URBAN ENTREPRENEURIALISM VS MARKET SOCIETY: The Geography of China’s Neoliberal Urbanism

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Abstract

Existing literature on China’s neoliberal urbanism is preoccupied with its institutional incentives and political-economy dynamics, which are characterized by state dominance through sponsorship and supervision of capital-market operations that drive pro-growth aspirations and gentrification strategies. Meanwhile, society, confronted with brutal neoliberal production of urban space, is vulnerable to dispossession and displacement. In this article, we draw upon an ethnographic study conducted at the Higher Education Mega Centre (HEMC) of Guangzhou in an attempt to revisit China’s neoliberal urbanism beyond the Marxian political-economy repertoire, and shift the theoretical focus from production to consumption. In an institutionalized neoliberal context, the state–market–society nexus is closely intertwined—a process that manifests itself as the entangling of state and market, the establishment of a market society, the reflexive effects between neoliberalization and Chinese urban entrepreneurialism, and the capital-centric rule in urban (re)development. In particular, the socioeconomic and sociospatial contradictions in the HEMC case indicate aggressive and insatiable production of urban space, which has been led by the entrepreneurial local state, but is bounded by the market-oriented and capital-centric rules of institutionalized neoliberalization. The article concludes by calling for pragmatic reflection on the ‘hard’ neoliberal urbanism of the global South.

Introduction

Neoliberalism has emerged as the renaissance of economic liberalization over recent decades, alongside the increasingly significant trend of globalization. Originally, in the 1990s, scholarly attention to neoliberalism was concentrated mainly on North America and Western Europe (Peck and Tickell, 2002; Smith, 2002). More recently, a wide range of neoliberal practices in the global South has also come under the academic spotlight. As a political-economic ideology, neoliberalism has contributed to the rationalization of globalization, offered institutional frameworks for marketization and commodification, and refashioned state–capital relations (Smith, 2002; Peck, 2004). On the one hand, it is regarded as a kind of ‘diffused power’ (Peck and Tickell, 2002: 400) or ‘mobile technology’ (Ong, 2007: 3), and continues to lead to economic, political and urban transformation globally as the ‘capitalist machinery … structuring a new planetary geography’ (ibid.). On the other hand, it plays its part in various localities where a perplexing context remains at national, regional and local levels. Consequently, it has resulted in manifold geographies of what Brenner and Theodore (2002: 349) have called ‘actually existing neoliberalism’. Fundamentally, there is the distinction between the “soft” neoliberalisms of the Global North and the “hard” neoliberalisms of the Global South’ (Peck, 2004: 403). Specifically, unlike in the global North, where neoliberalism ‘rests on a pervasive naturalization of market logics’ (Peck and Tickell, 2002: 394), neoliberalism in the global South shows more dominance and hegemony of the state over market and society (He and Wu, 2009; Zhang, 2013).

China, as one of the representatives of the global South, is experiencing a dramatic and comprehensive process of neoliberalization within a distinctive multilevel
context (Wu, 2010). This has had a far-reaching impact on the urban realm in particular, and has taken place against a backdrop of urbanization. Apart from being directed by globalization (Smith, 2002), neoliberalization in urban China is also driven by national reforms and local initiatives. Market-oriented reforms were launched in the 1980s, followed by the implementation of land and housing reforms (He and Wu, 2009). Local governments transfer land-use rights to property developers through land leasing procedures, while the latter seek to accumulate large-scale capital and profit by developing residential properties. Moreover, the tax-sharing reform that was introduced in 1994 abruptly altered central–local fiscal relationships (Zhang, 1999). The central government recentralized its control over fiscal allocation, which limited tax revenue at the local level significantly. Therefore, the local state has had to find ways to increase its fiscal revenue beyond the tax system (Wu, 2016). Within a context of housing commodification, the local state has since the late 1990s devoted itself to developing residential properties through land leasing to extract revenue from its land resources (He and Wu, 2005; Lin and Zhang, 2015; Wu, 2016).

These multifaceted and overlapping institutional shifts have provided fertile ground for neoliberal urbanism in China. Neoliberal urbanism has manifested itself in the burgeoning property industry and the proliferation of urban (re)development projects, which have been characterized by state dominance and then market precedence (Zhang, 2013; Wu, 2016). The state occupies a leading position in mobilizing and regulating the market—a position driven by its ambition for economic growth and fiscal revenue (He and Wu, 2009). For example, it has proposed (re)development schemes, legitimized market operation, instituted interventionist policies, initiated infrastructure construction and even organized land acquisitions and housing demolition (He, 2007; He and Wu, 2009). Besides mobilizing and regulating the market, the state also wields hegemonic power over urban planning and monopoly on land ownership (Wu, 2015), and exerts a profound influence on spatial production (Wu, 2016). All these factors have led to an unprecedented urban revolution within a drastic urbanizing process (He and Lin, 2015).

This urban revolution—characterized by massive and relentless urban (re)development projects nationwide—is marked by gentrification as urban strategy (Smith, 2002; Wu, 2016) in the form of inner-city regeneration or new town construction in suburban and rural areas. In these projects, property developers play a pivotal role in producing gentrification, fuelled by local state sponsorship (He, 2007). Society, by contrast, seems to have had a passive role and has become vulnerable to the effects of developments that result from neoliberal urbanism. As far as state–society relations within the state-led gentrification process are concerned, much has been said about social tension and resistance. Land acquisition, housing demolition, displacement and residential relocation take place prior to urban (re)development (He et al., 2009; Shin, 2016; Wang and Aoki, 2019). Social conflicts between the local state and displaced residents frequently occur as a result of unreasonable compensation offers, the state’s biased relocation plans and forced evictions (Li et al., 2018). Other current research focuses on the demographic, sociospatial and socioeconomic changes of (low-income) displaced residents and exposes the dispossession (Shin, 2016), marginalization and impoverishment of these displaced groups (He and Wu, 2007; He, 2010). Meanwhile, state-led and property-led urban redevelopment is also criticized for its detrimental influence on neighbourhood cohesion and heritage conservation in the redevelopment areas (Liu et al., 2017; Wang and Aoki, 2019).

Based on an overview of China’s neoliberal urbanism with a specific focus on urban (re)development, actually existing programmes of neoliberalization in China are exposed as contextually embedded and politically mediated processes. While the ideology of neoliberalism pursues the utopian vision of free markets without any form of state interference, the process of neoliberalization has, as Peck et al. (2009: 51) note, ‘entailed a dramatic intensification of coercive, disciplinary forms
of state intervention in order to impose versions of market rule’. In the Chinese context, neoliberalization has since 1993 been accompanied by state-engineered development of a ‘socialist market economy’ that has been realized through a wide range of market-oriented restructuring measures, including massive privatization, deregulation and decentralization (Zhang, 2013). However, it is inherently doomed to exist in a kind of parasitical relationship with the authoritarian regime (Peck et al., 2009). Harvey (2005: 120) refers to this ‘particular kind of market economy that increasingly incorporates neoliberal elements interdigitated with authoritarian centralized control’ as ‘neoliberalism with Chinese characteristics’. Neoliberalism with authoritarian control in China is always contested as being problematic, as it is inconsistent with the neoliberal stance that insists on the retreat of the state. To resolve this issue, academics attempt to interpret ‘neoliberalization with Chinese characteristics’ from a historical perspective (Wu, 2008; 2010; Peck and Zhang, 2013; Zhang, 2013), based on the conceptualization of neoliberalization as historically specific regulatory restructuring with incomplete and hybrid modalities (Brenner et al., 2010). Initially, in the late 1970s, market rule was established and legitimized by the state in the face of an impasse brought about by the previous mode of accumulation. Subsequently, since the 1990s, marketization has achieved a neoliberal turn under the rubric of a ‘socialist market economy’ (Zhang, 2013) and has been navigated by the entrepreneurial/developmental state for the sake of economic growth and international competitiveness. In this sense, market or neoliberal rule is exercised in an instrumentalist way by the hegemonic state, while state control is the precondition of market or neoliberal development (Wu, 2008).

Viewed through a Marxian political-economic lens, the Chinese state has been explicitly portrayed as a dominant force that has manipulated the progress of neoliberalization by stimulating massive commodification of labour and land, and by suppressing all social grievances and unrest. When neoliberalization swept across Chinese society, manifesting itself as brutal ‘accumulation by dispossession’ (Harvey, 2005: 159), society remained powerless, as its political participation was blocked and collective resistance repressed (Zhang, 2013). At this juncture, could we conclude that the script of ‘neoliberalization with Chinese characteristics’ is completely directed by an authoritarian state with a ‘second-class market’ (Zhang, 2013: 1619) and an excluded society? In this article, we aim to revisit China’s neoliberal urbanism by problematizing this question.

As a result of the neoliberal reforms that have been implemented in China over the past two decades, great social transformation has taken place in the country. The most profound aspect of this process has been the establishment of a market society (Wu, 2008) against a backdrop of the institutionalization of neoliberal and capitalist elements (Harvey, 2005; Peck and Zhang, 2013). Viewed from a Polanyian perspective (1944), based on its three modes of integration, emergent market exchange in Chinese society has become a dominant mode of social integration over the other two—reciprocity and state redistribution (Wu, 2008; Peck and Zhang, 2013; Zhang, 2013). While we are not denying that neoliberalization in China is first and foremost political-economic manipulation by the entrepreneurial-authoritarian state, we equally recognize the role of market rule as an institution. Peck et al. (2009: 52) point out that ‘neoliberalism’s evocation of a spontaneous market order is a strong discourse—that is, a self-reinforcing myth rather than an accurate depiction of neoliberal statecraft’. In this context, we attempt to (re)theorize China’s neoliberal urbanism beyond the Marxian political-economic discourse.

An established market society within which market rule is embedded essentially consists of the concomitant production—consumption dyad. Interactions between production and consumption rely on the pervasive use of market mechanisms, in which goods, services and labour are commodified, while price serves as a measure of value, and money is used as a medium of exchange. Market-embedded neoliberal urbanism unfurls
in the same way. The production of urban space may be stimulated by social demand for consumption, or the consumption of urban space may emerge as a response to the productive initiative. As a result of the dual force of production and consumption, urban landscapes are continually shaped, transformed or even mutated. China’s neoliberal urbanism with its state-led and market-oriented spatial production and pro-growth orientation and gentrification strategies has been widely discussed (He, 2007; 2010; He and Wu, 2009; Shen and Wu, 2012; Wu, 2016). Yet, societal consumption triggered by the institutionalization of market rule and its role in emerging neoliberal urbanism still need to be scrutinized (He and Lin, 2015).

This article draws on a longitudinal study of the development of the Higher Education Mega Centre (HEMC) in Guangzhou over a span of 14 years, from 2004 to 2017, to reveal the agency of the living and consumption forces that manifest themselves under the direction of the underlying market institution. Furthermore, we also attempt to explore the changing geographies of the HEMC, and illustrate how the fabric of China’s neoliberal urbanism is jointly woven by the state, market and society. In our conclusion, we present some insights into China’s neoliberal urbanism based on this case study.

**State, market and society in China’s neoliberal urbanism**

Marketization and decentralization have paved the way for Chinese cities to move towards the strategically important arenas in which neoliberal urbanism has been unfolding (Peck et al., 2009). On the one hand, under the combined influence of (globalized) neoliberalism and a decentralized authoritarian regime, the local state–capital dyad has become an influential force of production for accumulation. On the other hand, neoliberalization has led to immense changes in the social order of urban society from egalitarian redistribution to market-oriented consumerism. Under these conditions, Chinese society has become a universal set of consumption that contains heterogeneous subsets that have differentiated consumption demands or preferences. Through the continuous interplay between production and consumption, state, market and society at the local level find specific ways to articulate themselves, and interact with and contest each other—resulting in an intricate mosaic of urban landscapes (He and Lin, 2015) that can be regarded as the geographies of ‘actually existing neoliberalism’ in urban China.

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**The entrepreneurial local state**

In the 1980s, fiscal and administrative decentralization was implemented within the Chinese political system. On the one hand, the local state has gained autonomous power in urban development and the local economy; on the other, the ‘personnel promotion tournament’—initiated and controlled by the central government—serves as a performance evaluation system for local officials via interlocal economic rankings (for example, rankings of per capita GDP growth), which determines their promotion. Therefore, it has turned out to provide huge incentives for local officials to develop the local economy (Li and Zhou, 2005) and to become involved in interlocal competition. As a result of increased decentralization and interlocal competition, in conjunction with market-oriented reforms, the local state has in fact become the initiator or facilitator of market operation in its pursuit of economic growth. This has led the local state towards ‘local state corporatism’ (Oi, 1992) or ‘state entrepreneurialism’ (Duckett, 2001). In other words, the local state, with its hegemonic position, pro-growth orientation and market operation, is metaphorically an entrepreneur developing the local economy.

Local state entrepreneurialism switched to the sphere of urban (re)development following the implementation of a tax-sharing reform in 1994. Commodification of urban land and housing, and privatization of public housing provision, ensued from the late 1990s (He and Wu, 2009). The local state has consequently relied heavily on
land development for fiscal revenue. This has led to a ‘land-driven fiscal regime’ and ‘Chinese urban entrepreneurialism’ (Wu, 2015: 82). It has also been engaged in real-estate development that intimately embraces neoliberal approaches ‘characterized by increasing market operations and private investment’ (He and Wu, 2009: 299). Thus, urban entrepreneurialism with its underlying fiscal incentives and pro-growth aspirations has been the catalyst of China’s neoliberal urbanism. This is clearly evident in Chinese urban planning. The Chinese urban planning system used to be mainly a technical instrument for development control. Generally, it contained two subsystems: one was focused on land-use control (for example, regulation of land development quotas, permission of rural-to-urban land conversion, and maintenance of agricultural land) (Wu, 2015: 54–58), while the other was about long-term socioeconomic development strategies, including ‘the development goals, population size, general land uses, and major infrastructure distribution and structure’ (ibid.: 59). However, with the emergence of Chinese urban entrepreneurialism, urban planning at the local level changed to a pro-growth discourse that nurtured neoliberal urban (re)development. For example, the entrepreneurial local state tends to propose a series of long-term blueprints that often include gentrification strategies, to promote the economic value and sociospatial advantages of the (re)development area. In doing so, the local state creates optimal conditions for capital forces to realize real-estate development and earn profit. This, in turn, secures land-related revenue and local economic growth. The process of urban planning also leads to neoliberalization. The (local) state cooperates with commodified and profitable planning institutions to formulate master plans (Wu, 2015: 70). Neoliberalization is thus conceived of as the insertion of market mechanisms into the configuration of state and urban governance to serve Chinese urban entrepreneurialism.

Besides this, the state maintains some socialist legacies to push and control urban (re)development. A salient example is dispossession during the early stages of urban (re)development. In most cases, the local governments implemented dispossession ‘as a key precursor to ensuing gentrification’ in a mixed approach entailing co-optation and coercion (Shin, 2016: 484). The presence of a strong state in the process of dispossession can, on the one hand, be interpreted as a form of ‘roll-out’ neoliberalism (Peck and Tickell, 2002; He and Wu, 2009), which has had an extraordinary effect on land commodification (Lin and Zhang, 2015) and the prevailing process of speculative urbanization (Shin, 2016). On the other hand, it also exposes the nature of state entrepreneurialism, which entails the state selectively deploying diverse governance techniques (including neoliberal and authoritarian approaches) to secure capital accumulation, or to maintain its power and vested interests (Wu, 2018).

— Market forces inside and outside the pro-growth coalition

That Chinese urban entrepreneurialism is driving the progress of neoliberal urbanism is evident not only in its urban planning but also in governmental mobilization of the market and the formation of a local pro-growth coalition. Nonetheless, the targets that the local state intends to reach specifically involve local enterprises, state-owned enterprises (SOEs) and other large-scale capital forces (including foreign capital investment), rather than the whole market. During the period of land and housing reform, the entrepreneurial local state strives to develop the property industry through subsidized land supply (Zhu, 1999) and by encouraging property-led redevelopment (He and Wu, 2005). Property developers have thus been incorporated into the local growth machine by appealing to shared economic interests, and an informal government-developer coalition has been formed (Zhu, 1999; He and Wu, 2005). However, the role of capital forces in shaping urban landscapes is still determined by the (local) state. While the local state aims to guide capital towards supporting its developmental schemes or translating its growth strategies (Zhu, 1999) by formulating preferential
or regulatory policies, pro-growth localism remains under rigid surveillance by the central government, and local ‘pro-growth coalitions may break down if any ... national strategies are violated’ (Shen and Wu, 2012: 273). A government–developer coalition was also formed in the case of the HEMC. Here, the latter facilitated turning the Master Planning Scheme into an actual built environment.

Besides incorporated and supervised capital forces (Wu, 2010), market agents also exist outside the pro-growth coalition. These market agents are self-employed entrepreneurs or landlords who operate spontaneously or sporadically in various locales. As spatial patterns within cities reflect socioeconomic differences (Wu and Li, 2005), different types and levels of small businesses and rental residences can be assumed to be unevenly distributed in line with the socioeconomic status of residents or consumers in the surrounding area. Current literature has in some ways outlined the spontaneous and pragmatic production of urban spaces by self-employed entrepreneurs or landlords without much intervention by the (local) state. For instance, Arkaraprasertkul (2016) illustrates the case of an alleyway neighbourhood or lilong in Shanghai by showing how local landlords took the initiative to gentrify their residences for profit, based on the downtown location and cultural value of alleyway houses. Other examples are evident in urban villages. Here, low-cost rents and an unfavourable environment appealed to low-income tenants and low-end businesses (He, 2015). In this case, we argue that these spontaneous self-employed entrepreneurs and landlords started conducting their activities as a result of institutionalized and self-reinforcing market rule in a context of increasing neoliberalization in China, and their activities are entirely distinct from those of the state-organized redistributive agents during the planned-economy period. Even though their business activities were originally permitted and regulated by the state, these sporadically operating market agents are inescapably influenced by the invisible market order, and thus thrive or decline according to the social demands and consumption preferences of consumers. Moreover, they may be regarded as complementing pro-growth production in neoliberal urbanism, and have an imperceptible but profound impact on urban life and landscapes. Urban villages, for example, fulfil the positive function of sheltering low-income migrants and alleviating social instability (He, 2015). Likewise, four villages in the HEMC were preserved that developed into spontaneous markets, which provided support services and goods to university students, especially at the early stages of development, when commercial areas were still to be built by the government–developer coalition. These four villages can thus be identified as complementing pro-growth production of the HEMC.

Consumer society and its sociocultural (re)production

As a result of the rapid pace of marketization during the post-reform era, the centrally controlled and egalitarianism-oriented redistributive mechanism of the planned-economy period has given way to emergent commodification and consumerism. People are thus being identified as consumers who can achieve their own financial gains and have the freedom to make their consumption decisions based on the demands of their daily lives, financial positions and sociocultural preferences. The state has reduced its control over the flow of commodities, which indicates that it is allowing members of society greater autonomy in terms of sociability (Davis, 2000: 3). Meanwhile, consensus has been reached in academia that Chinese marketization has brought about fundamental socioeconomic inequality and that the growing inequality in consumption can be attributed to this fact (ibid.: 16–20). This has been shown to differ according to region and demographics (Yusuf and Brooks, 2010). Wang and Li (2006), who investigated housing consumption as an example, found that neighbourhood and location-related attributes have a significant impact on people’s housing preferences, followed by attributes such as family income, age, education and occupation. Furthermore, consumption is sometimes a form of cultural practice, which constantly
includes sociocultural aspects such as taste, aesthetics, volition, personality and lifestyle (Latham, 2006: 232–33; Pow, 2009).

The combined features of consumption (namely, autonomous sociability, socioeconomic differentiation and sociocultural embeddedness) have effected crucial economic and social changes (Davis, 2000) with varying spatiality. It manifests itself in at least two ways, one of which is found in the interplay with the market according to the supply-demand or production-consumption relations that shape the distinct and differentiated urban landscapes in a spontaneous and autonomous way. For example, He (2015) discusses the re-urbanization of the ‘villages in the city’ through studentified urban consumption, while Pow (2009) describes how intertwined neoliberal ideologies and middle-class aesthetics resulted in private property enclaves becoming beautiful and exclusive gated communities. These transforming urban spaces, in a sense, have uncovered the underlying social identities and social relations in contemporary urban China (He and Lin, 2015). Both students and middle-class residents, for example, are commonly labelled ‘consumers’, since they have express their social identities through their daily-life consumption and their specific presentation and articulation of aesthetics. By the same token, the emergent social relations between heterogeneous consumers and differentiated market agents are fundamentally integrated through market exchange. The state relinquished control over people’s everyday sociability, while state-dominated neoliberalization has led to market rule and widespread commodification and consumerism. Subsequently, a consumer society (and its market agents) has been engaging in and contributing to the progress of urbanization. The HEMC case exemplifies this process. In this article, we describe how the establishment of a student-oriented market society based on the socioeconomic status of university students, their specific aestheticization, and the interactions between students and market agents, has facilitated the urbanization of the HEMC.

The impact of consumption on socioeconomic changes can also be attributed to the intertwining of consumption and sociocultural (re)production by specific social groups. Ley (2003: 2527) takes the artist group as an example to elaborate on ‘the role of artists as agents, and aestheticization as a process, in contributing to gentrification’. Qian et al. (2013) illustrate the two-stage gentrification process in Xiaozhou Village in China, which was mediated by artists. First-stage gentrification was triggered by artist tenants taking up residence in Xiaozhou Village. Their aestheticization of rural living and subsequent cultural reproduction of the space led to the transformation of the village from a poor countryside place into a prominent artist enclave. This resulted in second-stage gentrification marked by the emergence of art training institutes and the ensuing influx of art students. Eventually, Xiaozhou Village became commodified and studentified at the cost of the grass-roots artist tenants, who were displaced. The cultural capital that the artist gentrifiers produced, which was embedded in their patterns of consumption of space, were appropriated by the market (Ley, 2003) and converted to economic capital (Wang, 2001). In this article, we show how university students shaped the urban space of the HEMC in conspicuous ways: they are not only its main residents and consumers, but also represent a large group of sociocultural inventors by virtue of their aesthetic preferences and their cultural presentation. These characteristics have gradually been appropriated by capital forces and the state.

**Research methodology and description of the case**

We follow the state-market-society triadic framework in an attempt to show the intertwined effects of production and consumption on continuous urban transformation that result from an ever-deepening process of neoliberalization. Our longitudinal study of the HEMC in Guangzhou, China, is based on ethnographic fieldwork conducted from 2013 to 2017. We conducted 40 in-depth interviews with university students (16), villagers (10) and tenants (8), as well as self-employed entrepreneurs (6) from outside
In addition, during the fieldwork period, we engaged in participatory observations in the area surrounding the campus of Sun Yat-sen University (SYSU), where the urban village known as Beigang Village is located. A commercial plaza named GOGO New World and a metro station were located nearby. We took field notes on the everyday practices of people living or working here. In total, we composed 43 field notes on campus life at SYSU, on daily business activities in the village and plaza, and on social and commercial events in this area. We also collected a variety of secondary data, including 61 news reports published from 2002 to 2017, 12 government documents on urban planning, and municipal fixed-asset investment and annual reports, and made use of three related research articles (Li et al., 2014; He, 2015; Sum, 2018).

The construction of the HEMC is not a unique project in China, as its development formed part of a radical expansion of the higher education industry. From 1999 to 2006, over 60 university towns were built around Chinese cities (Ruoppila and Zhao, 2017). By developing these university towns into ‘satellite towns’ within an agglomeration of universities and other research facilities and resources, the state aimed to modernize Chinese higher education to enable Chinese universities to rank among the world’s best (Sum, 2018). In addition to serving the state’s educational aspirations, university towns have played an important part in China’s urbanization (Li et al., 2014). Most of these university towns are located in suburban or rural areas over large areas, whose suburban and rural characteristics have thus been abruptly displaced by modernized and urbanized landscapes. They consist of university campuses and research institutes and tend to encompass residential properties, commercial sites and transportation and other facilities (Ruoppila and Zhao, 2017). Therefore, university towns can be identified as a typical form of new town construction in the suburbs, which could be considered representative of the entrepreneurial state’s ambition to achieve economic productivity, international competitiveness and urban expansion (Sum, 2018; Wu, 2018).

The HEMC is one of the most prominent examples of the university towns that have mushroomed throughout mainland China. It is located on Xiaoguwei Island in the Panyu District of Guangzhou, and covers a total area of 20.15 square kilometres. It had been a rural area comprising six villages (Nanting, Beiting, Suishi, Beigang, Guolang and Lianxi) with a total population of 12,899 people. The project began with the municipal government choosing the site in August 2000. The municipal government finally chose Xiaoguwei Island in March 2001, taking into account advantages such as proximity to the city centre and the island topography. A planning schedule for the project was proposed the same year, followed by land acquisition and construction in 2002 and 2003. In 2004, within a mere 19 months, the first-stage project was completed, and the HEMC officially came into operation. Since then, Xiaoguwei Island has been developed into a (sub)urbanized area through the construction of new campuses for ten prestigious universities, which has led to the influx of hundreds of thousands of university students.

Much like other university town projects, the HEMC project is state-led, with the state managing the entire process—from land acquisition to urban planning, to infrastructure construction and financial coordination. In addition, the municipal government inserted its gentrifying visions and strategies (for example, the development of residential property projects, tourism-related initiatives and high-tech developments) into the project. These strategies were driven by urban entrepreneurialism aimed at extracting land-related revenue, pursuing economic growth and promoting the city brand (Su, 2015). The HEMC project has also attracted a huge amount of private investment, and its different parts were executed by different developers. The planning and materialization of the HEMC clearly shows the political-economic power of an entrepreneurial local state that takes its place at the forefront of urbanization by

1 Interviews were conducted in Chinese; extracts were translated into English by the authors.
formalizing the neoliberal/market approach and then applying it in practice in an instrumentalist way. Through its overwhelming display of power, the state has ensured its appropriation and control of neoliberal rule in urban China. The Chinese style of neoliberal urbanism thus deviates from that of the global North, which is far more strongly based on market logics. The heterodox nature of neoliberal development of the HEMC project resulted in various spatial contradictions, which led to the gentrification process becoming derailed. This outcome can be attributed to the mismatch between an unrealistic and redundant process of production and actually existing consumption of space. It also resulted in the socioeconomic outcomes of the HEMC deviating from the gentrification objectives the local government had envisioned. Therefore, the HEMC case provides an appropriate point of departure for readdressing China's neoliberal urbanism by focusing on its social geography; in particular, it offers opportunities for rethinking the interrelationships between urban entrepreneurialism and neoliberalization in the Chinese context.

**State-led and market-oriented production of the HEMC**

In this section, we look at the planning, construction and governance of the HEMC project, in an attempt to uncover the government–developer relations, as well as the neoliberal and entrepreneurial characteristics within these processes.

— Urban planning as neoliberal and entrepreneurial discourse

Urban planning used to be an internally managed activity of the Chinese government during the planned-economy period. Since the 1990s, the boom in external and for-profit planning institutes has resulted in the commodification of planning (Wu, 2015: 66, 70). Governments at all levels largely rely on the participation of professional planning institutes to give the credibility to their urban planning programmes (Wu, 2015: 69). However, as the government is their ‘client’, planning institutes strive to meet the government’s aims by facilitating the implementation of the state’s economic goals through its planning approaches (Wu, 2015: 67). Therefore, urban planning processes in contemporary China are embedded in neoliberal ideologies marked by pro-growth orientation and market operation.

The planning process for the HEMC is a notable example. In 2001, the Urban Planning Bureau of the Guangzhou Government (GUPB) invited four professional planning institutes to participate in the planning process by requesting each to drawing up a master plan for the HEMC. These institutes included China’s Academy of Urban Planning and Design, the College of Architecture and Urban Planning at Tongji University, the Guangdong Gaojiao Construction Planning & Design Institute and the Guangzhou Urban Planning & Design Survey Research Institute. In June 2001, the GUPB organized an HEMC planning seminar, to which the four planning institutes where invited alongside 13 prestigious national planners, the higher-level departments of the Guangdong Provincial Government and other municipal bureaus (namely, the Planning Commission, Education Commission and Construction Commission of the Guangzhou municipal government). In the course of this seminar, the planning institutes presented their respective proposals, while other participants offered comments and suggestions. In December 2001, the first-stage planning project known as the ‘Master Planning Scheme of the HEMC’ was finalized and published by the municipal government.

The crucial part of the first-stage project was the construction of new campuses for the ten universities. The design for the spatial layout of the university clusters consisted of three concentric circles (see Figure 1). The outermost circle housed the teaching areas of all ten university campuses. The middle circle consisted of five student-residence clusters, with the idea that student-resident clusters would share public facilities within each cluster, to facilitate community building across adjacent universities. The innermost circle accommodated shared public facilities such as a
sports centre and the HEMC Hospital. Four villages were preserved at this stage of the process. While two administrative villages (Guolang and Lianxi) and one-third of the area in Beiting Village were completely demolished in accordance with the planning scheme for the HEMC, the remaining two-thirds of the Beiting area and three other villages (Nanting, Suishi and Beigang) were preserved (see Figure 1). The total area of these four preserved villages was 1.127 square kilometres. These four villages accommodated 1,802 households and 5,954 villagers. Preserving these villages was a phase-by-phase strategy during the development of the HEMC to lighten the financial burden on the state and to limit social conflict during the large-scale land acquisition process.

In fact, the construction of the HEMC formed part of the strategy for a developmental blueprint of Guangzhou. In 2000, the municipal government proposed a ten-year blueprint (2001–2010) for local development. The main idea of the blueprint was ‘optimizing the north, expanding southward, transferring (the traditional industries) towards the east, and allying with the adjacent west’.2 The principle of polycentric development was originally included in this ten-year blueprint, and thus the ‘expanding southward’ strategy was strongly highlighted. It related to developing a subcentre of Guangzhou in the southern part (especially in Nansha District) and to expanding its high-tech and export industry. The HEMC project, located along the southward expansion pathway, was intended to provide support facilities to boost technological innovation and scientific research through the clustering of universities. In 2010, the municipal government formulated another ten-year blueprint (2010–2020)

2 ‘Optimizing the north’ refers to optimizing the northern part of Guangzhou into an ecofriendly district based on its advantageous natural environment; ‘transferring towards the east’ refers to the transfer of traditional industries from the central to the eastern districts; and ‘allying with the adjacent west’ refers to integrating both the city centres of Guangzhou and Foshan into what is called the G–F metropolis to emphasize regional collaborative development.
to further elaborate and update its strategy for ‘expanding southward’. This revised blueprint repeatedly emphasized the key role of the HEMC and its higher-education and innovative-technology industries. The new blueprint also came up with the notion of ‘three central axes of landscapes’ in Guangzhou: the historical–cultural axis in the west, ranging from Yuexiu Hill to Haizhu Square; the modern business axis in the middle, covering all of Zhujiang New Town with its surroundings; and the ecological axis in the east, encompassing a series of commercial and tourist landmarks. The HEMC itself is located in the eastern ecological axis, in an area adjacent to city landmarks such as the Pazhou International Exhibition Centre, Guangzhou Science City, Changzhou Island, Guangzhou International Bio-island and Yingzhou Ecological Park.

Therefore, the HEMC was not merely envisioned as a university town: it was designed as a new town with versatile functions. Apart from its purpose of providing educational facilities and extending innovative-technology industries with the support of university resources, it was also meant to support the tourism and recreational industries. This is why projects to exploit the tourism resources on the island and develop recreational facilities were included in the planning scheme (see Table 1).

Based on the long-term developmental blueprints for Guangzhou and the planning scheme for the HEMC, the entrepreneurial local state endeavoured to push its gentrification-oriented urban strategies by justifying the economic value and sociospatial advantages of the HEMC, while intending to extract land-related profits (Li et al., 2014) and secure local economic competitiveness. Meanwhile, the commodified planning institutes became involved in the planning process, and succeeded in pursuing the government’s ambitions. As a result of this kind of decentralized and marketized urban planning, China’s neoliberalization at the local level manifests itself as state–market entanglement (Birch and Siemiatycki, 2016). This has led to a situation in which market forces have been partially inserted into the local state apparatus, while these same market forces flourish by serving the entrepreneurial local state too. Instead of loosely adopting a neoliberal approach combined with authoritarian control and regulations as at the national level (Harvey, 2005; Liew, 2005), at the local level, the state proceeded to proactively mobilize neoliberal development (He and Wu, 2009). At the core of such local state–market entanglement is growth-and-profit-oriented urban entrepreneurialism. Consequently, when urban planning meets urban entrepreneurialism, the state tends to utilize it first and foremost as a vehicle for extracting profits, and less as an approach to incorporate technical rationality in the design of neoliberal projects.

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**Pro-growth coalition and state-sponsored gentrification**

An important part of the HEMC project was the development of residential property. The planning scheme for the HEMC stipulated that only 22 parcels of land

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>Tourist attractions and recreational sites in the HEMC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
<td><strong>Sites</strong></td>
</tr>
<tr>
<td>Commercial area</td>
<td>Guangzhou University Commercial Centre; GOGO New World; Commercial Area North; Commercial Area South; Beiting Commercial Square</td>
</tr>
<tr>
<td>Natural attractions</td>
<td>Central Lake Park; wetland parks</td>
</tr>
<tr>
<td>Cultural heritage</td>
<td>Mausoleums of the Southern Han Kings; the Imperial Garden of the Southern Han Dynasty; the battery in the late Qing Dynasty</td>
</tr>
<tr>
<td>Cultural/scientific facilities</td>
<td>Guangzhou Art Academy; National Archive of Guangzhou; Xinghai Concert Hall; GAFA Gallery; Chinese Medicine Museum of Guangdong Province; Guangdong Scientific Centre; Lingnan Impression</td>
</tr>
<tr>
<td>Sports facilities</td>
<td>HEMC Sports Centre, Roller Sports Centre</td>
</tr>
</tbody>
</table>

**Source:** authors’ research
would be used for residential property and that the maximum height for any building on
the island was to be 50 metres. This limited space made residential properties within the
HEMC a scarce resource. Because of the favourable environment, the good reputation
of the universities, and the state’s development priorities regarding higher education,
innovative technology and tourism, the municipal government had been eager to turn
the HEMC into a cluster of high-end neighbourhoods. Based on these aspirations, land
for the residential property developments was auctioned off and leased out by the local
government at very high prices. A land auction on 10 December 2009 exemplifies this:
five parcels of land in the HEMC were leased out at prices ranging from 8,934 RMB per
square metre to 9,503 RMB per square metre, dramatically higher than the citywide
average of 5,100 RMB per square metre at the time. The auctioned land has since been
turned into eight residential property projects led by different property developers
(see Table 2). Most of the residential units are large-size flats with an area of more than
120 square metres. Housing prices have remained high and have risen significantly.
Residential properties in the HEMC were therefore clearly tailored to meet the needs
of affluent residents.

In fact, throughout the process of realizing the HEMC project, the local
government has cooperated with developers to establish residential properties and
commercial industries (see Table 1, in which we list the commercial sites) with the aim
of earning land-related profits and boosting local economic performance. Meanwhile,
the developers who became involved in this urban redevelopment project and helped
realize these gentrification strategies also realized significant economic returns as a
result of the consumption of prospective affluent gentrifiers. The shared economic
interests of the local government and the developers was therefore based on a win–
win approach to cooperation that led to the formation of a pro-growth coalition. To
nurture neoliberal practices and sponsor the pro-growth coalition, the local government
committed to developing large-scale infrastructure projects. Over the past decade, more
than 20 bus lines, two metro stations and various other public facilities (including
education, health, sports, exhibitions, scientific research and outbound traffic facilities)
have been built. The local government also channelled extensive fixed-asset investment
into the HEMC project, amounting to 1.9, 19.3 and 5.7 billion RMB in 2003, 2004 and
2005, respectively.

To supplement the neoliberal and pro-growth development of the HEMC, the
local government adopted an authoritarian approach. During the construction period,
to speed up progress, the local government organized land acquisition and housing

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**TABLE 2** Residential property projects in the HEMC

<table>
<thead>
<tr>
<th>Land use</th>
<th>Residential property project</th>
<th>Area per flat</th>
<th>Total number of households</th>
<th>Sale year</th>
<th>Initial sale price RMB/m²</th>
<th>Highest price RMB/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Yulong Garden</td>
<td>293–312 m²</td>
<td>84</td>
<td>2014</td>
<td>40,000</td>
<td>66,666</td>
</tr>
<tr>
<td></td>
<td>University Villas</td>
<td>179–450 m²</td>
<td>290</td>
<td>2012</td>
<td>28,000</td>
<td>59,000</td>
</tr>
<tr>
<td></td>
<td>Shang Xuan 103</td>
<td>259–267 m²</td>
<td>103</td>
<td>2011</td>
<td>25,000</td>
<td>43,500</td>
</tr>
<tr>
<td></td>
<td>Xinghui Wenyu</td>
<td>82–465 m²</td>
<td>650</td>
<td>2012</td>
<td>20,000</td>
<td>28,900</td>
</tr>
<tr>
<td></td>
<td>Xinghui Wenhan</td>
<td>80–201 m²</td>
<td>800</td>
<td>2012</td>
<td>19,000</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>Xinghui Wenhua</td>
<td>83–298 m²</td>
<td>822</td>
<td>2011</td>
<td>22,000</td>
<td>33,000</td>
</tr>
<tr>
<td></td>
<td>HEMC Xinyuan</td>
<td>94–298 m²</td>
<td>204</td>
<td>2010</td>
<td>18,000</td>
<td>29,000</td>
</tr>
<tr>
<td>Commercial-</td>
<td>University Times</td>
<td>29–118 m²</td>
<td>725</td>
<td>2009</td>
<td>12,000</td>
<td>19,000</td>
</tr>
<tr>
<td>residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The lease term for residential land is 70 years, while that for commercial–residential land is 40 years. However, properties
built on commercial–residential land can be used as business registration addresses by corporations.

**Source:** authors’ analysis, based on information from two search engines for residential property information, developed by two
internet companies (see https://gz.house.163.com/ by NTES and http://gz.fang.com/ by Fang Holdings Limited, accessed 30
October 2019).
demolition using both co-optative and coercive measures (Shin, 2016). Initially, the local government put in place a compensation scheme for the displaced villagers. In Beiting Village, for instance, this scheme stipulated 450 to 850 RMB per square metre of demolished dwelling, plus 49,382 RMB for each villager, as land compensation. The local government built new dwellings in a new neighbourhood called Guwei New Village in Xinzao Town (outside but near to the HEMC), to which the displaced villagers were relocated. To encourage the villagers to move, the local government even established a bonus plan: ‘If a given household agreed to move out of Xiaoguwei before the deadline for demolition and relocation, each of its members would earn a bonus of 20,000 RMB, plus a discount [price] of 600 RMB/m² for the dwellings in Guwei New Village (Li et al., 2014: 428). However, when confronted with fierce resistance from uncooperative villagers, the local government called in the police to implement eviction and demolition coercively. Even now, during its operational period, the HEMC is still governed by an authoritarian approach. In 2008, a Management Committee was set up that works jointly with the Xiaoguwei Street Office. Both report to the Panyu District Government, which is in charge of implementing, supervising and controlling all aspects of operational and social affairs in the HEMC. These bodies regularly evict street vendors, or confiscate their stalls and carts to keep the urban landscape ‘clean and tidy’. Similarly, when the HEMC sports centre was selected as competition venue for the 2010 Asian Games, which were expected to draw tens of thousands of tourists, the municipal government and these three bodies (the Panyu District Government, the Xiaoguwei Street Office and the Management Committee of the HEMC) decided to enclose the preserved villages by erecting a fence consisting of six-metre-high iron sheeting, with the aim to create a tourist-friendly image of the HEMC. In spite of opposition, villagers were thus forced to live in a gloomy and badly ventilated space. Street vendors and preserved villages are discussed in more detail in the next section.

The local government–developer coalition further pointed to a local state–market entanglement in which the entrepreneurial local state is dominant. Both neoliberal and authoritarian approaches have been integrated into the local growth machine for accumulation and growth purposes. However, the authoritarian approach does not aim to constrain or regulate neoliberal programmes; instead, it serves to coercively remove any impediment to the latter. Over the past two decades, urban (re)development in China has unfurled in such an aggressive fashion, and physical landscapes and functional zoning of Chinese cities have greatly changed. Xiaoguwei Island is a case in point: it has mutated into a modernized university town made up of deliberately designed urbanities to facilitate development of higher education institutions, high-end neighbourhoods and tourist attractions.

The making of a real HEMC: consumption of urban space in a market society

In this section, we look at different social groups and the social dynamics in the HEMC from 2004 to 2017, and scrutinize how these resulted in the transformation of the social geographies of this university town, and in the failure of the state’s gentrification project. We also look at how state and market forces respond to and continuously become involved in the development of the HEMC.

University students as the residents and consumers

As the ten university campuses were built and opened within the HEMC from 2004 onwards, all of them providing students with on-campus accommodation, hundreds of thousands of university students moved into the HEMC. As the main residents, university students have profoundly shaped the socioeconomic landscape of the HEMC through their particular patterns of consumption and socialization (Calvo, 2018). Their influence has primarily manifested itself in the four preserved villages. Villagers transformed their
houses into small flats and rooms to accommodate students. This booming rental housing stock specifically for students has led to studentification (student-induced gentrification) of these villages. He (2015: 2858) classifies three types of studentifiers in the Chinese context: students preparing for exams and attending training courses; students seeking private space; and newly graduated students. During our fieldwork, we found all three types of studentifiers in the villages, as these interviews show:

Between October and November each year it is the time for the nationwide civil service examination. The HEMC is one of the important examination venues in Guangzhou. Therefore, during this time, the rental rooms [in the villages] would be fully occupied. Also, as our village is near GUF [Guangdong University of Foreign Studies, the venue for IELTS tests—International English Language Testing System tests] and SYSU [the venue for TOEFL—Test of English as a Foreign Language], the rooms in our village are always fully occupied at weekends due to the English tests (interview 23, villager, Beigang Village).

I have lived here [in Suishi Village] for more than three years after I graduated from SCUT [South China University of Technology]. The rental price is very reasonable here compared to the city centre. More importantly, I have spent my whole undergraduate period here and have become used to the surroundings... It only takes me about 45 minutes to go to work [in the city centre] by metro, and I can accept such a commuting time (interview 08, university graduate).

This is not the end of the story, either: studentification of the village neighbourhoods has merely been a prelude to the transformation of the landscapes within the HEMC. In effect, owing to both colonization of the studentifiers in the village neighbourhoods and the agglomeration of student-residence clusters built by the universities (see Figure 1), the distinctive expression of the consumption demands and preferences of students is the actual force that shapes the urban landscapes. Over the past decade, the four villages turned into highly autonomous, pragmatic and student-oriented markets with various small business offerings, such as restaurants, cafés, retail stores, bookshops, driving schools, English and art training institutions, and so forth (see Figure 2). Most of these businesses are run by villagers or migrants and are characterized by their small size and low prices, and a focus on fashion, flexibility and diversity to meet the consumption demands and preferences of students.

Some of the small businesses even operate beyond the confines of the villages and commercialize adjacent public space. Vendors occupy the streets and roads, selling barbecued food or snacks to cater to students’ preference for a ‘midnight-snack culture’ (see Figure 3). This emergence of street vendors has prompted the local government to respond with authoritarian regulations.

As most of these small businesses rely heavily on student consumption, they tend to be subject to seasonal variation. During the summer and winter holidays, business is sluggish, and most places close temporarily. Interviewees reflected on this in their interviews, for example:

When a summer or winter vacation comes, I will close my [printing] store. Since most of the students would have left, there is not much business during that time. If I keep the store open, I will lose money (interview 39, migrant owner of a printing business).

Developers also identified the area’s profit potential, and as a result became involved in commercial developments directed at students. Two large commercial squares—GOGO New World and the Guangzhou University Commercial Centre—were built near
the university campuses. Some well-known global brands (for example, McDonald’s, Pizza Hut and Mannings) opened stores here, and there are numerous other student-oriented commercial tenants (for example, clothing shops, boutiques, food courts and supermarkets).
Undoubtedly, the studentification of the village neighbourhoods and the development of student-oriented businesses in the HEMC are determined by the influx and prevalence of students. Meanwhile, the actions of villagers, migrant self-employed entrepreneurs and developers contributes to student-induced urban transformation. The spontaneous and pragmatic processes that characterize the social relations between the students (as residents and consumers) and the villagers, self-employed entrepreneurs and developers (as autonomous market agents) are thus constructed through market exchange. Such social relations are led by the consumption demands and preferences of the students. Seen in this light, a student-induced market society has thus been established in the HEMC. The fact that this market society has developed provides a nuanced understanding of the self-reinforcing market order—one that influences urban transformation based on stimulation by institutionalized neoliberalization in urban China, while being embedded in and performed by social relations and interactions between market agents and consumers.

Gentrification going off track: speculative affluent investors, rejected middle-class gentrifiers and unexpected low-income tenants

While student-oriented businesses have prospered, the state’s planned vision of building high-end neighbourhood clusters, including additional developments aimed at the tourism and residential property industries, has reached a state of deadlock. The residential developments in particular have turned into contradictory urban landscapes characterized by extremely high prices and excellent sales but, significantly, by a low occupancy rate. Both the Master Planning Scheme of the HEMC and the development blueprints of Guangzhou had promoted the university town as economically and sociospatially superior, and thus there were high expectations among developers and investors for significant capital appreciation of residential properties in the HEMC. Inevitably, this has resulted in higher housing prices than the citywide average, and a continuous rise of prices in recent years (see Table 2). Most of the residential property projects sold out within a short time. Because of the predominance of large housing units, buyers tended to be affluent gentrifiers. However, buyers mostly regarded these properties as promising investments instead of as residences for themselves. By contrast, there was a strong demand for residential units on the part of middle-class employees (for example, university staff) who worked within the HEMC and wished to become homeowners. But because housing prices were too high and the units too large, that these units were unaffordable for them. This resulted in a high level of vacancies in the HEMC residential projects. Thus, contrary to the government’s vision, the targeted affluent buyers failed to become gentrifiers and residents of the HEMC, and middle-class gentrifiers who wished to reside in the area also failed to settle in the HEMC because of the oversized residential units, speculative investments by affluent investors and unaffordable housing prices.

As a result of the absence of both affluent and middle-class gentrifiers, other gentrification strategies were also undermined. This led to the decline of the commercial areas that were situated further away from the university campuses. A discouraging example was Beiting Commercial Square, which was opened in 2007 as the first developer-led commercial centre of the HEMC. Early on, the 250 available shops were fully rented out to diverse businesses such as clothing shops, restaurants, a cinema, video game arcades. However, a number of reasons, such as the centre’s distance from the student-residence clusters, the paucity of gentrifiers in the HEMC and the small number consumers from outside of the HEMC, led to most of the businesses eventually going bankrupt. The other two commercial areas—the Southern Commercial Area (SCA) and the Northern Commercial Area (NCA)—each near one of the two metro stations in the HEMC, suffered a similar fate. Both these centres were demolished in 2013 and 2015, respectively. The land of the former NCA has been earmarked for the
development of 12 public rental housing blocks specifically for university staff, which will be built with consideration for their residential demands. Another unfortunate example was the Guangdong Scientific Centre, which was used for scientific exhibitions to the public from 2008. However, owing to the small number of tourists who visited, the centre failed to thrive in the long term. In 2010, one of its studios was refurbished to house an IMAX cinema. Thus, university students who come to watch movies in the cinema have become its main visitors.

The entrepreneurial (local) state regards neoliberal approaches as a deliberately cultivated governance technique for accumulation. However, within this process of institutionalizing neoliberalization, it has simultaneously led to the development of a self-reinforcing market order (Peck et al., 2009) that is based on fluctuating prices and capital values, and on the dynamics of consumption. Hence, as Chinese urban entrepreneurialism meets self-reinforcing neoliberalization, it will inevitably be caught in the reflexive effects between growth-oriented production, on the one hand, and resultant consumption dynamics, price fluctuation and capital appreciation or depreciation, on the other. The escalating housing prices and high sales of residential properties in the HEMC reflected a positive response to growth-and-revenue-oriented planning and production by the local state. In turn, the rising price and value of land and housing motivated the entrepreneurial local state to proceed with another round of pro-growth and revenue-induced production. However, escalating land and housing prices and values had actually been pushed up by speculative developers and property investors—a process that was bound to reach an upper limitation for demand and capacity at some point. The derailed gentrification process as a result of the absence of both affluent and middle-class gentrifiers in the HEMC has been an emblematic example of this process.

The commercialized villages, by contrast, retained their original form without much beautification or regeneration, unlike the redeveloped landscapes in other parts of the island. The village environment remained polluted, dense and chaotic. Because rental prices in the villages were low, and villagers were providing prospective tenants with plenty of rental flats, a large number of low-income tenants moved there to take advantage of the low rental prices compared to the city centre. This resulted in the villages degenerating into low-income, disorderly neighbourhoods characterized by a poor living environment and a complex, fluid population. This situation substantially contradicted official aspirations of gentrifying the HEMC, rubbing even more salt into the wound. This context led to the local government enclosing these villages with a high fence of iron sheeting before the 2010 Asian Games.

Youth culture appropriated by the capital/state

The student population’s power is evident not only because this group represents a huge cluster of residents and consumers, but also because it is a distinctive group of sociocultural inventors. University students have developed into socially autonomous campus-based communities around the ten universities of the HEMC. Their everyday practices reflect this through a boom in student organizations, the daily and seasonal rhythm of campus life and students’ collective use of public space. The youth culture these students represent has unfolded in and around the university campuses and is characterized by creativity, freedom, initiative and enthusiasm (He, 2015; Calvo, 2018). By identifying this student population’s unique consumption appetites and distinctive cultural capital, capital forces have gradually captured and appropriated its youth culture.

The most common way of doing so has been by sponsoring student organizations and their activities. By becoming involved in student activities, capital forces have found ways to penetrate the student market in pursuit of profit. By the same token, student organizations have succeeded in realizing their cultural identity through various
activities that enjoy adequate financial support from sponsors. For example, we observed the following at SYSU:

Posters displayed on the publicity board in each dormitory building show recent activities hosted by various student organizations. During the fall semester (7 September to 28 December) of 2013, I observed the publicity board in one dormitory building each Saturday, while recording the activities with their organizers and sponsors. Over the 17 weeks, 57 posters were displayed, promoting 49 student activities. Among them, 33 activities showed their sponsors on the posters. Most of the sponsors are national or global brands (for example, China Mobile, P&G, JNJ, Lenovo) (field note 12, December 2013).

Capital forces simultaneously strive to capture the daily and seasonal rhythm of campus life, and to reap economic value from it. For instance, there are a number of commercial activities and road shows that appropriate specific aspects of youth culture in promotional material (for example, ‘new hope’ and ‘youthful dream’ for the back-to-school seasons, ‘youth memories’ for the graduation seasons). In addition, because the teaching areas (located in the outermost circle) and student-residence clusters (in the middle circle) are quite far apart (see Figure 1), many students bought bikes and rode them to lectures. However, in the past two to three years, a bike-sharing corporation named ofo launched a bike-sharing plan.3 Within a short time, personally owned bicycles had largely been replaced by the shared bikes (see Figure 4).

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3 The bike-sharing plan proposed by bike-sharing company ofo refers to the collective use of bikes on a pay-per-use basis. Each bike has its own password. When wishing to use the shared bikes, riders can obtain a password and complete the payment procedure via ofo’s smartphone app.
While the artist groups, who had high cultural capital but low economic capital, and thus tended to be displaced after their initial contribution to gentrification, university students have manifested themselves as strong and firm gentrifiers and consumers. Their power as a group can be attributed to their large numbers and their continuous turnover, and to the fact that they own moderate economic capital, as many are financially supported by their parents. Furthermore, they possess distinctive cultural identities that are evident from their activities, such as their pursuit of fashion and beauty, their creativity and enthusiasm in student organizations and activities, and their emphasis of dreams and youthfulness. These cultural elements offer enormous potential economic value, which has further made these groups appealing to massive capital investment. This has resulted in almost every aspect of student life being commodified by capital forces (Calvo, 2018), which has contributed to the development of student-oriented landscapes around the HEMC. Over time, the university town actually turned into a ‘student town’.

The local state, driven by urban entrepreneurialism, has also appropriated the student population’s youth culture through boosterism practices. In recent years, the government initiated a further gentrification project by introducing innovative-technology startups from outside. The Southern Daily of 10 November 2015 reported on the state-led Digital Home Base in the HEMC and mentioned that it had attracted 120 high-tech/internet startups. Through this initiative, the local government was aiming to mobilize high-tech entrepreneurs to move into the area, gentrify the neighbourhoods and contribute to land and housing values. To promote the image of the HEMC’s innovation clusters, official reports described it as a place filled characterized by youthful dreams and values. For example, in January 2017, the Panyu District Government announced its plan to set up the Youth Innovative Entrepreneurship Incubating Base in the HEMC. The governmental discourse was as follows:

[The Panyu District Government] will endeavour to make the HEMC an important window for cooperative communication among the mainland, Hong Kong, Macao and Taiwan. By positioning the HEMC as the base of innovative entrepreneurship for the youth, we hope that the dreams and values of the youth in the Greater China region can be realized here (sohu.com, 2017).

Concluding remarks: the geography of China’s neoliberal urbanism

Urbanization has dramatically increased in China since market-oriented reforms were instituted. Rapid industrialization and the relaxation of the hukou system has triggered large-scale rural-to-urban migration. Moreover, the introduction of neoliberalization processes to urban (re)development in Chinese cities has stimulated neoliberal urbanization, which has been ‘characterized by the renaissance of urbanism and a rapid process of urban-centred wealth accumulation’ (He and Wu, 2009: 284). Existing literature elaborates on the institutional incentives (for example, decentralization, marketization, privatization, deregulation) that are driving China’s urbanization towards the neoliberal paradigm (He and Wu, 2009; Zhang, 2013). It is also attentive to China’s political economy under neoliberalization (Wu, 2010; Peck and Zhang, 2013; Lin and Zhang, 2015; Wu, 2018). In particular, there is the entrepreneurial (local) state’s focus on its pro-growth aspirations and fiscal incentives (Su, 2015), which have engineered China’s neoliberalization by orchestrating both market-oriented and authoritarian approaches (Wu, 2008; 2018).

Harvey (1989: 5) has noted that ‘urbanisation should ... be regarded as a spatially grounded social process in which a wide range of different actors with quite different objectives and agendas interact through a particular configuration of interlocking spatial practice’. From a Marxian political-economic perspective, the hegemonic
state—legitimized but supervised capital forces—and a resistant society have been shown to be part of China’s neoliberal urbanization. Above all, society is recognized as being vulnerable to and excluded by the brutal gentrifying production of urban space. At the same time, the institutionalization of neoliberalization has led to great changes in Chinese society. The most profound change has been the establishment of a market society (Wu, 2008). As a result of emergent market mechanisms inserting themselves into various aspects of Chinese social life, market exchange—essentially based on production–consumption connections—has become the dominant mode of social integration in Chinese society. In this situation, members of society, labelled as ‘consumers’, should have been playing their part in the process of neoliberalization. Also, state–market–society relations should have been inescapably reconstructed in such a marketized neoliberal context.

This article revisits China’s neoliberal urbanism beyond the Marxian political-economic repertoire to shift the theoretical focus from production to consumption. By switching to an institutionalized neoliberal context, we attempt to rethink the different roles of the state, market and society to uncover the geographies of ‘actually existing neoliberalization’ that result from the transforming state–market–society nexus in urban China. We conducted a longitudinal study on the HEMC to achieve these research objectives.

This study tells an intricate story that developed over more than a decade. It began with a utopian plan proposed by the entrepreneurial municipal government, which was subsequently realized by means of a pro-growth government–developer coalition that was based on neoliberal approaches. The ideal outcome should have been a gentrifying university town accommodating university students, affluent gentrifiers and tourists, without influence from the preserved villages and the residual villagers. However, market-embedded neoliberalization is an invisible hand that has imperceptibly but profoundly shaped the urban transformation of the HEMC. On the one hand, empowered by the market rule, villagers, student-oriented commercial developers and self-employed migrant entrepreneurs exerted their power by developing a market society directed at the actual residents and consumers of the area: university students and low-income tenants. Moreover, based on neoliberal and entrepreneurial discourse (reflected in the urban planning schemes), the crafty local state succeeded in raising housing prices in the HEMC, thereby attracting a large number of affluent speculative investors. On the other hand, because of the effects of the market order, the gentrification programme of the HEMC, led by the entrepreneurial local state, fell short. Reasons for this were found to be the absence of prospective affluent gentrifiers, the exclusion of middle-class gentrifiers working in the HEMC, and the low numbers of tourists, in addition to the negative externality of the villages caused by the influx of low-income tenants. Intriguingly, the reality of the derailed gentrification process did not frustrate the local state and capital forces. Instead, both continued with their endeavours to capture and extract economic value from the market for the sake of profit and accumulation.

In this article we presented new insights into neoliberal urbanism in China based on the HEMC case. In an institutionalized market/neoliberal context, various actors, such as the entrepreneurial local state, capital forces, sporadic market agents and consumer society, are closely intertwined. Such intertwined relationships can be disentangled using four clues.

First, neoliberalization has led to an entanglement of state and markets (Birch and Siemiatycki, 2016). In China, this has occurred against a backdrop of a regime that changed its approach from totalitarian and centralized managerialism to decentralized and pro-growth entrepreneurialism (Harvey, 1989). Many Chinese cities experienced extensive commodification of land and housing alongside various forms of urban (re)development. Chinese urban entrepreneurialism—the entrepreneurial urban regime in pursuit of revenue and accumulation—has played a leading role in these processes,
through which the state has embraced neoliberalization as a dominant approach. In other words, market mechanisms have been inserted into the configuration and process of urban development and governance. Incorporated market forces, in turn, exist in a parasitical relationship with the local state apparatus and have prospered by gaining abundant resources that resulted in profits. State–market entanglement—in the form of public–private partnerships or state–capital coalitions—has therefore prevailed, and a profit-and-growth-centred urban regime has taken shape. Moreover, this urban regime is dominated by an insatiable local state that tends to abuse its privileges within a neoliberal regime rather than follow the principles of economic rationality (for example, a supply–demand equilibrium). As a result, China’s neoliberal urbanism appears to be another ‘Great Leap Forward’ (Sum, 2018), characterized by declining technical rationality in urban planning of neoliberal projects, continuing exploitation of urban (re)development programmes (Shen and Wu, 2012) and coercive or authoritarian approaches. There have been some negative reflexive effects of neoliberalization that can be attributed to Chinese urban entrepreneurialism, such as overproduction of residential properties, unreasonable increases in housing prices, and the growing debt crisis of local governments.

Secondly, neoliberalization has accelerated the development of a market society (Wu, 2008). While the existence of a market society is a common phenomenon in advanced capitalist systems, it is relatively new to urban China, having been established within less than three decades. In the past, Chinese urban society had been rigidly organized and integrated through egalitarian redistribution by the totalitarian state. However, since the 1990s, neoliberalization has led to increased commodification and consumerism and provided members of society with greater autonomy over their everyday sociability, following the collapse of totalitarian state control. Emergent social relations in urban society, such as capital–labour relations (Zhang, 2013) or supplier–customer relations, are reintegrated through commodification and market exchange, which manifest themselves as production–consumption interactions and flows of money and commodities. In the process, heterogeneous and diversified consumption demands or preferences have, to a large extent, determined the morphology and dynamics of the market society. Meanwhile, the market society cannot be fully developed without the agency of spontaneous and pragmatic market agents. Therefore, apart from the pro-growth production of urban space by the entangled state–capital coalition, there is another aspect to neoliberal urbanism in China, namely that of a spontaneous market society empowered by state-led neoliberalization. While the spatial production led by the state–capital coalition may be hegemonic and exert its influence over the built environment and functional zoning in a city, the market society complements the former by shaping the social geography of neoliberal urbanism. It may also facilitate or violate the gentrifying objectives of the pro-growth production, as it is directed by actual population distribution, flows and consumption demands.

Thirdly, Chinese urban entrepreneurialism in conjunction with neoliberalization has had reflexive effects. These can be attributed to the market-oriented and capital-centric rules of neoliberalism. The market order as an institutionalized factor always responds to the agency of urban entrepreneurialism in urban (re)development, through price–value or supply–demand fluctuations. The entrepreneurial local state seeks fiscal revenue and local economic growth through land and housing development, which is facilitated and operationalized by the market (for example, commodified urban planning institutes and profit-oriented developers). As a result of neoliberal and entrepreneurial discourse and practice, the newly built residential properties successfully attracted numerous buyers. Consequently, housing prices have continued to rise dramatically, which in turn triggered an increase in land value. Thus, the entrepreneurial local state was prompted to become involved in another round of land and housing development for the sake of continuous revenue and accumulation. However, positive reflexivity
between capital appreciation and growth-oriented production should be limited, and constrained by actual demand and the capacity of the buyers. Most of the property buyers were speculative investors, who sent out false signals to the local state. This led to another form of sociospatial contradiction in Chinese cities—one that stems from the mismatch between aggressive supply of and actual demand for residential property. The HEMC fared better than the emergent ‘ghost cities’ that Shepard (2015) describes, where properties have remained unoccupied since they were built. In sum, the hegemonic local state is not always superior to the market order under conditions of neoliberalization.

Lastly, neoliberalization has integrated the state–market–society nexus as a whole based on capital-centric rules. It manifests itself as commodification or capitalization of many aspects of social life. Both the entrepreneurial (local) state and profit-oriented market forces grab every opportunity to extract economic value from consumer society. A convincing example is the fact that cultural capital (re)produced by specific consumption groups (for example, students or artists) tends to be captured and appropriated by the local state and capital forces, and converted to economic capital. Besides state and capital, members of society in general have also become involved in the capitalization of social life, directing their savings towards various forms of investment (for example, residential properties).

Above all, this ethnographic study of the socioeconomic transformation of the HEMC sheds new light on the geography of China’s neoliberal urbanism. Emergent market mechanisms triggered by institutionalized neoliberalization have profoundly changed the social order and social dynamics of Chinese urban society, through production–consumption interplay and capital-centric rules. Meanwhile, state–market–society relations have been refashioned, leaving an entrepreneurial local state that, while clearly dominant and hegemonic, is not omnipotent, but bounded by market rule.4 Nevertheless, China’s market society—comprised of consumer society and market agents, legitimized and loosely regulated by the state—displays its active agency by contributing to the (trans)formation of neoliberal urbanism. The Chinese experience also sheds some light on ‘hard’ neoliberal urbanism in the global South, as there tend to be contradictions between state-led visions and practices and market-driven realities in its neoliberal urban development (Brooker, 2012).

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References


4 In contrast to the aggressive approach of the local states, the Chinese national state has continued with its cautious approach to neoliberalization.


