

## **Inter-urban Competition and Urban Entrepreneurialism ——A Perspective of China's Urban and Rural Space Rescaling Process since 1978**

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### **Abstract:**

Since the Reform and Opening-up of China in 1978, the comprehensive effect of marketization, globalization, decentralization has created an economic miracle and unique urban and rural spatial phenomenon. In this process, the growing extensive Inter-city Competition environment has become the institutional foundation of local development. The behavior of Urban Entrepreneurialism has been played a principle role as well. To some extent, the growth machine formed by local government and enterprise dominated the urban and rural space rescaling process.

Specifically, this process can be summarized into four phases: (1)1978~1980 township government in cooperation with the TVEs which lead to the thrive of small towns. (2)1980~2000, urban government work with State-owned Enterprises and few private enterprises which promoted the urban development gradually. (3)2000~2008, local government deeply cooperated with diverse enterprises both for profit and cause the savage growth of urban area.(4)Since 2008, local government turned to smart growth because of the economic crisis and lack of resources.

From the perspective of institutional change, and growing factors mobility, we constructed the basic analysis frame of institutional system and elements of change the formation of Inter-city Competition Urban Entrepreneurialism space changes, trying to explain the mechanism of China's urban and rural space evolution since the Reform and Opening-up policy from a historical-geographical-social view.

**Keywords:** Inter-urban Competition, Urban Entrepreneurialism, Rescaling of China's Urban and Rural Space

### **1. Introduction**

Born in the west, the conception of Urban Entrepreneurialism has its specific historical, political, and economic background. Urban development more or less takes on some manifestations of Urban Entrepreneurialism in the process of china's urban development since the implement of the policy of the Reform and Opening-up. However, numerous difference among China and the western in specific background, goal, content, and behavior and so on, can also be easily seen (Yin *et al.*, 2006). To some extents, changes from macroscopic institutional systems, are the inductive factors that leading China's Urban Entrepreneurialism. During the process, local governments not only display strong

profit-driven, but also track out some diversified innovational institution system and practical path, which radically transforms the dynamic Chinese urban development and enormously contributes to the reconstruction process of urban space (Wu *et al.*, 2002; Zhang *et al.*, 2006, 2008). Any participants in competition in the market are Entrepreneur Talents<sup>1</sup> and the key to the success of reform, to a large extent, lies in how to take advantage of these entrepreneur talents and regulate their behaviors (Zhang *et al.*, 2010). At this point, logically speaking, there are no fundamental differences between China and the western in terms of Urban Entrepreneurialism, based on which, this dissertation, regarding the changes of macroscopic institutional system and urban space interaction as the logic start, is going to attempt to build a basic analytical framework: institutional system and elements of change the formation of Inter-city Competition Urban Entrepreneurialism space changes, and also is devoted to the overall interpretation of the dynamic mechanism of urban development and spatial evolution since the Reform and Opening-up, and the dialectical cognition of Urban Entrepreneurialism under the New Normal in the context of the current economic development.

## 2. Urban Entrepreneurialism s origin and the Practice of Western experience

### 2.1 *The Macro-Political and Economic Background: the Failure of Keynesian and the Restart of Neo-Liberalism*

In the early 1970s, the impacts of Oil Crisis on the western, gave rise to the interruption of the rhythm of economic development, and then set back the entire economy in the west as a whole: deindustrialization, the collapse of the financial system, the structural unemployment and fiscal austerity. To some extent, this recession contributed to western capitalist economy a long period of time Stagflation (economic growth accompanied by stagnation and inflation). In the face of this unprecedented crisis, the Keynesianism, regarding the inflation as the main stimulus of the growth, fell into mal-function. In that case, western countries began to turn to the free market mechanism, and gradually from the Keynesian intrusive expansion and tightening policy shift toward the Neo-Liberalism type. Besides, they also relaxed restrictions on market, cultivated market free competition mechanism, and enhanced the mobility of factor resources. Free market mechanisms, privatization, the dispersion of national centralization as well as the flattening (Neo-conservatism) tend to make similar response countermeasure among different city government: by fierce competition, making cities as much attractive as possible so as to anchor mobile factors. Such a Inter-city Competition phenomenon is defined as Urban Entrepreneurialism (Gentler, 1988; Harvey, 1989), whose emergence manifestation of crucial transformation, that is, from Keynesian mode of circulation of capital accumulation to the Neo-Liberalism of elasticity of capital accumulation paradigm (Sayer, 1989; Schoenberger, 1988; Harvey, 1990).

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<sup>1</sup> Entrepreneurial Talents (Zhang *et al.*, 2010 ) is one of the most important basic factors in the development of economy. Specifically, refers to the individual who owns relatively higher ability of the foresight and judgment to the unknown world (similar to hayek's tacit knowledge ). And have a strong innovation and enterprising spirit.

2.2 *The Exploration of Governing Mode: From Urban Managerialism to Urban Entrepreneurialism*

There are mainly three types about the participants of market: one is authority, such as national and local administrative jurisdiction at all levels of administrative department; The second is the main body, private entrepreneurs, such as company earnings organization; Three is the various types of social organizations, such as non-profit organizations, social groups, and the official association and so on. The three main players form a Growth Coalition (or Growth Machine), and become the Urban Entrepreneurialism subject (Molotch, 1976).

Though the interactive process is different among cities, its specific behavior patterns can be abstracted for three characteristics: Firstly, the core of Urban Entrepreneurialism lies in the fact that the local government is in charge, under the leadership of the public-private partnership (PPP) mode, with the intention of drawing external mobile factors, direct investment or new labor resources. Secondly, the Urban Entrepreneurialism s turning toward has the characteristics of speculation and profit-driven, therefore is often accompanied by risks, but in most cases the digestion of these risks can be borne by local government. Again, Urban Entrepreneurialism , relying on the model of PPP mode, is engaged in a specific political objectives and economic performance of place construction (Harvey, 1989).

2.3 *The Space Practice of Western Urban Entrepreneurialism*

With lower transportation costs, the development of information technology, market segmentation and spatial barriers gradually decline, the Inter-city Competition surfaces, and is more strengthened by Urban Entrepreneurialism . To some extent, more and more cities are involve Competition , with the intention of scrambling for the mobile elements, and practices of place construction anchoring mobile factors ~~Then what are the~~ manifestations of place to construct which Urban Entrepreneurialism focuses Harvey s research (1989) on some success stories, summed up the five types of Urban Entrepreneurialism in general practice space path selection (Table 1). These five are not mutually exclusive path. The results often depend on the selected city endowment factors, fluctuations in market supply and demand and the Growth Coalition s manner and timing.

Table 1. The Type of Space Practice

The type of spatial practice	Offer the support of policy and infrastructure, and strengthen the comparative advantage including the geographical and resource superiority and public and private sector in alliance	Actively construct the various consumption space in order to prompt the consumption of	Build the center-city within the global city network	Actively support the traditional competitive industries and	The big event marketing of city, Actively strengthen the urban
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	invest in the construction of fine Infrastructure environment.	the city people and the development of the service sectors		win the different superiority.	cultural soft power.
Specific information	The government directly invest in the new technologies, products and industries and through the offering of the policy support including the cutting down the tax, low interest loan, and fiscal subsidy, to attract the investment of private companies.  Improve the qualities of the labor and optimize the structure of the labors and hold down the cost of labors.  Make good use of the overflow effect of the agglomeration effect of economy , and foster diversified industries and service system	The building of tourist attraction, business center, sports stadium, entertainment venues, and coastal areas	Through the fostering of the concentration of advanced service industry, in order to promote the competitiveness of the city in the global flow of space.	Seek the central government s policy support by virtue of the traditional competitive industries and maintain its property.	The big event marketing and the advertisement of the city culture and the holding of urban festivals.
Cases	The industrial upgrading and rejuvenation of the Rhein-Ruhr region.  The Industrial recovery in the region of Randstad.  The construction of new town in Grand Paris.	The recovery of coastal areas in Baltimore.  The recovery of Manchester  the Casino development in Las Vegas	New York, Paris, London	Due to the cooperation with the department of defense, Long Beach of Santiago and Bristol.	The jazz festival culture of Chicago Atlanta Olympic Games

### 2.4 The Dialectical Cognition

Urban Entrepreneurialism has contributed a lot to the resolution of the problem of the decline among western cities. However, the inclination of profit-oriented growth should be taken into consideration for its side effects: a seemingly successful place construction is often accompanied by social polarization and impoverishment phenomena, such as the center of the city gentrification movement further curing of class stratification and spatial segregation; in addition, the intense

Inter-city Competition will intensify the expansion of the uneven development of the region as well as the gap between rich and poor citizens. Faced with these problems exposed, since the 1990s, the British Communist Party leader Tony Blair has proposed a Third Way policy to seek compromise and balance between left and right consciousness. In a way of Fuzzing the Neo-Liberalism and the Keynesian position boundaries, beyond the value conscious opposition, concern equity and efficiency, balance power and responsibility, in order to adapt to changes in the class structure of the UK and the various aspects of global economic, technological and political changes.

### 3. The Paradigm of the Urban Entrepreneurialism of China

The process of institutional changes with China's characteristics is referred to as the *Urban Entrepreneurialism Paradigm*, in which the marketization, decentralization and globalization is the main reform (Wu *et al.*, 2002; Yin *et al.*, 2006). In the course of dramatic transformation, Chinese local government shows an evident inclination for *Urban Entrepreneurialism*, in a sense, which is an inevitable outcome and important impetus of the Reform and Opening-up. In the face of a more complex macro-economic context, the Chinese paradigm of *Urban Entrepreneurialism* has its own uniqueness.

#### 3.1 The Transformation of Local Government: From All-round Contract System to TVEs

##### (1) The Start of Entrepreneurialism among Township and Village Government

In the late 1970s, the establishment of the *All-round Contract System*<sup>2</sup> in rural area, is the historical starting point of China's comprehensive reform, laid a *separation of rights* (proprietorship right, management right, contract right) to land on the basis of a series of system innovation to promote the development of small cities and towns (Zou, 2000). With rural *All-round Contract System* success and promotion practices, coupled with the central and local's vertical decentralization, rural economic development gained autonomy. Established on the basis of ambiguous property rights of rural industrialization, Township and Village Enterprises (TVEs) have become the fundamental driving force of urban spatial development. In this process, the villages and towns thirst for fiscal revenues, the pressure of the community development and traditional geographical-kinship concept makes their behavior consistent with the local TVEs. The strong sense of traditional collective attributes in the villages and towns government become the actual controller of the TVEs, and to a great extent, bear the risks of the externalities of market which is not perfectly regulated. The *Entrepreneurialism* is referred to as the local state corporatism under this circumstance (Oi, 1989). TVEs under the auspices of the local government achieve a low-cost resource allocation, which helps to create favorable conditions for the prosperity and development of TVEs (Figure 1).

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<sup>2</sup> All-round Contract System is the main form of China's rural household contract responsibility system. Before 1970s, under the communist collective management, which lack of effective incentive mechanism due to the land property rights legally belong to the collective party, the economic development of rural area was in stagnation, farmers' life quality were in a very low level. In Anhui province, some farmers began to secretly undertake the All-round Contract System within their own community by dividing the collective land to each household. By this way, this community achieved huge productive success. Strictly speaking, according to the socialism ideology, it was illegal. However, since it can strongly stimulate the farmers' initiative, the All-round Contract System then legalized across the nation. Theoretically, the vague property right of the collective land can be divided into three different rights: proprietorship right, management right and contract right.

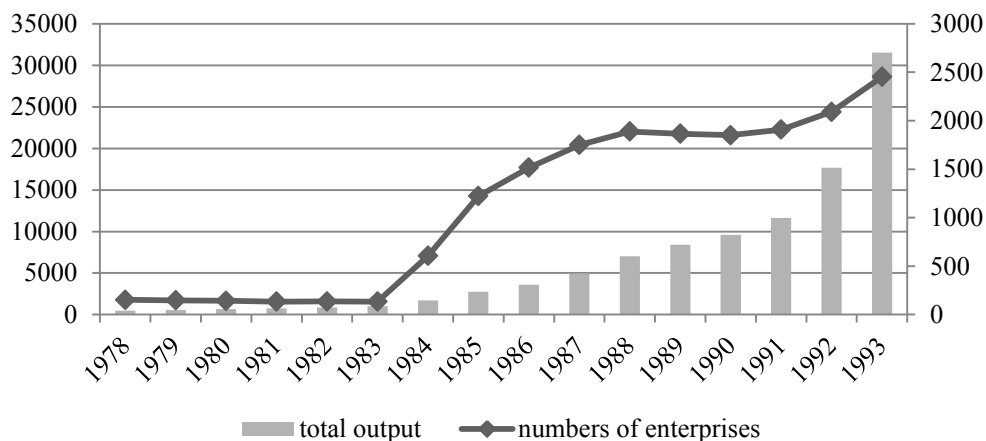


Figure 1. The Total Output Value and Number of TVEs (1978 - 1992)

Data Source: Chinese Year Book

## (2) The Spatial Shift under the Domination of the Alliance of Government and Enterprise

In the early 1980s, in case of the finite element resources, the township Government-Enterprise Alliance went to great length to squeeze the industrialization costs as much as possible, with the characteristics, in terms of space, of small, scattered, chaotic and poor (Zou, 2000). In the early stage of the development of TVEs, villagers not only do farming but also do industrial work in TVEs. These hybrid activities embedded in the villages and towns community, thus it shows the characteristics of blossoming scattered layout. Under the guidelines of encouraged farmers jumping into the local factory instead of going to big cities<sup>3</sup>, TVEs shows the characteristic of undertaking industrial production in the rural township, in the village, household do at home. It was disorderly inefficient, diversified, fragmented.

By the end of 1996, China's economy succeeded to achieve a soft landing<sup>4</sup>, but the main contradiction of social and economic development turned from the constraint of supply to that of demand. In addition, the Asian financial crisis led to the reduction of international investment, and the shrinking of export market. For this reason, the acceleration of urbanization has become an important means of stimulating economic growth and further development of small towns has become a way to restart consumer market (Zou, 2000). Thus there appeared two kinds of spatial evolution path: one is the villages and towns economy of Sunan area (Southern Jiangsu province), relying on high-tech park

<sup>3</sup> In early stage of China's industrialization process, urban development depends on the price gap between industrial products and agricultural products. In that case, the price of industrial products was much higher due to the high cost of urban industrialization. So at that time, the migration from rural to cities was strictly limited. (Hukou system was invented then)

<sup>4</sup> During 1990s, China's economy suffered from a high inflation. With continuous policy implemented in a relatively long period, the inflation rate came down gradually.

construction and supporting policies, to attract international capital; the other is the villages and towns in Zhejiang area around local key enterprises, small and medium-sized enterprises to build characteristic economy (Tang *et al.*, 2013). Along with the intensifying of the globalization process, the continuous perfection of domestic market economy system and the advance of standardization of TVEs, township government gradually withdrew from direct intervention in these enterprises and turned to mainly focus on the park construction and preferential policies. What's more, with a clearer property rights, the limit of boundary constraint to the township enterprise greatly abated, which was in favor of creating conditions for enterprises concentrate to industrial park.

Although the implementation of the enterprises concentrate to industrial park policy, to some extent, improved the situation, the traditional pattern of township enterprises, namely, the situation of greatly scattered, little centered did not radically improve. Because of the serious administrative division, the development of TVEs crumbled in homogeneous competition. Since the beginning of 2000, by the institutional innovation of merging townships and small villages, TVEs has been in the transformation into large-scale, intensification, and modernization.

### *3.2 The Spatial Expansion of Local Government under the Driven-profit: From the Enterprise Finance to Land Finance*

TVEs have sprung up everywhere and detonated the development of small towns. Besides, the era of the planned economy of urban and rural balance is broken. The countryside through the integration of land and capital has not only achieved the rapid development of industrialization and urbanization, but also set an example for the future growth of a massive expansion of urban areas (Wu *et al.*, 2014). Rural industrialization and urbanization has fully demonstrated the strategic value of the land as a fundamental element of space. In addition, the experience of development of small towns began to be consciously adopted by urban area since 1984. Among these, institutional system of Compensated Use of Land, the Commodification of Housing and other innovative systems, greatly promoted the rapid reconstruction process of urban space. At the same time, the local government turning from Enterprise Finance to Land Finance showed obvious characteristics of Urban Entrepreneurialism.

#### **(1) From Enterprise Finance to Land Finance**

Since the 1980s and the early 1990s, with the implementation of Fiscal responsibility system<sup>5</sup>, State-owned Enterprises were in the control of local government, which played a dual role of economic and politic incentives to local government (Tao, 2011). At this point, the state-owned

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<sup>5</sup> Before these policy enacted, the State-owned land can only distributed by government and exchange behavior was strictly limited.

<sup>6</sup> Local government manage the local State-owned Enterprises due to the over concentrated management system turned to be inefficient.

enterprises are still the absolute dominant national economy, and local government revenue depends on the state-owned enterprises rather than profits tax, which is the Enterprise Finance .

Since the mid1990s, under the pressure of the tax reform, the stimulus of housing commercialization and the increasing mobility of global factors, there were two means for the local government to participate in the Inter-city Competition , including reducing the production elements' price and expanding the expenditures. And then Land Finance emerged at the historic moment: the government firstly purchased the collective agricultural land in a very low price, then by the rolling development mode of land mortgage - access to commercial loan - construction of a complete infrastructure - attracting investment - getting tax , in order to attract industrial enterprise to invest on construction; On the other hand, through the mode of land reservation- auction - ready land for sale - get high transfer pay , to advance the residential and commercial construction. Additionally, the special land binary institutional system, caused the differential land price gap between urban and rural areas. This part of interests in public sphere becomes the direct stimulus to the local government s

Urban Entrepreneurialism<sup>7</sup>. Furthermore, the lag of unified land market construction and the tacit approval of the monopoly of land in legal system, make the Land Finance become the shortcut for the urban development, even become the main part of the local government s revenue (Figure 2).

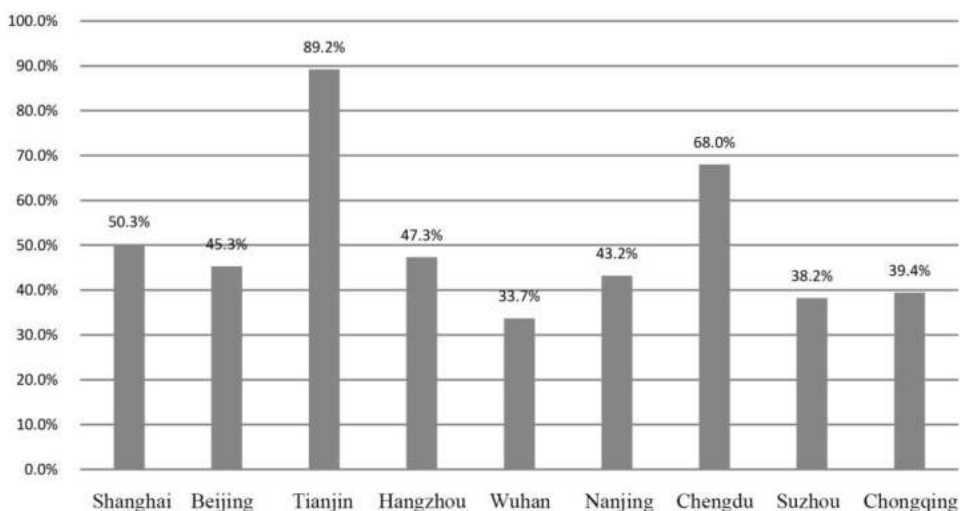


Figure 2. 2013 top ten cities accounts for payment of land revenue ratio  
Data source: Citic construction of research and development department

## (2)The Spatial Shift of China in the Logic of Land Finance

In the logic of Land Finance , the initial establishment of the institutional system of Compensated Use of Land , incorporate the supply of industrial space into the circulation of capital market. The

<sup>7</sup> Urban government can always purchase the suburb collective land with very low price, and the collective community has no chance to bargain. In another word, the government has absolute monopoly in controlling land.



System of Land Reserve and Bid, Auction and Listing will further transform residential and commercial space into tradable goods, the gradual transformation of space as a real estate into chattel, and the deeply nesting of space production and capital circulation, create the unique changes of urban space in China.

**a. New Towns Space of Development by Leaps and Bounds**

China new towns spawned with the construction of Development Zone in 1984, in the past 30 years, the number of large, widely distributed, different spatial scale, and different strategic target of

Development Zone has become a focus of local government competition. The approval of the project Development zone not only means getting enough space for development and the spill over effect of industrial agglomeration, but also means getting a series of the central financial support and preferential policies (Wu *et al.*, 2011). Because of the excess supply of Development Zone, the central government began to halt Development Zone fever at the beginning of this century. Then, as the pilot experiment of the Reform and Opening-up, Development zone has evolved into a variety of politically correct and profit-oriented variants: university town, science and technology town, high-tech industrial park, new city, eco-city, bonded area, etc., which are out of the framework of the construction of original city and shows a tendency of transition of development. (Figure 3).

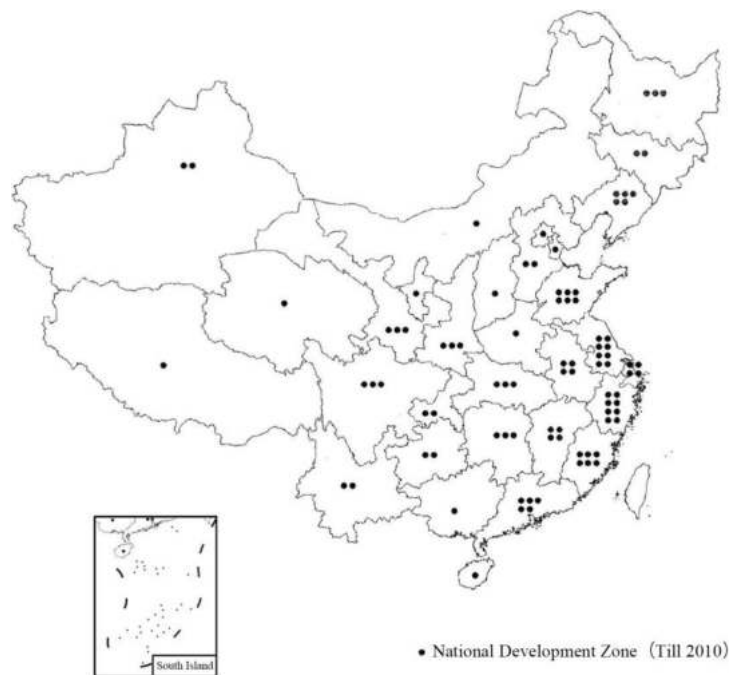


Figure 3. 2012 The Distribution of The National Economic and Technological Development Zone

**b. The Construction of Gated Community Space**

With the implementation of the reform of the commercialization of urban housing in 1998<sup>8</sup>, the newly increased demand of the urban housing was introduced into commercial housing market, and then the explosive development in the real estate industry appeared (Figure 4). Of these, more than 80 percent of urban residential communities have adopted a new type of gated community (Yang, 2011). After the implementation of the Bid Auction and Listing<sup>9</sup> and in the face of huge profits, local governments and property developers as well as financial institutions form an alliance for the mutual profit. A large number of gated communities sprang up. Besides due to the genetic transmission of culture of unit compound<sup>10</sup>, because of the complete and clear land property right, overall planned gated communities has the advantage of making good use of the land and providing better security management, and offering a better living environment (Zhu, 2011). On the other hand, under the background of rapid urbanization of Chinese cities, the public infrastructure and the supply and management of public space is lagging behind, the gated community to some extent, realize the compensation in private sphere. For example, Beijing's Wangjing area is made up of numerous gated communities, covering an area of 16,000km<sup>2</sup>, and the resident population of 600,000, including schools, hospitals, public transportation. Additionally, the residents are mostly middle-class. Although gated communities have effectively curbed the loss of land rent and the degradation of the environment, and provided a large amount of living space, but also have strengthened the segregation of social class.

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<sup>8</sup> Before 1998, the urban housing was distributed free by government or State-owned Enterprises because of the ideology of the socialism. However the housing quality is mismatched.

<sup>9</sup> Bid Auction and Listing is a creative land exchange system, which regulate the land market in an effective way and avoid rant-seeking or free-rider behavior.

<sup>10</sup> Before 1998, the urban fabrication was consisted of Units, which was an unique social-space form. The residents, which often were colleagues or co-workers, dwelled next to the State-owned Enterprises, and the housing with clear wall-type boundary was supplied by the enterprises. It is a social-space form of concentrated power system.

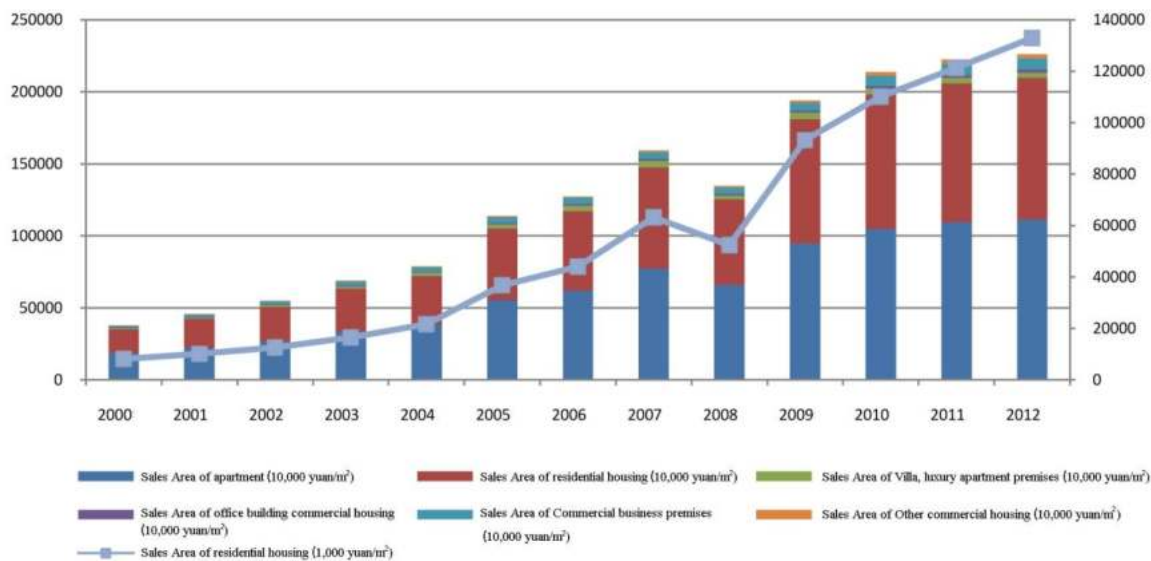


Figure 4. National Commercial Housing Sales Area and Sales 2000-2012

Data Source: Chinese Year Book

### c. The Jigsaw-like Redevelopment Consumption Space

The redevelopment of the old city area is carried out with the construction of the peripheral new town in China. The center of the city, has great economic potential and cultural value, but because of the rise of land price, depreciation of building, functional aging, and is in great need of renewal. However, the redevelopment of China's old city, deviates from that of western countries, public benefit maximization as the basic goal, and demonstrated a strong tendency to pursue profit, which is also the behavior of Urban Entrepreneurialism. The threshold of huge investment, and the high costs of transaction, made the local government introduce the market-oriented mode of operation into the practice and cooperate with the property developers and they were always profit-oriented, which formed the compounding consumption space like jigsaws in the center of cities. The profit-oriented commercial led to the fracture of the traditional culture, and its unbalanced benefit tendency has increased the unstable factors of society.

### d. The Grand Space of Big Event Marketing

In the competition of globalization, big event marketing becomes a kind of typical behavior of Urban Entrepreneurialism of local government. Big event marketing as the engine of leapfrog development of the new district and the renewal of old city is attached great importance by local government. Especially the big event marketing with great attraction, the support of central government, the high exposure in short time, and promoting the image of the city, becomes the plundered object of local government (Yu *et al.*, 2011). Such as the integrated marketing and site construction of the Beijing 2008 Olympic Games, the site construction of 2010 Shanghai World Expo, sports new town of Nanjing 2014 youth Olympic Games Olympic and so on. These projects of urban spatial development

and the improvement of urban competitiveness have tremendous impetus to the development of urban space and advance of competition. But because this kind of project, with obvious external political tendency, often ignores the social, economic, and space effect in the process of planning and construction of the urban and many of the reasonable natural evolution of urban space gave way to the project of big event. At the same time, the excess supply of the space and economic investment tend to be inefficient, and the plunging deeper into indebt as well.

#### **e. The Restricted Property Housing and Urban Villages**

The Restricted Property Housing<sup>11</sup> and Urban Village, existing extensively, has no direct relation to the Urban Entrepreneurialism and is the consequence of the rational bottom rural to the Urban Entrepreneurialism. Because of the existence of land binary institutional system, farmers can't share land benefit from existing one-sided system. In the face of the local government's monopoly on land market and radical Land Finance behavior, rural villagers can't game against city for the rights and interests of collective land. To some extent, the Urban Village and Restricted Property Housing, under the mismatch of the market economy system, is a rational strategy of the rural to fight against Urban Entrepreneurialism.

#### *3.3 The Transformation into Elaborating Management of Local Government: From the Urban and Rural integration to the Stock Land Optimization*

The first decade of the new century, the incremental expansion of the city, under the maintenance of the Land Finance mode, strongly promote the urbanization process in China. By the end of 2011, the rate of national urbanization surpass 50% to 51.27% for the very first time, which means China has entered the internationally recognized curve of urbanization turning interval, and the rate of many big cities even surpasses 80%. On the one hand, because of the constraint from the red line of the national 1.8 billion mu of arable land, the supply of massive new construction land has become the past, and the growth of the urban construction land meets its bottleneck. On the other hand, a lot of extensive stock land, with disorderly and low economic efficiency in the rural and urban areas is in desperate need of promotion. Both inside and outside pressure forced local government to improve the paradigm of elaborating management

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<sup>11</sup> Restricted Property Housing refers to the housing construction in the rural collective land, did not pay the land grant fee and other fees, its property right card is not issued by the national housing agency, but by the township or village government. The reasons of the widespread of can be summarized in three aspects: (1) Commercialized urban housing price is much higher than Restricted Property Housing. (2) Farmers can build their own house and operate it on their collective land according the current Land Management Law. (3) Building a Restricted Property Housing is need not to pay for any property transfer fee. Also the profit of operating or selling the Restricted Property Housing is much higher than the compensation fee by the urban government who always willing to purchase rural land at very low price.

### **(1) The Practice of Urban and Rural Integration**

In the process of urbanization in China, the floating population, especially the rural migrant workers are the main force of population growth of the urbanization, and it is true that the growth of towns is accompanied with rural shrinking. Because a large number of migrant workers go to the cities for jobs, the phenomenon of hollow village become increasingly serious (Long *et al.*, 2009). However, the barriers of current land institutional system to strictly restricting the circulation of rural collective land, the constraint of collective construction land into land market, land-lost farmers getting no expected earnings, the high exchange cost of land circulation, lead to the shortage of land use for urban construction and the contradiction of collective construction land inefficient idle situation. In 2007, Chongqing and Chengdu is known as Urban and Rural Integration Experimental Reform, actively explored the innovational circulation system of collective land. Chongqing's experiment of urban and rural integration, that is, farmers with land at a discount buy a share of the enterprise, and jointly establish company to enjoy share out of bonus; The suburban rural homestead are transformed into urban housing and social security; Under the local government's leading, towns a unified, standardized market of rural land circulation (Land-Stock Experiment<sup>12</sup>), to promote the circulation of the idle collective land (Xie *et al.*, 2010). Through this way, by the end of 2013, Chongqing has realized the circulation of 131500 acres of collective land with the volume of 26.726 billion Yuan, clinching a deal on the average by the price 202,000 Yuan/acre, which greatly activate the resources of rural land, and realize the smart growth of the city and the smart shrinking of the countryside.

### **(2) Planning Practice of the Stock Land**

In the process of the spread of the rapid growth of China's big cities, there are a large number of inefficient extensive stock lands. Under the constraint of the land supply, Reining the Increment Land and at the same time Revitalizing the Stock Land has become the only way for the development of big cities which is in need of transformation. In 2005, Shenzhen began to recognize the dilemma of urban development, that is, the limited land space, the shortage of water and energy, the overburdened population, the serious overdraft of environmental bearing capacity. In the new round of master plan, the local government formulated the guideline of Balance Increment and Stock land, Focus on Optimize Inventory. A lot of innovational exploration from planning techniques to the top institutional arrangement had done. They also put forward the concept of the Increment and Stock Land as A Whole. In terms of spatial strategies, they put forward optimization guidelines of spatial structure, that is, outsourcing and inter-linking, pre-control restructuring, creating sub-center and

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<sup>12</sup> Land-Stock Experiment means rebalance the volume of urban land and rural land. The quantity of the reclamation rural construction land, including rural homestead and affiliated facilities land, township enterprises land, rural public facilities land, can be exchanged in land market to turn into urban construction land. The increase volume of urban construction must be equal with the rural reclamation land.

density (Zou, 2013). At the same time, along with the Code of Shenzhen Redevelopment in 2008, Shenzhen will take the redevelopment as countermeasures to crack resource bottleneck, promote the stock land optimization, including comprehensive improvement, functional change, demolishing and rebuilding. Also the PPP mode is introduced to these special practices. Shenzhen Land Finance in 2013, was less than ten percent of the total revenue, and the success of Shenzhen's mode is a demonstration which shows the possibility of an alternative way of urban development without Land Finance. Besides Shenzhen, Guangzhou-Foshan metropolitan area of the Three Old Reform and Countryside Unit Planning in Shanghai are the transformation into the elaborating management, in the case of the crunch of resource to deal with<sup>13</sup>.

### 3.4 Conclusion

From the above analysis, we can see the change of the external system, including the leading to the deepening of China's Reform and Opening-up by the common role of marketization, decentralization, globalization, in the process of which, the mobility of capital factors constantly enhanced. In order to anchor capital factors to realize the economic growth, the Inter-city Competition also intensifies. The spatial development of small town, starting with TVEs, is a testing ground for the Urban Entrepreneurialism, whose strategic value of space elements becomes important and extends to the urban areas. As the rational choice of the local government involved in Inter-city Competition, Land Finance with strong growth impulse, has created a radical reconstruction of the urban space, also has brought many serious problems. With the end of the radical growth, Urban Entrepreneurialism began to undergo the shift to the paradigm of elaborating refinement. Space optimization, stock land optimization, has become a new trend of development mode within China's urban and rural space. The basic logic framework, that is, institutional system and elements of change the formation of Inter-city Competition Urban Entrepreneurialism space changes, to some extent, can explain the unique phenomena of China since the Reform and Opening-up (Figure 5, Figure 6).

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<sup>13</sup> These different kinds of land management method are logically the same, which all aim to realize the smart growth: expanding the efficient high density urban functional land while reducing the inefficient rural land.

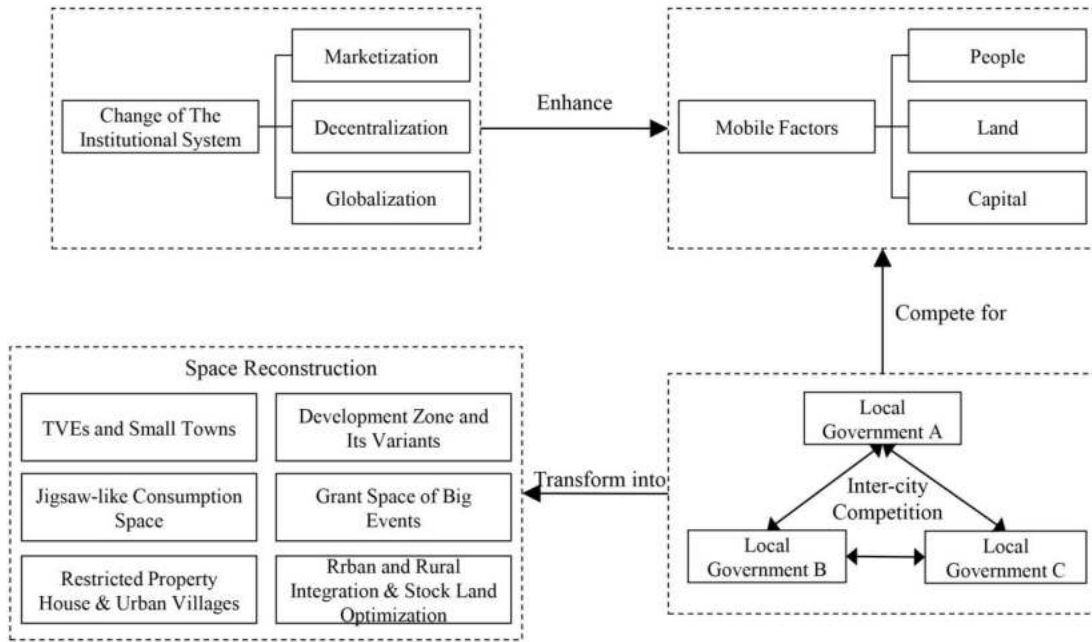


Figure 5. The Logical Frame of Urban and Rural Spatial Transition of Urban Entrepreneurialism

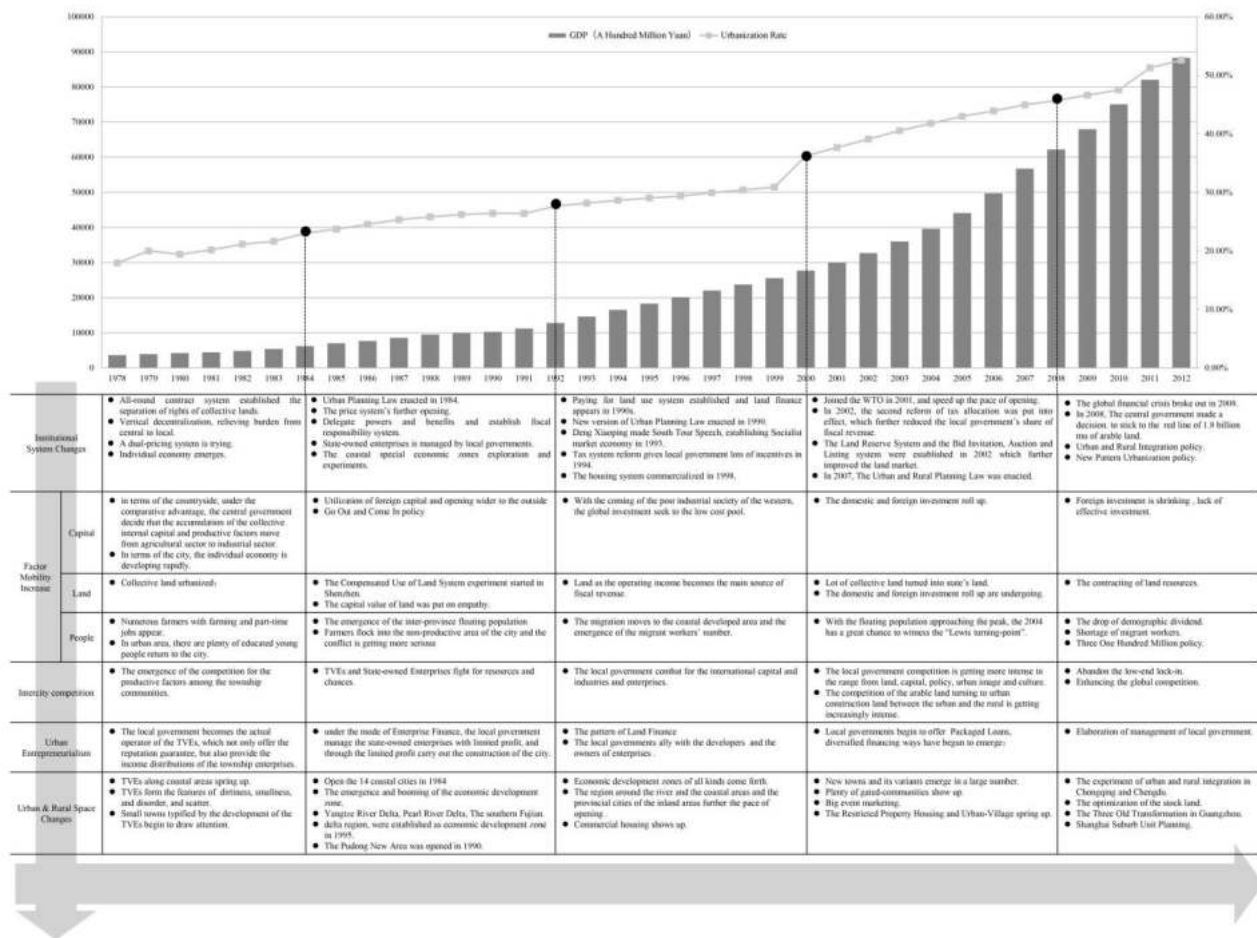


Figure 6. The Logical Process and Timeline of Urban and Rural Spatial Transition of Urban Entrepreneurialism

## 4. Rethinking of the Urban Entrepreneurialism Under the New Normal

### 4.1 Abandoning or Improving?

The Urban Entrepreneurialism of the local government in China is the product of institutional change in transition, historically and rationally speaking. While from the perspective of the analysis of the Urban Entrepreneurialism we can partly explain the universal phenomenon of the urban and rural space in China, but urban development is a complex accumulation of the action of multiple factors. The only analysis of the Urban Entrepreneurialism has many limitations. A phenomenon of the rapid process of the urbanization process under the growth-oriented context for over 30 years, is worth our reflection. With the approaching of pressure caused by many of internal and external constraints, such as the global financial crisis, the constraint of resources, environmental degradation, the sharp social contradictions, the widening gap between the rich and poor, the phenomenon of rant-seeking government, the growth-oriented concept comes to an end (Zhang *et al.*,



2013). Urban Entrepreneurialism turns from the power of growth in the past into the disorder of re-increase, but that doesn't mean the failure of the Urban Entrepreneurialism. Considered the economic development in the New Normal context at present, the market as the dominant role of factor resources will be more prominent, Inter-city Competition will be increasingly fierce. Under this background, the local government still needs to play the enterprising spirit of entrepreneurs. We think that, the abandonment or the maintenance of Urban Entrepreneurialism should adjust measures to local conditions: in the eastern developed regions, local government shall make the economy grow from extensive management into intensive management, and replace the quantity expansion with quality improvement of urbanization, control city stock land, promote economic development and at the same time pay attention to fairness and justice, narrow the gap between the urban and rural, promote rural hematopoiesis mechanism, etc.; In less developed areas in the Middle and West, local governments need to follow and expand the regional preferential policy on the one hand, on the other hand discover and strengthen their own endowment advantages, and vigorously develop differentiated competitive advantage, protect the ecological environment, improve the infrastructure, refine the living conditions in order to promote local urbanization and the backflow of urbanization of the population

#### *4.2 How Urban Planning as A Technical Tool Deal with the Urban Development*

The development of China's urban planning is accompanied by the mainline of deepening of the Reform and Opening-up (Yang, 2010). Under the framework of the Urban Entrepreneurialism, urban planning and its planners are given a new role, to some extent, marketization is unavoidable and which seeks to maximize the benefit of the client (the local government) in holding certain principles (Zhao, 2013). Over the 30 years of the Reform and Opening-up in China, urban planning, as a technical tool, to a large extent, has become the blueprint of the implement of the space of the Urban Entrepreneurialism. and be bound in the space of Land Finance as the clue to production logically, various types of planning product has obvious growth brand and ambitious political agenda, moreover, became line manufactured products, gradually deviated from its value essence as a coordinator for interests and justice. In the New normal context, rigid constraints, such as resource crunch will force the shift of the mode of urban space development the to the intensive and efficient paradigm, which means that the city planning, in terms of content, methods, management and implementation, is necessary to undergo the shift of intensive and elaborative paradigm. On the other hand, the increase of the market dominance will largely inhibit the discretion of the local government, and the top-down type planning then will be gradually replaced by bottom-up type planning. The demands of the public for the justice also be a bigger challenge to the technical tool of urban planning in the future.

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