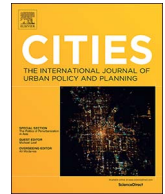




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## City profile

## Building a role model for rust belt cities? Fuxin's economic revitalization in question

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## ABSTRACT

Fuxin is a resource-based prefecture-level city of Liaoning province in Northeast China. Despite its remote location, short urban history and sparse population, the city was positioned as a nationwide role model of socialist economy by the central state in the Maoist era. However, the city economy quickly turned into decline in the wake of market reforms and resource depletion. Since 2001 the central state has been striving to revitalize Fuxin's economy, through pumping massive investment for developing new industry. Many claim that given the rapid rise of several new industries Fuxin has successfully regained its role model position for rust belt cities to revitalize, but this taken-for-granted conclusion is questionable. This *City Profile* challenges the prevailing role-model idea of Fuxin's revitalization, with a particular focus on the emerging negative impacts engendered by the top-down policy interventions. We critically analyze why national policies failed to help the city transform, and argue that Fuxin's economy has suffered from critical problems.

## 1. Introduction

Fuxin is a geographically peripheral, small-sized prefecture-level city of Liaoning province in Northeast China (see Fig. 1). It is a typical resource-based city whose economy since the late 19th century has relied heavily on coal mining and coal-burning electricity generation (Hu, 2014). Over recent decades, it enjoyed a reputation as a 'Coal and Power City' (*meidian zhicheng*), possessing Asia's largest open-cast mine and most productive thermal power station (FDRC, 2012). Particularly in the Maoist era, Fuxin was one of the most prosperous industrialized cities in China, which witnessed the powerful advantages of the socialist centrally-planned economy. Thanks to Mao's pro-Soviet ideology of industrialization in the 1950s, Fuxin, along with other Northeastern cities, was chosen by the central state to adopt the Soviet model of socialist mass production. Through China's First Five Year Plan (1953–1958), Fuxin received over 416 million RMB of national-state designated investment, higher than most of cities in China (Zhang, 2008).

The centrally planned economy model worked particularly well in Fuxin. The city was lauded as China's energy supply center and it not only fueled the local economy but also generated considerable power for the national economy too (Wang, Cheng, Zhang, Tong, & Ma, 2014).

For that reason, it has been popularly argued that Fuxin was built by Mao's regime as a *role model* city for promoting the superiority of the socialist economy (FLAO, 1998).

While facing China's market reforms since 1979, Fuxin's centrally planned model of economic development faded and even, ironically, turned into a negative example, resulting in what typical *rust belt cities* suffer from: firm closure and relocation, job loss, population outflow, poverty, and social unrest (Cooke, 1995; Li, Zhang, & Cheng, 2009; Xie et al., 2016). The Fuxin case caused Beijing to rethink its previous geographically biased development policies and to shift its attention to less favored cities. In 2001, it was designated as China's first 'Resource-exhausted Pilot City', through which the central state sought to revitalize Fuxin and more specifically to help the city regain the role model position for many other rustbelt cities (State Council, 2001). Since then, an enduring policy push from the top on Fuxin can be identified, including the "Northeast Revitalization Strategy" since 2003 and the "Transformation of Resource-exhausted Cities" since 2008. These national policy interventions seem to be working well, particularly in terms of facilitating new industry emergence. According to many scholarly works, as well as media reports, Fuxin has manifested signs of economic successes and has become a role model city for economic revival (Economist, 2012; People's Daily, 2013; Wang et al., 2014).

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Fig. 1. Locational map of Fuxin and Northeast China.  
Source: Author's own compilation.

Nevertheless, surprisingly, recent statistical evidence shows that Liaoning is listed at the bottom of GDP growth rate among all provinces, and particularly, Fuxin's economy displays a severe downturn (Economist, 2014; FSB, 2017). How are we to explain this contradiction? Has Fuxin really embarked on the path of economic revitalization? This *City Profile* provides original analyses to address this question, based on the authors' recent fieldwork in 2014 and 2015 with first-hand data (see Table 1 in the Appendix). In the next section, we present a brief descriptive introduction to the city including history, social-economic conditions and current development problems. We investigate the emergence and dynamics of several new industries under national policy interventions since 2001 in Section 3. Section 4 critically examines the prevailing 'success story' account about Fuxin's revitalization. By emphasizing the negative effects of top-down policy interventions, this section explores why the role-model-building strategy by the central state failed to revitalize Fuxin's economy. The final section summarizes key findings of the study and discusses the feasibilities of national policies for the city's future economic revival and transformation. We provide an alternative viewpoint for policy-makers and practitioners of the numerous rust belt cities in China.

## 2. Profile of Fuxin

### 2.1. The early history before 1949

Fuxin, was located in a remote border region in ancient times. It was administrated by different nomadic ethnic powers such as Xiongnu in the Qin Dynasty, Xianbei in the Han Dynasty, and Khitan in the Sui Dynasty. The region was rural and sparsely populated until in 1890 locals discovered large scale coal reserves. Coal triggered an influx of population, which laid the foundation for industry-driven urbanization. Given a constant stream of economic growth, in 1903 the Qing Emperor recognized Fuxin's importance and designated it as 'Fuxin County'. This decision further boosted the enthusiasm for coal mining. By 1913 Fuxin had become one of China's largest coal producers, with 3000 miners in nineteen coal companies (FLAO, 1998).

From 1914 to the outbreak of the Mukden Incident in 1931, Japanese companies purchased a large number of pits and also obtained mineral rights in Fuxin. After the occupation (through Japan's puppet state of Manchukuo, 1931–1945), Imperial Japan accelerated the plunder of Fuxin's coal resources. In 1934, the Manchuria Coal Co., took control over all mine plants in Fuxin. In order to expand coal production for war, Fuxin was officially designated as 'Fuxin City' in 1940. Between 1940 and 1945, over 300,000 Chinese and 100,000 Japanese were systematically organized to become new citizens and to live and work in the city (Zhang & Jia, 1936). As Fuxin became an important part of the war machine, its industrial infrastructures were modernized and a well-planned city system evolved (Fig. 2).

### 2.2. Making a role model city in the socialist era (1949–1976)

Fuxin's economy came to a standstill due to the Chinese civil war (1945–1949). In 1949, Mao decided to prioritize the development of Northeast China. Plentiful mineral resources and well-established industrial infrastructures were regarded as regional advantages to facilitate the new nation's economy. The region's geographical proximity to the USSR, coupled with Mao's pro-Soviet geo-political ideology, constituted an ideal location for implementing Soviet-style industrialization (Shen & Xia, 2015). In particular, Liaoning was positioned as the core of the 'prioritizing' strategy. Because Liaoning, then China's most industrialized and urbanized province, was often portrayed as "the eldest son of the Republic" (*gongheguo changzi*), and ascribed obligations for initiating Mao's 'heavy industry first' strategy (*zhonggongye youxianfazhan*) (FDRC, 2009).

The strategy was completely put into effect in Liaoning in the 1950s and 1960s by the central state injecting Soviet capital and technologies into cities. Fuxin, and other coal cities, such as Fushun and Anshan, were particularly supported, as Mao believed that "coal workers are particularly able to fight" (*meikuang gongren tebie nengzhandou*) and they can make a great contribution to 'socialist industrialization'

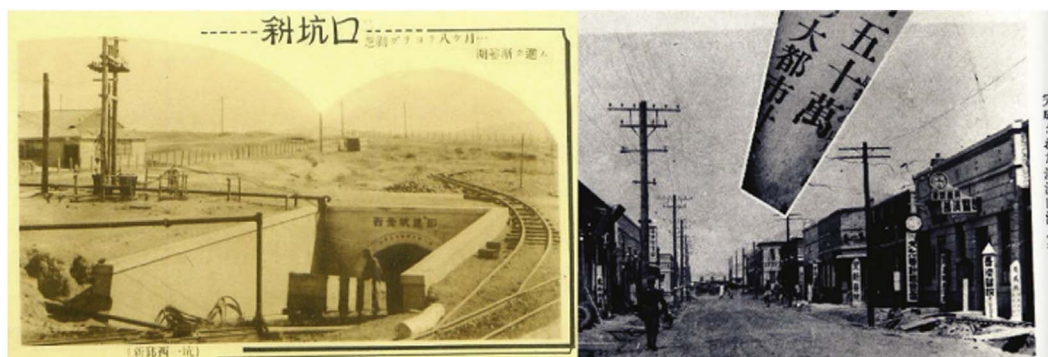


Fig. 2. Left: a well-equipped mine of Fuxin in the Manchukuo era. Right: Fuxin (Haizhou)'s urban street.  
Source: Zhang & Jia, 1936, originally pictured by the Japanese authorities.

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