Is History Repeating Itself?: From Urban Renewal in the United States to Inner-City Redevelopment in China

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Abstract

This study compares urban renewal in the United States in the 1950s and 1960s with inner-city redevelopment in China since the late 1980s. It finds that both programs use government authority and subsidies to make large-scale private or quasi-private investment attractive in the name of ameliorating living conditions. Cautiously applying Logan and Molotch’s “growth coalition” concept to China, the authors assert that a “growth machine” has formed during China’s economic decentralization processes. Despite the similarities, America’s urban renewal was an ill-fated federal program in which the local government and downtown business interests cooperated to boost declining inner-cities that were competing with burgeoning suburbs. In contrast, China’s redevelopment has been propelled by emerging local elites using decentralized state power to pursue fast growth in rising real estate markets. Greater insights into urban redevelopment can be gleaned through this comparative analysis.

Keywords: urban renewal; redevelopment; growth machine; growth coalition

Introduction: Why Compare Apples with Oranges?

In 1978, China boldly embarked on a journey from a planned to a market economy, with its pragmatic new leadership turning its focus on pursuing economic success. Fiscal decentralization, the reform of state-owned enterprises (SOEs), and the emergence of alternative economic sectors marked the departure from a command economy (Walder 1995). The urban land reforms and housing reforms ushered in the emergence of real estate markets in the late 1980s when China was enjoying its phenomenal growth rate (Wu 2000). Since then, large-scale inner-city redevelopment programs have prevailed in cities across the country. These programs were started with the objective of improving the living conditions of residents in the older neighborhoods and modernizing the older cores. However, they have quickly been transformed into a large-scale speculative form of development involving massive demolition and ruthless displacement. Localities have seen elevated highways, modernist and postmodernist skyscrapers, and vast shopping malls replacing old neighborhoods at a remarkable pace (Fang 2000; O’Neil 2000). While these projects have helped Chinese cities upgrade their much out-of-date economic and physical infrastructure, the improvement has not come without significant cost: in most of the redevelopment programs, the majority of the local residents have either been forced to relocate to the city outskirts where infrastructure is inadequate or to move to the adjacent slums that have remained untouched. Although largely understudied, these government-run programs involving large-scale clearance remind many scholars, both in China and overseas, of U.S. urban renewal in the 1950s and 1960s.

The U.S. federal urban renewal (then called urban redevelopment) program was launched under Title I of the Housing Act of 1949. Supported by multiple interest groups, the program aimed at revitalizing the nation’s declining central cities through large-scale slum clearance. Although the program was intended to “[provide] more and better housing through the spot removal of residential slums” (Keyes 1969, 2-3), the next two decades witnessed the replacement of people and their homes with comprehensively planned structures (mostly office buildings, commercial complexes, and...
luxury housing) and, all too often, empty tracts. Moreover, urban renewal simply pushed the slum dwellers (mostly African Americans and other minorities) to other parts of the city or to the suburbs, a result that actually exacerbated the ills the program sought to solve (Gans 1968). By the early 1960s, the program came under increasing fire from the Left and the Right alike. Conservatives assailed the program as a costly failure of big government and social engineering (e.g., Anderson 1964). Liberals attacked the program’s devastating effects on the diversity and vibrancy of neighborhoods as well as the well-being of the poor (Jacobs 1961; Hartman 1966; Gans 1968). These controversies, resonating with many of the public and social movements such as the civil rights and the antiwar movements, led to the demise of urban renewal in 1974.

Is history repeating itself? To what extent is the experience of the urban renewal in the United States relevant to China? This article intends to address the above questions by comparing the similarities and differences between U.S. urban renewal in the 1950s and 1960s and the current inner-city redevelopment in China. In examining their trajectories, this analysis shows that the lofty intentions of providing housing to low-income people were ignored and sometimes even dismissed by governments in both redevelopment programs. Instead, economic growth became the underlying motivation for political alliances between local government and local enterprises. Taking the lens of the “growth machine” concept (Logan and Molotch 1987), this study finds that in both countries, local elites used the programs to acquire land as a commodity for accumulating wealth (exchange value) at the expense of the local communities that view these sites as necessities for everyday life (use value). The two programs, however, are subject to different political, socioeconomic, institutional, and historical contexts, which explain the distinctions in scale, scope, and intensity between two redevelopment activities. Urban renewal in the United States was an ill-fated program in which the federal dollars were misused to facilitate local government and downtown business interests in a declining inner-city economy. In China, on the contrary, the rapid urban redevelopment results from unfettered local actions taking advantage of the nascent market economy and the booming real estate market fostered by the devolution of the state power.

In contrast to the intensively studied urban renewal in the United States, there has been little thorough analysis of the redevelopment programs in China, even though they have become increasingly controversial over the course of the past decade. Moreover, current related research in China merely focuses on physical planning and architectural design but avoids further analysis of the underlying political and socioeconomic forces.1 Constrained by the dearth of reliable data on this topic,2 the statistics and narratives of urban redevelopment in this study mostly are drawn from the case of Beijing’s Old and Dilapidated Housing Redevelopment (ODHR) program launched in 1990.3 Studies show that other cities’ inner-city housing redevelopment programs, although slightly differing in names, resemble the ODHR program in fundamental ways (see Wu 2000; Zhu 1999; Zhang 2002).

The authors recognize that this study might run the risk of “comparing apples and oranges,” considering the remarkable dissimilarities in national contexts between the two countries. There also exists a danger of oversimplifying the complex nature of politics of urban places by overlooking particularities of each city in the United States and China. Moreover, rigorous logic and solid methods of cross-national comparative analysis of urban change have yet to be further developed (Walton 1990). In addition, although such studies have been increasingly available in the literature, the majority of current scholarship is cross-Atlantic and concentrated on advanced industrialized nations (see, e.g., Logan and Swanstrom 1990; Molotch 1990; Fainstein [1994] 2001).

Intrigued by the puzzle of seeing history repeating itself, however, the authors attempt to confront the above difficulties and expand the current efforts by conducting cross-Pacific comparative analysis of urban renewal between China and the United States, a research endeavor that has relatively few precedents. It is worth noting that this study is neither aiming at generalizing a universal account of urban renewal nor advancing the theory of “growth machine” for its own sake. Rather, by highlighting differences and variations of urban redevelopment between cities in China and cities in the United States, the authors strive to identify the relevance of certain factors unique to each society, thus ultimately enriching our understanding of the diversity of urban renewal in both countries from the perspective of the political economy of urban redevelopment.

▶ Similarities

Although China and the United States have different political and socioeconomic systems and the redevelopment of the city took place at different historical periods, the two countries followed markedly similar renewal strategies with similar results. The disturbing similarities lie in the devastation of traditional forms by mass-produced modernity; the elusive and increasing proportion of commercial development; the trick in identifying “slum” areas; the lack of consideration of, and compensation to, local residents; and the fact that the stated beneficiaries of the program became its victims.
Devastation of Tradition by Mass-Produced Modernity

In both countries, older inner-city neighborhoods were viewed as obsolete and belonging to the nineteenth century or, in China’s case, to feudalism, not to the modern city. The politicians and planners believed that the blighted areas in the United States required “major surgery” (quoted in Halpern 1995, 67) and that the dilapidated inner-city neighborhoods in Beijing and many other Chinese cities needed to be eliminated by the year 2000 (Fang 2000).

As an integral part of the urban renewal from the onset, the city planning profession in the United States seized the opportunity of redesigning the city according to the “Radiant Garden City Beautiful” planning orthodoxy (Jacobs 1961, 25). Demolishing the urban past and replacing it with Corbusier’s towers in the park became the formula for remediying the evils of “slum.” Meanwhile, the modernist aesthetic championed by the Congress Internationaux d’Architecture Moderne rendered a modernized city with grand schemes distinct from the context, soon turning international style into a global model for urban development.5

Despite the forty-year lapse, interesting parallels exist in the transitional economy in China: overcrowded, deteriorated, and old-fashioned structures in central cities have become targets for demolition in pursuing a new era of modernity, prosperity, and renaissance. For instance, since the 1990s, the historic cityscape of Beijing, including traditional housing forms, street patterns, and close-knit neighborhoods, has been rapidly disappearing to make way for American-style skyscrapers and highways, which are nationally recognized symbols of China’s returning as a key player on the world stage.4 Largely continuing their conventional role as spatial implementers of national economic planning, Chinese planners have resorted to the technical mode of planning and the production of blueprints to resolve urban problems, enhance efficiency, and achieve economic objectives (Ng and Wu 1995, Leaf 1998, Tang 2000).

Twists, Turns, and Tricks

Although it is a myth that urban renewal’s original spirit was to build more housing for the poor (see Weiss [1985] 1990), many of the earliest Title I projects in the United States did produce a substantial amount of moderate-income housing (Teaford 2000; Biles 2000). As urban renewal went on, however, local governments used this program to rejuvenate the downtown business district and build luxury housing, in hopes of boosting their tax bases and providing a psychological lift for the city. This “twist” was facilitated by the ambiguous wording in the 1949 Housing Act. Title I stipulated that urban renewal sites be “predominately residential” either before acquisition or after redevelopment. It neither enforced construction after clearance to be residential nor required that new housing be for low- and moderate-income people, thus leaving an opening for nonresidential projects and abundant room for interpretation by authorities (Teaford 2000; Weiss [1985] 1990). After the 1954 amendments, urban renewal diverged in two directions: one aimed atreviving central business districts and the other concerned with rehabilitating existing housing stock (Keyes 1969). The former goal prevailed in the urban redevelopment scene as the federal government further allowed specific allotments of 10 percent of redevelopment projects for nonresidential construction (increased to 20 percent in 1959 and 30 percent in 1961), giving more latitude to private developers and city agencies (von Hoffman 2000; Teaford 2000). In many cases, the priority areas designated for renewal did not meet the criteria of blight and disrepair to be defined as “slums.” Rather, they were located on prime locations ripe for more profitable uses (Hartman 1966). In New York City, for example, the government conveniently used the power of eminent domain to seize and level the Columbus Circle area, only 2 percent of which was taken up by slums (Friedman 1968). In Los Angeles, officials bulldozed Chavez Ravine, a 315-acre tract planned for public housing, but eventually, a stadium was erected there owned by the Los Angeles Dodgers baseball team (Gans 1962).

Similarly, the redevelopment programs in China set off with several successful small-scale pilot housing projects. Without substantial governmental monetary subsidies, these projects were financed by allowing developers to sell commercial properties to pay for infrastructure improvement and residents’ relocation (Abramson 1997; Wu 1999; Fang 2000; Fang and Zhang 2003). When localities scaled up these experiments and accelerated the pace of housing redevelopment, however, there was not a provision in the programs to limit market-rate housing and nonresidential uses. Therefore, moderate- and low-income housing quickly lost favor: developers have exploited the loophole to build as many luxury apartments and commercial developments as possible. In some cases, such as the Hubeikou project, none of the original residents could afford to return. In others such as the New Oriental Plaza, no housing units have been built; the largest commercial complex in Asia sprang up there instead. In addition, although the renewal program in Beijing was to start with the sites in the worst condition and proceed incrementally from the edge of the old city toward its core, as with urban renewal in the United
States, the local governments have prioritized redevelopment in the vibrant neighborhoods in prime locations instead (Fang 2000).

The careless, if not ruthless, eviction of the poor highlights another commonality between the two programs. In both countries, relocation was (in the United States) and has been (in China) considered by policy makers to be “no more than a hurdle which must be overcome to implement the urban renewal plan.” By 1967, the “federal bulldozer” had knocked down 404,000 housing units, most of which had been inhabited by low-income tenants, while only 41,580 replacement units for low- and moderate-income families were built over the course of nearly two decades (Friedman 1968). Although there are no national-level statistics available, even a glance of case studies on individual cities presents a daunting picture: Fang (2000) estimates that by 1993, 221 ODHR projects had been approved by the Beijing municipal government, involving nearly 1 million residents. Between 1990 and 1998, the city of Beijing demolished 4.2 million square meters of housing in the old city. Approximately 32,000 families, comprising about 100,000 people, were not resettled.8 The city of Shanghai witnessed an even greater scope of relocation and displacement. From 1991 to 1997, 22.5 million square meters of housing were knocked down, leading to the relocation of more than 1.5 million residents—one-seventh of the city population in the early 1990s (Zhang 2002).

Moreover, according to Halpern (1999, 68), during urban renewal in the United States, “only half of all people displaced from their homes and neighborhoods received any relocation payment at all, and for those who did the average payment was $69 per family.” Similarly, in the ODHR program in Beijing, compensation has been an elusive and sensitive topic. As the government authorizes developers to act as the agents to deal with relocation and compensation issues, developers often find leeway to interpret the related policies. As a result, the amount of compensation can vary greatly, ranging from more than 6 million yuan ($750,000)9 for a high-ranking official’s home to $10,000–$50,000 for some affected families, to $0 if the resident is not cooperative with the developer in the relocation process.10

▶ “Growth Machine in the Making” in China

Why do the urban redevelopment activities in post-reform socialist China bear a striking resemblance to the urban renewal programs of an advanced capitalist nation, the United States, in the 1950s and 1960s? To conceptualize this intriguing puzzle, one should look beyond the debate over capitalism versus socialism, West versus East, free market versus transitional economy, and democracy versus autarchy. Among the numerous theories of urban change and urban politics, the authors find the “growth machine” model, first developed by Harvey Molotch (1976), the most useful in explaining urban renewal past and present in both the United States and China.

In their influential work Urban Fortunes: The Political Economy of Place, Logan and Molotch (1987) theorize that in a market economy, the space that we inhabit and use every day is not only a human necessity (use value) but also a commodity that generates revenues (exchange value). Jonas and Wilson (1999, 3) summarize their insight as follows: “Coalitions of land-based elites, tied to the economic possibilities of places, drive urban politics in their quest to expand the local economy and accumulate wealth.” By manipulating place-bounded real estate development, progrowth coalitions often produce exchange value at the expense of the local community’s use value.

The “growth machine” concept is considered one of the most influential frameworks to analyze urban politics and local economic development in the United States (Jonas and Wilson 1999). Logan and Molotch (1987), Weiss ([1985] 1990), and others give a thorough account of urban renewal in the United States through the lens of progrowth coalition. Title I owes its origins to the influential alliance of a variety of interest groups with substantial financial stakes in reviving the real estate value in the city centers.11 The national urban redevelopment policy as formulated in Title I, in fact, had been shaped by longtime efforts of the National Association of Real Estate Board and, later, the association’s research arm the Urban Land Institute. Well before the passage of the 1949 Housing Act, the Urban Land Institute aggressively worked with local business groups and eventually got their preferred urban redevelopment legislation adopted by the majority of the states, thus successfully setting the stage for central city redevelopment across the country (Weiss [1985] 1990). The ever-increasing proportion of urban renewal funds for nonresidential use also resulted from the realtor-developer-financier’s lobbying for maximum flexibility in controlling and developing central city land.

Although recent attempts to apply the model to other settings have shown mixed outcomes, the growth machine framework has demonstrated wide applicability because it “encompass[es] the accommodation between the realization of private interests and the exercise of state power at the subnational scale” (Wood 1999, 173). Along with other scholars (i.e., Jessop, Peck, and Tickell 1999), Molotch himself has identified several key factors that are important in determining whether local circumstances are conducive to the growth machine in any given context. Building on Molotch’s analysis,
the section below shows that the transformation of the political economy in China toward localization has enhanced the potential for using this model in describing the reality of urban redevelopment in China.

Land and Buildings Treated as a Commodity

Acknowledging the importance of state and political party arrangements, Molotch (1999) argues that the degree of commodification or exchangeability is a decisive element to identify the level of growth machine capacity—in other words, the possibility of speculation on urban land for the private gain of the growth coalition. This factor turns out to be key in that not until land markets were introduced in 1988 in China did local governments start using land, in concert with local business groups, to convert more resources into local economic development by operating the property-oriented industry (Zhu 1999; Fang 2000; Zhang 2002).

During the pre-reform socialist era, the land was under dominant public ownership and housing was considered a welfare good. Land reform in 1988 changed the forty-year history of administrative land allocation, thus revealing the market potential of land-based development. Paralleling land reforms, the national urban housing reform launched in the midst of the 1980s began the process of “commercialization” and restoring the long-abandoned concept of private property (Wang and Murie 1996). As a result, the property market began to emerge, and land and buildings have been increasingly treated as commodities.

Decentralized Land-Use Powers and a Conducive National Political System

In the late 1970s, the severe national fiscal deficits triggered the decentralization of the once paramount power of the socialist state. As the central government had little choice but to downplay its role of interlocuity fiscal redistribution and ceased allocating its resources for urban development, lower levels of government faced tremendous pressure to finance their local expenditures. On the other hand, localities have obtained extensive authority for land use and fiscal responsibility for urban services. With locally dependent tax revenues, municipalities have faced strong fiscal incentives to pursue local prosperity and come to light as the key player in urban development (Yeh and Wu 1999; Logan 2002). With land-generated income accounting for as much as 25 percent to 50 percent of local revenue in some cities (Zou 1998), property-led development has been increasingly favored as the instrument for promoting local economic growth. In the city of Shanghai, for instance, from 1992 to 1997, the city and its district governments released 582 parcels for leasing, among which more than half were located in the old city (Wu 2000). In Beijing, almost all the available parcels in the inner city had been allocated to the ODHR developers by 1995.

Concurrent with fiscal decentralization, the nationwide state-owned enterprises (SOE) reform, an ongoing process for SOEs to separate business functions from administrative functions, has given rise to quasi-private, semi-independent enterprises (Wu 2001). To gain a foothold in the emerging real estate industry, many quasi-private development companies have been established by various SOEs. While these companies have continued to undertake projects to fulfill government plans, they have been encouraged to enhance productivity and compete in the ever-expanding property market. Meanwhile, non-state-owned modes of organization for production such as joint ventures and foreign and private enterprises have emerged to participate in China’s burgeoning economy.

Substantially High Financial Stakes in Real Estate

Facing declining profit rates in the production sphere in the post-socialist era, banks and other financial institutions as well as enterprises in China have been seeking other outlets for higher returns (Wu 2001). Therefore, the potential increase in land value through the change of land use has become an apparent drive for capital flowing into the property market. In 1992, shortly after the late leader Deng Xiaoping called for speeding up reform, the real estate and construction sectors became heatedly sought after and imprudently funded, leading to booming real estate markets across China in the mid-1990s. Moreover, the chronic shortage of buildings of all types in China turned the emergent real estate business into a seller’s market in which work units composed the demand side of the new housing market at the time (Zhou and Logan 1996). Taking Beijing as an example, among the major buyers were ministries and agencies of the central government, which were often able to afford whatever market price and distribute the housing to their employees at heavily subsidized prices (Leaf 1995). Therefore, land and housing prices in the inner city skyrocketed, and the number of real estate...
companies registered in Beijing grew from fewer than twenty to about seven hundred from 1990 to 1995.\(^1\) Massive profits could be made in real estate, with some ODHR projects enjoying windfall profits of more than 100 percent, fueling many elements of a growth machine system (Wang 1996).

With these necessary preconditions, the place-dependent nature of the interests involved in local economic development has led to the reemergence of long-subdued localism through the formation of local coalitions between local governments and the new business elite of post-Mao China (Zhu 1999). Being gradual, adaptive, and partial in nature, economic reforms have resulted in a dual system of urban land and property development involving both market and administrative mechanisms. In the early stage of the housing redevelopment programs, use value was still emphasized and fulfilled by SOEs and their supervisory departments, which were readjusting themselves to the emerging markets (Zhang 2002). With the discovery of exchange value in the marketplace, however, local SOEs have actively maximized profits as other private sector developers do in the market, and at the same time, they have used their close ties with governments to acquire free land, obtain approval, and secure financing and building materials for their projects (Fang 2000; Zhang 2002). To achieve the “highest and best uses,” it is not uncommon for developers to overturn zoning and building codes with skillful arguments and, quite often, bribes, turning inner-city redevelopment into a process of “speculation, private deals and corruption”\(^1\) (O’Neil 2000).

Meanwhile, local authorities, with the sole control of land on the primary market, aggressively manipulate property development, thus making great fortunes out of redeveloping places.\(^1\) It is estimated that by the late 1990s, the municipal government of Beijing generated an average of $361 million per year from land leasing, nearly 20 percent of the city’s total revenue of around $2 billion (Deng 2003). Despite the efforts of the central government to strengthen the marketization of land transaction, local authorities continue to assign all the redevelopment projects exclusively to local SOEs in exchange for giving them social responsibilities, which excuse the SOEs from operating under market conditions. As such, enormous subsidies in the form of free land are turned over to these local SOEs under the guise of housing redevelopment (Fang 1999; Fang 2000; Zhang and Fang 2003). Local SOEs therefore literally monopolize the inner-city land and thus can easily mark up the price in the secondary land market, where developers would build and sell properties to individual users. Many ODHR developers in Beijing, for instance, earned $300 to $500 per square meter simply by transferring the allocated land to another developer without any genuine development (Yan 1998). In exchange, SOEs provide the local governments with a substantial share of local revenues and much needed social welfare, including housing, health care, public facilities, and retirement income. These “extra-budgetary revenues”—self-raised funds by local governments that are outside the purview of the central government—constitute another dimension of the burgeoning growth coalition between local governments and developers.\(^2\)

Evidence is ample that the coming of market economies, as Molotch (1999) has shown with the former Soviet Union’s case, has turned China into growth “machines-in-the-making” and, in many large cities, full-fledged growth machines that drive policy formation and implementation toward private interests.

Differences

Urban transformation in the United States and China, however, has occurred in strikingly different political, socioeconomic, cultural, institutional, and historical settings. The distinctions range from root causes of problems, metropolitan market dynamics, property rights, and institutional structures to the issue of racial tensions. Three key differences between the two programs are highlighted below.

Economic Role of Cities

Although urban renewal in the United States has evoked images of destruction and displacement, its impact might have been overstated by observers (Teaford 2000). In fact, it generated more proposals and plans than buildings: many cities refused to participate in the urban renewal program, and a considerable number of renewal projects at the time were not Title I programs. Moreover, urban renewal activities were undertaken over long periods, with an average of ten to thirteen years from the date of proposal to completion, with roughly a fourth for planning and the rest for execution (Teaford 2000; Weiss [1985] 1990; Rothenberg 1967). Despite sizable public subsidies,\(^2\) many renewal projects turned out not to be a “pump priming device” (Rothenberg 1967, 210-11). Rather, they often failed to attract much private development, let alone sparking private investment on adjacent tracts. As a result, vacant tracts, “unable to produce anything but a crop of weeds,” testified to large-scale urban rebuilding being a poor investment (Teaford 2000, 449).

Although the red tape and poor administration contributed to the lengthy implementation, to view the limited impact from a regional perspective, the efforts of boosting central cities were in the face of the ongoing outflow of population and
businesses to suburbs at the time. Indeed, with the unprecedented mobility provided by the automobile and advances in techniques for mass housing construction to meet the pressing need created by population explosion, it was in the suburbs that substantial investments, economic activities, employment opportunities, and growth actually occurred. Meanwhile, a series of federal initiatives, intentionally or unintentionally, promoted suburbanization and sprawl and made “reurbanization” relatively less attractive. The federal interstate highway program, Federal Housing Administration–Veterans Administration mortgage assistance, and tax breaks for home owners, just to name a few, overwhelmingly pulled middle- and upper-income people toward the city’s periphery, while private enterprises eagerly seized the virtually “unlimited” capital to invest in mass production of “Levittowns” and suburban shopping malls.

Unlike in the States where long-vacant lots and numerous delays plagued urban renewal despite the infusion of massive federal funding, urban redevelopment in China has been taking place within a rapidly rising economy in which cities have taken the lead. Long thought of simply as production units of national industries, cities have recently been energized by new autonomy and propelled by gradually emerging market powers. Substantial capital has been mobilized and pumped into the built environment, previously regarded as nonproductive areas, leading to accelerated urban (re)development. Furthermore, with a low level of urbanization, cities remain the regional powerhouses that can absorb a massive demographic shift toward cities. The demand for construction has been soaring as a result of rapidly expanding economic activities, a chronic shortage of housing and infrastructure, and the large “floating population” migrating from rural areas. Although some studies show that suburbanization has appeared in several large cities (Zhou and Ma 2000), development pressures remain in central cities throughout China. This concentration has become more acute since 1998, when the central government tightened up control of leasing cultivated land.

Global forces constitute another dimension influencing current urban development in China, which had not gained momentum in the post–World War II days. When Chinese cities were opened up to face the increasingly elusive and mobile capital investment that characterizes internationalized economic competition, local governments adjusted their regulatory regimes to pursue foreign capital to provide up-front investments to stimulate and sustain local economic growth (Wu 2001; Logan 2002). Municipalities, land rich but cash poor, have aggressively adopted place-promotion strategies and sought support from the private sector in partnership arrangements in which the upper hand is usually with capital. The real estate sector in coastal cities such as Shanghai, Shenzhen, and Guangzhou has become pivotal to attract direct foreign investment (Wu 2000; Zhu 1999). Not surprisingly, this development strategy resembles the central city redevelopment patterns in the West as responses to globalization by engaging in interregional and interurban competition since the late 1970s (see Logan and Swanstrom 1990; Fainstein [1994] 2001).

The Role of the Governments in Growth Coalition

Federal and Central Governments

Generally speaking, urban renewal in the United States was a product of the political liberalism in the wake of the New Deal, when the federal government intervened extensively in the economy. Underlying the Housing Act of 1949 was the belief that the federal government had a responsibility to address social problems. In retrospect, the program was in a directive period when the federal involvement in housing and urban policy reached its peak and when “lawmakers and voters had great faith in the federal government’s capacity to work wonders” (Fainstein 1986; Biles 2000; Teaford 2000, 461). The steady growth of federal initiatives brought into being a massive federal administrative structure. As part of President Lyndon B. Johnson’s War on Poverty, the Department of Housing and Urban Development was created to give a more deliberate policy direction to the earlier scattered efforts in housing and urban affairs. Urban renewal, according to Freidman (1968, 171), was “one of the jewels in the crown” of this newest cabinet department.

The essence of federal urban renewal subsidies was to reduce the cost of redevelopment on a piece-by-piece basis, a practice that was believed to be otherwise too expensive to attract investment by private entities. Weiss ([1985] 1990, 257-58) reports that the federal government provided more than a two-thirds share of net project costs to local government of land acquisition, slum clearance, site preparation, infrastructure, and city planning. Local redevelopment agencies were granted the right to use eminent domain powers to assemble large tracts of land and sell them to private developers at heavily discounted prices, in return for a promise to pursue development in the public interest. In reality, however, city governments often took advantage of the federal subsidies to pave the way for private developers without financially burdening their constituencies. With an extraordinary faith in free enterprise, opponents of big government quickly challenged Uncle Sam’s intervention in the market and hammered on the chasm
between expectations and realities of urban renewal (e.g., Anderson 1964). America’s democratic tradition and devotion to individual rights clashed with the “federal bulldozer’s negligence of the locality and its people” (Teaford 2000). Urban renewal, however, still left a legacy of creating a legitimate role in which the federal government could grapple with local housing and economic development issues (Sohmer and Lang 2000).

In sharp contrast to the federal government’s jumping into the local real estate market in the United States, inner-city redevelopment in Chinese cities has been carried out through locally initiated programs made possible by the central government’s retreat from direct involvement in the city building process. By devolving financial and land-use authority to localities, the central government has gradually transformed itself to assume the role of a regulator and an advocate for growth in a transitional economy in which market influences are increasing. In pursuing local prosperity in this transitional system, the central government has adopted a laissez-faire attitude toward urban development. On the other hand, the declining fiscal power and the lack of law enforcement led to the limited role of the central government with regard to local redevelopment programs.

Local Government versus Local Business—Driving Agents of Growth Coalition

The internal dynamics of the progrowth coalition further distinguishes the two growth machines across the Pacific. China has seen a much more intertwined and integrated growth machine than that in the United States.29 In the United States, urban renewal took place in a mature capitalist society in which public and private sectors were well established and defined. The early establishment of private organizations for economic development was attributed to the fact that local business groups often had a privileged role in exercising their interests via the state power (Wood 1999; Zhang 2002). When the developers and local business groups sensed the infeasibility of making a profit, and the bait of federal funds failed to attract other big businesses, the mobilization around government began to fade away or at least became less effective.

By contrast, in China’s transitional economy, in which considerable vestiges of its previous form still exist, the distinction between private and public is often ambiguous, if not totally unclear. In fact, local SOEs, or other government spin-off companies that are tightly networked with the governments, largely orchestrate urban redevelopment processes. With public land at their disposal, local governments, instead of the nonpublic sector, took the lead in shaping the urban development agenda (Zhu 1999, Fang 2000, Zhang 2002, Zhang and Fang 2003).30

Constrained by indigenous financial resources, local governments in China have chosen to achieve redevelopment with minimal public investment through public and private partnerships in which the government provides the land but lets developers assume the other responsibilities of development. While developers have coveted strategic locations, larger estates, and a prestigious image in pursuit of maximum profit, the authorities have adopted a laissez-faire attitude toward urban redevelopment and turned a blind eye to the resulting negative social and environmental impacts (Broudehoux 1994; Yeh and Wu 1999).31

Land-based development has also proved valuable in winning the political favor of the central government (Zhu 1999). Given the centralized personnel appointment system, political conformity to the central government and local economic advancement are the top two most important criteria for measuring local officials’ performance. As such, the “politically visible economic growth” frequently has enjoyed popularity among localities (Zhu 1999; Goldman 2003). Consequently, the motivation for promoting growth is not necessarily genuine economic growth, let alone serving the needs of local residents.32

Civil Society—Checks and Balances

Another difference between the two growth machines lies in the forces that counteract the driving redevelopment processes. Five years after Title I of the 1949 Housing Act was launched in the United States, the 1954 amendments responded to the deficiencies of the bulldozer approach and required local citizen participation in developing and executing the urban renewal program. This change was made possible partly because of community resistance to urban renewal and the rising antagonism between neighborhood groups and development agencies. Although in most cases the participation process wound up being “ritualistic and highly manipulated” and quite passive (Keyes 1969, 7), as Mollenkopf (1983) points out, “neighborhood activism created a new ‘political space’ which allowed, and sometimes forced, urban politicians and administrators to interact with new contenders of power” (p. 190). Moreover, there were also many successful grassroots efforts to halt the razing of their beloved neighborhoods, ranging from staging mass rallies and taking over redevelopment authority offices to turning out the vote in city elections (Anderson 1964; Jacobs 1961; Gans 1962; Mollenkopf 1983). These popular oppositions built the foundation for a growing
movement of community organizing and community development beginning in the late 1960s.

Overall, the public’s antagonism and the upsurge of neighborhood movements that have helped stem the tide of large-scale slum clearance in the United States have not yet appeared in China, a society with a long history of autocracy and tight social control. Despite the relevant legislation at the national level, the local governments and redevelopment companies in China can quietly formulate and execute large-scale development plans on their own, without adequately notifying the affected residents. Not surprisingly, citizen participation, a concept derived largely from the notion of democracy, is not common in China. In fact, residents are virtually shut out of the redevelopment decision-making process.

However, evictions, relocation to suburban areas, and irregularities in the redevelopment program have sparked petitions from academia (Husock 1998), resident complaints, court actions, and several mass protests against developers and local governments across China. According to a report from the Xinhua News Agency in mid-1995, “from January to July 1995, a total of 3151 persons registered 163 collective complaints about the ODHR projects with the Beijing Municipal Government” (Wang 1996, 35, authors’ translation). Local residents have organized class-action suits with increasing frequency and growing scale (Fang 1999b). For example, in early 2000, 10,356 former courtyard residents filed a class-action lawsuit against the Beijing government, charging the government with violating resettlement laws. Nevertheless, to date, most of the lawsuits remain pending, and the residents have won none of the cases.

In recent years, many Chinese cities have also witnessed repeated protests by residents angered by government-forced demolition and eviction for the sake of urban redevelopment. In March 1995, Shanghai residents demonstrated in the city’s central shopping district, fighting a plan to relocate them to distant suburbs where schools, shops, and hospitals are in short supply. In April 1997, about fifty middle-aged and elderly residents gathered at city government headquarters near Tiananmen Square, declaring that they did not want their homes demolished to make way for a new subway line (Eckholm 1998). However, these protests were limited in scale; with most of the local job opportunities still tied up with SOEs, residents risk being laid off if they fight for their housing.

These lawsuits and protests have attracted public attention, mostly from overseas. China’s major newspapers and TV stations have steered clear of such stories or criticism of problems with the redevelopment programs to avoid being branded as the “opposition to progress.” Smaller newspapers have run articles on the rising discontent among displaced residents, although they have been cautious in tone and have not published open criticism of the government or exposure of the redevelopments’ abnormal finances or corruption.

Several factors offer some preliminary explanations for the lack of leverage on the part of residents in neighborhood redevelopment in China: first, key local officials do not need to care about or be responsible to the residents, as they are appointed by upper level governments rather than elected. Second, public ownership of land legitimizes the redevelopment activities by local governments and SOEs, even though inner-city neighborhoods have a rather complicated ownership structure in which, on average, one-third of the property is privately owned. Third, traditionally, local communities have the least power in Chinese society (Shi 1997). Currently, the Communist Party still maintains its dominance of civil society, claiming members among the vast majority of the nation’s leading intellectuals and institutions (Huang 1996; Shi 1997). Although in rhetoric the governments encourage the formation of civil society organizations, in reality, enormous obstacles exist as to registration and securing access to financial and human resources on the part of nongovernmental, community-based organizations. This situation is particularly true for politically sensitive subjects such as human rights, labor, relocation, or religion. Therefore, despite the steady growth in the number of nongovernmental organizations in China, and despite the growing demand from the residents, it is unlikely that we can expect citizen participation and organized resistance to arise in response to urban redevelopment schemes in China.

Conclusions

Despite their stated intentions, the urban renewal in the United States and urban redevelopment programs in China both used government authority and subsidies to make large-scale private or quasi-private investment attractive. Economic growth for the benefit of the local elites, rather than enhancement of the well-being for local residents, has become the real underlying motivation of political alliances between local governments and enterprises. As a result, the inner city has been turned into an engine for the local “growth machines” in the United States and “growth machines-in-the-making” in China to maximize exchange value at the expense of local communities’ use value. Physical planning and design professions have played an auxiliary role in constructing images and physical forms to stimulate economic activity, thus reaping profits for powerful elites. Indeed, localities in both countries enjoyed the relative autonomy and the dominance of local property and political elites, which powerfully transcended the seemingly different socioeconomic and political patterns of the two societies.
Nevertheless, urban renewal in the United States was an ill-fated federal program in which the local government and downtown business interests converged to boost a declining inner city that was competing with burgeoning suburbs. In contrast, in China, the unprecedented central city redevelopment has been fueled by emerging local elites taking advantage of the de facto devolution to pursue growth during explosive urbanization in a transitioning economy. Unfortunately, the “growth machine” in China has not only been invigorated by much more intertwined interests of local governments and their offshoots but also less constrained by checks and balances than that of its counterparts in the United States. Despite the growing opposition and organization from the local communities, a strong civil society or effective mechanisms have yet to arise in an authoritarian society in which the state retains its direct control on the political front. Compared to the actual impact of urban renewal in the United States, therefore, China’s inner-city redevelopment has progressed and will most likely continue at a much faster speed, on a larger scale, and at a greater magnitude. In the midst of the economic accomplishments, the increasing social tension and stress induced by the forceful growth machine loom large in China.

Although some clear and formidable challenges exist, China’s new, fast-paced environment presents some emerging opportunities for urban planners to draw on the experiences of urban renewal in the United States, such as the community movements that challenged the land-based elites and the birth and growth of nonprofit organizations dedicated to the service of inner-city neighborhood revitalization. The paucity of balanced redevelopment policies in the United States, however, makes the U.S. experience a dangerous mold from which China’s policy and action would be cast. In fact, although the very term urban renewal has rarely been used in current planning practice in the United States, its enduring legacy is evident in central city redevelopments in North American cities during the “new federalism” era: since the 1980s, cities have increasingly relied on the property industry to attract investment and to compete in the emerging “infoedutainment” economy in the context of globalization (Frieden and Sagalyn 1989; Fainstein [1994] 2001). Despite mounting regulations and local resistance, this “urban boosterism” is often reminiscent of seizing profits from the whole community in the service of property owners during urban renewal in the 1950s and 1960s. Indeed, “the growth machine system remains durable, sustained in manifold ways through the mutual reinforcement of political, cultural and economic dynamics” (Molotch 1993, 49).

Planners in China and the United States, although they may not have sufficient resources and political power, must recognize the political nature of their work, take responsibility for mediation among different interests, construct power relations, and link aesthetic imagination with the public interest. Despite the fact that “capital moves faster than the victims of change can organize for reform” (Molotch 1990, 193), urban planners cannot afford not to work diligently to mobilize a civil society at the grassroots level, which should be in tandem with each country’s own resources and potentials. A context-sensitive approach to providing growth with the first priority given to the well-being of the citizenry must be informed by an ever-evolving understanding of the political economy of urban change, for which a cross-national comparative framework might be a vantage point.

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Notes

1. At least two reasons can explain the phenomenon. First, for scholars inside China, these active governmental programs remain a sensitive topic in that they are related to issues considered as politically taboo, such as massive relocation and corruption in land deals. Second, it is hard for scholars, especially those overseas, to obtain the relevant data from the Chinese government.

2. For a variety of reasons, official data in China are often inflated and distorted.

3. Beijing as a city has a history of more than three thousand years and had functioned as the capital since the Jin dynasty (Wu 1999). The inner city of Beijing, often called Old Beijing, is defined as the area inside the Second Ring Road where the former city wall was.

4. When the Communists came to power in 1949 and chose Beijing as the capital of China, they took a revolutionary view of the “feudal” heritage passed on to them. Soviet experts advised that the new regime follow the model of Moscow and turn Beijing from a consumer city into an industrial city (Wu 1999).

5. The Congress Internationaux d’Architecture Moderne is an international organization of modern architects founded in June 1928 at the château de La Sarraz, Switzerland.

6. Although there has been no specific regulation or legislation, during the Old and Dilapidated Housing Redevelopment program in Beijing, there is a general understanding that governments intended that 30 percent of the new housing stock be reserved for sale or leasing at minimum profit (fixed at 8 percent of development costs) to original residents, while the rest could be sold at market rate (Fang 2000).

7. This is Norman Watson’s remark, quoted in Frieden and Kaplan (1973, 25).

8. They stayed in temporary housing provided by the government, lived with friends or relatives, or rented their own accommo-
9. One U.S. dollar is equivalent to roughly eight yuan (Yn).
10. For example, two district governments in Beijing invested Yn1.8 billion ($225 million) to resettle 3,328 families whose homes were demolished in the Ping An Avenue Project in 1997 and 1998. Theoretically, the compensation totaled $67,500 per family. In reality, however, only 14 percent of the affected families received compensation in cash ranging from $12,500 to $50,000, while the remaining 86 percent were given apartments in remote suburbs for which they had to pay rent, even though a third had owned their original houses (Fang 1999b).

11. This includes the downtown merchants, banks, large corporations, landlords, newspaper publishers, realtors, and so forth.
12. These former subbranches of governments have gradually been restructured to function like other private or joint-venture companies in the market, although governments still appoint the CEOs for these state-owned enterprises (Steinfeld 1998).
13. Work unit (danwei) refers to a variety of state-owned enterprises and institutions in which most urban residents were employed in the Chinese centralized economy. It is also an effective mechanism for party and government officials to control social, political, and economic behavior of residents.
14. Note that the majority of inner-city residents do not work for the powerful work units; therefore, they are still "trapped" in overcrowded places.
15. In 1995, 29 percent of all urban households in China had purchased their homes from their work units since housing reform began. But more than nine-tenths of these households purchased their units at subsidized prices that averaged less than a fourth of the market price (Zhou and Logan 1990).
16. The rent of a class A office soared up from $400 per square meter in 1992 to $3,000 per square meter in 1995, and the housing price of $900 to $1,200 per square meter doubled the amount in 1992 (Fang 2000).
17. Nationwide, the number of real estate companies grew at a staggering pace: from merely 12 in 1981, to 2,200 in 1986, to 7,000 in 1990 (Wu 2001).
18. It was estimated that Yn130 billion has been pocketed by the developers and corrupt officials (Fang 1999).
19. There are two levels of land market in China: the primary market and the secondary market. The primary market has remained monopolized by the state, in which the conveyance of the land-use rights has been dominated by low-priced administrative allocation, primarily through negotiation, rather than tendering or auction. Developers that obtained the land from the primary market would then build and sell properties to users on the secondary market.
20. During urban renewal in the United States, similarly, city governments often dishonestly reported the displacement activities, hoping to get the federal assistance without living up to their responsibilities (Norman Watson’s remark, quoted in Frieden and Kaplan 1975).
21. According to the State Statistics Bureau (1992), from 1978 to 1992, self-raised funds increased from 31.9 percent to 52.3 percent of the total investment in fixed assets.
22. Subsidies were estimated as about 1:1 public dollar to private dollar ratio (Anderson 1964, 138-40).
23. Later, the deindustrialization process accelerated the loss of manufacturing jobs that used to be abundant in central cities (Bluestone and Harrison 1982).
24. It is worth noting, however, the national economy of the United States was growing substantially during the 1960s—although suburbs, rather than central cities, were where the growth occurred.
26. Interestingly, the capital flowing into the real estate market mostly comes from overseas Chinese developers, rather than from Europe and North America (Wu 2001).
27. According to Wu (2000), the real estate sector in Shanghai has become the second largest one to absorb foreign direct investment.
28. Starting from 1961, President Kennedy repeatedly urged the establishment of a cabinet department. Congress enacted legislation in 1965 to create the Department of Housing and Urban Development at the request of President Johnson.
29. Thanks for the comments and suggestions of the anonymous reviewer.
30. There has been significant difference as to the relative power of the state and the marketplace. According to Zhang (2002), in northern China, the public sector dominates most resources, whereas in southern China, market forces play a much greater role in formulating development agenda.
31. In pursuing local prosperity in this transitional system, localities have been stimulated to capitalize from a dual market of urban land and property development as well as exploit the holes in the redefined central-local intergovernmental relations (Zhu 1990; Wu 2001).
32. This factor partly explains the ironic situation that luxury apartments as well as shopping and entertainment complexes continue to mushroom, despite the daunting vacancy rates in some cities such as Shanghai and Beijing.
33. It requires that before the clearance, the redevelopment agency informs residents at least three months in advance and reaches agreement with the residents regarding compensation.
34. Citizen participation has recently been introduced into the sphere of urban planning, usually in the form of the exhibition of planning and design schemes for large-scale public projects. This tends to be a one-way flow of information from officials to the citizens, with no real opportunity for two-way dialogue or negotiation. However, establishing participation as a formal channel of political involvement might also be a function of time: for example, the city of Quanzhou in the southern Fujian province has witnessed the first participatory community planning experiment in an established urban neighborhood setting in China (Tan and Nilsson 2000). This project was funded by the Ford Foundation, which chose a southern city for its first venture of this kind instead of Beijing, even though Beijing was the city the grant applicants proposed.
35. The source of this is interviews with Mr. Luo Qichun, a community activist, formerly displaced from the Financial Street project under the name of the Old and Dilapidated Housing Redevelopment (ODHR) program in Beijing.
37. A document titled “Special Revelation” presented at the National People’s Congress last March by delegate Hu Yamei stated that Yn138.72 billion in public money disappeared into private accounts of developers and corrupt officials between 1990 and

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1998. This includes an amount of Yn58.67 billion that should have been paid in compensation to relocated residents but went instead to developers, Yn36.6 billion that should have been paid in compensation to private owners of demolished homes, and Yn43.45 billion as the difference between the market price of land and what the developers actually paid (Fang 2000; O’Neil 2000).

38. In areas of lesser political sensitivity such as environmental education, health activities, or general education, nongovernmental organizations can enjoy relatively few restrictions and little interference from the governments.

39. In fact, many scholars have suggested that today’s world economy shows strong trends of decentering capitalism and shrinking economic and political distance between nations (see Gabriel 2002).

▶ References


