

## **Urban Growth, Rescaling, and the Spatial Administrative Hierarchy**

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### **Introduction**

One of the most important shifts in China Studies scholarship in the past few years is the recognition that economic activity in China under reform continues to depend on government planning. By contrast, research in the 1980s and 1990s generally adopted the perspective of transition theory and economic decentralization, which has assumed that marketization in China proceeds from dismantling central government control over the socialist planned economy (Nee, 1989; Naughton, 1995; Walder, 1996). Instead, current research is giving renewed consideration to dynamic relationships between the government and the economy, including the power of single-party rule in economic decision-making (Shih, 2009; Walter and Howie, 2011). For example, Victor Shih's (2009) work definitively argues that the politics of Chinese Communist Party (CCP) factions under reform have led to rounds of decentralization and recentralization of monetary control through the banking system, which affects economic activity at all scales.

In this paper, I posit that the effects of de/recentralization have also impacted urbanization and its contribution to the domestic economy, and examine the relationship between state power dynamics and urban development through the spatial administrative hierarchy. The spatial administrative hierarchy is China's system of hierarchically organized nested territories, including provinces, cities, counties, and towns, in which offices of different branches of government exist at each level of the system. Decentralization takes place when the central government allows lower level government offices more control over crucial economic decision-making. Recentralization takes place when the central government compels local governments to relinquish some power and restores higher-level authority.

Thus by contrast to past research that treated decentralization as a transitional process leading to diminished power of the central state, this analysis assumes that the central government maintains authoritarian power and that particular state powers are distributed via de/recentralization in the governing system. From these understandings, the administrative hierarchy, as a system of territorial government, is the 'site' of processes of decentralization and recentralization, and serves as context for research on the role of the state in general and specific processes of change.

The spatial administrative hierarchy in China is in some ways similar to any system of government and territorial organization in a large country. Its differences demonstrate ways in which the state maintains a strong role in specific sectors of the economy and overall national economic planning. The spatial administrative hierarchy also reflects the inheritance of China's historical political geography. In historic perspective, the spatial administrative hierarchy is nothing new in China: it has its origins in the Qin dynasty (221-206 BCE), when China's basic territorial unit of government, the county, was established (Liu, Jin and Zhou, 1999; Fitzgerald, 2002). In the past millennium, no matter what type of state or governing apparatus ruled over China or the People's Republic of China (PRC), the administrative hierarchy has served as the territorial and administrative basis of state organization. But the fact that it is so old is also what is interesting: through historic upheaval across the centuries, from dynastic collapse and revival, to warlordism, fledgling republicanism, socialism, Leninism and contemporary market authoritarianism, each and every regime in China has maintained the territorial governing system. To understand the significance of the spatial administrative hierarchy, it is worth exploring some characteristics of this transhistorical capacity.

The next section introduces some general conditions of change in China under reform, and the problems of relying on decentralization as a singular explanatory logic by comparison

to consideration of the changing roles of the state. The second section introduces scale relations in geography as a basis for demonstrating the significance of the spatial administrative hierarchy for economic reform and development in China, and through the establishment of two new provincial-level territories: Hainan, a new province, and Chongqing, a new provincial-level city. The third section presents a new interpretation of contemporary changes to the spatial administrative hierarchy at the urban scale in relation to processes of decentralization and recentralization under reform. Conclusions attenuate these new observations between state processes and urban change and suggest questions for future research.

### **Decentralization: market or state?**

After reform and opening (*gaige kaifang*) starting at the end of in 1978, the PRC incrementally dismantled the planned economy and decentralized economic decision-making power from central government bureaucracies to firms, farmers, and local governments. Decentralization and marketization have been the most significant and widespread general transformational processes of the era. Many studies of China under reform have relied on the general idea of decentralization, and the cognate transition theory, for analysis of institutional transformation including, for example, research on fiscal reform (Wong, 1991; Lin and Liu, 2000; Jin, Qian and Weingast, 2005), education reform (Hawkins, 2000; Mok, 2002, 2004), and debates about federalism and the PRC state territorial system (Montinola, Qian and Weingast, 1995; Jin, Qian and Weingast, 2005). However, in its assumptions about the devolution of state power, decentralization has arguably directed attention away from understanding the changing roles of the state, and the continuing significance of central state power.

The imperative to problematize and contextualize decentralization arises in several arenas. First, considerable scholarship adopting the decentralization perspective assumes that

the state is yielding and devolving power, whereas in fact the state apparatus maintains and extends some powers while it yield others (Hawkins, 2000). In effect, the state engages in rounds of decentralization and recentralization. Second, the implications of decentralization as a singular top-down process must not be over-simplified, since powers of transformation often do not move smoothly from center to local. In reality, 'local' may be any one of several hierarchical contexts, from town and county to city and province. Third, the international social sciences literature typically understands decentralization through transition theory, which assumes formation of markets according normative economic theory. Yet as Haila (2007) has analyzed, in the case of the so-called land market in the PRC, assumptions about the emergence of the market are often poorly defined and unsupported by empirical evidence. In reality, notions about the existence of markets may reflect government discourse and prevailing economic ideology rather than empirical realities.

In spatial perspective, assumptions about decentralization in transition theory rely on the idea that the devolution of state power plays out on a relatively uniform geographical landscape of market opportunity. If we look for the spatial contexts of transition theory, we find them typically limited to the national scale, i.e. in explanations of the PRC as a nation-state (Nee, 1989; Naughton, 1995). To the degree that the China studies scholarship has acknowledged a spatial dimensionality, it has treated the state in terms of a two-tier system, in relations between the center and the local (Cartier, 2005). Transition theory has no mechanism for taking into account the recentralization and rescaling processes that characterize the spatial administrative hierarchy in China, processes that reorganize resources and power relations that propel transformational development. The outstanding example is the 1994 Tax Reforms, which allowed the central government to increase revenue at its disposal by compelling local governments to remit more tax through the spatial administrative hierarchy (Huang, 2008).

Spatial questions about decentralization bring new perspectives to the process. How does decentralization actually work out in space and time? Since economic power is not an agent that independently decentralizes or moves – it does not ‘flow’ as a coherent force unhindered – what does the decentralization of power actually mean in practice and process? The problem at this juncture is the idea of geography or space as if fixed on a map: traditional social science research has conceptualized ‘geography’ in fixed locations rather than through outcomes reflecting dynamic processes of spatial transformation. Continuing the map as metaphor, our focus concerns what happens in between versions of the printed map – how and why the state and its governing apparatus puts territorial decisions into place.

### **Scale relations and the administrative hierarchy**

Most studies on the political system in historic and contemporary China tend to treat the territorial system as a fixed four-level system. The first level under the central government is the provincial level, including provincial-level cities. Next in the hierarchy is the ‘prefectural’ level, which has historic intermediate governing functions between the province and the county. The county is the next level down and the most significant local level of government. At the lowest level are towns and townships. From the Chinese perspective, government bureaucracies at particular levels are organized in *tiao-kuai* relations: vertical or branch (*tiao*) relations and horizontal or piece (*kuai*) relations (Mertha, 2005). The vertical line of organization represents increasing authority and power, whereas the horizontal dimension indicates how governing activity takes place through interrelations among different branches of government at a particular level. In spatial terms, hierarchical power relations exist between the central government, provinces, prefectures, cities and counties. Relations at any particular level (*kuai*) depend on negotiation between local government offices and the role of the local CCP, which may use its authoritarian power to

influence local outcomes. The horizontal context also represents bounded territorial units represented on maps as provinces, prefectures, counties and so forth.

Here I turn to introduce perspectives on scale relations from advances in spatial theory to conceptualize *tiao-kuai* relations and state-territorial dynamics. The idea of scale relations, as a framework for an analytical perspective, conceptualizes the role of the state in establishing, changing, and confirming the territorial hierarchy. It also conceptualizes power dynamics in relations of scale, which serve as a framework for understanding political economic change in space and time. Thus the scale relations approach understands decentralization as a set of institutional conditions characterized by dynamic spatial processes and power relations, which unfold through the spatial administrative hierarchy.

Approaches in scale relations emerged from a literature in political economic geography to explain how specific and different levels of social activity, from local to global and in any place or country – including home or household, village, town, county, city, province, region, nation-state, supra-state region and world or global realm – are products of political economic decisions, experienced in social life, constituted through spatial processes, and backed by state power and military force. The literature on scale relations sets forth a range of observations about the production of scale or dynamic administrative levels (Agnew, 1993; Swyngedouw, 1997a, 1997b; Brenner, 1998, 1999; Cartier, 2005). These perspectives recognize that different territories are not fixed, but that they are constituted through historical events and decisions.

In general, the scale relations literature emphasizes how the state establishes different levels of scale, and interrelations among them; dynamic state powers that propel reconfiguration of scale relations in territorial systems; changing powers of institutions at the national scale and consequent shifting powers to urban, regional and/or global scales; and power and resources associated with scalar processes. In conceptualizing relations between

different spatial contexts of human activity, scale relations treats political economic power as a social process with spatial characteristics and spatial effects. The literature also recognizes different types or modes of power and that these powers can be associated with particular spatial and geographical contexts (Allen, 2003, 2004). Scale is the context of government administration, and an empirical means of spatial differentiation. Scale relations as a theoretically informed framework is a conceptual approach that establishes how any given scale or level does not exist in isolation but has been historically and socially constituted, and contextualizes state-society relations.

The idea of scale begins with recognition of different spatial levels of political-economic activity, which are theoretically infinite in their number and positions. It is the role of the state, in its governing interests, conjoined with economic interests, to establish, maintain and interrelate distinct scales of political economic activity and social life. Similarly, scale theory recognizes how political boundaries are produced and instantiated as a consequence of territorial representations of scale on the ground. In relation to the idea that political economic interests continually reestablish if not reinforce particular scales of activity, such interests then necessarily express their powers as a set of spatial processes and through actions and events at different and multiple scales, which are often mutually influential. Scale processes expressed at one scale often impact events at another scale. For example, in China under reform, the 'local' state may interpret policy in ways that are different from the central state's plans or directives (see Minglu Chen's discussion of Sichuan in this issue).

The significance of scale relations in an era of globalization emerges especially around the importance of cities and regions in articulating globalizing processes in the context of nation-state territoriality. In this era of globalization, mobile capital seeks to invest in growth-oriented and high growth city-regions. Worldwide, foreign direct investment

disproportionately concentrates in city-regions, world cities, and global cities, which contributes to uneven development (Scott *et al*, 2001). Urban officials regularly seek to access international capital directly, working to negotiate across levels of scale and sometimes transcending the national level or national government bureaucracies in the process. For example, in contemporary Luwan district, Shanghai, in the former French Concession, local district officials have directly worked with international luxury goods firms to invest in Huaihai Middle Road (Lippo Group, 2009). In the context of scale relations under globalization, the city, especially at the scale of the metropolitan region, emerges as the spatial territory most suited to the interaction of political, social and economic processes.

However, the research design problem for China Studies is the assumption, internalized in the scale relations literature, of a capitalist or neoliberal state. The general literature on scale is based on the capitalist state in Europe and North America and, in its neoliberal variants, in perspectives about the retreat or diminished role of the state in several social and economic arenas. It is also underpinned by assumptions about democratic liberalism and civil rights. The PRC has also acted like a neoliberal state, through limiting support of social welfare benefits and by marketizing many former state services. Yet through the CCP, the Party-state in China retains particular powers of authority and domination, including over the economy and specifically where and at what scale economic activities take place. Among many examples, when China opened to the world economy for foreign investment in the 1980s, investment was allowed only in the special economic zones and open cities of the coastal region: Shenzhen, Zhuhai, Shantou and Xiamen. At the national scale, the state has exerted considerable control and decision-making over the geographical allocation of investment capital – the national space economy has not evolved as a market landscape. Thus one of the methodological goals of using scale relations as a lens of analysis for China is to treat the theoretical-empirical relationship as a dialectical process.



Understanding China's dynamic administrative hierarchy from perspectives of scale brings theoretical analysis to questions concerning decentralization, marketization, and spatial dimensions of state power. Analyzing empirical questions through scale relations informs understanding particular types of changes to the administrative hierarchy, as well as how power relations are instantiated at different levels in the hierarchy, and the geographies of their social, political and economic effects. In turn, these relational concepts inform power relations between and among institutions at different levels in the administrative system. As a general framework for analyzing spatial contexts of state power and their mobilization, a scale perspective contextualizes interrelations between central and local governments.

As a matter of research design, translations between Chinese- and English-language terms for theoretical ideas typically require some attention. I have considered the different possible Chinese translations for the word 'scale', and its different meanings, and have adopted *cengji*, which captures the complex meanings of scale by comparison to terms with somewhat similar yet simpler meanings like administrative level (*cengci*), and rank (*dengji*). From this I may formulate scale relations (*cengji guanxi*), scalar restructuring (*cengji chenggou*) and other terms. In interdisciplinary research, scale may be related to aspects of stratification (*jieceng*), in sociological work or to the scope (*guimo*) of economic activity. Thus scale is the spatial theoretical dynamic through which the project seeks to conceptualize state practices and power relations in space and time, through territorial administrative rank (*xingzhengqu jibie*).

With interest in establishing a broad framework for research on political economic change and urban restructuring in China, it is important to note that a scale relations approach is not only specific to the modern era but it also accommodates historic analysis. By focusing on the administrative hierarchy as the context for analysis of territorial and governing change, the approach asks to understand the nature of processes of change and why particular changes

have been made. Through territorial and governing changes, what political, economic and social goals is the state seeking to achieve? Over time, the cumulative effects of state scale strategies arguably propel accumulation and maintain territorial coherence. Ultimately, a transhistorical perspective should demonstrate the significance for explaining the role of the state and territorial integrity in China and over the *longue durée*.

### **Urban and regional rescaling**

In historic China and in the contemporary PRC, the state has made periodic and significant changes to the spatial administrative hierarchy. Recalling that the county was widely established in the Qin dynasty (221-226 BCE), the spatial administrative hierarchy has evolved over two millennia. In the Yuan dynasty (1260-1368), the province became established. The province is the meso-scale territorial unit at the highest level of the hierarchy below the national scale. These two territorial categories have continued to exist as the basic geographical units of Chinese territory. By contrast, the contemporary state in China has prioritized the urban scale: the number of designated cities (*shi*) has increased dramatically in China under reform, and cities have also substantially enlarged in total area over the past 30 years. The emergence of the city as an administrative level, and as an intermediate echelon between the province and the county, is a significant change in the spatial administrative hierarchy over the *longue durée*.

The increase in the number of cities, and ongoing enlargement of cities, is directly reflected in the ‘rescaling’ of counties, i.e., the decreasing number of counties as a consequence of rescaling of county territory to occupy another level or jurisdiction in the hierarchy. Table 1 shows the changing number of counties through the dynasties up to the reform era. The data show that the number of counties has not been fixed over time and that some change characterizes the county level. After the province was established, the number of counties fluctuates little and then apparently only between dynasties. In the twentieth

century, the data show increasing territorial changes at the county level beginning in the Republican period. Here I turn to focus on changes at the county level during the contemporary reform period.

The most dramatic change in the county appears in China under reform, in the contemporary era of globalization. The data point 1996 demonstrates distinctly fewer counties – more than 500 fewer counties than at the start of the period of the People’s Republic in 1949. What happened to these counties? The question implicates two interrelated dimensions of change: land area or territorial change, including changing boundaries, and administrative change including rescaling in the administrative hierarchy. The answer to the question is that the counties have been transformed by government into different types of administrative units – in the process of urbanization under reform. Some counties have been merged into cities, becoming urban districts. Others have become county-level cities. Still others were reterritorialized to become new, experimental cities, such as Shenzhen, the first special economic zone. Still other counties have not been rescaled but that been given new administrative status. One was reestablished as a forestry area and three were named autonomous ‘banners’, where a banner is an administrative division at the county level in Mongolia, a unit of administration that originated in the Qing dynasty. These examples are indicators of the complexity and variability of the territorial administrative system.

Table 1. Number of *xian* (counties) in China since the Qin dynasty (221-206 BCE)

| DYNASTIC ERA          | <i>xian</i> (counties) |
|-----------------------|------------------------|
| Qin                   | 900 - 1000             |
| Han                   | 1314 - 1180            |
| Three Kingdoms        | 720 - 1190             |
| Eastern Jin           | 1232                   |
| Southern and Northern | 1250 - 1724            |
| Sui                   | 1255                   |
| Tang                  | 1450 - 1453            |
| Song                  | 1162 - 1235            |
| Yuan                  | 1127                   |

|                            |             |
|----------------------------|-------------|
| Ming                       | 1169        |
| Qing                       | 1031        |
| POST-DYNASTIC<br>ERA       |             |
| Republican period          | 1791 - 2016 |
| People's Republic,<br>1949 | 2067        |
| People's Republic,<br>1996 | 1520        |

Source: Liu J., Jin R. & Zhou K. 1999, *China's Administrative Geography (Zhongguo zhengqu dili)*, Science Press, Beijing.

Beginning in the 1980s, the central government initiated changes to the administrative hierarchy in association with decentralization of the economy and planned regional development. Since then, changes to the system have taken place every year. The Chinese and English-language literature on the county describes these changes, but typically does not explain why they are taking place. Here I suggest that describing the changes is only a first step, and that analyzing why they are taking place is critically important because analysis of change leads to greater understanding of the state's political and economic goals. Thus let us hypothesize that changes to the administrative hierarchy are the territorial mirror of the political economy, and represent shifting goals of the Party-state.

At the provincial scale under reform, two significant changes stand out that demonstrate political economic goals. In 1988, the central government created a new province, Hainan, named after the large island off the southern coast, which was formerly 'part of' or administered by Guangdong province. In 1997, it created a new provincial-level city, Chongqing, by separating an area of Sichuan province at the head of the reservoir created by the Three Gorges Dam. Territories at the provincial scale, the highest level of subnational government, work directly with the central government and in each case the decision to establish the new territories at the provincial scale strategically materializes national economic development priorities.

The central government established Hainan as a separate province concomitant with giving it preferential economic development policy as the fifth special economic zone. The special economic zones of south China (Shenzhen, Zhuhai, Shantou, Xiamen, followed by Hainan) were planned to attract foreign direct investment and generate export-oriented development. Export-oriented industrialization was the leading mode of organizational development in the first decade of economic reform in China's coastal regions. By contrast, Chongqing represents the central government's shift to prioritize economic development in central and western China. In national economic ideology, the south coast and the special economic zones represent Deng Xiaoping's maxim, 'let some people get rich first', whereas the turn to central and western regions represents Hu Jintao's 'harmonious society' and its demonstration of interests in less-developed regions of the country. So whereas in most countries urban and regional 'planning' is understood as a combination of land use zoning and infrastructure construction, planning in contemporary China is a more complex process of urban and regional economic development combined with territorial or political geographical change.

### **Urbanizing China**

Since the 1980s, the 'city' as an administrative level of government has experienced the greatest change in the administrative hierarchy. Over the past three decades, cities have increased in number, from around 100 to over 650, and also in type and administrative level in the hierarchy (see Table 2). Some cities have expanded in area, some cities are entirely new, while others have been merged and incorporated into larger cities and effectively eliminated as distinct places on the map. Research on urban planning, governance, and regional development describes these changes (Wu *et al*, 2007; Chung, 2010), yet with some exceptions (Chien, 2007; Huang, 2008; Lin, 2009), the literature does not address their formation, conditions of their growth, or the political conditions of the Party-state that govern

them. ‘Despite the abundant (...) cases to explore, the themes of China’s local administrative hierarchy and its historical evolution have thus far received relatively scant attention in the scholarly literature’ (Chung, 2009, 2). With links to political power of the CCP, the topic has been historically sensitive.

Current research on the roles of the Party-state in economic planning affords new perspectives on the relationship between urbanization, economic development and state power. China’s economic growth depends on production and the ‘urban revolution’ is driving growth through infrastructure development and construction. Rapid growth has also depended on cities to fuel growth directly by contributing land as capital for real estate development. This is the main reason that cities want to expand by adding counties, or why counties want to become cities: only land classified as ‘urban’ can be legally leased for development. Even so, the state is the landowner and urban land can be leased but only for a maximum of 70 years. In most places, local officials negotiate land development directly, circumventing market price transactions (Tang, 1997; Lin, 2009). These conditions make real estate especially profitable for property developers and local officials. Thus in reality, aspects of the PRC’s socialist regime continue in the land management system, combined with contemporary opportunities for accumulation by dispossession, i.e. appropriating land from farmers without due compensation and other forms of rent seeking. The realities of such informal and illegal transactions explain why a market in land leases has not developed, and why ‘decentralization’ does not serve as an accurate characterization of the reform process.

Given the centrality of urbanization to economic and social transformation in China, the Party-state maintains particular interests in urban planning and regional development. In this section I introduce key territorial reforms that have established new cities and rescaled counties. The literature on urban governance focuses on administrative and ‘jurisdictional’ geographies, and covers the diverse changes that the central state has made to the spatial

administrative system under reform (Liu, Jin and Zhou, 1999; Liu and Wang, 2000; Liu, 2002). Here instead I seek to ultimately move the focus of inquiry to ask, what are the reasons for these territorial reforms? In preliminary analysis, I recognize the theoretical priority of capital concentration under globalization at the urban scale. Yet the number and variety of territorial reforms presents a more complex picture than the priority of the urban scale or general urban process. From a governing perspective, I offer the preliminary hypothesis that territorial dynamics reflect debates at the level of the central government about control over the domestic economy.

In 1983, the government began increasing the number prefectural-level cities (*dijishi*) at the level between the province and the county. The ‘prefecture’ had previously existed as an office of the government bureaucracy but most of them had limited governing power and were not official cities (*shi*) in the governing hierarchy. The idea of the ‘official city’ in China corresponds to increased governing capacity, urban land status, and consequent opportunities for economic development and wealth accumulation for local officials and entrepreneurs. The widespread establishment of this level of city inserted a new intermediate level of governance into the administrative hierarchy. In 1978 there were 98 *dijishi*, which rose to 283 by 2004. However, the prefectural city has not existed uniformly across the country, and the number, size and powers of *dijishi* have varied principally according to size of the province and population, among other factors (Chien, 2010).

The *dijishi* has existed to govern counties and county-level cities through administrative orders, plans and allocation of financial resources. As a governing model, it set in motion general urban development and made counties more responsive to higher-level directives. Because it exists at a higher level, through oversight it also limited decision-making power of counties, while increasing the size of the bureaucracy in many places (Chien, 2010). In other words, the *dijishi* has simultaneously exhibited conditions of

decentralization (from the center), recentralization (of powers from the county level) and increased state capacity, by expanding a level of government and through increased numbers of government employees. The creation of *dijishi* and its relationship to the formation of the county-level city accounts for the creation of hundreds of new cities under reform.

Table 2. Number of prefectural-level cities, county-level cities, and urban districts established under reform, by year

| Year | Prefectural-level cities | Urban districts | County-level cities |
|------|--------------------------|-----------------|---------------------|
| 1978 | 98                       | 408             | 92                  |
| 1979 | 104                      | 428             | 109                 |
| 1980 | 107                      | 511             | 113                 |
| 1981 | 108                      | 514             | 122                 |
| 1982 | 112                      | 527             | 130                 |
| 1983 | 144                      | 552             | 142                 |
| 1984 | 147                      | 595             | 150                 |
| 1985 | 162                      | 621             | 159                 |
| 1986 | 166                      | 629             | 184                 |
| 1987 | 170                      | 632             | 208                 |
| 1988 | 183                      | 647             | 248                 |
| 1989 | 185                      | 648             | 262                 |
| 1990 | 185                      | 651             | 279                 |
| 1991 | 187                      | 650             | 289                 |
| 1992 | 191                      | 662             | 323                 |
| 1993 | 196                      | 669             | 371                 |
| 1994 | 206                      | 697             | 413                 |
| 1995 | 210                      | 706             | 427                 |
| 1996 | 218                      | 717             | 445                 |
| 1997 | 222                      | 727             | 442                 |
| 1998 | 227                      | 737             | 437                 |
| 1999 | 236                      | 749             | 427                 |
| 2000 | 259                      | 787             | 400                 |
| 2001 | 265                      | 808             | 393                 |
| 2002 | 275                      | 830             | 381                 |
| 2003 | 282                      | 845             | 374                 |
| 2004 | 283                      | 852             | 374                 |
| 2005 | 283                      | 852             | 374                 |
| 2006 | 283                      | 856             | 369                 |
| 2007 | 283                      | 856             | 368                 |
| 2008 | 283                      | 856             | 368                 |



|      |     |     |     |
|------|-----|-----|-----|
| 2009 | 283 | 855 | 367 |
| 2010 | 283 | 853 | 370 |

Source: China Statistical Summary, 2011, China Statistics Press, Beijing.

Table 1 exhibits decreased numbers of counties during the era of the People's Republic because hundreds of counties have been reterritorialized as county-level cities (*xianjishi*), and urban districts (*shiqu*). In 1978 there were 92 county-level cities whereas in 2010 there were 370. The process of establishing the *xianjishi* turns the entire county into a city, which changes the land-use status of the county and the citizenship status of its population from agricultural to non-agricultural or urban. Yet interrupting the trend, after 1997, when there were 442 county-level cities, the number of county-level cities began to decline. So not only has the number of county-level cities increased in recent decades, it has also subsequently decreased. This is because many former counties have become urban districts of larger cities. In 1978 there were 408 urban districts while in 2010 there were 853. The period 1983-1985 shows the fastest increase in establishing urban districts, when 69 urban districts were established in just three years. After 1997, in association with 'zone fever', or widespread establishment of special development zones subsequent to Deng Xiaoping's 1992 directive, while in Shenzhen, to increase the pace of reform (Cartier, 2001a, 2001b), the central government halted approving urban reclassification for counties. Instead, the new round of reterritorialization shifted to enlarging existing cities through urban mergers and creation of new urban districts by reclassifying adjacent counties and county-level cities. This accounts for the disproportionate number of urban districts established between 1998 and 2002.

What are the governing implications of creating larger cities? If the city is at the level of a province, i.e. Beijing, Chongqing, Shanghai or Tianjin, then the process of adding former counties to expand the city through new urban districts is not a process of decentralization of

power. Rather it represents the extension of provincial-level power – the highest subnational authority of governing power – across a larger land area. Indeed, enlarging any city by adding former counties scales-up decision-making power because cities are by definition at levels higher than the county in the administrative hierarchy. Yet because the literature on economic change and decentralization is usually kept distinct from the literature describing the spatial administrative hierarchy – a specialty field characterized by little general scholarship outside China and virtually no analytical research – such questions about reterritorialization have not emerged in relation to economic policy.

At this juncture I return briefly to Victor Shih's analysis of decentralization and recentralization in economic policy. Shih's work shows how domestic financial policy has varied cyclically, according to the following logic: decentralization of economic decision-making power combined with increased resources for local development generates rapid urban land development, which begins to generate inflation and ultimately leads to recentralization of economic power and tightening of opportunities by the central government at the local level. The first cycle of decentralization favoring increased rapid growth at the local level began in 1983. Central government leaders assessed economic growth statistics for 1982, which showed the economy had grown faster, at 8 percent GDP, than predicted. In response, the central government leadership considered how to maintain and encourage rapid growth, and directed banks to make unprecedented loans for unplanned development and construction (Shih, 2009, 110-116).

Conditions in 1984 lend context to the dynamics. At the end of January 1984, Deng Xiaoping traveled to Guangdong and Fujian and urged local officials to 'speed up growth and relax regulation a bit' (Shih, 2009, 114). 'Days after Deng's meeting in early 1984, Hu Yaobang went on his own inspection trip to Guangdong and doled out generous largesse to the Guangdong government' (115). The outcome was 'a rapid acceleration in lending' and 'a

frenzy of lending during the fourth quarter' of 1984 for extrabudgetary investment (116). But excess liquidity at the local level began to generate inflation, and when inflation reached double-digits in 1985, the central government debated whether and how to slow the pace of growth. The outcome, driven by debates between Cheng Yun and Deng Xiaoping, ultimately led to economic retrenchment and a more conservative economic policy for 1986. The central government began limiting loans, recentralized control, and ordered the People's Bank of China not to fund out-of-plan investment (119).

Shih's analysis does not include the spatial administrative hierarchy and only tangentially, in referring to extensive local development, addresses land development and urbanization. Yet by placing Shih's analysis of the 1983-1986 inflationary cycle in relation to the dynamics of the spatial administrative hierarchy, it is clear that the establishment of the prefectural-level city in 1983, and the substantially increased number of county-level cities and urban districts during the same time, took place in association with expansionary monetary policy. China established new cities in the 1980s, converting rural land to urban status, during a planned expansionary financial cycle. This realization provides greater insight into how urbanization has taken place so quickly in China: urban and regional planning set in motion economic development, while central government directives to the banking system fuel investment and rapid development on the ground.

The analysis of subsequent financial cycles will also show correlation with changes in the spatial administrative hierarchy, and in particular geographical regions associated with shifting national development priorities. Just as Guangdong was at the forefront in the early 1980s, Shanghai became the focus in the 1990s followed by Tianjin and Chongqing. Future research should give greater attention to how territorial changes in the spatial administrative hierarchy are planned and coordinated with economic policy, and how economic policy

directives are, in turn, executed in the context of scale relations in the spatial administrative hierarchy.

### **Conclusions**

The existence of the spatial administrative hierarchy in China over the *longue durée* as the basic ‘structure’ of government owes to internal changes made by each governing regime. Both dynamic and resilient, the spatial administrative hierarchy is the institutional heart of the historic Chinese empire and modern state. Its long-term stability is better understood through state pursuit of political and economic strategies and goals, rather than as a fixed and unchanging system, as it is so often characterized in the economic literature. At the scale of the province, Hainan and Chongqing each demonstrate how the central government creates new territories in association with strategic development goals.

From territorial perspectives, ‘decentralization’ is a limited description, even a semiotic place holder that stands in for a larger set of spatial processes in the political economy. Using a scale relations framework to address the political economy of territorial change lends an analytical perspective to the basic literature on the spatial administrative hierarchy. It opens up new questions, and by asking to understand how decentralization actually works, it draws together otherwise separate lines of inquiry to explain the dynamics of territorial and governing change. I anticipate that results of analyzing China’s scale dynamics hold significance for several research fields, including theorizing the Chinese state, which remains one of the outstanding conceptual problems in the contemporary China Studies. Indeed, the modernization of the CCP with government reform generates new measures of control over economic development and socio-economic planning.

In future work, I seek to further correlate changes made to administrative hierarchy in association with particular political and economic reforms. How do specific reform strategies work through the administrative hierarchy, and how are such decisions negotiated between levels of

scale? What governing processes are involved in the incorporation of one territory into another, such as the incorporation of a county by a city? How do local states negotiate with the central state concerning upgrading or rescaling their status? What are the power relations of municipal governments and urban districts? Answering these and related questions should begin to provide a fuller picture of the actual processes of rapid urban development and fundamental dynamics of growth and change in contemporary China.

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