justice shaped under entrepreneurialism**

In Chinese, the idea of *gongping* (公平) has gained great political importance in the past few decades (Wu, 2009: 1038). But this word can contain a series of combined meanings, including equality, equity, and fairness, and is always used together with 'justice' (*zhengyi* 正义). Although these ideas, especially equality and justice, have some underlying differences, they are intentionally yoked together in the official rhetoric. Whenever some kind of equality was achieved, it would be articulated as justice and could therefore impose moral constraints upon residents should they be minded to sue for justice in its other sense.

As introduced in Chapter 6, the compensation scheme in Qiancao complies with a simple logic of equality, based on residents' capacity to contribute to the production of land revenue. Resident belonging to a particular eligibility category was compensated as per the same scheme. Households who owned their previous flats in Qiancao could be compensated either in cash or in kind, taking into consideration of the flat size and the evaluated market price. Flats in different physical conditions would

be subject to different levels of price evaluation, but the actual difference was quite slight. Only a flat less than 50 square metres in size was specially compensated for: it counted as a 50 square metre flat for this purpose. Except for such households, no other claims for additional compensation were admitted. Households renting their previous flats were offered resettlement rental flats in public ownership.

In general, this compensation scheme sought to maintain a kind of equality, or, as indicated by a slogan used in Qiancao, “use only one ruler to measure until the end” (*yiba chizi liangdaodi* 一把尺子量到底)<sup>49</sup>. But such an equality must be interrogated in its entrepreneurial context. The local state had land as its main concern. All existing residential buildings, however good their conditions were, were doomed to demolition to leave room for redevelopment in the future. Or, as I put it in Chapter 6, in the redevelopment process the particular condition of current buildings made no contribution to the generation of land-based revenues. Thus the local state seldom paid attention to housing quality. Besides, applying a singular criterion with only minor variance could also simplify and thus hasten the process of expropriation.

#### *Sense of justice and injustice shaped under entrepreneurialism*

Some residents appear to have accepted a sense of justice based on the logic of equality, especially those who had moved to the resettlement complex. They reportedly felt that the condition of the resettlement flat was better than their previous dwelling. They would consider claiming for any further special treatment as over-demanding, generating possible inequality if the local government accepted such claims, especially when the majority had already taken their compensation based on official schemes.

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<sup>49</sup> A local resident repeated this slogan to me in her interview (Interview CQ-2104). Interestingly, this slogan was also used in Caojiayang (CCTV, 2012). It meant that, to ensure equality, the same standards would be applied to all residents in the same category.

For instance, Mr Xiao, in his 40s, worked in the assembly section of Changqi and had not hesitated to sign the consent agreement. Asked about his attitude to those who were still unwilling to sign as he had, he replied that they were irrational (Interview CQ-2101):

“Some people say, even if this resettlement complex is not the best throughout China, it is probably the best in the whole province of Sichuan ... (But some were still claiming for higher compensation.) In the end, they had to accept the compensation scheme. There’s *no special treatment*. People like this expect to find gold by digging only once [*yi chutou wage jinwawa* 一锄头挖个金娃娃]. How can they? It would be impossible!” (emphasis added)

Other residents, who were not satisfied, centred their discontent and sense of injustice on the indiscriminate compensation scheme that did not recognise the better conditions of their dwellings, rendering the potential exchange value of their dwellings unrealised. This was particularly the case for residents being asked to vacate flats built more recently, thus having better conditions. For them, equality could not be achieved by simply applying the same compensation criteria to all buildings whatever conditions they had. On the contrary, based on the logic of market exchange, justice would be secured only if their superior flats got higher compensation. In the course of redevelopment, a state-sponsored appraisal company was hired to assess the market value of residents’ dwellings. However, despite the dwellings exhibiting significantly different conditions, they all ended up being evaluated at the same price of around 3,100 *yuan* per square metre. For many residents, such evaluation did not reflect the actual difference in physical condition between dwellings. This was evidently not what they had anticipated. For instance, Mrs Luo, aged 60, was a retired clerk in Changqi. She used to live in a building constructed in 2002, which was among the last batch of residential buildings erected by Changqi for the welfare of its employees. Although

she finally surrendered her flat and moved to the resettlement complex, she still expressed a strong sense of discontent with the indiscriminate compensation scheme (Interview CQ-2103):

“Some residents of Changwa and Changye, living in *feichengtaofang*, even without a private toilet for each flat, were more than happy to move. Their housing was built in the 1960s when the factories had just relocated. They asked me ‘Why don’t you move, when the local authority has provided such a generous compensation scheme, and the resettlement housing was much better than our current housing?’ In the end, I said ‘Yes, I will definitely move’. But we saw things from a different perspective. We were offered a compensation criterion that was only 20 to 40 yuan higher. With prices at their current level, what could you buy with so little? How much better our housing is than theirs! Can you say this is justice? Definitely not!”

In fact, Mrs Luo was misinformed. As stated in Chapter 6, residents in *feichengtaofang* could not obtain the ownership of the resettlement rental flats straightaway. They did not benefit from the “generous” compensation scheme but were subject to a separate compensation scheme and were treated differently. But for Mrs Luo, what really mattered was that the superior character of her flat had not been recognised and was not compensated at a higher level based on its market price.

Residents’ discontent with a compensation scheme, which was seen to have undervalued or even devalued their dwellings, was deeper rooted in the redevelopment project *per se* that was carried out under the banner of *penghuqu* redevelopment, which was originally designed to improve the poor living conditions for specific disadvantaged social groups. As discussed in previous chapters, the term *penghuqu* was strategically used by the local state to open the door to the redevelopment project. Without possessing redistributive resources, the compensation that the local state could have offered to the Qiancao residents might even have been much less generous. According to an official of the Qiancao Sub-district Office, the local state’s packaging

of Qiancao as *penghuqu* was considered as doing something good for the local residents (Interview OH-1001).

But local residents did not see it as a benign act of the state. As demonstrated in Chapter 4, *penghuqu* had been closely associated with stigma since its emergence. Even if the state's discourse on *penghuqu* avoided stigmatising residents directly, residents inevitably felt a sense of humiliation, or at least believed that their dwellings had been stigmatised and hence had felt devalued themselves. Moreover, the local state in Luzhou tried to complete the expropriation in a very short period at first<sup>50</sup>, making the residents suspect an intentional haste to lessen the chance that public scrutiny would find any evidence of dwellings' devaluation. Residents were aggrieved by the term *penghuqu* and the hasty expropriation process. Their feeling of injustice was soon transformed into major protests.

In the morning of 15<sup>th</sup> November 2014, on a cloudy Saturday in early winter, some residents of the *chengtaofang* flats gathered around the Qiancao Cross bus stop, which is the only entry to Qiancao Peninsula. As time passed, more residents arrived, resulting in a traffic jam all over Qiancao Peninsula (See Figure 7-1). According to an official report from the district government to the municipal government, around 300 people gathered, including some onlookers (rather than participants). But according to the information I gathered during the fieldwork and on the Internet, over 1000 people were present. The next afternoon, the same scenario was repeated. These protests were amongst the few large-scale public protests that had ever been seen in Luzhou. To appease the indignant residents, the district mayor and other officials all came to the

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<sup>50</sup> The district government officially initiated the redevelopment project on 10<sup>th</sup> November 2014, and announced that the selection of resettlement housing would start on 17<sup>th</sup> November, leaving only a week for the residents to make up their minds.

site and tried to persuade the residents. Only when the officials promised the postponement of their original plan did the crowd disperse.

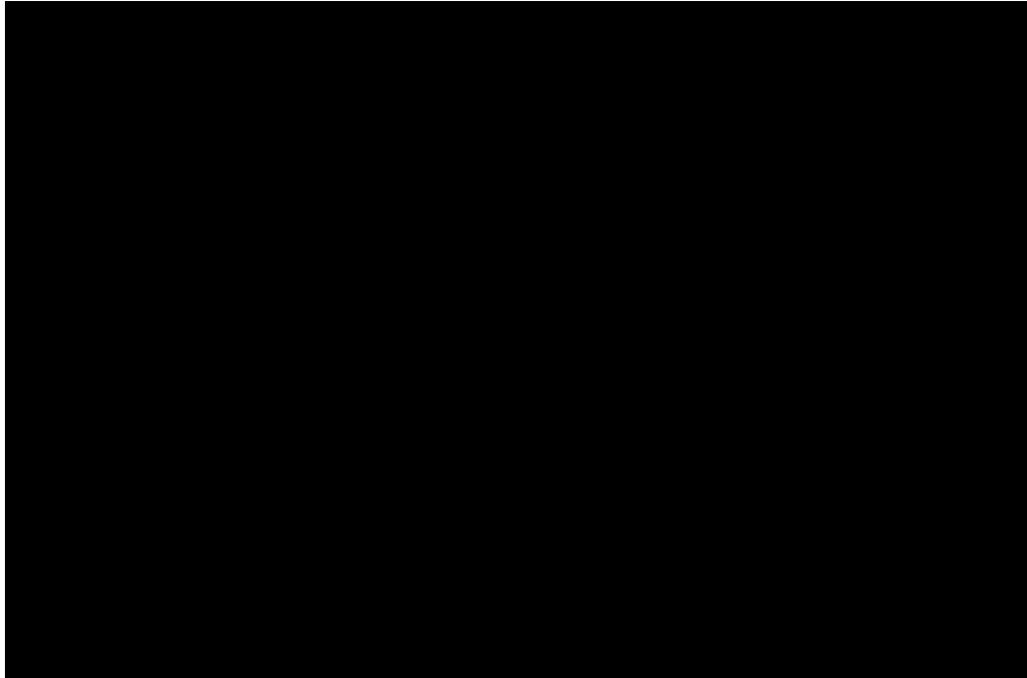


Figure 7-1 Traffic blockage on 15<sup>th</sup> November 2014

Source: Sina Weibo (<http://www.weibo.com/u/3995596243>, access on 31 January 2018), posted by a participant.

The residents' protests succeeded only temporarily. With the introduction of the RAR mode and some other punishment measures (see Chapter 6), the expropriation of housing proceeded very quickly. But even though the residents surrendered their flats, they never lost their indignation at their flats being called *penghuqu*, especially those living in the better-conditioned flats such as Mrs Luo.

“If our complex can be categorised as *penghuqu*, the office buildings of the municipal government should be demolished before ours!” (Interview CQ-2104). This was said in fun by Mrs Xia, a retired worker of Changqi in her 60s, living in *Qianxiyuan* (千禧苑; literally, ‘Millennium Garden’). *Qianxiyuan* was a small residential complex with 130 flats, located next to the main entrance of Changqi. As

its name suggests, this residential complex was built in the new millennium, from 2000 to 2002, and most of its residents moved there around 2004, whereas the oldest office building of the city government had been built in 1983. *Qianxiyuan* was built as the last batch of flats for the employees of *Changqi*, along with Mrs Luo's building. Residents needed to pay the price of these flats, but the allocation system was the same as in previous years. In *Qianxiyuan*, all the flats were large, at least 100 square metres. In 2014, when its clearance was announced, this complex had had the very short life of only ten years and buildings were still well maintained, with ceramic tiles covering their exterior walls (see Figure 7-2). In my interviews, *Qianxiyuan* was often referred to as the best housing complex in Qiancao Peninsula, by both its residents and those from elsewhere. Therefore, its residents found the label *penghuqu* attached to their complex unacceptable, even when they were aware that this label was being used strategically. This attitude may be demonstrated by Mrs Ou's comments. Aged 50, Mrs Ou was still working as a technician in *Changqi*. She had previously lived in *Qianxiyuan*, but owned another flat in the city centre. She finally surrendered her flat in *Qianxiyuan* and moved to the city centre, but when I mentioned *penghuqu* to her, she still thought this label made no sense (Interview CQ-2108):

“You [the local authority] can never treat our complex as *penghuqu*! They used the label of *penghuqu* to redevelop our neighbourhood. If everyone in China could live in ‘*penghuqu*’ like ours, it would advance modernisation and the Xiaokang society<sup>51</sup> by many years. I think this was falsification. They told me that if they used the label *penghuqu*, they could lever more subsidy from above to redevelop our neighbourhood. I said, ‘In that case, you are cheating Xi Dada<sup>52</sup>.’”

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<sup>51</sup> *Xiaokang* society (小康社会) is a target set by Deng Xiaoping to describe a specific level of development of Chinese society. According to the Communist Party, China will comprehensively achieve *Xiaokang* society by 2020.

<sup>52</sup> Xi Dada (习大大) literally means Father Xi or Uncle Xi, referring to Xi Jinping, the incumbent president of the People's Republic of China. But in Chinese, “da” could also refer to big or strong. Xi Dada is now widely used by Chinese people as the nickname for this president.



*Figure 7-2 The entrance of Qianxiyuan*

*Source:* Photo by the author, 23<sup>rd</sup> July 2015.

For Mrs Ou and her neighbours, it was intolerable to attach the title *penghuqu* to their neighbourhood. Moreover, because their flats were assessed at a similar price level to that of buildings where conditions were much poorer, they felt that their complex had been treated as *penghuqu* as a matter of fact, rather than of nomenclature. The unrealised market price of their flats became a major source of their frustration and sense of injustice.

#### *Entrepreneurial response by residents to expropriation*

The above residents who located their discontent in the compensation scheme applied to the market price that they had expected for their flats. As they succumbed to pressure and finally surrendered their flats to the local government, they lost their leverage in bargaining. But others responded to the redevelopment in a more entrepreneurial way. They regarded the redevelopment as a precious opportunity and

devised some speculative strategies in order to claim a larger share of the land-based revenues generated from the redevelopment.

One category of resident who tried to respond as an entrepreneur consisted of workers who declined to surrender their housing unless the scheme was altered. Their claims for higher compensation were justified in two ways. Firstly, they thought that a “fair” compensation scheme should be based on a market price that is to be realised after redevelopment. Secondly, because the speed of expropriation was crucial for the redevelopment (see Chapter 6), they thought that the state should not punish those who dragged their feet, but on the contrary, should provide extra payment to anyone who contributed to speed up the redevelopment; if not, they would refuse to cooperate. While their only stake was their housing, they could still strategically use it to negotiate with the local state. They believed that if they could hold on to their housing for as long as possible, enduring against all odds, such as pressure from the local state or the RAR committee, the local state would eventually compromise and offer higher compensation. This anticipation among the residents was confirmed in an interview with the official of Qiancao Sub-district Office. According to him, if only a few dozen of the residents were left in the end, they might be paid more than others (Interview OH-1001). The case of Mr Tian, a unique RAR committee member cited above who turned out to be uncooperative, is a demonstration of such actions.

Mr Tian lived in a 74-square-metre flat in the New Second Village of Changwa. After realising that his membership of the RAR committee would not bring him the benefits he anticipated, he decided to resist. When I revisited him in August 2017 (the RAR Committee had already disbanded), he was one of the last three households left in the entire building. He said that nobody could threaten him with dismissal, for his salary was merely 1,600 *yuan* per month. Mr Tian supposed that nobody, including

himself, would be reluctant to live in the new flats. But residents were subject to “forced consumption” (Shin, 2008) as the redevelopment brought about a new additional burden on their living costs in the new flats, such as lift maintenance and property management fees. Therefore, the local state should make up for this extra cost. In addition, as stated in Chapter 6, he regarded the redevelopment of Qiancao as the last chance to transform his living conditions after the reform of the state-owned enterprises, an opportunity he should seize. Hence, he refused to be relocated and continued to bargain with the housing expropriation authority.

Mr Tian put forward three compensation options, all with reference to the potential market price of his flat after the redevelopment. First, he claimed compensation at 9,000 *yuan* per square metre for his flat, almost three times the official compensation scheme (around 3100 *yuan*). In making this claim, he referred to a comparable newly built housing project in Qiancao, Evergrade (*hengda* 恒大) housing. By the end of 2016, the local state had leased several parcels of land in Qiancao. Evergrande, one of the largest real estate magnates in China, acquired these lots and started to build a residential complex. By July 2017, the minimum pre-sale price in this complex was set at 7,400 *yuan*. This price gave Mr Tian a reference point for the potential market price after the redevelopment of his flat. The compensation he claimed kept on increasing in line with the rise of the price of flats in the Evergrande estate. According to Mr Tian, by surrendering his flat, he was vacating land upon which high-rise buildings with a higher density (floor-to-area ratio) would stand, enabling “vertical accumulation” (Shin, 2011): thus it was fair to claim such a high level of compensation, even though local officials and other local residents regarded it as over-inflated. The second option was similar: to get a flat of similar size in the Evergrande residential complex. As for the third option, he would accept a resettlement flat built by the local

state, provided that the resettlement flat was 120 square meters, and that he received further 200,000 yuan as bonus compensation<sup>53</sup>.

Mr Tian's claim was not limited to money or a new flat in compensation. In addition, he also hoped a new job for him would form part of the compensation, such as a position in the district government. As he said (Interview CW-3101):

“You know what I am capable of. In 1992, I was one of the “Ten Model Youths of Luzhou”. I still keep the certificate of honour. In 1993, I was honoured again as the model worker of Luzhou. For the entire decade from 1990 to 2000, I was rewarded to the hilt. As I had received so many honours (indicating a better career within the enterprise), I followed my parents' suggestion not to resign when Changwa started to reform in 1995. I missed that opportunity to start my own business. If I seized that chance, I would have been left as you see me now! My honours let me down. I missed my own development opportunity. So you (the local state) should provide me with a better job! This is my demand.”

Such a set of compensation demanded would turn out to be remarkably higher than the official scheme. The government's acceptance of Mr Tian's proposal might make other residents feel unfairly treated. When I asked him whether his proposal, if accepted by the local government, ran the risk of irritating other residents who had accepted the scheme as it stood. As his response to this question, Mr Tian innovatively figured out a plan for the local government, which would symbolically exclude the excessive part from the formal compensation and thus forestall murmurs about inequality (Interview CW-3101):

“There are many solutions to this problem. Too easy. I once said, policy is fixed, whilst the man (who stipulates the policy) can be flexible. They can honour me as an outstanding citizen at the end of the year with a monetary award of 200,000 yuan. ... Or they can orchestrate a fake robbery. I play the fearless rescuer. The

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<sup>53</sup> According to the compensation scheme, counting in the 20 per cent bonus compensation, Mr Tian could have got an 88.87-square-metre flat with around 20,000 *yuan* as compensation for decoration.

government can honour me with a reward of 200,000 to 300,000 yuan. Just like ... a film.”

In this regard, Mr Tian not only sought to maximise his own gain on the basis of a level of compensation which only he would deem fair, he was also aware of the possible inequality if he got a special treatment. But for him this was not a big issue; it could be solved by some grey strategies of his own devising to maximise his own gain. According to Mr Tian, although he and some other residents in a similar situation sometimes might get in touch with to exchange information, they never formed any alliance, but rather hid the details of their negotiation with the housing expropriation office as a kind of trade secret. But if the details of the compensation offered them by the local government were leaked to others, these others would use the details to claim as much compensation for themselves. This would increase the burden on the local government and result in the refusal of their proposal for higher compensation. Therefore, these residents were acting as individual entrepreneurs to maximise their own interest, even at others' expense. They were one by one trying new schemes and devices as they negotiated with the local government to augment their own compensation, in a way “competing” against each other.

One type of local resident in Qiancao consisted of peasants. As stated in Chapter 4, on Qiancao Peninsula were still some buildings owned by the peasants who lived in them. Unlike workers in their residential buildings, these peasants had some autonomy in reconstructing their housing. Informed of the redevelopment project, some of these peasants hastily added an upper storey to their existing buildings, anticipating that floor space of the new addition could be counted by the company that measured the size of their buildings to determine the level of compensation (see Picture 7-3). In a

sense, this is the same as the informal minor-property housing (Liu *et al.*, 2010; Kan, 2012; Paik and Lee, 2012).



*Figure 7-3 Some buildings owned by peasants in Qiancao*

*Source:* Photo by the author, 18<sup>th</sup> September 2015. *Notes:* The wall of the first two floors had been plastered with cement, while the top floor built with raw red bricks was newly built to merit higher compensation.

Amongst these residents, the case of Mrs Mou, aged 60, was very interesting as she achieved her entrepreneurial purpose. She was a Luzhou native born in Qiancao. Her late parents had been peasants who grew vegetables there. She had left Qiancao more than forty years ago, to live and work in the city centre. When her mother passed away, Mrs Mou and her two sisters all inherited a share of her mother's dwelling, an old cottage with a yard. Her two sisters still lived in Qiancao and in the 1990s they reconstructed new residential buildings on their share of land, but Mrs Mou, finding no use for her land at the time, left it vacant but only until 2008. Then, when the construction of the new bridge across the Changjiang River heralded the redevelopment of Qiancao, she used 40,000 *yuan* to build a two-storey house on the land parcel that she had inherited. Mrs Mou described her intention in constructing this

building as “*waiting to obtain a new flat (after demolition)*” (Interview CQ-2106). Since she had several flats somewhere else in the city centre, she then allowed one of her sisters to live for a while in the Qiancao house.

Mrs Mou was luckier than her neighbours who added an extra storey. None of them obtained a property right certificate which would have gained the formal recognition of the local authority for the new construction. However, Mrs Mou’s house, having stood there for so long, was regarded as eligible for compensation: Mrs Mou only had to pay 18,000 *yuan* to obtain a resettlement flat 140 square metres in size. According to her, she had spent only 58,000 *yuan* (40,000 *yuan* for construction plus the extra 18,000 *yuan*) but had obtained a flat worth 400,000 to 500,000 *yuan*: According to Mrs Mou, this seemed like “making money by sitting still” (Interview CQ-2106). By contrast, the new constructions of those who had only recently added an extra storey were compensated only for building materials, which amounted 500 *yuan* per square metre, which meant that they were not recognised as integral to the residence.

From these cases residents proposing new justifications and ways to claim higher compensation and peasants adding extra floors, we see the implications for local residents of the entrepreneurial mode of urban governance. As the local state turned urban redevelopment into land and real estate speculation, residents also made efforts of various kind to capture their own share of the surplus generated by the redevelopment, rather than passively accepting the share that the state allocated. Therefore, for them, the use value of their housing no longer mattered; it was the exchange value that mattered the most.

### 7.3 Sense of social justice shaped under managerialism

The previous section has shown how the entrepreneurial mode of urban governance has implications for the residents' perception of justice and their actions in response. But as (former) employees of state-owned enterprises for decades, under the auspices of the socialist redistributive system, the residents still feel the shadow of the socialist legacy in Qiancao. For them, the state ought to retain its paternalist responsibility for them. Their sense of justice and injustice was also constructed upon whether they thought the state fulfilled this managerial role.

#### *Framing Satisfaction*

In Qiancao, it was important for the local government of Luzhou to appease potential opposition and create a “sample project” of *penghuqu* redevelopment (*Sichuan Daily*, 2016). Empowered by the special loan from the China Development Bank, the local government devoted more resources to making the resettlement complex more attractive. The resettlement complex for the *chengtaofang* residents was still located on Qiancao Peninsula, only two kilometres away from Qiancao Cross, the previous centre of Qiancao and next to a large forest park nearly 300 ha in size. All the residential buildings were trendy high-rises, surrounded by gardens (see Figure 7-4). As Mr Xiao's noted previously, for most of the residents that were interviewed, this resettlement complex has significantly upgraded their living conditions.



*Figure 7-4 The resettlement complex for residents in chengtaofang*

Source: Photo by the author, 06 August 2016.

Residents imbued with the paternalist logic under the socialist welfare system attributed this upgrade to a well-intentioned Party State. Mrs Yin's response may stand as typical among these residents. Mrs Yin, now 53 years old, has spent almost all her life in Qiancao. At the age of seven, she came to Luzhou from Liaoning with her parents. After graduating from a local normal college, she returned to Qiancao and worked as a mathematics teacher in the affiliated primary school of *Changwa*. The reform of the state-owned enterprises hardly affected her because the local state took over the responsibility for basic education. Like other residents, Mrs Yin moved house several times, whenever she was allocated to a new flat by her enterprise. Before the redevelopment of Qiancao, she lived in a flat built in 1990 in the Second Village of *Changwa*. As Mrs Yin saw it, those who protested against the label of *penghuqu* misunderstood the benign intention of the state. This redevelopment project had brought everyone great benefits (Interview CW-2101):

“To my mind, people all feel delighted by this resettlement because it has dramatically changed things for us. Speaking frankly, I sincerely appreciate the Communist Party. This is not flattery! ... Third-Front migrants like us came by train all the way down south to Luzhou. When we arrived in Luzhou, in Qiancao, there was nothing here! We had to cross the Changjiang River in wooden boats that had to be paddled. When we arrived, the building that we were supposed to live in had just been constructed – shortage of construction workers. We had to cement the walls by ourselves! We had such a difficult time when we came to Sichuan! ... Now, for only 4900 *yuan*, I get such a new flat!”

Mrs Yin contextualises this redevelopment within her life as a whole. For her, all flats she has ever lived in have been allocated to her by the managerial socialist state. In a sense, so was the resettlement housing, since she paid so little for the new flat. When the enterprise ceased to allocate housing and the price of real estate rocketed, it became very difficult for some residents in Qiancao to buy a new flat at the market price. As another respondent said, if it were not for this redevelopment, “my parents in their 80s would never have had the chance to move into a new flat” (Interview CW-2104). Structured by their experience in the socialist managerial system, they would not be likely to ask what had contributed to this rapid rise in house prices, making them unaffordable, nor to regard the resettlement housing as an equivalent exchange for the flats that they surrendered. Instead, they are grateful to the Party State for bringing them improved living condition that would otherwise have been out of their reach. To some degree, it may be said that, as they once did in the socialist welfare system, they did get a share in the redistribution of the surplus value provided by the state.

#### *Sense of injustice with the absence of the paternalist state*

In the meantime, the discontent felt by certain other residents with the compensation scheme has also been conditioned by the discourse involving the

managerial state. This is particularly true for residents in *feichengtaofang*, who were provided with resettlement flats to rent that were still owned by the state to maintain unchanged the situation of property ownership. However, for *feichengtaofang* residents, this compensation scheme creates a fundamental difference between them and their colleagues living in *chengtaofang*. For them, both housing type were all welfare housing (*fuli fang* 福利房) before the housing reform. Their source of frustration is rooted in the previous actions of the managerial socialist state.

As have outlined the logic of the allocation of housing before the housing reform in Chapter 6 (also see Wang and Murie, 1998; Wang and Murie, 2000), people ranking higher in the sequence of housing selection had a greater opportunity to obtain *chengtaofang* flats of better quality. But initially, the difference between *chengtaofang* and *feichengtaofang* was in no sense huge. They were all owned by the state. Residents paid only a small sum in rent to secure their tenancy. In some cases, people ranking higher in the housing selection sequence might select a *feichengtaofang* flat as long as it was large enough to accommodate their family.

The housing reform made the difference between *chengtaofang* and *feichengtaofang* significant, in that only *chengtaofang* could be privatised. Residents could buy the *chengtaofang* flat they lived in at a discounted price (*cf.* Wang and Murie, 1996). In Qiancao, an older, smaller *chengtaofang* flat might have cost less than 5000 *yuan* in total then. As revealed by Davis (2003), the privatisation turned housing from a welfare benefit into a capitalised asset. The *feichengtaofang*, on the contrary, were regarded as “incomplete”. They lacked the independent bathroom, kitchen and balcony that constituted a complete individual flat (*chengtaofang*), and thus were impossible to privatise as an individual purchase. The public ownership of this type of housing was thus retained and residents in *feichengtaofang* were still tenants, while their

colleagues became homeowners. In the years after the housing reform, they never ceased to pursue the right to own their flats, but always in vain. Because their employer no longer reallocated housing, these residents, despite not having the right to own their accommodation, considered themselves the *de facto* owners who could decorate or even restructure their rental dwellings. The housing management authority did not interfere in such actions.

The redevelopment of Qiancao, however, made a significant difference between *chengtaofang* and *feichengtaofang* (cf. Shin, 2008). The residents in *chengtaofang* found themselves with flats which had been purchased at little cost in the era of privatisation and were worth hundreds of thousands of *yuan*. They had a clear market price. For example, a small 40-square-metre flat, which could have been bought for 3,000 *yuan* in the process of housing reform and privatisation, was now worth at least 180,000 *yuan*<sup>54</sup>. In comparison, *feichengtaofang* residents, although housed in the same resettlement rental housing complex, became asset-less, if not homeless. They could rent this resettlement flat at a subsidised price, namely, 0.8 *yuan* per square metre per month: For a 60-square metre flat, the total monthly rent would thus be 48 *yuan*, which was far below the average rent in Luzhou. The only possible opportunity for these tenants to become property owners was to purchase their resettlement flats five years later, but at their market price at the time, which promised to be substantially higher than the price at which their colleagues had bought their *changtaofang* flat at the time of privatisation.

Moreover, the stipulations of the rented resettlement housing placed their residency after the redevelopment in a more precarious position. Some residents

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<sup>54</sup> As mentioned earlier, there was a 20 per cent bonus size, according to the compensation plan. A flat smaller than 50 square metres would count as one of 50 square metres, the difference being a kind of benefit provided by the government. (according to the introductory brochure provided by the sub-district office)

pointed out a clause in the contract of their resettlement rental housing, which states that:

“When it is necessary to demolish the building for the sake of urban planning and construction, Part A (the management office of the resettlement rental housing) ought to inform Part B (the tenant) one month in advance that the lease will be terminated. Part B ought to vacate the flat by itself and move away. *Part A has no obligation to compensate Part B in any case.*” (emphasis added; document collected during fieldwork)

Such an arrangement gave the *feichengtaofang* residents who had not moved from Qiancao an even stronger sense of injustice. The receipt of resettlement flats, albeit rented ones, was due to the remnants of the socialist legacy. Although they were not property owners, they were still shielded by the socialist legacy. Therefore, they felt that the state still had the obligation to accommodate them. They did not become homeless after the redevelopment, differentiating them altogether from those tenants (e.g., migrant tenants with no local *hukou*) with no entitlement at all, who could be evicted without any compensation (see Zhang, 2001; Shin, 2013; Wu, 2016). But the new resettlement rental housing, which the local state had the legal power to demolish without any compensation, brought them the possibility, however small, of finally becoming homeless at some unknown point in the future. Therefore, they had to cling to the title of their previous housing as “welfare housing”, which after the dismantling of the socialist welfare system no longer existed. They clamoured for the recognition of their rights, according to Mrs Chen, a *feichengtaofang* resident (Interview CY-2201):

“Why are there still more than ten households in this building who have not moved out? Because this flat was allocated to me by my factory. It’s mine! We contributed to its construction ... This flat belongs to me. I have all the proofs, as you have seen. I have told them, ‘If you do not take them into consideration, so be it.’ Of course, if they come to demolish this building by force, I will just die here. My grandson will be taken care of by his mother. ... These flats, under the conditions laid

down in that era, do indeed belong to us! How can you have the power to take them away?" (emphasis added)

When people protest in China, it is quite common, especially for those whose memories go back to the socialist welfare system, to turn to the socialist past to articulate their appeals (Lee, 2007; Lee and Zhang, 2013). Their appeal for justice is a call to perpetuate the socialist welfare structures, since they cannot compete any longer in the market redistributive system. They demand the return of the paternalist state to take care of them. In this regard, as observed by Elizabeth Perry (2008: 46), "in a country where rights are seen more as state-authorised channels to enhance national unity and prosperity than as naturally endowed protections against state intrusion, popular demands for the exercise of political rights are perhaps better seen as an affirmation of – rather than an affront to – state power". Either satisfaction or a sense of injustice shaped by the managerial logic may in some sense enhance the state's authority.

#### **7.4 Beyond redistribution: housing as use value**

In the previous two sections, I explored how residents' perceptions, narratives and actions were influenced by the entrepreneurial or managerial mode of governance. However, residents' grievances are not all focused on the issue of unjust redistribution. Different residents used their dwellings in different ways, which constitutes the unique use value of their housing. But the unique use value can hardly get recognised in any redistributive compensation scheme that prioritised exchange value while ignoring use value, and is founded upon a singular logic, that of market exchange. Therefore, their sense of injustice may also derive from their failure to recognise their own use of the housing. In this section, I explore further how residents hung their sense of injustice

on use value of their housing. By looking into their appeals, we can find both that residents are no longer the passive recipients of welfare provision that they were in the socialist era, and also that their claims for justice based on the use value associated with their dwellings resist being simplified as claims for higher compensation that could be satisfied with redistributive measures.

### *Layout Design*

In the compensation scheme, size was a crucial factor, but in terms of dwellings with use value, residents' concern for the layout design, or the relationship between rooms and other space, was also important. The dissatisfaction with the layout design of the resettlement housing became a source of some residents' refusal to sign any agreement to move into them. In Qiancao, all the *chengtaofang* residential buildings were multi-storey blocks. The maximum number of stories was eight as the regulations stipulated; thus a lift was considered unnecessary<sup>55</sup>. Each floor held two to three flats. But in the resettlement complex, made up of eight sub-complexes, all the buildings were vertical high-rises with more than 20 storeys. On each floor, at least 6 flats shared two or more lifts. This plan allows more green space and more public facilities than the previous mode did. The cost of this is that internal space may not be used very well: to ensure that each room in a flat has the appropriate orientation, sufficient daylight and a good enough view makes some spaces redundant, in the view of certain residents. Perhaps such a layout was the best the architects could come up with in striking a balance between the competing factors, but to the residents, who would be the everyday users of these flats, the design of the resettlement was unacceptable

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<sup>55</sup> Such a type of residential building is called a "small high-rise" (*xiao gaoceng* 小高层) or "multi-storey" (*duoceng* 多层) in Chinese.

compared to what they were leaving behind. Mr Tian found a very vivid analogy when he described this comparison (Interview CW-2104):

“You have a handkerchief. After using for ten years, it is now old and torn. Now the government tells you they will give you a new handkerchief. It is 20 per cent larger than the one you have now. Are you willing to accept it? Of course! However, once you get it, you find that the handkerchief was not a complete one, but fragments of cloth, the remnants after tailoring. In a resettlement flat claimed to have three bedrooms, some rooms might be only 6 to 7 square metres. Once I had moved my bed in, there was no enough space for anything else.”

For another resident, Master Lan, the irrational design of the resettlement housing was the last straw; it persuaded him to refuse to sign up to any agreement. Master Lan, aged 74, was a retired worker of Changwa. He and his wife had been living in a spacious flat of 143 square metres. According to the compensation scheme, Master Lan could have obtained a flat of at least 170 square metres. But the larger the flat was, the more difficult to use its space effectively. According to Master Lan (Interview CW-2102):

“When they built the foundation of the resettlement housing, I visited it and was quite satisfied. I thought that such a solid foundation could last for generations. It is very stable. But once they laid the bricks on it, I realised that it was unacceptable, no matter what the condition! They wasted so much space. Have a look at this flat [in contrast]! I bought it in 2003. Its arrangement is perfect, with no space wasted.”

### *Size*

People’s dissatisfaction with the layout and design of the resettlement housing derived partly from the mismatch of two rationales of architectural design. Equally, they were dissatisfied by the size of the flats, because what “size” referred to was

different in the different logics of housing design. This applies to residents of both *chengtaofang* and *feichengtaofang*. In most cases, the recognised size of a flat in China is the gross floor area (*jianzhu mianji* 建筑面积). It contains the net floor area (*shiyong mianji* 使用面积) that people can actually use within their flats (including the space that occupied by the walls), and any shared area (*gongtan mianji* 公摊面积), namely the size of the public space shared by residents such as lobbies, staircases and lift shafts. As the users of the dwellings, residents find that what matters is the net floor area. The residents' previous flats in Qiancao, whether *chengtaofang* or *feichengtaofang*, had quite a small shared area. The size of the shared area of the resettlement flat was significantly larger once the area of the lift shaft, the lobby, and other public facilities was included. Under the compensation scheme, the flats offered to *chengtaofang* residents included a 20 per cent "bonus" in the size of the new flat. However, due to the large size of the shared areas, the net floor area residents could actually use saw only a small expansion, if any. Therefore, the promised "bonus" space became a kind of deceit, or in Mr Tian's words, the government's "embezzling" of what he considered "his" space (Interview CW-2109).

For the residents of *feichengtaofang*, the impact of the shared areas was even more evident. Master Chen, aged 59, and a worker in *Changwa* who was about to retire, had formerly lived in a 28-square-metre flat. He signed the consent agreement once but later decided to breach it, although 49-square-metre resettlement housing had been provided for him. Although 49 square metres seemed significantly larger than 28 square metres in numerical terms, in practice it made little difference. As an "incomplete" flat, Master Chen's previous dwelling had contained some "invisible" space. The size of the kitchen and the bathroom, for example, was not included in the area as officially stated. In addition, because some of his neighbours had moved out,

he could adapt any shared space into his private use. In contrast, the actual size of the resettlement flat that he could use was only around 40 square metres. With kitchen and toilet incorporated, the bedroom was even smaller. Master Chen said (Interview CW-2203):

“I have a suite of furniture. When I made up my mind to move, I realised that this would have to be discarded if it could not fit into the resettlement housing. This suite was made from timber that I brought in from the countryside when I served as a “knowledge youth” (zhiqing) there (40 years ago). It’s authentic timber. I cherish it deeply and I’m reluctant to throw it away. After that, I hesitated to move. I started to recheck the details of the compensation scheme and found it monstrously unjust. Therefore, I withdrew from the agreement that I’d signed at first.”

### *Interior decoration*

Another dimension of the residents’ regard for the use value of their dwellings was the interior decoration of their flats. The compensation scheme laid down that, in addition to the flats themselves, the interior decoration of residents’ flat would also be evaluated by the appraisal agency and would receive compensation at a specified level, ranging from 300 *yuan* per square metre to 1000 *yuan*. But the residents of Qiancao, especially those in newly built dwellings, had devoted their enthusiasm and energy to decorating their flats themselves. The pride and care devoted by residents to their flats was impossible to translate in material or economic terms, Master Lan was even more frustrated when it came to his interior decoration. He said (Interview CW-2102):

“I spent 87,000 *yuan* on the interior decoration of my flat (143.87 square metre). The appraisal company evaluated the interior decoration of my housing at only 500.4 *yuan* per square metre (equal to 72,000 *yuan* in total). The resettlement housing, costing the developer at most 600 *yuan* per square metre for decoration, could never match what I have at present. I have lived here for more than ten years, nothing has lost its shape. I purchased the decoration materials myself, together with my wife. I

really cared about the quality. (Master Lan stood up, walked around and sounded the door and window with his knuckles.) The wood of this door is solid (ordinary lumber). You see? This window frame, as well. We two went to the market to buy these materials and tried to design things all by ourselves ... I asked another guy to make an assessment. He said it would take at least 300,000 *yuan* to decorate to the same standard today. The assessing company evaluated it at 500.4 *yuan*. I asked them to provide me with a detailed checklist. Without that, I will never agree!”

As stated earlier, to the local state in hot pursuit of land, the interior decoration of Master Lan’s flat seemed only a collection of valueless old materials that had had more than ten years’ use; they were worth merely 500 *yuan* per square metre. But for Master Lan, it represented the energy and effort he and his wife had spent on the flat. Although he was talking about a monetary amount, the fact that he had not forgotten the precise figure over ten years and more may indicate what he felt about it. To replicate the current condition of the interior decoration in his resettlement housing would have taken at least 300,000 *yuan* (equal to almost 2,000 *yuan* per square metre), which no compensation scheme would have met, not to mention the effort he had put in.

### **7.5 Reflections on the implication of the study for the right to the city**

Reflecting upon her study of the redevelopment of an old neighbourhood in Guangzhou and residents’ resistances, Bettina Gransow (2014) argues that the major driving force of opposition to enforced expropriation is the search for, or the lack of recognition. She refers to the work of Axel Honneth (2003)<sup>56</sup> to regard redistribution

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<sup>56</sup> The issue of recognition has caught theorists’ attention since the 1990s with the rise of social movements addressing issues of identity, centring on gender, sexuality, ethnicity, race, etc. There are two major orientations in defining recognition. For theorists such as Charles Taylor (1994), recognition refers to the way in which people are seen and esteemed by others, which may satisfy a deeply rooted human need to be recognised as the bearer of a particular identity. The politics of recognition, therefore, is the efforts made by people to transform (mis-)recognition, which ignores distinctiveness, into some degree of acknowledgement. Alternatively, Axel Honneth (2003) argues that injustice arises from the denial of intersubjective recognition, contributing to the violent rupture of a subject from him/herself. Both orientations, despite critical differences, treat recognition as a kind of

as the economic manifestation of recognition, and identifies four layers of recognition associated with residents' grievances: (1) economic recognition (compensation standards that are acceptable to different types of resident); (2) social recognition (recognising the neighbourhood as a homeland to which their residential networks attach, rather than merely a parcel of land with the potential for being appreciated); (3) cultural recognition (that the neighbourhood, *Xiguan*, should be respected and preserved for its historical value); and (4) political recognition (local residents claiming the right to participate in making any decisions that affect to the redevelopment of their neighbourhood). Attention should be paid to these alternative sources of residents' grievances, as Gransow suggests (2014). While it is constructive to bring the issue of recognition into the debate around justice. But replacing redistribution with recognition is only one perspective. Another key issue, which may be more important, in the discussion of redistribution and recognition is how particularity, or heterogeneous claims, can be accommodated.

Fraser (1995a) puts forward the thesis of "the redistribution-recognition dilemma" to highlight this problem. She refers to the mode of identity-related injustice as "cultural injustice" (1995a). To acquire recognition to overcome cultural injustice, the claims for recognition are inclined to affirm or even strengthen specific group identities and unique associated values. Consequently, the differentiation between social groups is enhanced when we seek to tackle this mode of injustice. But there is another mode of injustice, that is, the injustice associated with (re-)distribution, or "socioeconomic injustice", as Fraser (1995a) names it. This mode of injustice has long been the focus of the Marxist tradition. The claims for (re-)distributive justice may

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"good" that a subject may possess (Fraser, 2003: 27-28; Markell, 2008: 455). In this regard, justice may be achieved when people's distinctive identities (Taylor, 1994) or valuable qualities (Honneth, 2002) are affirmed.

prove the existing economic arrangement that strengthens group specificity to be unjust as it delivers more redistributive resources to specific social groups and thus caused economic inequality. Therefore, it advocates group “de-differentiation”, or egalitarianism as advocated by Karl Marx and John Rawls. Thus, it seems inevitable that there will be an internal tension between remedies for socioeconomic injustice and those for cultural injustice due to their contradictory attitude towards specificity or particularity; this is exactly what Fraser calls the “redistribution-recognition dilemma” (1995a).

For Fraser, affirmative remedies for injustice, that is, any remedy for injustice that affirms existing group specificities without fundamentally restructuring the unjust underlying framework that generates the difference may increase (rather than eliminate) injustice. The mainstream policies adopted in Western societies, such as multiculturalism and the liberal welfare state, could be regarded as the manifestation of “affirmative remedies for injustice” as they leave the capitalist relations of production intact. Specific social groups may be marked out and given special privileges, which may generate resentment or even hostility towards them from the wider society (Fraser, 1995a). Fraser’s critique of affirmative remedies is echoed by other scholars. As argued by Markell (2008), regarding recognition as a discrete kind of “good” and proposing to affirm such recognition would undermine the malleability of group identities. Moreover, the desire for the recognition of identity *per se* may become the source of exploitative social relations (see also Oliver, 2001).

In opposition to affirmative remedies for injustice, Fraser (1995a) advocates transformative remedies, which call for the fundamental restructuring of the underlying framework (such as the capitalist relations of production) in order to correct injustice. For one thing, transformative remedies for redistributive injustice are

actually in line with Marxist ideas, that is, the restructuring of the capitalist mode of production. For another thing, transformative remedies for recognised injustice employ a kind of deconstruction that not only destabilises established categories of identity and differentiation, so as to raise the self-esteem of members of social groups who feel disrespected, but will also reshape the sense of belonging, affiliation, and self of every member of the society (Fraser, 1995a: 82-83). This action does not wipe out group differences (or particularities), but reconstructs them on a new basis, where people from a wider society would achieve a sense of mutual understanding and establish a wider *coalition* (*ibid.*, 93; emphasis added).

Overcoming particularity has long been the key issue in the debate on social justice. David Harvey (1996), invoking Raymond Williams's concept of "militant particularism", seeks to highlight the dilemma between particularity and universalism. According to Harvey (*ibid.*: 32), particular movements and claims for social justice are always forged out of the "affirmative experience of solidarities in one place". They may make sense in these particular circumstances, rendering them "militant". But extending the claims to a more general movement always raises problems. Harvey argues that in the post-modern era the tendency to stick to particularities whilst fragmentising or even invalidating a universal idea of social justice, has become prevalent (Harvey, 1996: 342-343). But in the face of the alliance of capitalists, especially the rise of the logic of justice shaped by the market ("social justice is whatever is delivered by the market" [Harvey, 1996: 343]), the fragmented situation can paralyse social movements and makes it urgent to resurrect a more universalised idea of social justice. Inspired by Young (1990), Harvey proposes universalism based on "*similarity*" rather than *sameness* (1996: 359). Young (1990: 47, quoted in Harvey, 1996: 348) proposes that the concept of social justice "requires not the melting away

of differences, but institutions that promote reproduction of and respect for group differences without oppression”. From this standpoint, universalism is necessary, but needs to be constituted in a dialectical relationship with particularity (Harvey, 1996: 362), which accords with Fraser’s proposition. Alongside this approach, Harvey (1996: 359) redefines class as “situatedness or positionality in relation to the process of capital accumulation”. One of the most enduring similarities of our time is that of people sharing a situation vis-à-vis the process of capital accumulation.

This debate could be applied to the issue of justice and injustice in the case of Qiancao. The redevelopment, which was speculation-oriented and profit-driven, imposed the logic that prioritised the exchange value of housing over its use value. When residents framed their sense of justice and injustice around the result of compensation and claimed for “fair compensation” based on some of their particularity (such as their particular contribution to the “Third Front Construction”, the particular quality of their housing) as the realisation of justice, could further reinforce this imposed logic (similarly, see Shin, 2013). Even if such claims had been satisfied with “fair compensation” as the recognition of these particularities, it was still a kind of “affirmative remedy”, whilst the underlying logic that generated such injustice, namely, the speculative urban redevelopment, remained unchallenged. A sense of spatial and social justice could only be achieved when this logic has changed and the use value of housing has been placed at a more central location than its exchange value, which could be regarded as the “transformative remedy” of spatial justice. By doing so, the variegated use value of housing for different people, has not been wiped out, but rather being recognised on a new basis.

## 7.6 Summary

In this chapter, I explored how entrepreneurial managerialism as a mode of urban governance may have implications for residents. By referring to both entrepreneurial logic and managerial logic, people were able to express their specific sense of justice and injustice. Furthermore, residents were also able to appropriate some strategies used by the entrepreneurial state to maximise their own potential gain by taking speculative actions of their own in the course of the redevelopment. They calculated the exchange value of their housing realised in the market and scrutinised the compensation scheme provided by the local state. If they found the latter to be acceptable, and if it was deemed that a unified criterion had been applied to all indiscriminately, they could regard it as fair. But for the residents who found their housing to be undervalued or devalued, and those who believed they ought to obtain some special treatment, a sense of injustice arose. At the same time, because the local state was still serving as the agent of redistribution, the residents who could remember life under the socialist welfare system referred to some paternalist logics under the managerial socialist governance and expressed their dissatisfaction. For those who were not taken good care by the state that had adopted some entrepreneurial practices, they exhibited a sense of injustice and frustration.

It is to be noted that residents' discontent cannot be fully explained by the dysfunction of the redistributive system. In fact, no redistributive mechanism can easily accommodate the uniqueness associated with housing as use value. As revealed by the debate around redistribution and recognition (see Fraser, 1995a), social justice cannot be achieved with "affirmative remedies", which involve some effort to address the injustice (especially via redistributive measures) but leave the underlying structure that generates existing social injustice intact. As shown in this chapter, local residents

framed their sense of grievance around the state ignorance of their housing as use value. However, as the entrepreneurial urban redevelopment oriented by speculation is the fundamental cause of injustice, redistributive measures can hardly realise social justice without a fundamental change of the land speculation logic. To achieve social and spatial justice, to reemphasise use value, rather than simply replacing it with exchange value is of profound importance.

## Chapter 8 Conclusion

### 8.1 Summary of the thesis

In this research, I used the redevelopment of Qiancao as a case in order to illustrate the rationale of urban governance which I named entrepreneurial managerialism. Two major characteristics of entrepreneurial managerialism are discussed in this thesis. First, the national project of *penghuqu* redevelopment driven by its entrepreneurial mind, the local state was able strategically to serve its entrepreneurial purpose of land acquisition by appropriating resources redistributed by the central state in the name of improving public welfare. As shown in Chapter 5, by exerting its symbolic power (*cf.* Slate, 2018) and articulating discursive resources of different kinds (such as the local history in relation to the Third Front Construction and the negative living conditions in these locations), the local state in Luzhou successfully distorted the redevelopment of Qiancao. This incorporated the diverting of housing types in a wide range of conditions into the national project of *penghuqu* redevelopment. As shown by the evolution of the planning for Qiancao, the local state had long been pursuing the transformation of Qiancao, which occupied a prime location in this city. Driven by entrepreneurial initiatives, its ambition had also been gradually growing. The local state eventually came up with a plan to fundamentally redevelop Qiancao. It aimed to replace the peninsula's dull industrial buildings and residential neighbourhoods with "up-market" uses, such as financial services, commerce, creative industry, industrial heritage tourism and luxury flats (LRDC, 2014: 1). In the word of a local official in Qiancao, the local government sought to transform

Qiancao into “the Pudong of Luzhou”<sup>57</sup> (JYW, 2017). But such a dramatic transformation required a large amount of funding, which was beyond the fiscal capacity of the municipal government. The financial and policy resources redistributed by the central state for the purpose of redeveloping *penghuqu* handed it a long-awaited opportunity. The local government of Luzhou thus “invented” the *penghuqu* redevelopment project, hitherto the largest individual *penghuqu* in the entire Sichuan province (*Sichuan Daily*, 2016). The project accompanied the reordering of improperly categorised dwellings (ironically, with decent living conditions) as *penghuqu*, in order to procure the resources redistributed for redeveloping *penghuqu*.

The local practice of entrepreneurial managerialism may be interpreted in the framework of a split between a “benign” central state and a “malign” (or predatory) local apparatus (So, 2009; see also Guo, 2001; Lin and Ho, 2005). The central state has been portrayed as having “good intentions” and as having redistributed much funding to make the development more “balanced” (So, 2009: 569). It was the “malign” local apparatus, whose practices deviated from the principles inculcated by the central state, contributing to the production of detrimental consequences (such as illegal land seizure, see So, 2009). Regarding the redevelopment of the *penghuqu*, the central policies (especially MOHURD, 2009, see Section 5.2) had strictly prohibited indiscriminate demolition and recommended the local government, where applicable, to adopt “real” renovation measures for *penghuqu* dwellings (rather than redevelopment), including enhancing construction frames, adding lifts and step-free access and introducing environmentally friendly facilities. However, driven by a desire to maximise the revenue from land, the entrepreneurial local state was inclined to

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<sup>57</sup> Pudong New District is an urban region in Shanghai that has developed rapidly since 1990. It is now the financial and commercial centre of Shanghai. Pudong New District is located on the opposite bank of the Huangpu River, facing the traditional city centre of Shanghai. The spatial relationship between Pudong and Shanghai is analogous to that between Qiancao and Luzhou.

circumvent these recommendations and redevelop the entire region categorised as *penghuqu*, or even extend the range of *penghuqu* to cover some decent (and thus ineligible) urban neighbourhoods.

But such an appropriation is actually not unique to Qiancao. Different modes of appropriating the national project of *penghuqu* redevelopment may be observed throughout China (*Southern Weekly*, 2014b). As demonstrated in Section 5.2, local appropriation was made possible, if not explicitly encouraged, by the flexibility of the central policies. *Penghuqu* seems like a policy *doxa* (common sense), but in light of central policies, its reference was ever-changing in terms of scale, scope and policy purposes, and so was the length of the *penghuqu* redevelopment project. In particular, following the pilot practices of *penghuqu* redevelopment in Liaoning Province, the key mechanism which the central government provided in order to financially support *penghuqu* redevelopment projects was the CDB loan, rather than direct fiscal investment. To repay the loan (and of course, the interest payments on it) the local state had to rely on the prospective land revenue upon redevelopment, or on the operation of the land finance system (see Cao *et al.*, 2008; Tao *et al.*, 2010). In this regard, the institutional arrangement of *penghuqu* redevelopment was closely linked with the land-centred entrepreneurial practices of the local government. Therefore, instead of a split between the “benign” central state and the “malign” local state (So, 2009), it is a nuanced collaboration between the central state and the local state that constitutes the entrepreneurial managerialism.

The proposition of entrepreneurial managerialism could further the argument that China’s urbanisation is a political and ideological project (Shin, 2014a), as well as an economic project. According to Shin (*ibid.*: 510), urbanisation in China is a political project in that it receives the utmost attention from the top leadership; it is also an

ideological project “that envisages the urban as the most desirable *status quo* for the country and population” (*ibid.*). By launching the national project of *penghuqu* redevelopment as something that would provide desirable living conditions for 100 million people (General Office of the State Council, 2014), the central state retook the responsibility for redistribution and exhibited a strong sense of accountability for its population, both of which are in line with the ideological commitment of the Party State to socialism and communism. But such a redistributive function also reinforced, and was buttressed by, the entrepreneurial practice of the local state, which was centred on land speculation. The local state may be accused of distortion in the way that it implemented the central policies, but it was able to benefit from its appropriation of land. Only when the managerial and entrepreneurial modes of urban governance are considered together in a dialectic way can we grasp the essence of such a mode of governance.

The second characteristic of entrepreneurial managerialism concerns the practices of redistributive bureaucrats. As an essential part of the managerial mode of urban governance, the redistributive bureaucrats played a significant role as the “gatekeepers” of scarce resources (Forrest and Wissink, 2017). Redistribution entails a process of distribution, or allocation, to channel societal resources to individual recipients. With a certain amount of discretion, the redistributive bureaucrats may manipulate this process according to their personal ideology, preferences and attitudes. As shown in Chapter 2, such a role played by a bureaucratic system in charge of redistribution was never unique to Western societies, but could also be observed in former socialist ECC countries (Szelényi, 1978) and in China in its pre-reform era (Walder, 1986).

As shown in Chapter 6, the redistributive bureaucrats, in particular, the local government in Qiancao, played the role of “gatekeeper” in the process of allocating resettlement housing. It devised a complicated scheme of allocation, rewarding those residents who contributed to the generation of land revenues, and punishing the in-compliant residents, whose resistance would delay to the process of fixed asset accumulation. By doing so, the local officials strategically used the redistributive mechanism to serve their own entrepreneurial purposes, especially that of expropriating land as fast as possible.

In some sense, the new mechanism of resettlement housing allocation emerged as the result of the change in the dominant mode of capital accumulation (Harvey, 1978; Lefebvre, 2003). Based on post-industrial cities in the West, Lefebvre (2003: 160) highlights this process:

“As the principal circuit – current industrial production and the movable property that results – begins to slow down, capital shifts to the second sector, real estate. It can even happen that real-estate speculation becomes the principal source for the formation of capital, that is, the realization of surplus value. As the percentage of overall surplus value formed and realized by industry begins to decline, the percentage created and realized by real-estate speculation and construction increases. The second circuit supplants the first, becomes essential.”

It is argued that the process of de-industrialisation did not occur in China in general (Shin, 2014a). But in particular sites, Qiancao for one, it could be observed that the secondary circuit of capital had supplanted the primary circuit as the dominant mode of generating surplus in the form of land revenue. The rationale of housing allocation changed accordingly. What local residents received was based on the contribution they might have made to the production process of land revenue, namely, the land upon which their housing stood, and the speed of surrendering their housing.

Therefore, when being compensated, residents were divided by the home ownership situation, and sorted by the order of signing the consent agreement with the housing expropriation office. Scarce resources, namely, resettlement flats promising better living conditions were offered as reward to compliant residents.

In order to address the goal of speedy expropriation, the local officials further manipulated the redistributive mechanisms, either existing ones or the new one brought into being by the redevelopment, to exert pressure upon residents to comply without delay. First, some prestigious members of the local residents were mobilised as “residents’ autonomous redevelopment committee” to persuade (or in other words harass) their neighbours. Second, residents within the same block were bound together in the process of housing allocation. Even if a household was submissive, it might still be judged in the same class as its close neighbours and assigned the same disadvantageous position as theirs in the allocation of resettlement housing. Therefore, these active residents would spontaneously assist the local officials to alter the attitude of their close neighbours. Third, the local government took advantage of the dependence of the residents themselves, or their family members, on existing redistributive mechanisms to force them to yield to the government’s decision. These manipulations of the redistributive mechanism generated an impact upon local residents from different directions.

As a mode of urban governance, entrepreneurial managerialism, which consists of the features of both managerialism and entrepreneurialism, also has major implication for local residents. As shown in Chapter 7, they may turn to the framework of either managerialism or entrepreneurialism to shape and present their sense of justice/injustice, with particular focus on the issues of redistribution. The co-existence of the two logics within entrepreneurial managerialism may cause its own

contradiction. On the one hand, for *feichengtaofang* residents, they were once taken care of by the managerial state. But now, the entrepreneurially oriented local state recognises only property ownership in their compensation scheme. Residents of *feichengtaofang* flats became asset-less, unless they owned other accommodation, and had the precarious prospect of homelessness looming in the near future. The redevelopment gave them a sense of injustice derived from the sharp contrast with their peers. *Penghuqu* redevelopment had been designed to improve the living conditions for the most dilapidated urban dwellings. On the other hand, the housing of some *chengtaofang* residents, if it was still in a decent condition, ran the risk of being devalued by the redevelopment project in the name of this redevelopment. The sense of injustice felt by such residents arises from the gap between the prospective value their housing might realise in the housing market and the compensation they actually received after the label *penghuqu* had been attached to it. Not only was this sense of injustice directed against the logic of governance, but in its name the residents imitated the tactics of the entrepreneurial state and sought in their turn to maximise their potential gain from land speculation.

However, as I have shown above, reducing housing merely to its exchange value and completely ignoring its other dimension, that is, housing as use value, precludes social and spatial justice. As noted by Lefebvre (1996), the city (or the urban) should be considered as an *oeuvre*, which is a collective work (rather than a product) made by all those living in the city. Only by reemphasising the use value of the city and recognising its difference and particularity (say, the different ways of using a particular city) can we approach spatial justice.

## 8.2 Reflections on the study of Qiancao

By investigating managerialism and entrepreneurialism in a dialectical way, the analysis of entrepreneurial managerialism seeks to extend the prevailing understanding of the change of urban governance as a *shift* from managerialism to entrepreneurialism (Harvey, 1989). In fact, it needs to be reminded that managerial urban governance and entrepreneurial urban governance are not mutually exclusive. An existing mode of urban governance may bear simultaneously features of managerialism and of entrepreneurialism (Shin, 2016a). Along with a general trend towards neoliberalism, even in typical neoliberal countries such as Britain, the United States and Australia, the state is still pursuing some welfare regimes in a reshaped mode. As described by Hartman (2005: 64), “neoliberalism had indeed got into bed with its putative enemy”.

The idea of entrepreneurial managerialism as exemplified by the redevelopment of Qiancao also provides vivid evidence of the above argument. To a large extent, the national project of *penghuqu* redevelopment, or the entire of the new affordable housing project did manifest that the Party State took a greater responsibility in redistribution. Meanwhile, the way that the local state controlled the process of resettlement housing allocation shows how the socialist legacy could be strategically mobilised. These are indeed the features of the managerial mode of urban governance. In practice, driven by entrepreneurial initiatives, the local state is eager to pursue economic growth and land-based accumulation. Therefore, it appropriates resources redistributed by the central state for the sake of redeveloping *penghuqu* for its entrepreneurial urban projects, and manoeuvred the redistributive mechanism to achieve speedy housing expropriation, which is also an internal requirement of entrepreneurialism. Nevertheless, in the end, the entrepreneurial local practices not

only help the central state to address its goal of delivering social services, namely, the improvement of the living conditions for 100 million *penghuqu* residents, and therefore of enhance the legitimacy of the regime of the Communist Party, but also maintains the persistent presence of the Party State in the society. In this regard, in this thesis, I advocate “entrepreneurial managerialism” as the key node of urban governance, laying emphasis on how the entrepreneurial promotion of local (re)development ultimately serves the purpose of the Party State to enhance its legitimacy.

Further, the nuanced interplay of the managerial mode of urban governance and urban entrepreneurialism may be better understood with reference to the instrument dimension of redistribution. From an objective standpoint, social redistribution can indeed play the role of regulating the distribution of social wealth and achieve some degree of social equality. But it may also be used to serve many other purposes, such as the perpetuation of the dominance of the relations of production, say, capitalism. As revealed by Holliday (2000) in his discussion of the “productivist welfare capitalism”, the provision of social welfare in East Asian developmentalist states, albeit quite limited, is subordinated to and underpins the predominating purpose of economic growth. Social policies have been used to co-opt the productive working and middle classes (see also Song, 2009) and buttress the legitimation of the regime. A similar logic may also be applied to other capitalist societies, which exhibit more typical of welfare capitalism. For these societies, although they may be categorised differently, the ultimate objective of welfare provision is to maintain social solidarity, regime legitimation (Esping-Andersen, 1990), and hence, the reproduction of the relations of production. Further, subjects who are

suitably docile, obedient and self-disciplined for the requirements of production, may be produced therein as well (for example, see Hartman, 2005).

Manipulating the provision of welfare to serve specific purposes is also not alien to (former) socialist societies (including China) (Szelényi, 1978; Szelényi and Manchin, 1987; Walder, 1986), and even led to high levels of social inequality. As manifested by Szelényi's work (1978), socialist cadres who were already privileged may take advantage of their control of the process of redistribution to benefit themselves, thus enlarging the inequality between them and the rank and file. In China before the era of reform, a redistributive system strongly tinged with the shades of the welfare state was established. However, motivated by the regime's urgent desire to achieve rapid industrialisation, the state only put a privileged minority of the entire population, that is, party cadres, employees in the public sector and formal workers in large state-owned enterprises under the auspices of the welfare system, which was regarded as helpful for the realisation of this at political and economic priority. On the other hand, the vast majority of Chinese people, peasants in particular, were altogether excluded, thus entrenching social inequality (Dillon, 2015). Moreover, the peasants were further exploited by the enforced "price scissors", that is, they were sacrificed for the goal of industrialisation when agriculture's terms of trade with urban-based industry began to favour the latter (Knight, 1995; Oi, 1999). In this regard, the use of managerial measures to address the purpose of accumulation is not brand new, but has been deeply embedded in the enduring instrumentalist use of redistribution.

The idea of entrepreneurial managerialism further sheds light on the debate surrounding neoliberalism in the Chinese context. Following Harvey's approach (2005: 34) that reads Chinese governance as "a particular kind of neoliberalism interdigitated with authoritarian centralised control", researchers wanting to analyse China's urban

and regional development also resorted to the framework of neoliberalisation (Liew, 2005; Lee and Zhu, 2006; Wu, 2008; Wu and He, 2009). For example, in dealing with the urban redevelopment issue in China, Wu and He (2009: 299) identify two major neoliberal characteristics: first, an increasing degree of market operation and private investment, along with the retreat of the state in welfare provision; second, the tendency to recognise marketisation (with real estate development as the leading thrust) as the fundamental means of promoting economic and urban growth. However, these two authors also admit that constant state intervention under the authoritarian regime of the Communist Party causes the “neoliberal urbanisation” in China to deviate from its Western counterpart. But the core of neoliberalism means that the state limits its intervention in the markets to a bare minimum, and functions to secure private property rights and guarantee (even by force) the proper functioning of the market (Harvey, 2005: 2). Neoliberalism does not necessarily entail the demise of the state (Peck, 2004; Jessop, 1998; Peck and Tickell, 2002), but requires the (entrepreneurial) state to play an ancillary role. Wu and He (2009) had to admit that “the actually existing neoliberalism” in China (Brenner and Theodore, 2002) may not fit snugly into the orthodox Western stereotype. Regarding the remarkable presence of the state, researchers on neoliberalism in China have to argue in a somewhat conciliatory manner and emphasise that the essence of neoliberalism (of which state neoliberalism is an example [So and Chu, 2012]) is variegated.

However, this kind of conciliatory application of the neoliberal framework in the Chinese context is still awkward. As argued by Aihwa Ong (2007: 4), “Harvey has trouble fitting China into his neoliberal template” given the constant intervention of the Communist Party. Looking through the lens of the everyday practices of personalism, Nonini (2008) heavily criticises the view that China is becoming

neoliberal. According to him (*ibid.*), the residue of the socialist legacies and the prevailing personalist ties (*guanxi* 关系) foster the emergence of “an oligarchic corporate state and Party”, which is far from neoliberalisation. Fulong Wu (2017) also alters his earlier idea and argues that neoliberalisation does not fit well in Chinese urban governance. Rather than “authentically” following the neoliberal ideology to restructure itself, the logic of the market (or market-oriented instruments) were selectively adopted by the state in a utilitarian or pragmatic way (Wu, 2017: 170). The state is directly involved in market and functions as a series of market agencies to enhance its regime by expanding the amount of capital that it accumulates for itself (Wu, 2010) in coalition with foreign capital (Wu, 2017). It is not that the state bends to the logic of the market, but rather that the state in China seeks to bend this logic for its own needs. Therefore, to label the urban transformation in China a neoliberal change is questionable.

The idea of entrepreneurial managerialism resonates with this perspective. As I have shown in Chapters 5 and 6, not only the entrepreneurial practices with a strong market-orientation may be mobilised if necessary, but also the managerial mode of urban governance (the provision of public welfare in general and the allocation process of redistributive resources) to serve the purposes of the state, such as capital accumulation and economic growth, and hence, the regime of the Communist Party.

Furthermore, as shown in Chapter 7, any discussion of the ways in which people make particular use of their housing brings out the fact that housing, or cities in general are highly heterogeneous. The use value of any given thing is linked to the particularity of each user. However, any redistributive measure runs the risk of replacing use value by exchange value, or narrows down people’s particular claims to only one dimension, i.e. the material. This seems inevitable for a redevelopment

project, but it may also demonstrate how the redevelopment project can infringe upon spatial and social justice. Only by cherishing housing, or, more broadly, cherishing the city as a thing with use value, can we approach the right to the city advocated by Lefebvre (1996).

Scholars debating the right to the city have begun to elaborate this idea from a sense of what a “right” means and to debate what rights compose “the right to the city” (Attoh, 2011). Multiple rights have been identified, including socio-economic rights such as the right to housing (Darcy and Rogers, 2014; Weinstein and Ren, 2009), the right to public facilities such as transportation (Attoh, 2012), the right to natural resources such as water (Philips and Gilbert, 2005), or more generally, the right of democratic control over the production, distribution and use of urban surplus (Harvey, 2013: 22). Other rights that may contribute are political rights such as the right to occupy public space (Mitchell, 2003), the right to citizenship (Purcell, 2003), or the right to combat the overreach of the state’s apparatus (Mitchell and Heynen, 2009).

In fact, these diverse modes of particular rights can all be encompassed in Lefebvre’s idea because the openness of this notion constitutes a kind of “capaciousness” that “allows for solidarity across political struggles” (Mitchell and Heynen, 2009: 616). As for Lefebvre, “the city” as he uses the term is in some sense not the current concept of the city, the geographical concentration where surplus is produced, absorbed, and distributed (Harvey, 2013: 5; also see Harvey, 1982). For Lefebvre (1996), the city is a kind of *oeuvre*, a work (as opposed to a product) made (rather than produced) through the labour and the daily activities of all who live in the city. The city remains “the type and model of an urban reality whereby *use* (pleasure, beauty, ornamentation of meeting places) still wins over lucre and profits, exchange value, the requirements and constraints of markets” (1996: 102; emphasis original). It

is “a difference, or rather, an ensemble of differences” (1996: 131). The right to the city is the right to difference (Lefebvre, 1996: 34).

In this regard, residents’ claim to receive justice based on their particular ways of using their housing, or the housing as use value, is in some sense their claim for the right to the city. The city as use value is heterogeneous, encompassing particularities and differences. The land-based accumulation logic that prioritises the exchange value of the city, seeks to reduce the multiple dimensions of the city into merely one factor, that is, interest, and to impose a market-oriented sense of justice based on either singularity or sameness. When residents have to accept this logic and claim only “better” redistribution, the particular use value is hard to recognise, thus generating a widespread sense of injustice. Hence, to achieve a kind of justice, we must not concentrate on the issue of redistribution, but instead must fundamentally transform the land-based accumulation logic and reconfirm the priority of use value.

### **8.3 Proposed further research in the future**

As for researches in the future to elaborate the discussions I made in this thesis, two topics may be promising.

The first topic is related to the industrial heritage site. In post-industrial societies, industrial heritage has become an innovative tool for urban planning and regional (re-)development, and caused wide academic attention (Jones and Munday, 2001; Hospers, 2002; Xie, 2006; Dorstweitz, 2014). However, in China, where the history of modern industrialisation was much shorter than those advanced industrial countries and has not yet entered the process of deindustrialisation in general, how people view and experience industrial heritage site could be an interesting topic to

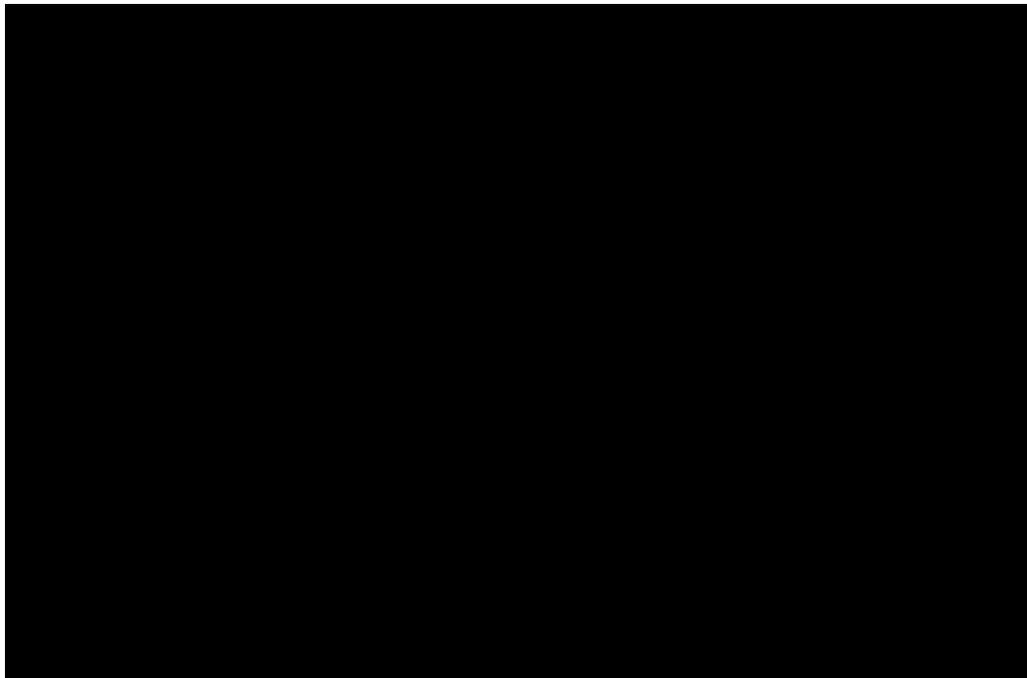
explore and make some comparative discussion, especially concerning the unique local history in Qiancao related to the Third Front Construction. As mentioned in Chapter 4, in order to get access to interview local officials, I tried to lay some emphasis on the industrial heritage site in Qiancao. However, this project proceeded very slowly when I was conducting my fieldwork. I cannot even find the state-sponsored investment company that would be in charge of the design, construction and operation of the industrial heritage site, as it had not been established yet. However, afterwards, the construction of the industrial heritage project accelerated. On 19<sup>th</sup> February 2018, the fourth day of the Chinese New Year, an industrial heritage museum in Qiancao mounted a temporary exhibition (LBS, 2018a). Named the “Industrial Memory of Qiancao 1965” (1965 *Qiancao gongye jiyi* 茜草工业记忆), this museum had formerly been a large scale workshop previously used by the general assembly department of Changqi (see Figure 5-3). According to the coverage by the local press, the exhibition displayed old industrial workshops, old machines and equipment, old photos and historical documents, which sought to bring to life the working and living conditions of the Third Front workers, and thus demonstrate the precious Third Front spirit, which was characterised by “self-reliance, hard working and plain living, fear no difficulties and selfless contribution” (*zili gengsheng, jianku fendou, bupa kunnan, wusi fengxian* 自力更生，艰苦奋斗，不怕困难，无私奉献) (LBS, 2018b). These terms are in line with the discourse used in the official document, as stated in Section 5.3.

But this exhibition was set up very hastily. The construction management office of the industrial heritage project, which was established as late as 27<sup>th</sup> January 2018<sup>58</sup>, had only two weeks to make preparation (LBS, 2018a). The façade of this workshop

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<sup>58</sup> During my fieldwork, I tried very hard to find the institution responsible for the industrial heritage site (an institution like the one described above), but, as stated in Chapter 3, I found no-one in charge of the site but an official in the bureau of culture, on a temporary appointment.

remained unchanged, except for two political slogans attached, written in Mao Zedong's calligraphy, which said, "sending more talented staff and best equipment to the Third Front, preparing against wars and famine for the people" (*haoren haoma shang sanxian, beizhan beihuang wei renmin* 好人好马上三线，备战备荒为人民; see Figure 8-1; also see Section 4.1). The display within this museum was also unpretentious. Some old machines collected from the three factories were on show inside. Banners of red paper were hung up, on which slogans from the Maoist era had been written (see Figure 8-2).



*Figure 8-1 The façade of the industrial heritage museum*

*Source:* Luzhou Broadcasting station, available at <http://www.luzhoubs.com/tsxw/p/40856.html>.



Figure 8-2 A view inside the industrial heritage museum

*Source:* Photo by a friend of the author, taken in February 2018 and authorised for use in this thesis. *Note:* The slogans on the red paper banner say, “Make your bed in the plant, eat and sleep in the factory”.

It was unclear why the industrial museum had opened this exhibition to the public in such a hurry. According to the plan (LBS, 2018a), the construction work was to be divided into three phases. The industrial heritage museum was merely the first museum to be constructed. More commercial development, as stated in Section 5.3, would follow in the second and third phases. Some follow up research in Qiancao could fill this gap.

A second issue that could be engaged in future research is the debate on an alternative approach of entrepreneurial managerialism. To some degree, the idea of entrepreneurial managerialism provided a permissive vision of urban governance, in that the mighty state could mobilise both managerialism and entrepreneurialism to enhance its statecraft, which made the society more difficult to protect itself. One possible alternative is still embedded in the Chinese context, that is the “Chongqing Experiment” (Cui, 2011; Huang, 2011). When Mr Bo Xilai was in power as the party

secretary of Chongqing Municipality, a lot of experimental measures were adopted in Chongqing to promote equitable development. According to Zhiyuan Cui (2011), at least two mechanisms were critical: first, if the government can capture a large portion of increases in land value and use it for social service that benefit a wide public, it can levy lower taxes and keep a tight rein on the rise of real estate price (ibid., 653); second, when the government can get revenue from public assets, it can also reduce tax burden and realize the co-development of public and private ownership of business (Cui, 2011: 656). The experiment of Chongqing was terminated drastically due to the political scandal of Mr Bo, but some underlying logics of Chongqing's experiment, such as a kind of popular share of the land revenue, which contrasts sharply with the entrepreneurial managerialism under which the state and market forces disproportionately monopolise the land revenue, could still be constructive for an alternative mode of governance.

Another alternative is the claiming for "democratic public ownership" (Cumbers, 2012), which is embedded in the Western democratic society. By proposing this idea, Cumbers (2013: 547) rejected older forms of public ownership that were often over-centralised and undemocratic, which is dominated by the state. This mode of public ownership could bring negative results for the ordinary citizens in a similar way as neoliberalism. According to Cumbers (2017), democratic public ownership entails two major mechanisms. First, it requires the public or common ownership to ensure surpluses arising from economic activities would not be appropriated for private interests; Second, it also demands a kind of democracy, that "the public decisions over the future shape of the economy, allowing social and environmental needs to take priority over private wealth accumulation" (2017: 86). The detrimental consequences brought about by entrepreneurial managerialism as shown in this thesis

were partly because the monopolised ownership and development right of land by the state. In this regard, “democratic public ownership” could be an approach, along which to figure out an alternative mode of ownership and redistributive scheme.

The political regime in China remains authoritarian under the Communist Party, rendering the vision to achieve democratic public ownership dim. However, as shown by the introduction of the RAR mode into *penghuqu* redevelopment, a kind of democratic measures, albeit superficial, is still necessary for the authoritarian regime to legitimise its practices and appease potential resistance and ensure the survival of the regime. If the RAR mode does achieve what it has been assumed, such as the autonomous control over the future use of land, we could anticipate a kind of decentralised and de-statalised mode of urban change, which may facilitate the realisation of social and spatial justice.

Finally, this thesis on entrepreneurial managerialism focuses on the mode of urban governance, centring the discussions on the actions of the state to understand how it has managed to advance its interests while containing social unrest and ensuring a degree of social stability. This approach does not assume that the state exists in isolation, and situates the state in a broader state-society relations. While the entrepreneurial managerialism has been depending upon the maintenance of the redistributive system in support of the ruling regime, the question remains as to how much this stability of the regime and its redistributive system would continue in the future. When it becomes difficult for the state to maintain the same level of resource accumulation, the operation of the existing governance system may face difficulties, leaving more spaces for the society to challenge the hegemony of the state. Recently, the financial pressure generated by the trade war and the potential crisis of the real estate market becomes even more evident. Howell (2010: 33) argues that with the

increasing internationalisation of China, the public actions have internationalised as well, making the state harder to enforce restriction on the civil society. Building on this, the economic internationalisation may also expose Chinese economy to greater precarity brought about by the global economy, as it is now experiencing<sup>59</sup>. Furthermore, even though the Party State has been successfully containing the social unrest, China also sees an increasing degree of social pressure exerted by frustrated workers (Lee, 2007), minority ethnic groups (Hastings, 2005), peasants subject to land expropriation (Hsing, 2010), urban citizens threatened by environmental hazards (Geall and Hilton, 2014), and so on. If the entire logic of capital accumulation and redistribution were to be impaired, we may anticipate a rising role for the society, including a range of emerging autonomous organisations, which could be followed in my future research.

#### **8.4 Epilogue**

My main fieldwork in Qiancao ended by the end of 2016 among scenes of massive demolition. When I was writing this thesis, the most recent change occurring to the redevelopment of *penghuqu* may further demonstrate the flexibility of *penghuqu*, as argued in Chapter 5. On 25 June 2018, a rumour that the national project of *penghuqu* redevelopment would terminate prematurely was spreading, with serious impact on the stock related to real estate (21CFR, 2018). Later, by the end of July, the Politburo of the CCP announced in its conference that the central state would take measures to strictly curb any rise in property prices (*Xinhua News Agency*, 2018). It is now unclear whether the real estate speculation that has lasted for more than a decade

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<sup>59</sup> See for example, <https://www.bloomberg.com/news/articles/2018-09-30/china-s-manufacturers-slow-in-september-as-trade-war-worsens>.

has come to an end. If it has, the prospects for redevelopment in Qiancao, which hinged heavily upon land and real estate speculation, would be dim. Entrepreneurial managerialism hinges heavily on the accumulation of land revenue, or in general, the wealth that the Party State could control. Amid the ongoing trade war that has already caused negative impact upon China's manufacturing sector, the slow-down of land-based accumulation may further shake the pillar of what I proposed as entrepreneurial managerialism. We may see how the societal power could then make a difference. I want to end this thesis with a paragraph from "Hometown", a novel by Lu Xun, a leading figure of modern Chinese literature:

"My hometown receded even farther into the distance and the familiar landscapes of the surrounding countryside gradually disappeared too. Strange to say, there was not a shred of regret in my heart. I only felt that there was a high and invisible wall all around me that isolated me from my fellow human beings, a wall that was squeezing the breath out of my body."<sup>60</sup>

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<sup>60</sup> Lu Xun (1990). *Diary of a Madman and other Stories*. Trans. By William A. Lyell. Honolulu: University of Hawaii Press: 89-100.

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## Appendix Full List of Interviewees

Interview	Date	Description
CQ-1101	16 August 2015	Luzhou native
CQ-1201	14 September 2015	Beijing native Luzhou native Luzhou native Luzhou native Luzhou native Luzhou native Luzhou native
CQ-1202	16 September 2015	Luzhou native
CQ-2101	10 September 2016	Luzhou native (laid-off after my interview) Luzhou native
CQ-2102	30 October 2016	Luzhou native (re-visit)
CQ-2103	24 October 2016	Luzhou native
CQ-2104	17 November 2016	Tianjin native Sichuan native Luzhou native Luzhou native
CQ-2105	3 December 2016	Tianjin Native
CQ-2106	26 November 2016	Luzhou native Luzhou native ( <i>zhandi gong</i> ) Luzhou native ( <i>zhandi gong</i> )
CQ-2107	5 December 2016	Luzhou native Luzhou native
CQ-2108	2 January 2017	Luzhou native
CQ-2201	16 August 2016	Beijing native (re-interview)
CQ-2202	16 August 2016	Luzhou native Luzhou native Luzhou native
CW-1101	7 August 2015	Liaoning Native
CW-1102	16 September 2015	Liaoning Native, cadre Liaoning Native
CW-1201	18 August 2015	Liaoning Native
CW-1202	16 September 2015	Liaoning Native, laid-off
CW-2101	6 September 2016	Second generation of Liaoning Migrants Third generation of Liaoning Migrants
CW-2102	6 September 2016	Sichuan Native
CW-2103	18 September 2016	Liaoning Native, cadre Liaoning Native
CW-2104	23 September 2016	Second generation of Liaoning Migrants, laid-off
CW-2105	23 September 2016	Yunnan Native, cadre, RAR member
CW-2106	12 November 2016	Shandong Native, cadre, RAR member

CW-2107	28 November 2016	Luzhou native
CW-2108	22 November 2016	Luzhou native
CW-2109	6 November 2016	Second generation of Liaoning Migrants, RAR
CW-2110	8 December 2016	Second generation of Liaoning Migrants, laid-off
CW-2201	4 October 2016	Luzhou native
CW-2202	4 October 2016	Liaoning native Liaoning native Liaoning native Liaoning native, RAR member
CW-2203	5 Januray 2017	Luzhou native
CW-3101	27 August 2017	Second generation of Liaoning Migrants (re-visit)
CY-2101	28 July 2016	Luzhou native, laid-off
CY-2102	31 July 2016	<i>Late</i> , Luzhou native Luzhou native
CY-2103	8 September 2016	Luzhou native
CY-2201	3 August 2016	Luzhou native Luzhou native
CY-2202	4 August 2016	Luzhou native Luzhou native
CY-2203	4 August 2016	Luzhou native Luzhou native Sichuan native
CY-3201	12 September 2017	Luzhou native (revisit)
OH-1001	11 September 2015	High level official of Qiancao Sub-district
OH-1101	13 August 2015	Luzhou native
OH-2001	14 September 2016	Chief Planner of Luzhou Planning Bureau
OH-2002	1 November 2016	Deputy-director of Luzhou Cultural Relic Bureau
OH-2003	21 November 2016	Visiting Prossor of Southwestern University
OH-2004	21 October 2016	High level cadre of Changqi
OH-2101	27 November 2016	Luzhou native
OH-2102	8 December 2016	Luzhou native ( <i>zhandi gong</i> ); laid-off
OH-2201	22 September 2016	Luzhou native; laid-off