China's Urbanization Model and Its Practice in Western China: A Case Study of Urbanization in Xining, Qinghai

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CHINA’S URBANIZATION MODEL AND ITS PRACTICE IN WESTERN CHINA: A CASE STUDY OF URBANIZATION IN XINING, QINGHAI

A Dissertation Presented

by

XIN LI

Submitted to the Graduate School of the University of Massachusetts Amherst in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

September 2021

Department of Geosciences
CHINA’S URBANIZATION MODEL AND ITS PRACTICE IN WESTERN CHINA: A CASE STUDY OF URBANIZATION IN XINING, QINGHAI

A Dissertation Presented

by

XIN LI

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DEDICATION

For Piper R. Gaubatz
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First and foremost, I would like to give thanks to my advisor, Prof. Piper Gaubatz. Piper is an inspirational scholar, patient guide, the go-to person for any kind of technical problems, and a wonderful human-being. Thank you for everything!

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Last but not least, I would like to give special thanks to the local leaders and residents of Xining for participating in this research project.
ABSTRACT

CHINA’S URBANIZATION MODEL AND ITS PRACTICE IN WESTERN CHINA: A CASE STUDY OF URBANIZATION IN XINING, QINGHAI

SEPTEMBER 2021

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China’s unprecedented urban expansion has drawn extensive scholarly and public attention. The mechanisms and fundamental changes that the urbanization process has brought to Chinese cities have been heatedly discussed in the academic realm. However, research attention has been largely paid to the eastern coastal region. Western Chinese cities in contrast, although they have been catching up with the economic and urban development with two-digit growth in the past two decades, have received relatively little attention. This dissertation analyzes the driving forces, characteristics, and impacts of this recent urban expansion in western Chinese cities. In particular, it focuses on Xining, a multicultural western Chinese city on the environmentally-sensitive Qinghai-Tibetan Plateau. Using Xining as a case study, it argues that the urbanization process in western Chinese cities has been deeply affected by the central state’s policy of balancing growth and regional disparity.

The analysis of the case study is approached from three geographical scales. The city-scale analysis reveals the degree, characteristics, and the overall
transformation of demography, land use, infrastructure development, transportation system, and economic and social structure through a combination of data analysis, map analysis, relevant literature review, and data collected from interviews. Based on this contextual work, it assesses the degree of the urban expansion, identifies its morphological characteristics, and explores the transitions of Xining's spatial structure.

The second scale of analysis takes development zones as the major objects. Using data collected from the local statistical bureau, field site observation, interviews with government authorities and deputies of the relocated enterprises, and in-depth oral history interviews with dwellers living around the industrial development zone, this part of the analysis compares Xining’s experiences with those posited by the Pollution Haven Hypothesis. It discusses environmental impacts brought by industries relocated to Xining from eastern China in terms of energy consumption, resource exploitation, and pollution generation. It also addresses how the transformation of urban form and urban spatial structure which has accompanied Xining’s drive toward industrial development affect the city’s environment.

The final component is, a micro-scale analysis of Kangchuan New Town, a concentrated resettlement community that holds 23-thousand farmers who were displaced from their farms and villages by the development of Xining’s new industrial zones. This explores urban expansion’s impacts on urban social and spatial structure in a multi-ethnic context. Based on in-depth interviews with both local leaders and residents, this section of the dissertation reveals that urban
expansion generated an underclass enclave that also faces the challenge of multicultural tension.
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CHAPTER 1. INTRODUCTION

1.1 Research Background: Urbanization in Western China

China has experienced a continual high-rate economic growth accompanied by an urban boom since the beginning of the Reform Era in 1978. In only three decades, China’s urban population increased from 170 million to 848 million. Cities hold more than half of China’s population (60.6%) and serve as the engines of economic growth (National Bureau of Statistics of China, 2021). Although China’s urban development achieved great success, it has been severely imbalanced regionally. Most of the industrialization and urbanization during the first two decades of the reform era took place in the eastern coastal area while western Chinese cities performed poorly in economic and urban growth (Yang, 1990, 1997; Jankowiak, 1998; Kanbur & Zhang, 1999; Wei, 1999; Brun, Combes & Renard, 2002; Yang, 2002). The central state has noticed this increasing regional growth inequality and launched the Western China Development Strategy (WCDS) to ease the development gap in 1999. Highlighted with a series of large-scale projects in infrastructure construction and environmental restoration supported by central fiscal investment, the WCDS greatly improved the investment environment and strengthened the connection between western China and the rest of the country (Goodman, 2004). Around 2010, Chinese leaders further called for restructuring the national industrial layout and encouraged eastern industries to move to western China (The State Council of China, 2010). As a result, an influx of industries entered western Chinese cities and, in most cases, settled in economic development zones built by the local states. While western Chinese cities celebrated the rapid GDP
growth and urban boom they have long hungered for, this industrial relocation-induced economic and urban development also brought downsides such as severe environmental strain, soaring energy consumption, financial uncertainty, and increasing social inequality. This urban process transforms the spatial pattern of western Chinese cities and poses challenges to sustainability in western China.

This dissertation explores this shift from industrial development-orientation to green development-dominated development. It analyzes industrial development and urban transformation in western Chinese cities through the framework of “urbanization model – political institution – land.” The research is centered on a detailed, multi-scale case study of Xining, the capital of Qinghai province. Located on the edge of Tibetan Plateau, Xining is a city with a population of 2.2 million people (see Figure 1.1). As a historical frontier city, it has been a meeting place for Han Chinese, Muslim Chinese, and Tibetan people. Xining is a typical western Chinese city to the extent that it lagged behind eastern Chinese cities in economic development during the 20th century, and has only benefited from China’s economic boom in the 21st century. In essence, it asks: is Xining’s urban development, which was triggered in the 21st century by the relocation of industries from eastern China, benefiting Xining’s environmental, social and economic sustainable development, or is it turning Xining into a pollution haven? By exploring answers to this overarching question, this case study connects with larger themes of the nature of China’s urbanization, the relationship between regional disparity and urbanization, land right system and land institution.
1.2 Research Questions

This dissertation aims to reveal the driving forces, characteristics, and impacts of the urban and industrial expansion in western Chinese cities through a case study. The dissertation asks the following questions:

What are the main characteristics of recent western Chinese urbanization?

How has it changed western Chinese cities?
What are the main institutional mechanisms that have driven western Chinese urbanization?

How has China’s recent emphasis on environmental sustainability affected the path of western Chinese urbanization?

1.3 Method

Research for this study included carrying out an intensive case study of Xining by synthesizing, including archival research, quantitative statistical analysis, mapping and morphology analysis, site-based observation, in-depth interviews, and oral history interviews.

1.3.1 Background Contextual work

Background contextual analysis was carried out at various geographical scales. I organized the contextual work from national to local geographical scales: 1) Development policy transformation of western China. This review traces changes in the central state’s vision and strategies for regional development of western China over time. From the “Third Front” movement in the 1960s to the WCDS in 1999, I look into key policies that focused on western China’s development. I also include analysis of important documents such as Fifteen-year Plans, national-level regional plans, and national urbanization plans into the review; 2) Xining’s background. I documented Xining’s historical development from its first step toward modernization in the Republican era through its recent urban boom after the launch of the WCDS. This included a review of Xining’s overall demographic changes, economic and industrial development, and urban growth. In particular, I
analyzed the urban form transformation of Xining over time and discussed the driving forces behind the changes in urban form. This review synthesized evidence from documents such as regional and urban plans, land governance, investment policy, fiscal and financial policy, change of bureaucracy, and ethnic minority development policy.

Archival research is analysis of primary and secondary documents (Roche, 2005) that can be statistical, cartographic or perhaps pictorial (Harris, 2001). For this study, I made use of a wide variety of Chinese- and English-language primary and secondary sources from libraries and archives in the United States and China, and from digital sources, including government documents and reports, official yearbooks and gazetteers, Chinese and Western academic research, newspaper articles, historical maps and images, and official and unofficial datasets.

Primary and secondary quantitative data were collected to assess the degree of urban expansion in Xining. I collected demographic data and land use data from resources such as census data, the Yearbook of Chinese Cities, and the yearbooks of individual cities. I also made use of findings from existing literature on urban expansion in western China to put Xining’s urban expansion in a comparative context.

1.3.2 Field work

The core of the research was original field research, based on observation, in-depth interviews with local leaders, and oral histories with local residents.
1.3.2.1 Observation

Observation is a fundamental research tool of human geography in which the researcher personally goes to the site and discovers the functioning of the system (Kearns, 2005). I visited field sites including new development zones and displaced farmer communities to observe live, work, transport activities, and the interaction between people and space. Through seeing, listening, note-taking, picture-taking, and sketch drawing, I collected additional descriptive information to assist the more structured research methods such as follow-up interviews. By constructing an in-depth interpretation of space and time, observation also provides socio-temporal context with direct experience. I visited and revisited the field sites and compare the experiences to gain a sense of temporal change. During the observation, I was aware of my special identity between an “insider” and “outsider” of the city since I grew up in the case study city, but had been away for a number of years before I carried out the research.

1.3.2.2 In-depth interviews with urban leaders

Semi-structured interviews, which have specific questions prepared yet still remain flexible for interviewees to provide information freely (Dunn, 2005), were conducted to explore urban leaders’ vision of urban development and how the driving factors, mechanism, and impacts of urban expansion induced by industrial relocation.

Based on the recognition that the involvement of government has crucially decided the urban and industrial development pattern, interviews with urban
leaders such as government officials in various level and urban planners forms the core of the qualitative data gathering. To get access to the urban leaders, I adopted a “snowball sampling” approach. This interviewee recruiting approach started with interviewing a small number of interviewees and asks them to introduce other potential subjects they think will help the study. Being aware of the power imbalance which exists between interviews and the elite interviewees, proper “insider” contacts increases the opportunities of getting the acceptance of the interviewees as well as getting credible information.

I interviewed the following groups of urban leaders: a) Government officials of the new development zone. The new development zone is the most significant way for Xining to achieve expansion on the urban periphery. These interviews particularly focused on issues such as land conversion, infrastructure development, the relationship between government and relocated enterprises, and practice of environmental protection; b) Municipal officials in relevant departments (transportation, environmental protection, electricity, etc.); c) urban planners and local academic experts. Interviews with urban planners and local urban researchers aimed to get a better understanding of the interactions among government, planning experts and the residents during the making as well as carrying out of urban plans. Due to the lack of transparency of government operations and credibility of the official data, contacts with “gateway persons” enabled communication with government authorities for accurate information gathering.
1.3.2.3 Oral History with Urban Residents

Oral history is an important tool in human geography to discover and preserve the experiences of ordinary people (George & Stratford, 2005). In this study, I adopted this method to explore and document environmental changes brought by industrial relocation-induced urban expansion with the memories of the eyewitnesses. The reason for using oral history to collect data on environmental change is largely due to the lack of credible official resources. I built a sample of residents who lived in and around the site of the Ganhe Industrial Zone from 1999 to at least 2010. This time span started before the establishment of the Ganhe Industrial Zone (2006) and ended at the time that the most constructions have been completed and factories steadily ran for several years. I used the snowball approach beginning with a contact who has ties to the neighborhood to recruit the participants of the study. The size of the sample is 15 people. The intention was not to build a representative sample of all the residents but rather to have a sense of the environmental changes.

The oral history was conducted in an informal question-and-answer format, and I asked the interviewees to talk about their memories about the environmental status of the past and their experiences.

1.4 Structure of Dissertation and Framework

1.4.1 Structure of the Dissertation

The dissertation comprises eight chapters. Chapters 1 and 2 look at the big picture of China’s urbanization process. Chapter 1 provides a detailed account of the
research background, research questions, research framework, and research methodology. Chapter 2 builds the theoretical framework of China’s urbanization process based on a detailed review of existing literature. Particular attention is paid to revealing how concepts and theories evolved as China’s urbanization keeping embarking into new stages and how the regional variations call for different theoretical tools to understand the driving factors, characteristics, and impacts of China’s urban expansion.

Chapter 3 narrows the focus with an examination of the central government’s policy on western China. In particular, I focus on policies that guide and affect industrialization. The review of policy shows a swing of the central government between development and national scale.

Chapter 4 begins the case study with the historical background of Xining’s urban development, morphological change, and industrialization. The following four chapters approach the case study in three geographical scales. Chapter 5 provides a city-scale examination of Xining’s urban expansion and urban form change since 2000. Chapter 6 looks into the development of Ganhe Industrial Zone. It provides an analysis of the features of relocating industries and their impacts on the environmental transformation. Chapter 7 provides a micro-scale analysis of Kangchuan New Town. The resettlement community accommodates displaced farmers from multiple villages whose land have been expropriated to build Ganhe Industrial Zone.
Chapter 8 summarizes the main findings of the dissertation, discusses the future development of the western Chinese cities. It also discusses the limitation of the dissertation and gives suggestions for the future studies.

1.4.2 Research Framework

![Research Framework of the Dissertation](image)

Figure 1.2: Research Framework of the Dissertation.
CHAPTER 2. UNDERSTANDING URBANIZATION IN CHINA

2.1 Theorization and China

It has become common to study China by starting with an existing Western theory (concept) - often one which is currently popular among scholars or one enjoying political sponsorship - then gather evidence from China’s experience to test, support, or modify this theory (Ma, 2006; Yan, 2013; He, 2019; Huang, 2019; Zhou, 2019). This approach can generate three problems: (1) taking the Western path (neoliberal development, for instance) as the sole/correct one to development and prosperity. This leads to defining other development trajectories as “bad development”/overdevelopment instead of checking the blind spots/problematic pre-assumptions of the theories; (2) slicing intact China experience into pieces and using fragmented reality to serve the purpose of demonstrating theory; and (3) mistaking theories, concepts, and discourses as empirical facts themselves and drawing false conclusions based on this twisted “reality.”

Scholars have identified the problems of China becoming a testing ground of Western theories (Ma, 2006) and call for a “ground-up” research path that starts from China’s empirical facts. In this alternative research approach, research questions are raised in pursuit of understanding empirical findings. Conceptualization and theorization, also, are the results of sorting, generalizing, and interpreting the empirical evidence (Yan, 2013; Huang, 2019; Zhou, 2019). Through this process, the empirical experience of China stays intact as an organic entity (He, 2019). By adopting this approach, analyses of the Chinese experience have the potential to “go beyond the existing Western benchmarks to interpret the reality of
China” and “reinterpret Western experiences in light of generalization based on China’s context” (He, 2019). It is thus important to use Western theories and concepts with care in the Chinese context, with attention to accurate representation and analysis of China’s specific circumstances.

2.2 The Nature of Urbanization

At the same time, urban theory itself has suffered from failure to establish a meaningful concept of the city. Urban geographers, in building a theory, have often omitted to examine the foundations - a city concept that generates effective explanatory power to the nature of the city - on which it was erected. Urban geographers have adopted descriptive concepts based on characteristics of the city such as “cities are large clusters of the population (Yamaga, 1996),” or “cities are fixed site of settlement (Childe, 1950).” Definitions of “city” in recent popular theories do not even reflect the characteristics of the cities but become “philosophical and epistemological abstractions” (Storper & Scott, 2016), such as a “city is a site of assemblage, multiplicity, and connectivity (Robinson, 2011)” (postcolonial urbanism). Some studies simply treat cities as an existing phenomenon so that they can skip the discussion of the nature of cities and directly jump to the study of groups, elements, and their relationships inside the cities. Without the foundation of a meaningful concept of the city, urban theories become abstract discussions with constantly changing hot spots, often subject to political goals or policy concerns. The basic urban questions - why did cities form/originate in the first place? How are cities different from rural areas? Why do cities rise and
decline? How can we understand the spatial structure of a city? The lack of a fundamental and general concept of the city has resulted in an ever-widening fragmentation and growing gap between theory and the real world.

Urban theories should be built on the foundation of a meaningful concept of the city so that such theories can “(a) explain the genesis of cities in general, (b) capture the essence of cities as concrete social phenomena, and (c) make it possible to shed light on the observable empirical diversity of cities over time and space” (Scott & Storper, 2015).

Even for scholars who agree that urban theory should be built on a general concept of the city, statements such as “all cities consist of dense agglomeration of people and economic activities (Scott & Storper, 2015)” can mislead them into thinking that economic activities alone are the reasons for cities’ origin and development.

In brief, such economically-based theories start from the observation that cities have served market functions throughout history and hold that market trading is the universal reason for cities to emerge (Pirenne, 1952). When a food surplus can be extracted as agriculture develops in a certain stage, the exchange of the excess production generates trading centers. Then cities followed. For example, city walls are built up to provide protection and fortification to the marketplace and vendors.

Other reasons for the formation of agglomerations, besides market trade, were added as the origin of the cities, including political administration, ceremonial and religious pursuits, craft production, etc. (Jacobs, 1969; Bairoch, 1988; Braudel, 1995). Regardless of the specific activity, these scholars all assume that
agglomeration is formed through myriad individual actions in pursuit of benefits generated by clustering in a geographical space, such as reduced transport cost and functional synergies. Cities evolve from these agglomerations and various types of infrastructure are built to consolidate the geographical concentration.

Another way to explore this concept is to consider that all cities throughout history have markets. However, not all markets have cities. In other words, the market generated from trading activities of food surplus is not sufficient causal reason for the origin of the city. As a matter of fact, famous medieval markets such as Foyres de Champagne (cyclical trade fairs which took place in northeastern France) did not evolve into cities. The natural development of infrastructure that followed the agglomeration activities has a blind spot in assuming there is no necessity to ask the question “who provides the infrastructure?”

Scholars who study the genesis of Chinese cities and beyond provide an alternative explanation: that the cities are forged by political power (Yu & Liu, 2012). Historical Chinese cities are often portrayed as “the symbol of political power” (Zhang & Wang, 2017) and a “governing tool rather than the product of economic development” (Zhang, 1985). In this context, the city is created by the state to utilize factors of production, such as labor, land, and resources. The limited and unstable excess production won’t spontaneously concentrate in a geographical space (agglomeration) unless it is mandatory and secured by a strong political power. Political powers extract food surplus from a large hinterland or even from the whole country through institutions and infrastructure building. For instance, the Beijing-Hangzhou Grand Canal was built for grain transportation to the nation’s
capital. Most historical cities in China were political centers, and they tended to boom and decline with the rise and fall of political powers. The expansion, rebuilding, and relocation of the cities was also carried out under the order of the state. Moreover, the diffusion of the cities was also a state behavior. In essence, the origin of historical cities indicates that the state is the builder and promoter of the cities.

By focusing on the supply side of the city, the ideas and research approach of the institutional economy shed light on explaining why the state (political power) is the key to urbanization (Olson, 1993). The supply side means what cities produced—a “collection of public products” (Zhao, 2009), such as the city wall, safety, roads, education, etc..

This dissertation proposes that the success of China’s urbanization is closely related to the fact that its urban development model is in compliance with the nature of the city as a geographical space where the state provides institutional reform and public products. That is to say, the government has generated a model that can operate efficiently, with high quality, and consistently with the nature of cities.

The genesis of contemporary Chinese cities, such as Tianfu New Area (a new city established in 2011 outside of Chengdu, Sichuan) and Xiong’an New Area (a new city established in 2017 outside of Beijing) clearly demonstrate origins in the states’ decision to build a city. Moreover, neither Shenzhen nor Pudong formed agglomerations spontaneously before the state established special zones with start-up capital despite their advantaged locations, population, and resource distribution
Arguably nearly every major new urban area in China since the 1949 revolution has been intentionally established and developed by the local, regional, or national state.

In China today, a city is a place built by the state that creates a dense agglomeration of institutional innovation, investment, and public goods supply. Thus “if you build it (the city), they (people and economic activities) will come” is not a “magical formula (Sorace & Hurst, 2015)” of China’s urbanization but a development path that is in compliance with the nature of the city. The “urban miracle” of China is due to a development path that allows the state to create with the support of China’s political and land institutions. In the following part, I build a theoretical framework of “Urban development model-state-land” in explaining (1) how the Chinese state became an urban builder and set out on a path to promote urbanization in unprecedented speed, scale, and quality and (2) what roles the political and land institutions have played in facilitating this city-building process.

2.3 A Theoretical Framework

The formation of China’s urbanization development strategy can be summarized by examining the birth and development process of the two key special economic zones established since the reform and opening up. Shenzhen Special Economic Zone and Pudong New Area. Both are products of the decision the Chinese state made in late 1978 to introduce major reforms in the areas of agriculture, industry, the military, and science/technology in order to jumpstart the country’s economy. These reforms (collectively known as “The Four
Modernizations”) are often referred to in China as the “Reform and Opening Up” as they were accompanied by opening China’s economy to international trade and investment.

2.3.1 Urbanization as a Development Strategy

“Special Economic Zones” were a hallmark urban strategy introduced in China in the early years of the reform and opening up. The starting point for the development of “special zones” within delineated geographical areas was to give the local government the power to explore the development path of system reform and integration into the global economy. As a result, in the first thirty years of economic reform, an urbanization model formed and evolved with economic reform and experimentation at its core. This urban development model has meanings in two geographical scales. On a large scale, the strategy is to use the city as a development pole. At a small scale, it involves the formation of the development zone model, including strategizing how to obtain funds for urban development and what kind of city to develop.

Zones such as Shenzhen and Pudong were built by the state from nothing. In this sense, they offer a great opportunity to examine the genesis of the city.

2.3.1.1 Shenzhen Special Economic Zone

The establishment of the special economic zone as a place to carrying out economic reform was promoted by both the central and the local states. Back into the 1950s, Chairman Mao conceived the idea of using Hong Kong capital to develop light industry in Guangdong. However, this idea was not put into practice during his
time. As the Economic Reform and Opening up (the “Reform Era”) began in 1978 and rural reforms such as household contract policy were carried out in the countryside, the national leaders were thinking about how to take the reform to the urban regions. In 1978, Deng brought out the idea of exploring institutional reform in a designated area to integrate with the global economy. Emissaries were sent to Hong Kong and Macau to learn from their economic successes. Upon their return, these officials recommended setting up two special export zones in Bao’an county (next to Hong Kong) and Zhuhai city (next to Macau) for the processing industry. At the same time, reform was also brewing with the local leaders in Guangdong. The local leaders in Guangdong encouraged processing industries to expand into Bao’an county even before receiving permits and endorsement from the central state. Meanwhile, in 1979’s central work conference, the local state leaders (Xi Zhongxun, Wang Quanguo) of Guangdong boldly criticized the overly concentrated power in the central state and urged devolution. Guangdong’s request received support from the central state as Deng Xiaoping said, “feel free to experiment and fight a way out.”

In 1979, the central state established four special economic zones (SEZs) along the southeastern coast - Shenzhen, Zhuhai, Shantou, and Xiamen – to carry out economic reform experiments. The Regulation of Guangdong Special Economic Zone was established by the National People’s Congress in 1980 as a reassuring statement of China’s commitment to economic reform and the policy of special economic zones.

The foremost hardship faced by the local leaders of Shenzhen SEZ was the extreme capital scarcity. The 30 million yuan (20.1 million USD) loan allocated by
the central state was just enough for leveling land and providing basic infrastructure for the land of 2 km², comparing to a total of 110 km² area to be developed. Therefore, the local officials turned to land institutional innovation for initial capital generation. At that time, neither the local state nor any other institutions technically “owned” the land. However, the local state had power over the use of the land. Learning from Hong Kong, where revenue from land sales contributed 15% of the annual fiscal income of the municipality, the local state of Shenzhen initiated the experiment of leasing land use rights as a way to generate land-based income to support new development. In 1980, Shenzhen leased the first tract of land to a Hong Kong investor which later developed into a real estate project. Encouraged by this success, more land was leased, and the revenue was used for land leveling, road building, and other infrastructure projects. More land-use leases were sold, and the income from these sales was used to develop the Special Economic Zone. From 1980 to 1985, Shenzhen invested a total of 7.63 billion yuan (5.08 billion USD) in infrastructure building and nine industrial zones. The successful experiment in Shenzhen promoted the reform of other land institutions. In 1987, The Land Management Regulation for Shenzhen SEZ was established to allow the commodification of land use, and the local state was clearly identified as the monopoly owner of the primary market for land use. Land use rights were divided from the land ownership and could be transferred, traded, and/or held in pledge. In 1988, a constitutional amendment officially legalized the land use right leasing process through the National People’s Congress, paving the way for a new real estate market in the purchase and sale of land use rights throughout China. These
transactions generated income for local governments throughout the country to invest in urban development.

The central state further empowered the local state of Shenzhen SEZ by re-classifying its administrative level to that of a sub-provincial city in 1981, then to a provincial city in 1988. Each rise in administrative level brought Shenzhen new and increased power over local income-generating resources, such as land use lease sales.

![Image of Urban Master Plan of Shenzhen SEZ (1986)](image)

**Figure 2.1: Urban Master Plan of Shenzhen SEZ (1986).**

Shenzhen, from the initial stage, was designed to be a multi-functional city instead of an export zone of the processing industry (Jiang, 2017). Urban planners designed a spatial structure of various functional clusters lined along the banks of the Pearl River, connected by an east-west main road (Figure 2.1). This spatial structure allowed for a high level of flexibility for Shenzhen’s expansion and industrial upgrade (Li, 2020). Using the start-up capital accumulated by real estate development and trading, the local state of Shenzhen first developed industrial processing parks in Shangbu and Shekou. Meanwhile, trade and commerce
expanded rapidly in the Luohu cluster. Other clusters were devoted to tourism, leisure, and education. A high-tech industrial zone soon followed. The clusters provided spaces for waves of industrialization and development. Soaring real estate prices as a result of the rapid industrialization and development provided sufficient land leasing revenue for the local state to promote further development. The city and infrastructure building was designed to anticipate future development. For instance, a median strip of the main road was reserved for subway building in a later stage. Shenzhen continues to adhere to the early blueprint of its urban plan despite the rotation of the local leaders (Zhang, 2019).

Unlike the huge success of Shenzhen SEZ, the development of the rest of Shenzhen city is a regrettable counter-example that came to undermine Shenzhen’s subsequent development (Jiang, 2017). The total area of Shenzhen is 2,020 km², and the Shenzhen SEZ covers the strip area of 327.5 km² along the banks of the Pearl River. The original urban plan was only drafted and carried out for the SEZ region largely due to underestimation of the speed of urbanization and development¹. As a result, the large “outer” region was left unplanned and largely unregulated. Enterprises built up plants while they were waiting for permits to enter the SEZ. More were attracted to the region to take advantage of the cheap labor, the ambiguous land regulation, and spillover of the favorable policies. Village

¹The area of the SEZ is calculated based on projected population which is 1.1 million in 2000. This projection is a very bold one at the time since it exceeds the standard of the megacity (1 million population) in China at the time. In reality, Shenzhen’s population surpassed 7 million in 2000. Shenzhen’s fast growth speed is beyond anyone’s expectation including the urban planners and the local leaders.
collectives built plants for leasing under the local state’s encouragement of rural industrialization experiments in the early stage of the economic reform. Villagers built up high-rise residential housing and rented it to the migrant workers. As a result, “another Shenzhen” with “neither urban nor rural” landscape (Zhou, 2010) was erected outside the boundary of the Shenzhen SEZ with a population size twice that of the SEZ. Lacking planning and regulation, this “freely” grown Shenzhen became a disordered space and generated many problems such as inefficient land use, inadequate infrastructure provision, security concerns, pollution, and ecology deterioration. This disordered development resulted in a low pay-off of the land resource. According to the data in 2000, every square kilometer in Shenzhen outside the SEZ generated only one-seventh the revenue per square kilometer within the SEZ. Furthermore, this inefficient, unplanned development encroached the space for the SEZ’s urban expansion and industrial upgrade. Since the village collectives and the villagers have been receiving profit from the leasing revenue of plants and housing, the cost of redevelopment was rather high for the local states. This legacy of vested interest forced the local state to either granted huge compensation and land development right to the villagers or faced the risk of social uncertainty (He, 2016).

2.3.1.2 Pudong New Area

When the CPC opened up Shenzhen and the other three SEZs, it was unclear whether the experiment of economic reform would be successful. As a matter of fact, all the SEZs were deliberately located in isolated regions that were far from
China’s economic core area to prevent the impact of potential failure. The huge success of Shenzhen helped the central leaders to make up the mind to bring the economic reform to Shanghai - the heart of China’s economy. Pudong New Area, which was established adjacent to Shanghai in 1990, bore high expectations to become the economic engine of the Yangtze Delta Region (YDR) and the whole country.

Shanghai has been endowed with a highly unbalanced urban structure as a result of the colonist legacy. The traditional city – a small county seat – sat on the west bank of the Pu River – a navigable tributary of the Yangtze River, which joins the Yangzi close to its mouth. On the western side of the Yangtze River, “Puxi” (literally “West of the Pu River”) was a booming city since the establishment of foreign treaty ports there in the mid-19th century. “Pudong” (literally “East of the Pu River”), across the river to the east, remained until the end of the 20th century, an area characterized by large tracts of farmland, a few poor villages, and neighborhoods, and several decayed factories.

Shanghai’s modern urban development was initiated when it was forced to open as a treaty port in 1843. The Treaty Port was formed in Puxi – along the western banks of the Pu River. Its foreign leaders and residents did not have the motivation to spend money on bridges connecting Puxi and Pudong. Neither would the poor and weak government of Republican China invest in it in the early 20th century. Thus, despite a favorable location, Pudong remained a sparsely populated area punctuated by a few villages.
Pudong’s opportunity for development came during the 1990s. The Pudong New Area, which stretches from the eastern bank of the Pu River to the mouth of the Yangtze River on the north, and to the shore of the Yellow Sea on the east, was planned to include four sub-zones - Lujiazui Financial Center, the Jinqiao Export Processing Zone, Waigaoqiao Free Trade Zone, and Zhangjiang Hi-tech Park. The objective was to take advantage of Shanghai’s favorable location near the mouth of the Yangtze River and its substantial human resources to integrate with the global economy and proactively take over the industrial transfer from the developed countries.

Like Shenzhen, the first obstacle faced by the local state of Pudong New Area was a lack of start-up capital to initiate the development. Urban development requires a large amount of capital for compensation, resettlement housing building, land leveling, and other infrastructure building. Pudong New Area employed a method of capital generation with “land as an anchor.” Land use rights were first transferred without charge from the local state (Municipal Land Bureau) to the Pudong New Area Development Company. The development company was thus bolstered by a ledger asset equal to the land use right value. With this ledger asset, banks joined the development company with additional investment. This joint development company then invited foreign investors to become shareholders. Between the bank loans and foreign investment, the local state (development company) obtained the start-up capital for urban development.

Although Pudong New Area remained under-occupied during its early years as construction outpaced occupancy, eventually it grew into a vital and economically
-thriving growth engine for Shanghai, the Yangtze River Delta region, and the country as a whole.

2.3.1.3 Diffusion of the Development Strategy

By the 1990s, through the reform and opening up experiments in Shenzhen, Shanghai Pudong, and Tianjin Binhai, China had formed a model of government-built cities which relied on state-organized land finance, urban planning, and infrastructure development. The governments of all regions with economically backward reforms had strong needs for development.

Shenzhen, Pudong, and the Tianjin Binhai New Area near Beijing became known as the three growth poles. Their success is inseparable from the state’s policy support, financial support, and institutional innovation. Their rapid development has also led to the development of surrounding areas. With the success of these growth poles in China’s eastern coastal region, a need was perceived to deploy similar development strategies in the underdeveloped regions of central and western China by establishing new economic growth poles, forming larger cities, and radiating the development of cities and rural areas in the surrounding areas. After 2010, the state established Chongqing Liangjiang New Area, Gansu Lanzhou New Area, Guizhou Gui’an New Area, Shaanxi Xixian New Area, and Sichuan Tianfu New Area (Xiao, 2017), and dozens of other development zones and new areas were established in central and western cities by provincial and local governments.
Collectively, these new developments can be thought of as “new districts.” The new district is essentially a new industrial cluster. The main function of the Management Committee (governance body) of the New District is to attract investment and develop industries through investment promotion. Without industry, a new district has no chance of success. In order to achieve industrial agglomeration, the infrastructure and investment environment must be improved. The area of the new district was large because it included agricultural, ecological, and housing areas in addition to industrial zones. In fact, the industrial zones accounted for only a small proportion of the total area, generally less than a quarter.

The economic development speed of the development zones slowed down during the Ninth Five-Year Plan period (1996-2000). Because the use of foreign capital is the main or even the only driving force for the development zone, a slowdown in foreign investment, increased competition for development rights in various regions and led to the "overheating" of development zones across the country. Disorderly and vicious competition among the development zones generated a price reduction competition. Development zones faced a dilemma. If prices were not reduced, the investment would dry up, capital circulation would stop, and investment would stagnate, which would, in turn, lead to a decrease in land value. But price reductions led to large investment losses. Since the Pudong New Area entered 1998, due to high land prices, incremental foreign investment was transferred to surrounding areas. In the end, special economic zones are "islands" that can only exist under the support of special policies, and the productivity support system for the islands is particularly fragile in the context of
high-cost construction. Special policies cannot be maintained for a long time, and development zones must go out of isolated islands (Pi, 2000).

2.3.2 The Political Institutions

The central-local relationship is often used to provide an institutional explanation for China’s economic development. Major theories include “fiscal federalism” (Jin et al., 1999), “regionally decentralized authoritarian” (Xu, 2011), and the “promotion tournament model” (Zhou, 2007). For example, it has been widely used by urban scholars to explain China’s urbanization and local government behavior (Lin et al., 2014). They believed that (1) the 1994 tax-sharing reform recentralized fiscal power and imposed huge fiscal stress on the local governments so that they turned to land leasing revenues to obtain financial income (Lin & Ho, 2005; Chen, 2010); (2) the central state holds power over personnel and links the promotion of cadres to these local official’s economic performance. The local leaders thus pursue urbanization and real estate development to generate a GDP boost to advance their own political interests (the promotion tournament). Both institutional structures generate incentives for the local leaders to acquire land leasing income and promote urbanization political prominence (Rithmire, 2017; Hamnett, 2020). Land urbanization (or “land-centered urbanization”), instead of urbanization of the people, is aggressively pursued by the local states (Lin et al., 2014; He et al., 2016).

The power shuffling between the central and local government and its counterproductive effect on economic development is one of the main approaches
to understanding China’s political system. Yet this institutional explanation has several limitations. Firstly, neither the fiscal recentralization nor the political tournament provides a comprehensive portrait of China’s political system. Other factors, such as the states’ decision-making process, the target-oriented task issues system, and the cadre training and selection system, are too important for China’s urbanization to be omitted (Cai & Treisman, 2006). Secondly, as analyzed above, using land to generate capital is a crucial part of China’s urban strategy, which was formed in the development of Special Zones in the 1980s and early 1990s before the fiscal recentralization and promotion tournament. Thus, the institutional explanation is not the sole explanation for China’s “land-centered” urban development. Thirdly, in the institutional explanation, the local leaders play a passive role, spurred by the motivation of moving up the employment ladder within the time of their tenure in any given position and thus pursue a shortsighted immediate economic growth. This lacks the explanatory power for the local government’s strategic investment vision or their active pursuit of industrial management and upgrading.

Another portrayal of the central-local state relationship, besides fiscal incentive and cadre evaluation, is the development goal-oriented task assigning system from the central state to the local state (Yan et al., 2013). The central state set up development goals and priorities for the local states. The central state draft the development strategy, regional development goals through the decision-making system of “the Five-year Plan” and other plans in specific subjects (Yan et al., 2013). The goal and direction of urbanization account a significant part. At the same time,
China adopted a "local experiment" strategy to constantly conduct local institutional experiments and then decide whether it can be carried nationwide. The urbanization model generated from special zone and urban development policies generated from local experiments (such as concentrated resettlement in Jiangsu and the land ticket system in Chongqing) have significantly impact China’s urban development. In sum, multiple institutional and political systems exist in shaping China's urbanization.

2.3.3 Land Institutions

2.3.3.1 The Land Rights System

The reason that the established land system supports the development strategy of “urbanization through the land development (以地谋发展)” and enables the local states to quickly promote large-scale land conversion without many small and difficult negotiations for land acquisition traces back to the Land Reform (1946-1952). The Land Reform conducted the “socialist transformation (社会主义改造)” of property ownership and led to “collectivization (集体化)” of land ownership under the principle of “make full use of the land” and “share the profit generated by land with the whole society” (He, 2017).

The land institution was radically changed as the Shenzhen SEZ explored the development model to gain start-up capital of urban development from land. In 1988, China formally established the land leasehold market. It separated the ownership and use rights pertaining to urban land. While all urban land is still
owned by the Chinese state, as enshrined in the PRC Constitution and the Land Management Law, land use rights can now be leased for a fixed period of time.

Although that it is widely held that rapid land urbanization is triggered by changes in land rights institutions (Hsing, 2006), more accurately, it is mainly the other way around: the demands of urban development resulted in the institutional change. This land rights system, facilitated by land conversion regulation, and compensation regulation, the circulation system of state-owned land, regulation of land use, generate a whole package of land institutions, and its key characteristics are laid out as follows:

1. Land ownership is divided between the state and rural collectives. Urban land is fully owned by the state, while rural land is collectively owned by the villagers. The local states exercise power over land use.

2. The state has a monopoly on the non-agricultural land market and the conversion of agricultural land to non-agricultural use. Compensation made to organizations and individuals as a result of such conversions can only be made for state land.

3. The state controls land use via overall land use planning and annual plans. Local governments use urban planning to justify expansion and the control and modifications to land use.

4. States gain all of the revenue from land-use change after paying compensation to the displaced farmers. The compensation is not to exceed 30 times the original gain from the land (Liu, 2018).
2.3.3.2 Land Fiscal/Financial Model

The land fiscal or land financial model, in essence, is a strategy of capital capture for industrial and urban development. Land fiscal/financial model formed in the 1980s to initiate industrial development in the special economic zones. In the 1990s, in cope with the slowdown of foreign investment, the local states attracted industries with low-price land. Income generated from real estate development enabled the local state to provide cheap land for industrial use and other urban infrastructure provision. The local state’s urban development is centered on industrialization rather than real estate development (See Table 2.1). In the 2000s, the local state started to use land as the pledger to lever capital from banks instead directly selling the land use right. In this way, more capital can be acquired.

Table 2.1: Land Development of the Local State Resources (Liu, 2018)

<table>
<thead>
<tr>
<th>Land use</th>
<th>Approx. Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>40%</td>
</tr>
<tr>
<td>Industrial</td>
<td>40%</td>
</tr>
<tr>
<td>Business and Housing</td>
<td>Affordable Housing</td>
</tr>
<tr>
<td></td>
<td>Commodity Housing</td>
</tr>
</tbody>
</table>

2.4 Urbanization in Western China

As the central state launched the Western China Development Strategy (WCDS) in 1999 to ease regional inequality (see Chapter 3), the urbanization model generated from this process began to cultivate the regional growth poles in the western region. Eastern cities served as experimental areas for reform. When western cities developed, development zone models and land systems had already
been established. Most western local states adopted the established urbanization model. Areas with a good industrial foundation and a large population, such as Chengdu and Chongqing, have become important growth poles for the development of western cities.

Nonetheless, there have been some adjustments. For example, in the western region, which is more ecologically important, the problem of reconciling the imperative for urban development with the imperative for environmental protection has been addressed by setting up environmental protection as the primary local goal by the central state.

2.5 Conclusion

Understanding the urbanization of China and issues in urbanization such as the mode of urbanization, the role of the government in urbanization, the financing of urbanization by land finance, the formation of the land system, and the issue of land acquisition should be placed in the context of China’s post-1979 Reform and opening up.

Scholars, the media, and the public have been concerned about how and why the Chinese urban development model was formed. In particular, many question the “emptiness” that emerges when urban infrastructure and built environment development outpaces economic and social development. In China, the order of development is that the government builds the physical and built infrastructure of cities first, guides the agglomeration of industries, and then drives population growth. In the process of continuously building new cities, local governments in
China have become more and more aware of the importance of large-scale land acquisition, forward-looking planning, and adherence to a blueprint to the end. Therefore, in a historical stage of China’s urban development, cities will inevitably come before people.

The act of government construction of a city is subject to the laws and functions of urban development. The origin of historical cities in China was political power. Chinese cities today originate through state-led concentration of public services, special policies, and institutional innovation in small places. Cities have development potential, but this potential is tapped by the government. Moreover, the development of public services provided by the government depends on two factors: (1) the government’s ability to gather resources in a geographic area and (2) the availability of high-quality land within the geographic area that can be allocated with high efficiency.

This kind of urbanization in China is in the process of reform, and in a designated geographical area, the government will invest in construction and carry out economic reforms. This is a holistic process, a coherent process in history, and cannot be viewed separately. It is not possible to intercept a fragment of time or to cut it into divided facts and then apply some popular theory to explain it.
CHAPTER 3. FROM THE THIRD FRONT MOVEMENT TO THE WESTERN CHINA DEVELOPMENT STRATEGY: REGIONAL DEVELOPMENT POLICY, INDUSTRIAL RELOCATION, AND WESTERN CHINA.

3.1 Introduction: Evolution of Regional Development Policy

Since the establishment of the People’s Republic of China (PRC) in 1949, the central state has shifted its regional development emphasis between the eastern coastal region and the interior west. To build a self-reliant national defense system and to ease the regional development gap, the Maoist period employed a regional development policy that heavily favored the western Chinese region. The First Five-year Plan (1953-57) allocated most of the Soviet-aid industrial projects to western China. The Third Front Movement (1964-1978) further strengthened this pro-western region development policy by massively relocating eastern coastal industries westward. During the reform era, however, the national development policy took a sharp turn against the western regions. After Mao died in 1976, his regional development strategy was criticized as having been too costly in terms of comparative advantage, production efficacy, and national growth. In 1978, this regional development policy turned away from the western regions as Deng initiated the economic reform and tilted the investment toward the coast. Starting with four Special Economic Zones (SEZs), China gradually opened the eastern coastal regions to the global market and foreign investment. With the opening up of special development zones on the eastern coast, the regional development policy tilted to the eastern coastal regions with national investment and favorable development policies. In response to the increasing regional development gap caused by the Reform era policy between eastern and western China, the Western
China Development Strategy (WCDS; also known as the “Go West” policy) launched in 1999 reemphasized regional balance through a series of infrastructure buildings. The late 2000s and 2010s saw the WCDS’s transition from a highly-prominent campaign to a routinely renewed policy along with the five-year plan. In 2017, Xi Jinping announced the start of a “new era” for China, which resulted in the strengthening or revision of many policies. The WCDS was revised and published as the “Guidelines on the Western China Development Strategy in the New Era” in 2020, with development goals prioritizing environmental preservation and high-quality growth readdresses the significance of the western region in the perspective of geopolitical strategy.

This chapter reviews the evolution of China’s regional development policy on western China since 1949 as the result of three main elements (which interplay with each other): (1) the central state’s willingness and capacity to balance economic development and regional equality; (2) domestic and global economy; and (3) geopolitical considerations. I argue that by promoting regional equality and investing in the western region, China has created a new situation of spatial development. And the central state’s function of resource coordination, fiscal investment, policy guidance is the key to understand the industrial and urban development in western China. I examine the growth of the case study city Xining in the WCDS period (1999-2020), which is the period when the central state’s function of resource coordination, fiscal investment, policy guidance triggered and later re-oriented Xining’s urban and industrial growth.
This chapter is organized in a chronological sequence from 1949 to the present. For each stage, I examine the background of policy conception. Such background refers to ideological status, theoretical influences, domestic and global economy, and the interactions between the central and the local states. I look into the interrelationship between different policies and examine the impacts of the policy on the local economy, environment, and urban development. I pay particular attention to two waves of massive-scale industrial relocation from eastern to western China: the Third Front Movement in the 1960s and the WCDS since the late 2000s. That discussion provides background to place the case city Xining in the context of evolving regional development strategy.

3.2 Western Development Policy in Maoist China

3.2.1 Origins

When the PRC was established in 1949, the industrial system in China was not only war-devastated but also extremely regionally imbalanced. Over 70 percent of the industrial assets and output were concentrated in a few eastern coastal cities, while the western interior was dominated by agricultural activities (Yang, 1990). Mao pointed out the necessity of curbing regional development inequality and suggested that it was important to “allocate some big projects to the areas that lagged in economic development (Xiao & Kong, 1989).” China pursued an interior-oriented development program over the period 1953-1980, and the central state allocated almost 60 percent of total state investment in fixed assets to interior regions (Yang, 1990).
3.2.2 The First Five-Year Plan and Western Development

During the first three years after the establishment of the PRC (1949-1952), the central state focused on national economic recovery and the restart of industries in the northeast and eastern coastal regions. Production in these industrial bases recovered in 1952. The First Five-Year Plan, which spanned from 1953 to 1957, was the first major effort of western China’s development aimed to reverse the inherited industrial imbalance. It was centered on the Soviet-aid “156 projects” of mining, power generation, and heavy industries. Most new-built plants in the “156 projects” were located in the western interior, while eastern China got extension projects of existing plants (Dong, 1999).

During the First Five-Year Plan period, western China has made unprecedented progress in industrialization. From 1952 to 1957, industrial development has increased at a pace of 20% in the western interior, compared to 17% in the coastal region. The proportion of total industrial output value in the interior region increased from 29.2% in 1952 to 32.1% in 1957. Cities like Baotou, Lanzhou, Xi’an, and Taiyuan emerged as the new industrial bases.

Due to the extremely scarce capital, the pro-western policy resulted in a sharp investment decrease in the eastern coastal region. Shanghai, the largest industrial base of China, only received 2% of the national investment during the First-Five Year period. Shrinking eastern industries, in turn, hampered the industrialization in the western region. The central leadership has to adjust the regional policy towards regional coordination. In his famous speech “On the Ten Major Relationships,” Mao (1956) argued that “we should take full advantages of
existing industries in the eastern region. It will facilitate development in western China. " The Second Five-Year Plan also mark this policy adjustment by emphasizing “proper distribution” of industries and accelerate the national economic growth (Chen, 2003). However, with the intense relationship between China and the US and China’s split with the Soviet Union, regional development strategy has reoriented in favor of western China in preparation for what was perceived as an inevitable war in the coming years.

3.2.3 The Third Front Movement

The pro-western region policy during the Maoist era reached its climax during the years of the Third Front Movement. Launched in 1964, the Third Front Movement was a massive-scale campaign of industrial investment and construction in western China. During its peak, over half of the national industrial investment was put into the western region - an area that accounted for only one-fifth of China’s population at the time. New industrial plants were set in the Third Front Region along with relocated eastern coastal factories. Industrial construction was supported by infrastructure upgrading in western China, particularly the railroad system. The Third Front Movement greatly transformed the industrial landscape in western China, with some of the most sophisticated industrial plants in the country. Besides the great transition of the industrial landscape and infrastructure system, the economic result also has an extensive impact on China’s regional development policy that has been adopted in the coming economic reform era.
The Third Front Movement is a continuous effort (which succeeded the First Five-Year Plan) of decreasing the industrial development gap between eastern and western China by the central state (Geng, 2001). The Third Front Movement was conceived during the same period of preparation and drafting of the Third Five-Year Plan (1966-70). After the Great Leap, the original version of the Third Five-Year Plan put national economic recovery as the main goal. However, Mao halted this plan and remarked that a huge self-sufficient industrial base should be built to prepare the country for the potential war. He urged military industries to be built and move to China’s remote and mountainous hinterland, known as the Third Front Region. The Third Front Region comprised two sections. The southerly part included most of Yunnan, Guizhou, and Sichuan and the southwest parts of West Hunan and West Hubei; the northerly part included Shaanxi, Gansu, and Ningxia, and Qinghai and the northwest parts of West Henan and West Shanxi.

The decision of the Third Front Movement is primarily based on military consideration. Worsening Sino-Soviet relations and U.S. involvement in Vietnam at the time led China’s leaders to perceive a greater need for enhancing its national defense capabilities for an inevitable coming war. As a result, despite the much felt post-crisis need to invigorate existing industrial production and restore consumption levels, Mao in 1964 ruled in favor of building more defense-orientated industries in the interior west so that China’s industrial infrastructure would survive a foreign invasion and provide for a protracted defensive war (Naughton, 1987; Yang 1990). Since the coast was easily exposed to foreign military power, the heavy concentration of industry there represented a national security risk.
Industries were allocated in the remote interior region so that the military could withdraw westward and resist the enemy there.

Following Mao’s direction, factories in the eastern region were divided into several parts and moved to the interior regions. Most of these factories were large-scale plants. It is not rare for one factory to be divided into several small parts, and there were several miles between each part. Not only the industries shall relocate westward, the research organizations and universities were also moved to the interior West. The whole nation shifted its concentration on the development of the interior region.

In the span of sixteen years (1964-1980), 205 billion yuan (about 30 billion US dollars) was invested in the Third Front Region, and more than 600 enterprises and institutions were relocated or rebuilt (Chen, 2003). The Third Front Movement also included infrastructure construction. Hundreds of new locations in inland regions had become integrated into the national railroad system when the Third Front construction ended by 1980 (Meyskens, 2015).

The Third Front Movement is criticized for being inefficient, wasteful, and damaged to the environment. This is especially true of the Third Front industrialization program, which was allocated roughly half of all state investment over the 1964-72 period (Yang, 1993). The Third Front construction cost 52.7% of the total national investment from 1966 to 1970 and 41.4% from 1971 to 1975 (Zhao et al., 2002). The Chinese government estimates that more than 30 billion yuan, or 18 percent of the total Third Front investment, was not useful at all (Yang, 1993). Many of the remaining Third Front plants cannot operate without state
subsidies. According to a survey done in late 1987, only 30 percent of the equipment in Third Front plants was put to good use (Yang, 1993). Moreover, many factories were moved to the Third Front Region with an urgent style to meet Mao’s direction. The decision-making process is extremely hasty and lacking a process of location choosing. This resulted in extra expenditures on relocating factories. On the environmental side, the Third Front Movement was criticized for bringing human activity into rugged terrain and left deep scars on remote landscapes in China’s interior. Heavy industrial plants generated pollution in the air and water. The comparatively harmonious relationship between nature and the indigenous people has been disrupted by the Third Front migrants (Shapiro, 2001).

The long-run impacts of the Third Front Movement have persisted over two decades after the Movement ended (Fan & Zou, 2015). It directed the future industrialization layout of western China by fixing a large amount of state investment to the industrial asset.

3.2.4 The Third Front Movement and Urbanization

Chinese urban policy in the 1950s was an offshoot of an economic development policy that emphasized the growth of heavy industries. Cities were viewed as sites of industrial production, and favored cities were assigned several large state-owned heavy industrial enterprises. This policy remained largely unchanged until 1978. The strict migration policy worked against urban development as well. Urbanization is mainly accounted for by rural-to-urban transformation within the same local economy rather than inter-regional migration.
In general, the Third Front Movement is not a policy in favor of urban development. The most obvious reason is that under the military defense rationale, the industries are sparsely spread in the remote mountainous areas other than concentrated in cities. The relocating industrial programs brought migration from the eastern region and migration from the local rural area. So urbanization during this period mainly took place in western regions. From 1945 to 1980, Inner Mongolia, Xinjiang, Qinghai, Ningxia are the provincial-level administrations that have the highest urban population growth rates besides Beijing. The percentage of the urban population in eastern Chinese cities decreases. The improvement of the urban infrastructure due to the Third Front Movement also benefit western Chinese cities.

The Third Front Movement has a very limited contribution to urbanization at the time but still has a far-reaching impact decades after the movement ended. For instance, as a key province of the Third Front Movement, more than 400 projects were built in Shaanxi during the Third Front period. However, most of the projects were sparsely relocated into mountainous counties rather than the cities. As the WCDS reshuffled the national development attention to the western region in the 2000s, Third Front plants were moved from the remote mountainous region to four cities of Shanxi, such as Xi’an. As a result, Xi’an rise as the national base of military technology and production (Mao, 2009).
3.2.5 Summary

During the Maoist period, the military rationale is the central leadership’s priority. Industrial development and distribution are mostly built to serve the purpose of the national defense goal. The attempt of reversing the regional disparity between the eastern coastal and the western region in China also take responsibility for Maoist industrial policy. For the central leadership, consideration of economic results gave way to the worries of the widening development gap. At that time, western development was viewed as a strategy that would have fulfilled both goals.

At the end of 1971, the Third Front Movement ceased as China’s national development policy took a dramatic redirection after Mao’s death. The central state sharply decreased national investment towards the Third Front Regions, and many projects were suspended or terminated. National construction teams were reassigned back to projects in eastern China, and labor forces returned to eastern China or rural area.

3.3 Western China in the Economic Reform Era

3.3.1 Economic Reform and Shifting to Pro-Coastal Policy

In the 1970s, the central leadership took a turn against the Maoist industrial development strategy that emphasized regional equality. As the market-oriented economic reform and opening-up took place, central leaders began to adopt policies that favoring the eastern coastal region. Instead of regional balance, the Reform leaders focused on economic results and accepted regional disparities as inevitable.
This pro-coastal area policy was a response to the de-escalation of defense-oriented international relationships and readjustment of the Maoist pro-western regional development strategy. The pro-western regional policy has been criticized for creating huge investment waste, being economically backward, and undermining the development opportunities of the eastern regions. In fact, some Reform leaders argued that western China should not be granted favorable policies like the eastern region due to its deficiency of endowed resources (Zhao, 2009).

The Maoist regional balance policy was criticized for undermining eastern China’s opportunities to integrate into the process of globalization. By taking advantage of the richness of skilled labor, the close-to harbor location, and the emerging village township enterprises, the eastern coastal region can attract overseas investment and develop an export-oriented economy, following the success paths of China’s neighbors such as Japan and South Korea.

The preferential policies tilted to the eastern coast were hugely influenced by the “ladder-step theory” at the time. It argues that the western region was endowed with rich natural resources yet lacked investment and technology. The eastern region, on the contrary, has abundant capital and technology. Thus, regional development in China should be carried out with the sequence of “East-Middle-West” so that investment and technology travel along the “ladder steps.” With the economic growth, the diffusion, investment, and technologies will speed up and eventually diminish the regional gaps (Li & Xu, 2002).
3.3.2 Consequences of Pro-Coastal Policy

In 1997, a Chinese observer noted that the widening gap between Eastern China and Western China had aroused great attention from the whole society and discussions in the academic circles. Due to the different resource endowments in the east and west regions, a division of labor was formed in which the eastern region is dominated by processing and manufacturing, and the western region is dominated by basic industries such as energy and raw materials. As early as in the planned economy period, the formulation of planned prices has distorted the relationship between the prices of manufacturing products and energy and raw materials. The former had been high for a long time, and the latter had been low for a long time. The transfer value from the raw material and energy industry mainly became the fiscal revenue of the central government and was uniformly distributed and used throughout the country in accordance with the national economic construction plan. After the reform and opening up, the government first implemented a market pricing policy for light industrial products in the processing and manufacturing industries. The price ratio of these types of products to energy and raw materials was once severely distorted. Light industrial products from the eastern coastal areas flowed into the west at higher market prices, and heavy chemical and raw material products from the west were still transported eastward at planned prices. The reform measures of decentralization and profit-sharing and the economic policy leaning to the east have made the transfer value from the west become the local fiscal revenue, corporate income, and personal income in the east.

The price ratio of processing and manufacturing products, raw materials, energy,
and other products that reflect the income distribution relationship between the
east and the west was beneficial to the east but detrimental to the west. The
constant transfer of value has increased the income level and accumulation capacity
of the eastern region but has had the opposite effect on the western region (Li,
1997). Moreover, a division of labor formed with the eastern region dominated by
processing and manufacturing, and the western region dominated by basic
industries such as energy and raw materials (Chen & Cui, 1998).

In this sense, the pro-coastal policy adopted during the Reform era resulted
in a substantially worsened regional development gap in China and has aroused
great attention from the whole society and discussions in the academic circles. It
also triggered discontent from both the central leadership and the local leaders in
the western regions (Kanbur & Zhang, 1999).

3.4 The Western China Development Strategy

Three decades of adopting economic development policies that favored the
eastern coastal regions resulted in an enlarging regional development gap between
eastern and western China. The western region lagged behind in multiple ways,
including economic performance, market opening, infrastructure, human resources,
and international trade, as well as the ability to attract investment. To ease the
regional development gap the Western China Development Strategy (WCDS; also
known as the “Go West” policy) was established in 1999. It is a policy package of
infrastructure construction, environmental preservation projects, industrial
development guideline, and fiscal support plans.
This section reviews the implementation course of the WCDS in its two decades’ life span to date. First, I review the emergence of the WCDS in terms of its ideological roots, the intellectual background, and the economic and political incentives that motivated the central leadership to launch it in 1999. Then I review the policy content of the WCDS as it was initiated, including its geographical range, leading institutions, key projects, and development strategies. I discuss how the WCDS shifted its agenda and priorities as China went through economic transition and industrial restructuring. The efficiency and impact of the WDCS have been evaluated in the academic and policy literature. I focus on policies of industrial development, urban development, and environmental sustainability to provide important background for further analysis and case study.

3.4.1 Theoretical Roots and Background of Emergence

The WCDS was first introduced in 1999 under the third-generation administration (Jiang-Zhu administration). Its formulation was shaped by ideological roots of regionally balanced development, scholars’ warnings on increasing regional disparity, and a call for the central state’s attention from the local leaders in western China.

As a part of “collective prosperity (共同富裕)” - the fundamental goal of Socialism - regional equality has been constantly pursued by many Chinese national leaders. Maoist China invested heavily in the western region to reverse an inherited imbalance of industrial development. Although regional policy shifted sharply in favor of the eastern coast in the 1980s, it is the necessary first step in Deng’s “two
overall situations (两个大局)” plan. Deng reasoned that central support should be first given to the coastal areas. Once they had reached an adequate level of development (approximately the end of the 20th century), the central attention should be shifted to the interior area. Both areas should be subordinate to the national goal of development, and the central state had to play a significant role in coordinating the development of the whole country.

Scholars warn that growing regional inequality is a threat to economic and political stability and national unity (Hu et al., 1995). The Political Economy of Uneven Development: The Case of China, written by Wang Shaoguang and Hu Angang (1999), represents the dominant view of the explanation for China’s regional disparity. They argue that the central state must take action on the growing regional disparity and redress the coastal bias. Without the central state as a coordinator, the development gap between the east and the west will further enlarge and endanger social stability.

From the perspective of the local leaders in non-coastal regions, the establishment of the WCDS was based on the dominant view that the regional development gap is the result of pro-coastal region policy. In this case, a policy response was an obvious answer to turn around the widening unbalanced regional development (Sasaki, 2001). In developing the WCDS, these local leaders sought to limit preferential treatment for eastern China. Regional officials from the western regions visited national policymaking departments and urged them to develop policies more favorable to the western regions. These western regional officials also
worked to establish better cooperative relationships with officials in the eastern region (Sasaki, 2001).

Ultimately, the WCDS is a tactic for generating new forces for sustaining fast economic growth in western China. It was necessary to give a boost to the economy of the inland region for China’s long-term economic development, especially when the coastal region-led rapid economic expansion since the 1980s was beginning to show signs of losing momentum. Industrial growth had been leading China’s economic growth since the economic reform began, and studies showed that foreign direct investment (FDI) had contributed to that growth. The WCDS was, in part, a measure to stimulate the utilization of FDI for developing western China, especially in resource-tied or resource extensive industries.

The implementation of the WCDS was also enabled by the fiscal reform of 1994, which had dramatically improved the fiscal position of the central state and enabled it to arrange substantial investment and resources to the western regions.

Despite its seeming successes, some have been opposed to the WCDS. Opponents of the WCDS argue that it is inefficient for the central state to invest in the western regions for given the regions’ disadvantaged landlocked location and insufficient infrastructure. Others hold that the WCDS is a premature program and China should stick with a growth-first strategy as a low-income country.

3.4.3 Content of the WCDS

The definition of “western China” in the policy text of the WCDS covers twelve provinces, cities, and autonomous regions, including the ten conventional
western provinces and autonomous regions (seven provinces: Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi, and Qinghai, and three autonomous regions of Ningxia Hui, Xinjiang Uygur, and Tibet) and additional two autonomous regions: Guangxi Zhuang and Inner Mongolia. It covered the land of 680 quarter kilometers and 300 million impoverished people. Western China includes regions with very different environments, from the acid desert of Xinjiang to the subtropical forest of Yunnan, as well as a high level of social and cultural diversity compared to other regions in China.

The WCDS is a strategy of the socio-economic development of China’s west interior regions to narrow the gap with the prosperous coastal areas. It contains development policies of investment, environmental protection, and urban development. The main policies and measures of the WCDS include providing preferential policies to the backward western region in terms of taxation rates, land use rights, and favorable bank loans, and facilitating huge fiscal transfers to western China. The WCDS is the first regional development policy that has been given the significance of national strategy.

Since its initiation in 1999, the WCDS has been carried out for two decades and sustained under three terms of administration. During the twenty years of carrying out, the agenda and priorities of the WCDS keep shifting over time. The shifting agenda has produced a diverse array of goals and measures (Holbig, 2004). Table 3.1 summarizes these priorities and changes as they are presented in the ten policy documents which have been produced by the central government regarding the WCDS since 1999.
Table 3.1: Key Documents Launched by the Chinese Central State on the WCDS.

<table>
<thead>
<tr>
<th>Year</th>
<th>Name of the Document</th>
<th>Main Goals of Development</th>
<th>Features, Problems and Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>The Western China Development Strategy</td>
<td>Development of infrastructure construction; ecological protection; industrial restructuring and the development of science and technology, education, and human resources.</td>
<td>Funded primarily by central state.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Challenge: competition between development goals and environmental goals.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Speech by Prime Minister Zhu in <em>The Third Conference of the SDRC</em></td>
<td>High technology industry.</td>
<td>Greening Projects should be placed as primary.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Specific industries, the green industry, and the tourism industry should be developed.</td>
<td>Forest restoration is a major project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repeatedly building industries already existing on the eastern coast and industries in the pollution sector to move to the western interior should be avoided.</td>
<td>Grassland restoration should be put on the agenda soon in the next phase.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental construction is the primary task of the WCDS. The development of the western region should take the lesson from the development of the eastern coastal area.</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>The WCDS in the New Era</td>
<td>Eliminate disparity between eastern-western China in terms of infrastructure, public service provision, and standard of living in 2035.</td>
<td>Regional development gap still exists.</td>
</tr>
</tbody>
</table>
In the initial stage, government investment was the core content of the WCDS. The plan consisted of measures in four fields: infrastructure construction, ecological protection, industrial restructuring, and the development of science and technology, education, and human resources. The initial stage also included a significant environmental discourse with large projects restoring forest and pasture. It is notable that the Chinese government’s strategy of developing western China placed ecological construction as one of the central tasks, which was the first time for a national economic program in China to do so (Zheng & Qian, 2004).

Central authorities were also very cautious about industrial development in western China despite the great enthusiasm for development expressed by local states at the starting period of the campaign (Zeng, 2010). Premier Zhu Rongji (2002) expressed his concern for the eastern pollution to flow to the west, observing that “my biggest worry is that downstream industries that already over-developed in the eastern region will flood into western China. It will bring problems to the region’s economy.”

The WCDS seemed effective in stalling the widening development gap between the western and eastern regions. During the first five years (1999-2004) of the WCDS, western provinces led the fixed asset investment in the whole country (Wei, 2004). The share of the western region in the total GDP of China increased to 18.7% in 2010 from 17.1% in 2000. More than 50 major projects were initiated, including mega projects such as the West-East natural gas transmission project, West-East electricity transmission project, the Qinghai-Tibet railway, airport construction. The overall investment accounted for 730 billion Chinese yuan (more
than 1 billion USD) (Wei, 2004). The investment in key infrastructure projects accounted for more than 200 billion yuan (about 30 billion USD). Fiscal support from the central state was 360 billion yuan (about 50 billion USD) (Wei, 2004).

However, in terms of balanced regional growth and developing the western region into a growth engine for sustainable national development, the WCDS has yet to achieve its aims (Yu, 2012). During the initial stage of WCDS, most investment was concentrated in infrastructure construction and environmental restoration. Thus, western China didn’t see huge progress in industrialization (Wei, 2004). Moreover, and contrary to the experience of eastern China, western China didn’t attract as much overseas investment or private investment as the central state had hoped. In fact, although government investment in western China had increased significantly, the 2000-03 period saw the percentage of direct foreign investment in western China dropped from 4.55 to 3.22 (Wei, 2004).

Although the WCDS continued as a policy, after a decade or so, it was clear that it had failed its original goal of decreasing the development gap between eastern and western China. In the decade of 2005-2015, moreover, the significance of environmental development shifted to the back burner in the local competition on economic and industrial development in western China. Meanwhile, urbanization continued rapidly in western China, with an annual growth rate of 12%, compared with only a 4% annual growth rate for the rest of China (Maimaitiming et al., 2013). Based on an analysis of the panel data of 283 Chinese cities from 1994 to 2012, Liu and Zhao (2015) conclude that the WCDS was ineffective in promoting the GDP and per capita GDP in western China. After
adopter the policy for more than a decade, the income gap between western and eastern China become bigger, not smaller. The contribution of the western region to China’s overall economy has not improved greatly, and the government’s efforts since the late 1990s to achieve more balanced regional development have yet to bear much fruit (Yu, 2012).

3.4.5 The WCDS in the New Era

Xi Jinping’s 2017 announcement of China’s “New Era” led to wide-ranging new and revised policies. In 2020, China issued the “Guidelines on the Western China Development Strategy in the New Era.” The goal is for western China to reach a similar development level as eastern China in terms of public service, infrastructure, and living standards in 2035. The WCDS in New Era committed to high-quality development, deepening open-up, and ecological protection.

As China’s economic structure turns from the export-oriented economy to domestic economic circulation, western China has been given a new significance as the strategic hinterland which (a) provides new economic development momentums for the whole country; and (b) accommodates downstream industries from the eastern region so that China can keep the whole production chain advantages. To achieve a similar development level as eastern coastal China in 2035 (The Fourteenth Five-year Plan of the WCDS), western China will provide development space for infrastructure building, urban and industrial development, public service provision, and environmental preservation. The strategic significance
of the WCDS has also been renewed as it becomes an important part of China’s Belt and Road Initiative\textsuperscript{2}.

3.5 Conclusion

Promoting regional equality is the ultimate goal and the main storyline of China’s regional policy since 1949. This strategic orientation is rooted in the communist ideological legacy of “shared prosperity (共同富裕).” In the Reform era, a pro-eastern China policy was carried out to grab the opportunity of integrating globalization. After this unbalanced strategy boosted up the national economy and the power of the central state, a pro-equality regional policy is followed and has been constantly renewed. In this sense, Deng’s “two overall situation” strategy is becoming a reality.

\textsuperscript{2}The Belt-and-Road Initiative has great significance for development in western China, including in Xining, but is beyond the scope of this dissertation.
CHAPTER 4. XINING: HISTORICAL DEVELOPMENT

4.1 Introduction

Xining is located on the northwestern edge of the Qinghai-Tibet plateau, in the transitional geographical belt where China’s agricultural and nomadic regions meet (see Figures 4.1 and 4.7). The city lies nestled in the Huangshui Valley, where the Huangshui River (a major tributary of the Yellow River), Nanchuan River, and Beichuan River (both branches of the Huangshui) form a high-altitude grassy plain.

Xining’s history can be traced back to the Han Dynasty (200 BC). Xining was an important military fort and trading center on the historical Chinese frontier for centuries and has been under the rule of a number of different administrations. The role Xining played in the sub-region of western China and how it was placed in the vision of the central state changed along with the expanding frontier and the dynamics of geopolitics.

Contemporary Xining is composed of five urban districts and two county-level cities under Xining’s administration. It covers a total area of 7,679 square kilometers and a built-up area of 129 square kilometers. According to the 2020 census data, Xining’s population is 2.38 million, with 74.2% Han Chinese, 16.2% Hui (Muslim Chinese), and 5.5% Tibetan. More than one-third of the total population of Qinghai Province live in Xining, while the vast remainder of the province is sparsely inhabited.

Based on the existing literature and data collected by the author, this chapter provides a review and analysis of Xining’s historical growth before 2000 in terms of
urban development, the city’s development as a multicultural city, and industrial development.

4.2 Urban Development before 1949

4.2.1 Ancient and Imperial Xining

Xining was first established in the second century BC as a Chinese garrison town known as “Xipingting.” Subsequently, it was ruled by thirteen different regimes, including the Xianbei (an ancient nomadic empire), the Tibetans, and other non-Chinese groups before it was incorporated into the Mongol empire in 1227, and continued as a part of the Chinese empire/country for the remainder of its history.

During China’s Northern Song Dynasty period (960-1127), Gusiluo, a Tibetan political power, rose in the Huangshui region and established their capital, Qingtang City, at the site of contemporary Xining. This city was sustained for 70 years (1032-1104) until it was seized and renamed “Xining” by the Chinese Song Dynasty. Qingtang city was a walled city about 10 km in circumference, with a population of at least a thousand Tibetan families. Qingtang was formed by two connected walled settlements that shared a north-south wall called the West City and the East Suburb. The West City was the home of the Tibetans, with palaces, meeting hall, and Buddha’s status on the north side and residential area of Tibetan families and small temples on the south side. The East Suburb was a place where traders of various nationalities and captives live (See Figure 4.1).

This spatial layout – with the core city on the west and an attached eastern suburb (Xicheng Dongguo 西城东郭) can be traced back to China’s Warring States
Period (476 BC – 221 BC) and could be found in other places and times in ancient China. This form tended to develop when a new city was built next to an existing city after a political altercation or conquest. When the Gusiluo Tibetans took over the Huangshui River region, they built a new city next to the existing Song Dynasty county seat town - Shanzhouxian (鄯州县), with a shared wall. The East City gradually turned into a residential and business area (Chen, 2000).

Figure 4.1: Location of Xipingting (shaded dark gray), Qingtang City (shaded in stippled gray), and Ming and Qing Dynasty Xining (shaded in light gray).

The Qingtang city also embodied Tibetan characteristics. The spatial order of the Qingtang city reflected its strict social and religious hierarchy, with religious buildings occupying half of the space within the walls. At the same time, the Qingtang city also represented the influence of the layout of Chinese capital cities
with its north-south axis orientation, symmetrical layout of buildings, and the main palace (大殿) facing the south (面南).

### 4.2.2 Late Imperial Xining (1368-1911)

![Figure 4.2: Xining Weicheng in the Ming Dynasty](image)

In the Ming Dynasty (1368-1644), the Chinese central state strengthened its control in the Huangshui region and built Xining Weicheng (西宁卫城) on the site of Qingtang city (Figure 4.1). Xining Weicheng had a square city wall with one gate on each wall. Large buildings, including the City Administration complex, the Confucian temple, the Examination Hall, the Buddhist temple, the military camp, and warehouses, were placed symmetrically on both sides of the east-west axis (Figure...
4.2). The construction of Xining Weicheng strictly followed the rules of Chinese urban planning and layout.

4.2.3 Xining in the Republican Era

Xining was designated the capital city of the newly established Qinghai province in 1929. Despite the expansion of administrative boundaries, most residents continued to live within the old city walls. Nonetheless, the built-up area did not fill the city walls. There were large tracts of vegetable gardens and fields which belonged to the residents inside the walls. When the PRC was established in 1949, Xining had a population of less than 50 thousand and a built-up area of only 3 km². Roads were narrow and unpaved (Figures 4.3 and 4.4). There were no modern public services such as mass transportation or tap water supply. The tallest building, Huangzhong Mansion, was a two-story wood-brick building.

![Figure 4.3: West Gate from the Far Side of the Xining River Bridge.]

![Figure 4.4: In the East Suburbs Looking Towards East Gate.]

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4.3 Urban Development from the Founding of the People’s Republic of China to the End of the 20th Century

Xining has grown and developed significantly since the establishment of the People’s Republic of China in 1949. In the first five decades after the revolution, the built-up area of Xining increased from 3 km² in 1949 to 61 km² in 2000 (Table 4.1).

Table 4.1: The Expansion of Xining’s Built-up Area (1949-2000)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Built-up Area of Xining (km²)</td>
<td>3</td>
<td>17</td>
<td>34</td>
<td>43</td>
<td>61</td>
</tr>
</tbody>
</table>

4.3.1 Xining in the Early Years of the PRC: 1949-1965

The existence of large swathes of garden plots and other unbuilt areas provided space for considerable urban construction in Xining after 1949. The city’s expansion was further aided by the demolition of much of the city wall in 1950 to accommodate new road construction. The growth of industries and other administrative, medicinal, and education sites pushed Xining into a new geography. The city expanded north, west, and east, far beyond the old city walls. Some areas were specially set aside from industry. During the second Five-year Plan Period (1958-1962), Xining expanded rapidly. Two industrial areas: Dongchuan (the east valley) Industrial Area and Beichuan (the North Valley) Industrial Area were established. Industries established in these areas brought a large influx of population.

Xining’s first fixed asset investment in 1953 was 8 million CNY (3 million USD). Investment in urban infrastructure increased annually and accounted for a total of 2,018 million CNY (820 million USD) during the pre-Reform era (1949-1977).
4.3.2 Xining Prior to the Reform Era: 1966-1978

The Third Front Movement significantly accelerated Xining’s heavy industrial development. A batch of industries relocated to Xining from eastern cities such as Beijing, Tianjin, and Changchun. Xining’s X-shaped urban form emerged with the growth of these and other new industries in four valleys. An industrial district devoted to the steel industry emerged in Xichuan (the West Valley) with the nationally-funded Xining Steel enlargement project at its center. Nanchuan (the South Valley) was developed as Haishan, a district devoted to machinery processing. At the same time, a residential area was built along the Huangshui River bank and Lanzhou-Qinghai railway to accommodate the “educated youth” who returned to the city at the end of the Cultural Revolution. This housing connected the east and west valley industrial districts with the central city. By 1978, the city area had reached 43 square kilometers, and the urban population had increased to 429,000.
4.3.3 Xining During the 20th Century Reform Era (1979-1999)

Constrained by limited space and lagging infrastructure, Xining urgently needed to expand its administrative boundaries and area for industrial development. Urban expansion mainly took place in two ways during this period: renewal of the old city and the generation of new urban space in the urban periphery. In the old city, factories gave way to service sector-oriented uses such as finance, real estate, and tourism. The Dashizi area strengthened its function as an urban center. New types of urban spaces were created in the urban periphery, including commodity housing, Qinghai University, and green spaces (The Municipal Committee of Xining, 1988).
4.4 Population Characteristics

4.4.1 Migration and Demographic Change

The migration of the Han Chinese into the Xining area can be traced back to the Han dynasty (206 BC – 220 AD). Garrison troops and farmers were sent to open up wasteland and grow grains along the Huangshui bank. During the Ming dynasty, the influx of Han Chinese increased significantly. Yet until the beginning of the twentieth century, Han Chinese remained a minority group in Xining. After 20th century influxes of Han Chinese, especially after the foundation of the People’s Republic of China, Han Chinese outnumbered other ethnic groups and became the majority group.
thus xining has been a destination for migrants for centuries. the influx of multiple ethnic groups constantly changed the city's demography. in the han dynasty, han chinese migrated with the political establishment of a garrison – xipingting – at the site of the city. the central state had developed a system called “army farming” (tuntianzhi 屯田制) to station garrisons to grow grain. each of the soldiers assigned to the garrison was granted an allotment of land. these allotments were often, in turn, rented to civilian farmers, many of whom were han chinese migrants from the eastern regions. in the tang dynasty (618 – 907), there was an influx of xianbei people (nomads from what is today mongolia) and mongolians. since the yuan dynasty (1279-1368), there have been large influxes of han, hui (muslim chinese), and sala (a muslim people originating in central asia) migrants.

han chinese were a minority in the city until well into the 20th century. after 1949, several efforts to relocate han chinese population from eastern china to the interior increased the population of han chinese living in xining. in 1956, during the great leap forward, for example, about 5,000 han chinese were relocated to xining (gaubatz, 1996).

4.4.2 xining as a multicultural city: hui muslim chinese and dongguan area

muslim people living and doing business in xining have long been recorded in written materials. islam traders, the ancestors of xining’s hui people, who traveled along the southern route of the silk road, were allowed by the tibetan tufan administration to build houses and trading lodges in qingtang city. they
settled in the East City of Qingtang with captives, refugees, and traders of many different ethnicities while the ruling Tibetans reside exclusively in the West City. These traders formed an Islamic commercial community in the eastern city and built mosques in the community (Cui, 1998).

During the Yuan dynasty, the Muslim population increased significantly as the imperial government rewarded the Hui people with land in Huangshui valley for their military services. These troops defended the border while opening up wasteland for agricultural development and turned to city residents. Central Asian Muslim migrants, along with missionaries, businessmen, and craftsmen, also added to the Muslim population in Xining (The Committee of the Chronicles of Xining, 2000).

The location of Dongguan is not explicitly marked in historical material. It was presumably in the eastern part of the city, adjacent to the east gate wall. It was an area that covers 2,000 meters from east to west and 400 meters from south to north.

During the earlier age of the Yuan, temple blocks (Si Fang 寺坊) were formed by followers’ houses built around the mosque. In the temple block, the mosque serves not only as a religious site but also as an administrative unit, and the focal point of cultural, educational, and social activities. The temple block, as an urban spatial structure, significantly hindered the Muslim people from integrating with the rest of the city (An, 2005).

Xining’s Muslim population reached its climax in the mid-Qing through inflows of migrants from southern China and conversions of the Mongolian troops.
Three fourths of the city’s total population was Muslim. The Muslim people lived both inside and outside the city walls.

In the late Yuan dynasty, the Muslim people settled around the mosque. Sifang (寺坊)- a residential community with the mosque as the center of religious, political, cultural, educational, social activities emerged and segregated the Muslim people from the rest of the city to some extent.

During the Ming, Yuan, and Qing dynasties, the Central Imperial government maintained a policy of mollification towards Muslim people, and the Muslim community continued to grow. During the Republican era, Xining was under the governance of Muslim Warlord Ma Bufang and witnessed an expansion of the Muslim population and cultural landscape.

4.4.3 Xining as a Multicultural City: The Tibetan Population

Despite the domination of the Tibetans in the region during the Song dynasty, by the 20th century, the Tibetan population of the city consisted primarily of farmers living in village settlements on the fringes of the core city. In 1928, when Qinghai became a separate province, there were about 11,000 Tibetan farmers living at the edges of the valley. There was also a small Tibetan monastic community within the city proper (Gaubatz, 1996). Although Tibetans mostly lived outside the city, however, they were active traders in the city’s markets, where they brought the products of pastoralism and agriculture, from fruits and vegetables to wool, to exchange for manufactured goods and other products.
4.5 Industrial Development

Prior to the mid-20th century, Xining’s economy was centered on trade and administration. The city’s first step towards modern industrialization took place around the 1940s under the rule of Ma Bufang, the administrative official for the northwestern region of Republican China. In 1942, Xining established its first thermal power station, and industries such as chemistry, leather-working, and glass-making followed. Transportation infrastructure improved with the establishment of an airport and bus terminal station. As the political power turned over to PRC in 1949, Xining’s per capita GDP was 62 Chinese yuan (less than 30 USD). The city only had ten factories, which employed fewer than 1,000 workers. The total industrial output value was 9.65 million CNY (4.2 million USD).

During the 1950s and 1960s, Xining took on the character of a PRC city. Industries were organized as Qinghai Province entered the command economy. The city’s first urban master plan, prepared in 1954, prioritized textile and machine industries. In 1955, Xining’s textile, sundry goods, foodstuff, medicine, writing material, pork, beef, and mutton industries were organized under joint state-private ownership.

In 1957, a large number of factories began to open in Xining. Products as diverse as rubber, gelatin, and gypsum were created from the materials entering the city. The growth of these industries and other administrative, medicinal, and education sites pushed Xining into a new geography. The city expanded north, west, and east, far beyond the old city walls. Some areas were specially set aside for industrial development.
Xining’s second leap forward to modern industrialization took place during the Third Front Movement (1964-1980). With Xining designated as a key city in the Third Front region, heavy industry grew fast. The central state invested 270 million CNY (135 million USD) for extension projects of Xining Steel, and a number of factories were relocated from Beijing, Shanghai, and Changchun to Xining.

After the start of the Reform Era, however, the goal of industrialization in 1980s Xining shifted to light industries such as textiles – especially woolen textiles, which made use of the region’s relatively high level of wool production (The Statistic Bureau of Xining, 1989). Despite the numerous efforts to develop and industrialize the city, however, by the year 2000 it remained relatively underdeveloped compared to other provincial capitals.
CHAPTER 5. URBAN EXPANSION, TRANSITION OF DEVELOPMENT PATH AND ITS IMPACTS: A CASE STUDY OF XINING, QINGHAI

5.1 Introduction

Much recent academic literature on Chinese urbanization adopts a political economy lens focused on land and political institutions (Lin & Zhang, 2015; He et al., 2016; Rithmire, 2017). In essence, urbanization is portrayed as a land-centered process led by the local states to fulfill multiple goals, including GDP growth, political prominence, and land leasing revenue. With China’s unique land rights system, which empowers the local states with monopolistic urban land development rights, the local states enthusiastically engage in land conversion and city building to win the competition among the localities for “place making (Lin, 2007).” The spatial consequence of this land-centered urbanization is the generation of urban spaces and urban infrastructure without necessarily urbanizing population or economy. In this discourse, urban sprawl -- excessive, inefficient, and disordered urban land expansion, and “ghost cities” -- vacant new cities with little or no population, in extreme cases, have become significant features of China’s urbanization. In the most extreme cases, the “ghost cities” are vacant urban spaces and infrastructures without residents (Woodworth & Wallace, 2017). “Without the myth of future waves of rural migrants who will someday by some unspecified means afford new urban housing, what remains is the proliferation of urban forms divorced from urban practices and uses” (Sorace & Hurst, 2015). This urban development model is also criticized for bringing ecological deterioration and social inequality. This critical narrative is supported by China’s policy, academic, and media narrative of
“big city diseases.” Recent policy addresses feature phrases such as “high-quality development, the “old” urban development model, and “traditional low-quality urbanization” (Guan et al., 2018). This chapter provides an analysis of this popular/dominant narrative of China’s urbanization by identifying its problems and unexamined assumptions.

From new towns projects in the 1990s to the recent eco-city, warning of the emergence of ghost cities kept haunting even though being proved wrong again and again. Expansion is still taking place as the national urbanization strategy officially enters the phase of high-quality development. Although the narrative of “high-quality development” addresses the core role of the local states in promoting urbanization, they are also spurred by motivations such as economic growth or political prominence rather than proactive strategy making. As a result, one common presumption is that state-led urbanization does not bring “real growth.”

The formation of urban expansion is the result of dynamic interaction between the states and economic growth. Based on the understanding of China’s political institutions (Chapter 2) and China’s economic development phase and shifting regional development policy (Chapter 3), this chapter examines Xining’s urban growth since 2000 by tracing the transition of local development targets and its impact on urban spaces production and urban spatial structure change.
5.2 Theoretical Discussion and Framework Building

5.2.1 Conventional Narrative

Recently, there is a popular discourse which sees China’s urbanization as a land-centered process engineered by the local states to fulfill multiple goals, including economic growth boost, fiscal revenue expansion, and political benefits. Unlike traditional urbanization, which is driven by population growth or economic development, urbanization in China is a project purposefully pursued by the local states, taking advantage of China’s land rights system. The local states are motivated by the goal of outdoing each other in the competition among the localities of GDP growth and “place-making.” The local states can draw upon a toolkit of policies such as administrative boundary adjustment, infrastructure construction, setting up new development zones, and new-town projects to expand urban space. Scholars argue that a line should be drawn between this type of urbanization and urbanization that is driven by population and economic growth. Some have adapted urban sprawl, a term derived from the North American experience, to depict China’s urbanization, emphasizing that it generates inefficient land use and promotes leapfrog development. Others have come up with terms such as “pseudo-urbanization” (Yew, 2012), “phantom urbanization” (Sorace & Hurst, 2015), and “fake urbanization” to argue that land urbanization that outpaced population urbanization is not real urbanization. The term “Ghost cities” is also used by scholars to conceptualize the extreme cases of this type of urbanization. From these perspectives, urbanization empowers the states and benefits urban capital
while imposing costs on marginal social groups such as displaced farmers (Hsing, 2006, 2010; Shin, 2013; Rithmire, 2017).

This discourse has several implications and pre-assumptions. First, the conventional discourse places the local states in the central role of spurring urbanization, and the central state disappears in this narrative. Secondly, it presumes an ideological obsession with modernity represented by urban form or fiscal capital and political interests brought by urbanization and development.

But this discourse is based on insufficient empirical evidence or temporary/extreme cases and ignores the fact that the urban spaces created by China’s urban expansion differ from urban sprawl in North America. Thus the conventional discourse contains a pre-assumption of how the relationship between economic development and urbanization should be. It is urbanization which drives economic development, not the other way around. As Zhao (2004) points out the urbanization is not “the car moving along with the wheels but the wheels themselves.” Urbanization is a strategic goal of both the central and local states in China and is pursued in an orderly fashion with plans and with continuity.
5.2.2 A Proposed Theoretical Framework

The counter-narrative argues that new-town projects which have been identified as sprawl or “ghost cities” soon find themselves facing a shortage of land and infrastructure. Yesterday’s “ghost cities” become today’s thriving metropolitan areas (Roach, 2012). In other words, building the physical infrastructure prior to economic, social, and population development can spur these developments to take place in the future.

The conventional narrative is unable to perceive this possible future as a result of its pre-suppositions about the nature of the urbanization process. Three aspects are particularly important:

1. In the conventional narrative, economic development which follows urban development (especially real estate construction and infrastructure development) is low quality and unsustainable, and thus, as an undesirable result, need not be taken into account.
2. In the conventional narrative, those scholars who are influenced by Marxist geography interpret urban expansion as a spatial fix for global capital (see, for example, Harvey, 2001). This results in an absence of a role for development in the theoretical framework.

3. In the conventional narrative, Chinese urban sprawl may be considered to be similar or identical to North American urban sprawl. As the sprawling urban expansion in North America has been widely criticized, China’s urban sprawl is criticized as part of the same phenomenon. But in fact, North American-style single-function urban sprawl is rarely seen in China, and government-led urbanization is planned from the beginning, thus avoiding North American-style sprawl and suburbanization. China’s central and local governments have a clear understanding that urbanization is China’s economic development, industrial development, and the improvement of people’s living standards, and they have a clear line on how to promote the expansion of urban space.

In the Chinese case, it is important to place the interaction of economic and political institutions (Liu, 2018) in a long-term perspective (Figure 5.1). In this context, the states deploy different development strategies to deal with different phases of economic development. This interaction between economic development and government capacity/behavior is a dynamic, cyclical process in which economic development leads to enhanced national capabilities (the capacity of the central government), which, in turn, leads to enhanced regional development/balance/coordination capabilities, which eventually enhances economic development.
Thus the Chinese central government favors a target-oriented urban development strategy. The development direction and development strategy of the economy, region, and city are formulated by the central government, and the central government entrusts local governments with funding for development.

Like other development models (such as the Rural Land Contract System which is a local experiment that then spread nationwide (Coase & Wang, 2012), the urban development model, together with the regional rotation of the local leaders, has given the local leaders a path of forward-looking urbanization. It is common for the local state to pursue one-step in place (一步到位) development, especially in infrastructure building. “One-step in place,” is nearly opposite to the common English term “step by step,” to the extent that, in this context, it suggests putting all of the conditions for development in place at once – such as buildings, infrastructure, and favorable policies – rather than taking an incremental approach. Thus the “one step in place” approach generates vast swathes of as-yet-unoccupied but fully developed production facilities, housing, and structures for social infrastructure.

5.3 Xining: An Overview of 21st Century Development

Xining has embarked on a fast track of urban expansion in the past two decades with a population increase from 1.34 to 2.39 million, and the built-up area expanded from 61 km² to 129 km² (The Municipal State of Xining, 2000; 2020). This restless and ongoing expansion has fundamentally changed the urban spatial structure of Xining and how people live in the city. This chapter aims to understand
the characteristics of Xining’s urban expansion, the urban spatial structure change, and the impacts brought by the transition of urban development mode. It reveals that the central state’s regional coordination strategy and political institutions (the central-local state relationship) have played a significant role as Xining’s development path changed from industrialization-oriented growth to green development.

5.4 Transition of Local Development Strategy

The central state allocates development tasks to the local states through policies and guidelines and evaluates the local leaders based on their performance in carrying out these tasks. The local states, in turn, compete with each other for political prominence (See Chapter 2). This central-local state relationship creates a motivational structure within the central state’s policy on western China (See Chapter 3) and plays a decisive role in the impact the development strategy-making of Xining as a city.

Based on synthesized documents such as reports of the work of the government, annual statistical reports, and key speeches of the local leaders, Table 5.1 lists Xining’s local development goals side by side with the central state’s regional policy to facilitate understanding the local state’s response to task-allocation from the central state.
<table>
<thead>
<tr>
<th>Year</th>
<th>The Central State’s Policy on Urbanization and Regional Development</th>
<th>Development Goal of Xining</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>The WCDS Initiated.</td>
<td>Seize chances provided by the WCDS, adopt a proactive fiscal policy, and build Xining the regional center city of Qinghai-Tibet Plateau region.</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>Implement the strategy of “making Xining strong through industrialization.” Build industrial zone, increase industrial investment, and optimize industrial structure.</td>
</tr>
<tr>
<td>2002</td>
<td>The Tenth Five-Year Plan of the WCDS was established. The short-term goal: make a breakthrough in infrastructure building and environmental restore. The long-term goal: at the mid 21 century.</td>
<td>Maintain economic growth rate against the downward pressure of the global economic crisis. Promote social stability and well-being of the urban citizens.</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>Build Xining a model city of green development. Stick to the “environment first” strategy and build a city of happiness.</td>
</tr>
<tr>
<td>2004</td>
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<td>2007</td>
<td>The Eleventh Five-Year Plan of the WCDS was established.</td>
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<td>2011</td>
<td>The Twelfth Five-Year Plan of the WCDS was established.</td>
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<td>2013</td>
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<tr>
<td>2014</td>
<td>The National Plan of New Type of Urbanization was established. The plan calls for promoting urbanization in central and western China. It sets a goal to move 100 million people to central and western Chinese cities instead of letting them migrate to Eastern coastal cities.</td>
<td></td>
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<td>2015</td>
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<tr>
<td>2016</td>
<td>The Thirteenth Five-Year Plan of the WCDS was established.</td>
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<tr>
<td></td>
<td>Xi visited Qinghai and addressed green development as the most important task for the province of Qinghai.</td>
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<td>2017</td>
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<tr>
<td>2019</td>
<td></td>
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</tr>
<tr>
<td>2020</td>
<td>The WCDS in the New Epoch High-quality Urban Development</td>
<td>Green-oriented Development.</td>
</tr>
</tbody>
</table>
Xining’s 21st-century development can be divided into four phases based on the change of development goals:

1) From 2000 to 2003, the local state of Xining set the goal of “building a regional hub city on the Qinghai-Tibet Plateau” by seizing the chance of the WCDS;

2) Starting from 2004, the local leaders developed a new strategy: “making Xining strong by industrialization.”

3) When the financial crisis in 2008 significantly slowed down economic development nationwide, Xining’s regional development goal shifted to economic stability;

4) From 2010 to 2015, Xining’s development goal transitioned to a more well-rounded one which including economic growth, social stability, and industrial structure betterment;

5) Since 2016, Xining reoriented its development strategy by placing environmental protection as the priority of urban development. The new goal of urban development shifted from economic development to building “a model city of green development” and “a livable city of happiness.” This shift of development goal is an immediate response to the central state’s instruction. In Xi’s 2016 visit to Qinghai, he stated that “environmental protection is the most important responsibility for Qinghai to the whole nation. Environment is the most valuable asset of Qinghai.” In the perspective of the local leaders, Xi’s instruction set up “the fundamental principle for Qinghai’s development” (Qinghai Daily, 2017). In other words, this instruction specifically excludes Qinghai from the GDP competition with the local states.
5.4.1 Expansion of the Administrative Area

Expanding the administrative boundary of the city is a common practice of local governments in China. Administrative boundary expansion can dramatically increase the urban area and urban population of a city, which, in turn, can expand the city’s economic base. Including towns and counties into the city’s administrative boundary is often the first step of urban space expansion and upgrading a city’s designation within China’s settlement/administrative hierarchy (Province-prefectural city-municipality-city-town-village). Because there were policy and investment advantages for units higher up the chain of settlement designations, a nationwide wave of administrative re-naming and upgrading has been documented as towns upgrade to cities (镇改市) and counties upgrade to municipalities (县改市).

With an administrative area of 6770 km2, compared to the urban built-up area of 129 km2, Xining now has four areas, two towns, and three counties under its administrative boundaries. Xining has experienced several rounds of administrative area enlargement and continues to expand its administrative area (扩市提位). Changing administrative boundaries often results in an aggressive area increase in city size. For example, in 2019, Huangzhong county was upgraded to the Huangzhong area of Xining. At the same time, the built-up area is also increasing dramatically. Research based on remote sensing data shows that the built-up area of Xining increased from 55 km2 in 1987 to 334 km2 in 2019 (Cao et al., 2020).

Xining’s built-up area doubled in the last two decades. Figure 5.2 shows the change of the built-up area in Xining from 2000 to 2019.
Figure 5.2: Urban Built-up Area of Xining: 2000-2019

5.4.2 Transformation of Urban Spatial Structure

Table 5.2: Xining’s Urban Spatial Structure in Urban Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Plan</th>
<th>Urban Spatial Structure in Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>The Thirteenth Five-Year Plan of Xining</td>
<td>Build the eco-city with the spatial structure of “one urban green core,” two cities, and urban clusters around the green core (一芯双城、环状组团发展的生态山水新格局).</td>
</tr>
<tr>
<td>2019</td>
<td>Xining Master Plan 2030</td>
<td>Expanding and upgrading: build a great Xining (提质扩容，建设大西宁).</td>
</tr>
</tbody>
</table>

Table 5.2 shows Xining’s changing spatial development goal in urban plans and the municipal state’s public reports. Although urban expansion has been purposefully pursued by the local state of Xining as a key target, the nature of that expansion has changed from an industrial model to one based on green urbanism.
Figure 5.3: Diagram of Urban Expansion and Urban Spatial Change in Xining

Figure 5.3 illustrates Xining’s urban expansion and spatial structure change with an abstract diagrammatic drawing. In this figure, a one-city and one-town model demonstrates the spatial characteristics of urban expansion. In reality, there are multiple county-level cities and towns surrounded Xining that experienced this type of urban expansion. The process of urban expansion can be divided into four stages.

Stage I: (Before 2000): A city with a singular urban center and a town that is connected to the city by a road. Farmlands and rural settlements occupied the space between the city and town.

Stage II: The city starts to expand with population influx and economic development. Another urban center emerges. Farmlands on the urban fringe are encroached by the expansion of the city, resulting in urban villages or displacement.
Stage III: The local state starts to promote economic and urban development through industrial zones and new-town projects in a leapfrog manner. The highway is built to connect industrial zones and new zones. Large tracts of farmlands are expropriated and replaced by industrial zones and urban new zones.

Stage IV: city and urban new zone expand and merged into one urban area. New urban center. Multiple highways link the city, new development zones, and the surrounding towns. Some industrial zones shrink. Large ecological parks and green spaces were built.

Like other Chinese cities, Xining’s urban expansion is a consequence of planning, which is different from sprawling. In the last few years, a new regional agreement on urban development - the “Plan for Building the Lanzhou-Xining Metropolitan Area,” a 2020 agreement between the provincial governments of Qinghai and Gansu, was approved by the central state and further prompted Xining to expand (mostly eastward).

5.5 Industrialization-oriented Development (2006-2015)

From 2000-2005, Xining mainly followed the WCDS in upgrading infrastructure, restoring the environment, and carrying out key projects such as the Chengnan New Zone (Southern Urban New Zone; 城南新区) – a new “ecological city” which was begun in 2001. In 2005, the municipal state of Xining set a development strategy that put industrialization at the center of Xining’s development. The local state of Xining has to compete with other localities in industrial development.
In 2005-2015, the proportion of the industrial sector (secondary sector) climbed (Table 5.3). The physical expansion of Xining mainly happened in this period.

Table 5.3: Industrial Structure Change in Xining over Time.

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<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Primary Sector</td>
<td>8.8</td>
<td>5.6</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Secondary Sector</td>
<td>43.8</td>
<td>53.2</td>
<td>50.1</td>
<td>48</td>
</tr>
<tr>
<td>Tertiary Sector</td>
<td>47.4</td>
<td>41.2</td>
<td>46</td>
<td>48.7</td>
</tr>
</tbody>
</table>

Figure 5.4: Timeline of the Establishment of Xining’s Industrial Zones and New Zones.
The local government lead industries to concentrate in industrial zones, which were meant to work as engines to spur the economic development of the province (Xihai Daily, 2018).

The intensive industrialization and urbanization in Xining and many other western Chinese cities have happened under the big context of China's efforts of national industrial upgrading and reconstruction. In the central state's plan, cities of the different regions will accommodate specific types of industrial development. Most of Xining's industrial enterprises were relocated from coastal cities and economically developed areas during the Third-Front construction in the early years. Due to the inflexible mechanism, most were devoted to a single product line, and most continued to face serious economic difficulties in the 1990s.

Xining’s industrial ventures and landscape have undergone several transformations during the 21st century. In 2001, the industries in Xining turned a loss into a profit for the first time. By 2003, the proportion of industry in the tertiary industry exceeded that of the secondary industry for the first time. In 2005, the industrial added value was 8.004 billion yuan. During the Tenth Five-Year Plan (2001-2005), the average growth rate of industrial added value was 21.4%, and the contribution rate to the economy reached more than 60% (Lin et al., 2006).
5.6 Green Development and Expansion

Green development has risen to a prominent position in China’s urban development strategy as China turning into a high-quality growth (高质量发展) and
economic structural adjustment. The 19th CPC National Congress Meeting (十九大) marked a significant turning point for the country’s development strategy as ecological civilization development (生态文明建设) become an important national strategy. As a response, green development and garden city building (花园城市建设) become new targets for many Chinese cities. As an immediate response to Xi Jinping’s 2016 speech, the municipal government of Xining established a strategy of “build Xining as a model city of green development” (打造绿色发展样板城市). The municipal government sees green city building as the route to implement Xi’s indications as well as an opportunity to form a development model in a region of fragile ecology and lagged economy (Yu, 2017).

Rising environmental regulations, suspended favorable energy policies, and periodic fluctuations have resulted in reductions in production or closing-down of a batch of factories in the industrial zone. The aluminum plants, extremely sensitive to the electronic price change, have suffered losses for years and were not able to obtain new investment.
The local government of Xining carried out industrial restructuring from pollution and energy-intensive sector to “emerging industry, new energy industry, and high-tech manufacturing.” Pillar industries of Xining turned from heavy industries such as steel, electrolytic aluminum to light industries such as lithium batteries, the photovoltaic industry, and aluminum-magnesium alloy manufacturing.

The central state designated green development as the specific priority for the locality of Xining and endorsed green development with fiscal support. With the redefinition of its development task, Qinghai province was exempted from the GDP competition among localities. Instead, green development and ecological protection have become the new evaluation standard to measure political performance for the local leaders. The local state of Qinghai is thus isolated from the GDP competition among localities with this transition of evaluation standard. Green development, in
In this context, includes indicators such as air and water quality, river control, green space, sustainable agriculture. Financially, the central state supported Qinghai’s massive green development with transfer payments (转移支付) so that Xining has sufficient funding for green projects such as park construction.

Park construction has become the most prominent way for the local leaders to practice the task of green development and gain political prominence. Table 5.4 shows park building projects in Xining. The Xipu Eco-park became the center of urban structure in the urban master plan. Xining Expo Garden park is built on land originally designated for the industrial expansion of Ganhe Industrial Zone to showcase the “determination for Xining to change to green development. (See Figure 5.7)” A green trail runs through Xining and links major public green spaces that were built starting from 2015. The total length of the green trail is 465 kilometers.

<table>
<thead>
<tr>
<th>Name of the Park</th>
<th>Building Duration (Year)</th>
<th>Built Area (Acre)</th>
<th>Planned Area (Acre)</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haihu New City Wetland Park</td>
<td>2008-2011</td>
<td>361</td>
<td>361</td>
<td>2 billion yuan (0.33 billion USD)</td>
</tr>
<tr>
<td>Ninghu Lake Park</td>
<td>2008-2011</td>
<td>211</td>
<td>211</td>
<td></td>
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<tr>
<td>Beichuan River Wetland Park</td>
<td>2014-2018</td>
<td>429</td>
<td>429</td>
<td>7.5 billion yuan (1.07 billion USD)</td>
</tr>
<tr>
<td>Xining Expo Garden Park</td>
<td>2015-2020 (Phase One)</td>
<td>333</td>
<td>1,077</td>
<td>7.5 billion yuan (1.07 billion USD)</td>
</tr>
<tr>
<td>Xipu Eco-park</td>
<td>2016-2025</td>
<td>N/A</td>
<td>53,621</td>
<td>10.2 billion yuan (1.57 billion USD)</td>
</tr>
<tr>
<td>South Valley Yuanpuzi wetland park (In planning)</td>
<td>2020-2022</td>
<td>305</td>
<td>305</td>
<td>N/A</td>
</tr>
</tbody>
</table>
5.7 Financial Impact

Regardless of the pattern of urban expansion, whether it is industrial zone building, new town projects, or eco-city building, the state has led urban expansion. The process -of land conversion, resettlement, accommodation, infrastructure building, and landscape building, etc. – all depend on government spending, which can include land financing, public budgetary spending or use of financing endorsed by the local state. The local government inevitably bears the financial risks of constructing these new urban spaces. Oftentimes, the initial fiscal income is insufficient to support the investment in urban expansion. Chinese cities turn to debt through local investment platforms. For instance, in 2015, the local debt of Qinghai accounted for 4.42 times its annual fiscal income. As a result, western Chinese cities rely more on the central state's fiscal aid to support urban development and infrastructure improvement and rely less on income from land leasing than do cities in the east. For example, Xining relied more on financial support from the central state when its development goal shifted from industrial development to green model city development.

The fiscal independence rate, which is governmental budget income divided by governmental budget spending, measures the local state's reliance on the central state's fiscal support. Localities with high fiscal independence rates usually have stronger local economies. Figure 5.6 presents the annual public budget, annual public expenditures, and fiscal independence rate of Xining from 2000 to 2019. It shows that (a) both the government income and expenditure increased since 2000. While the fiscal independence rate declined, the public budget income saw a
significant drop (Figure 5.8). The financial support from the central state kept increasing while the local fiscal income dropped in 2016 as the municipal state established the green model city-building strategy. It is expected for the central state to keep expanding fiscal support to Xining as Qinghai’s primary development task is the provision of ecological security for the country.

![Figure 5.8: Local Fiscal Independence Change of Xining from 2000 to 2019](image)

5.8 Conclusion

The conventional narrative sees China’s urbanization as a land-centered process spurred by the local states. The land rights system enabled the local governments to convert rural land to urban use and make revenue from selling the development rights or, in later stages, used as a guarantee to acquire capital (Lin & Wu, 2014; He et al., 2016). In this scenario, the local state controls the appropriation of collectively-owned rural land for urban development (He et al., 2009). The consequence is over-supply of land for urbanization or urbanization in the form of sprawl (Yew, 2012). This discourse overlooks the proactive role the state has played in urban strategy making.
This chapter proposes a new framework for understanding urban development in China based on three principles:

1. Urbanization strategy is guided by a confluence of the goals of the central government and active choices implemented by the local government.

2. The formulation of local urbanization strategies is produced in the context of the interaction of economic development and political actors.

3. The objectives, content, and mode of urbanization vary in relation to the stage of economic development and by region.

In regard to this third point, economic development provides the central state more capacity to coordinate regional development and provide support to poor regions. The central government sets different development goals to promote economic development for regions at different stages of economic development. In general:

1. Central-local government relations provide an impetus for local governments to implement central directives.

2. This relationship, in turn, facilitates the formation and promotion of urban development models, and

3. As national capacity and local economic development strengthens, the central state adjusts the main functions/tasks of different regions.

Taken together, all of these have acted to significantly change the path of urbanization for Xining and similar cities. Xining’s urban expansion over the past 20 years has been carried out under the guidance of the central government’s priorities and initiatives. The path of urban development has been closely related to
development tasks and regional policies issued by the central government. In this sense, Xining’s urban development strategy shows a clear response to the central state’s guidelines and targets.

In 2000-2010, the pursuit of economic performance led to industrial expansion in pollution and energy-intensive sectors. These strategies sometimes led to what may have seemed, during the development process, to be sprawling development disconnected from the local human and urbanization conditions. Like so many so-called “ghost cities” (Woodworth & Wallace, 2017) in China, however, these once deserted areas were eventually occupied and have become components of thriving urban space, and the overall result is a more prosperous and developed urban center.

Nonetheless, the urbanization of Xining has seemed disorderly and overly led by industrialization. Xining’s construction of an industrial zone for relocated industries from eastern China led to high energy-consumption and a concentration of high-polluting industries. The local state actively pursued urban expansion and used urban new zones as a major path to promote urban expansion. Urban new zones - economic and industrial development zones as well as new cities - were developed in a leapfrog fashion. This previous investment in industrial zones had limited impact on the regional economy and caused serious pollution and issues with displaced farmers (Wang & Liu, 2017).

But since that time, as national policy has pivoted toward environmental protection, the polluting factories were shut down, and industrial land was converted to green space. As the local development goal transitioned to green
development, Xining’s urban development path shifted to one guided by the local state’s response to the central state’s regional development policy and the motivation system.

Today new zones which are being developed with attention to advanced infrastructure, public services, and the environment are emerging as new urban centers and transforming the city from a monocentric to a polycentric city. At the same time, urban renewal and infrastructure upgrades are also taking place in the old city. With the expansion of both the old city and the new zone, urban space is filling the land in-between them and merge into one urban area.
CHAPTER 6. POLLUTION HAVEN TO GREEN-FIRST -- CHANGING LOCAL DEVELOPMENT GOALS, INDUSTRIAL RELOCATION, AND ITS ENVIRONMENTAL IMPACT IN XINING

In less than two decades, Xining experienced rapid environmental deterioration and then improvement and restoration as the development priorities of the local state shifted from industrial development to environmental protection and ecological preservation. In the early 2000s, the local state set industrial growth as the central task for Xining. Industrial zones were built to host industries, mostly in pollution-intensive sectors, that were relocated from eastern China as well as locally-financed industrial ventures. As a result, Xining experienced serious environmental deterioration, especially in the industrial zones and areas around them. In 2016, Xining radically changed its development strategy from “industrial development as the foundation of the city (工业立市)” to “environment first.” The local state started to strengthen enforcement of environmental regulations, build an environmentally sustainable industrial system and invest in green projects, such as river clean-ups, ecological parks, and increases in urban green space. This chapter traces Xining’s environmental change over the past two decades and reveals the mechanisms behind this change.

The Pollution Haven Hypothesis (PHH), often cited as the conventional explanation for the relocation of polluting industries to peripheral regions (Zhu et al., 2014; Lian et al., 2016), may not sufficiently explain Xining’s recent transition. Based on the preceding discussion of China’s political system – the central state’s goal-setting and policy guidance, the central-local state relationship and incentive structure, the central state’s decision-making strategy, local experimental
strategies, (See Chapter 2) as well as a growing literature that explains China’s high-speed economic growth through China’s political institutions, this study proposes an alternative -- a new theoretical framework from a political-economic perspective – to explain the (re)location of polluting industries in China.

This chapter thus advances our understanding of the behavior of the local state in western China in terms of industrial development and environmental protection. In addition, it also generates policy implications for regional environmental development by identifying the advantages and tradeoffs of China’s current economic growth model. In order to build this case, it uses first-hand data collected through multiple field site visits and interviews, as well as data collected from urban plans, yearbooks, governmental reports, and documents. Interviews with local leaders offer insight into their vision and motivation for local development. Oral history interviews conducted with the residents living in the area surrounding the industrial development reveal their perceptions of environmental change in order to illustrate how industrial (re)location has dramatically changed the environment and impacted people’s lives.

The chapter is organized into five parts. Firstly, the PHH is revisited as a theoretical background. By analyzing the underlying presumptions of the PHH, I conclude that it is insufficient in explaining environmental transition and industrial (re)location in China. Secondly, I propose an alternative theoretical framework to understand the (re)location of the pollution-intensive industries (PIIs) in China through the lens of limitations embedded in the China growth model. Thirdly, I review the central state’s policy of industrial restructuring. Then, I present a case
study of Xining’s transition from “industrialization as the base of urban development” to “environment first” development. Finally, I sum up and discuss the policy implications.

6.1 Revisiting the Pollution Haven Hypothesis

6.1.1 The Pollution Haven Hypothesis

The heated debate centralized on the PHH and its counter-theory, the Porter Hypothesis, has provided a theoretical and empirical foundation for analyzing the relationship of environmental regulation, the role of the government, and (re)location of the PIIs.

The PHH was developed in the early 1990s, during the debates over free trade when the North American Free Trade Agreement (NAFTA) placed firms located in high-income and tightly regulated countries (the U.S. and Canada) and firms located in low-income and laxly regulated countries (Mexico) in direct competition for the North American market (Copeland & Taylor, 1994). Opponents of free trade worried that NAFTA would bring an environmental disaster to Mexico, which already had a poor environmental record. This debate continues and generates ongoing policy issues with world trade agreements such as the USMCA, NASFA’s successor policy. For instance, the multilateral environmental agreements (MEAs) establish procedures for regular information exchange between MEA secretariats and the relevant World Trade Organization (WTO) Committees (Taylor, 2005).
“Pollution Haven” refers to the notion that polluting industries will relocate to jurisdictions with lax environmental regulations. The hypothesis proposes that decent environmental standards in high-income countries impose high costs on polluting firms. These firms will relocate to poor countries whose people are desperate for jobs and income to remain competitive. Local governments in low-income countries will fail to regulate or ignore regulations in order to promote investment and economic growth, allowing businesses to minimize costs by polluting with impunity.

The PHH consists of two parts: (a) the firms will leave countries with high environmental standards to avoid production cost increases, and (b) the (local) governments in poor countries will adopt lax environmental standards to attract investment and jobs. In other words, a “Pollution Haven” is generated by a combination of pressure from both the firms and governments. Investors act as exploiters in pursuit of short-term profit maximization and create downward pressure on environmental regulation. The local government tends to focus on short-term goals and allocating resources to attract inflow of investment and to compete with different localities to outbid them for investment (Stalley, 2010).

Although the PHH was developed in the context of international trade, empirical studies have tested it at various scales. Many early empirical studies looked into multinational evidence, while more recent studies moved to a smaller scale. For instance, Becker and Henderson (2000) analyzed the Clean Air Act’s policy impact on factory location decisions based on county-scale data in the US.
Results of empirical studies, however, have been mixed. Some studies find evidence that polluting industries have been increasingly concentrated in developing countries/regions with lax environmental regulations (Dean et al., 2009; Busse & Silberberger, 2013). Other studies, in contrast, have shown that some polluting firms still tend to agglomerate in regions where the environmental regulations are relatively stringent (Kirkpatrick & Shimamoto, 2008; Tole & Koop, 2010).

In many cases, environmental regulation is not the primary determining factor for polluting industrial (re)structure. Other attributes also play stronger roles. For instance, some studies suggest that firms tend to locate in or relocate to regions with abundant resources that they need, or regions where specific resources are comparatively cheap. The notion of Pollution Haven Effect (PHE) is then brought up to better fit the reality. The PHE emerges if differential environmental regulations affect the (re)location decision of polluting industries. In other words, environmental regulation is one factor among many that determine the polluting industrial (re)structure (Mulatu et al., 2010; Leiter et al., 2011). Nevertheless, it is still difficult to separate environmental regulation from other factors or to figure out the weight of the environmental regulation in all major attributes even if we introduced the PHE.

The PHH sets up a logical trap for qualitative studies. Since there are no advocates for pollution havens, neither the local states who adopt lax regulation for investment nor polluting industries which migrate seeking lower environmental
standards will likely admit their motivations or take moral responsibility for their actions.

In opposition to the PHH, the Porter Hypothesis (PH) argues that instead of relocating to laxly regulated countries, firms will turn to technological innovation to offset production cost increase caused by rising environmental standard (Porter & van der Linde, 1995). Thus, properly designed environmental regulations stimulate technological innovation and clean technologies (Hamamota, 2006; Kumar & Managi, 2009).

Research which was largely carried out to test either the PHH (PHE) or the PH (PE) (while implicitly ignoring the other hypothesis) has proved to be problematic, with mixed empirical results (Zhou et al., 2017; Wu et al., 2019). Nevertheless, it is insufficient to just emphasize the co-existence of the PHH and the PH since the PH is not the simple opposite of the PHH despite the fact that it was often treated like one. The PHH and the PH do not cover all the alternatives in the dynamics of environmental regulation and PIIs. One example was mentioned by Copeland and Taylor (1994) when they introduced the PHH:

Proponents of freer trade argue that environmental quality is a normal good, and hence trade-induced income gains should create political demands for tougher environmental standards. Tougher standards should in turn bring forth cleaner techniques of production.”

6.1.2 The Pollution Haven Hypothesis and China

China has embarked on an unprecedented path of rapid economic growth since the Reform and Opening-up in 1978. This growth was accompanied by aggressive industrial expansion and severe environmental deterioration.
Industrialization first started in China’s eastern coastal region and then spread out to the western interior. This process of (re)structuring domestic polluting industries has drawn scholarly attention. A strand of literature examines the impact of environmental regulation on PII (re)location in China, using the framework of the PHH (Zhu et al., 2014; Lian et al., 2016; Zhou et al., 2017; Wu et al., 2019).

The PHH appears to be a suitable theoretical tool to study domestic PII (re)structuring in China. Research that builds on it addresses China’s wide regional income gap, place-specific environmental regulation, and enforcement as a result of the autonomy of the local states. These features appear similar to the assumptions of the PHH.

Existing studies have adopted a framework that can be summarized as the PHH plus “Chinese characteristics” (Zhu et al., 2014; Wu et al., 2019). Those analyses which document Chinese PII are highly concentrated in the coastal regions, such as the Pearl River Delta, where the economic reform and industrialization first started (Shen et al., 2017).

The “Chinese characteristics”, (or the “place-specific attributes” in general) include China’s industrial policies, such as the establishment of industrial zones and their concentrated treatment of environmental pollution and the intervention of the local state (Zhou et al., 2017). These characteristics were treated in similar ways, with firm characteristics and features of the industries (such as labor-intensive industries, low-tech industries, state-owned enterprises) considered as add-ons that modify the PHH. However, a careful investigation into the PHH reveals that the assumptions of the hypothesis which were selected to reflect features of world trade
in the 1990s and its two-country model do not account for the relationships between regions in China. Thus, modifying the PHH by adding a few “Chinese characteristics” is insufficient to bridge the gap between the PHH and China’s reality. I also argue that although China’s distinctive political economy is crucial for understanding the restructuring of polluting industries, it is redundant to add the unevenness of environmental regulation to the PHH since it is contained in the precondition of the hypothesis.

The assumptions of the PHH, which were set up to capture the essentials of international trade at the time (the 1990s) stray far from China’s reality. The PHH assumes that the local states in two different countries work independently. Each country makes its own environmental regulations. The interaction between governments in setting pollution policy was not taken into account (Taylor, 2005). Existing studies highlight regional differences in environmental regulation stringency due to the decentralized governance structure in China, which makes it seems to be reasonable to apply the PHH to China. However, in China, the central state works as an overarching structure above the local states, enforcing strong guidance and orders on many things, including industrial and environmental policy-making. The central-local state relationship (which will be explained in detail in the following part) creates a specific incentive structure for local governments to encourage certain kinds of development. Secondly, the PHH also assumes that firms operate in a free market and make their (re)location decisions entirely on market reasons. In particular, production cost is simplified as the sole attribute in the PHH. This assumption removes political economy motivations from the setting of the
PHH. Yet, in China, the central state plays a strong hand in making regional industrial policy. Firms do not move based on merely economic considerations but have to follow guidance from the national state, which coordinates economic policy between regions.

The local government’s intervention does, however, affect the relationship between environmental regulation and industrial dynamics (Zhou et al., 2017). Through planning tools, polluting firms can relocate to an industrial zone where concentrated treatment can reduce the production cost. The local governments in rich regions can also give out subsidies that offset the increase of production cost by the tighter environmental standard to keep polluting industries profitable and stay in their original location (Zhu et al., 2014).

Although the PHH (and the PH) provide some theories about how pollution havens can be remediated, neither the PHH nor the prediction of its opponent hypothesis accounts for the role of both the central and local state in promoting remediation, and thus do not provide an adequate mechanism for remediation in the Chinese context.

Why do some regions in China cease to be pollution havens? The corollary of the PHH indicates that a poor laxly regulated country/region will stop being a Pollution Haven (or the Pollution Haven Effect abated) when its production cost rises. Without the production cost differences, relocation of the PIIIs ceases and the firms instead to seek new regions to migrate to. The opposing hypothesis, on the other hand, posits that poor countries will enhance their environmental regulations with the rise of income and prevent pollution havens from developing. For Xining,
however, neither happened. Xining stopped being a Pollution Haven largely because the local state received strong incentives for environmental protection and sustainable development due to the central-local state interaction rather than the rise of production costs. Furthermore, the local states in China are actively involved in both economic development and environmental protection, as well as sustainable development, whatever their development goal is.

In sum, there are problems with existing studies which adopt the PHH with modifications of Chinese characteristics as a framework to examine relocation of PIIIs in China (Zhu et al., 2014; Lian et al., 2016; Shen et al., 2017). However, a careful investigation into the PHH reveals that the assumptions of the hypothesis, which were selected to reflect features of world trade in the 1990s, are very different from China’s reality. The-two-country model built by the PHH cannot adequately depict the relationship between regions in China. Regional unevenness of environmental regulation caused by political decentralization and intervention of the local state should not be treated as supplements to the PHH as they are in existing scholarship on this issue (Zhu et al., 2014). Rather, they are the result of a distinct, foundational and persistent structure of China’s political economy. The dynamics among (re)structuring of industries, environmental regulations, government behavior took place within this structure. The wide gap between the assumptions of PHH and China reality call for a new theoretical framework.
6.2 Building a New Conceptual Framework for China

6.2.1 The China Growth Model

China scholars have been exploring alternative theoretical explanations for China’s sustained high-speed economic growth over the past four decades from a political-economic perspective since conventional theories, which see a free market and the limited state as necessary conditions for an economy to thrive, cannot provide a strong explanation for China’s recent growth. Although scholars differ regarding the specifics, they agree on a theoretical framework that makes distinct political institutions central to understanding China’s economic miracle. This China growth model, also called “the institutional foundation” of economic growth, can be described as follows. The central government holds the authority over political decision-making and personnel appointments while the local governments are responsible for specific development tasks. Through this political regime, the central state of China is able to efficiently incentivize the local states and create regional competition among local states for economic growth. Under this growth model, political and economic elites can achieve productive cooperation.

Figure 6.1 shows how China’s growth model acts under the circumstance of the regional development gap between the more economically developed eastern China and underdeveloped western China. Three essential elements of China’s growth model are illustrated on the diagram: (a) the central state that works as an overarching institute which drafts development strategy and passes down development goals; (b) the local states, in charge of economic development and also responsible for the provision of public goods, who aim to stand out in the economic
competition with other localities; and c) the central-local state relationship and the incentive structure which guides the direction of growth-oriented actions.

Figure 6.1: Mechanism of Pollution Relocation to Western China

Two aspects of this diagram are simplified. First, all sub-national governments are put under the term “local states (地方政府)” to be consistent with the existing literature. In reality, China has a multi-layered system of sub-national governments, including the provincial-level state, the municipal state, the county-
level state, and so on. Second, the diagram is simplified to two regions (eastern China and western China) to contrast regions at different development stages in terms of economy and industrialization in China. China’s economic planning usually divides China into nine regions, although other regionalization schemes are used as well.

6.2.2 The Limitations of China Growth Model

The rapid economic growth fueled by the China growth model is accompanied by problems (Figure 6.2). Economic disparity, social disparity, and environmental deterioration cast a cloud over the economic accomplishment. Scholars argue that this “governmental failure” is embedded in the regime of China’s growth model as a result of the limitations of the civil service incentive structure for local bureaucrats. It generates sufficient incentives only if the evaluation standard of the local leaders is limited to a single, clearly defined, and measurable goal. In other words, the China growth model is not particularly good at multi-tasking. In the sphere of public goods provision, in particular, the local leaders lack motivation since public goods provision is not directly growth-enhancing or may even contradict economic growth. Thus it has a negligible impact on their meeting

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3For more discussions of multiple-level sub-national states and their effects on China’s growth model, see Zhou’s study on “administrative subcontract” which argues that the development goals of the central state are passed down through administrative hierarchy in the style of the subcontracts (Zhou, 2014). Scholars disagreed on which level of sub-national state has played the key role. For instance, Zhang (2008) holds that regional competition among the county-level state is the key for China’s rapid growth while some argue that other level sub-national states have played more important roles (Zheng, 2010; Jaros, 2015). Giving the regional variety and rapidly changing situation, this debate will go on for a while.
economic growth targets in order to enhance their career paths. With limited resources, it is logical for the local leaders to choose short-term development goals which boost local economic performance (Wang et al., 2007; Xu, 2011). Also, in most cases, local leaders serve less than five years before rotating to other places. Short-term service encourages local leaders to take aggressive action and choose projects which will yield quick economic returns in order to place themselves favorably for their next assignments (Zhou, 2018).

Figure 6.2: Embedded Limitation of China’s Growth Model.
6.2.3 Regional Development Gap and Competition

The regional GDP competition has instigated “race-to-the-bottom-style” development. To attract investment, local governments in underdeveloped western China have been willing to lower the standards for environmental regulation. This has fostered the creation of pollution havens in western China.

6.2.4 A Partial Fix for Environmental Problems

The China growth model provides a way for the central state to fix some environmental problems. However, this only applies in very limited conditions. Since the “bureaucratic markets” are relatively independent of each other, the central state can assign some regions different development goals other than economic growth. As long as this goal is simple and measurable, it will provide sufficient incentives for the local states to accomplish it (Zhou, 2019). For example, the central state can deploy this tactic by assigning environmental goals to regions with high environmental value and low economic contributions. Nevertheless, this is only a partial fix, and most regions still have to deal with the embedded contradictions of economic growth and the provision of public goods.

6.2.5 The Green GDP

The central state has attempted to address this problem and curb economic growth-oriented development by adjusting the economic growth-oriented evaluation criterion for local leaders. In 2006, a new statistical measure called “green GDP” was introduced. Green GDP subtracts the pollution costs of economic growth from the conventional GDP. However, Green GDP was shelved within a year,
and efforts to revive it in 2015 were unsuccessful as well. Green GDP reports were postponed, and it has been reported that “some provincial leaders had lobbied the State Environmental Protection Administration and the National Bureau of Statistics not to release the data (Sun, 2008).

6.3 Relocation of Polluting Industries to Western China

The acceleration of economic growth in western China since 2000 has been led by energy-intensive sectors such as steel, aluminum, glass, construction material, and cement manufacturing (Rosen & Houser, 2007; Pivot Capital Management, 2009). Industrial relocation resulted in a huge surge of pollution (Xu & Zhang, 2013) and environmental degradation in western China.

In northwestern China, including the Xinjiang Uygur Autonomous Region, Gansu Province, and Qinghai province, the non-ferrous metals industry, aluminum smelting in particular, has made use of abundant hydroelectricity and coal power to develop an industrial corridor along the upper reaches of the Yellow River.

In eastern China, by contrast, the local governments have adopted more stringent environmental standards. For instance, China’s air pollution plan set solid targets for PM2.5 reduction in the Beijing-Tianjin-Hebei region, leading local governments to proactively monitor and manage air pollution. As a result, China’s air quality has seen an overall improvement when data from 362 Chinese cities is consolidated. Yet, in less developed western cities, the air pollution level has increased. Ninety-one of the 362 cities suffered from increases in air pollution. Sixty-nine of these are located in central and western China. As eastern China
comes under increasingly stringent control, polluting industries have been heading west to areas with weaker environmental regulations. China saw permit applications for 210 new coal-fired power plants in 2015, 75% of which were to be located in central and western regions (Greenpeace, 2016).

6.3.1 Limited Economic Contribution at the Cost of Environment

The low productive efficiency and high environmental costs raise the question: is industrial relocation and expansion worthwhile, especially as it was carried out during the early stage in the 2000s and the 2010s? Compared to eastern coastal China, pollution released in western China harms the whole country. As a result of the direction of flow of most rivers, from west to east, and prevailing northwest to southeast winds, both water and air pollution generated in the west flow to the east. Thus pollution originating in western China spreads to the rest of the country (Xu & Zhang, 2013). At the same time, similar amounts of pollution that are released in western China can be more harmful to the environment due to a lack of pollution treatment technologies and equipment.

Inefficient production and poor pollution management results in larger environmental expenses for industries in western China. In 2013, western China contributed less than 20 percent of the national GDP but was responsible for more than 30 percent of the total pollution emissions (Xu & Zhang, 2013). According to the National Environmental Protection Bureau, the economic loss caused by environmental degradation in nine western Chinese provinces accounts for 13% of the GDP, which equals the combined GDP of Qinghai and Gansu provinces.
In the first fifteen years of the 21st century, while Western China had pulled into the lead in the GDP growth rate competition, less attention was paid to environmental regulatory system building. According to the Pollution Information Transparency Index (PITI), an indicator which evaluates the accessibility and transparency of pollution information and the status of public participation of 113 Chinese cities, the eastern region has scored higher than western region since 2008 (The PITI Report, 2011).

6.3.2 Loss of Farmland

Despite the central state’s policy of farmland conservation, industrial expansion has led to the loss of agricultural land in western China. The most important national policy to keep the amount of farmland above the red line for national food security is the “farmland occupation and supplement balance” policy. This policy requires that if arable land is taken for urban use, the same amount of land should be re-cultivated elsewhere within the jurisdiction. However, it is common for industrial expansion to take over the most productive agricultural land, which was replaced by poor-quality farmland located in ecologically fragile areas.

6.4 Case Study: Xining’s Ganhe Industrial Zone

Xining’s National Economic and Technological Development Zone (ETDZ) includes four industrial zones that are located on the periphery of Xining. Established in 2002 but developed primarily after a revision of the plan in 2006, Ganhe Industrial Zone is the largest industrial zone in Xining. It is located 35 kilometers southwest of central Xining and covers an area of 34 square kilometers.
Two major manufacturers which relocated to Xining dominate the industrial zone, one devoted to the manufacture of aluminum through electrolysis (“electrolytic aluminum”), the other devoted to the manufacture of chemical fertilizers. These two enterprises, Huanghe Xinye, an electrolytic aluminum company and Yuntianhua, a chemical fertilizer producer, are both top on the list of industries that have relocated to western China. Their stories serve well to represent relocating industries to the western Chinese cities. For each enterprise, I analyze the driving forces behind their relocation decision from the perspectives of central state policy, the role of the local state, and the characteristics of the industry. An examination of these two industries illustrates the relationships between the central and local states, urban development, and environmental change.

6.4.1 Local State Behavior

Local governments are trapped in a contradictory situation in the drive to establish and build development zones in China. On the one hand, local government plays a major role in the process of promoting the development zones and attracting investment. Part of this effort includes keeping environmental protection policies loose in the fierce competition between regions. The central government’s investment in such projects is limited, and inter-regional competition for investors puts pressure on local officials. As a result, local governments make efforts to attract investors, often through offering preferential tax and regulatory policies. But at the same time, the local governments clearly recognize that industrial transfer and investment will likely bring environmental pollution.
Certainly, in Xining, the local state leaders seemed to be fully aware of pollution being located in the area along with industry. Zhao Leji, the provincial party leader of Qinghai, declared in the National People’s Congress in 2005 that:

The western region should grab the chance of the Western China Development Strategy and increase the pace of development. Nevertheless, letting enterprises in pollution and energy-intensive sectors to locate in western China is not an option. Currently, western China is viewed by many people as a haven for polluting industries. Qinghai must resist the temptation of investment and firmly refuse the industries in high-pollution sectors to resettle to our province.

Zhao emphasized that instead of solely and uncritically embracing relocated industries from eastern China, western China should pursue endogenous industrial growth based on the region’s own endowment of resources (Lyu & Yang, 2005).

6.4.2 Environmental Deterioration in Ganhe

The construction of the Ganhe Industrial Zone, which began in the early 21st century, has been accompanied by a wide range of ecological deterioration (See Figure 7.1). One resident reflected on changes in the now-polluted water quality in the Ganhe River:

[During my childhood] water in Ganhe River was not deep but very clear. There were fish, shrimp and frogs in the river. I used to play and catch fish in the river as a child. The environment was quite good.

Ganhe’s environment has suffered in nearly every dimension, such as an increase in air pollution, dieback of trees, reduction of food production, degradation of the river for which it is named, and excessive levels of lead found in children. In 2006, Ganhe middle school, which has 322 students in total, randomly checked the level of lead in the blood of 26 students. All of them have excessive lead. The local
government also examined the blood lead level of all children under twelve years old. However, the local state did not release the results of this examination to the public.

![Figure 6.3: Smog in Ganhe Industrial Zone (2014)](image1)

![Figure 6.4: Electrolytic Aluminum Plant (2014)](image2)

6.4.3 The Electrolytic Aluminum Industry

Rapid urban expansion since the onset of the Reform Era has played a central role in triggering the expansion of China’s aluminum industry (Figure 7.2). Since aluminum products are widely used in real estate, urban infrastructure and transportation infrastructure building, the rapid urban growth in China led to a boom of domestic demand for aluminum. The aluminum industry became one of the backbones of the economy, expanding production to satisfy bureaucratic imperatives to generate economic growth.

Before the massive development and relocation in western China, the Chinese electrolytic aluminum industry was mainly located in Shandong and Henan provinces, where the plants were close to both the raw material and transportation
hubs. Starting in the late 2000s, the electrolytic aluminum industry began a massive relocation to the western provinces such as Xinjiang, Qinghai, Ningxia, and Gansu. By the end of 2010, all western provinces in China had electrolytic aluminum manufacturing plants except for Tibet. These western aluminum manufacturing plants accounted for about half of the national capacity. This shift was supported by the western Chinese cities, which built industrial zones to accommodate electrolytic aluminum plants.

The production of electrolytic aluminum requires extremely high energy consumption. It takes 14,000 kilowatt hours of electricity to produce one ton of aluminum, which is much higher than other industrial products. An abundant and stable electricity supply, thus, is the key to the success of the electrolytic aluminum industry.

As eastern China experienced a shortage of power supply and electricity rationing, the industry sought better opportunities in power-rich western Chinese cities. Ganhe Industrial Zone, in Xining, for example, built a 1320 megawatt coal-fired power station to ensure a stable electrical supply for the production of electrolytic aluminum. Western provinces rich in electricity power resources not only offered abundant energy but also offered it at a lower price. For instance, in Qinghai, the price of electricity for industrial use is 0.37 yuan per kilowatt hour, which is half of the price in Shandong province. Electricity accounts for 40% of the cost of the electrolytic aluminum products. Due to the fixed raw material price, the price of electricity is crucial for the competitiveness of electrolytic aluminum production. The transfer of the industry from east to west was also facilitated by
improvements in transportation infrastructure. This enabled the interior western Chinese cities to conquer their unfavorable locations far from both raw materials and the market.

Besides the wave of electrolytic aluminum relocation from eastern China, local organizations also entered the industry. The Yellow River Hydropower Group, a power producer based in Qinghai, opened a subsidiary company for electrolytic aluminum production using its own electricity in 2007. In 2010, the subsidiary company established by the Yellow River Hydropower Group become the largest electrolytic aluminum plant at the highest latitude of China.

In many cases, the policies of the central state were relayed to the localities in the form of guidelines. These guidelines were sometimes contradictory, simultaneously calling for the development of relatively high pollution industries, such as electrolytic aluminum processing, and environmental protection. The less-developed western Chinese localities often face fiscal shortage and severe poverty, so they are desperate to find industrial projects that might boost economic growth as well as government revenue. In the case of Xining, Qinghai Provinces’ unique environmental situation, as a high-altitude area which is the source of China’s great rivers with the headwaters of both the Yangtze and Yellow rivers, calls for extra attention to protecting the environment and ecology. Yet with few local income sources, the income potential is small. As a result, local officials have been willing to sacrifice the environment in favor of economic development.
6.4.4 The Chemical Fertilizer Industry—Qinghai Yuntianhua

The story of Qinghai Yuntianhua illustrates the industrial development pattern of Ganhe Industrial Zone. Established in 2007, Qinghai Yuntianhua was among the first batch of companies that relocated to Xining’s Ganhe Industrial Zone. The parent company of Qinghai Yuntianhua is the Yuntianhua Group, a state-owned chemical fertilizer producer based in Yunnan province. According to the China Petroleum and Chemical Industry Association (CPCIA), in 2014, China was the world’s leading producer of fertilizer. In fact, today China’s chemical fertilizer industry faces huge issues of overcapacity.

A total of 2.98 billion yuan was invested by Yuntianhua to build a subsidiary company in Ganhe Industrial Zone. The plant covered 1,300 mu (87 ha) land in the industrial zone and was planned to produce 1.25 million tons of fertilizer products per year. The state media celebrated the establishment of Qinghai Yuntianhua as a key achievement of the industrial zone. News and reports claimed that Qinghai Yuntianhua could take great advantage of Qinghai’s electricity, gas and mineral resources to make a profit and provide employment opportunities. At the same time, the local economy would benefit from the company as it stimulated upstream and downstream economic activity and thus upgraded the region’s industrial structure. However, in its 10-year span of development, Qinghai Yuntianhua failed to become a growth engine for the local economy. Instead, the company experienced serious losses, brought a huge financial burden to the local economy, and severe pollution to the surrounding region. In 2016, the parent corporation sold off its interest in Qinghai Yuntianhua due to the heavy losses.
Yuntianhua’s failure in Ganhe Industrial Zone is not a surprise. Qinghai Yuntianhua struggled with equipment faults since the plant was built. Problems were embedded in the development pattern of enterprises like Yuntianhua. Local governments had the authority to grant permits and promote industries through setting electricity and rail freight prices and offering tax incentives to stimulate economic activity. In their efforts to secure large-scale industries, local governments have protected outdated plants by granting permits and authorizing expanded production in order to avoid shutdowns.

The local government not only subsidized enterprises in the industrial zone by offering them land subsidies, cheap electricity, and preferential policies, it also acted as a shareholder in large enterprises in the industrial zone. This is a common practice in China. Ganhe Industrial Zone development company, the local state’s investment vehicle, holds 5% stock in the company. According to an interviewee, Qinghai Yuntianhua received an annual subsidy of 3 billion yuan from the local state, as well as debt guaranteed explicitly or implicitly from the local governments.

In 2016, in particular, the chemical fertilizer industry in China hit a sharp downturn. Declining exports, sluggish domestic demand, the rising cost of raw materials, and the cancellation of preferential policies worked collectively to deal a heavy blow to fertilizer companies. In this terrible environment, Qinghai Yuntianhua had a deficit of 612 million yuan, which, along with the accumulated deficit of the enterprise as a whole, added up to 4.43 billion yuan. Privately-owned small enterprises were the first to go bankrupt. In 2017, a debt/equity transfer was
extended to Qinghai Yuntianhua. For the local state, this development pattern brought further debt rather than land-based revenue.

Qinghai Yuntianhua is one of the most polluting enterprises in Xining. The factory emits large amounts of emissions. Ammonia gas is the major air pollution that is generated by Qinghai Yuntianhua. It is a colorless gas with a pungent smell. Workers and residents in the surrounding areas of the Yuntianhua factory have reported burning sensations of the nose, throat, respiratory tract, and skin, which are the symptoms of exposure to high concentrations of ammonia. Multiple interviewees have reported eye and throat aches.

Pollution is also a form of marginalization, at the root both problematic and exploitive (Shih, 2017). Villagers have complained about smog, odor in the air, and noise pollution. Increasingly, villagers have blamed their frequent respiratory diseases and health problems on the ETDZ, and discontent has grown as appeals to the local state for stringent regulations, and official interventions have mostly failed. The local state had done little to curb the chronic pollution suffered by the villagers. For years, villagers have suspected that airborne pollutants generated from the ETDZ have been taking a toll on their health. Villagers protested, and the EDTZ factories quickly agreed to pay villagers an “environmental subsidy” to compensate them for their suffering from pollution. Two most thorny difficulties face by the village: economically, the village has no way out of its stagnant development, while socially, a deteriorating environment not only weakens villagers’ health but also hurts their everyday life in the community.”
Multiple sources have reported the illegal emission of air pollution by Qinghai Yuntianhua. The air pollution emission standard has become stricter in Qinghai province and required a pollution treatment facility to be added on the major smokestack of the factory. However, the pollution treatment facilities only operate during the inspection period of the environmental protection bureau. The factories do not use them at other times, since operating such facilities increasing manufacturing costs. Thus the factory often emits untreated pollution directly into the air. According to interviewees, including street cleaners in Ganhe Industrial Zone and residents of the surrounding rural settlements, Qinghai Yuntianhua plant often releases emissions during the hours before dawn to avoid failing environmental regulation inspections. As one interviewee explained,

We were often wakened by the pungent smell, even with the windows closed. We (residents in the surrounding area) have filed constant petitions and media has covered this issue. Nevertheless, pollution emissions continue. The local environmental protection officials seem to be fully aware of the illegal emissions, but they do not enforce the regulation strictly.

Rapid environmental deterioration took place in the Ganhe region due to the construction of Ganhe Industrial Zone and the relocation of PIIs. The long-term environmental impact generated by the pollution, especially the contamination of the soil and groundwater, is unknown. Air pollutants visibly affected all residents around Xining. Displaced farmers living next to the industrial zone were the most vulnerable group.
6.5 Spatial Industrial Structure Rearrangement

In 2017, an investment of 510 million yuan was announced to improve environmental conditions in Ganhe Industrial Zone. The investment will be used to initiate a series of environmental projects, including water and solid waste treatment, greening projects, and underground water treatment. In particular, 320 million will be invested in the first concentrated wastewater treatment plant as well as the pipelines that collect wastewater. A tailing ground for industrial solid waste will also be constructed. Improvement in environment regulation enforcement also emerged as the Ganhe Industrial Zone established General Planning for the Environmental Protection. The general plan is followed by detailed planning of air, water, land pollution control, and emission standards (Qinghai Daily, 2017).

The central state sees enforcement of environmental protection not as an obstacle but rather as a chance to rearrange the spatial industrial structure of the country toward higher value-added manufacturing and away from heavy industry, resources extraction, and low-tech steel and coal production.

The central state has also cancelled the favorable energy policy for energy-intensive industries. This means that local governments in western China can no longer use cheap energy to attract investment in energy-intensive sectors.

Table 6.1: Changing Narrative of Development Goals of Qinghai.

<table>
<thead>
<tr>
<th>Year</th>
<th>Development Policy</th>
<th>Content Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Industrial Development as the foundation</td>
<td>Industrial growth is the foremost goal of local development. The goal of the development strategy is to increase industrial investment and maintain the high production rate.</td>
</tr>
<tr>
<td>2016</td>
<td>The Four Transitions</td>
<td>Ecology growth</td>
</tr>
</tbody>
</table>
6.6 Policy Implications

Based on understanding of the limitations generated by the China growth model, there are (theoretically) two policy options for the central state to tackle the environmental problems generated by the China growth model’s lack of engagement with local state environmental protection initiatives. The first one is to separate environmental protection from the functions of the local state and place it directly under the charge of the central state (Xu, 2011). As demonstrated in the aluminum smelting industries, the local states tend to be reluctant to carry out central industrial policy that conflicts with the GDP growth goals and hampers their competitiveness. The environmental inspection system is an effort in this direction. Starting in 2015, the central state established a nationwide environmental oversight which includes dispatching environmental inspection teams for regular inspections of the local leaders. The environmental inspection teams are formed by the officials from the Ministry of Environmental Protection and have the authority to summon top provincial leaders and investigate companies without prior warning. They also open up formal channels for public participation by staying on-site to hear petitions and hold local officials accountable. Over 3,400 officials were found negligent in the first round of inspections of eight provincial regions. The local states, who have traditionally turned a blind eye to environmental violations as long as they contributed to local economic growth, have been pushed by these inspections to pay more attention to environmental quality. This is a stark contrast to the past. In the largest national-level inspection on record, more than two dozen cities in North China will face a strict one-year inspection over air pollution prevention and control.
Environmental inspection is very large-scale and in-depth, involving the government at many different levels.

The second option, as mentioned in the previous chapter, is to replace the GDP-oriented development goals with environmental development goals in certain regions. As Zhou et al. (2017) observe, since the “bureaucratic market” is regionally independent, the central state can adopt differentiated evaluation criteria in various regions. “If there was a way to measure non-market activities accurately and efficiently, a centralized economy would be able to resolve all incentive and information problems at least as well as a market economy” (Xu, 2011).

For example, in 2016, the new-to-power national leader Xi Jinping paid a visit to Qinghai. In a speech given to the local cadres, Xi addressed the importance of environmental protection: “Qinghai’s most valuable resource is the environment. The best development opportunities lie in the environment. The foremost responsibility is to protect the environment.” Since then, Qinghai has shifted its development priority to environmental protection and ecological preservation (生态保护). Xi’s words were further translated into policy by the local leaders in Qinghai into a green development roadmap. The roadmap contains four transitions:

1) transformation from a small economic province to a large and strong ecological province;

2) transformation from a small population province to a large province of national unity and progress;

3) transformation from local development strategies to national integration strategies; and
4) transformation from a focus on planting, breeding, and ecological care of farmers and herdsmen to a virtuous cycle of ecological production and life ( Provincial Committee on Four Transformations, 2017).

This new development approach has prompted Qinghai to consider its role in the broader vision of national development strategy instead of a player in the economic performance competition between the local states. The dramatic transition of the regional goal from industrial development to environmental preservation and the environmental enhancement that followed was the result of the central state’s shift of evaluation criteria for local leaders in Qinghai province.

Both options have drawbacks. The first option works as a brake to the China growth model by discouraging local leaders from pursuing economic growth.

For the second option, the central state still needs to figure out what kind of environmental development is “good” environmental development as well as establish a clearly-defined evaluation system to measure environmental growth. But the green growth-oriented development can also incentivize the local leaders to promote political vanity projects such as urban parks. With the priority shifted to environmental development, it is also doubtful whether the localities that depend on the central state’s funding support would be sustainable given the pressure for growth during a slowing economy. This approach only applies in a few limited regions, such as Qinghai, whose economic size is significantly smaller than other provinces. Meanwhile, ecological preservation of Qinghai is significant for the environment of the whole country. By changing the evaluation standard of the local leader, the central government has prevented places like Xining from becoming
“pollution havens.” Also, it requires a strong central state to provide fiscally and political supports.

A single and well-defined objective, such as environmental protection, can generate incentives to the local state efficiently (Xu, 2011). A clear definition of environmental development can be measured through criteria such as pollution abatement, investment in wastewater treatment, increases in urban green space, and so on.

6.7 Conclusion

In this chapter, I propose an alternative theoretical framework which examines industrial (re)location and its environmental impacts from the perspective of China’s political institutions. I argue that China’s political economy works as an institutional foundation for economic activities and should not be treated/simplified as add-ons or background context of the PHH. The PHH, which was developed to understand world trade in the 1990s, strays away from China’s institutional characteristics and thus the effort to modify the PHH by adding “Chinese characteristics” is not enough to bridge the theoretical gap (the gap between the theory and reality).

The alternative theoretical framework address two components of the political institution: (1) the central state works as an overarching structure, drafting regional development strategy and coordinating the industrial structure of the country. The central state’s strategy changes with the dynamic of its own ability, the economic development stage and the position in the globalization; (2) the central-
local state relationship creates a motivational structure for the local states. The development priority of the local state is closely related to the evaluation standard of the central state.

A close look at Xining’s environmental transition reveals the inefficiency of the PHH’s explanatory power. It can partially explain the influx of pollution-intensive industries (PIIs) into Xining and the environmental deterioration they brought to the region. As the central state set economic growth as the evaluation standards for the local states. Xining’s local state lower its environmental regulations to compete with other localities to attract PIIs and a PHE can be observed. However, this explanation neglects the guidance of the central state in encouraging western China to take over PIIs from eastern China as an approach to national industrial upgrading and an easing of regional economic inequality. Moreover, the PHH can barely explain why Xining shifted from this development strategy. In the PHH, a place stops being a pollution haven when the industrial development finally results in higher operating costs and the PIIs relocate. This is not what happened to Xining.
CHAPTER 7. CREATION OF AN UNDERCLASS URBAN ENCLAVE IN A WESTERN CHINESE CITY: A CASE STUDY OF XINING’S KANGCHUAN NEW TOWN

7.1 Introduction

China has experienced unprecedented urbanization since the economic reform and open-up began in the late 1970s. In 2011, China’s urban population, for the first time, exceeded its rural population. The ongoing urban growth has been accompanied by intensive land conversion and the urbanization of “displaced farmers.” “Displaced farmers” are farmers whose collective right to land has been acquired by the state. Displaced farmers’ protests against land appropriation have become one of the major sources of social discontent and unrest in China since the 2000s, with land disputes accounting for 65 percent of mass incidents (Shin, 2013; Ong, 2014). This rapid urban development and accompanying social changes have attracted considerable media and research interest in understanding the social impact of urbanization on the displaced farmers, existing studies portray the powerful and privileged local states meeting with the resisting and victimized farmers (Hsing, 2010; Yeh, 2013).

Empirical studies of Chinese urbanization have been dominated by the experience of large eastern coastal Chinese cities (He, 2008; Wu, 2013; Liu & Zhang, 2020). Urban villages in the Pearl River Delta region, especially, receive extensive attention from the media and academic realm (Wang, 2009). The social impacts of urban expansion in central and western China, on the other hand, remained understudied (Du, 2020). In the process of land appropriation which has accompanied China’s rapid urbanization, displaced farmers in different regions of
China have been granted different land use, development, and other rights. Why is that happening? What determines which rights the displaced farmers have? Which agencies/institutions will grant the rights? What is the role of the local state in this context?

This chapter provides a case study of the urbanization of displaced farmers in Xining. The empirical findings draw on a case study of Kangchuan, Xining and address variations and complexities experienced by the displaced farmers which calls for a rethinking of the “right to the city” discourse. Surveys and interviews were conducted to understand the changing lives of the displaced farmers in terms of income change, employment opportunities, access to the urban welfare system, and so on. The main purpose of this study is to provide policy-making suggestions to improve the urbanization of the rural population and ease the social tension. Besides documentation of the social impact of resettlement, this study also highlights the spatial characteristics of the resettlement communities, including their spatial relationship with the rest of the city as well as the morphological features inside the resettlement community.

This chapter is divided into four parts. Part one looks into the conventional discourse of victimized society in China’s urban process and “the right to the city” concept in particular. I analyze the benefits and limitations of applying these Marxist-derived theories and concepts. Part two proposes an alternative conceptual framework that grounds the social impact of China’s urban process in a better understanding of the urban development model of Chinese cities. Part three provides Kangchuan New Town as a case study. By comparing the right
entitlements and social impact of the displaced farmers in western Chinese cities and the urban villagers in eastern China, cases study to show the varieties and complexities of social groups. Part four concludes the chapter.

7.2 Theoretical Discussion

7.2.1 The Dominant Discourse of State vs. Society

Many scholars analyzing China’s urban development and its social impacts have adopted a discourse of opposed state-society relations. This discourse views urbanization as a platform which brings the powerful and privileged state to meet with the resisting and victimized society (Hsing, 2010; Shih, 2017; Wang & Wu, 2019). Supported by political institutions, such as the housing registration (hukou) system (Chan, 2010) and the rural-urban dual land ownership, local governments have been empowered to “destroy, displace and rebuild” (Hsing, 2010). The local state “placed its rights above the individuals’ rights” in pursuit of “land-centered accumulation” and political territorially (Lin, 2009). Urbanization has resulted in “a growing number of land appropriations, forced evictions, and demolitions,” leaving a large number of rural population “dispossessed and disenfranchised.” Thus, a politics of resistance, calling for property and social rights, has emerged (Hsing, 2012).

7.2.2 The Right to the City

Scholars also have called for applying the concept of “the right to the city” to Chinese urban studies. The urgency of applying the concept of the right to the city is
largely evoked by the discontent and protests related to China’s rapid urban development, which leads scholars to examine whose rights count in China’s urban development contexts (Shin, 2013).

This dominant discourse is largely the result of adopting concepts derived from a Marxist tradition as tools to understand the dispossesssion and displacement that take place during the urban expansion. These concepts highlight the relationship between space and power.

According to these scholars, the right to the city theory provides strategies for displaced farmers to resist oppression from the state. One strategy is to use informal actions and approaches to “extend” “the idea of rights” when formal institutions (laws, rules, regulations) are absent (He & Lin, 2015). For instance, the displaced farmers can use a public demonstration to draw public attention and post information on the Internet to fight for fairness and justice (Chung, 2013). In other words, villagers at the rapidly growing urban fringe strategize to avoid displacement, take advantage of urban real-estate markets, and even manage to secure relative territorial autonomy. Territoriality, from a bottom-up, is as much a tool of resistance as it is of dominance (Hsing, 2010). In the case of the displaced farmers, there is spatially enabled power in the villagers’ local identity and place attachment which is consolidated in the villagers’ demands to continue to live on their village lands.

This power is particularly important when state intervention is “missing or comparatively weak,” which allows informal institutional innovation to thrive. In such cases, villages can transform their situations without the omnipotent state and
find a way to survive the cleavages of China’s neoliberal urbanization (He & Lin, 2015).

Villagers are aware of their right to use land. They consider their existing right to occupy their houses gratis and expect to receive the income generated from renting out spaces within their houses as an alternative form of welfare. They have strong concerns that such a right, and source of income, must be retained after redevelopment. This has added to other economic concerns in the context of a land-based economy, as the village’s geographical proximity to the new CBD suggests a high land value after redevelopment (Chung, 2013).

7.3 An Appropriate Theoretical Framework

7.3.1 Critique of “the Right to the City” Discourse

The theoretical choice of “the right to the city” is grounded in the understanding/description of the recent urban growth model in China. According to scholars, China’s urban growth model can be summarized with the following characteristics: (a) urbanization itself has become the goal of the state, (b) the local state pursues urbanization for land leasing profit through land expropriation and conversion, and (c) this process has resulted in forced eviction/displacement of the displaced farmers.

I will explain each of the three arguments in detail: (a) Urbanization itself has become the goal of the state. The current urban growth model, which is distinct from the one in the Reform era, has been widely recognized. Unlike the Reform era, urbanization is not a “consequence of economic activity” or a “by-product of
economic development” (Ong, 2014). It has overtaken industrialization and become the ultimate goal of development (Hsing, 2010). To put this another way, the government is shifting its goal from industrial development to urban development.

**Table 7.1: Gap between the Right to the City Literature and Actual Evidence-Based Situation.**

<table>
<thead>
<tr>
<th>Assumptions/conclusions of the Right to the City literature</th>
<th>Actual evidence-based situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urbanization has become an important goal of the state. The state hopes that urban expansion will stimulate income increases and consumption and provide drivers of economic growth.</td>
<td>The local state continues to pursue industrialization, and they are using land financing as a tool to support industrialization.</td>
</tr>
<tr>
<td>The local state is being identified as an exploiter and is portrayed as grabbing profit from urban leases through land grabbing and land-conversion.</td>
<td>Local state land-grab and conversion profit is not kept by the local government, but rather is redistributed to industrial development projects to generate GDP growth and employment opportunities.</td>
</tr>
<tr>
<td>Displaced farmers have been unfairly treated because the proceeds from land value change caused by land-use change are not coming to them.</td>
<td>The revenue generated by land-use change should come to all society, not just the former occupiers.</td>
</tr>
</tbody>
</table>

This urban transition is driven by (b) the local state’s pursue of land leasing profit through land expropriation and conversion. In the expectation of a continuous property boom, the local state began to convert land for profit in the fashion of an enterprise. Thus the local government can be thought of as an “entrepreneurial state.” As a result, (c) land is expropriated from the farmers, and the farmers are forced to be urbanized, commonly in state-built resettlement communities.

Based on this understanding of China’s urbanization process, scholars fit these characteristics of the urbanization process within the right to the city analytic
framework. In this scenario, land acquisition and displaced farmer resettlement have suppressed “the right to the city” of the displaced farmers.

Adopting concepts such as “the right to the city” and “neoliberalism” help analysts of urban China to participate within a prevalent international academic conversation of urban geography. But it is questionable whether these conceptual tools facilitate a better understanding of the nature of China’s urbanization.

There are several problems with using the “the right to the city” framework in relation to China. First and foremost, it is based on an incomplete/biased description of China’s urban growth model. Even if we accept the urban growth model in the literature, there is still a gap between the empirical fact and the theory. Although the “right to the city” is built on the assertion that China has embarked on the path of neoliberalism since the 1980s’ economic reform, this argument is poorly backed by evidence.

<p>| Table 7.2: Comparison of “the Right to the City” with an Alternative Theoretical Framework. |
|------------------------------------------|------------------------------------------|------------------------------------------|
| <strong>The Right to the City Discourse</strong>     | <strong>Alternative Framework</strong>                |
| What is urbanization?                    | Urbanization is the spatial fix of the capital surplus crisis. The built environment of the city is used as a means to overcome the constraints of accumulation in state-led industrialization. | Urbanization is a process of concentrating public services. |
| Explanation of the origin of the city   | Cities arose through the geographical and social concentration of a surplus product. Urbanization has been a class phenomenon since the beginning. | Cities originated when the state emerged and started to provide public services which were required in a certain region. |</p>
<table>
<thead>
<tr>
<th>Land expropriation and displacement</th>
<th>Accumulation by dispossession</th>
<th>The state rightfully owns the land development rights as long as it is on behalf of the greater good.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The implication of the right</td>
<td>Shaping power over the processes of urbanization.</td>
<td>Right that can be specifically identified.</td>
</tr>
<tr>
<td>Role of the state</td>
<td>Oppressor and exploiter. Ally of the profit-driven capitalists.</td>
<td>The enterprise-like provider of public services and the redistributor of the public interests. The local state promotes urbanization on behalf of a broader group of people.</td>
</tr>
<tr>
<td>Approaches to protecting the right of the displaced farmers</td>
<td>Claim the right to the city. Form ally of urban residents. Building a privation landownership system. Granting farmers the full trading right and the development right of their land.</td>
<td>Specify the land ownership based on the existing institution.</td>
</tr>
<tr>
<td>How revenue flow in the urbanization process</td>
<td>Urbanization exploits urban residents and put the revenue into the next round of capital accumulation.</td>
<td>Although the urbanization process is accompanied by social injustice, it generates benefits that are widely distributed to the urban residents.</td>
</tr>
<tr>
<td>The right of Land development</td>
<td>The land right is a “spatially enacted power” to the displaced farmers. They should be granted the full trading right and the development right of their land.</td>
<td>The development right of land should belong to the state. The land right is not an absolute right, instead, it is a bundle of right.</td>
</tr>
</tbody>
</table>

### 7.3.2 Urban Growth Model of China

China's urban growth model (discussed in Chapter 2) is a development strategy formed during the Reform era (1980s) of using capital generated from land leasing revenue to fund urbanization for urban infrastructure construction, urban public service provision, and most importantly, industrial development. Thus, land
expropriation is an inevitable “first step” of urbanization. Since the 1990s, the local states’ behavior of land acquisition and conversion is later strengthened by two institutional structures in regard to the central-local state relationship: (1) The central state allows local officials to compete in a “bureaucratic market” for economic performance, which in turn places GDP growth as the dominant goal of the local state, and (2) The tax reform imposes fiscal distress on the local states so that they have to rely more on land leasing revenue. As a result, local governments have developed a growth model based in control of land rights which involves the following steps: (1) convert rural land to urban use, (2) lease land at low-prices for industrialization, (3) provide public services to increase the urban land price and (4) lease land at high-price for real estate development. This urban growth model resulted in high-speed development. However, its success is highly dependent on whether and how well industrialization takes place. Some cities fail.

7.4 Rationale of the Local State for Creating Concentrated Resettlement Communities

The concentrated resettlement model was initially a local policy experiment carried out in southern Jiangsu around 2001. During this period, southern Jiangsu experienced rapid growth of industrialization. Hollow villages, rural settlements that were sparsely populated due to a large number of villagers leaving in order to work and live working and living in cities as migrant workers, have become a common phenomenon in rich counties and prefectures in southern Jiangsu. To increase land-use efficiency and improve the living environment of the villagers, the local government began to move peasants from scattered rural settlements into
high-rise apartments in concentrated residential communities. In 2003, the concentrated resettlement model scaled up in Jiangsu as a part of the provincial government’s plan to achieve a well-off society and overall modernization. “Three concentrations” (or consolidations) were highlighted as the keys of the resettlement model: (1) the concentration of industrialization, which relocates dispersed enterprises into industrial zones, (2) the concentration of residential areas, which resettles villagers from different villages into apartment-style communities, and (3) the concentration of farmland – forming large-scale farms operated by local companies (Ong, 2014).

Local governments view the concentrated resettlement model as a sufficient approach to raise funds and construct residential housing as well as infrastructure and public service facilities (Yuan, 2011). Many localities adopted the concentrated resettlement model despite the fact that their local situations varied significantly from that of Jiangsu. The concentrated resettlement model has been massively implemented in Shandong, Hebei, Sichuan, and Chongqing. In 2009, Hebei announced a plan to dismantle fifteen percent of the villages within its jurisdiction using the concentrated resettlement community model.

7.5 Case Study: Kangchuan New Town – Social and Economic Factors

The creation of the Ganhe Industrial Zone (see Chapter 6) required the relocation of the area’s farmers. These re-located citizens, now “displaced farmers,” were moved into Kangchuan New Town, a housing development built during the 2010s on the west side of Ganhe Industrial Zone. Its 23,000 residents came from
dispersed Han, Muslim, and Hui communities formerly located in the vicinity of the Industrial Zone.

The aggressive expansion of the Ganhe Industrial Zone (see Chapter 6) was typical of the “zone fever” that had swept eastern China in the 1990s and arrived in the interior western region in the early 21st century. “Zone fever” refers to the strategy widely adopted in China which use economic development zones as growth pole to attract investment and develop industries. Since the late 1990s, the efficacy of the development zone strategy has been brought into question; a Ministry of Land and Resources report found that 85 percent of the designated development zone areas across the country were actually left undeveloped (Hsing, 2010). Despite the nationwide trend toward a less positive view of special economic zones, Xining’s development zone expansion accelerated in the 2000s. This is largely due to the national government’s regional development strategy. Since 1999, the Western China Development Strategy was launched by the central state to boost development in western China. Later on, the central government carried out an industrial restructuring and urged western Chinese cities to take over industries that relocated from the eastern coastal regions. The local government of Xining seized this opportunity for policy change and aggressively spurred industrial development.

Land expropriation and compensation was carried out at a fast pace, closely followed by the construction of the resettlement community. In 2014, the construction of Kangchuan New Town was completed and ready for the displaced farmers to move in. The state media portrayed Kangchuan New Town as an
urbanization triumph as it proclaimed that “in six short years, a new modern city has risen in the middle of wasteland.” (Qinghai Daily, 2014). Kangchuan New Town is 35 kilometers away from Xining’s core urban area and is surrounded by rural landscape. The nearest urban settlement is the town of Duoba on the east, and the built-up areas of Duoba and Kangchuan New town remain detached from each other. The official report celebrated Kangchuan New Town for boosting the living quality of the displaced farmers as well as the government’s effort to build an urban community.

7.5.1 Increased Cost of Living

Displaced farmers in Kangchuan New Town complain about financial deterioration brought about through a combination of falling income and rising expenditures due to the relocation. For example, by moving into a high-rise housing complex, the villagers give up the food security of kitchen gardens and other benefits of the courtyard economy. Before the relocation, farmers used their courtyards to raise chickens and other domesticated animals and to grow vegetables and fruit which can provide them with essential food.

One woman I interviewed said:

When I still had farmland, one wheat harvest was enough for the whole household to consume for a year. The surplus grain could be sold for household spending. Now I have to go to a store and spend money on flour.

An elderly woman who had just bought carrots from a street stand complained:

In the old days, I just throw some seeds in the courtyard and carrots will grow. Now I have to pay for carrots.
7.5.2 Compensation

Displaced farmers in Kangchuan New Town are entitled to four types of compensation: land compensation fees (土地补偿费), living allowance (生活补助费), relocation transition fees (拆迁过渡费), and crop compensation fees (青苗补助费). The land compensation price varies from 19,000 to 47,000 yuan per mu⁴ due to the location of the land and the time it was expropriated. The displaced farmers have to spend the bulk of their compensation on housing. As the largest affordable housing project in Qinghai at the time, apartments were sold to the displaced farmers in Ganhe valley at a price of 800 yuan per square meter. Thus they paid about 96,000 yuan for a 120-square-meters apartment (the typical size of an apartment in Kangchuan resettlement). Households with more than five people are entitled to two apartments. Due to the remote location, the real estate price remained at a low level in Kangchuan New Town. The remote location also makes it difficult for the displaced farmers to gain rental income – a common practice of displaced farmers in the vicinity of China’s large eastern cities.

The mode of one-time compensation payments also undermines the displaced farmers’ chance to be economically sustainable as urban residents. According to the local officials, after the relocation, some farmers are having difficulties in making a living since they were unaccustomed to long-term planning of their household economies as urban residents. Besides unwise expenditures which used up the compensation quickly, the rapid entre into the urban cash

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⁴1 mu is 0.16 acre.
economy also led to spending on activities such as gambling and drug-using. This trend is verified by the banners hanging on the walls of gated communities, saying “Cherish your life and stay away from drugs” and “Gambling is forbidden by law.” Young villagers are especially easy to become victims of drugs and gambling. An elderly villager expressed his concern for the younger generation:

If one has land, one can always come back if you lost your job in the city or something else... Land yields annually. If you have land, you can survive no matter what. But now you have money. After you spend it, what do you have?

7.5.3 Employment

The loss of farm work and the scarcity of other employment opportunities have placed the displaced farmers in a difficult situation. This employment hardship is largely owing to the pattern and the geographical consequences of urban and industrial expansion. Before land conversion and relocation took place, farming accounted for the bulk of economic activities in the villages of the Ganhe area. Most farmers were engaged with grain growing, vegetable growing, and animal husbandry. Butchering and animal product processing, an industry derived from living-stock raising, was the major secondary business of the villages. Many villagers also work part-time as long-distance truck drivers. Although some young villagers had left to seek employment opportunities in cities, most villagers still resided in their homes in the rural settlements (See Figure 7.1). This is quite different from eastern China, where sparsely populated “hollow villages” are common in the wake of rapid urbanization and the rise of the wage economy.
After the land expropriation and concentrated resettlement, displaced farmers have completely lost their farm work. The industrial zone development and the rural-to-urban transformation also impacted the animal husbandry and truck transportation businesses. Cattle ranches located near the expanding industrial zone have been affected by the pollution generated from the factories. The contaminated air, water, and land have reportedly lead to sickness and death of the livestock. In regard to food security, customers canceled their orders of farm products, including milk and meat. This led to revenue loss or even closing down of some of the ranches. On the other hand, the development of the industrial zone brought more business opportunities for truck drivers. Since most products of the Ganhe Industrial Zone need to be transported to eastern China for further processing, job openings have increased for long-distance truck drivers. The industrial zone also provides positions for truck drivers to drive short distances between factories inside the industrial zone to transfer raw materials and products. Long-distance transportation, however, is a high-risk occupation due to driver fatigue and overloading. Moreover, the work is not steady due to the sensitivity of the enterprises in Ganhe Industrial Zone to market price fluctuations.

During the land expropriation process, the local state promoted Ganhe Industrial Zone’s future as a regional growth engine. The local state promised that the industrial zone would provide abundant employment opportunities, and the displaced farmers would be given priority in the hiring process. However, it failed to deliver on this promise for two main reasons. First, the existing industrial development provides limited employment opportunities for displaced farmers.
The relocating enterprises prefer to bring management-level staff from eastern China rather than hiring from the local labor market. Also, they are more prone to hire young graduates from the technical high school as factory workers. Thus the age disadvantage and lack of skill set disqualified most displaced farmers from work opportunities in the enterprises of the Ganhe Industrial Zone. Since the local state didn't provide the training programs for the displaced farmers they had promised, it was very difficult for the displaced farmers to integrate into the job market. Second, the industrial zone has been stagnant in service sector development. Due to the deleterious environment and the focus on the development of heavy industry, the service sector of Ganhe Industrial Zone has not developed well. People who work in the industrial zone commute daily to Xining’s urban center for housing, accommodation, shopping, entertainment, and other services. Consequently, the industrial zone has very of these services. As a result, most jobs that were offered to the displaced farmers in the industrial zone were odd jobs paid by the day, such as street cleaners, security guards, and construction workers. Their salaries vary from 70 to 150 yuan per day. No welfare came along with the job nor was there any guarantee that the job opportunity will be sustained.

As a result, the industrial zone can only provide a limited amount of employment opportunities to the displaced farmers. And these openings tend to be in low-paid and labor-intensive sectors. These jobs also have the potential to expose the displaced farmers to a hazardous environment. I met a street cleaner in her fifties in Ganhe Industrial Zone. She had never worked outside of farming, and
had no option other than to take a low-wage and environmentally hazardous street cleaning job.

Although Kangchuan New Town’s streetscape resembles urban spaces in the major urban area of Xining, it lacks the vigor of the city. Located in the interstices of Xining’s main urban area, the Ganhe Industrial Zone, and Duoba county but not adjacent to any of the three, the geographical isolation of Kangchuan New Town undermines its chance to attract people or provide economic opportunities. On the contrary, the fact that many displaced farmers have to seek working opportunities elsewhere further decreases the demand for goods and services inside the resettlement community. On both sides of the street, one-room storefronts were designed and built by the local state for the residents to rent and start businesses. However, more than half of these street shops stayed vacant. “The rent is too high, and the customers are too few. The money you earn from the business is not enough to cover the rent”, a villager explained to me. Compared to the languishing street shops, the front door area of Kangchuan high school seems to be the only energized spot of business in the resettlement community. I met a couple setting up a food stand waiting for the end of classes. The husband told me that the food stand is profitable, but the earnings are far from sufficient to support the household. He has to work another job on a nearby cattle ranch to make the ends meet.

7.5.4 Housing Quality Issues

Poor housing quality has been a prevalent problem for resettlement communities and affordable housing projects across the country. Rent-seeking
behaviors and corruption often led to compromised inspection and construction standards of construction quality. In Kangchuan New Town, the housing quality problem is so severe that it became a scandal which attracted widespread attention. Construction of Kangchuan New Town started in April 2010. According to the original plan, construction would be completed in fourteen months so that moving in can be finished before the weather turning cold in September. While Kangchuan New Town still under construction, the displaced farmers found out that the housing has severe quality problems. The ‘concrete’ on the wall could be peeled off from the steel bars by hand. There were holes and cracks in the apartment’s ceilings and balconies were in danger of falling off of the building’s facade. Outraged displaced farmers repeatedly petitioned the local government and exposed the housing quality problems on the internet with photos and video evidence. The shocking images soon drew wide attention and criticism. Under media pressure, the local government initiated an investigation. An on-site working conference was convened by the local state to report the findings and decide upon sanctions for the contractors and inspectors. As noted in the report, 21 of 154 buildings had severe quality problems mainly due to using inferior material, irregular construction process, and dysfunctional inspection. The local government imposed a fine of 0.9 million on two construction companies and one inspection company. Several buildings were ordered to be torn down and rebuilt. The representative of the head contractor has made an open apology to both the local state and the residents.

The story of Kangchuan New Town was covered by several national newspapers, and the local government was harshly criticized for incompetent
behavior. Facing the blame, the local state officials alleged that “we are as shocked as the residents.” According to the local officials, the six contractors for Kangchuan New Town were carefully chosen from one hundred and thirty competitors. They all have a premium construction qualification and an excellent nationwide reputation. “It was ironic to see all contractors ended up with quality issues,” said the government official with huge disappointment.

Nevertheless, a close look into the mechanisms behind the housing quality issues reveals that they were not a coincidence but rather a problem embedded in this type of urbanization. As discussed in previous sections, China has purposefully promoted urbanization in an entrepreneurial fashion, and affordable housing construction has played a major role in this state-led urban expansion process. In 2011, the central state distributed unalterable targets of affordable housing construction to the local government. In 2011, the quota for Qinghai was to build 176,200 apartments. As confessed by the vice deputy of Qinghai Housing and Urban-rural Construction Bureau, this number was “unprecedented,” and “the local state was under tremendous pressure to implement this task within an extremely short period.” In consequence, in 2011 the local state established a rushed deadline for Kangchuan New Town, Qinghai’s largest affordable housing project. With the construction period further shortened by Qinghai’s harsh winter, the builders decided to sacrifice the conventional construction process to complete the project. The shortage of skilled labor caused massive-scale construction also resulted in workers and inspectors without proper training and experience in the construction site. The situation is further worsened by the insufficient budget. According to the
contract, the construction budget was fixed 1,080 yuan per square meter, which left little room for the building contractors to make a profit. When the construction started, the price of construction material rose. Unwilling to compromise with the profit, the builders used inferior construction materials to cut costs.

Housing is the most vital property and living resource for the displaced farmers after they lost the land their families had relied on for generations. However, under this urbanization development model, poor housing quality is almost inevitable. And this placed the displaced farmers into a situation of extreme vulnerability.

7.5.5 Lifestyle Change

The drastic transformation of lifestyle for agricultural households moved into high-rise housing has been widely reported to have negative impacts on the psychological well-being of the displaced farmers. My interviewees said that they have “a strong sense of insecurity” since they lost farmlands they have relied on for sustainable living resources, and some felt as though they were the “outcasts” of society. Elderly residents, who had been farmers all their lives, found it particularly difficult to adapt to the “jobless” urban life. Many of them would wander around the common space in the residential community. They sat around chatting or playing chess for hours. Younger residents who were unwilling to work the underpaid jobs in the city also led a life that lacked a sense of purpose. As discussed above, they were also in danger of leading a deteriorated lifestyle that engaged with drug use and gambling habits.
7.6 Case Study: Kangchuan New Town - Spatial Impact of the Resettlement

7.6.1 Landscape Characteristics

Kangchuan New Town has a formal urban landscape with a strict spatial order featuring a boulevard-style street designed for car use, identical high-rise housing, uniform-looking sites, and shopfronts on both of the main streets. The landscape of Kangchuan New Town resembles the landscape of a low-end gated residential community in Xining. Informal construction, which can be widely documented in urban villages, particularly in eastern coastal cities, is not a phenomenon in Kangchuan New Town.

7.6.2 An Emerging Underclass Residential Community

Kangchuan New Town has the potential to become an enclave of the urban poor and breed spatial concentration of poverty and social instability. Although referred to by the state media as the “most advanced” resettlement community in Qinghai, Kangchuan New Town has characteristics of an underclass residential community, including an unfavorable location, low-quality housing, and inadequate public facilities. Nor did the new town foster a transition to urban economic sustainability for its new residents. Subsidies and job training were promised to help the displaced farmers to adapt to urban life before the relocation, but Ganhe Industrial Zone did not provide the promised 1,200 jobs for the displaced farmers (Shi, 2013).

Because moving into these estates is predicated on housing affordability, the residents create an ‘enclave’ of similar socioeconomic statuses. Housing price
serves as a sorting mechanism which steers residents into different socioeconomic status areas. At the neighborhood level, the social space is being homogenized, while at the city level, different qualities of residence are built, which contributes to residential segregation. The homogenization and segregation processes make the Chinese city look more like the western cities in advanced economies. The spaces of differentiation assign new meaning to the ‘gates’ at the entrances to housing areas which exclude people of lower socioeconomic status (Wu, 2005). As a result, the relocation of the farmers to the new town contributes to spatial class solidification (Yuan, 2011).

7.6.3 Fragmentation vs. the Government-led Sprawl

The detached location of Kangchuan resettlement community from the central urban area has brought multiple disadvantages to its residents. In terms of spatial form, the resettlement of displaced farmers falls into two types: long-distance resettlement and short-distance resettlement (See Figure 71)

The new large replacement housing estates were constructed, at a low cost, a long way from the central urban areas, and former private homeowners were rehoused in these peripheral locations. This rehousing without social integration increased social division and segregation. Relocation improved the immediate physical living conditions of displaced farmers but it left them in a more isolated peripheral social and economic environment.

The establishment of the Ganhe Industrial Zone 35 kilometers away from Xining’s central urban area was part of the city’s leapfrog expansion strategy.
However, it resulted in fragmented urban form which reduced the social mix which characterized the older neighborhoods and caused frequent complaints and protests. The hardship the residents experienced in the Kangchuan resettlement community was largely associated with its isolated location from the main part of the city. Kangchuan New Town’s future is heavily dependent on the urban expansion and spatial transformation it will bring. If urban expansion slows down or grinds to a halt, there is a significant chance that Kangchuan New Town will become an underclass community excluded by the prosperity of urban development.

The local government is making an effort to redress Kangchuan New Town’s isolation. One of the city’s key urban development projects is to make Duoba New City, which is closer to Kangchuan, Xining’s primary sub-center. According to the urban plan, Kangchuan New Town will be absorbed into the large urbanized area of Duoba. Improvement of the surrounding urban environment will bring more business opportunities as well as raise real estate prices. Despite the rosy picture drawn by the local government, whether Duoba New City can become a reality is open to question. First, the central leadership has redirected the urbanization development policy. The wave of new area construction which featured real estate development, has led to an overstock of housing, especially in the third and fourth-tier cities. In 2012, Xining’s municipal government announced the master development plan of Xining New Area. It was an ambitious city-building project to forge “another urban area” by linking industrial zones and towns on the west of Xining into a new metropolitan zone. In 2013, Wang Yubo, the Mayor of Xining,
lobbied the national government to establish Xining New Area as a state-level area (国家级新区) at the National People’s Congress. However, this effort failed to receive a positive response. Without policy support from the national government, the plan of building a new metropolitan zone in Xining has shrunken into a new town building project. A sub-center of Xining will be built in Duoba. With the land between Xining and Duoba linked by real estate projects and urban green land.

Second, it is doubtful whether Xining’s population increase and economic growth will require more urban area than it already has. Lanzhou, a provincial capital just 220km away from Xining, established a state-level urban area in 2012. Lanzhou New Area has drawn controversy as western media report that 700 mountains were leveled to make way for the urban new area which would end up being a “ghost city” in China.

The completion of Duoba New City will take considerable time. Meanwhile, the displaced farmers in Kangchuan New Town will be locked in an unfavorable urban spatial pattern for a long period before the benefits brought by the urban spatial structure change become reality.

7.6.4 “Left Behind” Communities of Displaced Farmers

What about residents of the Ganhe valley who were not displaced? Wang (2020) calls places where residents live in and around the area being redeveloped but have not been displaced China’s “left-behind communities.”. Deleterious effects of continuing to live at the fringe of industrial development areas, in particular, can
include not only the loss of local amenities but also environmental pollution (Shih, 2017; Wang & Wu, 2019).

Not all the farmers in the Ganhe valley relocated to the Kangchuan New Town after land expropriation. Some still live in rural settlements despite the fact that the land conversion process is complete. The close location of the industrial zone exposed these villages directly to severe pollution and health risks. Although the farmers still own small tracts of household plots or farmland on the hillside which not suitable for industrial development, the yields have been sharply reduced by the pollution generated by the factories in the industrial zone. The output of the household plots, which used to provide sufficient grain for a family’s one-year consumption, is now insufficient, requiring farmers to purchase essential food such as flour. Inadequate compensation or its complete absence were also more likely to happen to these displaced farmers due to the lack of transparency and inspection during the land expropriation process. Some villagers reported that lands were taking with the price as low as 700 yuan per mu. And two villagers told me that they have not received land compensation at all. To make a living and support the family, young villagers went to the cities for work opportunities. These rural settlements were left hollowed out with a disproportionate dependent population of children and the elderly living in a hazardous environment.

7.7 Comparative Analysis of Entitlement

Unbalanced empirical attention and the dominant discourse of the displaced farmers as a victimized, unitary social group have led to the neglect of the variations
and diversity within the displaced farmers as a social group. A handful of empirical studies have identified differentiation between different groups of displaced farmers. Not all the displaced farmers have been exploited and marginalized in the urban transition. For instance, Chung and Unger (2013) find that some urban villagers in Guangzhou turned into a propertied, leisured “middle-class” who enjoy various income including rental income, dividends of the village collective and do not need to work for a living. Zhao and Webster (2010) also report that displaced farmers who were given a portion of land to develop themselves led a better life than average urban residents in Xiamen. In contrast, displaced farmers who are located in peripheral areas with lower land values tend to receive less compensation for the loss of their farmland, thus having to endure unemployment and the loss of a stable income (Shih, 2010).

The difference between different groups of displaced farmers becomes even sharper in comparison to the urban villagers in southeastern China and the displaced farmers in Kangchuan New Town who were resettled into concentrated resettlement communities. Table 7.3 lists the differences of rights between these two groups. The Kangchuan displaced farmers are in an unfavorable position compared to the displaced farmers in southeastern China, especially in terms of access to income-generation other than wage labor.
Table 7.3: A Comparison of the Urban Village, the Resettlement Community on the Urban Fringe, and the Concentrated Resettlement Community

<table>
<thead>
<tr>
<th>Entitlement</th>
<th>Urban villagers in Southeastern China(^5)</th>
<th>Displaced Farmers in Kangchuan New Town, Xining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Compensation</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Share of income from village collective-run ventures</td>
<td>Yes</td>
<td>Null</td>
</tr>
<tr>
<td>Rental Income from own properties (both formal and informal)</td>
<td>High. Often generated by illicit/informal housing arrangements.</td>
<td>Null or low due to the unfavorable location. No informal housing market.</td>
</tr>
<tr>
<td>Employment</td>
<td>Some become landlords rather than take wage-paying jobs.</td>
<td>Low paid jobs in industrial zones.</td>
</tr>
<tr>
<td>Asset Appreciation</td>
<td>Aggressive increase due to the soaring real estate market and favorable location.</td>
<td>Limited increase due to remote and isolated location, low housing quality.</td>
</tr>
<tr>
<td>Land Development Right</td>
<td>Retain a portion of land in the city for which they can receive income through development by the village collective.</td>
<td>Do not have any retained land in the city.</td>
</tr>
</tbody>
</table>

Multiple factors have contributed to this difference in entitlement. In the rest of the section, I will analyze the difference of entitlement through two approaches:

land rights practice and spatial characteristics.

7.7.1 Historical Legacy and Land Right Practice

In Chapter 2, I discuss the urban development and land right practice of the “outer region” of Shenzhen SEZ. Failing to anticipate Shenzhen’s fast development

\(^5\)Synthesized from literature on displaced farmers, especially the urban villagers in Pearl River Delta Region.
pace, the outer region was not included into Shenzhen SEZ’s urban plan and a “bottom up” “informal” urbanization- the industrialization of the collective village and real estate development by the villagers-took place as a result of lack of regulation and a chaotic land rights system. As a result, when Shenzhen SEZ expanded, the land conversion in this outer region was very difficult due to existing vested interests. For example, the local state had to share a part of the land development rights with the villagers. This is not the case in western Chinese cities, which experienced an urban transition in a later period. The villagers barely hold vested interests since there was no experimental period for forming them. The western Chinese cities learned from the experiences of eastern Chinese cities and their urban plans include not only the urban area, but also the industrial zones, the rural area, and a wide range of other adjacent land use areas, such as ecological reservoirs. Moreover, the widely adopted concentrated resettlement approach in western Chinese cities also helps to avoid land rights ambiguity and other issues.

### 7.7.2 Spatial Characteristics

Entitlement is also largely determined by the spatial position of the displaced farmers when land appropriation and conversion takes place. As shown in Figure 7.1, Village D is a village located in the suburban area of City I. City I expands and the farmland of Village D is converted into urban land. Displaced farmers are moved to Resettlement D. Resettlement D becomes a community on the new urban fringe of City I.
Villages A, B, and C, on the other hand, are in a quite different position compared to Village D. To build an industrial zone where Village A, B, and C used to be located, the local state of City I appropriated land from Villages A, B, and C. Displaced farmers in Village A, B, and C were resettled into Resettlement Area A-B-C.

![Diagram showing the locations of villages and resettlement areas](image)

**Figure 7.1 Two Types of Resettlement Communities for Displaced Farmers.**

### 7.8 Conclusion

#### 7.8.1 Contradictions in the Right to the City framework

Within the theoretical framework of the “right to the city,” land expropriation is seen as capital accumulation through deprivation or dispossession, and displaced or displaced farmers are regarded as victims of urbanization. “Displacement” can be seen as an example of “accumulation by dispossession” despite the fact that the
displaced farmers were compensated and were technically “repossessed” with urban properties as they were transformed into urban residents.

In the Chinese context, however, this discourse is built on groundless assertions regarding China’s ongoing experience of neoliberal urbanism. It articulates two contradictory features as key characteristics of China's urbanization and critiques both of them. These are (1) the neoliberal market-oriented urbanism which features a rising property market and receding government; and (2) “strong state intervention” or state-led urbanization.

7.8.2 Failure to Account for Variations

Two very different images of displaced farmers are popular in the mass media. One is the image of marginalized groups exploited by the government without opportunities to address their challenges, and the other is the story of "demolition of the second generation" of wealth (拆二代). The English-language literature rarely acknowledges the latter narrative.

The existing academic literature also either neglects the fact that there are huge variations within the social group of “displaced farmers,” or identifies these variations but fails to take them into account in subsequent analyses. These variations include the extent to which village residents are engaged in urban economic activities, variations in the impacts of prior social policies on the residents, and differences in local development goals.

In many cases in the eastern region, the main economic activities carried out in settlements still classified as villages have already been urbanized or semi-
urbanized prior to interventions by local governments. In contrast, in the process of government-led industrialization/urbanization in the western regions, the adoption of urban economic activities is more likely to take place after farmers have been displaced from their land. In these cases, the key to effective development lies in the success of industrialization + urbanization led by the local government. Although government-led urbanization/industrialization has proven to be a successful model in many places, it does not guarantee that every local government can succeed. If industrialization is not successful, it will not be able to bring local GDP growth/job opportunities/government revenue/real estate appreciation. For example, in the case of Xining, the industrial zone was built at the expense of large tracts of agricultural land. A large number of farmers dispossessed of their land allowed for a large amount of production capacity, which had was relocated from eastern China. But this urban economic activity has a high degree of periodicity, which is easily affected by market changes. Loss or even cessation of production for a period of time resulted in the further loss of agricultural land and a financial crisis for the local government. The displaced farmers became trapped in a built environment like a city, which lacked the urban economic capacity to support them.

Much of the popular perception of land dispossession has been shaped by the experience of the Pearl River Delta. The Pearl River Delta— the massive triangular urban mega-region defined by Guangzhou, Shenzhen, and Hong Kong, is the most often-discussed case in analyses of relationships between urbanization and village lands in China during the Reform Era. The land system in the Pearl River Delta region has generated a huge profiteering class due to its advanced development,
which has caused great difficulties in the current use of land in the Pearl River Delta. Whether it is building public facilities or building development zones, the expropriation of farmers’ land has encountered great obstacles. The demolition and relocation is often extremely expensive. At the beginning of the reform and opening up, the Pearl River Delta used three companies to supplement enterprises, and the four wheels of the county and rural communities were said to “turn together.” In a short time, they became the world’s factory. The core area of the Pearl River Delta completed the transformation from agriculture to industrialization. The land in the core area of the triangle has been converted from agriculture to work, forming a huge area of collective construction land without expropriation. The value-added by non-agricultural use of agricultural land benefited the members of the collective village communities. Therefore, farmers in the Pearl River Delta region were able to obtain huge benefits from non-agricultural use of land. The rural industrialization of the Pearl River Delta took place earlier and faster than that in other regions of China. By the time the Land Management Law was strictly enforced throughout the country and only state-owned land was permitted for use in new construction, most of the land in the core area of the Pearl River Delta had already been constructed. (He, 2018) The regulations on the transfer of rural collective operating construction land in Guangdong Province (the heart of the Pearl River Delta region) do not comply with the "Land Management Law", which is a forced move to solve historical problems. The state acquiesced to the Guangdong Measures. It is precisely because Guangdong allows collective-operated construction land to enter the market, which further increases farmers' expectations of the benefits of non-agricultural use of
land, which leads to the expectation of benefits of non-agricultural use of non-agricultural land that has not been constructed, and has become the main reason for the difficulty in land acquisition in the Pearl River Delta.

Realistically speaking, whether through land acquisition or relocation, ten years ago, the local government compensation to farmers is relatively small, and even some of the current western county and municipal government compensation to farmers is not in place, yet in the country's overall situation, land compensation to farmers for displacement and dispossession has been quite high. In the national rural survey, it is hardly heard that farmers oppose land requisition and demolition. In many areas, farmers even look forward to land requisition and demolition (He, 2017).

The failures of using development to solve social problems can be temporary or permanent. Theoretically, social unfairness could be resolved by development. But uneven or tenuous development can also generate increased social difficulties, particularly for peasants who have lost their land and livelihoods.

In addition to continuing development to solve social problems, the situation of displaced farmers will also change due to the specific circumstances of each place. Of course, such a situation has certain particularities. Looking specifically at Kangchuan, for example, the central government has put forward new requirements for the development goals of some local governments.
CHAPTER 8. PRODUCTION AND TRANSFORMATION OF MULTICULTURAL URBAN SPACE IN AN EXPANDING WESTERN CHINESE CITY

8.1 Introduction

China has experienced unprecedented urban expansion since the economic reform in 1978. This process has been accompanied by intensive spatial restructuring and the emergence of various types of new urban spaces such as special development zones, urban villages (see Chapter 2), concentrated villages (see Chapter 7), and elite gated residential communities (Pow & Kong, 2007). Despite the extensive literature on the new types of urban space, the existing literature disregards the role of ethnicity and culture in the formation of these new urban spaces. This is largely due to the fact that research attention has been focused on the eastern Chinese area, which is less diverse than western China. With existing cultural differences and ethnic tension, western Chinese cities face with more challenges as the rapid urbanization and intense urban structural transformation taking place (Shan & Wang, 2014).

Understanding urban expansion's impact on multicultural urban space is important for three reasons: (1) Improving policy-making in multi-ethnic contexts. Ethnic stability is a political priority for many western Chinese cities. Understanding how urban expansion will affect it is crucial. Land acquisition and forced relocation account for a large portion of social unrest in China. This unrest, in combination with ethnic tension, can pose serious potential threats to social stability. Analysis of the connections between multicultural urban space and urban expansion can inform the policy-making process in order to avert violence and riots.
such as the 2008 event in Lhasa, Tibet, in which Tibetan protestors set fire to, damaged, and destroyed roughly one thousand shops run by Han and Hui migrants in Lhasa; (2) Cultural and identity preservation, to address the threat posed by rapid urban transition to cultural identity; and 3) Engaging with social and urban theory in order to better understand and contextualize China’s urban experience.

Considerations of ethnicity in China’s urban development generate a number of questions, such as: What social concepts should we use? How do we conceptualize ethnicity in Chinese cities? What is the dynamic between urban expansion and ethnic diversity? Does ethnic segregation work as a driving factor for urban expansion/gentrification/suburbanization in the same way it did in North America? Or are the ethnic differences trivial when compared to economic/social class segregation? How do we measure the power relationships in multi-ethnic contexts? Do we conceptualize them as a confrontation of power between the suppressing state and marginalized minority groups? Or is it a difficult transition stage that is inevitable on the path of economic and urban growth?

Xining is located in a region of great diversity in the Chinese context, as a place that Han, Tibetan, and Muslims can all call their own. It thus serves as an effective laboratory for observing the impact of rapid urban expansion on multicultural urban communities.

This chapter is organized in three parts. The first section provides a review of the existing literature on multicultural urban spaces and their interrelationship with urban expansion in China. The second section uses Xining – an ethnically diverse western Chinese city- as a case study. It reviews the historical development
of multicultural space in Xining and analyzes the transformation of multicultural urban spaces in the central area of Xining to establish a comparative context. Then it examines Kangchuan New Town, a multi-ethnic residential neighborhood which has emerged on the periphery of Xining since 2010. The analysis of Kangchuan New Town includes (1) the formation of multicultural space, (2) the segregated residential structure, and (3) the persistence of ethnic identity through monumental buildings. The final section of the chapter is the conclusion and discussion of prospects for new development of multicultural urban spaces such as Kangchuan New Town.

8.2 Production and Transformation of Multicultural Urban Space in the Context of Rapid Urban Expansion in China

The existing literature on urban expansion and multicultural urban space transformation in China is relatively small, since research attention has been mainly focused on the ethnically homogeneous and culturally unified eastern China. When scholars use terms like “ethnic enclaves” and “ethnic neighborhoods” in the context of China, they refer to the residential concentration of Han migrants from one place of origin in large cities in eastern China, such as Zhejiang Village in Beijing (Ma, 2002; Friedmann, 2006). As economic and urban development accelerated in western China since the establishment of the Western China Development Strategy in 1999, however, there has been an increase in efforts to understand how urbanization affects multicultural urban space in ethnic-diverse western Chinese cities and transform the urban landscape.
Urbanization has produced and reproduced multicultural urban space through various mechanisms. The demographic change brought by urban expansion and economic development has resulted in both the growth and the decline of multicultural urban spaces. For instance, Tibetan migrants seeking business opportunities, employment, education, and medical services led to a growth of Tibetan urban settlements in multiple locations in Chengdu. Tibetan neighborhoods emerged and thrived with Tibetan-dominated housing areas, Tibetan specialties and crafts production and marketing, Tibetan restaurants, and Tibetan teahouses (Lei, 2013). In Lhasa, in contrast, an influx of Han and Muslim Chinese migrants has diluted the distinctive character of Tibetan neighborhoods (Fischer, 2008).

In the old inner city areas, urban expansion and renewal projects have encroached upon and absorbed multicultural urban space within the mainstream landscape. For instance, Beijing and Yinchuan both witnessed a decline and, in some cases, the disappearance of their Hui Muslim communities (Ma & Jin, 1997; Wang et al., 2002). The land that these Muslim communities used to occupy gave way to real estate, road, and urban infrastructure construction projects. Religious structures such as mosques and temples have been torn down, and the original residents of such redeveloped neighborhoods were dispersed into residential communities throughout the city. As the urban middle class emerged and an elite gated residential community lifestyle proliferated, new urban space was created in multicultural cities that has little to do with the traditional ethnic material or cultural landscapes.
Throughout China, wherever land conversion actively took place on the urban periphery, newly-displaced farmers were urbanized as they were relocated into housing compounds. The driving force of this peripheral urban expansion included industrial zone building, urban new area construction and infrastructure upgrading, poverty alleviation, and ecological migration projects. In ethnically diverse western Chinese cities, the land expropriation and resettlement model was actively involved with the emergence of multicultural urban space and intensive rural-to-urban landscape transformation. In Kangding, Sichuan, for example, Tibetan and Han farmers who were divided among Tibetan Buddhists, Catholics, and nonbelievers were pushed out from their farmland for a new town project. The landscape transformation included the demolition of a century-old Catholic church and the rural settlements. In Lhasa, the Economic and Industrial Development Zone was built on rural land on the urban fringe. As a result, Tibetan rural settlements were eradicated, and all the villagers were moved into a townhouse complex built in a hybrid Tibetan and Chinese architectural style. Most residents have had to invest in remodeling, adding facilities such as outdoor kitchens to better fit their lifestyle (Yeh, 2013).

Urban expansion has brought fundamental transformation of the multicultural landscapes. Both official and vernacular efforts of preserving landscape distinctions can be observed. The local state’s sponsorship of landscape distinction is reflected in architectural style. For instance, in Beijing’s Niujie Hui Muslim community, an urban regeneration project kept the mosque in the original site and add a square and green landscaping to the mosque (Wang et al., 2002). In
Lhasa, houses in a resettlement community were built in the “New Tibetan” style with an outer wall layer of granite bricks, Tibetan-style courtyard doors, and painted wooden trim around windows and doors (Yeh, 2013). However, official efforts for cultural landscape distinction have often been conducted in a superficial fashion. A typical approach for preserving a multicultural landscape is to add simplified decorative architectural elements to buildings, such as ornamental Islamic domes with no interior space in Muslim communities and painted trims around windows and doors in Tibetan communities (Gaubatz 1996).

Studies also illustrate vernacular efforts to preserve multicultural character in the urban landscape. When the original religious buildings were demolished in old neighborhoods, new family temples, mosques, or churches have sometimes been built in resettlement communities, funded collectively by the residents. In most cases, residents have no choice but to comply with the government plan even against their will. This is why Zhai and Ng (2013) refer to the story of Drum Street Historical District in Xi’an as a “rare and courageous” one. Through relentless petitions, the Hui Muslim residents in Drum Street in Xi’an succeeded in preventing an urban regeneration project from demolishing their old neighborhood and traditional cultural landscape.

Many scholars express negative attitudes towards urbanizations’ impacts on multicultural urban space in China. Urban expansion is perceived as a process in which traditional multicultural landscape are eradicated by modern, mainstream and built-up landscapes. In particular, the local government’s role in the urban expansion process is criticized for marginalizing ethnic minority groups (Fischer,
2008), demolishing multiethnic landscapes, and disconnecting ethnic residents from traditional space. Critics observe that the local governments dominate the discourse of urbanization by portraying it as an inevitable process of development and modernity, comparing with the dirty, chaotic, and backward traditional settlements. Some scholars contend that urbanization in ethnic-diverse western China has heavy political implications. Rather than a shortcut to development and modernity, it is an instrument of the state towards “nation-building on the frontier” (Cliff, 2013) and “overcoming ethnic autonomy” (Yeh, 2013). Relocation almost always brings loss of control over land, disintegration of village organization, and rupture of peasant’ collective identity (Hsing, 2010). Some have called for respect and protection for sacred spaces in urban village redevelopment, with attention not only to structures themselves, but also to the process of reconstruction as well. The need for this respect and protection is supported by “tactical resistance” which has been carried out in response to secular oppression carried out by local governments and real-estate companies (Yuan et al., 2016).

8.3 Conceptual Discussion

Post-colonial urban theorists criticize modernism-developmentalism as a discourse that consigns the cities and societies of the Global South to the status of underdevelopment and backwardness, in this context, the poverty, informality, marginalization, and extensive slums of Global South cities is viewed as a mode of urbanization (Roy, 2005). For example, some studies examine multicultural urban space through the lens of urban power relations and see the city as a contestation
site for the state, the ethnic groups (both majority and minority), and other social groups. Typical accounts portray urban power relations in terms of the domination of the state and resistance of ethnic minority groups and other comparatively powerless social groups (Figure 8.1). From this perspective, the states use urban expansion as an institutional tool which facilitates “state terrorialization” to disempower (dilute) the minority groups.

Other studies suggest that the domination and resistance narrative provides a path for ethnic minority groups to find approaches for cultural expression. Through “channeling”, Grant (2018) argues that Tibetan residents find a way “not to fit or fight urbanization” but to “assert their own meanings and rhythms” through place-making. From this point of view, urbanization can facilitate the creation of urban ethnic minority communities.
These urban power perspectives have (several) blind spots. The absorbing effect of the modern, homogenous urban expansion has also been imposed on the ethnic majority. Han Chinese have also lost cultural distinction in the rapid urbanization process. Some groups have been able to preserve their cultural infrastructure, such as clan temples, because of strong bargaining power (Yuan et al., 2016) but such cases are exceptional. In this sense, loss of landscape distinctions
and urban differences is a common challenge faced by all ethnic groups in the fast-paced, growth-oriented urban expansion process.

Equating “modern landscapes” such as “vertical housing developments and shopping spaces” with “Han Chinese culture” and “Hanification” overlooks the fact of the decline of the distinction of the Han cultural landscape in rapid urbanization. It is also an oversimplified statement that fails to recognize that with a long history of co-habitation, different ethnic groups have affected each other and created new hybrid urban forms. All groups within the city are subject to the influences of contemporary development. Processes of transformation and negotiation take place at multiple scales: (1) between dominant groups and minority groups, (2) between different minority groups and (3), between everyone and the influx of globalization and contemporary development.

I propose an alternative approach to understanding the position of multicultural urban space in the context of China’s rapid urban expansion (See Figure 8.2). With industrial and urban expansion as a primary goal for the local state, cultural preservation is among those public goods that the local state lacks motivation to provide, regardless of which cultures are involved (See Chapter 2). The local state in frontier cities tends to copy the mode of urban development common in the less-diverse cities of China’s core area, which includes land conversion, industrial development, and rural-to-urban resettlement, without regard to the local circumstances and particular problems generated by deploying development in multicultural cities. In this scenario, the layout of urban space
results from a recent but complex “process of accommodation and adaption between the ethnic minority and the Han state” (Cliff, 2013).

Figure 8.2: Ethnic Groups Interactions in the Era of Contemporary Urban Development in Xining. Circles Approximately Reflect Proportion of Population Size in Different Ethnic Groups.

8.4 Xining as a Case Study of the Intersection of Urban Development and Multicultural Urban Space

The experience of Xining, China is an excellent case study for examining the emergence and evolution of multicultural urban space that was generated by rapid urban expansion. Xining, a historical multicultural city in China’s ethnically diverse western region, has undergone intensive urban expansion spurred by industrial relocation since the 2000s. Large tracts of farmland on the urban fringe of Xining
have been appropriated for industrial use, and displaced farmers have been relocated. The field site – Kangchuan New Town – is the largest displaced farmer resettlement project in Xining for building a national-level Economic and Technology Development Zone. With a multicultural population including Han Chinese, Chinese Muslim, and Tibetan residents, it has emerged as a new type of multicultural urban space.

This case study was carried out as a mixed-methods project which included archival and historical analysis, interviews, field site observation, mapping, and morphology analysis to understand the formation, characteristics, and evolution of the case study. Archival and historical materials were gathered and analyzed to illustrate the evolution of Xining’s multicultural urban space to serve as a background context. This material provided a basis for revealing distinctive spatial characteristics of the emerging multicultural urban space on the urban periphery with the traditional multi-ethnic space in the central urban area.

The local government and the residents from various ethnic groups were identified as key players in forming and shaping the multicultural space in Kangchuan New Town. Nevertheless, conducting interviews with both groups was difficult due to the political sensitivity of issues involved with ethnic minorities given the current political situation in China. Through the assistance of the author’s personal connections in Xining, several members of local authorities were reached and agreed to be interviewed. These officials are from the Economic and Technology Development Zone Committee of Xining which was directly involved in the land conversion and resettlement construction project of Kangchuan. The semi-
structured interviews with the governmental officials were designed to find answers to the following questions: Why did the local government choose the concentrated resettlement to urbanize the displaced farmers? Did the fact that these displaced farmers are from different ethnic groups affect the decision-making process of the local government? During the land conversion and resettlement process, did the people from different ethnic groups behave and engage with the local authority differently? How did the government decide whether or not to sponsor one ethnic group to preserve their ethnic features?

Interviews with the residents aimed to gain a general sense of how they use urban space and how they feel about living with other ethnic groups in the urban setting. Instead of representative sampling, interviewees were chosen from different functional spaces within Kangchuan. Such spaces include areas inside the gated residential compounds, the public streets, and the street markets. The residents in the resettlement were often worried when asked questions about the ethnic issues by an outsider. To put them at their ease, the interviews were conducted in an informal way and the researcher was accompanied by a local person who could speak with the interviewees in their dialect.

Field site observation collects important information of spatial features of urban space and how people interact with space. Through seeing, listening, taking notes, sketching, and photographing the area I observed the multicultural spatial layout of the neighborhood, the street pattern and streetscape, and the multicultural landscapes. I paid multiple visits to the field site between 2012 and 2017. By visiting and revisiting the field site and comparing the experiences, I was able to
gain a sense of temporal change and the dynamic interaction between the different ethnic groups.

8.5 Case Study: Emerging Multicultural Urban Space in Xining

8.5.1 Xining as a Multicultural City

Sitting on the eastern edge of Qinghai-Tibetan plateau, Xining, the capital city of Qinghai, has long been a multicultural city which Han Chinese, Muslim Chinese, Tibetans and Mongols call home. Founded as a garrison during the Han dynasty, Xining was a rectangular walled fort built by Han Chinese. The walled Xining city embodied Chinese urban tradition with rectangular walls, city gates facing the four directions. and monumental architectures placed with geometrical order. The rectangular city wall separated the Chinese city from the Hui Muslim’s settlement in the suburb outside the eastern gate (called Dongguan) and the Tibetan and Muslim villages outside the city. By the Ming dynasty, Xining had become a multicultural city and the rebuilt city wall enclosed the Muslim settlement on the eastern side of the city (Gaubatz, 1998). Today, the ethnic spatial pattern of inner Xining has not shifted away from this historical ethnic spatial structure. The city is dominated by Han Chinese and the Muslim community, which is primarily located in the Dongguan area. The Dongguan Grand Mosque of Xining still serves as a physical marker and the organizational and spiritual heart of Xining’s Muslim community.

The traditional Chinese urban landscape has faded as the city wall and city gates were largely demolished during the early 20th century. Monumental structures were also destroyed or transformed for other uses. For instance, the
Confucian Temple was transformed into a weather station in the 1930s, since the government saw the temple as a symbol of backward tradition. During the 1960s, a number of religious structures throughout the city were repurposed as schools or factories (Gaubatz, 1996). In the 1990s, a revival of traditional landscape styles partially due to the growing official interests in regional architectural styles. In 1999, the Dongguan Grand Mosque was enlarged. Islamic elements such as domes and pointed arches were added to the entrance gateway and other structures.

![Image](image.png)

**Figure 8.3: The Courtyard of the Tibetan Dafo Temple with Courtyard Transformed into a Parking Lot.**

Today, urban renewal and expansion have brought both growth and decline to multicultural landscape. In the urban core area, monumental architecture faced great pressure for redevelopment, due to rising land prices. For example, the courtyard of the Confucian Temple has been transformed into a ‘culture plaza’ of antique stores, internet café and restaurants. The Tibetan Dafo Temple responded...
to the same issue of fitting into the modern urban environment and lifestyle by modifying the courtyard to accommodate a parking lot (see Figure 8.3). In other places, the multicultural landscape was revived, for example, the north city gate was rebuilt as the centerpiece of a city park in 2007.

8.5.2 Formation of Kangchuan New Town as a Multicultural Urban Space

Documents and news reports covering the opening of Kangchuan New Town to farmers relocated from the surrounding area do not mention the fact that Kangchuan New Town brought different ethnic groups that used to live in geographically separated villages together in a compact urban setting. As a result of
the concentrated resettlement approach, Kangchuan New Town is distinct in its demographic composition, as compared to Xining as a whole. Ethnic minorities account for nearly half the population in Kangchuan community. In particular, Hui Muslim Chinese account for a distinctly higher percentage of the population (See Table 8.1).

Table 8.1 Ethnic Composition of Han, Hui, Tibetan and Other Minorities in Kangchuan New Town and Xining, in percent.
Source: Xining Municipal Government.

<table>
<thead>
<tr>
<th>Area</th>
<th>Han</th>
<th>Hui</th>
<th>Tibetan</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kangchuan New Town</td>
<td>53.6</td>
<td>38.5</td>
<td>7.9</td>
<td>0</td>
</tr>
<tr>
<td>Xining</td>
<td>74.2</td>
<td>16.2</td>
<td>5.5</td>
<td>4.1</td>
</tr>
</tbody>
</table>

8.5.3 Ethnic Segregation by Planning

Before moving into the apartment housing blocks, residents of Kangchuan New Town inhabited villages that were scattered across the vast region of Ganhe Valley (See Figure 8.5 for the landscape of a typical rural settlement in Ganhe Valley). Within each village, most people shared the same ethnicity, religion, cultural values, life style, and sometimes family lineage. Farmland, rivers, and woods worked as natural buffer zones that separated the villages from each other. Aggressive urban expansion fueled by industrial development has fundamentally changed this spatial order. The farmers were pushed out from their land and put into the concentrated residential compound. Not only have the residents of Kangchuan been urbanized overnight, they have also had to face the challenges of living with peoples from different ethnicities in a compact and unfamiliar urban enclave.
Under a plan supervised by the municipal planning bureau of Xining, three gated residential communities (xiaoqu) were built inside Kangchuan New Town. Although this housing is all contained within a relatively small area, there is a degree of residential segregation by ethnicity within the development. On the west side of the main road sits the Jinxiu Community and Haixin Community (Figure 8.6, Letters A, B & C). Most residents in these two gated communities are Han Chinese except for a small group of Tibetans who lived on the eastern side of Haixin Community (Figure 8.6 Number C). These displaced Tibetan farmers occupy fourteen apartment buildings. A wall with a fence on the top has been built to separate these fourteen buildings from the housing of the Han Chinese. A small entrance on the wall connects the residential space between Tibetans and Han
Chinese (Figure 8.6). Although the wall surrounding the residential space of the Tibetan people is along the street, the residents have to go through the small entrance and use the main gate of Haixin Community to enter or leave their housing area (Figure 8.6. The Yixin Community of Muslim Chinese (Hui) was developed on the eastern side of Kangchuan New Town. Later on, another gated Muslim community- Yizheng Yuan- was built on the southeastern corner of Kangchuan New Town. Both of these Muslim residential compounds have a mosque within the community.

Figure 8.6: Gated Residential Communities in Kangchuan New Town and Location of Monumental Architecture.
By using the concentrated resettlement community as a tool to urbanize the displaced farmers and relocating residents into gated communities based on their ethnicities, the state government created a multicultural urban enclave with designated ethnic segregation. This spatial orientation generated a strong sense of territoriality among the ethnic groups. People stay in their own neighborhood and street for most activities, including living, shopping, walking, exercising, and participating in religious and leisure activities.

Although new town planning in China emphasizes the construction of public space, especially urban squares as the aesthetic and spatial core of urbanization, no such public space was provided in Kangchuan New Town. Open spaces are only provided within the gated residential communities, with small patches at the entrance of gated communities and the street serving as the public space where
people socialize. Inside each gated community, a small plot of open space between
the dense housing was set up with newly planted trees and simple fitness facilities.
These spaces are mostly used by the elderly, women, and children for socializing
and playing, (See Figure 8.8).

The Tibetans, whose housing has been divided by walls inside Kangchuan's
Haixin Community, tend to stay inside the wall rather than use the open space of
Haixin (See Figure 8.9). The small open space in front of the gate of the community
is also used by the residents as a public space. People, mostly male residents, chat,
listen to radios and play Chinese chess here. Young residents are more likely to be
observed using the street in their neighborhood as public space. The pool tables set
up on the street are a popular meeting point for the young residents. Besides these
public spaces, mosques serve as important public space for Muslim residents. In
sum, there is a clear territorial sense in Kangchuan New Town among different
ethnic groups rooted in the segregated residential pattern. Ethnic fusion in
Kangchuan is mainly limited to commercial activities. Muslim people run stores
selling mutton and chicken as well as restaurants on the street of the Han Chinese
neighborhood.
The urban expansion induced by the local state-spurred industrial development has brought residents from various ethnic groups into an isolated urban enclave and designated an ethnically-segregated urban spatial pattern. In so doing, the development may well have sowed seeds for potential social instability and conflicts.

8.5.4 Monumental Architecture and Cultural Distinction

Building monumental architecture is one of the main ways for people from various ethnic groups to preserve their cultural distinction in the urban landscape. In Kangchuan, where the local government dominated the planning, organizing and construction of the urban space, there has been little opportunity for such cultural preservation. The size and layout of the walled residential neighborhoods, the street pattern, the architectural style, the infrastructure and public service facilities were all planned and developed by the local state. Residents barely had any opportunities to participate in the urban planning process. The state-defined urban
space has imposed a limitation on cultural variation and expression of the ethnic identity.

Over the course of five years of field site visits, I have observed the development and evolution of monumental structures which illustrate the interactions among various ethnic groups as well as the participation of the local state as the mediator between these groups.

Kangchuan Grand Mosque, which sits in the geographical center of the resettlement community, is the largest mosque in Kangchuan. The mosque stands at the main entrance of Kangchuan; the boulevard-style main road directly leads to a view of its shining domes and tall minarets on the northeastern corner of the main intersection (See Figure 8.10). Kangchuan Grand Mosque is built in a strong, contemporary Islamic-style with a large concrete onion dome as well as high, pointed minarets topped by crescent moons, carved columns and pointed archways. The large three-storey mosque is surrounded by courtyard houses decorated with shining blue and golden decorative onion domes (See Figure 8.10). The geometrically central location, minarets pointed to the sky and the Arab-style shining domes work together to present Kangchuan Grand Mosque as a strong spatial marker of ethnic identity. At night, the mosque is lit-up with purple and bright orange lights, assuring Kangchuan Grand Mosque’s visual prominence day and night.

With a total cost of 62 million Chinese yuan (9.5 million dollars), Kangchuan Grand Mosque’s interior looks as lavish as its façade. The prayer hall has a huge chandelier in the center, white marble columns, and marble walls with golden trim.
The minbar (pulpit) is decorated with woodcarving. The mosque is equipped with various types of modern facilities, including a religious education center for youth, a computer study room, a library, a professional sound system, a large digital billboard in the courtyard, and a solar energy system on the roof for electricity and heated water.

Kangchuan Grand Mosque is located inside the Yixin Muslim community, on the southwestern corner. The Hui Muslim residents (See area. C on Figure 8.6) celebrate the geographical accessibility of the mosque: “when we step out of the homes where our bodies live, we can see the mosque where our souls reside.” The mosque is the central place for Hui Muslim residents’ religious, social and community life. Besides these functions, the mosque is operated in an enterprise-like model and owns its own businesses inside Kangchuan New Town. For example, the courtyard house facing the main crossway is the mosque-owned Hualian supermarket managed by the mosque management committee (siguanhui) to provide funds for the mosque (Figure 8.10).
Figure 8.10: Kangchuan Mosque Stands in the Northeastern Corner of the Central Intersection in Kangchuan Resettlement Community. A Supermarket of Islamic Architectural style is Affiliated with the Mosque and Its Running Banner Says: "Happy Breakfasting!"

Construction of the South Grand Mosque started one year after Kangchuan Grand Mosque on the southeastern corner of the resettlement community (see Figure 8.6, Letter E). The South Grand Mosque of Kangchuan is located inside the Yizheng Yuan – a new gated community added later to Kangchuan New Town on the southeastern side of the resettlement community. The South Grand Mosque is a traditional Chinese-style building with large sloping tile roofs and an elaborate wooden structure of columns, beams, and roof brackets. Stone steps leading to the major prayer hall are decorated with white marble with a relief sculpture of evergreen pine in the center. The main entrance of the courtyard is constituted of three doors with pointed arches and one high-rising minaret on its top. Construction of a third mosque started on the eastern end of Yixin Community in
2015 (see Figure 8.6). This mosque is slightly smaller than the other two mosques and still under construction. Once this mosque is completed, the Hui Muslim neighborhood will have three grand mosques inside the community wall.

In 2016, Tibetan residents built a Buddhist temple inside Haixin gated community. The temple combines Tibetan and Chinese architectural traditions, with prayer wheels placed on the Chinese-style sloping roof (Tibetan architecture usually has flat roof). A Lungta flag - rectangular prayer flag placed on a flagpole - stands on the left side of the temple. The fences on both sides of the temple are adorned with khatas (ceremonial scarves) (See Figure 8.11). The temple is located on a small patch of spare land between two residential buildings in Haixin community. The main intersection of Kangchuan is behind the temple and Kangchuan Grand Mosque is on the opposite corner of the intersection. Views of the temple from the street are obscured by a large billboard. The temple is a very small building and is only opened twice a month for incense burning and worship. For the rest of the days, the door remains locked, and curtains are closed.
8.6 Persistence, Decline, and Reassertion of Landscape Distinction

8.6.1 The Local State’s Role in the Persistence of Landscape Distinction

As mentioned in the previous sections, multicultural landscape distinction sometimes receives the endorsement of the local state as urban expansion transforms the landscape. In the Dongguan area of central Xining, ornaments such as a simplified mosque dome and pointed arches were added to the façade of buildings and shops. Nevertheless, few signs of such official efforts can be observed in Kangchuan New Town. Apartment buildings in all four residential communities are six-story, unadorned buildings painted with color block standing in orderly lines (See Figure 8.8 and Figure 8.9). There is no variation in streetscape between the Han community and the Hui community. The landscape designed and built by the local government embodies the modernity and progress of urban life instead of articulating tradition or cultural distinction. The only cultural landscape distinction
is expressed through monumental buildings. Yet support for these landscapes is not distributed evenly among ethnic groups.

8.6.2 Han Chinese Community: Decline of Landscape Distinction

In Kangchuan New Town, the power of ethnic identity expression via landscape is not evenly distributed among ethnic groups. In contrast to Muslim and Tibetan residents, the Han Chinese people do not have any monumental architecture which expresses their cultural distinction or ethnic identity in Kangchuan New Town. In rural settlements, Han Chinese build family temples and lineage halls to honor their ancestors, discuss village affairs, and engage in community activities. In the gated communities of the Han Chinese, however, no such space exists. From the perspective of state authorities, and unlike mosques or Tibetan temples, village temples and the lineage halls of the Han Chinese do not have the symbolic value of ethnic diversity. Rather, they are considered to represent a backward rural culture that should be replaced by a developed urban landscape. Thus, it is unlikely that the Han Chinese residents would receive official support to preserve these cultural traditions. In some cases, family temples remained in their original locations after the demolition of the villages because local villagers insisted on their preservation or developers were unwilling to commit the unlucky act of tearing them down. Figure 8.13 is an example of one of these local temples which remained standing after the village around it was demolished. But in most cases, monumental architecture is demolished and the traditional rural cultural rapidly vanishes as well (Johnson, 2014).
8.6.3 Tibetan People: Identity Expressed by Informal Multicultural Landscape

The Buddhist temple in Kangchuan’s Tibetan community is not a formal construction that appears on the original plan of the community but rather solely reflects the effort of the residents to preserve their cultural and religious beliefs. Although no official project approval was given to the Tibetan people, the local state has given tacit approval to its existence.

After the temple was completed, two large billboards were erected on the street in front of the Tibetan temple by the local government (through the street administrative office) (See Figure 8.12). These two billboards face the central intersection of the Kangchuan New Town and the Grand Mosque of Kangchuan. One billboard says “Everyone contributes to national unity. Everywhere the flowers of harmony blossom.” The other billboard lists bullet points and principles of national unity and ethnic harmony. The billboards perfectly block the Tibetan temple from being seen from the street or from the Hui community. Given the long-term animus between Hui and Tibetan people in the region (Tsering, n.d.), the billboards work as a spatial statement of mediation as well as a warning.

![Figure 8.13: This Village Temple Stands on the Original Site while the Village Has Been Demolished and Villagers Relocated.](image1)

![Figure 8.14: The Handong Grand Mosque Being Torn Down.](image2)
8.6.4 Muslim Hui Community: Reassertion of Ethnic Identity

Throughout the urban expansion process, the Hui community, in contrast to the Tibetan and Han villagers, were reassured of their ethnic identity by a growing landscape distinction. The construction of three mosques within Kangchuan New Town was approved as part of the original New Town plan. These structures became landmarks which shaped Kangchuan’s identity. In the report celebrating the completion of the Kangchuan resettlement project, the mosques were listed along with schools, kindergartens, markets and a hospital as urban public facilities provided by the local state to improve the living quality of the residents.

Both the Kangchuan Grand Mosque and the South Kangchuan Grand Mosque were reconstructions of the Handong Grand Mosque which had stood in Handong Village, 15 km from the site of Kangchuan. The Handong Grand Mosque was built in 1895 during the Qing Dynasty. Through several rebuildings and enlargements, it covered a built-up area of 520 square meters. The prayer hall was a traditional Chinese-style two-story building consisting of twenty rooms. The prayer hall sits inside a wooden courtyard structure and the minaret was set on top of pointed arch doors. The mosque was located in the central area of the village, surrounded by the courtyard houses of the villagers (See Figure 8.1). Handong Grand Mosque was demolished along with the Handong village for the construction of Ganhe Industrial Zone. Both of the two new mosques in Kangchuan are significantly larger than the original Handong Grand Mosque.

There are several reasons for the seemingly preferential treatment of the Muslim community, especially (1) the demographic fact that in Kangchuan
resettlement Muslims far outnumber the Tibetans, (2) because the Muslims are generally more financially well-off and thus are able to carry out substantial fundraising, and (3) the Muslim community places more emphasis on the need for prayer as part of their daily lives. According to local officials the Hui Muslims were very persistent during the land expropriation stage in their requests for one or more Mosques to be included in the plan. This suggests that Hui Muslim residents may have had more leverage than either the Han people or the Tibetan people in negotiating with the local state during the land expropriation and resettlement process. Since the local government had powerful incentives to carry out the land acquisition as quickly as possible so it could move to the next step of building the industrial zone, they were motivated to agree with these requests. Meanwhile, it was a crucial political task for the local state and individual local officials to assure ethnic harmony and unity. Any mass protests or conflicts would seriously undermine the political career of the local officials. In general, the local state tended to have a cautious and more tolerant attitude towards Hui Muslim people than toward other minority groups. As recalled by an official in Ganhe Management Committee who participated in the land expropriation and relocation process:

“During the land conversion and resettlement process, we encountered many more obstructions dealing with the Muslim villages than with the other villages. We had be very cautious as we pushed the project forward since it was very important to maintain ethnic harmony. The most difficult part was to negotiate with the villagers about tearing down and relocating the old mosques. We had to promise the Hui people land for building mosques in their desired location.”
In this negotiation process, various factors, including demographic advantages, economic and fundraising ability, and community cohesion all helped the displaced Muslim villagers to gain more bargaining power.

8.7 Comparison: Multicultural Space in Kangchuan and the in Central Xining

As a new type of multicultural urban space, Kangchuan New Town varies from the traditional multicultural urban space in Xining’s core urban area in several ways. First, multicultural urban space in central Xining was formed through daily adaptation and negotiation among the ethnic groups over a long period of time. Kangchuan, on the other hand, was produced by the state-led urban expansion in a short span of time.

Second, while non-Han Chinese minorities live in ethnic enclaves in Xining and are vastly outnumbered by the Han Chinese, in Kangchuan, the population of Han Chinese and non-Han Chinese is about equal.

Third, ethnic neighborhoods in Xining’s core urban area are often associated with ethnic economies. Ethnic economy is a set of economic activities facilitated by the access to a labor force and a consumption market associated with an ethnic group. Such economies played an important part in shaping urban morphological characteristics and landscape in Xining. For instance, a large number of Hui residents in Xining’s Dongguan Muslim neighborhood run family-owned specialized businesses, such as restaurants, bakeries and butchering shops for beef and mutton. These ethnic businesses form street markets providing services for residents in ethnic enclaves, as well as for Han local people, and, more recently, for tourists. The
Tibetan neighborhood on the southern side of Xining was also connected to an ethnic economy which was centered on teahouses, Tibetan restaurants, and specialty and crafts stores. In contrast, such ethnic economies have not emerged as a phenomenon in Kangchuan New Town. Shops have been built along the street for rent in Kangchuan New Town, however, nearly half of them remain vacant. A number of restaurants opened by Muslim people are sparsely scattered in both Han and non-Han neighborhood.

Finally, monumental architecture in the resettlement community on the periphery of Xining tends to be larger in size than similar structures in the central city. This is particularly true for the Hui Muslim community. The famous Dongguan Grand Mosque of Xining, one of the most prominent mosques in northwestern China, occupies 13.6 thousand square meters in central Xining. Other mosques in Muslim neighborhoods in the central city are significantly smaller than the Grand Mosque. In Kangchuan New Town, all of the three newly-built mosques are about the same size as Xining’s Grand Mosque. For instance, the Kangchuan Grand Mosque covers an area of 13.3 thousand square meters. In this sense, ethnic minorities gain greater power of identity expression through distinctive landscapes on the urban periphery than they have in the central city. Besides the size of the monumental architecture, the spatial relationship between the mosque and the residential community also varies. In Xining’s central city, mosques were scattered in a land use patchwork, together with commercial, residential, and public service functions. People had to walk across streets and blocks or even drive or take buses to the mosques to participate in religious activities. In contrast, all the mosques in
the resettlement communities are located inside the gated residential compounds, within walking distance of housing. The accessibility of the mosques in the resettlement community is much higher than that in the neighborhoods of the inner city. To some extent, Muslim residential compounds in Kangchuan have revived the Muslim tradition in which residential housing was built around the mosque.

8.8 Future Development of Kangchuan New Town

Western Chinese cities have diversified since the start of the Western China Development Program in 1999, as industrial development has matured. This in turn has generated increased demand for infrastructure and other urban development. A wave of urban new area (xinqu) construction, focusing on infrastructure and real estate development, has taken over and become the new engine of urban expansion.

Xining’s 2014 urban plan included the Kangchuan resettlement community as part of the construction of Duoba New City. With real estate development, infrastructure upgrading, environmental restoration, and the construction of public facilities and government buildings all included in the New City project, Duoba was to be forged as “a high-end service base, a logistics hub, an education center, and a livable city” (Xining News, 2014). Duoba New city would expand eastward and connect with Xining’s Haihu New Area. It would also serve as a sub-center (fuzhongxin) of the emerging Xining metropolitan area.

As the land use map suggests, Kangchuan community was planned to stand in the central area of Duoba New City (Figure 8.15). New residential communities were allocated on both the Han and Muslim side of neighborhoods of Kangchuan
New Town. Eventually, the ethnic composition of newly added communities will reorganize Kangchuan New Town’s ethnic spatial structure. If the new communities are dominated by Han Chinese, Kangchuan New Town’s Hui neighborhood could become a Muslim ethnic enclave in the city. If Muslim communities continue to grow next to Kangchuan’s Muslim neighborhood, a deepened ethnic segregation pattern could emerge. In either situation, the cohesion of Kangchuan’s Han and Hui neighborhoods likely will be weakened as they become integrated in Duoba New City.
Figure 8.15: Location of Kangchuan New Town in Planned Duoba New City as Sub-center of Xining. Base Map: Land Use of New Duoba Plan in 2017

Again, the local government plays a crucial part in determining whether Kangchuan evolves towards a more segregated or a more mixed ethnic spatial pattern. Given that there is a strong possibility that the land expropriation and
concentrated resettlement approach will be used again as the Duoba New City project expands, the local state should be very aware of the consequences of these types of spatial decisions.

8.9 Conclusion and Discussion

Kangchuan New Town’s development is a story of emerging multicultural urban spaces produced by rapid urban expansion and spatial restructuring in ethnically diverse western Chinese cities. Through land expropriation and concentrated resettlement, a gated neighborhood shared by Han Chinese, Hui Muslim Chinese and Tibetan residents was created by the local state’s initiation of industrial and urban development.

Kangchuan New Town resembles other concentrated resettlement communities across China in features such as low-quality housing, unfavorable location, and inadequate public facilities. Its multicultural characteristics distinguish Kangchuan New Town from resettlement communities in eastern China.

I articulate Kangchuan’s distinctive spatial characteristics from three perspectives: (1) residential segregation pattern; (2) a strong sense of territory; and 3) co-existence of formal and informal multicultural landscapes. The first two spatial characteristics are primarily the result of the local state’s decision to relocate farmers of different ethnicities into one walled resettlement neighborhood and assign displaced farmers into gated communities based on their ethnicities. The driving factor for the local state to use this widely-adopted model of urbanization is its efficiency and low cost. It serves best for the subsequent industrial development,
which is the primary development goal for the local government in Xining in the 21st century.

Although the landscape of Kangchuan New Town is designed in compliance with the contemporary Chinese ideal of a modern city, both officials and residents have made efforts to preserve the culturally distinctive landscape through monumental architecture. However, among the three ethnic groups of the Kangchuan resettlement community there is clear variation in the degree of expression of ethnic identity and preservation of cultural distinction. More than one factor accounts for this phenomenon. The local state is once again taking an important role as it provides different levels of endorsement to ethnic groups. Demographic factors, the nature of the culture, and economic status all contribute to the process of place making and landscape shaping.

Nevertheless, in this case, the decline of cultural distinction is not the consequence of purposeful cultural demolition targeted at ethnic minorities. From the perspective of the local state of Xining, land expropriation and concentrated resettlement are the most effective approach to acquire land for industrial development and economic growth. The failure to include cultural preservation as a goal of urbanization is a problem embedded in the incentive structure of the local state. In Kangchuan New Town, while the Muslim residents were able to expand the number and size of the mosques, Han and Tibetan residents were unable to do so. This fact suggests that: first, the decline of cultural character during rapid urban expansion could happen to both Han and non-Han Chinese; second, many factors affected the persistence of cultural character of an ethnic group. Yet the experience
of the Hui with mosque building demonstrates that, if equipped with adequate bargaining power, some groups can make use of urban expansion as an opportunity to reassert and strengthen ethnic identity.
CHAPTER 9. CONCLUSION

9.1 Understanding Urbanization in China

This dissertation contributes a new theoretical understanding of cities and urban development in China which counters conventional assumptions (Zhang, 2014; Lin & Zhang, 2015; He et al., 2016; Woodworth & Wallace, 2017) through exploration of a case study of urban development in Xining. The analysis is framed in terms of two fundamental goals: (1) to build a theoretical framework around a general and meaningful concept of the city for China, and (2) to present research and analysis which begins with an understanding of China’s urbanization that avoids the common tendency of cherry-picking empirical facts and placing them into existing (western) theoretical frameworks.

With these goals in mind, I argue that (1) a “city” in contemporary China is neither a spontaneous construct generated by the population nor simply the result of economic agglomeration, but is rather a concentration of resources and public goods provided by the state, and (2) understanding urbanization in China requires a theoretical framework which links three elements – “urbanization,” “the state,” and “land.” This is counter to common assumptions of China urban studies, which rely upon the western definition of cities as emerging through population concentration and economic growth (Eng, 1997; Hamnett, 2020), and commonly simplify the current Chinese urban development model to be “state-led.” (Ong, 2014)

My analysis began with the commonly-discussed examples of Shenzhen Special Economic Zone and Shanghai Pudong New Area to examine how China’s urbanization model has developed within the exploration and experiments of the
national economic reform. The urbanization model is a whole package, including a proactive strategy for city building, urban planning, and facilitating structures such as capital generation through land finance. The local state plays the role of the builder, organizer, planner, and investor for the city. To a large degree, urbanization is a fundamental facilitating process of economic reform.

This process involves multiple scales of state actors – from the central government to local city and district governments. While the local state works as an agent of city building, the central state plays a vital role as a spatial strategist to balance regional development, promote regional cooperation, and coordinate the spatial distribution of industrialization. The central state also decides where new cities should emerge as engines of regional economic development, what these cities should be like, and how these cities can be connected to each other to create favorable spatial patterns. This function of the central state is crucial for understanding the urbanization in those regions which are lagging behind economically. If not for the infrastructure investment and policy guidance of the central state, western Chinese cities which are latecomers to China’s economic boom, such as Xining, can hardly have the same opportunities as the eastern Chinese cities. Thus, a review of China’s regional development policy is provided as a context to understanding urbanization in western Chinese cities.

With the theoretical tools and understanding of this context, a case study of Xining, Qinghai demonstrates in detail the urban and industrial development of a western Chinese city since the deployment of the Western China Development Strategy in 2000. The case study addresses multiple aspects of urban development,
including urban expansion, industrialization, and environmental change, and social and cultural impacts on this multicultural city.

9.2 Key Theoretical Conclusions

The genesis of the city is highly related to the state in contemporary China. Cities do not spontaneously form as a result of the agglomeration of population or economic activities, or because of their favorable locations or resource endowments. Contemporary Chinese cities and the urbanization model are generated as a result of the state carrying out economic reform in a given space. Various types of advanced resources – freedom of institutional innovation, facilitation of the land system, favorable policies, infrastructure and other public services - are concentrated in this given space by the hand of the state.

The concept of “land-centered” urbanization – which involves both the acquisition/conversion of rural land to urban and real estate development - has drawn extensive academic attention (Rithmire, 2017) and is the outward face of China’s urbanization. What sits at the core of the urbanization, however, is the local state’s business model as a platform for enterprise (see Figure 9.1). This local government function involves fostering and investing in industrial development, providing infrastructure such as industrial zones, and organizing industrial supply chains and clusters according to location and regional resource endowment. The urbanization model empowers most local states in China with the tools needed to promote land urbanization and infrastructure. Yet it does not guarantee sustainable and successful urbanization.
What makes cities succeed in the economic competition between China’s regions is the local state’s core competitiveness in industrial development promotion and the urban development which facilitates it. This can be seen in the local government of Shenzhen SEZ’s early Reform Era promotion of export processing industries on the basis of labor resources and a favorable location for trade. Similarly, Chongqing’s Liangjiang New Zone has facilitated the consolidation of the whole industrial supply and manufacturing chain for laptop computer production in one industrial cluster, which substantially reduces
manufacturing costs, and (2) has established the China-Europe Railway Express to overcome the disadvantages of an inland location. Taken together, these investments were key in leveraging the city’s land based power into a competitive economic position. This dissertation argues against the prevailing discourse, which focuses on China’s “land-centered” urbanization (Lin, 2007; Zhang, 2014). I assert that the central-local state relationship and the incentive structure created by it only reflect a partial view of China’s political dynamics. A more comprehensive understanding of the states and political institutions is needed for the study of China’s urbanization.

9.3 Key Conclusions Regarding Xining

The analysis of Xining, a western Chinese city, which was a latecomer to China’s late 20th – early 21st century urban boom, generates the following three primary conclusions:

(1) Adoption of the Urban Development Model: Since the start of the Western China Development Strategy (WCDS) in 2000, the urbanization model originally developed in eastern China has diffused to western China. Xining, like many other western Chinese cities, adopted and implemented this approach. The local state utilizes capital generated from “land finance” to initiate urban expansion. The local state of Xining actively engaged in recruiting industries from eastern China to relocate to Xining, with offers of cheap land, favorable electricity prices, and other subsidies. As a result, Xining expanded significantly in the 2000s with the establishment of several industrial new zones and new cities.
(2) Possible Negative Consequences and the "Race to the Bottom:" The urbanization model provides an effective strategy for local states to promote rapid urban development. However, the model itself does not guarantee success. An inappropriate industrial development course can bring negative consequences such as investment waste, local fiscal burden, environmental deterioration, social issues, and an urban spatial structure that has long-term negative impacts. During the WCDS period, the central state has encouraged western China to accommodate relocating industries in order to foster economic growth. This general policy did not differentiate the regions in western China according to their specific situations nor did it single out regions with national environmental importance.

Xining, which had been lagging in economic development for decades, set industrialization as its primary development goal. Constrained by its resource endowment structure (rich in hydroelectric resources while poor in human resources and technology), Xining used its hydroelectric resources to attract industries. The local government acquired large tracts of farmland, resettled displaced farmers into isolated resettlement communities and built industrial zones. As a result, an industrial cluster was established that featured industries in pollution- and energy-intensive sectors, such as electrolytic aluminum production. The interregional competition for attracting these relocating industries created a "race to the bottom" situation. Alongside incentives such as provision of low-priced electricity, favorable tax policies, and government subsidies, there was weak enforcement of environmental regulations. This served as a de facto further incentive for polluting industries to relocate to the city. As a result, Xining has
suffered severe environmental deterioration, a local debt burden, and rising social tensions. Periodic downturns of the industries in the industrial zone have put the enterprises in a difficult situation and the local government has had to subsidize them so that production can be continued.

(3) Re-orientation to an Environmental Development Path: Xining’s development path was reoriented in the 2010s (especially after 2016). This transition largely relies on two actions taken by the central government: a) the central state clearly set environmental protection as the priority for Xining’s development; and b) the central state granted transfer payments to Xining so that the city is rewarded for providing the public good of environmental protection and ecological preservation for the country. Industrialization transitioned from pollution and energy-intensive sectors to green industries and new energy industries such as manufacturing batteries for new energy automobiles, photovoltaic manufacturing, handicrafts, Tibetan medicine, and tourism. At the same time, the local state invested in multiple environmental improvement projects including air pollution control, river improvement, tree planting, and park construction.

9.4 Critique, Significance and Future Directions

(1) Timing of the Green Development Path: The new green-oriented development path of Xining is not without issues. Xining’s development illustrates the importance for the local state to get the right type of industrial development to a) generate sustainable economic growth; and b) comply with national development
goals. In regard to the central state, removing regions of national environmental value, such as Xining, from the interregional development competition earlier could have avoided the investment waste, ecological deterioration, and the social tension which characterized Xining’s initial foray into industrial development. The farmers who were uprooted for the sake of urbanization and have been relegated to a disadvantaged economic and social position could have retained their farmland, which may have been a much more economic and sustainable form of green space provision than large parks.

(2) Learning from Western China: Western Chinese cities like Xining serve as a reference which can correct academic conclusions which primarily draw on the urban development of eastern Chinese cities. Since the academic literature is dominated by case studies set in eastern China, it is not uncommon for scholars to mistake the “starter disadvantages” or “historical mistakes” of eastern China as a national pattern (He, 2016) and even make policy suggestions based on them. For instance, Shenzhen’s unpredictable fast urban development left a large area outside the SEZ region without urban planning and land regulation. As a result, “urban development” by the village collectives and villagers boomed and severely harmed Shenzhen’s future urban development (Chapter 2). This mistake was corrected later by including the urban built area, industrial area, ecological reservoir, and rural area into the urban master plan. Tianfu New Zone, Chengdu is an example of this. It is inappropriate to refer to this regional and temporary phenomenon as a “track of urbanization” (Liu & Zhang, 2020) under the name of “informal urbanization” or “grassroots urbanization.”
(3) Factual Fallacies: One of the challenges of conducting research on the basis of existing theories is the accumulated distortion of facts. Three types of “facts” should be examined and critiqued. The first type is the “partial fact” such as suggesting that there is “widespread opposition to and discontent with land conversion among the displaced farmers.” This position portrays one aspect of the situation as the “whole picture.” The second one is the “temporary fact” such as “pseudo-urbanization,” which assumes that a temporary phenomenon, such as emphasis on the forward-looking infrastructure and land urbanization is the ultimate form of Chinese cities – and assumes that it is permanent. The last of these fallacies involves using as fact something that is actually a hypothesis. For example, assumptions about “China’s neoliberal transition” and “neoliberal urbanism” are this type of “fact”. In this case, the theoretical hypothesis of neoliberal urbanism is used by many scholars as a fact regardless of poor evidence that supports this assertion for China. To counteract these fallacies, scholars need to analyze China’s urban reality to avoid false narratives.

(4) Theory Building and the Concept of the City: More theory-building work is needed for studies of urban China. Nevertheless, “theory building” does not mean unmindful production of more concepts and catchphrases. On the contrary, concepts and theories should be assessed, and concepts that have long hindered theoretical progress can be sifted out. In this dissertation, I adopted Scott and Storper’s assessment standard of a “meaningful concept of city,” which is insightful but by no means perfect. For instance, Scott and Storper (2015) argue that the concept of city should explain the origin of the cities without addressing the
question of “which city?” In other words, within the concept of city, they assume that the explanation of urban origins should be universal. But there is a possibility that explorations of historical and contemporary cities, as well as of cities in different world regions, are fundamentally different things. If so, scholars of Chinese urban studies do not need to explain the origins of historical cities in China to understand cities that have been fundamentally shaped in the contemporary era.

(5) Theory Building and the Nature of Urban Growth: As this dissertation demonstrates, “city” as a spatial concept is closely related to the nature of economic growth. "Urbanization” and “economic development,” however, also lack adequate definitions. GDP per capita, an often rather defective indicator, is used commonly to measure economic development. The “city” as a geographical space where a large portion of economic development takes place, however, has long been ignored. Is it possible that the nature of economic development can be more completely revealed through the study of cities rather than more narrow indicators such as GDP per capita? Similarly, emerging studies which attempt to explain China’s economic miracle via land institutions and land finance are enlightening but incomplete. Because land institution transitions and land finance are generated through the pursuit of urbanization, future studies can take a further step by making use of institutional transformations to help explain economic development and by better analyzing the relationship between urbanization and economic development. To put it another way, China’s cities are the fruit borne on the tree of the state’s institutional reform in different geographical areas.
APPENDIX A: ORAL HISTORY INTERVIEW QUESTIONS (ENGLISH VERSION)

Part I. Basic Information
1. Please give me a brief introduction of yourself.

How old are you? Are you a native to this region? How long or how many generations of your family have been living in Ganhe valley? What your education status?

Part II. Environmental Changes
2. What did Ganhe area used to look like? Could you give me a general description?

3. What environmental changes have taken place since Ganhe Industrial Zone was established in 2002? Have there been changes in air quality, water quality, soil condition, noise, traffic dust, sanitation or other conditions?

4. How have these environmental changes affected you and people around you? Which environmental change is the most drastic one in your opinion? Which environmental change affects you the most?

5. Do you think pollution generated by Ganhe Industrial Zone affected you or your family members’ health?
   (if the answer is yes): What specific discomfort have you or your family members experienced? How bad is the condition? Which pollution do you think cause these discomforts? Did you or your family go to the doctors?
   (if the answer is no): Skip to Question 6.

6. Do you know if pollution generated by Ganhe Industrial Zone affected the health of people in your village or neighborhood?
   (if the answer is yes): What specific discomfort did they experience?
   (if the answer is no): Skip to Question 7.

7. Have you or people in your village/neighborhood reported any environmental issues to the regulation department?
   (if the answer is yes): Have you received any reply from the government? (if answer have received reply): What kind of reply did you receive? Which department did it come from? Was there any reaction/response from the factory owners/managers?
   (if the answer is no): Skip to 8.

8. Do you think that environmental regulation by local authorities has been adequate? Why/Why not?
Part III. Social Impact

9. Has your farmland been expropriated by the local government?
   (If the answer is yes): How many farmlands have your household loss? How much have your paid for each mu of land? Did you receive all the compensations for the land conversion?
   (If the answer is no): Skip to the Question 10.

10. Please tell me about your housing status. Where do you currently live? Have your household relocated into Kangchuan resettlement community? Or are you still live in the rural settlements?

   (If the answer is Kangchuan resettlement community): How many apartments do your household own in the Kangchuan resettlement community? How large is each apartment? After moving into the high-rise building, what has changed in your living status? How about the living cost? Any other changes that brought by this relocation that you would like to share with me? Comparing to the former life in the rural settlement, what do you and your family members feel?

   (If the answer is the rural settlement around Ganhe Industrial Zone): Did any changes take place in your housing and living status? How about the living expenditure?

11. What’s your occupation? Did the Ganhe Industrial Zone offered any working opportunities to you or your family members know?

   (If the answer is yes): Can you tell me what kind of jobs do you get? If you don’t mind, can you describe to me about the income and welfare and the working environment of your job?

   (If the answer is no): Where do you work? In the nearby county, Xining or other cities? What are the income, welfare and working environment like?

12. Have you completed the transfer from rural to urban household registration? Have you been able to enroll in to the social security and medical insurance program?

13. Do you have anything else you want to let me know about the environmental change in Ganhe? Please feel free to talk about it.

Your participation is greatly appreciated. Thanks for your time! Please keep my card and contact me anytime if you think of anything else you would like to add or if you would like to follow up with my research process.
APPENDIX B: ORAL HISTORY INTERVIEW QUESTIONS INTERVIEW QUESTIONS
(CHINESE VERSION)
口述史访谈采访大纲

第一部分 被访者基本信息
1. 请您做一个简单的自我介绍。
   您今年多大年纪？您是甘河本地人么？家里有几口人？在甘河生活多久了？您教育状况如何？

第二部分 环境变化
2. 甘河工业园建设前，甘河地区是什么样子？可以请您描述一下吗？

3. 2002年，甘河工业园成立以后，您有否注意到甘河地区环境的变化？有没有发现空气质量，水质量或土壤状况的改变？是否存在噪声污染，交通扬尘，公共卫生，或其他方面的变化？

4. 这些环境变化对您和您身边的人，带来了哪些影响？哪一种环境变化在您看来最为明显？哪一种环境变化对您和您身边的人影响最大？

5. 你是否觉得甘河工业园区所排放的污染物，对您和您家人的健康造成了影响？
   （如果被访者回答有）：您或您的家人具体感到哪些不适？严重程度如何？您觉得是哪一种或哪一些污染物造成了这些不适？您或您的家人是否前往就医？
   （如果被访者回答没有）：跳至下一个问题。

6. 您知道村里其他有没有感觉到健康受到甘河工业区产生的污染的影响？
   （如果被访回答有）：他们具体感到哪些身体不适？
   （如果被访者回答没有）：跳至下一个问题。

7. 关于环境污染与你们的健康问题，你或你认识的人是否曾向政府相关部门反映？
   （如果被访者回答反映过）：你们是否得到了环保部门的回复？（如果被访者回答收到回复）：你们收到了什么样的回复？来自什么部门？排污企业是否做出任何反应？
（如果被访者回答没有反映过）：跳至下一个问题。

8. 你觉得环境保护部门的工作是否得力有效？为什么留下这样的印象？

第三部分 社会影响

9. 您的土地是否已经被征收了？
   （如果回答是）：征收了多少亩地？征地价格多少钱一亩？您对征地价格是否满意？征地补偿是否全部落实？
   （如果回答否）：跳至下一个问题。

10. 请谈一谈您和您家人的居住状况。您现在居住在哪里？是搬迁到了康川集中安置小区，还是仍然在甘河工业园区附近居住？
    （如果回答在康川集中安置小区居住）：搬迁之后，您的家庭在康川集中安置小区有几套房子？各有多少平米？搬入楼房之后，您的居住条件发生了什么样的变化？您的生活成本是否发生变化？您生活的其他方面发生了哪些变化？与之前的生活对比，您和家人的感受如何？
    （如果回答在甘河工业园区周边居住）：甘河工业园区建成前后，是否对您的居住状况有影响？

11. 请您谈一谈您和您家庭成员的工作情况。您或您认识的人有没有在甘河工业园区工作的？
    （如果回答在甘河工业园区工作）：您或者您的熟人在甘河工业园区从事何种职业？如果您不介意的话，是否能聊一聊工作报酬，福利待遇和工作环境等情况？
    （如果回答不在甘河工业园区工作）：那么您或您的熟人在何处工作？是在附近县城工作，西宁，还是其他城市？是否能聊一聊工作报酬，福利待遇和工作环境的情况？

12. 您是否完成了农村到城市户口的转换？是否享受和城市一样的社会保险和医疗保险？
13. 关于甘河地区的城市、环境与生活，您有什么想补充的，可以自由发言。

您的参与对我的研究来说非常宝贵，感谢您的参与！请收好我的名片，如果您在未来想到任何可以补充的地方，或者想要跟进研究结果。欢迎您随时联系我。
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