



Massive urban built-up just outside the old Xi'an city wall. © Andrew Liang, 2011

Capital Production and Social Equity: Finding Balance in Chinese Cities

BY ANDREW LIANG

China's massive capital accumulation, economic ascent and wealth production has largely been the result of their rapid urbanization effort. While it is indisputable that the country has largely succeeded in its economic reform efforts given its status as the world's second largest economy and in that process lifted hundreds of millions of its population out of poverty, it has also, in that process, created severe social inequality and friction. This essay largely argues that Chinese cities are purpose-built financial instruments for capital accumulation, a result of the forces of globalization which could only have happened in sync with the time and space of a global economy. Though highly successful, so far the process has marginalized the objective of social integration into its performative matrix indexing. In this regard China has pursued an exploitive model of market driven urbanization and the resultant morphological and spatial attributes of the Chinese cities, while having achieved spectacular results on many levels, are nevertheless disjunctive. They are commodities of generic sameness that are mass-produced and exhibit the same anesthetizing effects of the spectacle that are ever prevalent in today's global market production process, product and place. Recognizing that globalization and capitalism are here to stay in the immediate future, it begs the question if China, while having already undertaken extreme economic reform experimentations allowing it to now bask in its temporal success, will be able to leverage its acquired market knowledge and wealth creation to prospectively overcome the incredibly complex challenge of creating equitable cities in the future—ones that balance the demands of capital production on the one hand and social equity on the other—or rather will it sink deeper into the “neoliberal modern society” that it has already become.

It doesn't matter if a cat is white or black, so long as it catches mice.

Deng Xiaoping

Through the looking glass into the China of today, we no longer need the sheer density of statistical data to reinforce the notion that China's global ascent has been massive and rapid. This has already been affirmed. In 2010, it unseated Japan's four-decade long title as the world's second largest economy and it accomplished this in a mere three-plus decades since it began its market reform in 1982. Projecting forward, it is poised to surpass the US economy by 2028. This for a country still maturing and far from being fully developed says much about China's ambitions and growth capacity. Simply measured, China has achieved a lot more in much less time and in greater scale than any other country, thereby simultaneously validating itself in history while also setting itself apart from history. It is important to recognize, however, that China's rapid economic ascent, though largely unevenly distributed, was achieved through urbanizing; to that end, China's economic boom is an urban boom¹, where its economy and the urbanization processes are intertwined, making the Chinese cities the “growth machines” driving the country's economic growth.

Billed as the greatest urban build-up in the history of urban evolution, China's urban population has reached 700+ million, constituting over 50% of its total population in 2011, an increase of 32% from 1980². According to projections, 1 billion Chinese (76% of China's population) will be urbanized by 2030 — roughly three times the total population of the United States by the same time. This massive statistical accumulation, both in terms of scale and speed, of China's urban growth subverts the typical quantitative concept of “more is different” and maps an alternative concept that more is not simply different but more *becomes* different³. Pointing to that, Chinese cities, while sharing many genealogical traits with other historical and contemporary cultural urban precedents, are in fact complex byproducts of global transmutative processes that are both morphologically and phenomenologically difficult to synthesize and categorize through pre-existing urban taxonomical classifications and analysis methodologies. It is important to recognize that the majority of Chinese cities and urbanism did not happen in a cultural vacuum but in close interaction with the global economy. This type of complex market driven urban hybridization has fast become the most physical and visible markings of globalization. Much of this points to a distinctive shift in the socioeconomic role of cities in a deterritorialized global market space.



01 Rural industrialization. Multi-phases of rural transformations can be seen in this photo. Dense patches of original farming villages bordered by now mostly browned farmland are the original settlements of the area. The patches of industrial facilities are mixed from the TVE era of the 1980s and some more recent larger scale factories (blue roofs). In the center of the photo is a patch of newly built government backed high-density social housing development, often referred to as "tombstone slabs". This area is just outside of the greater metropolitan area of Beijing and it is starting to see the early stage of urbanization rising out from Beijing. © Andrew Liang, 2012.



02 Shanghai Pudong CBD, prior to 1993. This area was rural consisted mainly of farmland. © Andrew Liang, 2011.

China's reform-era urbanization process involved two evolutionary stages. The 1980s were preoccupied with urbanization through rural industrialization. The mechanism used to facilitate this developmental process was the Township and Village Enterprises (TVEs). In many respects regarded as a bottom up form of urbanization, there were many different variants of TVEs but they were all for the most part industrial operations located in rural areas outside of the central government's control mechanism. Governance of TVEs was through local governments and this interrelationship between government and business created mutually beneficial socioeconomic incentives of balancing social benefits and economic prosperity. For over a decade, TVEs were the most dynamic and enterprising sector of the Chinese economy with what can be characterized as the country's "inward" reform agenda⁴.

The 1990s saw the shift of China's urban development focus. Despite the socioeconomic success in industrializing the countryside, by the late 1980s, the growth agenda shifted from a rural-centric (socialistic) to an urban-centric (capitalistic) focus that would completely reshape the country's economic growth trajectory and transform the country into the economic powerhouse that it is today⁵. This refocusing directive was strategic; it entailed experimenting with policies that would attract and induce the rapid deployment of urban development and infrastructure build-up. The main mechanism was the designation of key strategic urban policies, among which the most robust and effective has been Special Economic Zones (SEZs) where through market, labor and policy engineering, those areas would become "business friendly" urban targets. In this regard, the second stage of China's urbanization process was orchestrated by the central government and is a top-down directive in stark contrast to the first stage of reform initia-

tives. Experimentations started in the early 1980s and would go through successive stages of expansion and formation; by the early 1990s approximately 20 plus SEZs of varying sizes were on the map and they were accompanied by a number of other economic and urban policy mechanisms with varying "preferential" policies all put in place to induce economic growth by attracting and absorbing foreign capital. While China's economic rise began through the TVE initiatives, the majority of the credit has to be given to the large-scale urban-centric policies⁶.

In this mode of city-centered urbanization inflated by strategic policy mechanisms, China has rewritten the book on *place* making by subverting an inherent requirement of balancing use value to that of exchange value — a once sociological process through which land and buildings order urban form and city life⁷. Through the urban activities of the last two decades, the notion of *place* making for China has evidently become a market driven exercise of consumption through commodification — where the use value of *place* is only as necessary as its ability to maximize the exchange value. In this regard, China's urban generative processes drastically departed from historical accounts of city evolution into a kind of mutative process where urban assets and developments were temporal in so far as they are meant to be generated and regenerated as rapidly as the market justified the process. In essence, by tapping into the slipstream of globalization, China shortcutted the necessary evolutionary stages of social integration during urbanization. The speed and scale for which China urbanized simply didn't afford it the time and space needed to gestate social policies alongside urban growth and economic policies. In the case of China, the unlikely relationship between capitalism and an authoritarian regime proved to be a union of efficiency. Ironically, what started as the "socialist modern-



03 Social propaganda: "Honest Hard Work to Build Happiness for Huanggang". Urbanization and urban assets as wealth production mechanism. © Andrew Liang, 2011.



04 Circa 1980s factory town in Dongguan City. © Andrew Liang, 2013.

ization" of the post Mao era turned into a new revolution — the great economic revolution⁸.

But this is not entirely surprising. China's economic reform coincided with and subsequently integrated into the evolution of a new world economic order. Market decentralization and privatization through geographical deterritorialization aided by robust technological advancements and velocity have increased transnational economic integration and interdependence. Capitalism within globalization, borrowing a concept from Henri Lefebvre, has created a "space of sovereignty"⁹. It is a space where the only rules for engagement are there to enhance the market demands and where all other intrinsic civilizing values, such as social, cultural and historical, upon being absorbed into this space are neutralized of their inherent differences, commodified and made to be subservient to the market so it can control them and make them negotiable. The resultant is that this space is one that fragments, separates and is hierarchical based solely on its exchange value. It is in this spatial purgatory that the world's economic actors from the matured to the developing find themselves and where they are enticed to participate with impunity.

China explored this capitalistic spatial territory where the only constraint for growth was the lack of prior market knowledge. It has made itself into an economic laboratory for financial instruments through many different economic experiments, most of which were leveraged in market privatization and commodification of public assets — largely turning rural land into urban assets. Through this process it was able to gain vast amounts of market knowledge and with that knowledge remade much of its existing cities and created new ones that facilitated its rapid industrialization and urbanization process¹⁰. Through each successive stage of growth China not only garnered the attention and

acceptance of the world's marketplace which created a beneficial capital feed-back loop, it also gained exploitative confidence and an insatiable appetite to rescale its already massive economy. While it took approximately 25 years, already short by historical accounts, for it to reach the standing of the world's third largest economy, it only took 4 years for it to become the world's second largest economy. For a government that is still officially atheistic, the doctrines of capitalism have emphatically become China's *de-facto* religion. In amassing capital, China leveraged two of its most abundant assets: its population to industrialize and land to urbanize, and through this process has achieved what Lefebvre refers to as the capitalist doctrine of "trinity" — the unity of land-capital-labor.

Today, through rough census data estimates, there are approximately 160 cities in China with a population of 1 million or more. Out of that approximately 10 have well over 10 million inhabitants and are considered megacities compared to the US's two. This, together with a large number of other prefecture and county level cities, puts the total number of cities in China well over 700. Though the majority are second tier cities located in central China that have not enjoyed the same prosperity as the first tier cities, through strategic stimulus packages that provided robust transportation infrastructure and connections, many are quickly rising to becoming key nodes within China's growing urban network, each attracting new talents, market enterprises, developing industries and their share of migrant population. Of particular challenge in China's urban evolution as its cities continue to expand and urban boundaries began to blur is the emergence of a new, even larger scale and more complex urban geography — the mega-region. In all, there are 10 mega-regions in China with populations ranging from 20+ to 100+ million inhabitant¹¹. The unity of land-capital-



05 Circa 1990 unsanctioned urban village housing emptied and slated for demolition to make way for a new bigger and denser mixed-use market development. © Andrew Liang, 2013.



06 Dongguang earned its city status in 1985 and stands on once agriculture land. It is now one of the major manufacturing hubs of China, with over 8 million in population. © Andrew Liang, 2011.

labor has had a transformative impact on China's urban landscape and it has contributed immensely to China's rapid modernization and economic prowess. Through this process, roughly one third to one half, pending source, of the country's population has been lifted out of poverty status. Regardless of one's perspective either as a promoter or critic of its processes, undeniably, a staggering large number of Chinese people, greater than the total population of the United States, are better off post market reform era. By any measure, that is an incredible social accomplishment, yet, the schizophrenic nature of the issue is that its reform activities have also created an increasingly stratified society where socioeconomic inequality has become a burgeoning threat to progress and social unrest. Contributing to this social tension is also the spatial inequality of its cities resulting from aggregating market drivers that created preferential communities and severe socioeconomic divisions.

As already mentioned previously and important to keep in mind, Chinese cities are complex transnational market mechanisms; they are financial instruments purpose built through a networked economy, flow of information and expertise¹². In this regard, they are much better adapted to perform for capital accumulation than as vessels for socio-cultural manifestations. This would have a profound effect on their morphological, spatial and performative dynamics. Undeniably, many key Chinese cities have become the iconographic poster child of "global cities" — terrain where a multiplicity of globalization processes assume concrete, localized forms¹³.

Three particular physical and spatial attributes directly contributable to globalization and embedded in Chinese cities are worth noting.

One, globalization's creation of a vast, international audience of potential participants¹⁴. This is true in two regards:

the first being the growing participation of transnational economic actors in the global markets — geographic dispersal of economic activities necessitated the decentralization of corporate functions that generated a new kind of place specific aggregation of specialty resources — mixing of service firms, talents, expertise, technology and other related service functions all required that a large part of the urban environment perform as an information center¹⁵. The need to take part in the fast paced global economic activities resulted in the necessity to be in a city's concentrated information system and supportive functions¹⁶. This has created the perfect prerequisite for gentrification. Office space, conference halls, convention spaces, housing, malls, museums, entertainment centers and other daily life amenities are all needed to facilitate and support this kind of economic and cultural agglomeration; the second being the ease in travel made possible by advancements in technology, optimized frequency and efficiency and geopolitical liberalization. With the marked increase in the Chinese middle class, China now has the largest domestic tourism market in the world and inbound travel to China has risen steadily since the 1980s topping 129 million in 2013 and has become a \$52 billion industry¹⁷. Both factors had significant roles not only in shaping the form of Chinese cities but also their consumeristic characteristics and tendencies. For the better part of two decades China has practiced this exploitative and opportunistic model of urbanization.

Two, global marketization and commoditization has had an indelible impact on smoothing out the global geographical and cultural differences on the one hand and striating local spatial continuity on the other. Brand identities that were once only found on the national stage are increasingly propagating onto the world's stage and expanding the brand's geographical presence — a simultaneous geographic/cultural



07 Beijing's latest architecture. Newly completed Galaxy SOHO in Beijing, design by Zaha Hadid, a mixed-use, office/mall complex looming over the old Hutong fabric. © Christian Gomez, 2013.



08 Rural industrialization. Large factory town in the background with low-lying factory buildings mostly hidden from view in this photo by overgrown largely unproductive farmland in the foreground. © Andrew Liang, 2011.

dispersal and market concentration¹⁸. Debord refers to this process as the world of the commodity ruling over all lived experience creating a simultaneity of consumption and spectacle that is at once *here* and *there*. This phenomenon has come to dominate the Chinese urban experience and exemplifies the effect global marketization has on the disjunctive spatial experience of its cities where the modern upscale developments of massive proportions are merely islands of concentrated market and consumer activities within the old socialist fabric. Despite the sociopolitical differences of the Chinese city to that of their western counterparts, the morphology and urban performance are increasingly similar. This, of course, is not accidental as marketization and consumption requires spatial recalibration, reformulation and ultimately reconfiguration, and China has done this on a massive scale in its cities by mostly importing transnational services, expertise and precedents; in effect commodifying what were once considered elements of cultural production required for its transformation.

These transformations all point to the third attribute of globalization — sameness, where the idea of the *original* has long been relegated to the domain of the generic readily consumed and rapidly deployed as commodities through copies of the copy. The practice of knowledge transfer and appropriation in societal transformation is not new; throughout history, whenever a society undergoes a transformation, the “materials” used in the process derive from another, historically or developmentally, anterior social practice¹⁹. While each successive duplication over time moves the target subject further from the original, the process has relied on social practice to imbue cultural authenticity. In modern capitalistic societies, social practice has largely been replaced by the expediency of market practice and in turn cultural authenticity replaced by the spectacle.

To this effect, the spectacle is a function of the marketplace and the urban spectacle of China is certainly no different. New urban assets ranging from fantastical buildings, glitzy central business districts, massive public work projects to entire satellite towns mass produced at will and built on short order all point to China’s audacity for the spectacle. While spectacular in their own right they sorely lack cultural authenticity, rendering most to be nothing more than a “Kodak moment”, however, their strategic engagement with the cultural space of capitalism demands *duplicity* in order to reinforce the market mechanism of commodification. Through this process, market, product, place and culture from across the geographical spectrum are all game for appropriation, duplication and redeployment with the anesthetizing effect of sameness.

Despite China’s massive economic build-up, its prescribed process has not been without its share of controversy, the most prominent of which is accumulation through dispossession²⁰. While capital accumulation has so far resulted in the creation of spectacular urban growth and facilitated great wealth production, it must also be reconciled with the severe rise of inequalities in its social fabric. This is a testimony to the simple fact that while China’s overall economy is massive, it must also provide for 1,3 billion people and that poses a policy, developmental, implemental and management challenge of unprecedented proportions as nothing in history has had to deal with or can offer precedents to this kind of quantitative vs qualitative complexity in the economic, urban, social and political realms, let alone to do so on both the domestic and international stage simultaneously. To date, China can be said to have found success through embracing the matrix of capitalism but the fruits of which has only reinforced what Marx geographer David Harvey refers to as a form of “neoliberal



09-10 New gated community. View from inside the development and view looking out to the surrounding outside the development. © Andrew Liang, 2012.

modernity” — a modernity in which dispossession plays a large role, and where the capital class is gaining power at the expense of the labor class and this also has had, arguably, a detrimental impact in China’s urban geography and spatiality. For better and for worse, China’s massive urban build-up of the last couple of decades has set the wheels turning for the country’s modernization. But as it is with any matured or maturing market, with knowledge and wisdom gained comes timidity for change. By all accounts, China has played the free market game far better than the west: learning, assimilating and willingly adaptive along the way, however, Chinese capitalism is in a severely efficient early stage of formation devoid of the burdensome regulatory measures and other inconveniences of capital accumulation²¹. The looming question, however, is with the mounting social friction can it continue on its current trajectory without strategic policy reform to reposition itself within the demands of capital production on the one hand and social capital accumulation on the other? Wealth generation in China has largely been the function of market driven urbanization. In this regard, how can the urban processes be recalibrated to also facilitate wealth redistribution and social integration? What knowledge has yet to be learned in the complexities of city formation set within the market demanding forces of globalization that can also allow the building of social and cultural resilience in one respect and morphological and spatial cohesion in another?

Recognizing the interrelationship and interdependency of geopolitical and socioeconomic spatiality that is globalization, one thing is for certain: urbanization challenges are not unique to Chinese cities. Urban management policies and executable strategies, even in nations with much smaller populations and more mature market economies (us included), have had and continue to have their share of

urban challenges, so as the world’s most populous country, China is faced with an immensely more complex challenge going forward. All eyes, from the developed nations to the developing, are on China in its ongoing urbanization and ambition to now redirect the country’s economic growth trajectory towards domestic demands as it continues to assert itself in experimenting with new urban arrangements and possibilities - an urban laboratory on a massive scale. China’s central government’s recent announcement of preempting the urban migration of 100 million more rural population and to better integrate 100 million migrants that are already urban by 2020 is case in point of the challenges lying ahead for them and reinforces the urgency of recalibrating and reformulating its urban policies and developmental strategies to include social and public policies. Contrasting with China’s internal challenges is its expanding global economic reach. Its already decade long economic development in Africa validates China’s larger geopolitical ambitions and the dire proposition that market activities as economic soft power are sole drivers of urban activities across geopolitical boundaries. In an extremely expedient, duplicative and transferable global market space and with many emerging nations and economies vying for growth, progress and prosperity on the horizon, the danger that faces urban evolution is that it will take the path of least resistance. Our best hope for a sustainable and socially integrated global urban ecosystem going forward is both a critical and conceptual framework to better reconcile global market demands to that of local social and spatial needs. In light of China’s rising level of socio-economic and spatial inequalities despite its newfound economic stature points to the complexity of urban system thinking and cautions a more critical engagement with and a reciprocity of urban morphology to that of urban society. ■



11 Model of a new suburban-gated resort community in the development's sales office: the new Chinese dream. © Andrew Liang, 2011.



12 The new Chinese consumeristic culture. Any western mall developer's dream: consumer density. © Andrew Liang, 2013.

Notes

- 1 Xuefei Ren, *Urban China*, Cambridge, Polity Press, 2013, p. 8.
- 2 World Bank Statistics.
- 3 Mark Buchanan, "Complexity Management", *Strategy + Business*, 34, 2004.
- 4 Xuefei Ren, *op. cit.*, p. 25.
- 5 *Idem*, p. 15.
- 6 *Idem*, p. 31.
- 7 John Logan and Harvey Molotch, *Urban Fortunes*, Berkeley, University of California Press, 1987, p. 17.
- 8 Ronald Coase and Ning Wang, "How China Became Capitalist", *Cato Policy Report*, January/February 2013, p. 2.
- 9 Henri Lefebvre, *The Production of Space*, Cambridge, Blackwell Publishers, 1991.
- 10 Ronald Coase and Ning Wang, *op. cit.*, p. 6.
- 11 Lincoln Institute of Land Policy.
- 12 Xuefei Ren, *op. cit.*, p. XV.
- 13 Saskia Sassen, "The Global City: Introducing a Concept", *Brown Journal of World Affairs*, Vol. 11, No. 2, Winter/Spring 2005, p. 40.
- 14 Rebecca Gomperts in Shumon Basar and Markus Miessen, *Did Someone Say Participate: An Atlas of Spatial Practice*, Cambridge, MIT Press, 2006, p. 59.
- 15 Saskia Sassen, *op. cit.*, 29.
- 16 *Ibidem*.
- 17 "China Tourism Statistics in 2013", *Travel China Guide*, n. p., Web, n. d.
- 18 Saskia Sassen, *op. cit.*, 28.
- 19 Henri Lefebvre, *The Production of Space*, Cambridge, Blackwell Publishers, 1991.
- 20 David Harvey, *A Brief History of Neoliberalism*, New York, Oxford University Press, 2005, p. 179.
- 21 Thomas Campanella, *The Concrete Dragon: China's Urban Revolution and What It Means to the World*, New York, Princeton Architectural Press, 2008, p. 25.

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