ON SHIFTING FOUNDATIONS

STATE RESCALING, POLICY EXPERIMENTATION AND ECONOMIC RESTRUCTURING IN POST-1949 CHINA

Kean Fan Lim
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On Shifting Foundations

*State Rescaling, Policy Experimentation and Economic Restructuring in Post-1949 China*

Kean Fan Lim
For Stephanie and Ethan Lim
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David Featherstone
University of Glasgow, UK

RGS-IBG Book Series Editor
This book is the culmination of a decade-long research journey. It started with the research proposal I submitted for my graduate school application to the University of British Columbia (UBC) in 2008 – a proposal that enabled me to work with two of the best economic geographers in the world, Trevor Barnes and Jamie Peck, but one that was also very different from this book’s focus on state rescaling in China. Indeed, it was during the summer of 2009, as I began reading several books by David Harvey that Trevor lent me, that I became interested in China’s growing influence in the global system of capitalism. Even so, I did not consider taking on the challenging task of examining the fast-changing economic geographies in China until it was time to draft my dissertation research proposal in the spring of 2011. An emerging pattern of economic–geographical transformations in China piqued my interest at the time: the designation of ‘nationally strategic new areas’ as frontiers of policy experimentation. Both Trevor and Jamie were particularly encouraging when I mentioned I would like to shift my research focus to these territories – their subsequent patience and support enabled me to develop a feasible proposal that ultimately led to a highly-rewarding research project.

The Editor of the RGS-IBG Book Series, David Featherstone, provided encouraging support throughout the process of writing this book. Thank you for believing in this project and for providing solid editorial guidance that steered the book to its completion. Special thanks also goes to the two academic reviewers for their detailed readings of earlier drafts – the final manuscript has benefited immensely from their comments and suggestions. Indeed, the revision process was enjoyable because it felt like an engaging conversation. Ensuring everything worked seamlessly the moment work started on this project was Jacqueline Scott at Wiley-Blackwell. Her attention to detail, incredible efficiency and kind patience is gratefully acknowledged.

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Some materials from the book were significantly reconstituted from four single-authored publications in international peer-reviewed academic journals. Chapter 2 was re-written on the basis of the geographical–historical review presented in ‘On the shifting spatial logics of socioeconomic regulation in post-1949 China’, *Territory, Politics, Governance* 5, no. 1 (2017), pp. 65–91. The framework developed in Chapter 3 was originally published as an agenda-setting paper in the Urban and Regional Horizons section of *Regional Studies*, 51, no. 10, pp. 1580–1593. This paper is entitled ‘State rescaling, policy experimentation and path dependency in post-Mao China: a dynamic analytical framework’. Empirical data on the Pearl River Delta in Chapter 4 was published earlier in ‘“Emptying the cage, changing the birds”: state rescaling, path-dependency and the politics of economic restructuring in post-crisis Guangdong’ *New Political Economy* 21, no. 4 (2016), pp. 414–435. Chapter 7’s analysis of Chongqing’s socioeconomic reforms draws from empirical data published in ‘Spatial egalitarianism as a social “counter-movement”: On socio-economic reforms in Chongqing.’ *Economy and...
Society 43, no. 3 (2014), pp. 455–493. All four articles were published by Taylor and Francis and have been reproduced in this book with kind permission.

Last but not least, I am eternally grateful to my wife, Stephanie Lim, for her unrelenting support over this decade. It is not easy to put everything behind in Singapore and embark on a new journey in two continents, but she has done it in the optimistic belief that I will do well. She has, in all sense of the word, always been there for me – cooking meals with love, going on long walks, and, most crucially, telling me not to give up in the face of challenges. Shortly after work on this book began in the summer of 2016, our lovely son, Ethan Lim, was born in Nottingham. Both Stephanie and Ethan were my sources of motivation and strength in the process of completing the manuscript. This book is dedicated to them.
Chapter One
Introduction

During a keynote address to global leaders at the 2016 B20 meeting in Hangzhou, the Chinese President, Xi Jinping, emphasised how China’s developmental approach remains predicated on ‘crossing the river by feeling for stones’ (mozhe shitou guohe 摸着石头过河).1 While the application of this metaphor is not novel, its recurring reference by the Communist Party of China (CPC) more than 60 years after its introduction by Chen Yun, the Vice Premier of the first governing regime led by Mao Zedong, is noteworthy.2 Chen advocated a measured approach to change during the early 1950s after China entered an entirely new historical phase as a nation-state – hence the term ‘new China’ – and could not rely on past experiences for guidance. All the newly-victorious CPC knew was what it did not want, namely the inherited institutions associated with feudalism, imperialism and bureaucratic capitalism. When Mao’s economic programs failed to meet expectations after three decades of ‘transition to socialism’ (shehui zhuyi guodu 社会主义过渡), Chen (1995: 245; author’s translation) insisted again on a tentative approach to change in December 1980: ‘We want reforms, but also firm steps…which means “crossing the river by feeling for stones.” The steps should be small initially, the movement gradual’. Deng Xiaoping, then newly appointed as paramount leader of the CPC, fully endorsed Chen’s exhortation as ‘our subsequent guiding agenda’ (Deng 1994a: 354; author’s translation). Read against this ‘agenda’, Xi’s reference to ‘feeling for stones’ in Hangzhou almost four decades later raises a theoretically-significant question on post-1949 Chinese

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political–economic evolution: if the necessity to feel for ‘stones’ indicates a preference for stable foundations within the capricious ‘river’ of global economic integration, (how) have these foundations shifted from their Maoist origins?

Some answers, this book argues, could be derived from an emergent geographical trend of ‘feeling for stones’ across China – the intensifying institution of experimental socioeconomic policies within territories designated as ‘nationally strategic new areas’ (guojia zhanlüe xinqu 国家战略新区). Newly established regulatory authorities in these intra-urban territories have been delegated the power to ‘move first and experiment first’ (xianxing xianshi quan 先行先试权) with exploratory reforms deemed to be of national significance. These reforms have become integral to the legitimacy of the CPC – and in particular its socialistic rule – as it negotiates the demands of global economic integration (Lim 2014). To be sure, the demarcation of urban frontiers to drive national-level reforms is not a policy innovation per se; it could be argued that the first wave of marketising reforms in four ‘Special Economic Zones’ (SEZs) – Shantou, Shenzhen, Xiamen and Zhuhai – generated more transformative impacts on China’s developmental pathway during the post-Mao era. After all, the SEZs set in motion the collective willingness to welcome foreign capital, relinquish the Maoist notion of self-sufficiency and tap into what was otherwise idling rural surplus labour. This said, there was very little between the SEZs by way of policy differentiation or positioning within the global economy. On the contrary, a distinguishing feature of this recent series of ‘nationally strategic’ experimentation is the considerable expansion of its territorial platforms, policy scope, and socioeconomic spheres of influence.

First designated was Pudong New Area in Shanghai. Approved in 1990, the territory has since transformed into a world-renowned city-regional ‘motor’ – or ‘dragon head’ (longtou 龙头), in popular parlance – of China’s economic growth. Subsequent experimentation only (re)gained intensity in 2006, however, after the Hu Jintao regime assigned ‘nationally strategic’ status to the Binhai industrial region in Tianjin. Three more similar territories were instituted during Hu’s tenure, namely the Liangjiang New Area in Chongqing; the Nansha New Area in Guangzhou, which has since been co-opted into a broader Guangdong Free Trade Zone (GFTZ) that includes two other zones previously also termed ‘nationally strategic’, Hengqin and Qianhai; and the Zhoushan Archipelago New Area off the coast of Zhejiang province. The pace and geographical spread of experimentation grew after Xi Jinping took over the CPC leadership in 2013. At the time of writing, the Xi regime officially assigned ‘nationally strategic’ status to 13 additional ‘new areas’ across all major regions in China (see Figure 1.1). These are, namely, Guian New Area, Xixian New Area, Qingdao Xihaiyan New Area, Dalian Jinpu New Area, Chengdu Tianfu New Area, Changsha Xiangjiang New Area, Nanjing Jiangbei New Area, Fuzhou New Area, Yunnan Dianzhong New Area, Harbin New Area, Changchun New Area, Nanchang Ganjiang New Area and Baoding Xiongan New Area. Viewed holistically, this geographical trend suggests the desire to seek out new ‘stones’ have never been stronger than at any other
stage of ‘crossing the river’. *On Shifting Foundations* aims to explain and evaluate this phenomenon.

At one level, this division and differentiation of Chinese state spatiality could be construed as a proactive attempt on the part of the CPC to engage with the global system of capitalism through its own variant of instituted uneven development. Simultaneously, however, the growing pace of change is *symptomatic* of increasingly severe strains within the national regulatory structure. During the build-up to China’s 12th Five-Year Plan (2011–2015), the Chinese central government issued an unprecedented admission that its GDP-focused developmental approach of the past three decades was undertaken in tandem with 10 structural challenges (delineated in Table 1.1). One prominent example can be seen in the extensive extraction of natural resources and low-cost dumping of waste into the biosphere in the pursuit of GDP growth. Similarly, the rollback in rural welfare provision and municipal governments’ corresponding denial of (already-minimum) social benefits to rural residents who migrate into and support urban economies generated huge savings that were consequently redirected into capital-friendly, supply-side projects (Oi 1999; Whiting 2001; He and Wu 2009). Accompanying this rollback was the proliferation of social contradictions that collectively exemplify the fragile social contract that constituted the so-called Chinese economic growth ‘miracle’.

**Figure 1.1** New frontiers of reforms: China’s ‘nationally strategic new areas’, 1990–2016. Source: Author, with cartographic assistance by Elaine Watts.
Rather than tackle these challenges head on at the national scale, central policymakers chose to develop and test potential solutions within each of the designated ‘new areas’. Herein lies a key relationship that will be further examined in this book: the institution of ‘nationally strategic’ experimental policies through territorial reconfigurations. Specifically, the built environment, administrative boundaries and industrial compositions of targeted city-regions have been repurposed to generate new conditions for reforms. Each ‘new area’ is charged with experimenting with a predetermined range of national-level initiatives that have been formulated with local conditions in mind.

For instance, experimental policies in Liangjiang New Area in Chongqing built on the broader regional program to develop the western interior (more on this program shortly). To facilitate this, the Chongqing government deepened its reform of another national-level institution – the urban–rural dual structure (chengxiang eryuan jiegou 城乡二元结构). This was and remains a direct attempt to dismantle a longstanding and highly discriminatory national institution established during the Mao era – the hukou, or household registration, system of demographic controls. In the Pearl River Delta (PRD) extended metropolitan region where Hengqin, Qianhai and Nansha New Areas are located, reforms were focused primarily on financial innovation (jinrong chuangxin 金融创新), particularly the creation of ‘backflow’ channels for RMB in offshore financial centres to ‘return’ to China (renminbi huiliu 人民币回流). These reforms deal with another problematic institution of the Mao era, namely the fixed currency exchange rate system. As trade with the global economy expanded, Chinese merchants developed an over-reliance on the US dollar for trade settlements (Lim 2010; McKinnon 2013). The CPC consequently began promoting the external circulation of RMB through currency swaps, bond issues and trade settlements to reduce dollar usage. Opportunities must be offered to foreigners to

<table>
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<tr>
<th>Table 1.1</th>
<th>China’s 10 socioeconomic challenges, identified in the proposal of the 12th Five-Year Plan.</th>
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<tbody>
<tr>
<td>1.</td>
<td>Increasing constraints of resource environments</td>
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<tr>
<td>2.</td>
<td>Relationship between investment and consumption is unbalanced</td>
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<td>3.</td>
<td>Income distribution gap widened</td>
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<tr>
<td>4.</td>
<td>Scientific and technical innovation capacity remains weak</td>
</tr>
<tr>
<td>5.</td>
<td>Asset structure is unsatisfactory</td>
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<td>6.</td>
<td>Thin and weak agricultural foundation</td>
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<td>7.</td>
<td>Lack of coordination in urban–rural development</td>
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<tr>
<td>8.</td>
<td>Coexistence of contradictory economic structure and employment pressures</td>
</tr>
<tr>
<td>9.</td>
<td>Apparent increase in social contradictions</td>
</tr>
<tr>
<td>10.</td>
<td>Persistent structural and systemic obstacles to scientific development</td>
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</tbody>
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Source: Suggestions on the 12th Five-Year Plan by the Communist Party of China (p. 3, Mandarin document; NDRC 2011). Author’s compilation and translation from Mandarin.
re-invest their RMB holdings in order to expand offshore RMB demand (hence the focus on providing ‘backflow channels’). The unfolding of these geographically differentiated sets of new policies raises a question of policy experimentation: to what extent does it lead to foundational institutional change at the national level?

To address this question, this book draws from and advances the current body of research that underscores the importance of policy experimentation under CPC rule. As Sebastian Heilmann’s work (2008: 2) shows, ‘existing, and initially deficient, institutions can be put to work, transformed, or replaced for economic and social development in an open-ended process of institutional innovation that is based on locally generated solutions rather than on imported policy recipes’. This process is not as top-down and rigid as it appears, observe Heilmann and Elizabeth Perry (2011). On the contrary, the preferred modus operandi is to effect ‘adaptive governance’ through a type of ‘guerilla-styled’ decision-making that originated from the CPC’s sporadic and opportunistic military strategy in its ‘long revolution’ through the 1930 and 1940s. The ‘wartime base areas’ formula of encouraging decentralised initiative within the framework of centralised political authority proved highly effective when redirected to the economic modernisation objectives of Mao’s successors’ (Heilmann and Perry 2011: 7). To this it could be added that the ‘guerilla’ approach was never jettisoned during the Mao era. Indeed, despite Mao’s grandiose efforts to institute a Soviet-styled central planning system, socioeconomic regulation was more accurately characterised by decentralised rule in the rural ‘People’s Communes’ (renmin gongshe 人民公社), within which more than 80% of the population resided. It was also during this era that senior CPC cadres such as Peng Dehuai, Liu Shaoqi and Li Fuchun called repeatedly for gradualism and pragmatism (including the selective retention of market-based practices that Mao found unacceptable), two defining characteristics of the party’s impromptu wartime forays.5

Confronting growing external debt and persistent domestic poverty at the time of Mao’s passing in 1976, the CPC knew it had to make changes to preclude social and political chaos. It was uncertain, however, on what directions to take without undermining its Marxist–Leninist foundations and its ideological commitment to facilitate the previously-mentioned transition to socialism.6 This uncertainty re-accentuated the need to ‘feel for stones’. As Deng Xiaoping explained in 1978, the end-goal of reform would be the modification of national-level institutions through place-specific experimentation. No pre-existing playbook guided this potentially uncomfortable process:

Before a unified national agenda is developed, new methods can be launched from smaller parts, from one locality, from one occupation, before gradually expanding them. The central government must allow and encourage these experiments. All sorts of contradictions will emerge during experimentation, we must discover and overcome these contradictions in time. (Deng 1994b: 150; author’s translation)
Implemented across a growing number of institutionally-distinct territories, Deng’s experimental approach in the 1980s and early 1990s was qualitatively distinct from those instituted during the Mao era. While it was superficially like decentralised governance in the People’s Communes, experimentation after 1978 strongly encouraged spontaneity while it delicately accommodated Mao-era practices. Thomas Rawski (1995: 1152) puts this shift in clear perspective:

China’s reforms typically involve what might be termed ‘enabling measures’ rather than compulsory changes. Instead of eliminating price controls, reform gradually raised the share of sales transacted at market prices. Instead of privatization, there was a growing range of firms issuing shares. Production planning does not vanish, but its span of control gradually shrinks. This open-ended approach invites decentralized reactions that the Centre can neither anticipate nor control.

Viewed in relation to the most recent wave of policy experimentation in ‘nationally strategic new areas’, this ‘open-ended’ approach continues to define the contemporary spatial logics of socioeconomic regulation in China. ‘Crucially’, Jamie Peck and Jun Zhang (2013: 380) argue, this approach ‘has meant that endogenous state capacities and centralised party control have been maintained through China’s developmental transformation’. Then again, reforms in China remain, in Zhichang Zhu’s (2007) observation, ‘without a theory’. There is, specifically, no explanation why experimental reforms have not led to federal-styled autonomy for subnational governments. Likewise, it is not clear whether increasingly differentiated subnational initiatives could drive national-level institutional change in a way that enhances stability. *On Shifting Foundations* will address these gaps in the following three ways.

First, the book problematises dichotomous portrayals of post-Mao economic development as outcomes of decentralisation and its corollary, uneven development, while the Mao era was characterised by a highly centralised political economy that was committed to socio-spatial egalitarianism. Presenting a fresh conceptual and historical appraisal of the spatial logics of socioeconomic regulation since the founding of contemporary China in 1949, this book argues that the apparent ‘downscaling’ of governance to city-regional levels since the 1980s has not been a linear, one-track process. What is emerging is at once a further fragmentation of regulatory territories as well as a repurposing of Mao-era institutional foundations. In other words, the on-going round of ‘nationally strategic’ policy experimentation exemplifies the limits and legacies of past socio-spatial configurations, which makes it necessary to historicise the rationale for experimentation in each ‘new area’.

Second, the book goes beyond assuming the territorial demarcations of ‘nationally strategic’ experimental sites as straightforward anointments from the central government. Emerging evidence suggests, indeed, that the establishment
of these new zones are outcomes of competitive lobbying by subnational actors. What counts as a ‘nationally strategic’ policy is therefore a fluid and actively contested entity; the designation of a site for national-level reforms is politicised rather than preordained. Lu Dadao, a senior economic geographer at the Chinese Academy of Sciences and a longstanding consultant to CPC policymakers, candidly describes how this lobbying has complicated the notion and value of the ‘national strategy’:

What is the national strategy? It refers to the guiding capacity of the development of one region within the broad national domain, including a huge supportive impact. Currently, at the demands of different regions, the problem is the designation of regions as nationally strategic when they should not be. [...] The current problem is some regions emulate one another to develop plans. Through communication and other manoeuvres, they hope the National Development and Reform Commission [hereafter NDRC, also known as fagaiwei 发改委] will organise and draw up these plans and forward them for approval by the State Council. Some of these have been approved, others are still lobbying the central government to organise and include their plans within the national strategy. From the national vantage point, how can it work if everyone is a strategic hub? (Lu, interview with Liaowang, 17 June 2010; author’s translation)

Xiao Jincheng, the president of the NDRC’s Institute of Regional Economy, explains the rationale of this competitive alignment with the ‘national strategy’:

There is a particular point of view that so long as the State Council approves a plan for a region, this region will be an important developmental node that will enjoy abundant support through state policies and capital. Hence it is possible to approve many projects and there will be no limits to future development. (Xiao, interview with Liaowang, 17 June 2010; author’s translation)

These observations by Lu and Xiao collectively suggest that policy experimentation has evolved into a multi-scalar political process. This evolution exemplifies the willingness within the central leadership to consider proposals from subnational actors ‘through communication and other manoeuvres’. Integral to the reconfiguration is the alignment of supposedly favourable local conditions with national-level concerns. Why and how some subnational cadres succeed in convincing central policymakers to ‘scale up’ their territories as ‘nationally strategic’ will be further explored in this book’s two case studies on the PRD and Chongqing (see, specifically, Chapters 4 and 6).

Last, but not least, this book will evaluate the national impact of the experimental policies in the PRD and Chongqing (Chapters 5 and 7, respectively). At least five years have passed since policy experimentation was instituted in these territories, and the CPC Party Secretaries who were directly involved in their designation – Wang Yang and Bo Xilai – have left their positions. It would be apt,
then, to evaluate whether the policies have generated fresh avenues for changes in national-level institutional foundations. The focus will be on two major policies in the case study of Chongqing – urban–rural integration and state-driven attempts to attract capital inland from the coastal provinces. In the PRD, the book evaluates the effectiveness of RMB backflow channels in Hengqin and Qianhai New Areas, and foregrounds their implications for Nansha New Area (which was still new at the time of data collection and hence difficult to ascertain policy effectiveness). In so doing, these chapters address the concerns of Lu and Xiao by showing the extent to which ‘nationally strategic’ designation can lead to foundational change at the national level.

To further contextualise the three foregoing research avenues, the next section will consider how recurring spatial differentiation was and remains essential to the production of a hierarchical, unitary Chinese state since 1949. It argues, specifically, that the designation of ‘nationally strategic new areas’ is characteristic of a longstanding and proactive attempt to retain, if not reinforce, political power through the reconfiguration of state spatiality.

Recurring Spatial Reconfigurations and the Consolidation of a Unitary State

The predominant political project in China over the last century has been to establish and consolidate a modern state structure. Pressures for state formation began during the late Qing period when the Empress Dowager, Cixi, was confronted with demands for constitutional rule. Sustained revolutionary pressures consequently triggered the demise of the Qing dynasty in 1911. In its place was a new Chinese state – the Republic of China (中华民国) – formed by Sun Yat-sen, one of the leading revolutionaries (Cohen 1988; Shambaugh 2000; Kuhn 2002). Sun’s subsequent tenure was transient, lasting less than three months before his successor, Yuan Shikai, moved swiftly to re-institute the monarchy. Yuan was eventually thwarted in 1916 and fresh state-building efforts were launched by Chiang Kai-shek, the-then leader of the Nationalist Party (or Kuomintang, the KMT). During the two decades that followed, the KMT established institutions conducive to state rule such as the Ministry of Finance and Ministry of Foreign Affairs; a strong military force was also developed in tandem. The effectiveness of these institutions was undermined, however, by the KMT’s inability to penetrate local communities in the rural hinterland and the total war against Japanese occupation between 1937 and 1945 (Duara 1991; Strauss 1998; Remick 2004; Osinsky 2010). It was only after the CPC emerged victorious in a protracted, three-year civil war with the KMT in 1949 that the state-building project stabilised. Andrew Walder (2015: 2) underscores the historical significance of the CPC victory:
For the first time in well over a century, there would be a Chinese state that effectively controlled its territory within secure borders, and that was able to stamp out pockets of domestic rebellion. For the first time in China’s long history, salaried state officials, not local notables, would administer Chinese society in rural villages and urban neighbourhoods. These officials were part of a national hierarchy that connected the apex of power in Beijing directly, and relatively effectively, with life at the grass roots. Mao and his comrades may have viewed the victory of the Communist Party in 1949 as part of the triumph of world socialism, but it marked the birth of China’s first modern national state.

Perhaps counter-intuitively, the CPC succeeded not because it formulated more innovative state building policies. As John Fitzgerald (1995) argues, state formation through the late Qing, early Republican (1912–1927), Nationalist (1928–1949) and communist periods (1949 and thereafter) was underpinned by the continuous quest for a unitary state in spite of differences over what kind of nation this state represents. Along the same vein, Samuel Jackson (2011: 76) points out that ‘nationalist efforts to secure political unification of China during the 1920 and 1930s informed the strategies and institutions adopted by the CCP to consolidate control’. Building on these insights, this book argues that the CPC’s state-building project was distinct from its predecessors because space was not construed as a passive ‘container’ or epiphenomenon of state-building. To paraphrase Henri Lefebvre (1991), the CPC changed China because it first altered its political-economic spatial formations.8

The Mao regime prioritised the integration of a unitary state through large-scale territorial reconfigurations after its victory in the Chinese civil war was imminent. This was a transformative approach because ‘China’ under the KMT was effectively a patchwork of disparate regional economies – dominated by warlords, Japanese colonialists and local ‘land tyrants and gentry’ (tuhaolieshen 土豪劣绅) – that significantly precluded the concentration of political power. Integrating these territories into a national whole was encumbered by poor access to local economies, particularly in the vast rural hinterland, where widespread resistance was encountered.9 This pushback was contained and eventually broken after the CPC implemented an important but often-overlooked spatial strategy: the political-geographical division of its newly acquired territories into six administrative divisions. These regions were called North China (Huabei 华北), led by Liu Shaoqi; Northeast China (Dongbei 东北), led by Gao Gang; East China (Huadong 华东), led by Rao Shushi; Central and South China (Zhongnan 中南), led by Lin Biao; Northwest China (Xibei 西北), led by Peng Dehuai; and Southwest China (Xinan 西南), led by Deng Xiaoping. This military-styled territorialisation provided the platform for the CPC to thoroughly redefine rural state-society relations through the redistribution of rural land to poor peasants. Once landownership reconfigurations were completed by 1952, the CPC augmented its political power through coercive and at times violent mobilisational campaigns (Strauss 2006).
At the same time, two leaders of the six administrative regions – Gao Gang and Rao Shushi – were suddenly purged on the grounds of insubordination (Teiwes 1990, 1993, chapter 5; Shiraev and Yang 2014). Drawing from this consolidated political strength, the Mao administration rolled out plans for the mass collectivisation of means of production. This was to culminate in the Great Leap Forward industrialisation program between 1958 and 1961.

Writing in support of this economically nationalistic project, the-then Shanghai Mayor, Ke Qingshi, published an article in the Party’s leading journal, *Red Flag* (*hongqi* 红旗), in February 1959 to encourage subnational actors to privilege national-level developmental goals. This article attained touchstone status in Chinese policymaking and academic circles for introducing the metaphor ‘the whole country as a chessboard’ (*quanguo yipanqi* 全国一盘棋). Days after its publication, the key tenets of the article were echoed and endorsed by the party-state through an editorial in its mouthpiece, *People’s Daily*:

> Our socialist economy develops along planned ratios. In order to deploy enthusiasm within different spheres in the most efficient and most reasonable way, it would be necessary to enhance centralized leadership and macro arrangements, it would be necessary to look from the perspective of the whole country, and arrange the national economy in the form of a chessboard. (*People’s Daily*, 24 February 1959; author’s translation)

Particularly pertinent for the analysis in *On Shifting Foundations* is the editorial’s insistence on placing national concerns ahead of local calculations:

> The initiatives and flexibility of every leadership organ and department during the implementation of central directives should be promoted at any time; work cannot be performed well when these characteristics are lacking. However, proactivity and flexibility should be brought forth with reference to ‘the whole country as a chessboard’. These should first and foremost be used to ensure the victory of ‘the whole country as a chessboard’, to guarantee the actualisation of the state plan. Only when the projects and plans designated by the state are fully completed can proactivity and flexibility be extended to other areas. (*People’s Daily*, 24 February 1959; author’s translation)

As the subsequent chapters will elaborate, the CPC’s contemporary development of ‘nationally strategic’ policy experimentation is premised on a repurposed ‘chessboard’ philosophy. The continued relevance of this philosophy is interesting because, within its original context, Ke Qingshi’s imploration to subsume subnational developmental initiatives to national goals neither inspired the Great Leap Forward program to success nor enhanced economic production during the Mao era. After it became apparent that this program was unsuccessful, Mao implemented more radical measures to ensure China did not follow the ‘revisionist’ steps of the Soviet Union. This was first launched through the Third Front
Construction program in 1964 (sanxian jianshe 三线建设), on the premise of growing military threats from ‘imperialism and their running dogs’ (diguozhuyi jiqizougou 帝国主义及其走狗). Mao ordered means of production to be relocated from the coastal city-regions, officially termed the ‘First Front’, to those in the relatively sheltered interior, termed the ‘Third Front’ (ref. Li and Wu 2012: 61–64). The relocation was an immensely costly project that more negatively impacted economic recovery than the chaotic Cultural Revolution (1966–1976), as Barry Naughton (1988) shows. Once the national industrial composition was spatially reconfigured, the platform was set in 1966 for the further consolidation of CPC rule – to exterminate the ‘clique of capitalist roaders’ (zouzipai 走资派).

Economic reconstruction unsurprisingly took a backseat during the first few years of the Cultural Revolution. Cell-like administrative units were tied hierarchically to Beijing in tandem with geo-economic insulation (under the nationalistic slogan of ‘self-sufficiency’) to ensure absolute political control. Provinces were granted significant autonomy to self-finance developmental projects in return for the enforcement of a minimal trade policy. For almost a full decade prior to the 1978 reforms, the ‘Chinese economy’ looked more like a customs union more than a common market; it was an entity with a common barrier against the global economy, within which free trade did not exist. Embedded within the previously mentioned ‘People’s Communes’ and urban industrial units (gongye danwei 工业单位) was effectively a ‘cellular’ and ‘fragmented’ economic structure that was constituted by cell-like, self-sufficient and regionally uneven administrative units (Donnithorne 1972; Tsui 1991; Bray 2005). To be explored further in Chapter 2, these policies collectively comprised a ‘politics in command’ (zhengzhi guashuai 政治挂帅) approach to socioeconomic regulation that lasted until Mao’s passing in 1976.

Chinese state spatiality was (again) reconfigured to prioritise and incentivise market-driven production under the pragmatic Deng Xiaoping leadership. After taking power in 1978, Deng immediately made it clear his priority was the survival of the CPC through the enactment of the ‘Four Cardinal Principles’ in the Chinese Constitution: (i) We must keep to the socialist road; (ii) We must uphold the dictatorship of the proletariat; (iii) We must uphold the leadership of the Communist Party; (iv) We must uphold Marxism–Leninism and Mao Zedong Thought. It is important to note that the third principle is the pivot on which the other three principles rest (for full text of Deng’s speech on the Four Cardinal Principles, see People’s Daily, 30 March 1979).

To fulfil his commitment, Deng’s signalled his preference for Vladimir Lenin’s ‘New Economic Policy’ in post-Tsarist Russia, which accommodated private enterprises in the quest for socialism. Interestingly, this approach marked a return to the CPC’s original policy focus of the early 1950s (Horesh and Lim 2017). Deng’s flexible approach was predicated on proactive spatial restructuring that facilitated the growing urbanisation of capital and labour power (Lin 1999; Ma 2005). Underpinning this approach was the ‘ladder-step transition theory’, or
First espoused by the Shanghai-based academics Xia Yulong and Feng Zhijun in 1982, this prescriptive ‘theory’ attracted the attention of a senior CPC cadre, Bo Yibo, and subsequently permeated central policymaking circles. Instituted as a policy blueprint during the 7th Five-Year Plan (1986–1990), this predictive theory divided Chinese state spatiality into three economic–geographical belts: the eastern (coastal), central, and western (Xia and Feng 1982). The Deng administration allowed one belt (the eastern seaboard) the priority in ascending the development ‘ladder’. It assumed that the fruits of development in the ‘first mover’ belt would diffuse downwards to other rungs of the ladder. This template of instituted uneven development became the basis of market-oriented reforms: the Deng administration expanded China’s re-engagement with the global economy by permitting foreign investments beyond the first four SEZs. Prior to the 1994 fiscal overhaul that (re)concentrated fiscal resources at the central level, preferential fiscal policies were given to selected coastal provinces to accelerate their respective developments, while subsequent tax reforms continued to benefit these provinces (Wei 1996; Dabla-Norris 2005).

Up until Deng’s passing in 1997, the CPC did not designate any time for accumulated capital to be proactively transferred from the coastal belt to the central and western interior to attain long-run spatial equilibrium. There was also no detailed plan that explains what would happen to the coastal provinces’ economic development as resources are re-directed westwards. Ostensibly aware of potentially-damaging consequences of the widening coast–interior unevenness, Deng’s successor, Jiang Zemin, began to focus on developmental issues confronting the interior provinces. Reiterating Deng’s philosophy, Jiang averred in a 1999 speech that ‘reducing the developmental disparities within the entire country, developing in a coordinated manner and ultimately attaining Common Affluence is a basic principle of socialism’ (People’s Daily, 10 June 1999; author’s translation and emphasis). Yet, in an important qualifying point made in the same year, Jiang clarified he was not about to jettison the spatial logic of socioeconomic regulation that had contributed to China’s economic growth:

“My understanding is, when Comrade Deng Xiaoping mentioned letting some regions and people to first prosper before gradually reaching Common Affluence, that is still not the end point. Upon reaching a relatively higher standard of living, more advanced regions must still move forward. Equilibrium is relative while disequilibrium is absolute, this is the objective rule of material development (Jiang 2006: 341; author’s translation).

It was based on this ‘objective rule’ that Jiang announced, in November 1999, the ‘Great Western Development’ spatial project (xibu dakaifa 西部大开发). Ratified by the State Council in 2001, this strategic program represented the beginning of more targeted approaches towards developing the large interior regions. The original plan involved enhanced fiscal redistribution to the western provinces; more commitment by the central government to infrastructural development; opening