



New geography of land commodification in Chinese cities: Uneven landscape of urban land development under market reforms and globalization

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A B S T R A C T

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This study examines the popular practice of land commodification as a means of local revenue generation in Chinese cities and identifies the uneven landscape emerging as a consequence of land-financed urbanization. Land commodification in Chinese cities has generated a revenue of one to three trillion yuan each year equivalent to 40–50 percent of local municipal budgetary revenue. A striking unevenness is observed in the practice of land commodification characterized by a large gap between coastal and inland cities in the generation of land conveyance revenue and an outstanding position held by provincial capital. The importance of land income in municipal budgetary revenue stood out initially in coastal cities and then diffused into the interior. A significant relationship in an inverted-U shape is found between the ratio of land conveyance traded price to municipal budgetary revenue and the level of urban economic growth. Contrary to the popular theoretical perception of a state “hollowing out” to make room for the market under neoliberalization, the Chinese state is found to have reshuffled and transformed itself to embrace and take advantage of the market. Land commodification has not weakened the power of the state but instead strengthened the fiscal capacity of local governments to contest with changes in central-local fiscal relations made in the 1994 “tax sharing system.” The Chinese case is theoretically significant as it sheds important light over the sophisticated state-market relations contingent upon different social, economic, and political conditions and the distinct developmental landscape emerging in a rapidly urbanizing country of the global south in the era of neoliberalization.

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Introduction

In recent years, the dawn of a new age of planetary urbanization when the majority of the human race is found in cities has brought to the fore urban growth and transformation as a subject of enquiry taking up a central position in the research agenda of geography and urban studies (Brenner, 2013; Sheppard, Leitner, & Maringanti, 2013). While a well-established tradition has long existed in geography to tackle the urban question from different angles and with frequently shifted emphasis, the recent intellectual trend is to see the growth and transformation of cities as a process inseparable from the political project of neoliberalization—a tendency to prioritize the imperative of global market forces, the interests of the private sector, and the logic of efficiency and competition at the

expense of other social and political concerns. In this perspective, neoliberalism has provided an ideological and theoretical basis for a “growth-first” approach to urban development (He & Wu, 2009). Following this doctrine, many neoliberal strategies have been adopted and practiced in the cities of different world regions, including the privatization of the urban economy, marketization of urban services, and commodification of the public goods and the resources left in the “Commons” (Harvey, 2005; Ong, 2007; Peck, Theodore, & Brenner, 2013). Neoliberalism has thus become the kernel of contemporary urban governance (Brenner & Theodore, 2005). The ongoing process of urban transformation is therefore understood as a spatial manifestation of the political project of neoliberalization.

On the other hand, cities have always functioned as the center of national and regional development. The growing popularity of neoliberal urban governance has entailed a novel treatment of the cities in both theoretical understanding and planning practices. Cities are no longer seen as merely some localized sites or geographic containers passively shaped by the pursuits of global

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neoliberal agenda. Instead, cities have been taken increasingly as important platforms and arenas through which the neoliberal agenda are initiated, contested, and reproduced (Leitner, Peck, & Sheppard, 2006; Peck, Theodore, & Brenner, 2009). Among many others, the “creative destruction” of the urban built environment has been identified as not just the spatial outcome but also an essential condition of neoliberalization. As such, the political project of neoliberalization and the spatial process of urban transformation are understood as inter-twined and mutually reinforcing phenomena that characterized the new age of planetary urbanization.

Although theoretical attempts to link the political project of neoliberalization with the ongoing process of urban transformation have provided a significant and interesting perspective, several important issues remain controversial and vague. It has been widely recognized that the commodification of land resources and public assets has characterized the practices of neoliberalism in many cities. It remains unclear, however, to what extent land commodification has contributed to urban growth, why land commodification as a salient feature of neoliberalism has become popular, and how the popular practice of land commodification has changed through time and over space.

The existing theoretical literature of neoliberalism has been generated on the basis of an articulation of the interaction between the state and market both of which are taken as “diametrically opposed principles” of social organization (Brenner & Theodore, 2002). Although this treatment has been criticized by a growing number of researchers, the sophisticated relationship between state and market and its variation among different geopolitical situations have remained the topics for further clarification and investigations. Furthermore, the prevailing literature of neoliberalism has suffered from a tendency to treat the state as a monolithic whole with unitary and consistent interests and concerns. This tendency may not be a major problem under the institutional environment where the rule of law is upheld and democracy is widely accepted. It would become problematic, however, when applied to a political economy where state organizations are fragmented and disintegrated into various actors with conflictual interests (Pratchett, 2004; Rhodes, 1981; Wilson, 2003).

Finally, it has been suggested that neoliberalism, as some actually existing practices found in contemporary urban politics, is not a single and standardized model of governance and development, but instead is characterized by its multiple, evolving, and variegated institutional forms (Brenner & Theodore, 2002; Brenner, Peck, & Theodore, 2010; Peck & Tickell, 2002; Peck et al., 2013; Wilson, 2004). Yet this sophisticated nature of neoliberalism has not been adequately demonstrated with real world practices. Although the geographical unevenness and variegated forms of neoliberalism as well as the contextual embeddedness of neoliberal urbanism have received heightened theoretical attention in recent years, relatively less has been done empirically to examine the fluctuation and variation of neoliberal urban politics both over time and across space. An enquiry into the geography of neoliberal urban politics in which land commodification has been one of the most important salient features is in order.

China's phenomenal urban transformation in recent years consequent upon market reforms and globalization has presented a rare and valuable case for the interrogation of some of the important issues unresolved in the literature of neoliberalism. China is no longer isolated from the Western world. Its opening up and active articulation with global market forces over the last three decades have made it difficult to argue that China is completely shielded from the global agenda of neoliberalization (Wei & Liefner, 2012). However, it has been a highly controversial topic in regard to the nature of China's urban transformation and its relevance to the

theoretical prescription of neoliberalism. Proponents of a neoliberal urban China have identified significant evidence that includes the marketization of land property rights, privatization of state-owned enterprises, growth of the private sector and individual businesses, establishment of the labor market, influx of foreign investment and expansion of international trade (Harvey, 2005; He & Wu, 2009; Huang, 2008; Liew, 2005). Even the socialist welfare systems such as education and public health care services have subject to commodification and marketization. In this perspective, China's market reforms and opening up have demonstrated many definitive characteristics of neoliberalization.

The notion of a neoliberal urban China has been disputed by others who emphasized on the peculiar state-market relations in China that appear to be deviant from the neoliberal prescription (Cartier, 2011; Huang, 2006; Nonini, 2008). It has been observed that, despite increased marketization of the planned economy, the socialist state has maintained its power and exerted strong control over market transition and this is in contrast with the neoliberal doctrine that prioritizes the interests of market forces and minimizes the distortion of state intervention. Whereas proponents have highlighted many definitive features of neoliberalization in China, opponents have singled out many Chinese characteristics that go against the neoliberal tenets. The capital market and financial sector have never been privatized. Labor mobility has been hampered and distorted by the *hukou* system. State and collective ownership of land remains intact and property rights are ambiguous and insecure. State-owned enterprises continued to be dominant in the national economy. All of these suggest that China is nowhere near neoliberalization. These competing interpretations have raised significant theoretical questions concerning not only the perceived nature of neoliberalization but also its variegated forms and social, political, and geographic contingency.

The rapid growth and transformation of Chinese cities have already been extensively documented. Most of the existing literature has been focused on the expansion and restructuring of the urban population and the physical space, industrialization and economic transition as the underlying driving forces of urban development, and the social and environmental challenges posed by rapid urbanization (Chan, 2010; Cao, Liu, & Miao, 2012; Fan, 2008; He, Pan, & Yan, 2012; Ma, 2002; Ma & Wu, 2005; McGee, Lin, Marton, Wang, & Wu, 2007; Pannell, 2002; Zhang, 2002). Relatively less has been written on the uneven landscape and spatial ramification of what has been described as “actually existing neoliberalism” in which land commodification is a salient and integral element. Why have many Chinese local governments become so interested in the commodification and development of the urban land in the recent two decades? How has the popular practice of land commodification been related to changes in China's central-local power reshuffling? What has been the uneven landscape of urban land development created in China as a consequence of the practice of land commodification? How does the practice of land commodification vary through time and across space? What are the relationships, if any, between the extent of land commodification and level of economic development as well as degree of openness? How has the interaction between central regulation, local development strategies, and degree of marketization shaped the variation of land commodification among Chinese cities? These are some of the issues that have significant implications for not only the interrogation of competing interpretations of neoliberal urban politics but also a better understanding of the nature and dynamics of China's ever changing urban development and urbanization.

This study examines the popular practice of land commodification in Chinese cities and the uneven landscape of urban land development emerging in China consequent upon state power reshuffling, increased marketization, and globalization. The

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