



# Shifts in governance modes in urban redevelopment: A case study of Beijing's Jiuxianqiao Area

Lei Zhang<sup>a,\*</sup>, Jing Chen<sup>b</sup>, Rachel M. Tochen<sup>a</sup>

<sup>a</sup> Department of Urban Planning and Management, School of Public Administration and Public Policy, Renmin University of China, PR China

<sup>b</sup> Department of Urban Planning, School of Architecture, Tsinghua University, PR China



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## ABSTRACT

Despite modes of governance having been recently identified, little research has explained the impetus for the formation and transformation of these modes of governance in an authoritarian political setting. This paper aims to close the gap by combining fragmented state and grassroots governance with institutionalism's "structure–agency" framework. A case study of Jiuxianqiao's redevelopment was undertaken to analyze its shifting modes of governance. The research found that the mobilized citizens and the Central government with its priority on social stability indirectly resulted in the formation of an alliance, which strongly counteracted the pro-growth coalition between Chaoyang's District Government and private enterprises in Jiuxianqiao redevelopment. Consequently, the alliance of the Central government and society moved the transformation from the realm of public–private governance to a more inclusive type of governance in urban redevelopment. However, additional research is needed to verify its generality in China's urban redevelopment.

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## 1. Introduction

In response to the comprehensive urban transition from Fordism to post-Fordism, administrative decentralization, and growing civil society, governance in urban redevelopment has become a central focus of discussion in Europe and the United States (Fainstein, 1994; Harvey, 1989; Healey, 2006; Jessop, 2002; Pierre, 1999). Further discussion on governance in urban redevelopment has been expanded to developing countries, but the objective has been changed to include socially inclusive development, slum-upgrading, and poverty alleviation (Muchadenyika, 2015). Though governance, a broadly debated concept, generally means the process of interaction and decision-making among government, civil society and markets (Healey, 2006; Hufty, 2011), the real role that they take on in urban redevelopment is extremely dependent on local institutional, socio-economic and ideological contexts (Blanco, Griggs, & Sullivan, 2014; Collins, 2008; Geddes, 2014; Jonas & McCarthy, 2009; Kokx, 2010; Pierre & Peters, 2012). These diverse informal arrangements have formed various modes of governance in urban redevelopment in both developed and developing countries (Burton, 2014; DiGaetano & Strom, 2003; Gonzalez & Oosterlynck, 2014; Lin, Hao, & Geertman, 2014; Pares, Marti-Costa, & Blanco, 2014; Pierre, 1999; Sternberg & Anderson, 2014; Taşan-Kok, 2010).

Research on modes of governance in urban redevelopment in China has lagged behind (Abramson, 1997; Chang, 1998; He, 2007; Leaf, 1995; Li & Wu, 2006; Lü, 1997; Shin, 2009, 2010; Wu, 2002; Zhang, 1997; Zhang & Fang, 2004). The reason may partly be attributed to China's distinctive governance of party-state domination and weak civil society, which was inherited from the previous socialist command system. China's market-oriented transition after 1978 allowed the private sector to take part in urban redevelopment projects, which incrementally led them to forming socialist pro-growth coalitions with the local government (He, 2005; Wu, 2002; Zhang, 2002; Zhu, 1999) or a neo-liberalist regime with high authority (He, 2007; Wu, 2010). However, both of these explanations underestimate the rising power of community, and overlook the different roles levels of government play in China's urban redevelopment. As a result, it is difficult to explain the increasing modes of governance in urban villages (*chengzhongcun*) and previous work-unit compounds (*danwei*) in a State dominated context (Cheng, 2012; Li, Lin, Li, & Wu, 2014; Lin et al., 2014).

This paper aims to close the gap by exploring the shifting process of governance and its impetus in China's urban redevelopment. First, a theoretical structure is developed in which fragmented and grassroots governance are combined into institutionalism's "structure–agency" framework (Driessen, Dieperink, Laerhoven, Runhaar, & Vermeulen, 2012; Healey, 2006; Gui, Ma, & Muhlhahn, 2009; Pares et al., 2014). Then a case study based on Jiuxianqiao's redevelopment is used to explain how the shifting modes of governance occur during the urban redevelopment process in an authoritarian political setting. Finally, the main findings of the article and areas for future research are summarized.

\* Corresponding author at: Building Qiushi 429, No. 59, Zhongguancun Street, Haidian District, Beijing 100872, PR China.

E-mail addresses: [Thirstone1976@vip.sina.com](mailto:Thirstone1976@vip.sina.com), [leizhang1976@ruc.edu.cn](mailto:leizhang1976@ruc.edu.cn) (L. Zhang), [thirsun@sina.com](mailto:thirsun@sina.com) (J. Chen), [rtochen@gmail.com](mailto:rtochen@gmail.com) (R.M. Tochen).

## 2. Shifting governance for urban redevelopment in China

Since 1978 China has embarked on a series of marketization reforms, which has included the allowance of urban land use rights to be traded in the market, decentralization of administrative functions allowing local governments more economic autonomy, and performance based promotions for local officers relying on their ability to increase economic growth (Wu, 2002; Zhu, 1999). As a tool aligning with these reforms, urban redevelopment became popular in China's mega-cities as a way of promoting economic growth (Zhang, 2002; Zhang & Fang, 2004). Accordingly, the issue of governance in urban redevelopment has created a need to develop both a theoretical description and explanation for it (Lin et al., 2014; Wu, 2002), especially facing the increasing gap between transplanted theories (e.g. pro-growth coalition, neoliberalism) and practice in China's urban redevelopment.

### 2.1. Pro-growth coalition, neoliberalism, and diverse governance

Some scholars, referencing the spreading theories of “growth machine” and “pro-growth regime” in North America and Europe (Harding, 1999; Logan & Molotch, 1987; Molotch, 1976, 1993; Stoker & Mossberger, 1994; Stone, 1993), argue that a socialist pro-growth coalition between the local government and market has emerged in China's urban redevelopment (He, 2005; Yang & Chang, 2007; Zhang, 2002; Zhang & Fang, 2003, 2004; Zhu, 1999). Except for some similarities with their western counterpart, (e.g. stable coalition between the state and market, rising role of local state), pro-growth coalitions in China's urban redevelopment differ in the characteristic of state domination (Zhang, 2002; Zhu, 1999). Local governments, as the agency of the State, can direct urban redevelopment by monopolizing land redevelopment rights, as well as interfere through their affiliated state owned enterprises (SOE). While communities or citizens, in most cases, are excluded from all decision-making in urban redevelopment (He, 2007; Li & Wu, 2006).

The notion that the state dominates urban redevelopment in regime theory is also reflected in neoliberalism (Harvey, 2005; Lee & Zhu, 2006; He & Wu, 2009; Wu, 2010; Wu & Zhang, 2008). Neoliberalism is broadly defined as an ideology that underlines the pure, perfect market as an allocative mechanism for public service, and as a style of governance that promotes the market in collective consumption and institutions (Weber, 2002). Harvey (2005), in his *A Brief History of Neoliberalism*, regards China as a country on the path to neoliberalism, but “with Chinese characteristics”. This is because it incorporates neoliberal elements (e.g. commodification and privatization) with “authoritarian centralized control”. Wu (2010) supports Harvey's observations and expands on the role of a stronger state promoting a market mechanism. In the Chinese model of neoliberalism, the State and market are not only contradictory but also complementary. The “authoritarian state” employs its monopoly on power to strengthen the market, while the market regulates capital accumulations for labor, land, and money. China's urban redevelopment is regarded as a type of “practical” neoliberalism that promotes capital accumulation (He and Wu, 2009).

In contrast, Wang (2008) points out that China has embarked on “a great transformation” in which a “counter-movement” to neoliberalism has emerged. Though the market is still the principal mechanism for the allocation of labor, land and money, the state strives to relieve the tension between social inequality and market dominance through a redistributive social policy. For example, China's Central Government redistributes wealth to its poorer Western Region and subsidizes education expenses, medical insurance, and social welfare. In terms of urban redevelopment, China's State Council renewed its policy on urban redevelopment in 2011 (SCC, 2001; SCC, 2011). According to the new regulation, local governments can no longer ignore citizens' needs when redeveloping. Beijing, Guangzhou, and Shenzhen issued a series of ordinances requiring that plans for urban redevelopment must have a majority agreement from existing residents (BMG, 2011; UROGMG, 2011;

SHMG, 2015; SZMG, 2012). As a result, diverse governance or “experimental governance” has emerged in urban redevelopment in China (Cheng, 2012; Schoon, 2014; Lin et al., 2014).

### 2.2. Layers of government and rising society in urban redevelopment

To understand the conflicted role of the State in urban redevelopment, it is necessary to regard the State not as a homogenous unit but one that is fragmented into multi-levels of agencies to discern their different roles and priorities (Gui et al., 2009). Urban redevelopment in China takes on different roles corresponding to levels of government (Abramson, 2006; Wu, 2002). Generally speaking, the central and provincial governments indirectly affect urban redevelopment by issuing laws, regulations and policies on land, property and real-estate development (Leaf, 1995; Wu & Zhang, 2008). The municipal governments hold the power for regulating local urban redevelopment (He & Wu, 2009; Wu, 2002), while district governments play the dominant role in initiating and implementing urban redevelopment. Sub-district governments mainly execute decisions made by the district government and assist in implementing urban redevelopment.

District governments are directly involved in redevelopment processes for two reasons. First, the performance of district governments in China are evaluated by metrics of economic growth and held directly accountable to higher levels of government instead of local residents (Li & Zhou, 2005). Therefore, urban redevelopment may act as an engine to promote local economic growth and benefit district governments and their leaders in their performance evaluation. Second, due to the fragmented and ambiguous nature of urban land property in China, urban redevelopment takes longer and is fraught with higher uncertainty. These unpredictable risks make most private developers hesitate to get involved in large-scale urban redevelopment projects at the beginning (Zhu, 2004b). In response, the district governments resort to their subordinate SOEs to carry out urban redevelopment projects<sup>1</sup>. However, many SOEs are inexperienced in real-estate development and lack capital, contributing to an increase in public-private real-estate partnerships within which the state provides the land development rights and the private partner contributes capital, techniques, and management for redevelopment (Yang, 2015; Zhu, 2004a).

Civil society, as another basic element of governance, refers to an intermediate realm between the state and the individual. This idea of civil society is unfamiliar for most Chinese since 1949, when the Chinese Communist Party began to dismantle civil space in order to mobilize the masses for revolution and industrialization. Though the economic reforms beginning in 1978 incrementally released individuals from state-controlled work units, the civil society<sup>2</sup> in China is still weak and unorganized (Huang, 1993). Community is popularly regarded as “the missing player”, “excluded actor” and “victim” in China's urban redevelopment (He, 2005; Fang & Zhang, 2003; Zhang, 2002; Zhang & Fang, 2003). However, recent research has found a grassroots transformation emerging in urban China in the following forms: urban residents actively vote in residential committee elections (Gui et al., 2009), the reforms to clearly define land property rights has empowered villagers in urbanized areas to organize themselves for local autonomy (Po, 2011); rising middle classes have organized homeowner associations to counterbalance both the residential committee (the agency of local government) and property management companies that represent market forces

<sup>1</sup> China's real-estate enterprises have different types of ownership including state-owned, privately owned, and jointly-owned by the state and private firms. These types of enterprises constitute a continuous spectrum, differing in their connections to the government and performance in the market. State owned real-estate enterprises (SOE), especially those owned by municipal and district governments, have advantageous access to land development rights at a lower price than their private counterparts.

<sup>2</sup> Some scholars defining civil society in China refer to this realm as society, the third realm, or community instead of civil society. In this paper, it is better to call civic society as community.

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