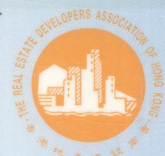


# International Conference *Re-inventing Global Cities*

11 November 2000 (Saturday)

Theatre 2, Hong Kong Convention and Exhibition Centre (Old Wing), Wan Chai

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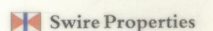
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**CUPEM 20<sup>th</sup> Anniversary International Conference**  
**Re-inventing Global Cities**

11 November 2000  
Theatre 2, Hong Kong Convention and Exhibition Centre

**Organizer**

The Centre of Urban Planning and Environmental Management  
The University of Hong Kong

**Main Sponsor**

The Real Estate Developers Association of Hong Kong

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# **Contents**

<b><i>Messages</i></b>	<b>1</b>
<b><i>Synopsis</i></b>	<b>5</b>
<b><i>Conference Programme</i></b>	<b>6</b>
<b><i>Biographies</i></b>	<b>9</b>
<b><i>About the Organizer</i></b>	<b>16</b>
<b><i>Session One: International Perspectives</i></b>	
Re-inventing the City in Europe: Regeneration and Re-orientation <i>Professor Peter Roberts</i>	<b>18</b>
Sydney's Re-constitution since the 1970s: Managing the Aftermath <i>Professor Peter Murphy &amp; Professor Chung-Tong Wu</i>	<b>33</b>
'Re-inventing' Pacific Asia Cities: Visions and Realities after the Crisis <i>Professor Mike Douglass</i>	<b>46</b>
<b><i>Session Two: East Asian Perspectives</i></b>	
Sui-Tang Chang'an, Nara, Nagaoka, and Heian: Inventing A New Urban Paradigm in East Asia <i>Dr. Heng Chye-Kiang</i>	<b>68</b>
Reinventing Tokyo: Renewing City Image, Built Environment and Governance System Toward the 21st Century <i>Professor Toshio Kamo</i>	<b>85</b>
Reinventing Seoul for a New Urban Order <i>Professor Won-Bae Kim</i>	<b>94</b>
Towards a Citizens' City: The Dali Community Movement of Taipei <i>Professor Lucie Cheng &amp; Professor Chu-Joe Hsia</i>	<b>104</b>

### ***Session Three: Southeast Asian Perspectives***

- New Approach in Planning in Indonesia's Urban Regions: The Case of West Java and Bandung Metropolitan Area 122  
*Ms. Ida A.U. Indira Dharmapatni*
- Development Planning for Hanoi in the 21st Century: New Ideas, New Approaches 140  
*Professor Le Hong-ke*
- Impetus, Dimensions and the Limits of Reinvention: The Case of Singapore 145  
*Dr. K. C. Ho*
- Strategic Planning for World Cities: A Critical Comparison of Singapore and Hong Kong 152  
*Professor John Friedmann*

### ***Session Four: Chinese Global Cities***

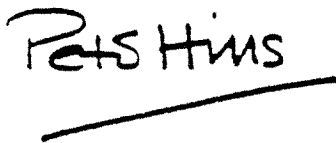
- Shanghai: Development Strategy and Planning Implications 168  
*Dr. Roger C.K. Chan*
- Changing Land Use in a Changing Economy: Rejuvenating Obsolete Industrial Land in Hong Kong 184  
*Dr. Ling-Hin Li*

## *Message*

On behalf of the University of Hong Kong and the Centre of Urban Planning and Environmental Management, it is my very great pleasure to welcome all the speakers and delegates attending today's conference. The topic of the conference is both significant and timely. Locally, the debate about the future development of this particular city has been increasingly framed in terms of maintaining and strengthening the HKSAR's international character, and ultimately transforming Hong Kong into a major world city. Such developmental processes, here as elsewhere in the world, are inextricably linked with the impact of innovations in technology, globalization of economic activity and the resultant effects on social and political institutions, as well as the overall quality of life experienced by the residents of the world's major urban centres. Today's conference focuses on the new urban challenge of the 21<sup>st</sup> century: reconciling and managing the interactions between the forces of globalization, technology and the pursuit of sustainable urban development.

I would especially like to thank our overseas speakers for making the trip to Hong Kong to join us at this conference. I would also like to thank the "Inter-city Network in the Asia Pacific Region" for the assistance it has provided to us, and, indeed, for providing many of the eminent speakers here today. I would like to express my gratitude to all our old friends from around the region and further afield, as well as those from Hong Kong itself, for being with us today, all the more so as this event represents an important part of the Centre's 20<sup>th</sup> Anniversary Celebrations.

Finally, I would also like to express my thanks to the entire team responsible for the organization of the conference, and especially to Dr Mee Kam Ng for the key role she has played in assembling the speakers and in coordinating the research project upon which the Centre's own contribution is based.

A handwritten signature in black ink that reads "Peter Hills". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that underlines the name.

Professor Peter Hills  
Director  
Centre of Urban Planning and Environmental Management  
The University of Hong Kong

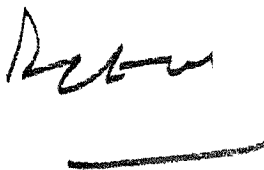
## *Message*

On 10 - 11 November we meet to celebrate a momentous event in the history of planning research and education, not merely for Hong Kong, but for the world. In 1975 the University of Hong Kong acted boldly to create the Centre of Urban Planning & Environmental Management. It was a bold step, because until then Hong Kong had been seen as a kind of colonial appendix to the United Kingdom, training planners according to the syllabus of the Royal Town Planning Institute, and in every way regarding planning in Hong Kong as a minor offshoot to the planning of Harrow or High Wycombe.

That was a nonsense, even then. Establishing a professional teaching school, and in parallel a serious research activity, was a basic step to recognising the fact that, three quarters of the way into the 20<sup>th</sup> century, Hong Kong was already one of the most remarkably dynamic and significant cities on earth.

A quarter century later, Hong Kong appears even more special - yet even more emblematic of the future of cities generally. It has become the key pivot and nerve centre of the Pearl River Delta, one of the few recognised mega-cities on the earth's surface. Huge, complex, intensively networked, it represents the archetype of a new city form, which will increasingly become the model of 21<sup>st</sup>-century urbanization.

Understanding such complex urban forms, and their role in the new globalized world of trade in goods and information, will be a key research task for the century now beginning. The Centre is well poised to play a central role in this process. And, because of the vital importance of the Hong Kong experience to other emerging urban regions, it is guaranteed to become one of the world's significant urban research centres in the coming century.



Professor Sir Peter Hall  
Barlett Professor of Planning  
Barlett School of Architecture and Planning  
University College London

## *Message*

On behalf of the Asia-Pacific Intercity Network of Scholars, it gives me great pleasure to congratulate the Centre for Urban Planning and Environmental Management of Hong Kong University on the occasion of its 20th anniversary. Over the course of two decades, the Centre has prepared hundreds of urban planners and environmentalists who are now guiding the city's progress into the 21st century, and through its research it has added a great deal to our knowledge and understanding not only of Hong Kong but of the wider region of which the city forms a part.

The International Conference on Re-inventing Global Cities is a fitting event as we stand on the cusp of the new century. There are few moments in history when cities are actually able to reflect on and choose (always within constraints of course) what they would like to become, and this is such a moment. Ours is a city-building age and the challenges we face are enormous. If I were to single out the three most important forces that are shaping the cities in our regions and, indeed, throughout the world, they would be these: the recognition that cities are embedded in the natural environment, that they are intrinsically a part of a globalizing economy, and that they are wired through new communication technologies into the network of all other cities around the world. But in our discourses about these matters, we sometimes forget that cities are ultimately human creations, and that their future is not "determined" by external forces but is actually a consequence of human choice. Similarly, we tend to forget that cities are not only sites of economic activities but, above all, the habitat of millions of citizens for whom the city is "home" and who identify with its future.

The Intercity Network of Scholars is honored to participate in this forum. We speak from very different perspectives and with very individual voices, representing no one but ourselves as we share our views of how Asian-Pacific cities might be shaped in the decades to come. Over the past twenty years, much of the discourse about cities has been about economics and competition. But the time seems ripe to launch other discourses that take focus on the quality of life, questions of income distribution and social exclusion, of the environment, of intercity cooperation, of living together with difference, and of people's participation in their own collective future. These are among the themes that will undoubtedly emerge in the course of our discussions.

As a network of scholars, we would like to thank the Centre for inviting us and enabling us to take part in this celebration. Joining all those who are present today and the countless others who were unable to come, we are pleased to extend our very best wishes to the Centre's future and to the future of the people of Hong Kong.



Professor John Friedmann  
Convenor, Asia-Pacific Inter-city Network  
Professor Emeritus, UCLA  
Professorial Fellow, University of Melbourne



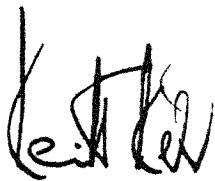
## *Message*

The Real Estate Developers Association of Hong Kong (REDA) has always had a deep concern for the prosperity and continued success of Hong Kong. In addition to the establishment of scholarships, REDA has supported a wide range of projects that would help contribute to the benefit of the community at large.

This international conference organized by the Centre of Urban Planning and Environmental Management provides a timely opportunity for all of us to reflect on the ideas and share experiences on the directions and options of re-engineering global cities in the 21<sup>st</sup> century, and closer to home, launching Hong Kong to a world class city.

We are very pleased to be sponsoring this conference, as we believe this meaningful event will certainly broaden our vision and help us better prepared for the challenges in the new millennium.

On behalf of REDA, I would like to congratulate the Centre of Urban Planning and Environmental Management on its 20<sup>th</sup> Anniversary and wish the Centre every success in the years to come.



Mr. Keith Kerr  
Chairman of Executive Committee  
The Real Estate Developers Association of Hong Kong

## *Synopsis*

Together with the dawn of the millennium is the emergence of a “new” economy spurred by technological advancement and globalization. Industrial capitalism and its accompanying social relations are undergoing restructuring and change. This technological revolution interweaves with evolving institutional and power relationships at local, regional and international levels, unleashing economic productivity on one hand and leading to all sorts of socio-economic and ecological challenges on the other.

Global cities today have to face all these challenges. The question is how to tackle the issues creatively: actively participating in the global economy, staying at the forefront of technological development and maintaining a good quality of life for all citizens.

This is the reason why the Centre of Urban Planning and Environmental Management, The University of Hong Kong chose the theme “Re-inventing Global Cities” for its 20<sup>th</sup> Anniversary Conference to be held on Saturday, November 11, 2000. We have invited prominent scholars and policy makers from the “Inter-city Network in the Asian Pacific Region” and other global cities to discuss strategies that they are using to re-invent their cities. At the Conference, the Centre will also present the findings of a year-long research project on “Re-engineering the city: Hong Kong in the 21<sup>st</sup> century”. We will try to position Hong Kong against other global cities and suggest re-inventing directions and options.

This International Conference is unique as it brings great minds together to discuss how different global cities are re-inventing themselves in the face of globalization, technological revolution and the challenges of sustainable development. Please join our dialogue at the Conference to consider possible paths of re-inventing global cities!

# *Conference Programme*

8:30am – 9:00am	<b>Registration</b>
9:00am – 9:15am	<p><b>Introduction</b>  <i>Professor Peter HILLS</i>            Director, Centre of Urban Planning and Environmental Management, The University of Hong Kong</p> <p><b>Welcoming Address</b>  <i>Professor Sir Peter HALL</i>            Bartlett Professor of Planning, Bartlett School of Architecture and Planning, University College London</p>
9:15am – 10:30am	<p><b>Session 1: International Perspectives</b></p> <p>Moderator: <i>Professor Reginald Y.W. KWOK</i>            Professor of Asian Studies, and Urban and Regional Planning, University of Hawaii at Manoa</p> <p><i>Professor Peter ROBERTS</i>            “Re-inventing the City in Europe: Re-generation and Re-orientation”            Chair of European Strategic Planning, School of Town and Regional Planning, University of Dundee</p> <p><i>Professor Peter MURPHY &amp; Professor Chung-tong WU</i>            “Sydney’s Re-constitution since the 1970s: Managing the Aftermath”            Associate Dean (Research) and Head of School &amp; Faculty Dean Faculty of the Built Environment, University of New South Wales</p> <p><i>Professor Mike DOUGLASS</i>            “‘Re-inventing’ Pacific Asia Cities: Visions and Realities after the Crisis”            Professor, Department of Urban and Regional Planning, University of Hawaii at Manoa</p>
10:30am – 10:45am	<b>Coffee Break</b>

<p><b>10:45am – 12:30pm</b></p>	<p><b>Session 2: East Asian Perspectives</b></p> <p>Moderator: <b>Professor Yue Man YEUNG</b>  Director, Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong</p> <p><b>Dr. HENG Chye Kiang</b>  “Sui-Tang Chang’an, Nara, Nagaoka, and Heian: Inventing A New Urban Paradigm in East Asia”  Vice Dean, Department of Architecture, National University of Singapore</p> <p><b>Professor Toshio KAMO</b>  “Reinventing Tokyo: Renewing City Image, Built Environment and Governance System Toward the 21st Century”  Professor of Political Science, Faculty of Law, Osaka City University</p> <p><b>Professor Won Bae KIM</b>  “Reinventing Seoul for a New Urban Order”  Senior Fellow, Korean Research Institute for Human Settlements</p> <p><b>Professor Lucie CHENG &amp; Professor Chu-joe HSIA</b>  “Towards a Citizens’ City: The Dali Community Movement of Taipei”  Professor of Sociology, Department of Sociology, UCLA &amp; Professor, Graduate Institute of Building and Planning, National Taiwan University</p>
<p><b>12:30pm – 2:00pm</b></p>	<p><b>Lunch Break</b></p>
<p><b>2:00pm – 3:30pm</b></p>	<p><b>Session 3: Southeast Asian Perspectives</b></p> <p>Moderator: <b>Professor Anthony G.O. YEH</b>  Assistant Director, Centre of Urban Planning and Environmental Management, The University of Hong Kong</p> <p><b>Ms. Ida A.U. Indira DHARMAPATNI</b>  “New Approach in Planning in Indonesia’s Urban Regions: The Case of West Java and Bandung Metropolitan Area”  Consultant, World Bank Office, Jakarta, Indonesia</p> <p><b>Professor LE Hong Ke</b>  “Development Planning for Hanoi in the 21<sup>st</sup> Century: New Ideas, New Approaches”  Director, National Institute for Urban and Rural Planning</p>

	<p><b>Dr. K.C. HO</b>  “Impetus, Dimensions and the Limits of Reinvention: The Case of Singapore”  Associate Professor, Chair, Department of Sociology,  National University of Singapore</p> <p><b>Professor John FRIEDMANN</b>  "Strategic Planning for World Cities: A Critical Comparison of Singapore and Hong Kong"  Professor Emeritus, UCLA  Professorial Fellow, University of Melbourne</p>
<p><b>3:30pm – 3:45pm</b></p>	<p><b>Coffee Break</b></p>
<p><b>3:45pm – 5:15pm</b></p>	<p><b>Session 4: Chinese Global Cities</b></p> <p>Moderator: <b>Mr. Bosco FUNG</b>  Director, Planning Department,  HKSAR Government</p> <p><b>Professor Kaizhong YANG</b>  “Beijing: Towards a Digital World City”  Chair, Department of Geography, Peking University</p> <p><b>Dr. Roger C.K. CHAN</b>  “Shanghai: Development Strategy and Planning Implications”  Associate Professor, Centre of Urban Planning and Environmental  Management, The University of Hong Kong</p> <p><b>Dr. Ling Hin LI</b>  “Changing Land Use in a Changing Economy: Rejuvenating  Obsolete Industrial Land in Hong Kong”  Associate Professor, Department of Real Estate and Construction  The University of Hong Kong</p> <p><b>Professor Peter HILLS</b>  “Hong Kong: World City or Great City of the World”  Director, Centre of Urban Planning &amp; Environmental  Management, The University of Hong Kong</p>

# *Biographies*

## **Sir Peter HALL** >>>*U.K.*

Professor Sir Peter Hall is Professor of Planning at the Bartlett School of Architecture and Planning, University College London. From 1991-94 he was Special Adviser on Strategic Planning to the Secretary of State for the Environment, with special reference to issues of London and to South East regional planning, including the East Thames Corridor and the Channel Tunnel Rail Link. He was a member of the Deputy Prime Minister's Urban Task Force (1998-1999). He received the Founder's Medal of the Royal Geographical Society for distinction in research, and is an honorary member of the Royal Town Planning Institute. He is a Fellow of the British Academy. He was Chairman of the Town and Country Planning Association from 1995 to 1999, and was a founding member of the Regional Studies Association and the first editor of its journal *Regional Studies*.

## **Professor John FRIEDMANN** >>>*Australia*

John Friedmann is convener of the Intercity Network, which was set up four years ago by a group of prominent scholars and policy makers to facilitate cooperation among cities in Pacific Asia. Professor Friedmann is Professor Emeritus of Urban Planning at UCLA and a Professorial Fellow in the Faculty of Architecture, Building, and Planning at the University of Melbourne. He is the author of more than twenty books, most recently a volume edited with Mike Douglass, *Cities for Citizens: Planning and the Rise of Civil Society in a Global Age* (Wiley, 1994). His new book, *The Prospect of Cities* is being published by the University of Minnesota Press. Since the early 1980s, his work on "world cities" has been widely used as an inspiration for research on the relationship between globalization and urban processes.

## **Dr. Roger C.K. CHAN** >>>*Hong Kong*

Roger Chan joined CUPEM in 1989 upon completion of his doctoral studies at Oxford University on regional planning and development in China. He has been engaged in various research projects. The majority of these projects have a comparative dimension whereby international collaboration is an integral element. His current research projects include institutional analysis and urban development and the border landscape between Hong Kong and China. Roger Chan is the elected Chairman of the Hong Kong Geographical Association (1999-2001) and is member on the Economic Planning Committee of the Chinese Institute of Urban Planning. He holds visiting appointments at tertiary institutes in China. Roger Chan served on the advisory panel to the Environment Department of Xiangfeng city, Hubei province to review its development strategy. Under the auspices of UNDP, he was member of an international advisory panel to Daqing city, Heilongjiang province on the city's economic restructuring strategy.

## **Professor Lucie CHENG** >>>*Taipei*

Lucie Cheng is Professor of Sociology at the University of California, Los Angeles, USA and Founding Dean of the Graduate School for Social Transformation Studies, Shih Hsin University, Taipei. She is well known for her work in academic planning and management on both sides of the Pacific, having been responsible for building up academic institutions in Asia that involve systematic collaboration among institutions worldwide. She has published more than 30 books and articles in the fields of international migration, gender and ethnic relations, and development studies. In addition to her scholarly accomplishments, Dr. Cheng

publishes the *Lih Pao*, a daily newspaper in Chinese devoted to social and educational issues, and the *Pots Weekly -Voice of Generation Next*.

**Ms. Ida Ayu Indira DHARMAPATNI** >>>*Indonesia*

Ida Ayu Indira Dharmapatni is an Urban and Regional Planner and holds a Master Degree in Urban and Regional Planning from the University of Hawaii. She is currently an Urban Development Operation Officer at the World Bank in Indonesia where she is responsible for the Municipal Innovations Project and is involved in several urban infrastructure development projects. She has held teaching positions at the Institute of Technology Bandung, the Moslem University of Bandung and the Institute of National Technology Bandung, and was a researcher at the Center for Urban and Regional Development of ITB. Her professional practice includes being a Consultant to Bappenas/UNDP, GTZ and the World Bank. Her research has focused on urban environmental management, urban and regional development including global urban linkages, as well as land acquisition and resettlement. Awards presented to her include scholarships from the East-West Center (1987-89), the Association of American Union of Women (1989), USAID for HIID Program (1993), and the Rockefeller Foundation Scholar at Bellagio (1994). Her publications include *Community-based Urban Environmental Management: A Bandung Case Study* (co-authored with Prabatmodjo, Hong Kong University Press, 1994); "The Emergence of the Extended Metropolitan Area" (co-authored with Tommy Firman, in *Review of Urban and Regional Development Studies*, Vol. 7, No. 2, July 1995); *Problems and Challenges of Mega Urban Regions in Indonesia: The Case of Jabotabek and the Bandung Metropolitan Area* (co-authored with Tommy Firman, UBC Press, 1995); *Study on Emerging International Urban System of Megacities in the East Asia: Impact of Strengthening International Urban Linkage* (co-authored with Budhy Tjahjati S. Soegijoko, Nippon Life Research Institute, Japan, 1996); *Urban Governance in Indonesia: A Preliminary Assessment* (co-authored with Budhy Tjahjati S. Soegijoko, Global Urban Research Initiative in Southeast Asia, 1997).

**Professor Mike DOUGLASS** >>>*USA*

Mike Douglass is Professor and former Chair of the Department of Urban and Regional Planning, University of Hawaii. He holds a Ph.D. in Urban Planning from UCLA. He has lived, taught and been a consultant in urban and regional planning over many years in Asia. Recent awards and honors include the Meyer Fellowship, University of Singapore (2000), Visiting Scholar and Professor at Stanford University (2000), Shorenstein Distinguished Lecturer, Stanford University (1998); Rockefeller Foundation Scholar at Bellagio (1998); and Perloff Chair in Urban Planning at UCLA (1996). The University of Hawaii has identified him as one of its "fabulous faculty." His current research in Pacific Asia includes globalization and urban policy; urban environmental management; international labor migration; rural-urban linkages; and the 'new' urban poverty. His recent books are *Japan and Global Migration: Foreign Workers and the Advent of a Multicultural Society* (Routledge 2000); *Cities for Citizens: Planning and the Rise of Civil Society in a Global Age* (John Wiley 1998); *Culture and the City in East Asia* (Oxford UP 1997).

**Mr. Bosco FUNG** >>>*Hong Kong*

Mr. Bosco C.K. Fung is a Registered Professional Planner. After obtaining his M.Phil. degree in urban geography from the Hong Kong University and his Masters degree in town and country planning from the Sydney University, he joined the Hong Kong civil service in 1975. He is currently Director of Planning of the Hong Kong SAR Government.

**Dr. Chye Kiang HENG** >>>*Singapore*

Associate Professor Heng Chye Kiang, Vice Dean, School of Design and Environment, National University of Singapore, teaches courses in Architecture and Urban Design as well as History of Architecture. His area of expertise is in Urban Design and Chinese Architecture and Cities. He has completed several research projects in these areas and has recently produced a multimedia package on the reconstruction of Tang period Chang'an. He has written and published numerous research papers and articles on Chinese architecture and cities including his recent book *Cities of Aristocrats and Bureaucrats: The Development of Cityscapes in Medieval China*. He is also honorary consultant to the Asian Civilisations Museum in Singapore.

**Professor Peter HILLS** >>>*Hong Kong*

Professor Peter Hills holds degrees in Geography from King's College, London and York University, Toronto and a doctorate from the University of Aston in Birmingham in the United Kingdom. He joined the Centre as a Senior Lecturer in 1982, was promoted to Reader in 1990 and was subsequently appointed Director of the Centre in January 1992. Over the past 15 years he has been involved in research on energy and environment issues in Asia, including the development of approaches to integrated energy planning in developing countries. More recently, he has been involved in a major study on the development of sustainability indicators for Hong Kong. Peter Hills is also a member of the Hong Kong Government's Advisory Council on the Environment (and its EIA Sub-committee), the Energy Advisory Committee, the Environmental Campaign Committee, and the Town Planning and Air Pollution Appeal Boards. He was a founding member of the Hong Kong Environmental Law Association, and the Hong Kong Institute of Environmental Impact Assessment.

**Dr. K. C. HO** >>>*Singapore*

Dr. K. C. Ho is Associate Professor and Chair at the Department of Sociology and coordinator of the Information and Communications Management Programme at the National University of Singapore. He received his doctorate from the University of Chicago. An urban sociologist by training, Dr Ho's research interests range from the political economy of cities, economic restructuring and sub-regional development, issues of information society, youth, and leisure. He is co-author of *City-States in the Global Economy: Industrial Restructuring in Hong Kong and Singapore* (Westview, 1997) co-editor of *Culture and the City in East Asia* (Oxford, 1997) and *Interconnected Worlds: Tourism in Southeast Asia* (Elsevier, 2001). Other recent publications include in 1997 "The Global Economy and Urban Society in Pacific Asia" *International Sociology* 12(3), in 1998 "Corporate Regional Functions in Asia Pacific" *Asia Pacific Viewpoint* 39(2) and in 2000, "Competing to be Regional Centers: A Multi-Agency, Multi-Location Perspective" *Urban Studies*. Dr. Ho is currently a resource person for the Government Parliamentary Committee for National Development and a member of the Sixth National Youth Council.

**Professor Toshio KAMO** >>>*Japan*

Professor Toshio Kamo (Professor of Political Science, Osaka City University, Osaka, Japan) was born in Wakayama Prefecture and graduated from Department of Law, Osaka City University (1967). Immediately he became an Assistant Professor at Osaka City University and got the full professorship of political science at the same university in 1985. Between 1978 and 1980 he visited the City University of New York, awarded Nitobe Fellowship from International House, Japan. Successively holding posts such as Dean of Law Faculty, Osaka



City University; Secretary General of the Japanese Political Science Association; Executive Board member of the Association of Local Governmental Studies and so on, he is currently the President of the Institute of Local Government Studies. He published books including *A Tale of Two Cities in America*, 1983; *Politics of the City*, 1988; *Japanese Political System*, 1993 ( All Japanese). He is advising many local governments and frequently contributes articles to *Asahi*, *Mainichi*, *Yomiuri* and other major newspapers.

**Professor Won Bae KIM** >>>*South Korea*

Professor Won Bae Kim is currently Senior Fellow at the Korea Research Institute for Human settlements. He has been working extensively on urban and regional issues in East Asia for the past 20 years including his stay at the East West Center in Hawaii from 1985 till 1996. He holds Ph.D. from the University of Wisconsin. He is lead editor of a book, *Culture and the City in East Asia* (Oxford University Press 1997) and co-editor of a book, *Asian NIEs and the Global Economy: Industrial Restructuring and Corporate Strategy in the 1990s* (Johns Hopkins University Press 1995). His recent research projects include Industrial Cooperation and Regional Development in Northeast Asia (1996), Restructuring the Korean Peninsula for the Twenty-First Century (1998), and Inter-City Networking Strategy in the Yellow Sea Subregion (2000).

**Professor Reginald Yin-Wang KWOK** >>>*USA*

Reginald Yin-Wang Kwok is a Professor of Asian Studies and Urban and Regional Planning at the University of Hawaii at Manoa. He taught at the University of Hong Kong , Columbia University, and Architectural Association, and has been a Visiting Professor of Zhongshan University, Tsinghua University, Wuhan Academy of Urban Construction, and Tongji University (China), and a Visiting Scholar to Princeton University, Columbia University, University of California at Berkeley, and Harvard University. He has also served as a consultant to professional architectural and planning firms, local government and community organizations in Hong Kong, China and US, including World Bank. His publications include books and articles in America, Europe and China on industrialization and urbanization in China, political economy of East Asian development, urban design and spatial planning in Pacific Asia.

**Professor Hong Ke LE** >>>*Vietnam*

Professor Le Hong Ke, an architect and town planner, has been working in urbanization, regional planning, city planning, ecology and environmental planning and protection in the National Institute for Urban and Rural Planning (NIURP) for more than 30 years. He is now the Director of NIURP, responsible for researching, studying and designing in urban and rural areas as well as environmental issues in Vietnam. Professor Le has a lot of publications in the field of urbanization, urban development and management, environmental planning and environmental impact assessment. He was National Project Directors in international cooperation projects supported by United Nations Development Program and Asian Development Bank. Professor Le has also participated in national consultation works with international organizations, such as the World Bank, European Union, national and international workshops and conferences in the country and in the world, especially in the Asia Pacific.

**Professor Ling Hin LI >>>Hong Kong**

Dr. Li, Ling Hin was educated at the University of Reading, U.K. in 1990 where he obtained his B.Sc. (Land Management). He then earned his Ph.D. in Real Estate from the University of Hong Kong in 1995. Dr. Li is a professional member of both the Royal Institution of Chartered Surveyors and Hong Kong Institute of Surveyors. Dr. Li is currently an Associate Professor with the Department of Real Estate and Construction, the University of Hong Kong, before joining the University of Hong Kong in 1992, he worked for a major British property developer in Hong Kong. In terms of publications, Dr. Li has produced a number of academic books on China and land development appraisal such as *Privatization of Urban Land in Shanghai, Hong Kong*: Hong Kong University Press, October 1996; *Development Appraisal of Land in Hong Kong*, Hong Kong: The Chinese University Press June, 1997 and *Urban Land Reform in China, London* : Macmillan Press May, 1999. Apart from local research grants, Dr. Li has been given research fund for China studies from such institute as the East-West Centre in Hawaii and the Baker Institute for Public Policy at the Rice University, U.S.A.

**Professor Peter MURPHY >>>Australia**

Professor Peter Murphy is a Professor of Planning, Associate Dean for Research in the Faculty of the Built Environment and Head of the School of the Built Environment at the University of New South Wales. He is an urban geographer and city planner with an extensive record of research and publication in urban studies. He has published widely on the economic processes that shape cities and regions, the social and environmental implications of development patterns and the uses of economic tools to shape development patterns in the public interest. He is co-author, with Sophie Watson, of *Surface City: Sydney at the Millennium* (1997) and, with Ian Burnley and Bob Fagan, of *Immigration and Australian Cities* (1997). Peter Murphy's research over the past decade has had three major foci: the socio-spatial implications of economic restructuring for metropolitan Sydney; the relationships between immigration, urban development and the public policy implications of those processes; and peri-metropolitan development in Australian cities and the formation of employment clusters in metropolitan regions.

**Professor Peter ROBERTS >>>U.K.**

Professor Peter Roberts is Chair of European Strategic Planning of School of Town and Regional Planning, The University of Dundee. Peter has considerable academic, professional and research experience. He is currently engaged in a number of research projects funded by, inter alia, the Joseph Rowntree Foundation, Department of the Environment, Transport and the Regions, the East of Scotland European Consortium and a member of other research charities. He is vice chair of the Town and Country Planning Association, vice chair of the ISCOMET Working Party of the Council of Europe, chair of the Best Practice Committee of the British Urban Regeneration Association (BURA), a member of the Scientific Committee of the Assembly of European Regions, a director of the Planning Exchange and a director of a national centre of expertise on the management and use of waste resources. He serves as adviser to the Local Government Association and COSLA.

**Professor Chung-tong WU >>>Australia**

Professor Chung-Tong Wu took up his position as Dean of the Faculty of the Built Environment in January 1996. Professor Wu graduated from the University of California at Berkeley with a Bachelor of Architecture. He then graduated from Columbia University with

a Master of Science in Urban Planning and received his PhD in regional planning from the University of California at Los Angeles. Professor Wu has extensive research and professional involvement with international planning projects, especially in China, Indonesia, Korea, Malaysia, Taiwan and Vietnam. In Australia, he has conducted research on regional development in NSW and Queensland. Recent major projects include new towns in Indonesia and Malaysia, the design of a new science city for Taiwan, and development plans for very large urban sites in several cities in China. Current research projects of Professor Wu include: a comparative study of cross border development in Asia and Eastern Europe and urban governance in global cities.

**Professor Kaizhong YANG** >>>*Beijing*

Professor Kaizhong Yang is one of the founders of the China Regional Science Association. He is Director of the Centre of Regional Science in Peking University. His current research work includes knowledge regions, regional implications of globalization, regional and spatial structures, environmental impact assessment and ecological footprints, etc. Under Professor Yang's direction, the Centre of Regional Science has undertaken about 40 research projects related to sustainability.

**Professor Anthony Gar-On YEH** >>>*Hong Kong*

Professor Anthony Gar-On Yeh is Chair Professor and Assistant Director of the Centre of Urban Planning and Environmental Management, Associate Dean of the Graduate School and Director of the GIS Research Centre of the University of Hong Kong. He is a Fellow of the Hong Kong Institute of Planners (HKIP), Royal Town Planning Institute (RTPI), and Royal Australian Planning Institute (RAPI) and a Member of the Chartered Institute of Transport (CIT) and British Computer Society (BCS). He has published over 20 books and monographs and over 120 international journal articles and book chapters related to urban development and planning in Hong Kong and China and the use of information technology in urban planning. He was the founding chief editor of *Planning and Development* (Journal of the HKIP) and he is on the editorial board of *Environment and Planning B, Computers, Environment and Urban System, Transactions in GIS, Progress in Planning, International Planning Studies, Planning Practice and Research, Planning Theory and Practice*, and other international journals. He has been a consultant for projects of the Hong Kong Government, the World Bank, Canadian International Development Agency (CIDA), Urban Management Programme (UMP), and the Asian Development Bank (ADB). At present, he is the Secretary-General of the Asian Planning Schools Association (APSA) and Chairman of the Geographic Information Science Commission of the International Geographical Union (IGU).

**Professor Yue-man YEUNG** >>>*Hong Kong*

Yue-man Yeung is Professor of Geography, Director of the Hong Kong Institute of Asia-Pacific Studies and Head of Shaw College at The Chinese University of Hong Kong. Born and educated in Hong Kong, Professor Yeung obtained his first degree in geography from The University of Hong Kong. He attended graduate studies in Canada and the United States and obtained a Ph.D. degree in geography from the University of Chicago. Having worked many years in Singapore and Canada, he returned to Hong Kong in 1984 to take up a Chair Professorship in geography at The Chinese University of Hong Kong. He has served in many capacities at the University and devoted much time and energy to public affairs in Hong Kong, as members of the Hong Kong Housing Authority, Town Planning Board, New Airport Consultative Committee, etc. He is equally active in international research networks. He was formerly Director of the Commonwealth Geographical Bureau. Professor Yeung has wide-

ranging research interests, which recently focused on China's urbanization and development, Asian cities, globalization and Asia-Pacific integration. He has had long-standing interests in research and policy on low-cost housing in Asia, with particular reference to Hong Kong and Singapore. Professor Yeung is a prolific writer, having to his credit more than 20 books and numerous articles in international learned journals. His latest books include *Emerging World Cities* (1996, with Fu-chen Lo), *Globalization and the World of Large Cities* (1998, with Fu-chen Lo), *Globalization and Networked Societies* (2000), *Fujian* (2000, with David K.Y. Chu).

# *About the Organizer*

## **The Centre of Urban Planning and Environmental Management**

The Centre of Urban Planning and Environmental Management is an exclusively postgraduate school specialising in the provision of programmes relating to the urban environment. It has a full-time teaching staff of seven and fifteen part-time lecturers.

Established in 1980, the Centre has progressively extended its range of academic programmes and activities, and now provides courses for more than 250 graduate students, including twenty doctoral candidates. The Centre is one of the largest of its type in the Asia-Pacific Region. Its mission is to provide postgraduate programmes that meet the highest international standards, to promote and undertake research on the urban environment, and to disseminate its own research findings as well as contemporary academic and professional knowledge in its fields of specialisation through the organisation of conferences and seminars, publications, and the provision of continuing professional development training programmes. The Centre also undertakes consultancy work for local and international agencies. It has a very strong research profile and achieved the highest scores among the built environment cost centres in the Hong Kong Research Assessment Exercises conducted in 1993 and 1996. The Centre has over thirty Fellows associated with its research activities. In addition, a Research Assistant Professor and more than ten research staff are employed in the Centre to assist with specific projects. Administrative, technical and secretarial support is provided by a staff of nine.

The Centre is multi-disciplinary in character and several of its programmes are offered jointly with other departments and schools within the University. The Centre is also committed to the development of both national and international academic contacts. It has close working relationships with numerous universities in the rest of China and formal links with a number of universities elsewhere in the world. Students from more than a dozen countries have graduated from the Centre's programmes. Many of these students have been supported through the Asian Development Bank Scholarship Scheme.

The Centre offers an M.Sc.(Urban Planning) degree which is fully accredited by the Hong Kong Institute of Planners (HKIP) and the Royal Town Planning Institute (RTPI) of the United Kingdom. This is the only professional urban planning programme available in Hong Kong. Commencing in 1999, the Chartered Institute of Transport in Hong Kong (CITHK) has also granted recognition to the M.Sc. Degree for those students who specialise in transport-related subjects within the programme.

The Centre also makes a substantial contribution to the inter-disciplinary M.Sc.(Environmental Management) programme in conjunction with departments in the Faculties of Science, Engineering and Law, and to the M.A. in Transport Policy and Planning which it jointly offers with the Departments of Geography and Geology, and Civil and Structural Engineering. Bachelor and Master degrees in Housing Management are jointly offered with the School of Professional and Continuing

Education. The Centre also provides research training leading to the degrees of M.Phil. and Ph.D..

The Centre is also extremely active in promoting debate on key urban and environmental policy issues in Hong Kong and its academic staff serve on a large number of government committees, advisory bodies and appeal boards, including the Town Planning Board, Advisory Council on the Environment, Transport Advisory Committee, Energy Advisory Committee, Environmental Campaign Committee, Housing Authority, Town Planning Appeal Board, EIA Ordinance Appeal Board, and Wetlands Advisory Committee. Its staff are also active in various professional bodies including the HKIP, CITHK, Chartered Institute of Housing, Hong Kong Environmental Law Association, and the Hong Kong Institute of Environmental Impact Assessment.

# SESSION ONE

## INTERNATIONAL PERSPECTIVES



# REINVENTING THE CITY IN EUROPE: REGENERATION AND REORIENTATION

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## Introduction

This paper presents and evaluates urban change and the reinvention of cities in relation to the 'case of Europe'. However, in reality, there are many Europes: north and south, advanced and less developed, central and peripheral, highly planned and less planned. Furthermore, 'European' or, to be more precise, 'European-style' cities are not confined to the European continent; they have been implanted or imposed elsewhere, and such cases reflect the many colonial inheritances that can be seen in terms of socio-economic structure, physical form and systems of governance. The latter point neatly illustrates the diversity evident in the system of European cities and city-regions: Hong Kong is very different to Macau and this difference is as much a mirror of the variations that were and are evident between Portugal and the UK, as it is of the physical and historical circumstances that have helped to shape the two Special Administrative Regions. Conversely, it is equally true that the cities of Europe have absorbed and assimilated city styles, structures and cultures from other parts of the world.

So, rather than attempting to analyse and assess the future of reinvention evident across the entire roster of 'European' cities, the scope of this paper is confined chiefly to the countries of the European Union (EU) and, even then, it does not include a consideration of the cities of the French overseas departments. The only exceptions to this rule are, first, a number of references are made in the paper to city-regions in central and eastern Europe and, second, a brief discussion is presented on the effects of enlargement on the system of European cities, including a consideration of the implications of enlargement for EU urban, regional and spatial policies.

A further note of explanation reflects the physical and socio-economic circumstances evident in the cities of Europe. As the sub-title of the paper indicates, urban regeneration and the reorientation of the role and image of a city are frequently pre-requisites for successful city reinvention. In the case of Europe, many of the major cities, or to be more accurate polynucleated city-regions, represent the outcome of successive phases of urbanisation and, as a consequence, it is often necessary to attend to the problems of the past or to identify the inherited assets and advantages of a city, before embarking upon a programme of regeneration or reinvention. As we have discovered to our disadvantage in the UK, to sweep away the past in a headlong rush towards urban modernisation, can prove to be a major mistake. What is needed prior to taking action, is careful analysis and the generation of detailed understanding that can allow the development of a "new approach to urban policy thinking that is able to recognise the intrinsic qualities, values and opportunities" of cities and "to cast old problems in more productive ways" (Warpole and Greenhalgh, 1999, 1).

The following section of this paper examines some of the major features and dynamics of the European urban system and identifies the factors and forces that have brought about change in the cities of Europe.



In the third section, a review is provided of urban regeneration and reorientation strategies. This is followed by an assessment of the contributions that the European experience can make to theory and practice elsewhere. A final section offers some conclusions and poses a number of research questions.

### **Changing Cities: New Roles and Structures**

Both the academic and official literature place considerable emphasis on the changes that are occurring in the European urban system as a consequence of the forces of globalisation (European Commission, 1997; Hall, 1995). These forces have already brought about a succession of major changes in the structure and functioning of the overall system of cities in Europe and have generated profound changes in the activities and functions discharged by individual cities. However, the impacts of globalisation are not even throughout Europe. Many cities and regions have faced major restructuring challenges associated with economic decline, whilst other parts of the European urban system have encountered a range of problems associated with excessive economic growth, overheating and physical congestion. These contrasting urban situations are evident in most EU member states and, increasingly, in the states of eastern and central Europe. Further change is inevitable, including the additional challenges which will accompany the accession of new member states to the EU; some of these states already face major problems of urban and regional restructuring and it is likely that these problems will be exacerbated following enlargement (Bachtler and Roberts, 1997; Bachtler and Downes, 1999).

A further set of forces acting upon the towns and cities of Europe can best be described as representing the 'internal' restructuring of European space. In part, these changes have been generated through deliberate decisions: to expand the EU, to increase the authority and scope of EU-wide policy competence, to introduce new EU initiatives in the fields of urban and spatial policy, etc. However, other forces reflect unexpected or unplanned events; the most important such event was the end of the old Soviet regime and the break-up of some of the states of central and eastern Europe into smaller nations. A particular consequence of these events has been a significant shift in the central axis of Europe, with the centre of activity and political influence of both the EU and the wider Europe shifting eastwards. The most potent symbol of the new geopolitics of Europe is the regeneration and reorientation of Berlin. Here a major city-region has been the subject of the most extensive integrated urban regeneration programme ever undertaken in Europe at a cost of 300 billion DM, and the purpose and function of Berlin has been transformed with the (as yet unspoken) intention of providing a new capital for Europe. The city, which is striving to "create a new future out of its emotionally charged past and become a federal capital and great European Metropolis" (Mega 2000, 234), is representative of the new urban geography of an expanding EU: described by the Economist as the 'club that ate a continent' (Economist, 1999).

In parallel with the 'internal' restructuring of European space, the economies of many European city-regions have been transformed in recent decades. It is evident that whilst, in part, such economic restructuring is an outcome of the increasing globalisation of economic activity, many elements of restructuring are also a consequence of other processes that have been initiated by the EU and the member state governments. The EU Single Market programme is one of the most important of these initiatives, and this opening of national markets within the EU has had a profound effect on various aspects of the national, regional and urban economies of Europe.

Although the Cecchini Report (1988) anticipated that the likely impact of the Single Market would be experienced first by the smallest or least efficient of the large firms in Europe, what was not fully appreciated at the time of the launch of the Single Market programme was that the restructuring of enterprises in order to stimulate the overall level of growth in the EU would have variable but significant effects in individual urban and regional economies. Although the spatial outcomes of the Single Market programme are still emerging, both early (Holland, 1992; Hall and Van der Wee, 1995) and more recent assessments (Lever, 1999) point to the differential effects of the programme that are evident in the cities of Europe. However, overall the programme would appear, first, to have stimulated accelerated positive economic change in the more advanced cities and regions of Europe (Hart, 1999), second, to have emphasised the need for stronger programmes of financial and institutional support to be provided in the less-prosperous cities and regions that can help to guide restructuring (Roberts and Hart, 1997) and to counter the 'shocks' brought about by the scale and pace of economic change (Cheshire and Cabonaro, 1995) and, third, to have encouraged the development of new initiatives and programmes of spatial intervention designed to capitalise on the opportunities which emerged in a single or borderless Europe; the most significant of these initiatives have emphasised the development of physical and virtual networking set within the context of the European Spatial Development Perspective (Council of Ministers, 1999).

Another generally-evident factor which has driven the restructuring of the city-regions of Europe, is the emergence of sustainable development as a cross-cutting theme that influences all policy fields. This theme is reflected in various ways. The increasing strength of EU Environment Policy has seen the introduction of a range of specific policies and programmes related to the urban environment. Although general competences existed under the early Environmental Action Programmes (EAPs), the 5<sup>th</sup> EAP (which has operated from 1993) has placed specific emphasis on the improvement of urban environmental quality and this initiative has, for example, forced many national and city governments to reconsider their urban transport, waste and utility strategies. The proposed 6<sup>th</sup> EAP (which will commence in 2002) will take this process further through an increased emphasis placed on sustainable urban development, including a number of linked environmental themes and actions (European Commission, 1998).

The other key components of sustainable urban development have also been pursued by the EU, member states and regional/city governments, especially in the fields of equality, social inclusion and social justice. Particular concerns, many of which have been absorbed into core aspects of urban planning and regeneration policy, include the promotion of neighbourhood development, the improvement of employment opportunities and the enhancement of living standards (Kearns and Forrest, 2000; Conway and Konvitz, 2000). These themes are common to cities worldwide, but in the European Union, new obligations contained in the EU Treaty now provide a base of legal competence for transnational action on these matters. As was true in the case of environmental policy, the development of EU urban and regional social policy has also proved to be influential in the development of other associated policy fields at EU level – social welfare, transport, training, employment and culture – and in the design and implementation of national, regional and local programmes of action on urban issues, especially through the Structural Funds.

A further source of influence over the recent evolution of EU cities has been the introduction by the EU of explicit spatial policy. Although not yet incorporated into the EU Treaty as a specific competence, the basis for the introduction of common approach to urban regeneration and city management now exists in the form of the European Spatial Development Perspective (ESDP). The approval of the ESDP at the meeting of the Council of Ministers in May 1999 marked the end of a lengthy process of negotiation that has now proved to be the initial phase of a longer-term programme of policy development (Council of Ministers, 1999). Three fundamental goals are specified by the ESDP:

- economic and social cohesion;
- conservation and management of natural resources and the cultural heritage;
- more balanced competitiveness of the European territory.

These goals provide the foundation for the various strands or themes that are elaborated within the ESDP, and especially the achievement of balanced spatial and sustainable development.

In practice, the ESDP represents an attempt to provide guidance in relation to the long-term spatial evolution of the EU. This is seen as an essential pre-requisite if the EU is to “gradually develop, in line with safeguarding regional diversity, from an Economic Union into an Environmental Union and into a Social Union” (Council of Ministers, 1999, 10). This continental-scale programme of spatial planning and management places particular emphasis on the promotion of polycentric spatial development with the aim of avoiding excessive economic and demographic concentration in the core area of the EU. The adoption of this approach reflects both the spatial outcome of the principle of subsidiarity, which is one of a number of overarching themes used to guide the development of the entire EU policy portfolio, and the influence exerted by the growing body of national and regional research evidence regarding the undesirable political and spatial consequences of further urban concentration (see, for example, Lipietz, 1995; Dieleman and Faludi, 1998). Whilst the ESDP is unusual, if not unique, in providing a continental-scale strategic spatial perspective, it is, in reality, the logical outcome of a process of policy evaluation than can be traced back to the 1960s (Council of Europe, 1968). The ESDP has also proved to be influential in encouraging similar initiatives that cover the wider Europe, including the nations within the membership of the Council of Europe and the territory that is covered by the United Nations Economic Commission for Europe.

The final theme discussed in this section of the paper reflects the influence exerted by the perceived and actual roles and functions that are performed by cities. Rejecting the homogenisation thesis, which argues that places are becoming more and more similar, it is possible to identify what McNeill (1999, 145) has described as a counter movement whereby “global processes are taken on and indigenised”. The tensions evident in the creation of a common European home can be seen to have resulted in a wave of devolution that has introduced new small nations, regional governments and the reinforcement of the status of individual cities and city-regions. This process of devolution as the spatial manifestation of subsidiarity, together with the increased emphasis that is now placed in Europe on the importance of spatial and cultural identity, is a response to the forces of globalisation which were threatening to create a standard “McEuropean city” (McNeill, 1999). The large, and increasing, number of nation states in Europe has strengthened these trends.

Some of the features that are associated with the reinvention of urban and regional functions and identities in Europe, include the increased and increasing emphasis placed on knowledge, innovation, creativity, culture, collaboration and competition (Kunzmann, 1998). Despite the fact that the final two elements in this list appear at first glance to be incompatible, in reality, they frequently appear as complementary elements in the relationships between cities. In a manner which in many senses is similar to the processes of co-operation observed in 'industrial districts', European cities appear to demonstrate the qualities of collaboration and networking, even when they also compete for resources and influence; as van den Berg and Braun (1999, 998) have concluded "cities need to be competitive and complementary at the same time".

For the reasons stated in the introduction to this paper, any "odyssey in the urban archipelago of the European Union" (Mega, 2000, 227), is bound to be superficial. As Anderson (1996) has argued, the reterritorialisation of the European Union has brought with it greater diversity in terms of urban form and regional function. This suggests that it is more difficult than it was in previous eras to generalise about the roles and characteristics of cities. Diversity as against uniformity is both encouraged and occurring, and the search for a vision, or visions, that can help to guide the reinvention of a city is a common theme throughout much of urban Europe (Ache, 2000). All of this is reinforced, and frequently enabled, by the introduction or strengthening of sub-national government, including the introduction of new city and regional democratic structures (Newman, 2000; Lever, 1999; Roberts, 2000a). Examples of the importance of the influence conferred by this new territorial governance can be seen throughout the EU: Barcelona in the context of Catalonia, Berlin as a symbol of a reunified Germany and an enlarging EU, and now, perhaps, London as the first wave of the new regional governance in England.

The forces and themes explored in this section of the paper provide a backdrop for the discussion which is presented in the following section. In considering these forces and themes, it is essential to be aware of the inherent limitations of any picture of urban transformation at a particular moment in time. European urban change is kaleidoscopic: the elements and patterns vary from place-to-place and over time.

## **Strategies for Reinventing Cities**

European cities have generally proved to be both robust and resilient in the face of change. This is the case across virtually the full roster of European cities, including the old industrial cities in all but the most peripheral locations, and is demonstrated by research evidence relating to city performance at both European and global levels. Lever (1999), in examining city performance in Europe, points to the influence exerted by the changing geography of the EU on the patterns of city success: initially a concentration of successful cities emerged in a 'blue banana' from London to Torino, then, as locational advantage spread southwards, a 'golden banana' appeared from Barcelona to Milano and now a network of linked development corridors is emerging in what van der Meer (1998) describes as the 'red octopus' – more of this strange new creature later. The real point to be made here, is that individual cities in Europe tend to be successful when they are associated with a successful European network or corridor of activity. This raises an additional issue, which is the high density of urban settlement in Europe when compared with many other parts of the world. As was noted earlier, in many cases it is necessary to examine the wider city-region rather than the individual city.

There are exceptions to the general pattern of performance, but such cities tend either to display distinctive individual characteristics that cause them to be considered as major cities in their own right, such as Zurich, or they are afforded a status above that indicated by their performance as a consequence of geopolitical considerations; Athens is such a case. In terms of the performance of European cities as world cities, the evidence base is somewhat different, with most assessments reflecting the various functional hierarchies that are considered to demonstrate the global competence of cities (Beaverstock, Taylor and Smith, 1999). In a recent assessment of the characteristics and performance of global cities, European cities were categorised as follows:

- four of the ten Alpha world cities were European;
- four of the ten Beta world cities were European;
- fourteen of the thirty five Gamma world cities were European.

Europe in this analysis represents one of three 'globalisation arenas'; the other two are northern America and Pacific Asia (Beaverstock, Taylor and Smith, 1999).

Whilst the performance and ranking of European cities is interesting, and is indicative of the relative status of the cities in global terms, understanding the reasons which explain the success or failure of cities in Europe is of greater importance. In the analyses referred to above, the authors attempt to identify the components of city success and present them as explanatory factors. One enduring element revealed in this search for explanatory factors is quality of life (Rogerson, 1999), reflecting Hall's observation that:

"Since the sources of the new economic growth are so various and finally perhaps so fickle, the possibilities are endless. But one central element is quality of life"  
(Hall, 1995, 20).

Other elements that help to explain city success and, by definition, provide evidence which indicates the effectiveness of the various blends of urban characteristics and policies that can be observed across Europe, include both individual factors and combinations of characteristics or policies. An example of the influence of an individual factor on city performance is evident in the case of Brussels; this is city that occupies a higher than expected rank in global terms due chiefly to the fact that it acts as host to the majority of EU institutions, NATO and, as a consequence, a wide range of corporate bodies and NGOs. However, most cities, or to be precise city-regions, are successful because of a combination of inherent or introduced characteristics that can be mobilised through policies aimed at developing, managing and promoting the city.

The remainder of this section examines a number of the factors that have contributed to the success of cities and city-regions in Europe. Some of these factors are now common, at least in theory, across the EU, such as the trading advantages conferred by a Europe without internal borders. Other elements reflect the continuing influence exerted by geography, history and systems of governance, and especially the presence in Europe of a large number of small nations. A number of research studies have attempted to identify an ideal blend or menu of factors that would appear to determine the success of cities and city-regions in Europe. Combining the results of a number of these studies (Ache et al, 1990; Parkinson et al, 1992; European Commission 1997 and 1998; Drewe, 2000), some of the most important of these factors would appear to be:

- the presence of internationally-minded actors in all sectors of activity;
- a robust and diversified economy that is capable of adapting to new challenges;
- high quality of the urban environment and of the environment of the surrounding region;
- excellent internal public transport and high quality links to other cities and countries (high speed rail links are especially important);
- the presence of policies and actions that promote social welfare and justice;
- excellent cultural and leisure facilities;
- an emphasis on knowledge, innovation and creativity in all sectors of activity;
- the presence of broadly-based and strong partnership structure;
- a high level of devolved political competence – strong regions/city-regions/cities;
- the presence of a genuine desire and capacity to plan, manage and market the city;
- a frontier location of the presence of a key strategic activity or function;
- above all else, a city that is distinct and distinctive.

Although the above list of factors provides a general indication of the complexity of urban regeneration policies and processes in Europe, the detailed differences observable at local and regional levels are marked. Two cities in a single city-region may display very different inherited characteristics and may adopt strategies for regeneration that, at first glance, have little in common. However, the explanation for such behaviour can be derived from a consideration of the city-specific functional specialisation that frequently marked the development of city-regions during the 19<sup>th</sup> and 20<sup>th</sup> centuries. Polynucleated metropolitan regions are commonplace in Europe, the best known are the Rhine-Ruhr, Randstad Holland and the Flemish Diamond, but many others exist or are emerging (Kunzmann, 1998). The scale of these metropolitan regions and their significance as global actors are frequently ignored, but although few of the cities have a population in excess of one million, the Randstad has a population of seven million inhabitants and the Rhine-Ruhr some twelve million (Dieleman and Faludi, 1998). Furthermore, as Hall (1997) has argued, all post-industrial cities are now polycentric, the difference between European polycentric cities and these elsewhere, is that in Europe frequently such arrangements are rooted in past economic specialisation.

So what we are really considering when we examine the ‘reinvention’ of the (world) city in Europe, is chiefly the regeneration and reorientation of the individual urban elements of polynucleated metropolitan regions. This means that in addition to the cities defined by Beaverstock, Taylor and Smith (1999) as ‘Alpha model cities’, it is also important to consider the ‘Beta’ and ‘Gamma’ cities, and, in addition, the large number of metropolitan regions in Europe that, whilst not containing ‘world cities’ as conventionally defined, are of global significance and can be said to contain settlements that demonstrate “evidence of world city formation” (Beaverstock, Taylor and Smith, 1999, 456). Such a perspective and definition, which has been evident in the European literature on the significance of cities for some years (Hall, 1966; Kunzmann, 1993), reflects the reality of a densely urbanised continent that ‘invented’ the industrial city or, to be more precise, the industrial city-region. The processes that have driven the regeneration and reorientation of these city-regions are broadly the same as have influenced change in the small number of very large cities in Europe (London and Paris). Indeed, the only real differences are ones of scale and the extent of direct or indirect political influence: for example, it is no accident that the Greater London Authority has been established in advance of the establishment of arrangements for the governance of other English regions. Metropolitan planning and management strategies throughout Europe are, in the main, characterised by a desire to promote regeneration and to reorientate the form and function of cities (Roberts et al, 1999).

There are also 'grand projects', but these are generally of lesser significance, together with a number of more practical major new developments characterised by Kunzmann (1998) as 'aerovilles' (airport cities), 'Disney worlds' (leisure complexes), distribution centres and 'technopoles' (modern R&D and finance centres). However, due to the density of the existing settlement pattern, even these new places have tended to seek locations in the few gaps remaining in existing polynucleated urban regions, frequently taking advantage of the new high speed rail infrastructure that has been established during the past two decades: Euro Lille is an excellent example of such an initiative.

Regeneration policies across Europe are characterised by a concern to promote in Europe's cities what the European Commission refers to as "places of social and cultural integration, as sources of economic prosperity and sustainable development, and as the bases of democracy" (European Commission, 1998, 1). These policy objectives represent a response to the emergence of problems such as economic decline, social exclusion and physical decay, which, if left unchecked, can generate further problems associated with the 'dysfunctional' city. Urban regeneration policies in many parts of Europe are the product of inter-agency partnership working, including programmes supported by the European Union's Structural Funds (Bachtler and Turok, 1997) and through special initiatives promoted by the EU in the fields of transport, environment, cultural heritage and social welfare.

Drewe (2000) argues that strategies for urban regeneration and reorientation in Europe have tended to follow a number of distinct paths:

- the strategic adaptation of cities in the 'old core' of Europe in order to replace redundant economic activities and spaces with new initiatives and uses – the Hamburg Business Development Corporation (a public-private city development partnership and initiatives) and the Rotterdam Development Board (a think tank on new city-region relations and initiatives) provide examples;
- the promotion of urban growth in the 'new European core', frequently adding new urban activities to an existing city-region – the Barcelona 'Fourfold' strategy (creating new activities and enterprises, promoting knowledge and R&D, collaboration between the public and private sectors, establishing new institutions) and the Montpellier technopole illustrate this approach;
- the encouragement and support of urban regeneration in the 'periphery of Europe' – Seville (with new telecommunications infrastructure and industries), Glasgow rediscovering itself as a European City of Culture, and Rennes (a new approach to consensus building in order to develop a strategic plan for the future of the city) are examples.

Although these pathways to regeneration may vary in terms of their overall philosophy and content, the individual components of urban regeneration policy across Europe are remarkably similar. This is not surprising given that the EU has taken an active role in the promotion of 'experiments' in urban regeneration through a series of Urban Pilot Programmes and through the extensive dissemination of practice as part of the guidance provided in support of the Structural Funds regional programmes (Roberts, 2000b). Similar initiatives have been sponsored by the Council of Europe, the Assembly of European Regions and the OECD. Furthermore, all of these bodies have encouraged the creation of thematic urban and regional learning networks that now extend beyond the EU into the 'accession' states of central and eastern Europe (Bachtler and Roberts, 1997).

In more specific terms, the features of urban regeneration and reorientation in Europe that represent good practice include various sets of characteristics. Drewe (2000) has identified, for example:

- economic development in areas experiencing social problems is more likely to be successful if it is: concerned with the precise targeting of training and counselling services in order to meet the need of potential beneficiaries, based on the involvement of local SMEs, supported by on-site business facilities, etc.
- environmental actions linked to economic goals are most likely to be effective if they: combine business development with environmental awareness and improvements, involve on-site training that has an environmental component, etc.
- the exploitation of advances in R&D and technology can help to support urban regeneration if: the research undertaken corresponds to local industry needs, facilities are provided that allow innovations to be introduced into SMEs, research is linked to on-site training, etc.
- cultural and heritage developments in cities are more successful when they: focus on restoration that allows buildings to be adapted to new uses, ensure the involvement and participation of local communities, are linked to improvements in transport and social facilities, etc.

These lessons are reflected in other evaluations of the European experience of urban regeneration and they also form the basis for advice and guidance on good practice that has been published by the European Commission, other supranational bodies and member state governments.

Overall, and accepting that many individual variations and additions are evident in the experience of the cities of Europe, the key features of good practice in urban regeneration and reorientation can be summarised as follows. First, successful urban regeneration and reorientation is, by definition, a strategic activity. Although some cities have managed to achieve and sustain economic success in the absence of effective arrangements for strategic planning, management and governance, such success has often been at the expense of social disadvantage and environmental damage – London provides an example. The cities that have been most successful in terms of the promotion of a balanced portfolio of urban regeneration activities, have based their success on the negotiation and agreement of an overarching strategic framework. In some cases this has taken the form of collaboration between national, regional and city governments, as in the Randstad, whilst elsewhere the strategy is the product of collaboration between city and region, as in Barcelona, or between a cluster of adjacent cities, as in the Rhine-Ruhr area. The need to work together to solve common problems has been the chief driver of the strategic process, and this message has now spread to other parts of the European urban system (Roberts, et al, 1999; Dieleman and Faludi, 1998).

The establishment of a mechanism for strategic collaboration and the preparation of a framework that can be used to guide the long-term development of a city or city-region is the essential first step, and most of the other characteristics of good practice in urban regeneration flow from this foundation (Roberts and Sykes, 2000; Worpole and Greenhalgh, 1999; Kunzmann, 1998).



Extending the summary which was introduced in the preceding paragraph, the other features of good practice are:

- second, the need to provide a clear vision for both the city as a whole and individual neighbourhoods - such a vision, or visions, should attempt to deal with the totality of the urban scene;
- third, because the recent development of many cities in Europe has been accompanied by the growth of social exclusion and polarisation, and because it is essential to generate confidence at the start of the regeneration process, it is important to generate short-term successes and to ensure that social actions are among these early 'wins';
- fourth, it is essential that the vision(s), policies and priorities are the outcome of a broadly-based partnership --this model is now accepted as a basic requirement for successful policy and is evident in both city and city-regional arrangements;
- fifth, although the promotion of economic activity is important, the benefits of regeneration must be distributed to the full range of partners and stakeholders – new delivery mechanisms have been put in place in most regeneration programmes to ensure that social justice objectives are achieved;
- sixth, a sustainable development approach is essential, with particular emphasis placed on the better management of both natural and cultural resources and the achievement of social justice – these priorities are seen as an essential accompaniment to economic growth;
- seventh, and perhaps most importantly, it is unusual in Europe for a city or city-region regeneration programme to stand alone – the size of Europe, together with the intensity of policy linkages between the EU, national, regional and local levels, means that in most cases a city regeneration strategy will represent a 'horizontal' layer of activity in a multi-level and multi-sector regeneration matrix.

This review of European approaches to urban regeneration and reorientation provides an introduction to the penultimate section of the paper. In this context of the material presented so far, attention now turns to the contributions that the experience of cities in the European Union can make to the theory and practice of urban regeneration and reorientation in other countries, including the lessons that are applicable in central and eastern Europe.

## **Lessons From Europe**

This section of the paper offers a brief discussion of some of the key lessons that can be derived from the experience of urban regeneration and reorientation in the European Union. It is important to emphasise three points at this start of this discussion. First, most of the lessons are concerned with organisation and structure, rather than suggesting the replication or duplication of the detail of a specific regeneration programme. Second, it is essential to recognise that in the same way that there is no 'McEuropean' model city, there is no single ideal reinvention strategy. Third, less can often mean more in the case of urban policy: one important strategic initiative, or 'big idea', can be worth far more than a host of directionless actions – 'getting things done' is important, but not at the expense of strategy.

The first set of messages from Europe reflect the importance attached to matters of organisation and structure. Time after time, successful urban regeneration is the consequence of negotiated change. Such an approach will represent the outcome of the operation of a partnership model and will reflect the roles performed by the various actors and stakeholders

present in a city. A negotiated approach will provide the basis for a wide range of actions and will guide the plans and strategies of the various partner bodies. As has been noted above, many cities and city-regions in Europe have adopted a partnership-based, negotiated model of urban regeneration. The importance of this model should not be underestimated: it is a means of developing and agreeing a strategy, a way of ensuring that all legitimate interests are accommodated and a methodology to direct resources in support of the processes of implementation (Lichfield, 2000). There are many examples of the use of the negotiated approach based on a partnership model, varying from EU-wide initiatives under the Integrated Development Operations programme, which brought together resources and urban regeneration ideas from the European Commission, member state government, regional and local authorities and other private and voluntary sector local partners, to models that are specific to an individual city – Barcelona, Berlin and Montpellier have already been cited as providing examples and there are many others elsewhere (Carley et al, 2000; Healey et al, 1995).

A second lesson from Europe is that, whilst it is easy to become infected with ‘doingitis’, much effort and many resources can be wasted in the absence of an agreed approach. The need for what van der Berg and Braun (1999, 987) refer to as “organising capacity” has been tried and tested in many European cities, and would appear to provide an ability “to anticipate, respond to and cope with changing intra and inter-metropolitan relations due to crucial internal and external processes of change” (van der Berg and Braun, 1999, 995).

Thirdly, there is the question of strategy. This is not an option if you wish to bring about a managed process of city reinvention and it is not a luxury that a poor nation or city cannot afford. Indeed, the very opposite applies. When resources are in short supply, strategy is essential in order to guide and co-ordinate the most effective use of all resources. But strategies should not be blueprints, rather, they should establish a vision, or visions, for a city and outline the actions that are required in order to enable the vision to be achieved (Healey et al, 1997; Roberts et al, 1999).

This completes the loop: from a negotiated partnership approach, to the need for organising capacity, to the role of strategy, and back again to the process of negotiation. The key messages of successful city planning, development and management are about the role performed by institutions and agencies, on the one hand, and about the effective mobilisation of the forces of innovation, creativity and knowledge, on the other hand.

However, even when all of the conditions have been satisfied, and even when a well-planned and well-managed negotiated strategy is in place, there are still other lessons from the European experience that are of importance. In no particular order, they are:

- never underestimate the importance of history – cities that have demonstrated the ability to restructure or reinvent themselves in the past, appear to be able to develop a capacity to continue successfully to adapt;
- expect the unexpected and plan for unintended outcomes – the rapid collapse of the former Soviet bloc has brought about a host of unexpected, but very important changes in both the overall functioning of the European urban system and the role and status of individual cities;
- networks, co-operation and linkages are very important – they are the inter-city equivalent of collaborating actors in a city and they represent a very effective means of developing and testing new strategies and policy instruments;

- quality of life for all is the one enduring and ubiquitous feature of urban reinvention that can be observed in all successful cities in Europe – urban design on its own is not enough, it has to be accompanied by social justice, economic progress and the sound use of environmental and cultural resources;
- finally, there are the issues of political self-determination, capacity to act, and the provision of local accountability – these are the essential ingredients of effective metropolitan governance, which, in itself, is a pre-requisite for successful urban policy.

A final aspect of this brief summary of the key lessons from the experience of urban reinvention in Europe, is that in an evolving political union there is a need to provide a spatial framework that can guide economic, social and environmental progress. In the case of a union that is as densely urbanised as the European Union, this implies that the spatial strategy should be concerned with the promotion of “dynamic, attractive and competitive cities” (Council of Ministers, 1999,22). However, whilst accepting this as an overall objective, the EU has also acknowledged that the pace of the achievement of this objective will vary between cities. This is reflected in the provision of selective spatial assistance that is intended to support the restructuring of cities in the less prosperous regions of Europe and through the promotion of a wide range of technical assistance programmes aimed at improving both individual aspects of the city performance and the links between cities.

With the next enlargement of the EU expected to take place sometime within the next two to five years, these lessons are providing the basis for a programme of adaptation and transition. The first group of ‘accession’ countries – Estonia, Poland, the Czech Republic, Hungary, Slovenia and Cyprus – are currently involved in a series of exercises which are designed to ease their entry into the EU and its many policy fields. Two important aspects of the package of measures included in the Instrument for Structural Policies for Pre-Accession (or ISPA), which has been prepared by the EU as part of the new round of spatial assistance programmes for the period 2000-2006 (European Commission, 1999), are the provision of financial and technical aid to help candidate states comply with the requirements of EU urban environmental policy and to develop efficient transport systems. In many senses, this package of technical and financial assistance provides the core elements of a ‘lessons from urban Europe’ programme that may also prove to be relevant to cities outside Europe.

## **Towards A New Urban Europe**

Many of the theoretical and practical aspects of the reinvention of the European city that have been discussed in this paper reflect the complex and closely-interlinked nature of European urban space. In one sense, the future of urban Europe could be said to be more about the links and clusters that are emerging, than the performance of individual cities. Whilst not attempting to run counter to almost the entire urban history of Europe, which is littered with the stories of cities that have refused to ‘die’, the individual city is now less independent – politically, economically, environmentally, socially and spatially – than it has ever been; van der Meer’s ‘red octopus’ is already emerging as a “more lively concept (of urbanisation) than the static blue banana” (van der Meer, 1998, 13). This representation of van der Meer’s view of the likely outcome of the present trends in urbanisation – reinforced and guided by EU, member state and regional policy – is developed further as a scenario for European spatial cohesion in 2006 which is:

“supported by the Trans-European Network, the European Macro-Ecological Structure and a strong inter-regional co-operation. In the red octopus, the number of islands of innovation have almost doubled as compared with 50 years ago” (van der Meer, 1998, 13).

This red octopus is no flight of fancy. Since 1998, the European Spatial Development Perspective has been agreed, a new round of Trans-European Network schemes (in both the EU and the accession states) has been introduced, a policy measure which resembles the European Macro-Ecological Structure is proposed for inclusion in the next EU (6th) Environmental Action Programme, and the scale and comprehensiveness of inter-regional, co-operation has increased substantially. The red octopus, especially when evaluated from the standpoint advocated by Beaverstock, Taylor and Smith (1999), who identify both established and emerging world cities, can be seen as a helpful organising concept that demonstrates the dynamics of change in a small, compact continent which has now adopted a common development philosophy and method of spatial organisation.

Three other conclusions are of particular importance. The first reflects the qualities of a successful city which were outlined in the third section of this paper. These qualities would appear to be valid across most of urban Europe and, therefore, it can be concluded that they represent a package of good and best practice that can be applied elsewhere. Such a resource should be regarded as a storehouse of urban regeneration ideas, rather than as a fixed package of measures. Each city will wish to employ a different blend of policies and instruments.

A second point of conclusion relates to the importance of collaboration between cities, on the one hand, and the need for strong democratic structures that can plan and implement city and metropolitan strategies in an effective manner, on the other hand. These two qualities are complementary: strong cities and regions develop alongside each other and display a confidence that allows them to approach collaboration in a positive manner. As the European Union grows stronger, it is interesting that regional and local democratic structures have been strengthened at the same time. This is subsidiarity in action.

Finally, the reinvention of the city in Europe has been enabled and accelerated by the introduction of the notion of sustainable development. The adoption of sustainable development as a central organising idea which spans many policy fields at all levels of governance from the supranational to the local, has resulted in the promotion of a balanced approach to urban change and management. Although the challenges associated with the reinvention of the city will change over time, the sustainable development model, especially in the distinctive European form as ‘ecological modernisation’ (Mol, 1999; Gouldson and Roberts, 2000), will continue to provide an overall organising concept.

A point which has been emphasised throughout this paper, is that change in urban Europe is continuous and, as such, it is essential that the research agenda is constantly reviewed in order that practice might focus on the challenges of tomorrow rather than addressing the problems of yesterday. A network of European regional and local research observatories is now emerging and these, coupled with individual centres of research excellence, provide a basis for future research activities.

Perhaps the most appropriate final words in a discussion of the reinvention of the city in Europe, relate to the successes that have yet to be achieved. As Monika Wulf-Mathies has argued: “our cities are a sea of potential which has not yet been tapped” (European Commission, 1997).

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# SYDNEY'S RE-CONSTITUTION SINCE THE 1970s: MANAGING THE AFTERMATH

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## **Abstract**

*Sydney's economic and social configurations, along with aspects of the city's built environment, have been substantially modified since the early 1970s but the term, 're-constitution', is a better descriptor than, 're-invention', of the changes that have taken place. Re-invention implies that the transformation of Sydney has been substantially influenced by the actions of city government. On the contrary, whilst government action has enhanced the processes of change, Sydney's transformation has been essentially driven by forces beyond the control of city government. Furthermore, it seems clear that Sydney's phase of re-constitution since the 1970s has been completed and that maintaining the new status quo, and dealing with the aftermath of change, are the key challenges for government for the foreseeable future. Maintenance of the status quo means sustaining and improving, where necessary, those elements of competitive advantage that have enabled the market driven, government mediated emergence of Sydney as Australia's sole universally recognised global city. Dealing with the consequences of Sydney's re-constitution means collective action to produce social and environmental sustainability.*

## **Introduction**

Sydney's economic and social configurations, along with aspects of the city's built environment, have been substantially modified since the early 1970s. But the title chosen for this paper reflects our view that the term, 're-constitution', is a better descriptor than, 're-invention', of the changes that have taken place. Re-invention implies that the transformation of Sydney has been substantially influenced by the actions of city government. On the contrary, we argue that whilst government action has enhanced the processes of change that are addressed in this paper, Sydney's transformation has been essentially driven by forces beyond the control of city government. Furthermore, it seems clear that Sydney's phase of re-constitution since the 1970s has been completed and that maintaining the new status quo, and dealing with the aftermath of change, are the key challenges for government for the foreseeable future. Maintenance of the status quo means sustaining and improving, where necessary, those elements of competitive advantage that have enabled the market driven, government mediated and marginally enhanced emergence of Sydney as Australia's sole universally recognised global city. Dealing with the consequences of Sydney's re-constitution means collective action to produce social and environmental sustainability.

The paper is in two parts. First, the story of economic and social change in Sydney since the early 1970s is sketched. How the built environment has acted as both a facilitator of change, at the margin, and a reflection of change is also considered.



The nature of Sydney's governance is then outlined with distinctions between managerial and entrepreneurial governance and their interrelationships being highlighted.

The second part of the paper argues that there are two challenges to governance in the coming years. First, there is the need to maintain and enhance those factors of competitive advantage that have enabled Sydney's economic transformation. Second, there is the challenge of mitigating the adverse social consequences of economic transformation.

## **Re-Constitution**

### ***National Economic Change and Implications for Sydney***

#### National Economic Change

Sydney's economic transformation has been the by-product of national economic restructuring mediated by the city's economic structure and elements of competitive advantage as they existed at the onset of restructuring around 1970. The story of national restructuring has been told by many (e.g. Productivity Commission 1998). The bare bones of the story are as follows.

The most salient and socially significant features of Australian economic restructuring have been decline in the importance of manufacturing and growth in the service economy. With respect to manufacturing, the so-called 'new international division of labor' – in particular the rise of manufacturing in Pacific Asia – greatly impacted on Australian manufacturing employment after 1970 (with a net loss of a quarter of a million jobs between 1970 and 1990). Labor intensive manufacturing (notably in clothing, footwear and textiles sectors) found it increasingly difficult to compete with low labor costs in Asia. At the higher technology end of the spectrum, Australian manufacturers found it progressively more challenging to compete effectively with large scale manufacturers of, for example, electronics goods and motor vehicles in Asia. Rising and still high unemployment has been the outcome (currently around seven per cent, compared with less than two per cent in 1970).

The emergence of the Asian 'economic tigers' over the same period, adding to the economic impetus provided by Japan's growth from the 1950s, provided major compensating export opportunities for new growth sectors in the Australian economy (Fig. 1). As well as deregulating the economy to promote its restructuring, Australian governments have also prioritized the development of political relationships with Pacific Asia so as to enhance trade and investment prospects, notably through participation in APEC.

The early 1980s was the key period in the Australian government's response to external pressures that were forcing economic change. Measures taken included: floating of the A\$; reduction of tariffs on imports; removal of restrictions on foreign banks wishing to establish Australian operations; a program of micro-economic reform; and privatisation or corporatisation of government-owned commercial assets. These measures, combined with Australia's natural and human resource base, have greatly facilitated the process of economic restructuring that was being mandated by Australia's changing external environment.

### Implications for Sydney

At a regional level within Australia there have inevitably been winners and losers from economic restructuring (Murphy and Watson, 1995). The biggest winner has been Sydney, Australia's largest (4 million people) and most globalised city and the capital of the State of New South Wales (NSW). At the 1996 Census of Population and Housing, 40 per cent of Australia's population lived in NSW and 21 per cent in Sydney. Sixty per cent of the State's population lives in Sydney so there is a high level of metropolitan primacy.

In 1997, a third of Australia's GDP was attributed to NSW. The State economy in that year was larger than either Malaysia's, Singapore's or the Philippines and only slightly smaller than Hong Kong's. In the same year, 22 per cent of Australia's merchandise exports came from NSW whilst the State accounted for 44 per cent of services exports. Although sub-State (regional) data on exports are unavailable, it may be inferred that most of these services were produced in Sydney. This is clearly the case with business and financial services, and services associated with trade. It is also true of tourism since non-metropolitan areas of the State capture minimal tourist expenditure compared with Sydney.

Table 1 illustrates the key features of the city's economic transformation using sectoral employment data. Sydney's rise to global prominence, and to dominance of the Australian space economy, is well documented (e.g. Murphy and Wu 1999 & 2000). Four sets of factors constitute Sydney's competitive advantage in the context of national economic restructuring and intensifying trade, investment and other linkages with Pacific Asia.

### *Image*

Of primary importance is the city's 'international image'. Although qualitative and long term in its effects, being well known and viewed in a positive light is a strong influence on those investment and consumption decisions that produce economic growth. Sydney is the best known of Australia's cities due to its emergence as Australia's primary hub of international business, and its strong attractiveness to international tourists and immigrants (all of which are interrelated in ways that have been little researched). Sydney's icons - Harbor Bridge, Opera House and Bondi Beach - are known world wide. The 2000 Olympics reinforces this advantage.

**Table 1: Sydney Greater Metropolitan Region--Employment Structure, 1981-96**

Industry sector	1981		1996		1981-96
	No.	%	No.	%	% change
Manufacturing	350,778	23.1	250,384	13.8	-28.6
Wholesale and Retail Trade	291,033	19.2	375,581	20.7	29.1
Community Services	228,627	15.1	304,003	16.7	33.0
Finance, Property and Business Services	178,480	11.8	334,668	18.4	87.5
Construction	90,552	6.0	96,747	5.3	6.8
Transport and Storage	89,497	5.9	87,475	4.8	-2.3
Recreational, Cultural and Personal Serv.	85,952	5.7	199,040	11.0	131.6
Public Administration and Defence	77,856	5.1	74,048	4.1	-4.9
Electricity, Gas and Water	33,911	2.2	13,780	0.8	-59.4
Communications	33,214	2.2	41,285	2.3	24.3
Mining	17,096	1.1	7,869	0.4	-54.0
Agriculture, Forestry, Fishing	10,108	0.7	10,638	0.6	5.2
Non-classifiable	31,219	2.1	20,849	1.1	-33.2
Total	1,518,323		1,816,367		

*Source:* Australian Bureau of Statistics; 1981 and 1996 Census of Population and Housing, Journey to Work Tables.

#### *Air transport hub*

A second key element of Sydney's competitive advantage is the fact that it is the hub of international air transport into and out of Australia. Kingsford Smith Airport is serviced by more than around 40 international airlines offering over 400 direct flights a week to more than 100 destinations - non-stop to the USA, Japan, Korea, Hong Kong and south-east Asia, and one-stop to the UK and Europe (NSW Department of State and Regional Development, 1996). This compares with Melbourne's 26 airlines and 140 direct weekly international flights. Figures for other Australian cities are much lower again.

#### *Financial centre*

Whilst Sydney lags well behind Hong Kong and Singapore as a site for regional headquarters (RHQs) of transnational corporations, in the field of business services (The Economist 1999), it is by far the preferred location for international companies setting up in Australia. Of the regional head offices of the top 20 firms in four sectors in Pacific Asia in the early 1990s - accounting, advertising, management consulting and international real estate - 39 per cent were in Sydney, 10 per cent in the other Australian states and the remainder were split between Hong Kong (32 per cent), Tokyo (13 per cent) and Singapore (6 per cent) (Murphy and Watson 1995). In 1994, of 32 RHQs setting up in Australia, 21 chose Sydney compared with seven that chose Melbourne (NSW Department of State and Regional Development, 1994).

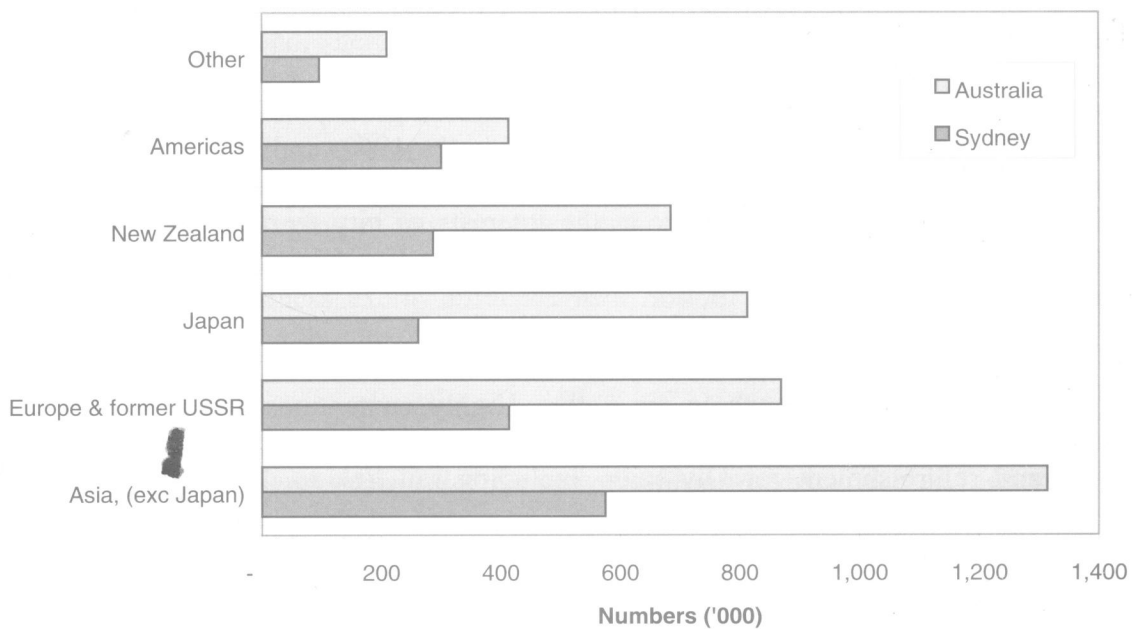
As well as being an indicator of Sydney's global status vis-à-vis other Australian cities, these data point to a third significant competitive advantage for Sydney since they form the nucleus upon which further HQs and RHQs accrete, together with the producer services complexes that support them.

*Other factors*

In addition to these three major factors of competitive advantage, Sydney benefits from significantly lower labor costs and cheap rents compared with competitor cities in Asia – especially Tokyo, Hong Kong and Singapore. Compared with other Australian cities Sydney's land prices and rents are substantially higher but recent history clearly shows that this intra-national disadvantage is more than compensated for by the factors of competitive advantage referred to above. Along with all Australian cities, Sydney benefits in attracting international business from Australia's stable and well defined political and legal systems, the fact that governments are keen to attract investment and consumption expenditure and an English-speaking population.

These factors of competitive advantage have collectively formed the basis for Sydney's claim to being the only one of Australia's cities having some level of global city status. The standard indicators of that status include:

**Figure 2. Short Term Overseas Visitor Arrivals to Australia and Sydney, 1997**



- High percentage of Australia's HQs and RHQs located in Sydney (noted above).
- Concentration of financial services in Sydney. The city is Australia's financial capital and base for over half of the nation's domestic and foreign-owned banks. Sydney is also the base for the country's major financial institutions, including the Reserve Bank, Australian Stock Exchange and Sydney Futures Exchange (NSW Competitiveness Report, n.d.).
- High share of Australia's international tourist arrivals (Fig. 2)
- High share of immigrants to Australia (currently 40 per cent of Australian total)
- High level of foreign investment in real estate.

### Changes to the built environment

Whilst from a welfare perspective the economic and associated social changes (see below) that have re-constituted Sydney over the past 30 years are paramount, modifications to the city's built environment have been associated with these deeper processes. A key distinction is between transformations in the built environment that have been designed to accommodate economic change and modifications that merely reflect economic and social forces. The obvious signifiers of change in the built environment are for the most part connected with globalisation and are largely concentrated in the inner areas of the metropolitan region.

#### *Shifts designed to accommodate change*

There are a number of widely noted examples of urban design interventions intended to enhance Sydney's attractiveness to global investment flows and tourists. Each is drawn from the same catalogue used by designers around the world in cities that have sought, and continue to seek, to re-invent themselves (or to accentuate externally driven processes of re-constitution). Three examples may be cited each of which engendered sharp community conflicts that have challenged the mediating powers of government.

*Darling Harbour:* On the western edge of Sydney's CBD. Disused waterfront industrial land. Re-development initiated in late 1980s now includes: conference center, museums, exhibition and entertainment facilities, shopping mall and restaurants, bars, Chinese garden, open space etc. Based on Baltimore inner harbor model that has been adopted around the world in similar situations. Key issue surrounding re-development was the over-riding of local government planning authority by the State government that excluded community participation in decision making about the site.

*The Rocks:* On the northern edge of CBD. Earliest working class housing area in Sydney. Marked for demolition for commercial development in the 1960s and by then regarded as a slum. Saved by resident and labor union action in late 1960s. Now a gentrified tourist haunt. Exemplifies commodification of history in the interests of city marketing. Main bone of contention in adaptive re-use was displacement of inner city working class residents i.e. gentrification.

*Expansion of Sydney airport:* Third runway commissioned late 1980s. Essential development to accommodate explosive growth in air traffic. Highly contentious due to airport noise problems. Today tied up with debate around a second airport for the Sydney region. Expansion and refurbishment for Olympics, including rail link to downtown. Reinforces Sydney airports immobility.

#### Shifts that reflect economic and social change

As well as these and other obvious and prominent interventions to enable and encourage investment and tourist expenditure (which also provide benefits for local residents) there are various features of Sydney's built environment that signal the city's economic and social transformation since the 1970s. The skyline of central Sydney, for example, reflects a very active period of office and hotel building with the names on office buildings and hotels highlighting the internationalization of the city's economy.

More interesting, because it reflects collective action to steer market forces – and is therefore more a case of re-invention as well as re-constitution- has been the sharp increase in residential population densities in certain areas of Sydney since the early 1980s.

Manifest in much construction of medium and high density housing the trend has been strongly encouraged by State government. The latter's persistent in engineering increased densities results from both financial and environmental pressures on government. The process is also a market response to accelerated gentrification resulting from CBD globalization and shifting consumer preferences (the latter resulting at least partly from immigrations). The massive scale of condominium development around Sydney's CBD has strongly marked the cityscape.

Another key feature of change in Sydney's built environment that reflects external economic pressures has been an extensive program of freeway development largely built and financed by the private sector. Not only are these changes physically obvious in the city they also reflect a more fundamental shift in the ways in which urban infrastructure is financed. Those changes have moreover engendered social equity concerns and questions about the capacity of governments to manage growth and change in the city in way that reflects community needs.

### Government and Governance

Sydney's re-constitution over the past 30 years, whilst essentially the outcome of market processes, has nevertheless been accentuated by collective action in the domains of social and economic policy and city planning.

In considering the role of collective action two themes are central. First, there is the distinction between managerial and entrepreneurial forms of governance and how these spheres interact. Second, there are the roles played by different levels of government in Australia. An overarching issue concerns the distinction between government and governance. A significant part of the academic discourse on the so-called entrepreneurial city assumes that governments are components, albeit key ones, of networks of influence that 'produce city' governance. It is notable in the case of Sydney that on-going research in which one of the authors (Murphy) of this paper is a participant is indicating very clearly that there are no stable and substantial coalitions of business interests dedicated to promoting the city's growth. Even so, business exerts influence in a host of fragmented ways. A particularly salient example is the role played by business interests to pressure governments to expand capacity at Kingsford Smith Airport.

## ***Managerial and entrepreneurial forms of governance***

### Managerial governance

Managerial governance refers to the conventional tasks of managing growth and change via the manipulation of land uses, activity locations and the provision of urban infrastructure. But whilst the substantive focus of managerial governance is a constant the means of achieving outcomes is not. Key features of change in the domain of managerial governance include shifts to cost-recovery pricing and privatised/corporatised provision of infrastructure; and shifting emphases in the manipulation of regional spatial structure, especially policy to encourage higher regional population densities and the centralisation of jobs and services in a designated set of sub-metropolitan activity centres.

### Entrepreneurial governance

Entrepreneurial governance refers to the business of attracting investment and consumer spending into cities. This is a domain of governance that is largely separate from managerial governance although there is interaction through the re-shaping of the built environment. Whilst there has unquestionably been a major increase in the practices of entrepreneurial governance in Sydney it is best conceived as a significant but relatively modest overlay on the mainstream business of the managerial governance. Of note in Australia is the practice of competition between States for geographically mobile investment and consumption expenditure. The subsidies involved in this practice are regarded as being detrimental from a national economic perspective but important politically at the State level.

### ***Roles of three levels of government in Australia***

Each of the three levels of government in Australia – national, state and local - has interests in and mechanisms to influence the transformation of cities though direct powers and responsibilities vary markedly.

#### National government

Sydney is not, of course, a city state and the current Australian government has no expressed interest in cities. There are both ideological and constitutional reasons for this position. Ideologically conservative governments in Australia have preferred to leave State powers strong and to avoid over-centralization of power in Canberra. Moreover, the Australian Constitution heavily constrained National Government intervention in urban affairs. Nevertheless, national policies have major impacts on the cities and have certainly conditioned Sydney's economic and social change since the 1970s. Economic reform and immigration are the two main examples.

Specific issues in cities may also be regarded as being of national interest. Most obvious in the case of Sydney is KSA. Not only is this piece of economic infrastructure of national economic importance it is also a major asset that is owned by the Australian government. A factor in the current debate about whether to establish a second international airport in Sydney's west, and what form it should take, is the Australian's government's need to maintain the financial value of KSA so that its immanent sale will achieve the highest possible price. In a more general sense the national government has a concern for the cities arising from the brake that their mismanagement – notably reflected in areas such as traffic congestion – may place on national economic growth. So the Australian governments agenda for micro-economic reform has an urban dimension.

#### State government

State governments are the undisputed locus of collective capacity for the management of cities. In Australia (as noted above) State governments compete to capture geographically mobile investment and consumption flows. In NSW the government has institutionalised its efforts through the Department of State and Regional Development. Land use planning, on the other hand, is covered by the Department of Urban Affairs and Planning. The relationship between city planning and city marketing is minimal part from obvious and well rehearsed examples noted above.

### Local government

Local government is very much a 'bit player' in the re-shaping of Australian cities although in the case of Sydney, Sydney City Council has been influential in re-shaping the central city which is of course the primary spatial locus of the city's transformation.

## **Managing the Aftermath**

Whilst collective action has had only tangential effects on Sydney's re-constitution over the past 30 years it may be argued that – with the processes of re-constitution having largely worked themselves out in the city's economy, society and built form – there are major challenges to governance in maintaining the new equilibrium and dealing with the aftermath of change.

### *Maintaining competitive advantage*

To re-capitulate, the standard elements of Sydney's competitive advantage that have propelled the city's rise to some level of global city status are land and labor costs, labor force quality, communications and international transport infrastructure, quality of life, international image and cultural diversity. These are variably capable of being manipulated through public policy. Some are Sydney-specific, others are generic to Australia. We focus on Sydney-specific factors.

Land costs: Sydney has Australia's highest housing prices and commercial rents but these are low compared with international competitor cities such as Hong Kong and Singapore. Even so, high housing prices are a significant political factor within Sydney with claims being made that housing is no longer affordable for many who are forced to endure sub-standard housing in low accessibility locations, or who are even forced out of Sydney altogether (Ley et al. 2000). Housing affordability may also be a brake on growth although whether this matters in a national context is debatable since if growth is displaced to other cities then the national economic outcome may be the same.. Whilst high land prices are essentially a function of city size, housing affordability is largely a function of efficient city planning.

Labor costs: Whilst these are essentially market driven they are also a function of supply constraints and regulation. In relation to supply constraints immigration is a factor at both high and low skill ends of the employment spectrum. At the high end the flexibility of the immigration program in enabling skilled migration directly influences the availability and costs of labor associated with especially the global component of Sydney's economy (Ley et al. 2000). At the low cost end of the spectrum, it is well recognized that growth in large parts of the services economy is fuelled by low skill immigration and that the availability of these services enables the effective functioning of households working in the global economy. In Australia State governments, as noted above, have no direct influence on immigration policy.

Transport: In terms of transportation infrastructure key issues are international airline access to the city and road congestion. The latter is the domain of State government although the injection of private capital through private provision is politically contentious. Airport capacity is controlled by Australian government (pro tem) and, as noted above, is enormously contentious due to noise problems.



Cultural diversity: From a situation in 1970 when Sydney and Melbourne had captured approximately equal shares of the great immigration intakes of the 1950s and 1960s, Sydney by 2000 was capturing around 40 per cent of the intake whilst Melbourne was attracting around 20. Some 60 per cent of Sydney's population is now either overseas born or the child parents at least one of whom was overseas born. There have also since the 1970s been marked changes in both the source countries and social characteristics of immigrants.

**Table 2: Overseas-born persons living in Sydney, 1996**

<b>Birthplace Region</b>	<b>Number</b>	<b>Per cent of Overseas-born</b>
<i>Europe</i>		
North West	247,089	20.6
Eastern	100,813	8.4
Southern	120,799	10.1
Other	21,700	1.8
Total	490,401	40.9
<i>Pacific region</i>	110,070	9.2
<i>Americas</i>	73,058	6.1
<i>Middle East</i>	108,984	9.1
<i>Asia</i>		
East	137,694	11.5
Southeast	169,513	14.1
South	47,153	3.9
Other	18,422	1.5
Total	372,782	31.1
<i>Africa</i>	26,640	2.2
<i>Other</i>	15,400	1.4
<i>Total</i>	1,197,335	100.0

*Source*: Census of the Commonwealth of Australia.

Immigration has created direct and indirect 'ethno-specific' advantages, adding up to what might be described as 'multicultural advantage'. Direct benefits result from migrants maintaining or developing new trade links with their countries of origin. Migrants also send information to their home countries and this influences tourism, investment and decisions by students to study in Sydney. Language diversity is a quite specific economic advantage, especially for the attraction of 'call centers', one of the fast growing areas of employment (Murphy and Wu 2000).

Australia's Prime Minister, Federal Ministers, and the Premier of NSW last year (1999) took the multicultural marketing message to the high flyers of the New York financial world, in a quest for US investment dollars and to boost Sydney's credentials. At a New York conference on promoting Australia as a centre for global financial services, Federal Financial Services Minister, Joe Hockey, spoke of the number of Asian-language speakers in Australia, the skilled managerial and technical staff on offer, and their

fluency in all the regional tongues, as well as having English as their first language. Federal politicians and those from NSW plus the State's bureaucrats appeared to be working from virtually the same script. Substantial overlap can be found between Hockey's presentation, the address by Federal Industry Minister, Nick Minchin, and a report prepared by NSW on the State's competitiveness as a leading location for investment in Pacific Asia. Indirect benefits from Asian migration derive from the perception that Australia is a nation that is tolerant of 'difference' and therefore a good place to live, to visit and in which to do business. Transnational business executives are sensitive to lifestyle aspects of cities in which they have to work, and the virtues of Sydney's multicultural lifestyle have increasingly been added to the city's promotional messages. The NSW Department of State and Regional Development's promotional brochure, *First for Business* (n.d.), asserts that "[t]he high quality of life in Sydney is based upon an extraordinary cultural diversity and openness to overseas cultures." Sydney is portrayed as "the most multicultural and attractive city in which to live in the Asia Pacific," with "a society [that] is creative, open and friendly," and receptive to and accepting of a variety of cultures.

Quality of life: This multi-dimensional concept refers to social conditions, built and natural environments. Like all large cities Sydney suffers from levels of air and water pollution that many regard as being too high from human health and environmental amenity perspectives (Table 3). Although much has been done to contain those pressures over the past 30 years their complete containment requires pricing and behavioral regulations by government that are unacceptable to most people. The continued containment of such externalities will be therefore be a constant challenge to government. An added incentive to maintain and improve environmental quality is the importance it has as a factor in Sydney's competitive advantage.

**Table 3: Annual contributions of motor vehicles (private and commercial) to anthropogenic pollution in major Australian capital cities**

	<b>Carbon monoxide Kt (%)</b>	<b>Volatile organic Compounds Kt (%)</b>	<b>Nitrous oxides Kt (%)</b>	<b>Suspended Particulates Kt (%)</b>
<b>Sydney</b>	711 (89)	78 (45)	80 (80)	6.1 (24)
<b>Melbourne</b>	621 (79)	79 (46)	62 (75)	4.4 (16)
<b>Brisbane</b>	329 (83)	43 (52)	52 (75)	3.9 (18)
<b>Perth</b>	214 (80)	27 (44)	23 (51)	Not available

**Source:** Australian Academy of Technological Sciences and Engineering, 1997, p.31

Note: Kt = kilotonnes of pollutant produced annually by motor vehicles in the designated city; % = the proportion of the given pollutant produced by motor vehicle emissions; per capita = Kt/the given city' population.

A specific dimension to the politics of environmental management is that Sydney is not only Australia's most polluted city but also the primary site for immigrant settlement. Levels of air and water pollution have been associated with the city's size since at least the late 1960s when the Sydney Region Outline Plan was published in 1968. The fact that immigration strongly drives population growth has led to its being targeted as a means of reducing the city's growth (Murphy, Burnley and Fagan 1997). The current Premier has consistently argued that levels of immigration to Sydney are unacceptable because of resulting environmental pressures.

In line with the Premier, Mr Carr's views that Sydney is 'bursting at the seams', the NSW Government will take a proactive role in trying to cut the number of migrants settling in the city ... 'I want Sydney interests to figure larger when the national immigration intakes are considered', Mr Carr said. 'It might suit Perth or Adelaide to have maximum intakes, but it's not in the interest of Australia's largest city. (Humphries and Sharp 1995)

Whilst economic theory clearly indicates that controlling population growth to deal with environmental pressures is a second best solution, direct measures that seek to influence polluting behavior by regulation (including spatial planning) and pricing result in a political backlash, not least because of negative equity effects. So the Premier's position reflects either analytical naiveté or a view that the costs of getting immigrants off side are less than the costs of using more direct and effective means of containing environmental pressures.

But high levels of immigration are a defining feature of most global cities so to argue against immigration on environmental grounds also runs the risk of slowing the rate of economic growth resulting from globalisation. Because immigration is heavily Asianised, anti-immigration sentiment gets tangled up with apparently racist positions and if these perceptions are not sensitively handled in the political arena then there is the potential for damage to a key element of Sydney's competitive advantage.

### ***Maintaining social cohesion***

Associated with and to varying degrees causally linked with economic restructuring have been important socio-cultural shifts since the 1970s. The most critical of these relate to immigration and social polarization.

As is the case in all global cities, economic restructuring has produced a widening gap in welfare levels between rich and poorer parts of Sydney's population (Murphy and Watson 1994). People have lost out directly when they have lost jobs in sectors of the economy that are no longer internationally competitive, or which have been restructured to use less labour in response to competitive pressures that are themselves directly or indirectly driven globally. People have lost out indirectly because they have been insufficiently equipped to grasp opportunities in the new economy and because they have suffered rising prices for urban infrastructure (an outcome of globally driven micro-economic reform) and deteriorating environmental conditions.

Immigration comes into play here again since many see immigrants as directly competing for jobs and/or are uncomfortable with the pace of cultural change associated with immigration.

In addition, house price inflation associated with immigration may be a factor forcing some lower income earners to distant suburbs or even to leave gateway cities altogether. Such claims have led some to argue that either immigration should be restricted or that immigrant dispersion should be encouraged. The negative correlation between immigration and domestic migration in Sydney matches the pattern noted around major gateway cities in the United States (Frey and Liaw 1998). The cause of these inverse flows is presently unknown, though a controversial thesis is that it represents a pattern of avoidance by the native-born of immigrant concentrations. The reason(s) for countervailing population flows in the major gateway cities of Canada and Australia merit closer scrutiny (Ley et al. 2000). These conditions have produced a political climate which, if not sensitively managed, will continue to foster right wing extremism feeding on dislocation and ignorance. Key needs relate to:

- Re-distribution: facilitate trickle down of globalisation benefits through market forces and government expenditures.
- Compensation: housing costs subsidisation, education, cash and kind compensation for regressive privatisation and cost-recovery pricing measures etc..
- Education: regarding the benefits of globalisation and, within this rubric, cultural diversity.

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# **'RE-INVENTING' PACIFIC ASIA CITIES: VISIONS AND REALITIES AFTER THE CRISIS**

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## **Abstract**

*The crisis that began at the end of 1997 marks a watershed in contemporary Pacific Asia history. In accelerating de-regulation, mobilizing citizens for political reform, and bearing witness to the ascendancy of global finance in national and local development, it heralds a new era in state-society-economy relations and public policy. The centralized 'developmental state' is yielding to a more globally open, nationally decentralized process of economic policy-making focusing on city regions as centers of innovation in the New Economy. Governments have "re-invented" the city in visions to fit the perceived requirements of the post-crisis era. Most focus on the technical requirements to compete for global investment. Experience from the U.S. suggests that if left unattended, the already acute social and environmental problems will be magnified under a New Economy model, once again threatening the sustainability of the economies of the region. Drawing insights from this experience requires analysis at a city region scale.*

## **Introduction**

The crisis sweeping through Pacific Asia from the end of 1997 has become a watershed in the region. More than signaling the need for finance reform, it crystallized several emerging trends into a major shift in the political foundations and public policies for economic recovery and growth. These included, first, a decisive leap in the de-regulation and opening of national economies to global trade and investment. Governments that had eschewed FDI eagerly began to pursue it, and globalization re-emerged as the 21<sup>st</sup> Century watchword in national and local policy. National industries, now saddled with huge debts, were suddenly available for buy-outs, setting the stage for unparalleled rounds of mergers and acquisitions (M&A) of local enterprises by transnational corporations (UNTAD, 1999).<sup>1</sup>

A second trend augmented by the crisis is the *de facto* decentralization of economic development policy to provincial and urban levels. De-regulation, critically reduced national budgets, and on-going democratization movements have further eroded the highly centralized "developmental state" model of growth associated with the newly industrializing economies in Pacific Asia over the past four decades (Amsden, 1989; Douglass, 1994). In its place has come a more open and competitive process of economic growth that is increasingly focusing on urban and local levels. Even where genuine devolution of government powers to local levels is proceeding slowly, cities are being called upon to devise economic development strategies to compete for global trade and investment.

Third, the removal of import barriers and increasing globalization of local development has accentuated the structural crises of the previously highly protected economies in the region.

Ranging from subsidized agricultural production to labor-intensive assembly operations and even higher technology manufacturing, many economies are revealed to be uncompetitive in a more open international system. This is magnified by the rise of China as a world exporter of labor-intensive manufactured goods. In addition, the advent of the New Economy with value-added generated through the production of knowledge and circulation of information is pressuring higher-income countries of Pacific Asia to accelerate a transformation of branch-plant economies into centers of innovation.

The 1997 crisis and its aftermath crystallized but did not initiate most of the structural problems facing the region. From the late 1980s following the sudden rise in the value of the Japanese yen against the U.S. dollar in 1986, secondary industrial cities were witnessing a steep economic decline while core metropolitan regions shifted toward hosting global headquarter functions, producer service and higher technology R&D functions. Even large metropolitan regions such as Osaka, Kita-Kyushu, and Pusan, had already been substantially de-industrialized by the time of the Pacific Asia crisis (Chung, 2000). With recovery from the finance-driven crisis these cities have continued to struggle to find a new basis for economic growth.

All of these trends came to a head with the Pacific Asia finance-driven crisis. Under reforms accelerated by the crisis and demanded as terms for huge \$128 billion bailout loans to four countries (Korea, Thailand, Indonesia and the Philippines) channeled through the International Monetary Fund, governments more concertedly focused on local economic growth to regain national economic resilience (Shorrocks, 1998). The change of the millennial clock televised live from major cities as the midnight hour circumnavigated global time zones heightened the recognition that a new global era was beginning and that the beginning would be urban. With the imperatives for new directions and Year 2000 celebrations showing the earth as an interactive whole, competition among nations was manifested in bold new visions to re-invent city regions as centers of dynamism and innovation in the New Economy.

The new visions all embraced neo-liberal ideology of open competition, smaller government and participatory governance. In Japan, the special Economic Strategy Council of Japan advising the Prime Minister announced that "One condition for the Japanese economy in the 21st century to recover its vitality is to build a competitive society" through "drastic deregulation" (ESCJ, 1999). The new basis for national economic growth would be found by "Raising global competitiveness of Japanese cities" by freeing them from their bureaucratic encumbrances to allow them to find their own places in the world economy. In contrast to previous Japanese government defense of the need for strong state guidance, the Committee identified big government as a hindrance to economic growth: "The most important thing is to stimulate free initiatives in the private sector based on self-responsibility and self-support. Small and efficient government, including local governments, should be established." In addition, primary education is to concentrate on fostering the 21st century-type literacy, the "Internet Literacy," complete with an "information superhighway running across Japan."

The Korean government has declared that to regain resilience of the country's economy, it would thoroughly adopt investment liberalization policies, which marks a historic shift from its highly protected markets and industry against foreign investment before the crisis. As elsewhere, "Korea must quickly shift its economic orientation toward a knowledge-based economy and information society" by "building a competitive digital economy" (Uhm, 2000).

Seoul is being promoted as a world city performing “logistics functions” in the sphere of a Northeast Asia economic bloc (Kim, 1999). In 1998 plans were launched to build an international free investment city – nicknamed World City – next to the new Incheon International Airport located on a island off Incheon (*Space and Environment*, 1998). In Incheon City a Media Valley modeled on Silicon Valley in California is being created (*Asia Pulse*, 1999).

The Government of Hong Kong’s vision is equally one of building a competitive world city as a center of innovation and technology in the 21<sup>st</sup> century. The Chamber of Commerce is direct in declaring its “Vision to make Hong Kong the Silicon Valley of Asia,” with its Director confidently boasting that “I believe that Hong Kong is already in possession of the critical success factors that will make us the Silicon Valley of Asia” (HKCOC, 2000). These ingredients are: a free market, an entrepreneurial spirit, a sound legal system, excellent infrastructure and a well-developed capital market. The Government would play a role by providing a number of new high-tech projects such as the Cyberport and the Science Park, and the establishment of the Applied Science and Technology Research Institute. An Innovation and Technology Fund (ITF) of HK\$5 billion is also being provided by the Government for to projects that will contribute to innovation and the technological upgrading of the manufacturing and service industries in Hong Kong.

In Singapore, “science habitats” comprised of holistic and synergistic high-quality working-living-learning and recreating environments that attract and retain top talent are to be the bulwark of the New Economy (GOS 2000). Tampines New Town at the eastern end of the city-state’s Northeastern Technology Corridor with easy access to Changi Airport is to be the site for activities to support Finance Park, which is being promoted as Asia’s first telecommunications park for computer and communications systems. Like Taiwan and other higher-income economies, concerted efforts are being made to attract highly technically trained labor back from the U.S., Europe and Australia. But Singapore has gone a step further by creating a fund to recruit world caliber scholars and scientists from abroad, regardless of ethnic or racial origin.<sup>2</sup>

The Malaysian Government is probably the most ambitious of all the countries in the region. In pursuing privatization and liberalization aimed at bringing Bumiputera (indigenous Malay) into higher positions in the economy, it declared a decade ago in its 2020 vision that the age of smokestack industrialization was over, and “now, increasingly, knowledge will not only be the basis of power but also prosperity” (Mahathir, 1991). Information technology is seen as being a key element of Malaysia’s wired Multimedia Super Corridor (MSC), Cyberjaya, Petronas Towers surrounding by 22 office blocks, a new administrative capital at Putrajaya, and a new would-be world hub airport – all in the Kuala Lumpur city region. With an estimated construction cost of \$8 billion and a population of more than 800,000, MSC will be the core of Malaysia new “digital” economy linked to the world (Corey, 1997). Although slowed by the crisis, the government continues to center its vision on the idea of a digital society.

Other governments are following suit with their own variations of visioning the future. The vision of the future seen by Taipei City Government is for that city to become “an international metropolis with pluralistic orientation and high competitiveness” and an “advanced multi-function city” by year 2002 (TCG, 2000).

Beyond capital city regions, the New Economy is also being targeted for smaller cities and even rural areas. Thailand has proposed that the tourist island of Phuket be turned into an international Silicon Island free from government taxes and regulation (*The Nation*, 1999). Korea has proposed similar plans for Cheju Island (*Korean Herald*, 1999). The Province of Cebu in the Philippines placed its advertisement in *Scientific America* to put its case forward as “the” place in Asia for high-technology investment (*Scientific America*, 1996). Kitakyushu in Japan declares itself to be a “space age” global center strategically located between Tokyo and Shanghai, positioned as a “growing Asia-Pacific center for technology transfer [that is] pioneering the world eco-industry” (*Newsweek*, 1999).

These visions put forth by Pacific Asia governments show a remarkably high degree of similarity. In emphasizing their New Economy approach to the 21<sup>st</sup> Century, they invariably call for creating more competitive economies through liberalization with less central government regulation, more partnerships with business and participation of citizens in public affairs, stronger local capacities, and all manner of high-technology hardware and software investments, including internet-savvy education for the masses. Reflecting on the crisis, some also identify an urgent need to create social safety nets and secure a socially just process of economic growth in a turbulent world economy, although progress along these lines remains modest in most cases.

The visions of the future and their policy directions are in many ways quite laudable in trying to come to terms with intensifying competition and changing global realities. Yet key questions not addressed by either visionary statements or programs being designed need to be explored before either visions or strategies can be anchored to real world contexts. One concerns the gap between stated intentions to create new linkages with the new global economy and the actual linkages that have emerged since the crisis. A second contrasts the key characteristics of past approaches to economic growth versus the requirements for the New Economy, raising the question about what institutional and policy changes are really needed for a successful transition to greater economic resilience in the New Economy. A third uses a city region perspective to propose that current policy frameworks focusing on firms and high-technology site development are inadequate in either anticipating the social impacts of the new global economy or scanning for appropriate policy tools and leverage points.

## **In the Wake of the Crisis**

The economies of many countries in the region have grown appreciably over the past year, suggesting that the crisis is over and recovery through the adoption of neo-liberal policy packages will sustain growth well into the future. Other evidence shows more complex realities. Reforms of financial institutions and corporate lending practices are still incomplete (Larkin, 2000; Crispin, 2000b). Political reform is still contested, and social protest movements against various real and perceived offenses of government are regular occurrences in several countries and are even increasing in others. The social consequences of the crisis – homelessness, family break-ups, loss of jobs without other sources of income – linger (Crispin, 2000a). The crisis-driven alteration of employment from life-long to contingent employment may have become a permanent feature of the post-crisis labor system.<sup>3</sup> In tandem with severely reduced welfare budgets and still general absence of social safety nets, insecure employment without benefits raises serious questions about future patterns of distribution of revived economic growth (Dolven, 2000).



Similarly, the shrinking of environmental management budgets questions the environmental sustainability of economic growth.

Given the universal policy to base development on an openness to the global economy and, more specifically, to seek global investment as the means of sustaining economic growth, recent statistics on global investment also show a less than rosy picture in many Pacific Asia countries. In the past 3 years, global investment (or so-called "foreign" direct investment (FDI)) has shown signs of decreasing in high as well as low technology in the second generation (Thailand, Malaysia, Indonesia and the Philippines) newly industrializing economies of Southeast Asia. In the case of Southeast Asia, where FDI has continued to drop over the past 3 years, the major source of decline is the concerted shift of investment in their competitive range to China. In 1998 China accounted for almost two-thirds of all FDI in Pacific Asia, an increase over the 1997 share of 58 percent (UNCTAD, 1999). The five principal market oriented economies of Asean – Indonesia, Malaysia, Singapore, Philippines and Thailand -- attracted only \$14.1 billion in 1999, which represented a decline of 41 percent from the 1996 amount of \$24.1 billion. According to international financial analysts, the near term outlook for increasing FDI is "fairly bleak."<sup>4</sup>

Dependent on transnational corporate technologies, investments and linkages, manufacturing and assembly operations in Pacific Asia are highly footloose and, despite the sunk costs, subject to locally unexpected geographical switching to other regions or countries.<sup>5</sup> A case in point is Motorola's decision to build a \$1.9 billion integrated semiconductor plant to make, test and package silicon chips for mobile phones in Tianjin, China, rather than in Malaysia, which has been one the principal producer of semiconductors in the world. Since the new plant will supply all of China and the rest of Asia, this geographical switch may well be momentous turning point in Pacific Asia (Goad, 2000). High-technology investment has avoided China in the past; this move could well indicate an even more rapid decline in these sectors in other countries.<sup>6</sup>

With China opening more export-processing zones and becoming more hospitable to global investment, its gravitational pull can only be expected to become stronger and will be at the expense of medium- as well as low-technology operations in competing countries in the region. China now has 124 such zones, and is adding several more (*Asia Pulse*, 1999). By the end of 1998, its 32 state class development zones had approved the establishment of 13,454 foreign-funded enterprises with a total contractual foreign capital reaching US\$51 billion.

Concerning Northeast Asia, FDI has surged in, for example, Korea.<sup>7</sup> However, the bulk of the FDI has come in the form of M&A activity.<sup>8</sup> This follows worldwide trends showing that from 1992-1997, with the exclusion of China, 72 percent of the total worldwide FDI was in the form of cross-border mergers and acquisitions -- a stellar increase from the 22 percent average of the 1988-1991 period (UNCTAD, 1999).

In sum, there is no consistent evidence that policies adopted in the 1990s are yet paying off in terms of promoting structural change through global investments in localizing innovative capacities in high-technology. With an overwhelming majority of governments now having introduced measures to substantially liberalize their foreign investment regulations, the "old" incentives for attracting FDI -- tax holidays and other direct subsidies to investors, trade liberalization, government control of labor organizations -- are so widely available that,

while still minimum requirements, they are insufficient by themselves in gaining the more sought after higher levels of investment and linkages beyond the assembly line.<sup>9</sup>

Governments have thus felt compelled to more decisively promote their economies by creating visions of re-inventing their cities as New Economy engines of growth primed to win global markets and investment. As traditional export sectors falter throughout Pacific Asia save China, strategies have turned toward creating conditions conducive to joining the New Economy of the world.

## **The New Economy as Public Policy**

Heralded as a transformation that will be even more profound than the Industrial Revolution, the New Economy centers on the production of knowledge and information. Computer enhanced, network based, flexible in organization and production, it signals a shift from top-down, hierarchical command and control styles of government and business management. The keys to job creation and higher standards of living in the new era will be innovative ideas and technology embedded in services and manufactured products. It is an economy where risk, uncertainty, and constant change are the rule, rather than the exception (PPI, 2000).

Table 1 summarizes some of the principal characteristics associated with the New Economy as they contrast to those prevailing in the near past in Pacific Asia. First, it indicates a fundamental shift in state-corporate-civil society relations across an array of dimensions, with government expected to move from a control and command mode of regulating economy and society to a role as facilitator in collaboration with business and civil society organizations. This is deemed to be necessary to release the entrepreneurial spirit from bureaucratic meddling at a moment when speed in innovation and constant adjustments to the world economy are basic requirements for sustaining economic vitality.

Yet at the same time that government withdraws from regulation of private enterprise, it must increase its involvement in building society-wide capacities for knowledge production. As argued by Thurow (1999:64), success will no longer be based on technical innovation in production alone, but will rest on the creation of knowledge-based economies that require “large public investments in education, infrastructure, and research and development.” With such a mandate, the ascendant neo-liberal idea of shrinking government as a whole is too simplistic. Rather, government is required to shift its roles, and in many areas it can be expected to increase rather than decrease its presence. However, the new orthodoxy portrays the process as one of moving the state out of its regulatory and welfare roles – even though social safety nets are not in place, environmental management requires greater oversight and enforcement of legislation, and, due to inadequate personnel, major taxes and other revenues needed to finance government are not being collected. The trend toward reducing state involvement and the growing needs in key areas for this involvement thus poses a major challenge to all nations and localities in the region.

In the New Economy, barriers to international trade are being substantially reduced to allow for the free flow of information, goods and services. Due to the intensification of competition that this implies, standardized production based on assumptions of long product cycles (market introduction to replacement) gives way to much shorter cycles requiring flexible systems of production “customized for mass consumption.” The ability to quickly innovate and deliver new commodities to global markets faster becomes a key determinant of firm’s – and a city’s – competitive advantage.<sup>10</sup>

**Table 1 Transition to the New Economy**

<i>Dimension</i>	<i>Past Economy Pacific Asia</i>	<i>New Economy</i>
<b>Role of Government</b>	Regulate/Command	Facilitate/Collaborate
<b>Domestic economy</b>	Protected	Open to Global System
<b>Production</b>	Standardized	Flexible, customized
<b>Competitive advantage</b>	Labor and regulatory costs, Economies of scale	Innovative capacity/Knowledge Product to market response time.
<b>Organization of production and inter-firm linkages</b>	Hierarchical ownership of subsidiaries and direct control of production by parent firms	Control of production through sub-contracting and of markets via strategic alliances, networks
<b>R&amp;D</b>	Concentrated in parent firms	Decentralized/dispersed throughout networks
<b>Labor skills</b>	Specific to (fordist) fragmented production routines	Multiple skills/integrative/ problem solving across production segments
<b>Labor and employment</b>	Organized capital-labor relations; stable employment and wages	Unorganized, flexible labor with high risk and opportunity
<b>Education needs</b>	Schooling completed before career employment	Lifelong Learning/continuous training
<b>Civil society</b>	Controlled by the state/limited in organization	Participatory/free to politically organize

The new pressures on firms have made existing large-scale production systems organized under vertical systems of management less competitive. Slow decision making times, problems in scanning for relevant data and institutional distance from rapidly changing market conditions is leaving such systems behind. While this can mean that small and intermediate enterprises that are less encumbered by organizational routines do have advantages, very large corporate enterprises have adjusted to this by turning to sub-contracting to control distribution and consumer sales while allowing smaller affiliates to innovate and flexibly respond to changing competitive conditions.

Thus while the birth of new firms and death of old firms have greatly accelerated in number and in time, consolidation of firms into fewer very large corporate networks that are linked through strategic alliances with other such networks is the predominant trend in the re-organization of the global economy from trade among nations to value-added chains within global corporate systems.<sup>11</sup>

Labor skills for the new economy are also radically different from those of the past. Fordist production and assembly operations, which in the Pacific Asia context used women almost exclusively in all but heavy industry, required extreme specialization in repetitive tasks. In a significant share of production in garments and toy making, production increases were achieved either by making workers work longer hours or by adding new workers, and not by adding machinery per worker or developing labor-saving technologies.

In contrast, the New Economy calls for a reversal of the de-skilling of labor common to the Fordist and “simple Taylorist” (production increases by adding labor without increasing labor productivity through labor-saving machinery) labor processes. Cooperative teams working across multiple task areas and learning new techniques on the job are seen as being fundamental. As such, educational needs shift from completion of schooling before entering careers to life-long training and education. In most Pacific Asian countries this suggests a radical change in attitude and policy about public education to socially as well as institutionally allow for all age groups to enter higher levels of education.

Like rigid structures of management, highly organized labor with rigid job descriptions is anachronistic in the New Economy. Labor is asked to be more entrepreneurial and risk-taking, as exemplified by employees in “dot.com” start-ups taking stock options instead of salaries. The rewards can be extremely high, but so are the risks as incomes and employment tenure become more volatile:

“Job creation and destruction has accelerated as the number of firms being born and dying every year has grown. The faster pace of job churning has undermined the predictability and stability of old economic arrangements and has increased the insecurity faced by workers. However, while such turbulence increases the economic risk faced by workers, companies, and even localities, it is also a major driver of economic innovation and growth. As less innovative and efficient companies die or contract, more innovative and efficient companies take their place. In fact, this turbulence is one of the factors that has let the U.S. economy surpass Europe and Japan, where entrepreneurship and dynamism is less vibrant and job protection more prevalent.” (PPI, 2000:3)

In sum, the New Economy is not simply about constructing science parks or unleashing the entrepreneurial spirit. It is instead predicated on a number of social, political and economic relations that are very different from those put in place during Pacific Asia’s era of accelerated industrialization of the late 20<sup>th</sup> Century. In its focus on city regions, realizing its potential requires not only re-inventing the city through cyber-designs and technical training, but more fundamentally calls for institutional innovations in social learning, governance, and cooperation across ethnic and cultural divides.

## **Socio-economic Impacts of the New Economy**

Insights from the U.S. experience help to reveal the potential shortcomings of the “creative destruction” that re-inventing city regions entails and that is being extolled as a virtue by New Economy enthusiasts (Potter, 1996; Drucker, 1999). Research shows that there are significant social, political, economic and environmental impacts of the New Economy. Widening income disparities, decline in social safety nets, greater risk and swings in the economy, the need for vastly improved environments and public amenities, and the requirement for competent local governments are all part of the New Economy problematic.

Concerning inequality, from the U.S. experience, the New Economy continues to be characterized by a hollowing out of the middle class and a persistence of below living-wage incomes for low-skill jobs. While incomes for high-skilled jobs and top executives have risen steeply, the wages of less skilled workers have been seriously eroded as unionized labor in large-scale manufacturing plants yielded to unorganized labor employed in smaller sub-contractor operations (PPI, 2000). While the incomes of the richest 1 percent of the population increased 94 percent from 1979 to 1999, the incomes of the poorest one-fifth fell 12 percent during the same two decades (EPI, 2000). Income gains that have been achieved by lower income groups have been achieved by working more hours, not by real wage increases. Evidence as shows that segments of the labor market having high percentages of low-skill international migrant labor fell the greatest in real terms (Borjas, 1995). Minimum wage sectors having falling real incomes are expected to account for the largest share of employment growth in the coming years (PPI, 2000). Lower income groups also have higher debt burdens than the rich (EPI, 2000).

In addition, worker benefits – health coverage and pensions in particular – are declining as workers must “now take greater personal responsibility for sources of economic security.” In the U.S. the number of employed people without health insurance was at 18 percent over the decade 1987 to 1997, a period during which health costs increased appreciably ahead of income growth. Companies are also requiring increased employee contributions to their health plans. The percentage of workers with pensions declined from 30 to 20 percent during the same period. In Asia, where these benefits are minimal, such a trend will put increasing onus on public social safety nets and welfare systems, which hardly exist at the present. U.S. corporations are restructuring successfully by converting full-time, permanent jobs into part-time, temporary, and contract work. This puts increasing pressure on government and non-profit organizations to provide safety nets in what is known to be a volatile economic system.

Declining job security is intrinsic to the New Economy, which is characterized by high rates of business start-ups and failures and the need for flexible use of labor. Reflecting these dynamics, the share of contingent workers in US has been increasing, reaching almost 30 percent in 1996. About one-third of U.S. jobs are either being created or eliminated every year (PPI, 2000). The number of temporary jobs doubled between 1986 and 1996. The number of self-employed workers also continues to increase its share of total employment, reaching 7 percent in 1995 (HA, 1997). Employees must now continually reinvent themselves throughout their working lives, even if they remain with the same employer. Job tenure in the U.S. is about half of that of the OECD average. The highest rate of increase and highest share of contingent work is in Silicon Valley. These “non-traditional” workers typically have much lower levels of benefits – frequently none at all.

Education is also at stake. In the U.S. corporate spending on training has actually declined in the New Economy. This is largely due to the change from very large corporate-run production units to post-Fordist systems of sub-contracting that lack substantial investment in advanced training for employees. At the same time, problem-solving tasks are implicitly being delegated to front-line employees who must have skills in self-management, teamwork, and flexible responses to assignments rather than strict adherence to contractual rules. Employment stability in the past economy gave workers the opportunity to learn new skills on the job and move up within the company, but increased competitive pressures coupled with reduced employment tenure now makes it harder for companies to justify training investments. Moreover, small firms, which are the vanguard of the New Economy, spend a third less per employee on training than do large firms (PPI, 2000).

This experience is showing that the idea that the very success in building a new economy from the old generates impacts that can undermine its sustainability. The high-risk nature and social impacts of the emerging economy reveal a need for more public involvement in both social well-being and economic resilience. This is especially clear when viewed from a city region perspective.

### **City Regions in the New Economy**

The New Economy is quintessentially a city region project in both its requirements and its impacts. Yet prevailing literature focuses almost exclusively on the entrepreneur, the firm and the production site as the only relevant levels of analysis. This treatment is overlooking the valuable lessons that can be derived from exploring a broader city region scale of the manifold social, political and economic processes involved.

Table 2 compares attributes associated with the past and the New Economy from a city region perspective. In the past, urban governance in most Pacific Asia countries was orchestrated from the center -- typically through appointed rather than locally elected officials. In contrast, creating a social learning process for innovative and timely responses to rapidly changing global signals calls for substantially devolved political systems of autonomous local governments that are able to draw together relevant knowledge in short time frames. Generating a localized form of the New Economy solely from the center is, with the exception of a city-state like Singapore, an unlikely possibility given all of the requirements for localized gathering of information, mutual learning, and collaborative interaction among government, enterprises and citizen organizations.

Second, instead of hosting branch plants that transfer knowledge about how to use technology but not how to improve or generate new technologies from it, local enterprises must be capable of autonomous innovation. This capacity is central to any concept of the New Economy. To succeed, the innovative products and services of the city region must also be internationally competitive. Numerous studies have shown that such capacity requires consistent support of research institutions beyond the level of the individual enterprise. This is especially so as production turns toward subcontracting systems, which as noted above are characterized by lower levels of R&D expenditures and skill training.

In the U.S. firms are forming a growing array of partnerships, and are increasingly turning to suppliers, customers, universities, and federal laboratories for sources of technology and innovation (PPI, 2000). In the case of Pacific Asian countries, the tendency for public research to remain isolated from interaction with business is common. This has severely limited capacities for “learning regions” (Florida, 1995) to emerge from even very high levels of investment in creating research institutions.

**Table 2 Urban Region Characteristics of the Past and New Economy**

<i>Dimension</i>	<i>Past Economy</i>	<i>New Economy</i>
<b>City Region Governance</b>	Administrative centers only; politically managed from the center.	Devolved political and financial powers to autonomous local governments.
<b>Local production</b>	Branch plants protected by import-substitution policies.	High localized autonomy in product innovation unprotected from global competition.
<b>Urban environmental management</b>	Largely unregulated resource use and waste disposal in air, water, land. Seen as a trade-off for economic growth.	Clean environment as competitive advantage in winning global investment.
<b>Economic Infrastructure</b>	Export processing zones/ industrial sites/factory-serving.	Amenities, public space, greening of the city
<b>Sites of innovation</b>	Abroad (North America, Europe).	Local: large, small and micro-enterprise exchange of ideas; “coffee shop entrepreneur”; public spaces.
<b>Sources of knowledge/ Information</b>	Human capital to master received technology.	Social and human capital for society-wide problem solving and innovation.

The premier geographical expression of the New Economy attributes is perceived throughout the world to be California’s Silicon Valley. High ranking ministerial teams from Asia and elsewhere make regular pilgrimages to this region to open learning centers, make deals and to listen to orations about the Silicon Valley success story (Gilley, 1998; Biers and Cohen, 2000).<sup>12</sup> The stories they are told are about entrepreneurs in a setting of low government interference with business, of how the unfettered firm and high caliber technical-business oriented university are the sources of re-inventing the Valley with every momentous shift in the knowledge economy – integrated circuits in the 1970s, personal computers in the 1980s, and the internet from the late 1990s.

As relevant as these stories are, other attributes of Silicon Valley as a region that are missing from abstracted models. As exemplified by Gilley (1998), such attributes as openness to cross-cultural encounters is a regional attribute of high importance to innovative capacities:

“Yet the most valuable lessons may be the most elusive. Silicon Valley, where 23 percent of the population is Asian or Asian-American, boasts several intangible elements, such as an openness to people of diverse backgrounds.”

Summarizing such factors as “business culture” misconstrues the social basis for succeeding in the knowledge economy. Multiculturalism, social capital, basic freedoms of civil society to openly interact – none of these are properties created by the entrepreneur, but are instead historically developed in particular localities through the interaction of government, business and civil society well beyond the domain of the enterprise and spheres of interaction among enterprises.

Similarly, a third dimension that requires a regional perspective to fully grasp is the relationship between the New Economy and the natural environment. In the past in almost all Pacific Asian countries, with Singapore being the most laudable exception, the environment was implicitly sacrificed in the name of urban-industrial growth. The results are readily apparent in almost every city in Pacific Asia. Air and water pollution, largely unknown levels of ground pollution, and traffic congestion are among the major issues facing them. In the case of Hong Kong, which is by no means exceptional:

“Air pollution, particularly that emitted from diesel vehicles, is a serious, albeit worsening problem, with unrestricted growth in vehicles and increasing cross-border freight traffic. Hong Kong's lack of a proper sewage system has resulted in seriously polluted waters and harbor sediments. Nonstop reclamation and dredging have caused water quality to decline further. The rapidly increasing amount of solid waste lacks adequate landfill space. Many sensitive ecological areas and endangered species remain unprotected. Hong Kong is simultaneously an economic miracle and an environmental nightmare” (Ng, 2000).<sup>13</sup>

The negative impacts of environmental mismanagement are well documented in terms of human well-being, lost work days due to environment-related illnesses such as respiratory diseases that are increasing with urban-industrial growth in Pacific Asia, costs to the productivity of labor, and risk to the environmental sustainability of development (Rock, 2000). What is not adequately considered is its relationship to economic competitiveness as traditional industrial sectors give way not only to knowledge-based sectors but also higher order services such as conventions, world sports and new forms of tourism that are expected to become significant sectors of the post-industrial economies of the region.

In the New Economy, a clean environment is not just a public health concern, it is necessary for economic sustainability.<sup>14</sup> Having a good environment is now known to be significant factor in attracting talent to a region. Governments are thus going to great lengths to change the image of their cities from smokestack regions with air that is dangerous to breathe to verdant landscapes with blue skies, but the images do not match either the realities or actual levels of commitment. In 1997 before the crisis, governments were spending less than the minimum of 1 percent of the GDP estimated to be required just to try to cope with existing problems (AET, 1999). China, the most worrisome source of air pollution in East Asia, was spending 0.5 percent of its GDP on environmental management.



Although China has reportedly increased spending on the environment, in almost all other countries, spending as a share of GDP has gone down due to the crisis (Douglass and Ooi, 2000).

Congenial urban spaces, a greening of the city, and a physical ambience conducive to meeting people outside of the firm plays an increasingly key role in the New Economy. In the past phase of industrialization such infrastructure was essentially confined to export processing zones, factory sites or, to the extent that they existed in Pacific Asia, individual enterprise research centers. The built environment needed for the type of entrepreneurship and innovation in the knowledge economy is quite different. To promote exchange of ideas across firms and among free-lance entrepreneurs in the knowledge economy, the Silicon Valley experience shows how public spaces in amenity rich locales where the ambience are conducive to nurturing social capital important to social learning and the type of synergies for resilience in the changing world economy.

Shibuya's "Bit Valley" in Tokyo and Seoul's "Teheran-ro" are being promoted as versions of Silicon Valley's convivial ambience that brings people together to exchange ideas and learn from each other (Clark, 2000). Whether these areas of Tokyo or Seoul succeed in creating an atmosphere for collaborative entrepreneurship depends non only on the atmosphere of these urban centers, but also a shift from the vertical hierarchies sealed within corporate networks to more horizontal networks across enterprise boundaries (Saxenian, 1999). Particularly in Northeast Asia, such a shift would represent a radical departure from the past, and, as noted above, most of the science parks in operation continue to reflect these past modes, even when government research centers are included as centerpieces.

This observation leads to another dimension at the local urban region scale, sources of knowledge and information. In the past, the emphasis was on human capital, or the advanced technical training of individuals. In the New Economy, emphasis is also given to social capital, or cooperative engagement in problem-solving that is embedded in everyday expressions through all types of social organizations, including those for recreation and leisure (Putnam, 1993; Woolcock, 1997). For the most part, the sources of social capital are not in the factory or the enterprise, but in the daily practices of organizing within civil society writ large. How this is achieved remains incompletely understood, but a common element is the freedom from state control to form such associations. In many Pacific Asian countries, this freedom is quite new, appearing in such places as Korea and Taiwan in only the last decade, and is still problematic in others where political life is limited and civil society organizations are controlled by the state.

All of the elements in Table 2 imply a process of localization that is not yet fully underway in most Asian countries. Local governments remain exceptionally weak in relation to central governments, and are just beginning to engage in participatory forms of governance. Capacities for autonomous creation of technological innovations are limited and, as noted, are contained within corporate hierarchies rather than dispersed horizontal across enterprises. Environmental management as a serious rather than token endeavor is just beginning to rise to the top of public policy agenda. Amenities and the type of ambience thought to be conducive to creating learning regions is not yet part of most urban landscapes, even though governments are now including them in their visions of the future. Social capital, as rich as it is in Pacific Asia, remains muted by still invasive state controls over civil society.

At the same time that the key variables in successfully linking to the new global economy are only partially perceived in the 21<sup>st</sup> Century visions being put forth by governments, the high risks of the New Economy are also either unperceived, downplayed or, when fully acknowledged, remain without institutional mechanisms to deal with them.

Still reeling from many of the effects of the crisis and still incomplete in implementing many of the basic reforms needed to prevent a repeat of the crisis, successfully moving into a highly competitive New Economy cannot so easily be achieved in most countries in the short space of time – 2002 to 2020 – allocated in the Visions. While infrastructure projects can be more clearly completed in such time frames, reversing the already serious processes of disinvestment in such basic spheres as social capital and the environment required to create a sustainable New Economy is yet to be put in center stage in policies backed by budgets and requisite institutional arrangements.

Table 3 summarizes the more salient issues that cities and nations will confront in attempting to re-invent their urban economies. Widening income disparities with low employment security calls for more concerted energies to be put in constructing social safety nets. In the medium- and higher-income economies of Pacific Asia this problem will be compounded by two factors. First, the rapid aging of the population is already increasing dependency ratios of non-working to working populations. In Japan the share of population over age 65 is already greater than that under age 15, and the absolute population decline about to begin in that country will see the labor force shrink faster than the population as a whole (Douglass and Roberts, 2000). The social security system in Japan is currently receiving less than it is paying out. Other countries – Korea, Singapore, Thailand, Taiwan -- in the region are projected begin experiencing a similar situation within the next two decades.

Another confounding factor is the expected demand for foreign labor in countries that are experiencing labor shortages, which was already the case throughout Pacific Asia before the crisis (Douglass, 1999). Denied citizenship and relegated to the lowest wage sectors, these workers are among the most vulnerable members of the labor force. How to include this population in the on-going deliberations about social safety nets will be a daunting question in many countries that now systematically discriminate against them in work, housing, and access to public services.

**Table 3 Local Impacts of the New Global Economy**

<i>Dimension</i>	<i>Impact/ Issue</i>
<b>Income distribution</b>	Growing inequality: income increases at the top, hollowing of middle income, falling real wages for workers.
<b>Employment security</b>	Highly insecure and unstable.
<b>Economic enterprises</b>	Dynamically high birth and death rates. Firms must reinvent themselves to survive.
<b>Social welfare</b>	Potential for entitlement failures, sudden pauperization.
<b>Provision of Infrastructure</b>	Costly, high risk, redundant, biased toward global competition.
<b>Environmental management</b>	Smaller budgets, increasing public concern via non-government and political organizations.
<b>Public and civic space</b>	Decreasing via privatization and community fragmentation
<b>Economic resilience</b>	Declining if endogenous capacities for innovation are not realized

How to facilitate the start up of innovative firms is an equally complex problem that goes far beyond the provision of science parks and technology training. Corporations headquartered in only ten OECD countries account for 84 percent of R&D spending in the world, hold 95 percent of all patents, and receive 91 percent of all cross-border technology license and transfer fees (OECD, 1999). In 1995 developing countries paid US\$18 billion in technology transfer payments to corporations in these OECD countries (Fukushima and Kwan, 1995).<sup>15</sup>

Because a large share of Pacific Asia's past industrial expansion has come via FDI, a distinction needs to be made between the idea of technology transfer and that of autonomous innovation. Much of the technology, which is heavily protected by copyright agreements that have been aggressively pushed in Asia by the U.S. government to protect U.S.-based TNCs, that has been "transferred" to Pacific Asia is more aptly described as a process that inhibits technological innovation rather than promotes it. As suggested by Kodoma (1986), most technology embedded in FDI necessitates a local ability to use it, but not to understand how it is made or how to improve it. This is what Fukushima and Kwan (1995:36) summarize as the "technology stagnation effect of FDI."

Another problem borne locally but generated globally through intercity competition is the tendency to invest in large-scale projects to obtain world prominence regardless of the risk or redundancy of these projects. While one of the common observations about competition among corporations in the New Economy is that they form collaborative relations, networks, alliances and joint ventures to ameliorate the vicissitudes of “fierce competition” (PPI, 2000), cities have not found the means to form them for similar purposes.<sup>16</sup> “Collaboration among competitors” is the watchword for private enterprise, but “competition against thy neighbor at all costs” typifies intercity relations – even, and perhaps especially, among contiguous jurisdictions.

Unable to effectively collaborate across administrative lines, governments are being caught in the dilemma of economic boosterism as the expense of other needs such as social welfare and environmental management (Esty *et al.*, 2000). While a standard proposal is for governments to regulate industry in a manner that makes polluters pay the true costs of environmental degradation, in situations of intense intercity competition, it is naïve to think that governments will actually take this step. Zarsky (1997:2) explains why even in the more politically aware OECD countries competition leaves policies “stuck in the mud”:

“The constraints of competitiveness induced by globalization retard the capacity and willingness of all nation-states to take any unilateral measures which impose costs of good environmental management on producers. The pressures of policy convergence mean that measures which are taken will only be those in step with primary competitors. The net results is that ... environmental managers are pressured to maintain the status quo or to change it only incrementally.”

In Pacific Asia environmental management is further limited by the general absence of strong environmental movements that can pressure governments to strengthen environmental management capacities. In addition to already severe pollution-related health problems, such as asthma, that are affecting very high proportions of urban populations, natural resource and energy use remains highly inefficient, and losses to urban productivity are mounting (Rock, 2000).

Cultural vitality and social capital generated through everyday forms of convivial association in neighborhoods and communities are now understood to be important elements of the New Economy. The attractiveness of localities and the capacity for societies to innovatively solve problems they face are intertwined (Putnam, 1993 and 1995; Evans, 1997, Woolcock, 1997). While cultural vitality is important as an attraction to investment, unless the investment deepens capacities for social learning and innovation that can be translated into new, localized sources of economic growth, the same type of shallow development with an even higher potential than before for sudden investment flight can be expected to prevail in the future.

## **Conclusion**

Re-inventing the city for the New Economy is capturing the imagination of governments everywhere. Globalization, in presenting the imperatives for cities to accomplish this transformation, promises high economic returns for those cities that are successful.

It is also presenting a scenario for intensifying competition among cities that can be socially and economically dysfunctional: duplication of costly infrastructure, pressures to subsidize global corporations at levels that cannot be recouped through the economic multipliers generated by received investments, neglect of the environment and social welfare, and volatile swings in local economic growth under the rapid geographical switching of investment and accelerated product cycles in the market.

While a Silicon Valley model might not exist as such, and variations toward localizing capacities for the New Economy might be great, what emerges from a city region perspective is the interdependency of the endeavors that are involved. Without delving into the socio-cultural and broader societal bases for this archetype New Economy region, its limited physical attributes and narrower technology-oriented education have instead been taken as the essential features to emulate. Would-be Silicon valleys, alleys, glens, gorges and gulches are being created in many parts of the world, especially now in Pacific Asia, along with the plans for science parks, cyber-cities, and global infrastructure to link high-technology centers to the international sphere.<sup>17</sup>

As these sites to host global investment increase in number, their limitations as the centerpiece for re-inventing city regions becomes more obvious. While a handful of metropolitan regions – perhaps 10 or so in Pacific Asia – might show successes in bringing investments to them, the majority of city regions, especially those located away from core metropolitan regions, will continue to find their high-technology sites severely underutilized and having very limited employment multipliers (Shin, 1999; Douglass, 2000). Further, whether run by government or the private sector, the core research components tend to have low levels of interaction with the firms at the site. Most sites are simply filled by branch plant operations of transnational corporations without inter-firm interaction or linkages.<sup>18</sup> As such, they remain far from the ideal of the entrepreneurial region they are trying to replicate.

Attention also needs to be given to the many problems likely to beset New Economy regions. Among these issues in the actual experience of Silicon Valley are:

- widening, even extraordinary income inequalities;
- growing employment and welfare insecurity;
- new forms of poverty among working people who labor below a living wage;<sup>19</sup>
- inadequate funding for transportation and public institutions including higher education;
- housing prices beyond reach of all but a few;
- environmental deterioration from underfunded environmental management programs, mounting traffic congestion, and rapid urban land development;

These have not been incidental to the New Economy, but have instead been part of its logic, a logic that works itself out locally in city regions as well as nationally and globally.

The imperatives to join the New Economy by localizing the globalization process are real. There are undoubtedly many pathways to successfully accomplishing this. They will be difficult to identify, however, without incorporating a fuller understanding of the key dimensions and consequences of a transition to a New Economy into visions of the future. This task calls for a city region perspective that includes such crucial variables as culture and local histories, social capital, the environment, social impacts beyond science parks, the formation of political communities, and the nature and role of the local state.

Neither a technopole nor inter-enterprise level of analysis can grasp the importance of these variables either in concept or in policy.

Variations will surely emerge among cities without or without appropriate scales of visioning. History has not ended. Cities will be “re-invented” in one way or another as globalization shifts into a new era.

Whether the variations will be desirable ones depends greatly on how strengthening local capacities to be more proactive in re-inventing themselves than current realities allow.

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## Notes

1. This is part of a consolidation of production, trade and finance into very large-scale corporate networks and alliances that now dominate the world economy. With the exception of China, M&A activity now comprises the largest share of foreign direct investment (FDI) in the region. With worldwide mergers in the first nine months of 2000 totaling \$2.5 trillion, up from the record \$2.1 trillion for the previous year, analysts predict that yet another M&A wave is just beginning around the globe that will be characterized by larger deals involving larger companies (*HA* 2000).
2. The Government of Singapore thus stands apart from all other Pacific Asian countries in being the only nation to fully embrace multiculturalism as a positive and desirable feature of the country's future. With expected absolute decline in its ethnic Chinese population, the capacity to sustain the Singapore economy will depend on the success of this multicultural policy.
3. In 1999 more than 31,000 Japanese, mostly middle-aged men out of work, committed suicide, an increase of a third over the 1997 level (Fuyono 2000). For Korea, Kim (2000) shows that income inequality, homelessness, poverty and unemployment are proving to be difficult to bring down through resuscitated economic growth alone. Using the Households at or below the poverty line grew from 13.4 to 21.1 percent of total households between the end of 1997 and the first quarter of 1999. Relative inequalities have also increased as the share of total income in the lowest population quintile has fallen since the crisis, whereas the share accruing to the top quintile has increased.
4. Attributed to Daniel Lian, an economist at Morgan Stanley Dean Witter in Singapore, cited in Goad (2000). As concluded by Goad:

Asean's appeal as an FDI destination has faded in part due to policy changes elsewhere. One reason Asean did so well in the past in attracting electronics- and computer-related FDI was the sheer difficulty of investing in other Asian countries. South Korea was effectively closed to foreign investment before the economic crisis. Not any more. Korea's FDI inflows hit \$8.8 billion last year, up from \$2.3 billion in 1996.
5. Motorola's \$3.4 billion investment in China compares to \$1.1 billion cumulative investment in Malaysia. Motorola has been in Malaysia for 27 years (Goad 2000).
6. In Thailand, studies show that by the early 1990s the country was already seriously losing competitive advantage in major sectors of processed canned seafood (Thailand is the world's biggest supplier), preserved fruits and vegetables, garments, leather products, rubber products, electrical machinery and domestic appliances. The competitiveness of 13 out of 20 textile and garment products declined between 1990 and 1993. By early 1996, Thai exports began to go into decline, with the first and second quarters export growth being negative. This sharp fall was a catalyst that led international investors to withdraw massive amounts of portfolio investments in 1997 (Mingsarn 1998).
7. South Korea received its largest volume of FDI (\$5.1 billion) in 1998 under sweeping FDI liberalization following the finance crisis (UNCTAD 1999). This was almost equal to the amount (\$4.8 billion) of investment that left the country in 1997. For the first time over the previous decade, Korea became a net recipient of FDI. Rising levels of mergers and acquisitions also drives FDI in Thailand.
8. Japan and South Korea have begun to witness wholesale asset buy-outs of enterprises by U.S. and European firms. “Thanks to sweeping liberalization measures and the availability of cheap assets,” in 1998 cross-border M&As in Pacific Asia increased by 28 per cent in value over the previous year, swelling the M&A share of DFI to 16 percent, compared to 3 percent before the economic crisis in 1996. South Korea received its largest-ever volume of DFI inflows in 1998, mostly in the form of \$6 billion of its corporate assets sold in cross-border acquisitions (UNCTAD 1999). This was 4 times the average annual inflow of DFI during the economic surge of the early 1990s. Both FDI and portfolio investment are growing faster than exports of goods and services.

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9. The number of countries adopting favorable FDI regimes vaulted from 40 in 1986 to more than 140 by 1998. By 1997 there were more than 800 government-sponsored zones already in place around the world (UNCTAD 1998). In these zones, firms are typically exempt from customs duties, value-added taxes, and various other indirect taxes.
  10. Computer components are estimated to lose about 1 percent of their value per week. A “Web year” is now 3 months (PPI 2000).
  11. Trade within corporate networks, in which prices are internalized into corporate systems, is now greater than arms-length trade among nations (UNCTAD 1999).
  12. Gilley observers in 1999 that:

The path from Asia to the hi-tech communities around San Jose is a well-worn one: In April, South Korea's Ministry of Information and Communications opened its first overseas software-development center; Japan's Ministry of International Trade and Industry has hired a Japanese economist at nearby Stanford University to provide advice on encouraging small technology companies; and India's computer messiah, Andhra Pradesh Chief Minister Nara Chandrababu Naidu, swept through town in September. Asian businesses and engineers are making the trek, as well...Their holy grail is more than just technology transfer and new export markets. More important, Asia is latching on to Silicon Valley for ideas, looking for ways to stimulate domestic IT industries to help lead economies out of recession.
  13. Ng (2000) goes on to note that while progress has been made in terms of such legislation as that requiring environmental impact statements, the overall approach remains piecemeal and inadequate in the face of the expected continuing population and economic growth of Hong Kong and the Pearl River Delta.
  14. The case of Disneyland in Hong Kong is revealing. After subsidizing the Disney Corporation at an estimated level of \$100,000 per expected job, the head of Disney in a public interview worried that Disneyland might not succeed in Hong Kong due to the high levels of pollution, which would deter tourists from coming there (*HA* 1999).
  15. Investment in knowledge, defined as R&D, software, public spending on education, now represents 10 percent of the combined GDP of OECD members, which is about equal to expenditures for physical equipment (OECD 1999).
  16. Collaborative corporate association among private enterprises is observed to be a main organizing principle in the New Economy (Drucker (1999).
  17. Including Hong Kong's U.S. \$20-billion Chek Lap Kok airport and U.S. \$1.7 billion “Cyberport” (Orwall 1999).
  18. One of the most well known examples is Hsinchu Science Park in Taiwan, where 104 of its 263 companies listed in 1998 were co-founded by returnees from the U.S. Though explicitly created to replicate Silicon Valley, it bears little resemblance to the actual Silicon Valley mode of independent entrepreneurship. Run by the Taiwan Government and set up during the KMT dictatorship in 1980, its facilities are closed to its surrounding community. Inter-firm interaction is limited, and it is overly concentrated in the volatile semiconductor sector and other hardware rather than knowledge-based innovation (Saxenian 1999, Dolven 1998).
  19. Including very large numbers of immigrant workers who find shelter by renting floor space that is just enough to lie down to sleep in sub-standard apartments that they can easily locate through newspaper advertisements.

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# SESSION TWO

## EAST ASIAN PERSPECTIVES



# SUI-TANG CHANG'AN, NARA, NAGAOKA AND HEIAN: INVENTING A NEW URBAN PARADIGM IN EAST ASIA\*

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## **Introduction**

City building has a long tradition in East Asia. In China, cities were already in existence during the Xia dynasty, more than four thousand years ago.<sup>1</sup> During its long history of development, the Chinese city has seen major changes and minor transformations, sometimes brought about by the combination of a number of factors and at other times by the will of its ruler or the genius of its planner. This paper hypothesizes on the invention of a significant prototypical plan during the Sui period that gave rise to the glorious capital Chang'an. Founded at the beginning of a new era, the challenge to invent an urban paradigm to match the ambition of a new empire was answered, engendering the plan that influenced profoundly the evolution of cities in East Asia to the extent that it was widely imitated in 8th century Japan in Heijokyo (Nara), Nagaoka-kyo and Heian-kyo, and in the five capitals of the kingdom of Bohai.<sup>2</sup>

## **Sui-Tang Chang'an**

Sui-Tang Chang'an began its more than three hundred years of glorious history in 582 during the Sui dynasty when Emperor Sui Wendi decided that he needed a new capital in preparation for his unification of China. Just a year earlier, he had usurped the throne after the untimely demise of a very capable Northern Zhou ruler who had in 577 united Northern China by conquering Northern Qi and set the stage for China's unification. Although Sui Wendi forsook the 800 year-old Han capital of Chang'an that he had inherited from his Northern Zhou predecessors, he chose to remain where his power base was located and sited his capital nearby on a higher piece of land to its southeast. (Fig. 1)

Sui Wendi entrusted the building of the new capital to Liu Long, Chamberlain for the Palace Buildings, and a member of the aristocracy Vice Inspector General Yuwen Kai. A site about 10 km south of the Wei River, watered by the Chan and Ba Rivers to its east and the Zao and Feng Rivers to its west, was chosen. The terrain sloped down northwestwards to the Wei River, and was partially traversed by a series of six minor land spurs. The capital was hence strategically located, protected by deserts to the north and west, by mountains to the south and by the fortified pass of Dongguan to the east.

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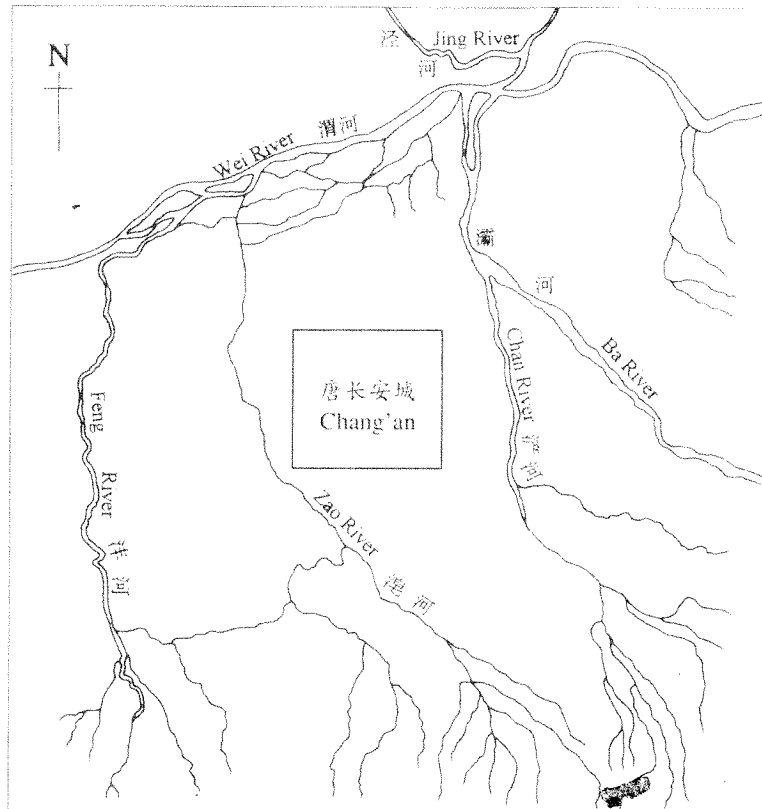


Fig. 1. Chang'an in the Wei River Valley.

Construction began in the sixth month of 582 with the building of the Palace City. While the construction of the palace took only nine months and the emperor moved in during the spring of 583, the building of the capital city took much longer. He called this city Daxingcheng (Walled City of Daxing), after his own title, Duke Daxing.<sup>3</sup> It was to be a grand city from which the united China would be ruled. The city measured 9.721 km by 8.652 km covering an area of some 84.1 sq. km or about 32.5 sq. miles, larger than any city ever built prior to the modern world. Rome within its Aurelian Walls built in the late third century C.E. covered 5.28 sq miles and Constantinople within its extended walls built around C.E. 447 by Theodosius II had an area of 4.63 sq. miles. Even the aggregate area of Baghdad and its sprawling conurbation of the eight and ninth centuries, certainly the largest metropolis outside China in the medieval world, amounted to 11.6 sq. miles, of which the walled city accounted for only 1.75 sq. miles.<sup>4</sup>

The walls of the palace city were erected first, followed by those of the imperial city. A perimeter wall of rammed earth, 36.7 km in length, was built around the city. This wall, due to its immense scale, took many years to complete. In the initial years this was probably a low wall like the one that protected Luoyang, the secondary capital, during Sui Yangdi's reign.<sup>5</sup> This wall was reinforced at least three times during the Sui and Tang dynasties: the first time in 613 when Sui Yangdi ordered a hundred thousand men to the task; the second time in 654 when Emperor Tang Kaozong had forty one thousand men work on it for a month and finally in 730 during the reign of Xuanzong when construction went on for ninety days. During Gaozong's reign in 654, when the city's outer walls were reinforced, the nine city gates along the south, east and west walls of the city were each crowned with a gate tower. Further protection was offered by a 9 m wide moat located 3 to 4 m outside the walls.<sup>6</sup> This moat was later filled up during the later half of the Tang period.

The building and layout of a capital of this unprecedented magnitude was motivated by Sui Wendi's political vision of uniting China once again; in the south, a weaker Chen dynasty contended the rule of the territory. Chang'an was to be the symbol of the entire Chinese realm and of his virtuous rule. As Arthur Wright observed, the circumstances of Sui Wendi's ascension to the throne made him formulate "ideological measures [that are] marked by his craving for reassurance and by his obsessive urge to use any sanction to establish his right to rule . . ."<sup>7</sup> Special attention was also paid to acts of symbolic and ritualistic importance to enhance the legitimacy of his regime. Some scholars attributed the northern location of the palace within the city to the Confucian political philosophy, which likens a benevolent ruler to the North Star around which all stars orbit.<sup>8</sup> Calling the main palace Taiji Hall or Hall of the Cosmic Ultimate, which symbolizes the "astral centre of the universal order", made the political meaning even more obvious.<sup>9</sup> The four principal cardinal gates of the capital were named to recall their cosmological counterparts helping to render the city the psychological equivalent of the Chinese realm in the minds of its contemporaries. Its political symbolism was made even more evident by the nomenclature of the city's main southern gate situated directly in line with the palace.<sup>10</sup> Instead of following the practice at the other three principal cardinal gates and calling it Qixia Gate after its cosmological counterpart it was called Mingde Gate or the Gate of Luminous Virtue, once again alluding to the virtuous ruler. Rather, the gate to its east was named Qixia Gate or the Gate of Inaugural Summer. (Fig. 2) Virtue with its moral force, more than anything else, would enable him to rule the entire country.<sup>11</sup>

When Emperor Taizu later seized power during a popular uprising in 618 and established the Tang dynasty, he was contented to continue the use of Daxingcheng as his imperial capital. He renamed it Chang'an, the City of Everlasting Peace. Little else was changed. The city was large enough to cater to the increasing urban population as well as to the needs of the expanding Tang empire.<sup>12</sup> Except for the subsequent addition in 634 of another palatial complex, Daminggong, at the northeastern edge, the city remained within the bounds set by the city walls built during the Sui period. There was in fact little need to expand beyond the walls of the city, as much of the southern sections remained sparsely inhabited throughout the Tang period, even though at its height Tang Chang'an had a population of about a million people.<sup>13</sup> Such was the immense scale of the city that despite efforts to develop these southern wards, they remained largely vacant with vast fields and gardens throughout the Tang dynasty.

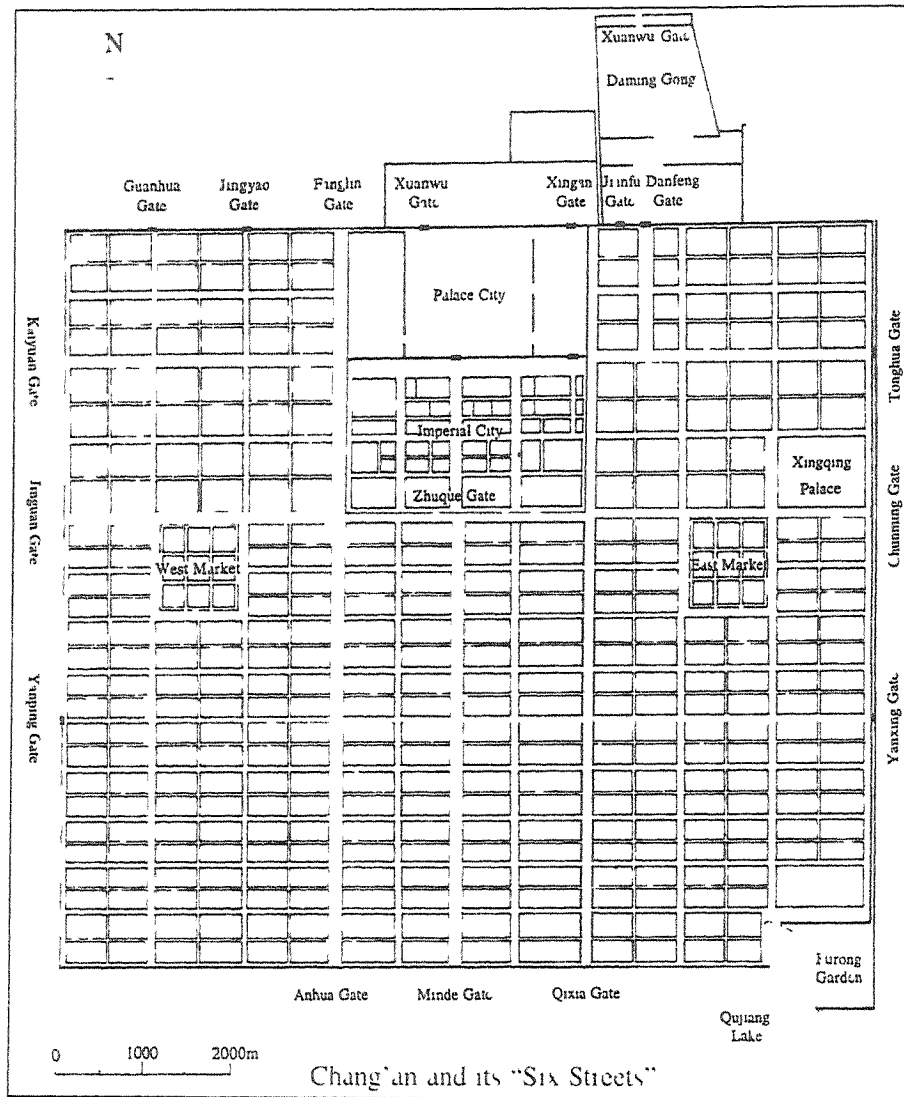


Fig. 2. Map of Chang'an.

### General Description<sup>14</sup>

Within the confines of the perimeter wall was a severe gridiron plan that ordered the city into clear functional zones. To begin with, twelve gates, three on each side, provided access to the city.<sup>15</sup> During the Tang period, a wooden frame gate tower that lends further protection and grandeur to the city crowned each of these gates. The gridiron layout of Chang'an was formed by fourteen latitudinal (E-W) and eleven longitudinal streets (N-S) that divided the city into an axially symmetrical plan of more than a hundred wards, large and small. Of these streets, the three N-S and three E-W streets that led to the gates were the principal avenues and were commonly referred to as "The Six Streets". Among them, the main N-S avenue that led from Mingde Gate, the main gate in the south wall, to the palatial compound in the north centre was the most important. This Zhuquemen Dajie, Vermilion Bird Road or, also commonly referred to as Tianjie (Heavenly Road) measured between 150 and 155 meters wide and constitutes the main N-S axis of the city.<sup>16</sup> The other principal avenues were equally awesome at widths of between 120 and 134 m. The rest of the major thoroughfares, measuring between 40 and 75m, were still very wide by today's standards.

On both sides of the streets were ditches that were about 3 m wide that helped not only to drain water off the slightly elevated roadways, but also in irrigation. Locust trees, willows or elms, and fruit trees lined the major avenues.<sup>17</sup> Behind the tree trunks, earthen walls defined the sides of rectangular walled residential wards.

To the north centre was a large fortified compound consisting of the Palace and Imperial Cities. It accounted for one-ninth of the total area of Chang'an. The fortified Palace City, 2820.3 m by 1492.1 m or about 4.21 sq km in area, contained the many halls in which the emperor conducted his affairs and the imperial household lived. To its south, an immense imperial square of similar width and a depth of 220 m separated the Palace and Imperial Cities. Being immediately before the palace, it was here that amongst other things, the emperor conducted the rituals of First Prime (first day of the lunar year) and Winter Solstice, announced amnesties, and received foreign dignitaries. To the south, covering an area of 2820.3 m by 1843.6 m or 5.2 sq km was the Imperial City. Within its walls was the administrative heart of the empire where government offices of both civil and military functions, headquarters of imperial guards and the residence and offices of the crown prince were located. It was also here that the emperor came to conduct ritual sacrifices at the imperial ancestral temple (*tai miao*) and at the imperial heavenly altar (*tai she*).<sup>18</sup>

The rest of the city was divided into 108 residential walled wards and two fortified markets. In the residential wards were found houses large and small, religious establishments and occasional government offices. Such wards varied in size ranging from about 1.1 km by 800m to 580 m by 530 m. The larger of these wards were divided into quarters by two main streets connecting the four ward gates. Residents who lived in the wards were subject to stringent supervision and forbidden to leave the wards during curfew hours. The city was extremely controlled. Chang'an resembled a collection of semi-autonomous walled cities or urban "villages" separated by wide avenues within a fortified precinct.

Commercial activities were confined to two large fortress-like East and West markets and trading was permitted only during certain hours of the day. Situated at the eastern end of the Silk Route, Chang'an enjoyed brisk trading activity and was an international bazaar. The East and the West Markets, also known respectively as Duhui and Liren,<sup>19</sup> were probably the busiest centres of commerce in the world then, packed with one- and two-storey structures and stocked with goods from all parts of China, Central Asia, and the South Seas.<sup>20</sup> Located symmetrically along the main axis south of the Palaces, each market occupied an area of two wards.

The city was also provided with two large gardens—Leyou Garden and Furong Garden at the southeastern quarter of the city. Leyou Garden located in Shengping ward was extremely popular with the residents of the capital who flock to this hill park particularly on the ninth day of the ninth month to enjoy the view of the city below. Farther south, a large park took up the southeastern corner of the walled city. Imperial pavilions dotted this immense park of gardens and lake; famous, among other things, for its apricot blossoms. This park was so popular with the Tang court that during the reign of Emperor Xuanzong, a walled imperial path was built along the eastern wall to connect Daming Palace and Xingqing Palace to the park to facilitate the emperor's frequent visits. In the immense park that occupied an area of more than two wards or some 1.44 sq km was the well-known Qujiang Lake that extended south beyond the confines of the city.



However despite the grandeur of the capital and its physical assets, the city was destroyed by the prolonged period of instability and warfare that finally brought the Tang dynasty to an end. The final blow came when Huang Chao and his fellow rebels overran much of China (873-884). Many cities were destroyed along their path. Chang'an, having survived the two-year rule of Huang Chao from 881 to 883, was finally devastated in the counterattack and the subsequent usurpation of power and relocation of the capital by Zhu Wen.

## Inventing Chang'an

As can be seen in the above description, Chang'an was larger than any other cities that preceded it. Like many other Chinese cities, it was organised around a gridiron plan. This clear division of the city into distinct city blocks or wards was evident to its inhabitants and were referred to time and again. Modern scholarship characterizes it by saying that the checkerboard layout of Chang'an was formed by fourteen latitudinal (E-W) and eleven longitudinal streets (N-S) dividing the city into an axially symmetrical plan of, theoretically, 130 wards, large and small. The Palace City and the Imperial City, in the north centre, together occupied an area of some 16 blocks. The two markets each took up an area of 2 wards. At the southeastern corner, Qujiang Lake and its adjacent park took up an area of at least 2 other blocks, leaving the city with 108 blocks for residential purposes. Tree-lined avenues of considerable proportions separated these blocks. The layout of the city described above however is unique in Chinese history. Prior to the founding of the capital, no other city in China had a similar plan or as was as extensive.

Knowing the background to the founding of Sui Chang'an and the unique physical layout of the city and its monumental scale, let us now attempt to understand how the city was invented or designed. Fu Xinian, the renowned Chinese architecture historian, had investigated in an important paper, the modular design principles behind the design of Sui-Tang Chang'an and Loyang, 8<sup>th</sup> century Nara in Japan, as well as Ming/Qing Beijing.<sup>21</sup> While the paper identifies certain basic modules in the composition of these cities, it leaves the reader to wonder how the city was conceptualised in the mind of its planner Yuwen Kai when he was assigned the task of building a city on a scale never before experienced or surpassed until modern times.

When Sui Wendi decided to establish his capital at Chang'an, he was already set on unifying China. What he needed was a capital that was expressive of his ambition as well as commensurate with the extent of the new empire he had in mind.<sup>22</sup> Indeed Sui Wendi founded an extensive empire and united China after more than three and a half centuries of political fragmentation. Central bureaucratic institutions were set up, tax system reformed and contending powers displaced, laying the foundation for the glorious Tang dynasty.

Yuwen Kai had to invent a city for a new empire with new ambitions as well as a political symbol. When he planned Chang'an, he must have been aware of the long tradition of city planning that preceded the Sui period. He was also steeped in classical learning and hence certainly aware of the prescription in Kaogongji or *Record of Artificers* that says:

“When the builder constructs the capital, the city should be a *fang* (four sided orthogonal shape) nine *li* on each side, with three gates on each side. Within the city are nine longitudinal and nine latitudinal streets, each of them nine carriages wide. On the left (i.e. east) is the Ancestral Temple, on the right (west) are the Altars of Soil and Grain, in front is the Hall of Audience and behind, the markets.”

While this classical text that gave rise to the orthodox tradition of imperial city planning places the palace in the centre of the city, thus reinforcing the centrality of the emperor in his microcosm of the cosmic realm, there was also in existence another tradition of capital city layout. The practice of having the palace and its associated functions located in the north section of the city too has a long history, especially in the states of the northern tribes. Yecheng from the Three Kingdoms period and to a certain extent Northern Wei Luoyang all had their palaces to the north.<sup>23</sup> As we have discussed above, in the case of Chang'an, building the Palace City to the north centre had its symbolic and political meanings as well. How then did Yuwen Kai after having studied the great capitals that preceded the Sui period, set forth to invent a capital city grander than any ever built and imbued it with the political meanings that his patron was familiar with? The attempt to understand the process begins with the assumption that in his quest to invent a paradigm for the impending unification of China Yuwen Kai began by reconciling the two great traditions of imperial city planning—an act in itself symbolic of the unification of the physical realm.<sup>24</sup>

Let us begin with the first tradition by reconstructing the layout that was prescribed earlier in *Kaogongji*. One could start with the most basic unit of land division practised in the *jingtian* or well-field system. In this system, eight families shared a square of land of one *li* on each side divided equally into nine squares, resulting in a simple nine square mandala or tic-tac-toe board. The sides of each of these squares were 100 paces long. The centre square where the well was located was state land, tilled by all the eight families and the produce of which went to the state. By the same system one could construct a square nine *li* one each side. The square configuration C would encompass 81 of those basic units described above (Figs. 3 and 4). This diagram once again gathers the basic units in groups of nine, each nested within a square of 3 *li*. In this manner there is once again a larger nine square mandala. However with this diagram, there are either 8 or 10 longitudinal and latitudinal streets depending on whether one counts the street along the periphery (usually along the city walls). In order to have the nine latitudinal and nine longitudinal streets as prescribed in the classical text, the diagram would have to be amended to resemble one of the two cases shown in Fig. 4 with the main gates, in both cases, located along the major NS and EW axes. In the first case, C1, the middle sections are divided into two rows in either direction and the peripheral streets (along the border which were usually city walls) are included in the numbering in order to account for the nine streets. The second case, C2, however divides the middle sections into four rows and the peripheral streets are not included in the count. In either case though, there are 3 gates on each side, as prescribed. Both cases, C1 and C2, are valid although historical evidence points to the preponderance of the second example, C2.

In order to reconcile the *Kaogongji* tradition with the other tradition of having the palace in the north centre, Yuwen Kai must have shifted the centre square i.e., the palace, together with the middle sections in both the longitudinal and latitudinal directions northwards as shown in configuration C3. (Fig. 4)

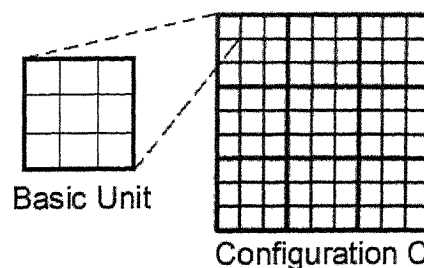


Fig. 3. Basic unit and configuration C.

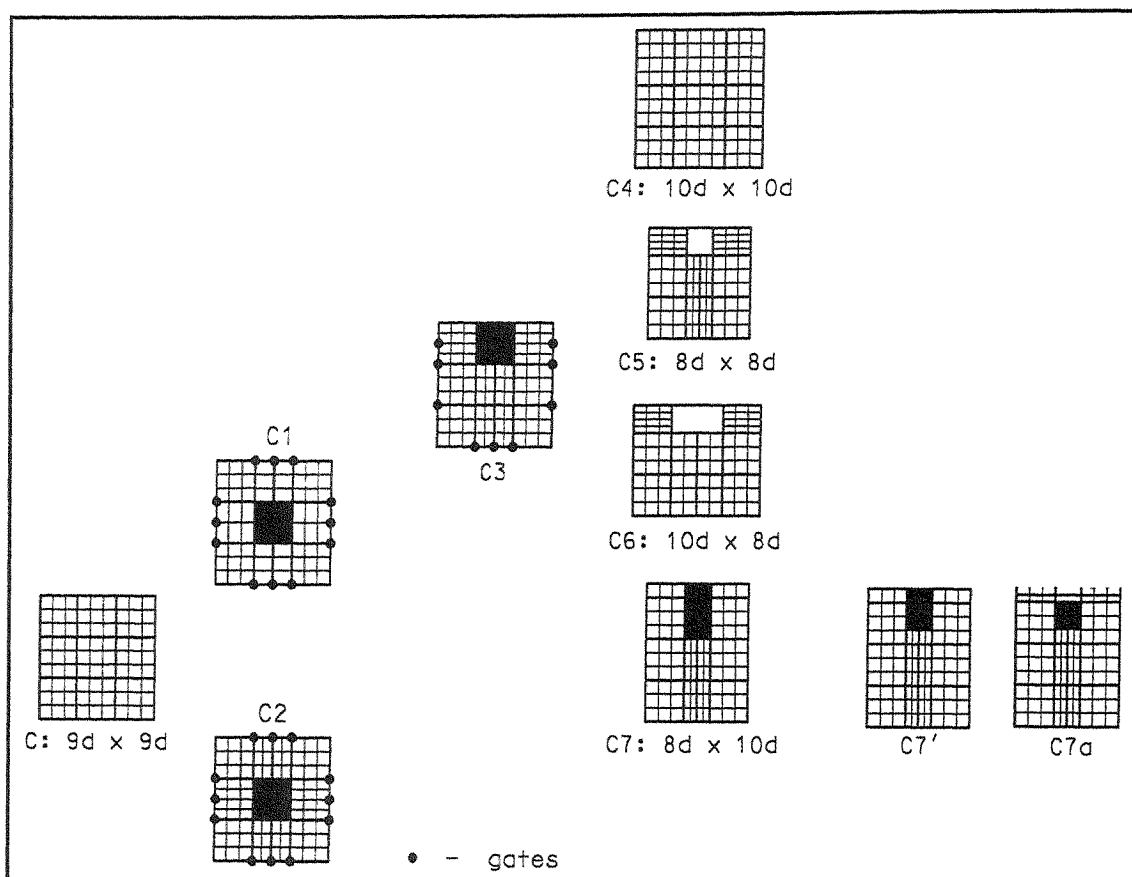
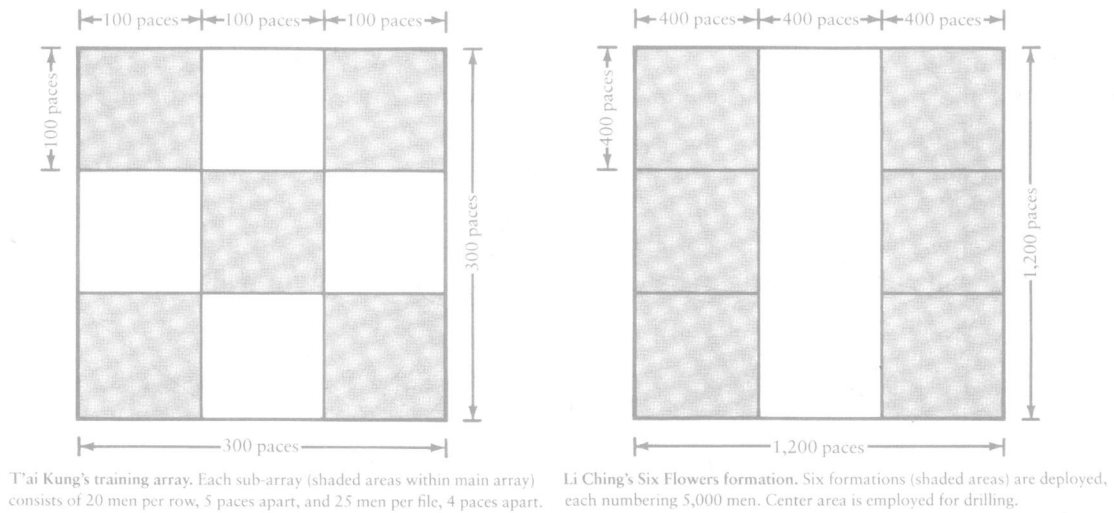


Fig. 4. Chart of possible configurations.

However there are doubts expressed as to whether this form of manipulation of the diagram was actually conceivable during the Sui period. While it seems logical and straightforward to a modern person to shift the central row northwards while retaining the integrity of the rest of the configuration, early Chinese minds might not have the capacity to reason in the same manner. Research however shows that similar modes of thinking were in fact quite common in early Chinese military strategies and formations. Tai Gong's training array and Li Jing's Six Flower Formation were based on the nine square mandala and the transformations of the formations were fluid.<sup>25</sup> (Fig. 5) The flexibility of switching front and back and moving the middle sections are demonstrated among other things by this conversation recorded between Tang Taizong and Li Jing (C.E. 571-649)<sup>26</sup> regarding Cao Cao's strategy: "According to *Hsin shu*: 'Fighting cavalry occupy the front, attack cavalry occupy the middle, and roving cavalry occupy the rear.' . . . According to Duke Ts'ao, the cavalry in the front, rear, and middle are divided into three covering forces, but he did not speak about the two wings, so he was only discussing one aspect of the tactics . . . if you turn the formation about, then the roving cavalry occupy the fore, the fighting cavalry the rear and the attack cavalry respond to the changes of the moment to split off".<sup>27</sup>



Source: Sawyer, p. 345.

Fig. 5. Configuration of Tai Gong's training array and Li Jing's training grounds.

Having shown that it is conceivable for a person of the Sui period to conceive of transformations in a formal diagram and hence produce a configuration C3 in an attempt to reconcile two existing traditions of imperial city planning, it is necessary to introduce three other assumptions in order to explain first the planning of Sui Chang'an and especially of Heijo, Nagaoka and Heian.

Firstly, it is my contention that to the early Chinese the notion of *fang* or four sided orthogonal shape encompassed both the square (*zheng fang*) and the rectangles (*chang fang*). This hypothesis is supported by the many examples of cities that are rectangular in shape but still cited as *fang* or irregular in shape but depicted as regular rectangles. With this hypothesis in place, we would be able understand that it was not a contradiction for the planners of early Chinese and Japanese cities to design cities that were rectangular in shape despite *Kaogongji*'s prescription that the capital city "should be a *fang* nine *li* on each side".

The second assumption concerns the primordial importance of the nine NE and nine EW streets and the near immutability of this attribute in an imperial capital city. The symbolic significance of the number nine especially in its association with imperial presence and power is rendered even more important by the stipulated symmetry in the number of roads in both directions. I would argue that this condition coupled with the first hypothesis that the city need not necessarily be square would render the stipulation of "nine *li* on each side" less important and dispensable. A city that needed to be bigger or smaller for reasons of projected population size or imperial ambition would adjust its physical dimensions accordingly. This being said, the planning of the city is however modular in nature—the premise of the third assumption. Chinese planning whether in architecture or city building usually uses a module and/or simple multiples of the module. It is assumed that in the invention of the new paradigm, a module and simple multiples of this module were employed.

Let us now return to the configuration C3 described above in which the middle sections are divided into four columns and four rows. The longitudinal middle section has four columns with widths different from the rest of the other six columns.

Let us assigned 'd' as the module for the width of each of the six columns. The width of each of the four columns in the middle section is thus  $\frac{3}{4}d$ . However since one of our premises assumes that the planning is based on simple multiples of a module, the width of each of these four columns could either be expanded to become d or reduced to become  $\frac{1}{2}d$ . The same can be done with the four rows adjacent to the palace, resulting in the first instance, in the configuration C4 of a square 10d by 10d. In the second case of configuration C5, the total dimensions of the square is 8d by 8d. There are also two other possibilities: C6 in which the city is 10d in width and 8d in length and C7 in which the city is 8d in width and 10d in length (See Fig. 4).

In each of these configurations, the palace would occupy an area equivalent to  $9d^2$  in C3,  $16d^2$  in C4,  $4d^2$  in C5 and  $8d^2$  in both C6 and C7. However should the palace city be smaller as is shown in the configuration C7a we will find a row of city blocks (or at times half a row) north of the palace<sup>25</sup> All these configurations still have a basic structure composed of a total of nine longitudinal and nine latitudinal streets. This attribute, I have argued earlier, is of utmost importance.

Sui Chang'an is essentially derived from the configuration C3, the diagram invented in the attempt to reconcile two existing traditions of imperial city planning. The magnitude of the capital that Yuwen kai was designing called for a city larger than a square of 9 *li* on each side. Hence, I believe that instead of using one *li* as the standard dimension for each of the squares, he used a module of two *li*. As a result, the total width of the city was 18 *li*.<sup>29</sup> In general the layout and overall measurements of Chang'an conform quite well with the configuration C3 with 'd' being two *li* or about 1064m.<sup>30</sup> There are however a few inconsistencies, the first being the length of the city that appears to fall short of the 18 *li* which would otherwise have rendered the city into a square. However should one consider the southern limit of the city to be the wall enclosing Furong Garden at the southeastern quarter of the city, then indeed the length of the capital would be very close to the anticipated 18 *li*, rendering the city conceptually into a square.<sup>31</sup> The other inconsistency, less easily explained away, is the creation of twelve latitudinal streets instead of nine. This is the result of Yuwen kai's use of half modules (one *li*) to regulate the length of most of the city wards instead of the full modules ( $d = \text{two } li$ ) he used to control the width of most of them.<sup>32</sup> As a result the city is nine modules in width but only  $7\frac{1}{2}d$  in length from the northern wall to the main southern wall. On the other hand, the nine longitudinal streets that were created in Chang'an were readily perceived by the city dwellers and often appeared in Tang poems. Bai Juyi, for instance wrote "Returning on horse—multitudes fill Nine Avenues; letting out court, for three days muddy roads. . ."<sup>33</sup>

The hypothetical process described above is able to account for a number of characteristics of the Sui-Tang capital of Chang'an. The inconsistencies were probably due to a number of reasons, among which the practical constraints of urban administration. By using a module of 2 *li* the city would have been very large had the square form of the C3 configuration being retained and made urban management difficult. Even as it was, the four southernmost rows of wards were sparsely inhabited throughout the Tang period. Yuwen Kai must have planned a square city but given in to the constraints and finally compromised by having it only "conceptually" square.<sup>34</sup> In order to reduce the length of the city he had to use half the standard module for the length of the wards to render them more manageable. By so doing, he had shorten the length of the city by one and a half modules or half the dimension of a large unit that makes up the large nine-square mandala.<sup>35</sup>(See Fig. 6)

The markets however retained the modular measure of 2 *li* for both their length and width. When Yuwen Kai designed the Eastern capital Luoyang about fifteen years later in 605, he had learnt from his Chang'an experience and adopted the module of one *li* for all its wards.

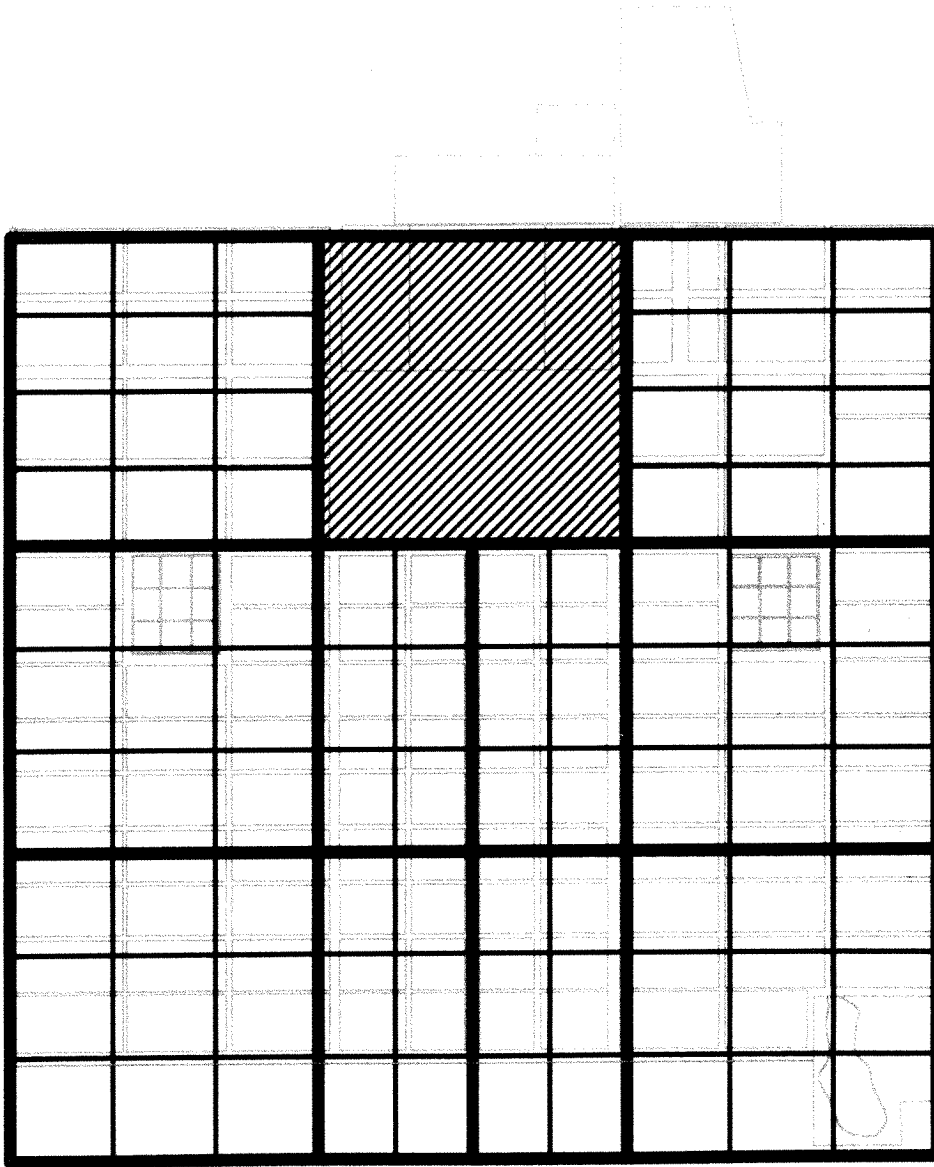


Fig 6. Configuration C3 superimposed on Chang'an.

Let us now turn our attention to the Japanese cities that were inspired largely by Chang'an and examine the capitals of Heijo-kyo (or Nara) (710-784), Nagaoka-kyo (784-794), and Heian-kyo (built in 794), the founding of all of which were contemporaneous with Tang period Chang'an. (Fig 7) Following the Taika reforms based on the Chinese system of government that brought land under the direct ownership and administration of the central imperial government, seventh century Japan began the establishment of a permanent capital. Until then, a new capital was built by the new regime at a different site following the death of the previous emperor and the abandonment of his capital. Fujiwara, founded in 694 by Empress Jito, provided the first evidence of a neatly grided city based on Chinese planning principles.<sup>36</sup>

Heijo, Nagaoka and Heian built in the 8<sup>th</sup> century were unmistakably influenced by their Chinese counterparts. There was much cultural exchange between the two countries during the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> C. By 804, sixteen Japanese emissary missions had been to China. Monks and scholars of various disciplines accompanied such missions to China and brought back much knowledge and experience.<sup>37</sup> Among others, city building was an area where strong Chinese influence was evident. Direct reference was made to the Chinese capitals when the western (or right) half of Heian was then called Chang'an and the eastern (left) half of it named Luoyang.<sup>38</sup>

Closer inspection of the reconstructed plans of the three cities will show that in fact all three capitals conform to C7 or C7a, one of the theoretical configurations and its variant arrived at earlier in our discussion. Either the planners of the three cities were inspired by the plan of Chang'an (and to a certain extent, Luoyang) and had tried as did Yuwen Kai to reconcile the two traditions of having the nine NS and nine EW streets and yet have the palace located in the north centre or the theoretical configurations were already firmly established in China or elsewhere by the beginning of the 8<sup>th</sup> century. In the case of Heijo, if we were to omit the extension east of the rectangular profile of the main city as well as the eastern extension to the 'eight-cho-square' palace<sup>39</sup> and examine the main outlines, we could superimpose the diagram C7 derived from the earlier hypothetical configurations. The same configuration could also be superimposed on Nagaoka-kyo or Heian-kyo. The only difference is that in the case of Heijo-kyo or Heian-kyo, the row of wards north of the palace is only half a module deep instead of a full module in depth. However the presence of this 'half row' is crucial as it is with this row that one could count the first street as a major avenue and have the nine latitudinal streets. It is therefore without surprise that in order to conform with the classical stipulation, the planner would resort to adding at least a 'half row' north of the palace. In fact, the presence of this 'half row' lends further credibility to the theory since it was practically dispensable but symbolically necessary to give the cities the "ninth" latitudinal street.<sup>40</sup>

From archaeological data, Heijo measured 4.3 km EW by 4.8 km NS (excluding the Outer City and the 'half row' north of the Palace) while Nagaoka was 4.29 km EW by 5.35 km NS and Heian measured 4.46 km EW by 5.18 km NS<sup>41</sup> (Fig. 7). For Heian, the total width of the nine EW streets added up to 85 *jo* or 251.3 m. while the total width of the nine NS streets added up to 104 *jo* or 307.4m.

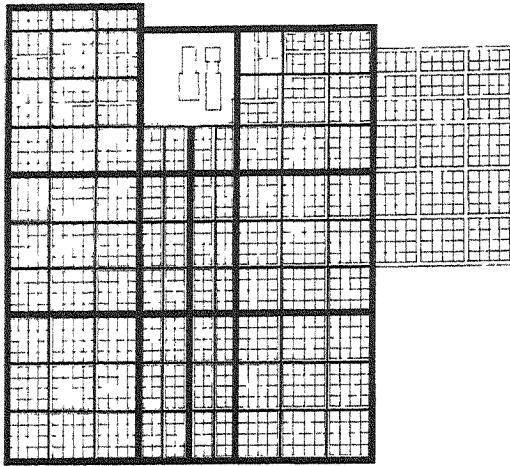
Let us now assign to the configuration C7 a value for the module 'd'. If we used as did Yuwen kai for Luoyang the Tang *li* of 532m, the dimensions for C7 would be 4.26 km EW by 5.32 km NS or almost the exact measurements of Nagaoka (4.29 x 5.35 km). For configuration C7a the dimensions would be 4.26 km EW by 4.78 km NS (or 5.05km NS including the 'half row' of wards) or the very close to the dimensions of Heijo (4.3 x 4.8 km). Finally if we add the total width of the nine NS and nine EW streets of Heian to the dimensions of configuration C7a, the new dimensions would be 4.52 km and 5.09 km or, once again, almost the exact measurements of Heian (4.46 x 5.18 km).<sup>42</sup>

## Conclusion

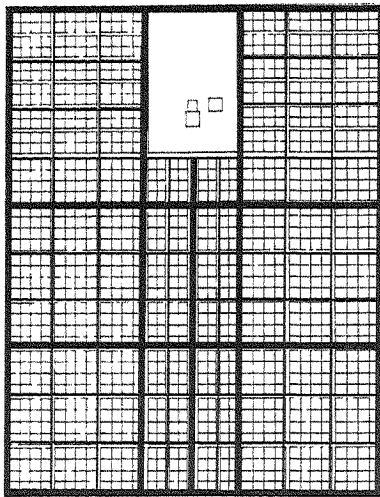
It is the hypothesis of this paper that in the quest to invent a glorious capital for his emperor, Yuwen Kai had conceived of a new urban paradigm that was susceptible to theoretical manipulations based on certain priorities related to imperial symbolism and practical realities of modular planning. The paradigm developed was used in the first instance for the planning of the Sui capital of Chang'an and quickly became the model for other East Asian cities. More than a hundred years later and further rationalisation, at least three Japanese capitals used it together with the larger dimension of the Tang *li* of 532 m as the basic module for its city blocks or *bo*.

While the theoretical configurations developed in the first section of the paper matched the real cities of Heijo, Nagaoka and Heian like a glove, the same cannot be said for Chang'an. Perhaps when the Sui capital was built the system of reconciling the two traditions was still incubatory in nature. Yuwen Kai was, after all, only 28 years old when he planned Chang'an. When he planned Luoyang almost 15 years later he had graduated to a smaller module of one Tang *li*. During the 105 years that separated the building of Luoyang and Heijo, the system of planning developed by Yuwen Kai must have become even more rationalised and systematised and used as a formula for the planning of Heijo, Nagaoka and Heian. The invention of a new urban paradigm, epitomised by Sui-Tang Chang'an, had been tested, systematised and adapted for a foreign land in an early example of inter-city learning.

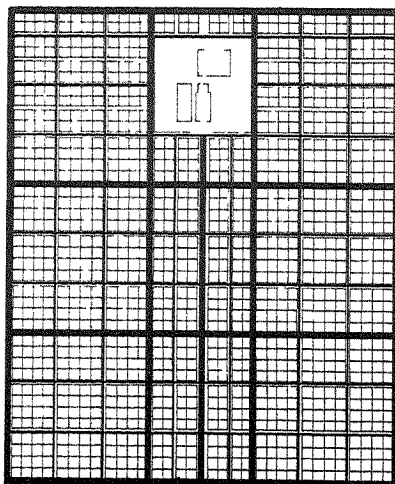




Heijo-kyo



Nagaoka



Heian-kyo

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## ENDNOTES:

- <sup>1</sup> Wangcheng gang and Pingliang tai are two cities estimated to flourished about 4000±65 years and 3960±140 years ago respectively are examples of cities from this period. See Yang Kuang, *Zhongguo gudai ducheng zhidushi yanjiu*. Shanghai Guji Press, 1993, pp. 12-16.
- <sup>2</sup> See Wang Renbo, "Cong kaogu faxian kan Tangdai zhong ri wenhua jiaoliu" [Studying the Cultural Relations between China and Japan from Archeological Discoveries], *Kaogu yu wenwu*, 1984/3, pp. 100-108. See also Su Bai, "Sui-Tang Chang'an and Luoyang," p. 423.
- <sup>3</sup> Song Minqiu (1019-1079), *Chang'an zhi* [Record of *Chang'an*] in *Song-Yuan fangzhi congkan* [Collection of Song and Yuan Period Gazetteers] (8 vols., Beijing: Zhonghua shuju, 1990) Vol 1, henceforth abbreviated as *CAZ*, c. 7, p. 5a. Daxing was the name of the fief given to Yang Jian before he became emperor.
- <sup>4</sup> Ho P'ing-ti, "Lo-yang A.D. 495-534: A Study of Physical and Socio-Economic Planning of a Metropolitan Area," *Harvard Journal of Asiatic Studies*, 26 (1966), pp. 52-101; p. 53.
- <sup>5</sup> *Cefu yuangui*, ch. 13 *diwang* section *duyi* 1. Zhonghua shuju ed., p. 153.
- <sup>6</sup> See Su Bai, "Sui Tang *Chang'an* cheng he Luoyang cheng"[Sui-Tang *Chang'an* and Luoyang], *Kaogu*, 1978/6, p. 409.
- <sup>7</sup> Arthur F. Wright, "The Formation of Sui Ideology, 581-604," *Chinese Thought and Institutions*, ed. John K. Fairbank (Chicago: University of Chicago Press, 1957), pp. 71-104; p. 80.
- <sup>8</sup> *Lunyu* [Analects], "*Weizheng bian*", see Qian Mu, *Lunyu xinjie* (Chengdu: Bashu shushe, 1958), p. 20. See also Zhao Liying, "Lun Tang *Chang'an* de guihua shixiang ji qi lishi pingjia" [The Planning Ideology Behind Tang *Chang'an* and its Historical Evaluation], *Jianzhushi* [The Architect], No 29 (June, 1988), pp. 41-50 (p. 45); and Shang Minjie, "Sui Tang *Chang'an* cheng de sheji sixian yu suitang zhengzhi" [Sui-Tang Politics and the Design Ideas of Sui-Tang *Chang'an*], *Renwen zazhi* [Journal of Humanities], 1991/1, pp. 90-94.
- <sup>9</sup> Arthur F. Wright, "The Cosmology of the Chinese City," *The City in Late Imperial China*, ed. G. William Skinner (Stanford, Ca: Stanford University Press, 1977), p. 56.
- <sup>10</sup> According to the early Chinese conception of the cosmic realm, the four cardinal directions are associated with symbols, colours, seasons, and elements of the five element theory. Hence north is associated with the black turtle/snake (*xuanwu*), winter and the element of water; south with the vermilion bird, summer and the element fire; west with white tiger, autumn and the element of metal and finally east with the azure dragon, the spring season and the element of wood. In the middle stands man rooted to the yellow earth. The nomenclature of gates in early cities reflects the Chinese concern for the proper naming of the principal gates corresponding to the qualities of their cosmological counterparts. Hence the principal east gate in *Chang'an* was called Chunming men or the Gate of Vernal Brilliance and the main west gate Jinguang men of the Gate of Golden Lustre.
- <sup>11</sup> Arthur F. Wright, "The Cosmology of the Chinese City," p. 60, however thinks that although imperial cosmology had discernible authority in the planning of *Chang'an*, it was limited and pragmatic considerations such as convenience, functional zoning, and ease of policing, outweighed the canonical prescriptions whenever a choice had to be made.
- <sup>12</sup> This is more than seven and a half times the area of the Walled City of Xi'an (modern *Chang'an*) built during the Ming period, still extant today. See "Tangdai *Chang'an* cheng kaogu jilüe" [Brief archaeological report on Tang *Chang'an*], *Kaogu*, 1963/11, pp. 595-611.
- <sup>13</sup> See Xu Song (1781-1848), *Tang liangjing chengfang kao* [Study of the Walls and Wards of the Two Tang Capitals], (first published in 1848, reissued in 1985 by Beijing: Zhonghua shuju, 1st ed.), c. 2, p. 37, for comments on the southern section of the city. Li Zhiqin "Xi'an gudai huko shumu pingyi" [Appraisal of the Population Figures of Ancient Xi'an], *Xibei daxue xuebao* [Journal of Northwestern University], 1984/2, pp. 45-51 (see page 48), argued for a lower estimate of about half a million or less for the population of Tang *Chang'an*.
- <sup>14</sup> This brief description is included to facilitate the discussion in the next sections. As such it will deal mainly with physical aspects pertinent to the subsequent discussion and not include other important social, political and physical dimensions. For an introduction to these other aspects, please see Chapter One of Heng Chye Kiang, *Cities of Aristocrats and Bureaucrats: Development of Medieval Chinese Cityscapes*. Singapore University Press, 1999.

- <sup>15</sup> The northern wall was similarly provided with three gates with the middle one, Xuanwu Gate, leading from the Palace City to the Imperial Garden to the north. The other gates along the northern wall were pierced only later.
- <sup>16</sup> See “Tangdai Chang'an cheng kaogu jilüe” [Brief Archeological Report on Tang Chang'an], *Kaogu*, 1963/11: 595-611; p. 600.
- <sup>17</sup> The planting of fruit trees was ordered in 740, see *Tang huiyao* [Collection of Important Tang Documents], Shanghai, 1991, vol. 86, 1864.
- <sup>18</sup> There are two other palace compounds in Tang Chang'an. In 634, Daming Palace was built just northeast of the Palace City by Emperor Taizong initially for his father's retirement. Located on the Dragon Head Plain, it overlooked and dominated the city. Xingqing Palace was founded in 714, during the reign of Emperor Xuanzong when he converted the ward in which he resided before his enthronement into a palace complex. The palatial complex several times extended occupied an area of a little more than a ward (NS1250m by EW1080m) and eventually became Emperor Xuanzong's principal palace and court.
- <sup>19</sup> See *CAZ*, c. 8, pp. 11a-b, for description of East Market, and c. 10, pp. 7a for West Market.
- <sup>20</sup> Denis Twitchett, “Merchant, Trade and Government in Late T'ang,” *Asia Major*, Vol XIV Part 1 (Sep. 1968), pp. 63-95, p. 70.
- <sup>21</sup> Fu Xinian, *Fu Xinian, Jiangzhushi lunwenji* [Collected Works of Fu Xinian on Architecture History]. Wenwu Press, 1998, pp. 168-83.
- <sup>22</sup> See Heng Chye Kiang, *Cities of Aristocrats and Bureaucrats*, Singapore University Press, 1999, pp 2-4.
- <sup>23</sup> See Nancy Steinhardt, “Why were Chang'an and Beijing So Different?” *Journal of the Society of Architectural Historians* 45, no 4 (1986): pp 339-57.
- <sup>24</sup> This reconciliation of the two traditions could also be seen as an attempt to combine the two traditions in order to extract the best of both for his new capital city.
- <sup>25</sup> Tai Gong lived during the Zhou period and was active in the battle at Muye that overthrew the Shang and brought the Zhou to power., ie around 1045 BCE.
- <sup>26</sup> Li Jing first served the Sui dynasty as military personnel. He later joined the Tang forces and became one of early Tang period's great generals and strategists.
- <sup>27</sup> When I was working out the process of planning Chang'an, Nara, Nagaoka and Heian while I was at the Kyoto Institute for Research in Humanities from Nov 99 to Feb 2000 sponsored by a Japan Foundation Grant, I discussed this issue with Tanaka Tan. He expressed doubts of this mode of thinking in pre-modern China. Thanks to his caution, I did further research and found similar modes of thinking in early Chinese military strategies and formations, already in practice during the Three Kingdoms period (220-266 CE), at the latest. In fact in the same conversation between Tang Taizong and Li Jing was this passage that merits being quoted in full to show the similarity between military strategies and city planning and the fluidity of the thinking and transformations possible. Notice also the mention of the well field distribution system mentioned in an earlier section as a introduction to the formulation of the classical stipulation of *Kaogongji*.:
- “The T'ai tsung said: ‘The numbers begin with five and end with eight, so if they were not set up as images, then they are really ancient formations. Would you please explain for me?’”
- “Li Chign said: ‘I observe that the Yellow Emperor governed the army according to the methods by which he first established the ‘village and well’ system. Thus the ‘well’ was divided by four roads, and eight families occupied it. Its shape was that of the Chinese character for ‘well’, so nine squares were opened therein. Five were used for formations, four were empty. This is what is meant by ‘the numbers beginning with five’”
- “The middle was left vacant to be occupied by the commanding general, while around the four sides the various companies were interconnected, so this is what is meant by ‘ending with eight.’”
- “As for the changes and transformations to control the enemy: Intermixed and turbulent, their fighting [appeared] chaotic, but their methods was not disordered. Nebulous and varying , their deployment was circular, but their strategic power [*shih*] was not dispersed. This is what is meant by ‘they disperse and become eight, reunite and again become one’” See Ralph D Sawyer, *The Seven Military Classics of Ancient China*. Westview Press, 1993, pp 326-8; esp. 342-5.

- <sup>28</sup> In most cases, as we shall see in the subsequent examples of Heijo, Nagaoka and Heian, the size of the palace is about  $4d^2$ . Heijo's palace not including the eastern section is  $4d^2$ ; Heian's palace compound was also  $4d^2$  until 879 when in order to have stricter controls of its grains, the palace was extended northwards to include the half row beyond the palace making the area of the palace  $5d^2$ . In the case of Nagaoka, the actual size of the palace is still uncertain, the most recent drawings of the city shows a palace compound of  $5d^2$ . See Muko City Centre for Archaeological Research, *Capital*. 1999.3 No. 10, p. 134. I am grateful to Mr Kawano Kazutaka of the Kyoto Prefecture Research Centre for Archaeological Properties for providing me with the latest maps and excavation reports of Nagaoka as well as the issue of *Capital* cited above.
- <sup>29</sup> Archaeological records gave the total width of the city as 18.37 *li* (or 18 *li* and 111 *bu*) or 2% more than 18 *li*—an acceptable margin of error. The dimensions of the city according to archaeological report was 18 *li* 111 *bu* by 16 *li* 105 *bu*. See "Brief archeological report on Tang Chang'an," for detailed dimensions of the different components of the city.
- <sup>30</sup> There were two measurements to the Tang measure of *li*, the longer one of 532 m was used both in the construction of Chang'an and in the Japanese capitals of Heijo, Nagaoka and Heian. The Tang foot is 0.2956 m. The Tang *li* being 300 *bu* or paces is hence  $6 \times 0.2956 \times 300$  since each *bu* measures 6 Tang feet.
- <sup>31</sup> Also recent archaeological findings reveal the remains of the "Altar of Heaven" south of the city walls east of Mingde Gate, the main southern gate. It is my conjecture that the remains must be probably very close to the southern boundary of the conceptual square. Once the exact location is published, it would be possible to test the hypothesis.
- <sup>32</sup> This was probably necessary as otherwise the wards would be too big to be administered effectively by the ward headmen.
- <sup>33</sup> See Howard S. Levy, *Translations from Po Chü-I's Collected Works*, Vol. 2 (New York: Paragon Book Reprint Corp., 1971), p. 46.
- <sup>34</sup> Curiously, if one were to add up all the dimensions the given in *CAZ* for the lengths of the Palace and Imperial Cities, the wards, and the width of the EW streets, the total length of the city is 18 *li* 130 *bu* (18.4 *li*). This is about 2.2% more than the anticipated 18 *li* and is very close to the width of the city (18.37 *li*). See also endnote 29.
- <sup>35</sup> The dimension given by *CAZ* for the length of the city is 15 *li* 175 *bu* or 15.58 *li*. This is 3.8% larger than the 15 *li* that theoretically would have been the length of the city should it be made up of the dimension of two and a half large units, ie., 2.5 times 6 *li*.
- <sup>36</sup> Unfortunately, the plan of Fujiwara is still the subject of speculation and will, as such, not be included in the subsequent discussion.
- <sup>37</sup> See Wang Renbo, "Studying the Cultural Relations between China and Japan from Archeological Discoveries", pp. 100-108.
- <sup>38</sup> See Su Bai, "Sui-Tang Chang'an and Luoyang," in *Kaogu*, 1978/6, p. 423.
- <sup>39</sup> The extension of three columns of wards is also known as the Outer City. See Tsuboi Kiyotari and Tanaka Migaku, *The Historic City of Nara: An Archaeological Approach*. The Centre for East Asian Cultural Studies/UNESCO, 1991, pp 26-31, esp. p. 28.
- <sup>40</sup> This street is in fact numbered the first Row Road (*Ichijo-dori*) since the numbering sequence began from north to south.
- <sup>41</sup> Heian's measurements were 1508 *jo* by 1753 *jo*. See Takahashi Yasuo, *An Illustrated History of Japanese Cities*. University of Tokyo Press, 1993, p.50. Although the plan of Nagaoka as drawn in Takahashi Yasuo and in *Capital* are different, their overall proportions are identical and the number of NS and EW streets the same. More detailed discussions of Nagaoka is only possible with more archaeological data.
- <sup>42</sup> For Heijo and Nagaoka, the module 'd' was used to regulate the dimensions of the city. The dimensions of the wards were therefore slightly smaller than the measure 'd' since one has to account for the width of the streets. In the case of Heian, the modular measure 'd' was used to regulate the dimensions of the wards or city block. The total width of the 9 streets was added to the overall length and width of the wards that made up the city profile. This difference in the use of the modular measure 'd' accounts for the slightly different dimension of Heian from the rest.

# REINVENTING TOKYO: RENEWING CITY IMAGE, BUILT ENVIRONMENT AND GOVERNANCE SYSTEM TOWARD THE 21ST CENTURY

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“If we would lay a new foundation for urban life, we must understand the historic nature of the city, and distinguish between its original functions, those have emerged from it and those may still be called forth. Without a long running start in history, we shall not have the momentum needed, in our own consciousness, to take a sufficiently bold leap into the future.”

Lewis Mumford, *The City in History*

## Introduction

The city is a human creation, not a product of nature. In ancient and medieval times, people who moved from rural villages settled in market places beyond the village and built a new social space that they later called “city” (Weber, 1920s). While rural villages were formed based on natural endowments, cities were purposefully and artificially designed, planned, built. In that sense, the city, from its origins, is a product of human invention.

The city can be thought of as a spatial container as well as an institutionalized organization in the service of human life, invented under a given historical circumstance. When the historical conditions on which a certain type of city was built change in fundamental ways, the city becomes obsolete and a new urban form and new institutions must be invented in response to the times. In that sense, the city has a strong historical nature and is subject to periodical invention and reinvention.

At the beginning of the 21st century, we live in a period of enormous social transformations that call for a similarly vast process of urban re-engineering. This is a widely shared conviction among urban planners, political and administrative leaders, and academic urbanists. We already have many concepts that all, in one way or another, mean reforming or rebuilding the city: urban re-development, renewal, renovation, re-construction and so on. Compared to these “re-” concepts, re-engineering or re-invention of the city implies a more thoroughgoing revision of our ideas about creating new urban spaces or institutions.

Why does the concept of reinventing cities matter today? One reason is the fundamental changes of historical conditions that shape the city, including technological, economic, demographic changes between national/industrial and global/post-industrial, or informational age. Another reason is that many cities throughout the world are now more or less undergoing a serious crisis and some are actually declining in population. In the 1970s and 80s, cities in western countries experienced decline in urban economy, a decrease of population, deterioration of infrastructure, as well as environmental and fiscal stress (Fainstein, Hill et. al., 1983). Now Tokyo, Osaka and other major Japanese cities are facing a similar situation. The Asian economic crisis demonstrated the possibility of sudden urban crises and decline in a globalized world. This experience suggests the urgency to re-examine our ideas for the city. In the following, I would like to describe and explain the emerging signs of city re-invention in Japan.

## **City Reinvention in Japan: past and present**

Traditional cities in Japan were constructed out of wood, bamboo, paper and clay, not with stone and brick. Thus they were extremely vulnerable to earthquake, flood, and fire. It is perhaps better to say that in our disaster-ridden country, cities were built in ways that allowed them to be easily rebuilt. After the big fires and earthquakes that frequently ruined our cities, plans for rebuilding cities were made and implemented very quickly. As cities were rebuilt, new designs and organizations such as widened streets, newly excavated canals, cleared open spaces were readily incorporated. Compared to European cities, cities in Japan had less continuity of form. In a sense, the history of Japanese city was that of ceaseless re-invention.

However, in the post-world war era, urban history in Japan changed its traditional pattern. Devastated cities were rebuilt. But given modern technologies of city building and new materials such as steel, cement and glasses, they gained physical durability. Concrete buildings, subways, industrial seaports and airports, highways and so on were all built for supporting modern urban functions.

At the same time, post-war Japanese cities underwent unprecedented growth in population and production. The old way of “reinventing” Japanese cities was no longer feasible. Patchwork modifications or reforms were undertaken, followed by larger-scale redevelopment projects. In the late 1960s, municipal governments were obliged by law to make comprehensive plans for development and urban management. Thereafter, municipalities made new city plans once every 10 years. At the time, urban planners along with political and administrative leaders were inclined to produce new images and designs that decorated their plan but introduced no fundamental change. For expressing the novelty of these embellishments, the diverse “re-” concepts mentioned earlier were used or abused. But, notwithstanding the use of those “re-” phrases, cities in the post-war era changed rather gradually and in ad hoc ways; they were not fundamentally reinvented.

Indeed, up until the 1990s, the basic framework of city planning had a certain continuity. That is, despite the ceaseless use of the “re-” concepts, major Japanese cities had been continuously expanding in population, economic production, and spatial reach. City plans were revised, step by step, one stage following another, in an attempt to adjust to these changes. As a result, re-inventing the city as a response to fundamental changes in conditions or severe crisis has seldom taken place.

### **Tokyo: the Postwar City Planning**

All of what I said above holds true for Tokyo as well. For the past several decades, the nation’s capital witnessed alterations in the ideas and frameworks for city planning as shown in Table 1.

#### ***Olympic and Highways Period***

In the 1950s through the early 1960s, under Governor Azuma, Tokyo's goal of urban policy was successful in hosting a monumental ceremony, the Tokyo Olympics of 1964.

In preparation for this event, building a modernized infrastructure became the major goal of city planning. This excessively development-oriented policy contributed to acute problems such as environmental pollution, traffic congestion, housing shortages and lack of public facilities. As a result, and with the support of the socialist and communist parties, the conservative head of Tokyo Metropolitan Government (TMG), Azuma, was replaced with a progressive, Governor Minobe in the elections of 1967.

**Table 1: Alteration of the City Planning in Tokyo 1959-1998**

Type of Planning	Terms	Concepts and Goals	Policies and Projects
Developmental Planning	1959-67(Azuma Administration)	Modernization of the city	Hosting Olympic Constructing Highway, Airport, Subway etc.
	1979-95(Suzuki Administration)	My Town Tokyo World City Tokyo	Succeeding Minobe Ideas Fiscal Retrenchment, De-regulating Development, Enhancing International Economic Activities
Human Life Oriented Planning	1967-79(Minobe Administration)	Parks and Blue Sky Civil Minimum	Regulating Development, Welfare/Education Subsidies, Constructing Schools Nursery, Parks, Empowering Wards
	1995-99(Aoshima Administration)	Resident-Friendly City	Scaling Down of Redevelopment Project, Disaster-Proofening City, Resource Recycling Systems, Creating New Leading Industries

Source: TMG, 2000c.

### ***Parks and Blue Sky Period***

Key ideas of city planning became renewed in the “Park and Blue Sky Plan” of 1971. The “civil minimum”, fulfilling minimum standard of livability in city, became the new goal of city-building. Instead highways and monumental buildings, Minobe's TMG constructed low income housing, schools and parks and spent money on medical care for elderly people, subsidized private schools, and took energetic measures to reduce air and water pollution.

This progressive TMG was the Japanese version of the “local welfare state”. But, just as did western welfare states, it fell rather abruptly into a fiscal crisis, and in the late 1970s, the conservatives returned to power with promises of fiscal order (Kamo, 1988).

### ***“My Town-Tokyo” Plan and “World City-Tokyo” Strategy:***

Succeeding Minobe’s Administration, Governor Suzuki, who came into the office in 1979, took a two-pronged approach to city development. As Minobe's "civil minimum" policy was

very popular, the Long Term Comprehensive Plan for Tokyo Metropolis (LTCPTM) framed during his first term (1980) substantially followed Minobe's policies that had given priority to the daily lives of ordinary residents. The plan's leading concept was "My Town Tokyo" and stressed making Tokyo a more liveable, cozier "home town". On the other hand, particularly in the second LTCPTM announced in 1986, Suzuki's TMG presented his "World City-Tokyo" strategy that aimed at enhancing Tokyo's global economic role and encouraging redevelopments of older areas to open up spaces for international business (Machimura, 1994). During this period, Tokyo actually became one of the leading global cities of the world. However, the city's booming economy produced an over-concentration of population and economic activities, and turned the city into one of the world's most congested and expensive metropolises. When this overly speculative bubble economy finally burst in the early 1990s, Tokyo fell into a long-lasting recession and its stature as a "world city" became clouded. Eventually, condemning the "World City Tokyo" strategy, the new Aoshima administration gained power in 1995.

### ***Resident Friendly City Period***

Aoshima's administration changed the prevailing planning ideas substantially. It decided to stop using the terminology of "World City" altogether and put priority on a safe, i.e., disaster-proof, and environmentally sensitive city. But the new administration's planning idea was itself abstract, if not obscure, and Aoshima lost the elections in 1999.

In sum, Tokyo in the post-war era underwent a path of gradual city renewal. Through this process, Tokyo's urban form and social-governmental institutions were to a considerable extent reshaped. It was a process that witnessed cyclical swings in city-building philosophy between developmentalism and welfare/environmentalism reflecting a conservative-progressive rivalry in city politics. Each swing looked like a complete re-invention of the city. While these political swings were occurring, the city repositioned itself economically. During the 70s and 80s, Tokyo changed from being a national capital city predominantly based on headquarter, commercial and goods-producing functions to an internationalized city with predominantly financial, informational and servicing activities. It seemed to be a city re-inventing itself.

But on the whole, Tokyo's transformation was rather a continuous process of urban growth and change. Under such an unpunctuated process, continuity or historical path-dependency prevailed. Tokyo's urban form and institutions hardly underwent transformative changes. Over the past 30 years, the size of the resident metropolitan population has remained stable at approximately 12 million. Daytime population in the ward (central city) area has also remained at same level, around 11 million for 25 years (TMG, 1998a). Accordingly, basic urban geographical structures all remained more or less unchanged, even when individual buildings and urban infrastructures built on that structural grid were substantially renewed. At the same time, Tokyo remained a city based mainly on national, domestic transactions, with a strong goods-producing and distributing sector, and with a long-lasting two-tier governmental system of prefecture and ward/municipality.

### **Reinventing Tokyo: The Challenge of Ishihara Administration**

At the 1999 gubernatorial election, Shintaro Ishihara, a former right-wing LDP politician and one-time novelist, won the heated gubernatorial race and came to the TMG Hall. Under his



administration, TMG is presenting new plans for Tokyo that might, indeed, be re-inventing the city for the 21st century.

### ***Recognition of Crises***

As a first and preliminary step, Ishihara announced “The Strategic Plan for Overcoming the Crises”, a provisional pilot plan expressing the governor’s ideas. The document starts with clear recognition, for the first time in post-war history, of Tokyo’s several “crises” (TMG, 1999).

Five crises were identified. *First*, decline of Tokyo’s vitality: stagnant economy, drop in international exchange activities, and imminent population decline. *Second*, still insufficient infrastructures such as a high-capacity international airport, infrastructures for IT development, and effective disaster control facilities. *Third*, an environmental crisis from auto exhaust pollution, toxic poisoning and so on. *Fourth*, obsolete and costly welfare policies that are nevertheless incapable of providing the human services needed for a rapidly aging society. And *fifth*, an increase in violent youthful crimes and the collapse of traditional order in schools and families, in other words, a serious malfunctioning of the educational system.

Recognizing the crises, the Ishihara plans—“The Strategic Plans to Overcome the Crises” (1999) along with “The Tokyo Plan 2000: Intermediate Summary” (2000)—presented strategies for overcoming these “crises” and rebuilding Tokyo in the new century. I would like to call these two plans collectively the “Ishihara plan” or simply “the plan”.

### ***Remaking the City’s Image***

As for the city’s image, the plan envisions Tokyo as a city with “vitality, security, independence and solidarity”. Above all, it reverses the Aoshima administration’s policy to withdraw from the “Tokyo-World City” strategy. Ishihara’s plan proposes to re-establish Tokyo’s stature not only as Japan’s capital but also as a “dominant world city” globally speaking. Understanding the decline of Tokyo’s global functioning as a symptom of losing vitality, it stresses the marketing of Tokyo to the world. As first steps in this direction, the TMG sponsored the Tokyo 2000 Festival earlier this year and is now searching to establish an “Asian Network of Major Cities” as a standing council in 2001 (TMG, 2000b).

Seemingly, all these are merely duplications and modifications of the Suzuki administration’s world city-oriented policy. But there are also novel strategic ideas. Ishihara is well known as a nationalist politician who co-authored such books as *Japan That Can Say No* with Akio Morita of Sony and *Asia That Can Say No* with Prime Minister Mahathir Mohamad of Malaysia. It means that Ishihara’s world-city strategy is not a manifestation of globalism but rather more of his nationalism and Asianism. Strengthening Tokyo as Japan’s national center while appealing to the world through Tokyo’s global economy seem to be the intention of Ishihara’s commitment to the “world-city” strategy. To set in motion an Asian Network of Major Cities, the Governor visited Kuala Lumpur, and Taipei. His idea was to strengthen Japan’s competitive power and national identity relative to the US and China. Whether he will be successful only time will tell.

### ***Renovating the Built Environment and Urban Structures***

The plan proposed major infrastructure renovation policies. For instance, to catch up with the international airport capabilities of other global cities, it proposes greatly to enlarge Haneda Airport as well as building a third international airport in the Tokyo metropolitan area. In this regard, too, a brand- new idea is presented. The Ishihara plan mentions the US airforce Yokota base as the most likely candidate to become Tokyo's third international airport. Here Ishihara's world-city Tokyo strategy seems to be saying "Say No to the US", that is, in a sense, re-nationalizing the built environment of Japan's capital.

As for the spatial urban structure, the plan displays a vision to build the "Tokyo Ring Megalopolis". So far, Tokyo's metropolitan area has had a radial structure in that every point surrounding Tokyo is linked with central Tokyo by rail and express ways. The plan tries to turn this metropolitan structure into a megalopolis proposing multiple commuting areas in the surrounding region connected by multi-ring loop highways around central Tokyo. That is, the plan seeks to create an urban form somewhat similar to Los Angeles or Detroit (TMG, 2000b).

In addition, in its urban redevelopment policy, the Ishihara plan seeks to restore two mega-projects that were frozen in the 1990s largely for financial reasons. One is the Central Tokyo revitalizing project which aims at rebuilding Tokyo Station together with constructing huge office complex. The other is the Waterfront Restructuring project that develops a new business district on Tokyo Bay landfill spaces.

Regarding IT related infrastructure, for example, the plan outlines a policy to lay optical fiber networks utilizing existing sewage and subway lines.

In the area of environmental and transportation policies, the plan also shows a new approach. It proposes the severe regulation of motor vehicles equipped with diesel-powered engines in Tokyo's central area. At the same time, it proposes to introduce a mandatory road-pricing system in imitation of Singapore, along with a voluntary transportation demand control (TMD) policy. Combining compulsory and voluntary ways, TMG is now decisively trying to reduce the volume of traffic in the city's center.

### ***Renovating the Human Wares***

In the field of welfare policy, the Ishihara plan proposes to restructure welfare payments from a direct "economic benefit" (monetary payment) to payment for "at home human services". Although this is not an original policy—it is in force in much of the rest of the country—it is a very drastic policy change for Tokyo which (like, until recently, New York) has been a prominent welfare city since the Monobe era. As for education, the Ishihara plan primarily relies on what it calls "Tokyo's Reform of the Heart". Responding to social disorder, especially among the young, the plan proposes to create a social movement to restore parenting and discipline as well as enhancing "spiritual" education.

This policy also reflects a nation-wide move, but using the term "Reform of the Heart"—literally, in Japanese, "revolution of the heart"—is straightforward Ishihara style: stimulating people by strong and explicit messages (TMG, 1999a).

## *Governance System*

The Ishihara plan also illustrates the reform of the TMG itself. The most distinctive measure of reform is introducing the “policy evaluation system”. In terms of the “new public management” doctrine and practice, Japan has been a “backward” country because of the relatively small size and great efficiency of its public service sector. However, in the past few years, more and more local governments have introduced the so-called policy evaluation system. Eventually TMG, the biggest local government in the country, decided to adopt this administrative reform tool as well.

Another notable point is that the plan put emphasis on crisis management. Involving the Self-Defense Force into the standing disaster resisting system, the Ishihara plan is preparing to produce a military-type, centralized organization for the management of natural disasters (flood, fire, earthquakes, and the like).

In addition, the Ishihara plan stresses greater autonomy for local government. In this regard, Ishihara has already done what many people regarded as a daring action. Without advance notice or public discussion, he introduced a reform of corporate taxes on profits levelled on banks located in TMG area. This measure alone produced an additional tax revenue of some 100 billion yen. Although both the central government and the business community were strongly against this policy, Ishihara urged the TMG assembly to pass the bill and signed it into law. And although this policy option was well known, but no other locality ever dared to challenge the banks in this way. (During the Minobe era, the TMG tried a similar maneuver and failed). It goes without saying that among ordinary people, the new tax measure won high approval (TMG 1999, 2000b).

As I have tried to show, the TMG under Governor Ishihara is now implementing a plan for Tokyo that, driven by a strong consciousness of crisis, includes many new policy ideas and measures. The plan, in my view, is not just an extension of the earlier city plans. It is truly innovative in a number of ways. The public are struck and surprised by Ishihara's policies that came that rolled out of TMG Hall, one after another. Ishihara's TMG is decisively departing from the city of the past and throwing down a challenge to the future. Apparently a genuine city re-invention process is underway.

However, the process in Ishihara's version is unsure, contradictory and arrogant. It proposes enormous projects to revive and rebuild Tokyo. But whether he can deliver on all of them is another story. TMG still is in a serious fiscal crisis, and Tokyo's private sector is also steeped in debt. How can all the new projects be funded? The answer remains unclear. In order to realize his vision for the future, logistics, priority setting, and orderly programming are all needed.

Ishihara's world-city strategy is highly contradictory as well in the present international situation. His nationalistic, anti-American, anti-communist rhetoric could prevent him from establishing open intercity cooperation in the Asia Pacific region. Yet, new possibilities of such cooperation are already emerging in Asia with the beginning of the Korean South-North talks. The chance of Tokyo's revival as a world city will depend on whether the government can take the initiative in forging a multilateral, peaceful city network based on mutual trust. The voice of a leader who is too ideological and insensitive, particularly in the international context, could be harmful to the city. If Ishihara wants to make a breakthrough toward the re-globalization of Tokyo, he will need to overcome his own inner contradictions.

To be sure, re-inventing the city, requires strong leadership. In this regard, Ishihara's strong and challenging political style as well as his decisive stance on contested issues are widely admired. However, city reinvention also needs people's deep understanding of local public affairs based on day to day civic participation. From this perspective, his style of leadership looks rather arrogant, Caesarean, as of someone who lacks confidence in the people. His messages are attractive, responsive to popular feeling and sometimes useful in reform politics. But to the extent that they are attractive, they are also dangerous. As is well known, Ishihara made a remark earlier this year that had the connotation of hostility and discrimination against foreigners. It was internationally criticized but was unexpectedly supported by many Japanese audiences. Leaders of this type tend to stimulate aggressive feeling among people. Thus, I believe that Ishihara's leadership style is questionable for city re-invention.

## Conclusion

I conclude by mentioning two things left out from my account. Re-inventing a city is not just a matter of social engineering but has much to do with politics, above all democratic politics. Baron Hausmann's reconstruction of Paris in the 19th century was an example of bureaucratic and technocratic city re-invention. This style produced a magnificent and artistic city. But the experiences with city re-invention in the last twenty years, such as those of New York, Boston, and Baltimore in the US, and of Manchester, Barcelona, and Bilbao in Europe, and Porto Alegre in Brazil, tell us that without civic participation and public-private partnership, today's cities can neither be re-invented nor re-vitalized. Talented urban designers or planners are needed along with able political and administrative leaders but people's participation, learning and understanding are even more necessary, because today's people are not just inert and forever grateful masses but *citizens*, not just the subjects of rulers but proud users of the city.

And one more thing: invention and re-invention often ignore conservation and restoration. City re-invention without preservation results in fickle development without historical depth. No amount of re-inventing can totally renew a city. The city's future is necessarily path-dependent; it must preserve its history. Consequently, re-inventing cities involves a combination of balancing the new with the old. Under today's profound technological and societal changes, the conserving and restoring aspects of city building tend to be ignored. We need to pay close attention to this as we continue invent (and re-invent) our own future.

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# REINVENTING SEOUL FOR A NEW URBAN ORDER

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Do not do unto others what you would not want others to do unto you  
*Analects*

## A New World Order

Will the 21<sup>st</sup> century be Pax Americana? Although some predict that the rise of China will make a little twist in the world order, no one is in doubt that the hegemonic power of the U.S. will remain and the American ways of doing business and of living will spread around the globe.<sup>1</sup> With Amazon.com and Microsoft, the American economy is likely to rule over strategic decisions making the architecture of the global economy. Decisions made by transnational companies and financial organizations headquartered in New York and Chicago will partially determine the future of cities such as Hong Kong, Seoul, Taipei, Bangkok, and Jakarta. These transnational companies are indeed a key force in shaping a global commercial order. Nation-states, even though less powerful than before, are another actor in shaping a new world order. Supranational organizations such as the World Trade Organization and the International Monetary Fund are yet another actors who will help shape a new world order. The power of the IMF, despite some criticisms on it, has been seen in the recent Asian economic crisis. Transparency and rationality are now required items for nation-states and enterprises to survive in the globalizing economy.

Amidst of this globalization/Americanization trend, cities and nations around the world, albeit with different degrees depending on their level of integration with the global economy, are subject to the logic of global capital accumulation. To exaggerate a little bit, the global space is being leveled off for capital accumulation. Although transnational corporations' profit making is an underlying motivation, the interests of superpower nations (after the end of the Cold War, there is now only one superpower—the U.S.) are also a factor in making a space of global accumulation (borrowing a term used by Friedmann in 1995). As such, the space of global accumulation, basically intended for economic purposes, is colored with security, political, and ideological intents. For example, neo-liberalism has been in vogue since the rebound of the American economy in the 1990s, while communitarianism either in European or Asian version is in decline. The process of global capital accumulation, thus, inevitably contains potentially contentious elements of imposing ideologies and cultures of core transnational corporations and nation-states to other firms and nation-states. This possibility is underscored by Huntington (1996) in his hypothesis that a civilization-based world order is emerging and culture rather than politics, or economic interest will be a fundamental source of conflict. Whether one subscribes such a view of new world order or not, global capital accumulation is by no means a unitary process tending to a single direction but must be seen as a complex process mixed with non-economic interests.

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<sup>1</sup> Zuckerman (1998) is confident that the twenty-first century will be America's.

## What Role Can Cities Play in a New World Order?

A new world order envisioned by General Motors or Pentagon in Washington D.C. would not be the same. But the old world order dominated by inter-state power politics is certainly ended. Contrary to the past imperialism, which was organized by imperial states, economic globalization today is not solely promoted by a hegemonic state or city, i.e., lacking a political center. Rather, globalization gives rise to the hegemony of transnational banks and corporations, who make their investment decisions in a global scale for their own benefits. The interests of transnational corporations and transnational citizens may not necessarily be consistent with the interests of a nation-state, which is territorially bounded.<sup>2</sup> In the past decades, the power of the state has been challenged from below and above. Supranational organizations such as UN and OECD are increasingly taking over the power of the state. The state is also being undermined from below. "Local" interests are increasingly replacing national interests. It is not just countries but cities that compete for foreign direct investment or reject immigrants. The weakening of the state power, however, does not necessarily mean the demise of the state. States remain as sovereign entities and retain the legitimate coercive power within their territories (Taylor, 1995). The rise of transnational corporations, banks, and institutions and the re-emergence of local do not automatically imply antagonistic relationships between states and transnational corporations or between states and cities. State interests may collide with transnational corporations' interests sometimes but they may be mutually supporting in other times. Perhaps, cities oftentimes cannot go beyond the parameters set by the state with respect to foreign policy, although some cities may desire to take an independent foreign policy. Cities are also constrained by transnational corporations and citizens' interests since their fortune is partly determined by those transnationals. Nonetheless, the current round of globalization provides cities with an enlarged space to maneuver them because of loosened territorial grips of nation-states.

Then, how can cities contribute to making a new world order? Compared to states that are tied to nationalism, cities are less bound by nationalism. Most world cities tend to be cosmopolitan since they are focal points where different cultures and ideas are exchanged. In contrast to the states that are tied to economic development, cities can break up the tie to economic growth. In fact, some prosperous cities do limit growth because of the disadvantages of continued growth on the quality of life (Taylor, 1995). Cities are easier to engage in the paths of development different from the growth-oriented one than states are. Environmental values are now highly appreciated in many cities of the world. Although "socially just" cities are still an idea, it is less difficult to anticipate the emergence of such cities than socially just nations. Cities are after all not hotels borrowing Friedmann's metaphor (1998a).

Because of these lesser political constraints on cities, cities are better situated than are states in promoting mutual understanding and learning between them. Cities have more common and focused set of problems among them than nation-states do. Indeed, we have seen a substantial growth in the number of forums, associations, and unions of cities in recent years. Eurocities is one example and there are many others in Europe, Americas, Asia, and the rest of the world. The agenda of these inter-city organizations covers a set of issues such as

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<sup>2</sup> For the discussion of transnational citizens and societies in the context of Asian cities, see Cheng and Hsia (1998).

economic development, environment, social inclusion and cultural development, which are prone to induce cooperation.

However, the overriding concern of all the cities at the moment is economic competitiveness. In fact, the concern with competitiveness appears to be heightened than even before as the ideology of neo-liberalism penetrates more widely and deeply over the world. A few urban specialists are concerned with potential consequences of increasing social and spatial polarization within and between cities at the global scale (Scott, 2000; Fridemann, 1998b; Douglass, 2000a).

Balancing competitiveness with other concerns such as livability and social justice is not easy to achieve in most cities. For example, most Asian cities after the 1997 crisis have refocused their energy on the competitiveness dimension of cities rather than livability or other dimensions. Nevertheless, concerns with livability and social justice are increasingly manifested in urban governance. Increasing calls for lifting land use restrictions in the Seoul Metropolitan Area to enhance its competitiveness, for example, were met with strong resistance from environmental groups.<sup>3</sup> Rising consciousness of city residents over the quality of life is a direct force behind an increasing demand for livability. Livability is becoming an important issue even in developing Asia as documented by Douglass (2000a). Social justice, although gathering less political clout, is not forgotten. Citizens are aware of and demanding just procedures in city management. Sounding somewhat utopian, Friedmann (1998a) recently proposed a set of criteria to judge a good city. In terms of outcome, a good city should be productive, environmentally sustainable, livable, safe, actively tolerant (i.e., honoring group-specific differences in language, religion, national custom, sexual preference, and similar markers of collective identity), and caring. The last two items in Friedmann's criteria deserve special attention and they are the qualities that can be applied to inter-city relations. As a group of scholars involved in the inter-city network has been advocating, inter-city cooperation is necessary to moderate an intensifying tendency of inter-city competition at the global and regional scale.<sup>4</sup> Although we cannot expect cities to become moral entities, we can certainly enlighten citizens and city politicians to be more receptive to the discourse of cooperation instead of single-minded pursuit of competition.

## Seoul's Vision

There is no official document stating the long-term vision of Seoul comparable to that of Hong Kong or Singapore (Commission on Strategic Development 2000 and Government of Singapore 2000). But there are some bits and pieces of information with which we can reconstruct the vision of Seoul. According to the official planning document prepared for the Fourth National Territorial Development Plan by the Seoul Metropolitan Government (Government of Korea 2000), city planners envision Seoul as follows.

- a) An international city with control and command functions
- b) A future-oriented city prepared for the era of unified Korea and the new millennium

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<sup>3</sup> See Kim (1998) for the dynamics surrounding land use regulations in the Seoul Metropolitan Area.

<sup>4</sup> A group of scholars based in the Asia-Pacific region has formed an intercity network to discuss issues of intercity competition and cooperation in the region.



- c) A cultural city where tradition and history live on
- d) An eco-city where nature and human-beings coexist

Essentially, a) and b) are related to the notions of competitiveness, while c) and d) are related to livability. The vision of an international city with control and command functions is, however, not articulated in detail. It is assumed, however, that Seoul will function as a center of world-class business, information, convention and logistics. Advanced industries such as information technology will be promoted to enhance the competitiveness of Seoul. In other words, the vision of an international city is directly related to the competitiveness goal. By nurturing software, media, tourism, and information industries, city administrators hope to transform Seoul's economy into a knowledge-intensive one. Foreign direct investment is perceived to assist in this endeavor. The Seoul Metropolitan government has already taken several measures to attract more foreign direct investment. For example, the foreign investment advisory council is in operation now and incentives are provided for foreign investment.

In addition, Ahn and Ohn (1999) have elaborated an ambitious idea of Seoul as a business and financial center in Northeast Asia. They envision Seoul, like Singapore and Hong Kong, as a center of regional headquarters of transnational corporations. To realize this idea, they propose to build international business town in Seoul together with necessary institutional reform. Some are, however, skeptical about the feasibility of this idea (Kim, 2000a and Rimmer, 1999). In terms of current distribution of transnational business and financial functions, Seoul is not in an advantageous position, compared with, for example, Tokyo, Hong Kong, and Singapore. Seoul, however, has an advantage in geographical terms and hence can become a center of information, convention, and logistics. The opening of a new international airport at Incheon in the early 2001 will certainly help establish Seoul's position in the logistics function of East Asia (Kim, 1999a).

The idea of a future-oriented city contains two elements: one is sustainable development and the other is to increase the absorption capacity of Seoul in the time of Korean unification. Sustainability is articulated in terms of reducing the level of air and water pollution, lowering density of development, and conserving green space. The relationship between competitiveness and livability is conceived to be complementary rather than contradictory at least among top city administrators,<sup>5</sup> even though long-term strategies to maintain economic productivity with environmental and social sustainability are not well articulated in the planning document.

To prepare for the eventual unification of North and South Korea and more immediately for the 2002 World Soccer Cup Game and the growth of information industry, the city government embarked a project to develop the Sangam district as a new town within the city. This town is designed to function as an information city, an eco-city, and a strategic gateway city for the unified Korea.

On the other hand, the ideas of a cultural city and an eco-city can be interpreted to enhance the livability of Seoul. It is well known that Seoul has lost much of its cultural and historical

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<sup>5</sup> Based on conversation with Dr. Kang Hong Bin, the First Vice Mayor for Administration, Seoul Metropolitan Government.

symbolism and tradition during the last 4 decades of rapid growth. Some city administrators are concerned with the loss of identity and are interested in the revitalization of Seoul's history and tradition.<sup>6</sup>

Given more than 600 years of history, Seoul should have an identity different from newly developed cities under the mercantilist and colonial influence. City planners, therefore, attempt to recreate the old city area (demarcated by four gates) for people. In addition, pedestrians' right and housing right will be guaranteed for the residents of city. City administrators and citizens alike unanimously support projects to improve Seoul's air and water quality and traffic condition.

All these ideas and goals are not much different from those of other cities in the world. Also similar to other vision statements is the lack of concrete strategies to achieve all those desirable goals in a balanced manner. As Douglass (2000b) points out, how to harmonize competitiveness with livability is a key to the future of Seoul. Nevertheless, Seoul's approach is different from other cities such as Hong Kong and Singapore in two respects. First, Seoul's approach is much more practical, even though it does not present a coherent long-term vision. Second, city administrators clearly perceive that competitiveness and livability are not contradictory goals but are reinforcing each other. This recognition by city administrators is demonstrated in recent restructuring efforts of the city government. Partly instigated by the 1997 financial crisis in Korea, the Mayor's Office implemented the streamlining of city administration to raise efficiency and accountability. Also, new channels for public-private partnership have been established, signaling a new era for urban governance.

Although not explicitly stated in the city planning document, Seoul's conception of competitiveness is slightly different from other cities. The competitiveness dimension is conceived by city politicians and planners beyond the narrow definition of competition. Inter-city alliance and cooperation are assumed to be important elements for enhancing the international competitiveness of Seoul. As a matter of fact, the concept of BESETO (Beijing-Seoul-Tokyo urban corridor) has been proposed sometime ago to materialize inter-city cooperation in Northeast Asia. Perhaps the concept is similar to Singapore's growth triangle concept, albeit with different scale and context. The BESETO concept is premised upon more horizontal relations rather than vertical relations manifest in the growth triangle of Singapore.<sup>7</sup>

## **A New Urban Order: The BESETO Cooperation**

The idea of BESETO was first proposed by Choe Sang Chuel in 1991. It was originally conceived of as a geographical concept. Along the 1500km strip, the BESTO urban corridor has a population of roughly 100 million persons and six mega-urban regions of 5 million plus population – Tokyo-Yokohama, Osaka-Kobe, Pusan, Seoul, Shenyang, and Beijing-Tianjin (Choe, 1995 and 1999). Such a massive scale of urban agglomerations is rarely seen in human history. This corridor has a great potential to become a major economic zone in the world.

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<sup>6</sup> Mayor's Office seems to be keen on the idea of revitalizing Seoul's history and tradition. In addition to obvious intention to earn tourist income by commercializing those sites and events, the city government intends to help establish the identity of Seoul.

<sup>7</sup> Miyoshi (1993) regards the growth triangle formation as a manifestation of neo-colonialism.

With a population of about 600 million (including the hinterland population), the BESETO corridor already takes an important position in the world's manufacturing production. For example, it accounts for more than 45%, 20%, and 10% of the world's shipbuilding, steel, and automobile production respectively (Kim, 2000b).

On the other hand, the BESETO has a possibility of turning into a corridor of sharp inequalities and environmental disaster if not attended with proper care. China, despite its two-digit growth rate in the last two decades, is lagging behind Japan and South Korea in terms of living standards. Also the state-owned, heavy industry, enterprises concentrated along the industrial belt of Shenyang and Beijing suffer from dilapidated production facilities and inefficient management. Heavy industries in these areas are known to be a major source of air and water pollution. Considering the tendency of concentration of high value-added and knowledge-oriented industries in a few prominent cities such as Tokyo, Seoul, and Beijing, spatial inequalities within the BESETO corridor may intensify if left to market forces (Kim, 2000b).

In recognition of the need to promote the international position of Seoul as well as to promote economic and cultural cooperation in Northeast Asia, especially among China, Korea, and Japan, the city government of Seoul proposed a cooperative relationship among the three cities of Beijing, Seoul, and Tokyo (Seoul Development Institute, 1995). In 1995, the three cities signed the memorandum of understanding, in which they agreed to enhance inter-city cooperative relations. In particular, they agreed to work together for mutual benefits taking advantage of geographical proximity and cultural commonalities. Furthermore, the three cities agreed to promote all types of exchanges among them at both public and private levels. In the following years, the three cities held art and drama festivals jointly (Seoul Development Institute, 1995).

Importantly, Seoul took the initiative of BESETO cooperation and Beijing and Tokyo were more or less followers. Even though Seoul's interest in promoting itself as an international city was a motivation behind the initiative, the people who conceived and implemented the initiative had a full recognition of the need for inter-city cooperation in a globalizing economy. Breaking out of its passive stance of having been "colonized" or "globalized" in the past, Seoul wanted to actively participate in the globalization process and even to lead the process at least in the Northeast region if not globally. This is a significant departure from the past, when the role of Seoul was conceived only in terms of domestic context.

Whatever Seoul's motivation was, the BESETO initiative was put into practice. Because of the status that the three cities have in their own society, the BESETO cooperation will have a significant impact on the political economy of Northeast Asia. Beijing, Seoul, and Tokyo are not just capital cities but primate cities producing substantial amount of national wealth in each country. Although Beijing and Seoul are not world cities yet, Tokyo is. In this sense, the BESETO has a potential to become an influential inter-city alliance in the future. More importantly, the three cities are genetically indigenous cities (orthogenetic if we follow Redfield and Singer's concept (1954)). They have been and still are cultural centers of each country. They are different from Hong Kong and Singapore, which are heterogenetic creatures by colonial powers. Although there is no empirical ground to treat these two types of cities differently, one can speculate the difference in terms of the ways that these two types of cities act in the global-local interplay (Kim, 1997). If history and culture matter as

Huntington and others posit, cities with pre-modern origins and rich cultural asset would behave differently from the cities of recent colonial origins. One strange mutation in East Asia is Singapore. Although basically a heterogenetic city, Singapore takes a unique approach emphasizing a communitarian ethos, which is rooted in Chinese culture (i.e., Confucianism).

The success or failure of this somewhat social engineering like approach in Singapore remains to be seen but some elements of Singapore's approach such as equal opportunity society and strong family are worthwhile to reflect upon (Government of Singapore, 2000). Hong Kong, on the other hand, entered into another phase of mutation, the process of which is very interesting to watch. As Skeldon (1997) raised the question a few years back, no one is sure whether Hong Kong will remain as a global city or become a provincial city in a Chinese social and political order.

One interesting point with the BESETO cooperation is its emphasis on socio-cultural complementarity rather than economic complementarity, which has been a key rationale for regional cooperation at the national level. Other points worth mentioning in the BESETO cooperation design, if not shared by all the three cities but at least conceived by Seoul, are problem-orientation, private participation, and equality concern. Faced with common problems of mega-urban region, Beijing, Seoul, and Tokyo have a lot to learn from each other in dealing with such problems as urban environment, transportation, and economy. Moreover, sharing the common cultural tradition of Buddhism and Confucianism, the three cities can work together to establish a new urban order underscoring the coexistence of human beings with nature and harmonious social relations. The emphasis on private participation in inter-city cooperation is indeed a point made by many observers in regional building process in Northeast Asia (Rozman, 1999 and McGee et. al., 1999). It is ultimately human networks and inter-personal relations that sustain inter-city and inter-state cooperation. Finally, the concern about social and spatial inequalities and environmental problems in the BESETO corridor at both domestic and international levels provides an important rationale for inter-city cooperation. Given the worldwide trend of increasing social and spatial inequalities, how to share benefits of economic growth as widely as possible is a key to the future of the BESETO corridor and Northeast Asia region. This concern with coexistence and co-prosperity can be regarded as a manifestation of regional consciousness about the dark side of globalization processes, even though such concerns do not carry much weight at the moment in the daily life of ordinary citizens in the region.

The last element implicit in the vision of Seoul deserves further elaboration. It has a potential to mitigate the side effects of the competition-dominant paradigm currently in force at both city and state levels. But it will be naive to expect an automatic shift from a discourse of competition to a discourse of cooperation. Someone has to lead the way. Indeed, Seoul has the best potential in leading the process among the three cities. In geopolitical terms, Seoul occupies a middle position between Beijing and Tokyo. Seoul, representing the state of South Korea and possibly the unified Korea in the future, is not a threatening power to Beijing and Tokyo and yet it can play an intermediary role between them. Since Seoul has a lesser economic gap with Beijing and Tokyo than Beijing does with Tokyo, it can facilitate economic and technological cooperation among the three cities and countries more easily than the other two. Culturally, Seoul has been an important center for receiving and transmitting ideological constructs, ideas, and concepts between China and Japan in the past and between Western countries and developing Asian countries recently. Cultural receptivity of Seoul is

known to be higher than that of Beijing and Tokyo.<sup>8</sup> Seoul, therefore, has a great potential to lead the process of creating a discourse of cooperation.

There exist, however, many obstacles to inter-city cooperation as envisioned in the BESETO idea. Political and social system differences among the three cities are one and economic friction such as trade and technological imbalances is another. More serious is a problem arising from historical legacy. Japan was an imperial power in the early 20<sup>th</sup> century and Tokyo was the center of imperial power. Even though Beijing, Seoul, and Tokyo agreed to deepen inter-city cooperation and exchanges, their positions are somewhat different from each other in terms of state-city dynamics. Beijing, representing the state of China, maintains a state-cum-city perspective. In other words, the city of Beijing cannot deviate far away from the central government's official position with respect to inter-city cooperation. In contrast, Tokyo represents its own perspectives separate from the state. It perceives the BESETO cooperation as part of its internationalization drive to maintain a world city position. The seemingly independent policy of Tokyo does not necessarily mean that a city's external policy is in conflict with the broad foreign policy frame of the state. Instead, the central government often uses "locals" to test the reaction of other countries in the case that the state is hesitant to make commitment or unsure of the outcome.<sup>9</sup> In contrast, Seoul's position can be characterized as "state with city." Anticipating borderless urbanization in Northeast Asia, Seoul recognizes the need to cement ties with Beijing and Tokyo. The state, fully recognizing the usefulness of inter-city cooperation in larger economic cooperation schemes in Northeast Asia, endorses the idea. In this regard, Seoul carries partly the agenda of the state but has an agenda of its own emphasizing more on the social and cultural roles of cities.

## **The Future of Seoul**

The vision of Seoul as a central player in the BESETO cooperation depends greatly on its economic and cultural capacity. Seoul cannot achieve the ideal of inter-city cooperation without enhancing its economic capacity. Not only Seoul but also the country has to expand its financial capacity to help assist neighboring cities and countries as well as to prepare for the unification of Korea. The need for strengthening economic capacity is abundantly clear in post-crisis Korea. This should not be, however, translated into a blind pursuit of competitiveness only. As the vision of Seoul implies, Seoul must chart a course to balance competitiveness with other goals worthwhile pursuing. There are some hopeful signs emerging recently in Seoul. For example, various measures are recently adopted to improve the livability of the city including density regulation, pedestrian right, and the conservation and recreation of a few quarters of the old town. Belatedly, there are efforts, although still small, to build communities and communal space rather than high-rise compartmentalized cubes.<sup>10</sup> Most of all, these balancing acts taken by the city administration were possible by rising citizens' consciousness about urban environment and the active involvement of NGOs

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<sup>8</sup> William Theodore de Bary, Professor Emeritus of Columbia University noted Korea's potential as a cultural center in East Asia because of its cosmopolitan character (Interview at Harvard Round Table with Korea Broadcasting Station, January 1, 2000).

<sup>9</sup> Representing its lukewarm attitudes about multilateral economic cooperation in Northeast Asia, Japan remains as an observer in the Tumenjiang Area Development Project.

<sup>10</sup> The Government of Seoul made an announcement in July 1999 that it would restore pedestrian alleys and expand space for pedestrians.

in urban development processes. Indeed, the role of NGOs, if carefully crafted, will be critical to achieve the balance between the competitiveness and livability dimension of the city and more broadly creating a collaborative form of governance.

Social or communal justice was not a serious concern in Seoul. Perhaps, we can say Seoul is one of the most egalitarian cities in the world (Choe, 1993). After the 1997 financial crisis, there are, however, increasing calls for sharing with other members of the community. The state is obviously doing its share by instituting social safety nets and expanding welfare budgets. Given the failure of the state-dependent European welfare system, a collaborative form of welfare seems necessary in large cities such as Seoul. The strong tradition of familism and communitarian ethos in Seoul and Korea can become a great asset in dealing with internal social inequalities. Although countering the predominant tendency toward individualism and materialism may not be possible, an ethic of care that is rooted in Korean tradition can be recreated to mitigate the tendency (Kim, 1999b).

Together with such internal house ordering efforts, Seoul can move ahead in establishing the discourse of cooperation at the city level. The BESETO will be a powerful concept if it can succeed in bringing less exploitative and more sharing arrangements among the three cities of Beijing, Seoul, and Tokyo. All of us clearly know that self-interest is the prime mover of inter-city and inter-state relations. But we also know that the consequences of such self-interested behavior. New York, Chicago, or Los Angeles, although they may be world cities, is not a good city in a moral sense. In order to moderate the drive for competitiveness, an ethic of responsibility and sharing is necessary for the emerging world order. By successfully charting out cooperative inter-city relations among Beijing, Seoul, and Tokyo and in the East Asian region, Seoul can make a significant contribution to making a new urban order in the 21<sup>st</sup> century. As a final note, I would like to remind you once again the golden rule. As Tu (1999) has aptly pointed out, the golden rule must be supplemented by a positive charge: "In order to establish ourselves, we must help others to establish themselves; in order to enlarge ourselves, we must help others to enlarge themselves."

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# TOWARD A CITIZENS' CITY: THE DALI COMMUNITY MOVEMENT OF TAIPEI

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## **Abstract**

*This paper analyzes how Dali, an old neighborhood in the old Taipei city center struggled to transform itself from resistance to the City's urban renewal plan to the militant promotion of a common project to improve the quality of community life. In the process passive residents became active citizens, and hapless individuals trapped in the "development oriented" partnership of state and capital became a formidable collective insisting on equal participation in decision-making that would affect their community. Their transformation strengthened the nascent civil society of Taipei and even won government recognition as an exemplary case of urban movement. By constituting Dali as a community, the residents contributed to the remaking of Taipei as a Citizens' City. We discuss the background, process, and preliminary outcome of this community struggle, and then analyze its implications for transforming state-society relations in Taiwan.*

## **Introduction**

This is a story of how Dali, an old neighborhood in the old Taipei city center struggled to transform itself. Beginning as a limited protest against the city's urban renewal plan, neighborhood mobilization won the support of the general public and changed the attitudes and behavior of the government as its objective shifted towards improving the quality of their public spaces. In this process residents were transformed into citizens, their transformation strengthened the nascent civil society of Taipei and became a significant case in urban movement. We will first discuss briefly the context, process, and preliminary outcome of this community struggle<sup>1</sup>, and then analyze its implications for transforming state-society relations in Taiwan.

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<sup>1</sup> For more details of the mobilization see Chen, 2000.



Dali is the name of a street in the middle of the oldest center of Taipei City. It only acquired the identity of a community in the process of neighborhood struggles. The Dali Community includes mainly two administrative units: Tangbu Li (Sugar Mill District) in the east and Lyuti Li (Green Embankment District) in the west. The two are divided by Dali Street and the daily newspaper China Times.

Tangbu Li has the longest history in the area. In the 1950s, due to the establishment of the China Times, printing and publishing became an important local and urban industry. Subsequent urban development led to the gradual relocation of the industry to Taipei County. During the 1970s, the garment industry replaced printing and publishing as the dominant business. However, since 1990, the center of the industry shifted to Wufen Pu near Songshan Station. Currently, garment wholesale and clock are still the major businesses of the area. In addition, Dali Community has many retail stores, serving the needs of its residents as well as the 3000-odd staff of the China Times.

West of the Dali-China Times dividing line is the Lyuti Li, a marsh in early days but has since become a concentration of unlawful buildings housing immigrants whom arrived from central and southern Taiwan after the Second World War. During the 1970s, Taipei City government rezoned Taiwan Sugar Company's industrial land for residential use, and co-built a number of 5 to 12 storied public housings. High density and a diverse residential population, including staff of the sugar company, civil servants, teachers, and economically disadvantaged tenants characterize this area. Although the Dali area itself is classified as industrial land in the city's urban planning document, it is in actuality, a residential space with mostly 5-storied apartment houses. Crowded living quarters, old buildings, homeless people and prostitutes, common visual indicators of central city decline and decay in all capitalist cities are present here. Because of its relatively long history, most residents are long-time Dali people, with extensive local ties. They are not the new elite of Taipei nor part of the emerging middle class clamoring for participation in the new democracy. They were the neglected majority, left behind by the rapid urban development around. Essentially, the perpetual lack of public facilities has become a nightmare of the residents, who share an indescribable sense of crisis. Comparing life here with that in the newly developed district to the east, a local woman resident gave a vivid description of the Dali community in a protest flyer: "Dali is like an exhausted old woman, panting and lying alone in a corner."

At the end of 1997, the Department of Urban Development (DUD) of the Taipei City announced an urban renewal proposal to change all industrial sites in the area to residential ones. However the proposal did not provide an effective measure to increase public facilities to meet the needs of the residents. As this was going on, the Taiwan Sugar Co. decided to rent out 1.1 hectare of semi-public land<sup>2</sup> to the privately owned Xiyuan Hospital to build a giant 700-beds sanatorium. Eventually, residents in the two Li, jointly created a "Self-Rescue Association" and engaged in a resistance struggle which lasted longer than one and half years. In the process, they created the Dali Community, and as emerging social activists began a new urban history of Taipei. How did it happen, and why did it succeed?

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<sup>2</sup> The Taiwan Sugar Company is an enterprise under the Ministry of Economics yet has the status of a private corporation. Due to historical circumstances, it received a large area of land from the Japanese colonizer.

## **An Urban Movement is Born**

The residents of Dali did not set out to create an urban movement. To understand the process of transformation from an isolated, crisis provoked mobilization to a community goal-oriented movement, we need to first examine its historical legacies.

### ***Historical Experiences of Social Mobilization***

Long before the Xiyuan Sanatorium struggle, residents of the Dali neighborhood mobilized themselves on two occasions in response to perceived personal or business threats.

First, in the beginning of 1990, a plan of the Taiwan Electric Company to expand its facilities in the neighborhood provoked a series of protests. Local residents were against the building of a second and larger power substation within ten meters of the existing one because the electromagnetic waves generated by the two plants would seriously threaten the health of nearby residents. This second substation was intended to serve Banqiao and Zhonghe areas in addition to the Wanhua area where Dali is located. The protest ended when the Taiwan Electric Company was forced to sign a promissory note, stating that in case a second plant is to be built in the future, the Company must first secure a signed agreement from the local public housing management committee. Thus, the plan to construct an expanded facility was shelved, but only temporarily.

The second neighborhood mobilization was to protest the construction of a portion of an elevated expressway linking Wanhua with Banqiao. In 1995, drilling began on a subway construction. Worried about the safety of their houses, nearby residents went to the Subway Authority to investigate and inadvertently discovered a plan to construct an elevated portion of the Wan-Ban Expressway in their backyard to facilitate the coming and going of delivery trucks of the China Times. Residents believed this would seriously undermine their movement through the area as well as increase their isolation. Twice they congregated in front of the China Times, organized the Self-Rescue Association, convinced elected local representatives to conduct public hearings which relevant government officials attended, and successfully mobilized near 400 residents to show up on the site. All these indicated the degree of public pressure which local residents were able to muster. This show of force, and the lack of significant objection from interested parties (Chi 1999; Chen 2000) led the DUD and the Subway Authority to agree to revise the earlier plan, including changing a critical elevated portion of the expressway to surface road with appropriate traffic lights.

Both protests described above accomplished the residents' purposes within a short time, indicating the effectiveness of the community network. Furthermore, by getting the elected representatives to exert sufficient pressure on government officials, and making emotional appeals while displaying uncompromising will, the residents revealed a cleverness in political and social skills. These qualities were crucial in the transformation of Dali.

### ***Transformation of Community Mobilization***

During the arduous process of mobilization and protest, Dali residents began to identify themselves as a community sharing a collective fate. They were for a long time, neglected politically and left behind economically. Now, their victories, however small, gave them enough self-confidence to recognize the potentials for change. A new phase of community mobilization developed which transformed the Dali protests into an urban movement.

## Opposing Private Sanatorium Construction

The outburst of the late 1997 resident protest against the construction of a big privately owned sanatorium for the elderly has to be traced to a dinner party in November. Hosted by the Xiyuan Hospital and the Taiwan Sugar Company the party was to explain the project to the District Chief and local elites. In December during a community briefing, a photocopied document signed by the District Chief consenting to the construction surfaced. A statement in the document alleging agreement of all District residents angered the public, and reoriented the anti-construction protest toward much larger issues of social justice and quality of life. Residents of the Tangbu District joined the Self-Rescue Association dominated by the neighboring Lyuti to form a larger organization. On the white banners stretched out by the protestors were the sensational slogans: "Dali Street has sunken to a ghetto of the poor!"; "Filling their private pockets, where is justice for us?"; "Quality of life lowered" and so forth.

Mr. L, a garment businessman of Tangbu contributed enough money to build a row of open shed<sup>3</sup>, providing a meeting place for the Self-Rescue Association and the opportunity to develop a new community organization to promote resident rights. The open shed performed a key function for the movement. Being a public space open directly onto the street, it provided timely news and information for the residents, and easy access to various kinds of promotion materials. Professional lighting, especially during evenings when meetings were in progress, further attracted passers-by to stop and investigate. Local police had intended to dismantle the "squatters" shed, but thought the better of it after interventions by city council representatives. In fact, the shed provided a center for community activities and meetings, its high visibility served as a constant reminder to the residents that the movement was still going on and more efforts were necessary.

There are historical reasons why the Dali community was so united in their opposition to the construction of the private sanatorium. During the Japanese colonial period, Dali was nicknamed "Beggars' Ghetto". In 1923, a philanthropist established "Beggars' Ghetto" to take care of the homeless elderly. Later, the name was changed to "Loving Ghetto" to make it less offensive. The current name "Taipei Private Loving Sanatorium" was adopted in 1976. In addition, this area also has the first sanatorium in Taiwan, the Renji Sanatorium which was established in 1922 to care for the mentally ill. More recently, the Genesis Foundation has plans to set up a "Street Friends" Safe Station to house the many homeless people in the Wanhua area. All these have contributed to the residents' negative evaluation of their own neighborhood. Thus, when news spread that a super large sanatorium would be constructed, it kindled their long suppressed emotion. Under the feeling of helplessness about the development of the community was buried the hope for a better local quality of life.

Almost simultaneously, the Taipei City Department of Urban Development posted its Dali Street and the Surrounding Areas Urban Development Plan (DSSAUD Plan) at the local government office. Residents thought this was the best time to express their opposition to the building of the sanatorium, and decided to protest. In January 1998, the community mobilized an unprecedented crowd of more than 600 people. After marching around in the neighborhood, they stopped in front of the District Office only to be told by city DUD officials that the protestors should go to the Taiwan Sugar Company or the Xiyuan Hospital,

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<sup>3</sup> In the final park plan designed with residents' participation, the shed is to be reconstructed or restored at a nearby location to serve as a space for resident interaction and information sharing. This will be a public space enjoyed by all and is a part of the collective memory of Dali.

since the DUD had nothing to do with the Sanatorium case. The target of the largest neighborhood protest thus disappeared into thin air.

Using their social network, a few die-hards lobbied legislators to pressure the Sugar Company. Since the Company claimed that their cooperative project with the Xiyuan Hospital was entirely legal, nothing was changed. A crucial factor which worked against the community was that the Company and the Hospital easily labeled the protestors “anti-social welfare”. The label led legislators who supported the protestors to think that the problem was caused by no more than a lack of communication between the Hospital and the residents. All that was needed was for the Hospital to explain their intentions better to gain community understanding. Thus, the resistance mobilization against the private sanatorium project met with its serious challenge stemmed from the alleged attitude of NIMBY (not in my back yard).

At this point, activists in the community sought support from the academe and as a result adjusted the direction of the movement. To underline their long-term objective, the Self-Rescue Association was renamed the “Society to Promote Resident Rights in Dali” (SPRR). On the one hand, social welfare scholars pointed out that small and community oriented sanatoriums are the international trend; more importantly, urban planning scholars reminded the residents that it was the latter’s idea to convert the Sugar Company’s land for commercial use that cost the support of the wider society. They advised the community that “to insist on the right to planned improvement of long neglected public facilities since Japanese colonial times” should be the direction of community struggle. The scholars pointed out that, the Sugar Company land is an ambiguous public-like land which can be rezoned to public facilities use. Thus, residents’ concerns for local environment gradually transformed the objective of community mobilization, and the defensive NIMBY protests were elevated to an urban movement for better quality of life. Dali’s resistance mobilization against sanatorium construction became a movement to gain a public park.

### Struggling for a Community Park

While the residents were reorienting their struggles toward securing a public park in the neighborhood, the Taiwan Electric Company tried to revive its earlier plan to construct a larger power substation. This time, the Company offered the land where its present plant is situated as the site for the park in exchange for the DUD’s approval to build a new plant on a parcel of land belonging to the Taiwan Sugar Company. Community representatives went to the Department, hoping to avert its consent. They based their petition on three points: the lack of public facilities in the community, the density of sanatoriums in the area already, and the closeness of the proposed power substation to residents’ homes. After receiving no response, the residents focussed their battle on the Commission of Urban Planning which was scheduled to meet in March of 1998 to begin discussing the plan.

The day before the commissioners were to examine the Dali Plan, the SPRR mobilized around two hundred people to protest in front of the Taiwan Sugar Company headquarters. About a dozen representatives, accompanied by legislators met with the Company’s Chairman of the Board. After more than three hours of negotiation, the Chair signed a statement promising that the Company would terminate its discussions with the Xiyuan Hospital over the plan to jointly build a new sanatorium, if a majority of the residents were found to oppose it. In about a week, the Residents’ Rights Society secured more than five thousand signatures, reflecting its superb ability to mobilize the community. Meanwhile, at

the meeting of the commissioners, about twenty community representatives showed up to question the fairness and legitimacy of the proposed plan. The residents, citing relevant laws and statistics showed that the space used for public facilities in the area was way below the legal requirement, and the shortage was just about the size of the Taiwan Sugar Company's land targeted for development. Since representatives of the Company argued vehemently against the residents' proposal, the Commission decided to establish a special committee to study the matter.

In the next few weeks, residents sought help from many scholars and experts, and composed a ten-page odd "Q & A", responding to questions raised by the Department and the Sugar Company. The brochure was revised many times and became a powerful instrument of persuasion. On the one hand, residents showed that the proposed plan neglected the basic need of the community. In addition, residents pointed out that the Department had not enforced a law requiring the China Times to make reparations<sup>1</sup> for its conversion of 3,300 square feet from industrial to residential use. Since residents displayed a high degree of familiarity and identity with local history and culture, and a sharp political sensitivity regarding the planning process, the special committee decided to ask the Department to reexamine the use of the Sugar Company land and the China Times reparations case.

The China Times was not only implicated in the hearings, residents began to ridicule the newspaper for creating traffic jams and parking problems without contributing anything in return to benefit the community. Afraid to become a new target of community protest, the China Times formed a task force with the residents to support community efforts, promising to publish their activities. In terms of reparations, the newspaper agreed to provide more than NT\$100 million (about US\$3.3 million) to defray part of the costs of building an underground parking lot beneath the proposed park, thus solving the parking problems of both its staff and the community. To reciprocate, community representatives decided not to reveal publicly the extralegal appropriation of a tiny strip of land considered having supernatural status and crucial to the fortunes of the China Times.

Next, residents contacted the newspaper staff. After a number of discussions, the China Times Union decided to support the community's action, sending representatives to attend the meetings of the Residents' Rights Society. Union members claimed that the relations between the community and the China Times staff were quite close; in the past staff were only interested in fighting for the right to work, but from now on they would pay more attention to community welfare. The Union also presented their vision of the park, hoping that it would fill their needs for childcare and parking. Similarly, community residents began to participate in the activities of the union, including for example, the "Autumn Struggle" protest march organized by the National Confederation of Unions. Mothers in the community claimed that through such activities, they understood better certain labor issues and the controversy surrounding licensed public prostitutes.

With rising social consciousness, Dali residents also supported public protests outside their immediate community such as the movement to preserve the Wanhua Bopi Sheds (Bark Peeling Sheds) and the Zhongshan Bridge among others.

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<sup>1</sup> Strictly speaking, the reparations refer to the gains and profits resulting from a change in urban plan. See, Hua, 1998.

During the early days of the community struggle, Dali residents had high hopes for Mayor Chen Shuibian, a member of the Democratic Progressive Party (DPP). It was commonly believed that if the Mayor knew about their plight he would certainly help. Yet, despite the efforts of the Residents' Rights Society, there was no concrete response from the City government. Even the positive decision made by the five person special committee of the Planning Commission in support of the residents in May of 1998 was overturned in the Commission meetings due to the strong opposition by the Department and the Taiwan Sugar Company. The SPRR by now was totally frustrated.

Fortunately, the political situation in Taipei turned the tables in favor of the community. By the end of May 1998, Ma Yingjiu, a member of the KMT and the only potential challenger to Mayor Chen's reelection announced his candidacy in the upcoming mayoral contest. Even though Dali residents had long been supporters of Chen's DPP, the SPRR decided to temporarily cast aside their party favoritism to take advantage of the inter-party competition in order to achieve their community objective. Thus, the Society on the one hand continued to negotiate with Chen's City government, and on the other, actively and openly solicited the support of his challenger. It was only after the residents' successful manipulation of electoral pressure that the City responded. On June 26, the Society staged a huge meeting, the "Briefing on the Future of Dali Community", inviting all candidates for legislators and mayor. That evening, hundreds of banners lined the street, and thousands of residents crowded into the meeting place. The red caps worn by Society members were seen everywhere. Legislators and their challengers of all parties came to express their support, and the Deputy Mayor also came to offer good will. The climax was of course the appearance of Candidate Ma who affirmed the demands of the grassroots. Effects were enormous. Sensing the threat, the City government turned around. At the urge of the community, the Department of Civic Affairs came on July 1 to investigate, and earmarked two buildings on the Taiwan Sugar Company's land, the storage of the Company and the Train Station Platform, historic constructions for preservation. Two days later, the Deputy Mayor personally chaired the meeting of the Urban Planning Commission. After two rounds of voting, a proposal to designate part of the Company land as parkland passed by a narrow margin and was forwarded to the central government along with the entire redevelopment plan. Until then, the Dali community movement could finally claim preliminary victory.

### Constructing Community Cultural Identity

After the DSSAUD Plan was forwarded to the Ministry of Interior, the Society for the Promotion of Residents' Rights decided to focus on long term community development. Worried that the solidarity just achieved might dissipate with the preliminary victory, and the obvious fatigue of the residents, the SPRR organized its first Seed Camp for Youth and Young adults. Financially supported by the China Times, the Camp offered a program with emphasis on the local culture, history, and environment of the Dali Street and Wanhua area.

Since the Sugar Company's storage house and the railroad platform were officially designated as historic monuments, the community, after heated debates, center on cultural preservation as the primary issue to rally people in and outside of the immediate Dali neighborhood, with the intention of broadening community struggles to a full fledged urban movement. In the process of mobilization, residents had already realized the historical relations between the Taiwan Sugar Company and the community. The development of the sugar industry, railway transportation, old platform, red bricked storage, and so on were parts of the collective memory of the local people. Therefore, whether it was the objective or the

means to a higher objective, local cultural preservation was a consistent choice. Thus, at a public hearing in the Legislature entitled “Transform the Old Neighborhood, Hasten the birth of a Cultural Community”, except for the Sugar Company representatives, all the legislators, officials, scholars and SPRR members affirmed the value of local history and culture, and encouraged the reconstruction of the community accordingly. The representative of the Company still insisted that the interest of company stockholders was to remain the primary factor in their consideration.

But even this position was challenged by the SPRR. Working through its own social network, the organization found a reputable real estate evaluation company to assess the four Taiwan Sugar Company’s potential land use alternatives: (a) City government expropriation of development volume transfer; (b) Company to build and sell homes on the site; (c) simply sell the land for a profit; (d) lease the land out for development such as the Xiyuan’s sanatorium proposal. It was found that among the four proposals, (a) was the most advantageous to stockholders since it would yield the highest returns. Contrary to the claim of the Sugar Company, proposal (d) or the controversial Xiyuan Sanatorium joint venture was the worst choice in terms of monetary returns to the stockholders. This set of assessment was presented to the Company at an arbitration meeting called by several legislators, but Company representatives insisted that they had their own assessment. Due to the revelation of the alternative assessment, the public was unconvinced by the claim of the Sugar Company. A rumor circulating in the community alleging “consideration of relations between politics and business at the higher government levels” in the case, though unconfirmed, contributed to the doubts held by the public. At the local level, Dali residents could use electoral votes to influence politicians, but moving up to the central level, their lobby had limited effect, insufficient to counter the extensive political and economic networks of the Taiwan Sugar Company.

On November 10, the Urban Planning Commission of the Ministry of Interior began to evaluate the DSSAUD Plan. That morning, residents, again wearing their specially made vest and red cap, waited at the Ministry. Several legislators also accompanied resident petitioners to the meeting. After listening to the arguments on both sides, the Commission passed six resolutions, demanding the Taipei City Department of Urban Development to explain their position more thoroughly, and organizing a special committee to examine the case further.

Two points raised by the national commission had special significance: why was there no reparations of planning gain/profit sharing when industrial land use was changed to residential use? And, how would park use and historic preservation coexist? In fact, as to the former, the Department was indeed at fault. Community residents however were divided on their positions regarding planning gain/profit sharing, which planted the seeds for the subsequent split of the SPRR. As to doubts raised on the coexistence of park construction and historic preservation, although seemingly unfavorable to the proposal of the residents, they could be dealt with satisfactorily through planning and design techniques.

Since the Commission’s work was delayed until 1999, the heated mayoral election campaign had ended with the triumph of the KMT candidate Ma, and a new Department Director was appointed. At this point, the struggle to win a park was hanging on two basic questions: how to respond effectively to the Sugar Company’s argument that “parks should be dispersed in the community”; and, can the City government provide a financial plan guaranteeing the

successful expropriation of private land for Company use in exchange? The SPRR contacted the City officials, hoping the new mayor would fulfill his election promise. Residents showed up en masse at the Commission meeting where discussions seemed to be standing still. Representatives of the SPRR were tense and worried. Finally, the new Department Director Chen Weiren arrived and immediately announced that if the City could not use the method of development volume transfer to obtain the land for the park, it would include the expropriation costs in the City budget. With the Director's promise, the atmosphere improved, and the Special Commission passed the proposal to reserve the Sugar Company land for park use, leaving the larger issue of reparations stemmed from land use change to the general Commission meeting.

Eventually on April 27, 1999, the Commission of the Ministry passed the revised DSSAUD Plan, and the park was ensured. From that point on, the interaction between the City and the community became more congenial, which led the Department Director to claim: "The success of the Dali Plan is a good case study. During the process, local residents were united in their participation and interacted well with the City. From now on the Department will follow this example and promote the Dali model in all our subsequent redevelopment projects."

On July 22, the City's Department of Civic Affairs, the Wanhua District Office, the China Times and other institutions jointly held a public event called "Goodbye to Railroad, Restart Wanhua" in celebration of the closing of the Wan-ban railway and the opening of the Wanhua subway station. The reconstruction of Dali community entered another new phase. On the one hand, with the support of the China Times and the assistance of professional community planners, a process of resident participatory design for the park began. It is anticipated that after the schematic design is approved, the China Times will engage an architectural firm to do design development, complete working drawing, and proceed on to the actual construction of the park. On the other hand, the Department of Urban Development is promoting a system of community planners, hoping to extend the participatory experience of the Dali Street redevelopment to the east of Xiyuan Bridge, a predominantly garment district with a mixture of residences and businesses. With the help of the Mengjia (Wanhua's name in the Ching Dynasty) Business Circle Promoters Group comprised mainly of second generation garment industrialists, the Commerce Department of the Ministry of Economics intends to push its Re-imaging the Business Circle Project to elevate the know-how of the garment business and transform the old Wanhua Center. Instructors of the Garment Design Department of the Shijian University have already expressed their willingness to assist. In addition, since community colleges are beginning to mushroom in Taiwan, the China Times intends to support the establishment of such a college in the new Wanhua Station Building to connect with the rising interest in raising the quality of garment industry. Frankly, the technological upgrading of local industry and local economic restructuring are fascinating challenges. But in Taiwan, due to institutional barriers, even Taipei City lacks an institute to promote and execute local industrial development policies. This is much more difficult than organizing community protests, struggles for public facilities, community reconstruction, and citizen autonomy. However, as one mother in Dali community expressed in a discussion aired by the local cable TV: "Wanhua will no longer be the powdered face of an old woman...but more like a well-made up attractive middle-aged lady".

This is the actual urban experience of ordinary citizens, a case well worth our reflection and analysis.



## **Urban Movement and State-Society Transformation**

The Dali community movement successfully employed movement strategies, mustered the collective power of a mobilized community, and at a particular historical juncture helped to begin to transform the institutional relations between the state and the society in Taiwan. We will discuss this claim at three levels.

### ***Community Organization and Political Parties***

As we pointed out before, the Dali community was skilled at mobilizing its social network and bringing the influence of legislators to bear on negotiations and confrontations with its adversaries. During the process of this case, from anti-sanatorium to pro-park, members of the SPRR demonstrated clearly their ability to make crucial linkages and alliances. In their interactions with the Taiwan Sugar Company, the DUD, the National Management Commission of the Ministry of Economics, the Construction Department, the Ministry of Interior, the Secretary General of the Executive Yuan, and other organizations, the SPRR successfully lobbied and used elected representatives at different levels. Whether it was to initiate mediation meetings or to host public hearings; to conduct inquiries or to arrange meetings with key officials, the SPRR was so effective that they created a space at the institutional margins. Especially successful was their management of supra-party relations, placing the collective interest of the community ahead of personal party loyalty. The ubiquitous *guanxi* or social network present in Chinese communities was highly operative at Dali, which was at least partly responsible for the creation of an autonomous social space, as well as being a historical basis for the construction of a public sphere during the community movement. We see *guanxi* not as the “essence” of Chinese culture which can be applied willy-nilly to interpret all social behavior, but as an analytical tool anchored in historical analysis. Two aspects of the Dali case illustrate our point.

#### High Political Sensitivity

Dali Community is highly sensitive to the political process of social mobilization. This is in part due to their sensitivity of personal relations. But perhaps more important is their awakening to the contrast between long term government neglect of the old central city neighborhood that residents have endured, and the fast development of Eastern Taipei. The lack of improvement of public facilities and local environment in a sea of change produced a strong yet submerged sense of crisis, which became a powerful motivation for social action. It was a case of “do or die”.

Perceived as a final struggle for survival, the community was able to utilize the special political opportunity offered by the election, and created a political milieu favorable to their cause. As an old neighborhood of an old city center, Dali community revealed an impressive reservoir of people power, which led to a ferocious competition between the two mayoral candidates. Incumbent Chen and challenger Ma eagerly endorsed the community proposal after lengthy delays and stalemated negotiations. The timing could not be better, since both candidates incorporated the DSSAUD Plan into their election platforms, and candidate Ma even openly deplored Dali’s lack of public facilities in a TV debate. All of a sudden, the sleepy and stigmatized Dali became famous, and the Dali community movement became an object of good will.

### Strong Community Autonomy

In comparison to other social actions in Taiwan today, community autonomy is an important and special characteristic of the Dali urban movement. Although citizens of Wanhua were habitually DPP supporters, their autonomy gave them the capacity of reflexion. Residents were used to seek out the support of DPP legislators in difficult situations, but since the DPP won control of the Taipei City, residents soon discovered that the effectiveness of DPP legislators became more limited. They then accepted the suggestion of professional planners to maintain equal distance between each of the three contending parties: KMT, DPP, and New. One member of the SPRR frankly stated: "whoever has milk is mother", the community would accept any assistance regardless of political affiliations. For example, even in the case of the New Party which has had hardly any relationship with Dali, its legislator also hosted a public hearing on Dali's campaign for a "Cultural Community". These were of course pragmatic aspects of the SPRR, but were also the expression of an autonomous community. In the end, legislative representatives from all three parties competed to assist. Dali community has experienced the administrations of both Mayor Chen and Mayor Ma, and has come out in flying colors. Such results are not simply a matter of tactics, but have theoretical implications. As Castells (1983:278) states, social transformation and political struggle though interrelated, do not operate at the same structural level. Urban activists must maintain autonomy from political parties in organization and in consciousness, only then can social and collective autonomy be constructed and lead to significant change. Not surprisingly, some individual members of the SPRR were unwilling or unable to set aside the habitual burden of party politics, became disappointed at the election results and left the SPRR, causing considerable damage to organizational solidarity.

In so far as politicians displayed different attitudes toward residents' petitions, the residents also felt differently toward individual politicians. Residents never stopped commenting on the respectful attitudes of Mayor Ma and the new Department Director Chen, and the speed of their response to community queries. Under their administration, participant design became an accepted process which residents could demand for and execute. At the structural level, the case illustrates that, mobilization strategies adopted by the urban movement can gradually changed the relationship between community organization and political parties. The process of mobilization through participant design has already slowly begun to transform the institutional relations between the state, especially the local state, and the society.

### ***Community Organization and the Media: A Paradox of Exposure***

Competition among the politicians to show goodwill to Dali was to a large extent due to unusual media attention. The key of the relationship between the Dali Community and the media was the China Times. Early in the protest, after residents accused the newspaper of damaging the community's environment and lowering their quality of life, the China Times reluctantly conciliated to maintain good public relations. However, during the process of interaction, the China Times became convinced of the material benefit as well as the responsibility of participating in community affairs, and earnestly provided support, especially in terms of publicizing and supporting community activities, and financing public facilities that would benefit both. The park is a public space which can be shared so it was not difficult for the newspaper and the community residents to join hands to seek state resources. The change in relations between the China Times and community organization was a key element in the subsequent success of the movement. At least, the newspapers'

agreement to help fund the park as community obligation<sup>5</sup> payment was the decisive factor in securing the change in land use. In terms of the importance of media exposure, we can single out three specific aspects.

### The Legitimacy of Community Activism

As the anti-sanatorium struggles changed from a resistance protest suspected of being motivated by NIMBY attitude, to an urban movement struggling for a park to improve public space, the media began to affirm the action. Their continuous reporting influenced the opinion of the general public and raised the latter's awareness of the urban problem. Positive media attention legitimized the Dali movement.

### Honor and Community Solidarity

To the residents, the favorable reporting of the China Times bestowed honor on the community which promoted internal solidarity. Especially after other media followed its lead, and the story of Dali appeared in various forms, community stigma disappeared and was replaced by public admiration. Residents were elated every time some reporters came to investigate, and spent a great deal of time making preparations.

### Guarantee Bottom-line Victory

For a while during the process of the park struggle, things were at an impasse and the situation looked bleak. Even those legislators who supported the community plan were unable to resist the pressures from the special political and economic relations of higher officials. It was the media that kept the heat on and ensured at least a minimal victory.

Paradoxically, successful utilization of the media often leads to a dependency on personal network, and a focus on external relations at the expense of intra-organizational interaction. This situation can easily damage internal solidarity when the social movement is at a low point. As an organization, the Dali SPRR suffers from inadequate interpersonal communication, and has yet to establish an effective way to manage internal differences of opinion among its members.

These differences sometimes led to serious conflicts driving some members to leave, and formed a significant source of pressure toward organizational dissolution. Fortunately the conflict and segmentation frequently observed in Taiwan's movement organizations though exist in Dali, so far have not led to serious damage. The high level of its community autonomy may serve as an antidote to the temptation of over-reliance of the media and external sources.

The Tangbu Park, as a public space shared by the community residents and the China Times, is not only part of the collective memory of the relations between the community and the Taiwan Sugar Company, but also a symbol of mutual cooperation and benefit between the community and the China Times. The positive reporting of the China Times and other media that followed, affirmed the legitimacy of social activism, and served as a response to the emerging power of the civil society in Taiwan. This affirmation of citizens' autonomy is very different from the "state over society" perspective inherent in the statist discourse. That the

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<sup>5</sup> The community obligation payment refers to the cost of the burden on community public facility due to development. See Hua, 1998.

power of civil society is now endorsed and publicized positively by the media forms the necessary condition for the growth of grassroots democracy.

### *Relations between the Community and the Professionals*

The agility displayed by the SPRR during the process of struggle, a necessary element of movement practice, is also reflected in its attitude toward professional planners and interactions with intellectuals in the academe. There are three types of professionals with whom the community formed some kind of relationship: radical/critical scholars, radical planners, and radical/planners/urban activists. We can analyze these relations in two aspects.

#### Theoretical discourse and Social Practice

Radical and critical intellectuals have always given themselves a role in social movement: with theoretical insight, they assist community activists in analyzing the situation, so as to clarify potential pitfalls in their praxis. Thus, the anti-sanatorium struggle likely based on NIMBY changed to a social movement for public facility as a result of conscious community decision, expanding and elevating the level of community participation. Two other specific arguments of the intellectuals helped shape community strategy. First, academics suggested the adoption of participatory community reconstruction in contrast to the well known past strategy of attracting landed capital by raising the ratio of the development volume of land. The latter has proven to result in serious problems of gentrification. Second, the academics pointed out that high intensity development will raise market price but lower the quality of life in the community. As for the SPRR, interactions with the academics called their attention to the importance of precision, argument, and presentation. The SPRR developed flawless arguments, accurate statistics and information, well-written reports appropriately illustrated with photos. Their thoroughness and “professionalism” often surprised and truly impressed everyone at public presentations and in communications.

#### Practicing Community Reconstruction

A few graduate students of the Planning Institute of the National Taiwan University participated directly in the work of community reconstruction as interns. Their major involvement had to do with community planning and design and included such things as staging community events, designing environmental improvement projects of smaller parks, running potential cadre training camps for young adults and adolescents, and publishing community newspapers.

During the process of the urban movement, participating intellectuals played three different roles vis-à-vis the community: (a) one as a radical/critical scholar providing analysis and consultation assistance; (b) several as a group of radical planners involving in professional community planning and design work; and (c) one as a radical planner and urban activist playing both professional and resident roles, who was an important member of the SPRR. Each of the three types of intellectuals had their own functions, but they exchanged information and ideas, cooperated on various fronts and facilitated the advancement of the movement.

The key factor in the relationship between community and academy was the equality and relative autonomy from each other. Intellectuals are familiar with theoretical analysis, research design and execution, and are often called on to provide professional services. In

contrast, movement activists directly confront politics and real situations which requires the ability of mobilization, organization and political judgement. On the one hand, academics are not suited to direct social movement, but could provide autonomous theoretical analysis and suggestions based on it; while on the other hand, movement organizations have the full authority to make political decisions, respond to theoretical analysis with actual situations, and shoulder the responsibility for the success or failure of their activism. Among leftist movements, if theoretical analysis assumes too much of a role, movement strategies can easily become unrealistic and as a consequence produce irreparable tragedy. Taiwan intellectuals command much respect in the society, therefore are not very self-conscious of their own arrogance in relation to praxis.

Of course, during the process of the Dali struggles, there were many problems stemming from the unequal relations between various roles that needed to be overcome. For example, some community activities were too political by design, legislators gave speeches in turn causing residents to complain. Also, on several occasions, it was clear that residents were not as interested in participating in the work of design as in visiting other communities, which raised some people to suspect that petitioning for a park was just a means to oppose the sanatorium. Especially after the DSSAUD Plan was passed and the crisis over, residents' enthusiasm in community participation significantly declined.

The most serious conflict occurred on the issue of "industrial turned residential" land planning gain/profit sharing. The SPRR was divided. On the one hand, high capacity brings high exchange value, a material temptation difficult to resist. It is also the structural motivation behind Taiwan's rapid economic development for the last thirty years. The enormous profit derived from land appreciation is one urban mechanism, brought about by the redistribution of surplus value accumulated in the export oriented manufacturing industries in the world market. As one of the promoters of a speculators' city, urban space is the realization of exchange value, the middle and small landlords are the beneficiaries of land speculation. This has been the major strategy of urban renewal in Taiwan. In other words, the state was the fuel that heated the land market up, and through the market and the investment of middle and small construction companies, the cities in Taiwan were turned around. The primary historical process of Taiwan's cities and people's urban experience were the endless demolition and reconstruction of the city supported by exorbitant land values. This is of course the function of capital: destructive creation.

However, on the other hand, those members conscious of their professional role. And the radical planners insisted that if the ratio of development volume was not lowered then the developers must pay planning gain/profit sharing to the local community. There were two points to the argument. First, the principle of social justice would demand that Dali, in comparison with other communities, should not become a special case. Second, the consequence of the usual development style would be contrary to the expectations of the residents. Currently, the actual ratio of development volume in the area is about 180%, already leading residents to feel the pressure of high-density living and poor quality of life. To change the ratio to 300%, even to 400% when rewards for certain redevelopment features were added, would be disastrous. At that point, residential density would be much higher, traffic more congested, and environmental quality worse. Thus, the radical planners suggested that the community first try to reduce the planned development volume ratio to 225%, and use it as a condition for not pushing the planning gain/profit sharing issue. Otherwise, the high development volume ratio would induce developers to tear down and

rebuild, then the existing old neighborhood with its myriad of social networks would disintegrate in the housing market.

Most residents were caught between these two views. In the end, “no planning gain/profit sharing” won, and became the position of the SPRR advocated in the Urban Planning Commission. This decision of course deepened the intra-organizational cleavage that was already in existence. We maintain that the argument is one between the primacy of exchange value and use value. The former is the mainstream urban consciousness in present-day Taiwan, as represented by the spirit underlying policies that “encourage private sectors to invest in urban renewal enterprises”, and is the revelation of capital. The latter is just the opposite. It focuses on the locus of current urban structural conflict, and argues for the adoption of the use value of urban space as the new objective of urban struggles. By so doing, the laissez-faire process of land commodification will be terminated, and we will be able to redefine our spatial and social position, finding an opportunity to transform the structure of space and society.

How can we build our hope for urban redevelopment on the imaginary city of high capacity living? When state policies try to cover up long term collective under-consumption by manipulating the symbol of development, if we fail to challenge the development-oriented trap, how can we legitimize our role as urban activist at this historical conjuncture?

### **Conclusion: Challenges, Limitations, and Potentials**

The old town of a city has its fascination, which can be a fatal attraction. We have already discussed the ongoing transformation of Dali as a process of self-empowerment. The transformation of Wanhua in which Dali is located, promises to be a much greater challenge to Taipei City. It will test the ability of urban activists to forge a vision that gives priority to people’s needs while preserving the character of their community. A perspective that is use-value oriented and formed through citizens’ participation needs to be developed.

#### ***A Greater Challenge: Enlivening Local Industry and Community Empowerment in Globalization***

The major problem of reconstructing Wanhua is how to enliven and raise the competitiveness of its industry in the age of globalization. At the center of this problem is the creation of a product which is linked to community identity. This product must incorporate Wanhua’s special cultural characteristics and fully realize the potential of the local labor market. Such is the challenge to academics and professional planners. How can Wanhua’s current garment entrepreneurs develop their capacity to manage and control distribution channels, to face their customers directly, and to gain immediate access to information, so that they can coordinate the production process already divided between Tainan, Shalu, and even the Chinese mainland, thus establishing a competitive edge? In this process of development, what would be Wanhua’s relationship with Wufenpu, the newly established garment production center? If Wanhua is not competitive in garment, what substitute can be found? The answers to these questions must base on careful research instead of habit or fantasy, otherwise the risks may be too high for anybody. How can the transformation of local economy and social structure be coordinated, and how do we overcome the gap? The entrepreneurial spirit of Wanhua’s middle and small enterprises, their learning capacity and ability to build social networks are favorable elements to be activated to support Wanhua’s transformation. If Taipei City is a

local government interested in doing “real work”, then it must provide institutional support to local initiatives and energy (Hsia, 1999).

The other challenge of Wanhua reconstruction is how to realize community participation as a process of collective empowerment? Its opposite is the usual practice of urban renewal by bulldozers. The resulting land speculation discussed above would end the existing community life and the historical color of Wanhua. Raising the quality of local network and grassroots citizens is intimately related to enlivening local industries, because only then can the local community develop in the image of its inhabitants.

### *Limitations to be Overcome*

We offer a direction of future efforts only to remind the local government and community residents that the rebirth of Wanhua and reconstruction of Dali can never be achieved simply by staging some lively activities that attract people’s attention but not sufficient to empower the community. The success of Dali so far has already revealed certain weaknesses in organization. The biggest was unmanaged internal friction which led to cleavages and organizational split. This problem also increased the barrier in communication with the intellectuals. Just as the experience of local social movement shows, when the immediate crisis dissipates, internal cleavages and the decline of community energy are problems that need to be dealt with. The solution depends on the self-conscious reflexion of organizational members who can build solidarity through dialogue and communication. Only then can the Dali movement have an opportunity to escalate and transform. Otherwise the community will be destroyed in an incessant wave of “development” projects, leaving the residents as isolated individuals in a relentless market. Dali community activists already discovered that the Taiwan Electric Company is planning to resubmit its plan to construct a large plant. Another serious crisis seems to be approaching.

An understanding of the relationship between “resistance identity” and “project identity” and the process of development from the former to the latter require reflexion and self-consciousness, which are the key capacities of the growth of Taiwan’s civil society. Following Giddens (1991:209-231), Touraine (1995:233-253), and Castells (1997:6-12), we maintain that social movement is a process whereby individual’s value orientation is changed through collective learning. The individual is transformed into subject during the construction of “project identity”. The subject is not the individual but the collective social activist. The individual comes into contact with the idea of the collective in their joint experience, therefore subjectivity constitution is a process during which various values held by individuals are transformed. In the Dali urban movement, resistance identity was developed into project identity when the collective experience of the past was transformed to collective identification with the future, a process achieved through participation and reflexion. How is the project identity of the Dali community to develop in the post-traditional order? How, faced with the new historical condition of global informational capitalism and the insecurity of the nascent civil society, can community residents constitute a new project identity?

### *Historical Potentials*

Dali activists are public minded. Their militant style, eloquent speaking, crisis management ability, effective social relations, and mobilization network have already established the Dali community as a model of citizens’ movement in Taipei City at the turn of the century, and

especially a model of social mobilization of an old neighborhood in old town. During the process, they found a project-oriented objective of mobilization out of the history of resistance. Residents struggled for a park and public space, and for the improvement of community living, both are legitimate citizens' rights to urban service and collective consumption. The community promoted a new understanding of the Taiwan Sugar Company history, and the reconstruction of local cultural identity, which formed the material basis for a collective local memory. In demanding transparency of the City's decision-making process, the Dali SPRR presented its ability of community self-control and management. Their successful use of politics allowed them to maintain community autonomy. By extending their social networks, they won the support of the media; and by interacting with intellectuals and professional planners, they facilitated the growth of the movement. This whole process indicates a significant transformation. The Dali movement was once just a one-way, one-time, one-issue urban protest. But when they developed an alternative common vision, the SPRR actually provided an alternative social organization, an alternative space, and an alternative city. The citizens' city supported by the Dali social movement has certain qualities. It is a city seeking an expansion of public space where the realization of use value is the primary concern; affirming community self-management through citizens' participation; and valuing the living community of an old neighborhood and local identity by cultural preservation. The Dali case indicates the emergence of a civil society, a representation of urban and community territorial identity in the everyday life of the inhabitants. The autonomous interactions between the local state and the community is worthy of emphasis. Unlike the traditional patriarchal hierarchy familiar in Taiwan's bureaucracy, their dialogues were horizontal and based on equal status, which has already helped to transform state-society relations toward equality. The residents of Dali grew from disgruntled and passive residents to become militant and disciplined activists in urban movement. Their experience gave new meaning to the history of Taipei City. Indeed, they created history by creating the Dali Community. This is part of the constitution of civil society which began to render Taipei as a Citizens' City.

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# SESSION THREE

## SOUTHEAST ASIAN PERSPECTIVES



# NEW APPROACH IN PLANNING IN INDONESIA'S URBAN REGIONS: THE CASE OF WEST JAVA AND BANDUNG METROPOLITAN AREA

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## Introduction

After enjoying thirty years of stable economic growth and political stability, Indonesia is now faced with serious economic, social and political problems. The financial/economic crisis hit in 1997 and led, a year later, to the abrupt collapse of the New Order Era under the President Suharto. Economic recovery programs so far have not been able to overcome the high rate of unemployment, increasing incidence of poverty, decreasing income and investment, further degradation of the environment and the country's balance of payments deficit. Reformation of the political system, aiming at greater democracy, has created a general euphoria which is essentially a learning process for both the government and society at large. The question now is how and to what extent the democratization of the country can be carried out.

While all this is happening, the country is under serious threat of territorial disintegration, partly a result of the long-standing political suppression and unfair division of wealth between central and local governments. As demands for greater regional autonomy were becoming stronger, the Government launched Law No. 22 on Regional Government and Law No. 25 on the Fiscal Balance between the Center and the Regions in 1999 for early implementation in 2001. The aim of these laws is primarily to devolve power to local authorities, that is to say to provincial (*propinsi*), district (*kabupaten*) and municipal (*kota*) levels.

Under the new administrative arrangements, cities are faced with enormous challenges to both maintain and improve their role as centers of economic, cultural, technological and institutional development. Internal as well as external forces are simultaneously affecting the performance of cities. Inexperienced as they are in self-administration, Indonesia's local governments are facing further uncertainties, since the operational regulations and guidelines to implement the new legislation are not yet available.

In addition, most local governments lack the institutional, financial resources and human capacities, and perhaps even the will to implement a system of good governance, a mindset that has, after all, been shaped by decades of dependency on central guidance from Jakarta. Similarly, outside the legislative and executive bodies in the many regional governments of this vast and complex country, communities lack both the awareness and experience in exercising their democratic rights and responsibilities. Globalization facilitated by rapid technological advancements in communication and transportation, institutional changes, and the rapid circulation of information, knowledge and capital requires regional governments to be more responsive to rapid change if they want to "seize the day" in global networks and minimize negative impacts from globalization.

In light of this situation, it is inevitable that local governments will have to *re-invent* their approaches to and ways of managing their own development. And if this were not enough, there is the further challenge arising from democratization, which is the need for local governments to become accountable to their constituencies. Most local governments in the country have been aware of this for some time, but so far only a few of them have actually begun to practice new approaches to governance. To the author's knowledge, West Java Province and Metropolitan Bandung are the first two regions in the country that have seriously begun to re-invent their approaches in preparing strategic plans.

In terms of urbanization, the two regions are unique: West Java Province is highly urbanized already, particularly along the corridor of Jakarta-Serang, Jakarta-Cikampek, Jakarta-Bogor-Bandung, which forms a single urban constellation (McGee and Robinson, 1995:10). West Java's current level of urbanization is estimated at 45 per cent of total population, or nearly 19 million, compared to 1980 and 1990, when urban population stood at 20 per cent and 35 per cent respectively. The Bandung Metropolitan area, the third largest urban agglomeration in the country after Jakarta and Surabaya, consists of rapidly growing urban areas in the two administrative entities of *Kota* Bandung and *Kabupaten* Bandung. In 1997, about 70 per cent of the population of Metropolitan Bandung (total population: 6.2 million) was counted as urban. The strong linkages between Jakarta and the major centers in this vast urban corridor--Indonesia's own megalopolis-- constitute a single urban system. At its center, the capital city of Jakarta is only a part of this conurbation.

This paper discusses the process of preparing 'strategic plans' in West Java and Metropolitan Bandung. It will also analyze the extent to which these plans are different from those in the past, and how they are being translated into operational plans. As the processes of preparing the strategic plans are still in progress, the analysis will only be limited to what has been achieved so far.

The paper proceeds as follows: section 2 presents an overview of the setting that drives local governments to re-invent their strategic planning approaches; section 3 discusses the actual process of planning in the two regions and their transformation of strategic into operational plans; finally, section 4 concludes with some general comments on this experience so far.

## **The Setting: Reformation, Democratization and Decentralization**

The political changes from an authoritarian regime to a more democratic environment, from a strongly centralized and top-down management of all aspects of development to a more decentralized and 'bottom-up' system, from a non-transparent to a more transparent system of governance--all of which have taken place since 1998-- have promoted local government and given voice to civil society. Unlike the former system where the parliament (DPR) and local councils (DPRD) were comprised of elected representatives of only three parties (Golkar, which was the official government party; PPP and PDI) along with representatives of the armed forces, the present parliament and DPRD members come from elected representatives of no less than 42 parties, with a proportionately smaller number from the army. The reformation era's election system is believed to be more democratic, because campaigns were carried out in a more open

environment, and voters, including civil servants, could freely vote according to their conscience. With a more open electoral system, people have high hopes that their representatives in parliament as well as in local councils will give voice to their own aspirations and needs and hold executive power more accountable.

Moreover, the power of civil society, suppressed by the government for three decades, has become stronger in all aspects of development. Government has recognized their role and has welcomed partnerships with civil society, including NGOs, in moving the development process forward. Nowadays, NGOs are actively involved as facilitators and advocates for disadvantaged groups as well as through research. The number of new NGOs is growing daily in response to greater democratization and people's desire to voice their demands. In some municipalities, so-called 'urban forums' have recently been established. In *Kota Bandung* for instance, a forum called *Sawarung*, an association of local NGOs, has been active in carrying out action research on urgent public issues, as well as advising and monitoring local government. Other forums are now active in Surabaya, Semarang, Pekalongan, Malang, etc. Most of them are locally initiated and have participants from civil society, the private sector, bureaucrats and experts.

Law 22/1999 on Regional Government and Law 25/1999 on Fiscal Balance Between the Center and the Regions will undoubtedly accelerate and facilitate the reformation and democratization process. The central government is committed to start implementing these laws as of January 2001 despite an increasingly tight budget faced with bank restructuring charges, debt servicing provisions, continued subsidies, and other recurrent costs (Advisor Working Group, 2000:3).

Under the new legislation, Districts and Municipalities have been given substantial autonomy. They have authority over all governmental affairs, including public works, health management, education and cultural affairs, agricultural development, transportation, the management of manufacturing and trading activities, the management of investment, environmental matters, land management, matters related to cooperatives, and manpower management. Provincial government will function primarily as the representative of the central government in the region, have only limited autonomy, and where needed, will coordinate the relations between the center and local governments.

Quite different from the previous Law on Regional Governance (5/1974), Law 22/1999 stipulates that the relations among the central, provincial and *kabupaten/kota* governments are not hierarchical, and that local governments enjoy equal status in managing their affairs in partnership with the DPRD. The election of the district head (*Bupati*) and city mayor (*Walikota*) is now wholly the responsibility of local councils, whereas under the old laws, local councils could only nominate candidates, with the Minister of Home Affairs making the final appointment. Under the new system then, both *Bupati* and Mayor, along with their staffs, are accountable to the DPRD. However, the provincial council (Provincial DPRD) must consult with the President in the process of appointing the Governor.

As regards public finance, Law 25/1999 specifies that local government will have two major revenue sources: (1) from local taxes, user charges, and local enterprises and (2) from intergovernmental transfers. The Law also stipulates that the central government will have to allocate at least 25 per cent of its domestic revenues to reduce gaps in local governments' fiscal

capacity. On the other hand, District heads and mayors will be accountable to the DPRD in their financial management and will be obligated to make their accounts public.

As a result of these new arrangements, local government will (it is hoped) become more accountable to its citizens and will--given the inevitable shortage of public funds-- have to mobilize resources increasingly from the private sector and the community at large. At the same time, and in the context of globalization, local government is now challenged to become more competitive in attracting outside investments. Thus, working in partnership with civil society in all aspects of the development process becomes unavoidable. Yet, so far, only few local governments have started to think and act along these lines.

### **New Approach in Planning: Participatory Planning in Progress**

Indonesia's pre-reform system of planning was highly centralized. At the national level, there were the National Second Long-term Development Plan (National PJPII), a Broad Outline of the Nation's Direction (GBHN) and a Five-Year Development Plan (*Repelita*) (Figure 1). The National PJP II was then translated into provincial and district/municipality PJPII, whereas the GBHN was translated into Basic Principles for Development (*Poldas*) at both the provincial and the district/municipality level. Similarly, the National *Repelita* was elaborated into Provincial and District/Municipality' *Repelitas* (at present called *Propeda*). Both at the provincial and district/municipality levels, the *Repelita* was then elaborated into an Annual Development Plan (*Repetada*) to be used as a guide for preparing the annual budget. The GBHN was prepared by the People's Consultative Council (MPR) at five-year intervals, following elections; similarly, the *Poldas* were prepared by the Local Development Planning Board (*Bappeda*) and enacted by the DPRD. The National *Repelita* was usually prepared by the National Development Planning Agency (*Bappenas*), in consultation with relevant Ministries, and enacted by Presidential Decree. The provincial/district/municipality's *Repelita* and *Repetada* were prepared by the *Bappeda*, mostly with the assistance of consultants, and enacted by executive Decree. The role of the DPRD was only to endorse the *Repelita*.

In parallel with these functional plans, Indonesia also had spatial development plans from the national level on down to districts and municipalities. Except for the National Spatial Development Plan which was prepared by the Coordinating Body of the National Spatial Development (BKTRN), the Provincial and the District/Municipality Spatial Development Plans were prepared by the respective *Bappeda* with the assistance of consultants. No effort was made to consult with the public or other stakeholders, and consultations with relevant government agencies were also quite limited. In general, it is safe to say that the public knew very little about the contents of any of these plans at whatever level. The non-transparency of almost all of development plans to the public, and the undemocratic climate during the New Order Era (1967-1998), made it impossible for the public to measure the performance of the government and thus to hold it accountable.

- Figure – 1 here -

Since the newly elected government under President Abdurrachman Wahid in 1999, the

government has started to change its approach to preparing development plans. Although still in the beginning stage, many local governments have been aware that they should have medium- and long-term plans that can accommodate internal as well as external changes, in other words, plans that are flexible and strategic frameworks rather than detailed and rigid allocations. Moreover, in the present climate of decentralization and democratization, the government realizes that it cannot work in isolation if the objectives of the national and local development are to be achieved. *Bappenas* (now under the Coordinating Minister for Economy and Industry) is preparing the Five-Year National Development Plan, now called *Propenas*, not only in consultation with relevant ministries, but also with local governments and people from different groups. Although this approach is one step forward from the New Order Era, it is not yet considered fully participatory, since comments are solicited only *after* a first draft prepared by *Bappenas*. Looking at the draft of the *Propenas*, it seems that the National PJP II is no longer used as guidelines, and this prevails at the local government level as well.

Unlike the 1995 National Urban Action Plan, which was prepared in consultation only with relevant ministries and has never been formally enacted, the Ministry of Settlement and Regional Infrastructure (MSRI) is currently preparing the National Urban Development Policy (NUDP) in consultation with the relevant ministries, and representatives of local government, NGOs, practitioners, as well as the private sector. The Ministry is proposing to have regional consultations once the aspirations from the people consulted at the national level are accommodated in the draft policy. In contrast to the participatory approach used by *Bappenas* in preparing the *Propenas*, the MSRI appears to have a better approach, inasmuch as the draft of the NUDP was composed gradually from an initial rough concept with inputs from the organizations consulted in a series of workshops.

At the provincial and district/municipality level, there has been a similar tendency to change approaches to the planning process. Participatory planning has been adopted in principle, and, importantly, with substantially more independence from National Development Plans. Some local governments have already begun to prepare their own plans in a participatory manner, using the national development plans only as a reference. This is taking place, for example, in West Java Province and Metropolitan Bandung. The following sections will discuss the experiences of these two areas in carrying out a participatory planning process in preparing their strategic planning documents. They are based on the author's own involvement in the process, as well as on discussions with the provincial, Kota Bandung and *Kabupaten* Bandung's government officials and a study of the relevant documents.

### ***Strategic Development Plans in West Java Province***

*Planning Process: Scenario and Strategic Planning.* West Java Province has carried out a participatory planning process through a series of *dialogues* with stakeholders in preparing its long-term and medium-term strategic plans (Figure 2). These dialogues were well structured, proceeding from a grand concept to operational plans and from larger to smaller, so-called strategic regions. The results concerning longer-term visions were then used as basis for further dialogues that would translate them into shorter-term visions and objectives. Scenario planning dialogues provided the reference for a series of strategic planning dialogues. All of them together,

organized and facilitated by the West Java government with the assistance of independent groups, produced the Regional Macro Development Plan of West Java for 2010, a statement of Basic Principles for Development (*Poldas*) 2010, the Regional Development Plan of West Java 2005, and the Annual Regional Development Plan for 2001.

This series started with both the dialogue on West Java 2010 and the dialogue on Sundanese 2010, using a scenario planning method. Both dialogues were held simultaneously to seek common understandings on the future development of the region, with the plan for the ethnic Sundanese serving as the glue to maintain the unity of the people in the region. The dialogues included stakeholders representing NGOs, cultural observers/artists, business people, universities and research centers, journalists, etc. but no government representatives. The results of these dialogues, containing the aspirations of the civil society, were handed over to the Governor of West Java, to be used in the deliberations of the provincial government.

- Figure – 2 here -

The dialogue of West Java 2010 accommodated the aspirations of the representatives of the stakeholders which envisioned the province to become

“a West Java society that is dynamic, critical, and democratic with the Sundanese cultural spirit that is religious, tolerant and environmentally conscious towards a welfare and just civil society within the political, economic and cultural system of a united Indonesia”.

The dialogue also raised the focal concern of the stakeholders which was “how to achieve a welfare civil society by the year 2010”.

The dialogues on the Regional Macro Development Plan 2010 (RPRM), Regional Spatial Development Plan 2010 (RTRW), and the Empowerment of People’s Economy adopted a similar participatory approach and used the visions defined in West Java 2010 and Sundanese 2010 as a reference. Stakeholders came from the executive and legislative branches as well as civil society. Again, the focal concern of these dialogue on the RPRM was how to achieve a welfare society in 2010.

The RTRW dialogue identified as its focal concern on how the spatial development in West Java would ensure the management of the area’s natural resources in an optimal, proportional, and sustainable way to improve the well-being of the people. With this in mind, the objective of the spatial development in West Java was to optimize land use by declaring certain areas in West Java Province as capable of a sustainable development (*kawasan budidaya*). More specifically, 40 percent of the Province would be set aside for conservation, while the rest could be used for development. The strategic issues identified in spatial development were: (1) inconsistent and non-transparent government policies that have led to weak of law enforcement in resource management; (2) the less than optimal and non proportional ownership and use of regional resources which, in turn, contributed to greater socio-economic inequalities and promoted the overexploitation of resources; (3) a failure to appreciate a traditional Sundanese culture that could maintain the sustainable use of natural resources ; and (4) the promotion of inappropriate and environmentally unfriendly technologies in utilizing natural resources.



The dialogue on “Empowerment of People’s Economy” focused on how to promote small and medium-scale enterprises, particularly those that had been badly hurt by the financial/economic crisis. Among the issues identified were: a poor business environment, a high-cost economy, lack of credit and financial accountability, lack of information and technology networks, lack of business promotion and of an appropriate business culture.

The Coordination Forum on Regional Development (*Forkorbangda*) is a consultation forum involving all districts and municipalities in West Java Province along with provincial agencies to share visions and missions, aspirations and expectations, and to coordinate developments, particularly for cross-boundary programs and projects. This forum is roughly equivalent to the *Rakorbangda* that were held annually during the New Order Era to coordinate policies and the financing of programs and projects. Unlike the *Rakorbangda*, however, which was very top-down oriented, the new forum is designed to promote two-way communication and dialogue between all stakeholders: district/municipality, the provincial, expert/professionals, business society, and central government. In the first place, the district/municipal government presented their visions, missions, aspirations, expectation, and programs to the forum; then the provincial agencies provided their comments. Subsequently, experts/professionals and business representatives were given a chance to provide additional comments on both presentations, and finally central government representatives provided observations and comments on all of the preceding, followed by a general discussion. The provincial *Bappeda* concluded the results of the dialogue.

The *Forkorbangda* highlights the directions of the development in district/municipality government, which is both a welfare society and participation in a global economy. However, all district/municipality governments shared the same concern over the lack of financial and technical capacity. It was agreed that the attention of district/municipal governments should be directed towards the development of agribusiness, industry, tourism, and services. Amazingly, marine and human resource development were not on the local agenda.

From this series of dialogues, the vision of West Java Province was then formulated by *Bappeda* in conjunction with experts/professionals. It was agreed that the vision of West Java Province 2010 is as “one of the most advanced provinces in the country and the leading partner of the nation’s capital”. ‘Advanced’ in this context means that the Province will have a progressive development in all aspects of life to create a welfare society, while ‘leading partner’ means that the Province will no longer function as a hinterland that used to be exploited by Jakarta, but as a full-fledged partner for mutual benefit and synergy. The goal of the PJP II is “a welfare society in a peaceful environment devoted to God, progressive and independent, and a basis for the next stage of development.”

*From Planning Process to Implementation.* Almost all local governments in the country are now in the stage of preparing their long, medium, and short term development plans simultaneously. This is because since the reformation era in 1998, all development plans prepared during the New Order Era have been considered no longer valid. In addition, since there was high uncertainty in the political situation before the General Assembly and Presidential elections took place in 1999, central and local governments were awaiting the outcome. In other words, during 1998-99, there was a vacuum of planning, and governments carried out their functions on a day-to-day basis to overcome immediate impacts of the multiple crises of the times. At the time this paper is written,

the *Poldas* 2010 is being prepared, while the RPRM 2010, *Propeda* 2005 and the *Repetada* 2001 are still in draft form.

The vision, missions, strategies and indications of programs outlined in the RPRM 2010 provides the basis for the *Poldas* 2010, which are then operationalized in the medium-term plan of *Propeda* 2005, and the short-term plan of *Repetada* 2001 of West Java Province. The draft of RPRM 2010 of West Java Province outlines six missions and 23 strategies, which are translated into 60 indications of programs. The missions are:

- continuing political reform
- promoting the development of civil society
- improving services through implementing good governance
- utilizing natural resources in a sustainable way while promoting investments
- empowering financial institutions to promote a self-sustained community and private businesses
- empowering the people's economy through the use of knowledge and technology and the potentials of universities and research centers

All of the missions, strategies, and programs outlined in the RPRM 2010, *Propeda* 2001-2005, and *Repetada* 2001 reflect the main concern of West Java province to address its internal problems as a response to the changing political environment, decentralization, and economic crises. If we assume that the sequencing reflects in some manner the relative importance of popular concerns, the plans show that establishment of a mature political system and capable local government, as well as a civil society in the context of the twin vectors of democratization and decentralization are the most important. The plans anticipate that at least until 2010, the West Java province will have to struggle mainly with its internal problems to achieve the prerequisites for active participation in the global economy. The mission to have a mature political system, good governance, a well-developed civil society, sustainable natural resource and environmental management and appropriate technology would help the Province to become both a liveable and competitive region in the world economy.

### ***Metropolitan Bandung: City Development Strategy 2020***

Like many other large cities in the country, Metropolitan Bandung, has been recognized as two entities that have a very bureaucratic, closed administrative system. Moreover, although there had been a memorandum of understanding between the governments of *Kota* Bandung and *Kabupaten* Bandung to work collaboratively in addressing 12 shared issues through joint regulation No. 01/1993, in reality, communication and coordination have been poor. This has created problems in, among others, industrial development, water resources, transportation and solid waste management. The former *Poldas*, *Repetitada*, *Repetada* and Spatial Development Plans were prepared by their respective *Bappeda* with only the assistance of consultants and without any consultation with potential stakeholders nor, for that matter, with other local governments in the area that were tightly linked to Metro Bandung. None of these plans were ever open to the public. The City Development Strategy (CDS) of Metropolitan Bandung is thus the first of its kind in the country to focus on strategic planning, involve two local governments and adopt a participatory approach.

*The Process of Participatory Planning.* In February 1999, the Mayor of *Kota Bandung* and the *Bupati* of *Kabupaten Bandung*, together with the Deputy Governor of West Java, agreed to receive the World Bank's technical assistance to facilitate the exercise of the CDS for Metropolitan Bandung. The Ministry of Home Affairs was enthusiastic in promoting this initiative. Metropolitan Bandung, together with cities from four other Asian countries (Thailand, the Philippines, Vietnam, and China) began preparing their CDS in May 1999. Compared with cities in the other countries, the CDS of Metropolitan Bandung was distinctive insofar as it involved two local governments, which would render the process of building a strategic consensus more difficult, especially in a context of political reform, democratization and decentralization.

The CDS exercise is both a process and a product and is intended to promote closer working relationships amongst all stakeholders in the city's development. Its principal objectives are to build a consensus amongst the many interested parties in the region, in defining the vision, missions, strategies, and programs of urban development in accordance with the city's potentials and challenges; producing a long-term as well as medium-term strategic plan that is action- and results-oriented; and assisting local governments to improve their capacity for planning and managing the metro-area efficiently.

In the beginning, both *Kota* and *Kabupaten* governments were reluctant to take the lead and were skeptical regarding the consultants' role to 'assist' them in facilitating the process. But the Provincial government was finally able to persuade the metro-area's two local governments to proceed with the CDS. The Institute for Community Service (ICS) of the Institute of Technology Bandung (ITB) would assist in facilitating the process, while the consultant (a Japanese firm assisted by a local consultant) would provide professional assistance. Another problem during this initial stage concerned the selection of stakeholders to be involved. There was no agreement on the criteria to select the stakeholders, nor on the extent to which participants were genuinely representative of their constituencies. Finally, the selection of stakeholders was done through a snowballing process, starting with identifiable representatives from groups such as universities, experienced resource persons, associations of the business community, developers, NGOs, local government agencies, political parties (prior to election date and the formation of the newly elected DPRD), journalists, practitioners, etc.

Because this exercise was the first ever of its kind, it was difficult for stakeholders to know what to do nor fully to understand what was to be accomplished. Moreover, since stakeholders came from various backgrounds and displayed a wide range of maturity relative to democratic procedures, the facilitator from ITB, who also lacked experience with this kind of assignment, encountered considerable difficulties in smoothing the way. In many cases, participants representing the same group were replaced by different people, which caused a good deal of trouble, because of a lack of continuity from meeting to meeting. And because of a lack of focus and experience with democratic debate, some of the discussions ended in confusion, not to say chaos. But gradually, the situation improved, and the number of stakeholder participants increased, and some sense of orderly discussion returned.

By early November 1999, the local governments of *Kota Bandung* and *Kabupaten Bandung*

decided to establish a CDS secretariat, with an office in the *Bappeda Kota* Bandung. At the same time, they took over the facilitating role from ICS. Both governments allocated a budget to run the secretariat and to hold the CDS open forums. Despite this stronger sense of ownership, no further open forums have taken place, as the *Bappeda* officials who run the secretariat have been busy with routine tasks. Only one plenary workshop was held in November, organized and facilitated by the consultant, and despite an absence of consensus among the stakeholders attending the workshop, it produced a more focused and better structured statement about missions, strategies, and programs based on the cumulative results of the earlier forums. After additional work on documentation by both the consultant and officials from *Bappeda Kota* Bandung and *Kabupaten* Bandung, the local government team of Metropolitan Bandung presented their vision, missions, strategies, programs and plans for follow-up actions at the Asian City Development Strategies Conference in Fukuoka.

Following-up on this conference, the local governments of Metropolitan Bandung decided to continue to conduct the CDS open forums as a convenient way for obtaining stakeholders' views. A working body was established to run the Secretariat, which has moved back to the offices of ICS at ITB, and a full-time staff was hired to organize weekly meetings with stakeholder groups to discuss current issues related to the programs outlined in the CDS document. The focus of these meetings is now on implementation, however, rather than on long-term strategic plans. Simultaneously, the MSRI, in collaboration with the Center for Urban and Regional Studies of the Institute of Technology Bandung, is planning to have a dialogue with stakeholders to improve the results of the CDS to date, and particularly to get a stronger commitment to its action framework. Although some believe that to open up debates about the CDS would be a setback, further discussions could be very important in sharpening the CDS and to mobilize public support for it.

*Impacts of the Participatory Planning Process.* Interviews with local government officials, selected stakeholders and personal observations show that the approach in preparing the CDS through stakeholders participatory planning has gradually changed their mindset concerning the planning process. The local governments and other stakeholders have had a new experience to listen and communicate with each other, to clarify each others' perceptions, to speak-out on their aspirations and wishes, and to reach agreement. More importantly, it has begun to break the ice on the selfishness, lack of communication, individualistic attitude, and exclusiveness of government power over the people. Communication between the two local governments of Metropolitan Bandung has improved since the CDS exercise, as has the willingness to reactivate the implementation of the joint regulation No. 01/1993 on partnership in development.

Moreover, each local government has gradually institutionalized the participatory planning approach at different planning levels. Local government of *Kota* Bandung has increasingly consulted the NGOs, private sector, universities, and others on specific development issues (e.g. flyover development, sidewalk traders, Five-Year Development Plan or *Propeda*); whilst *Kabupaten* Bandung has adopted a similar approach in preparing the District Spatial Development Plan and even in planning for Majalaya, a small town in the district. Ownership of the CDS exercise has strengthened and a willingness to continue the CDS open forum to discuss more specific issues has emerged. In addition, local governments feel that their job has become much easier as a result of regular stakeholder consultations.

Another important impact of the CDS exercise in Bandung Metropolitan is that some municipalities in Kalimantan, i.e. Pontianak, Banjarmasin, and Samarinda, as well as Mataram, have shown an interest in learning from Bandung. However, replication of the CDS has to be tailored to local needs and, in any event, needs to be better structured. Commitment to a CDS-type exercise from top decision-makers in each municipality is a crucial element for its success.

*Socialization and Product of CDS.* Although the CDS exercise has been carried out within a period of more than a year, the product has not been formally or widely recognized and accepted. Some local agencies are unaware of its existence, and only a few legislative members are well informed. The existence of the CDS has not yet been published widely. However, in April 2000, Bappeda officials of Kota Bandung delivered a talk show on a private radio station; a concerned group is presently preparing a website, and the CDS open forums have started to invite the heads of the urban villages (*lurah*) and community leaders as stakeholders in the discussions. The Mayor's secretary has presented the results of the CDS in the DPRD, and similar presentations have been made by Bappeda of Kota and Kabupaten Bandung.

The latest updated version of the CDS of Bandung Metropolitan, consists chiefly of basic information about the region, potentials for and constraints on development, key development issues, vision, missions, development strategies, and priority programs/projects. It is interesting to note that the vision of "Greater Bandung 2020: Friendly and Smart", reflects the desire to respond to globalization. The dream is of a region in 2020 that would be a livable, competitive, well-governed and well-managed place. "Friendly" means secure, in order, safe, peaceful, religious, clean, healthy, fresh, beautiful, pleasant, agro-based, natural, humane, harmonious, and fertile. "Smart" means dynamic, sophisticated, advanced, efficient, productive, creative and innovative, particularly in utilizing the opportunities offered by globalization and overcome its negative impacts. The development of the region should thus be sustainable in all social, cultural, political, economy and environmental aspects.

This vision statement led to the identification of five categories of strategic issues that must be faced by the region: economic, environment, social, governance, and infrastructure. The bottom lines of these issues are how to overcome, improve, and manage the long-standing problems of the region: lack of basic services, environmental degradation, unfavorable business climate, lack of employment and low income, lack of participation and partnership among all stakeholders, lack of coordination between the two local governments, lack of capacity of human resources, lack of good governance, lack of financial capacity, and underutilization of existing centers of knowledge, social life and culture. Basically, these issues focus on long-standing concerns within the region. If Metro Bandung is to play a role in the global economy, they will need to be addressed with some urgency. And this would require strong efforts on the part of all stakeholders in the region to achieve the development level described in the vision.

The CDS exercise produced a long list of specific programs. Some are considered to have high priority, because they provide a basis for or are prerequisite to the success of other programs or the fulfillment of basic needs among the population. Perhaps the most fundamental is the program on 'good governance', which includes improvement in budget capacity, greater professionalism local government, and the empowerment of civil society through a better, more

transparent information system as well as commitment to a participatory approach in governance.

*From Strategic Plan to Operational Plans.* CDS has the potential to be adopted as an umbrella for medium and short-term plans both for *Kota Bandung* and *Kabupaten Bandung*. However, the application of its results to the operational plans such as the Strategic Plan, *Poldas*, and *Propeda Kota Bandung* and *Poldas Kabupaten Bandung* is limited. This could be, in part, because the CDS is not yet a legal document (i.e., enacted by DPRD), information about it has not been sufficiently widespread, and existing operational plans were prepared prior to the completion of or simultaneously with the CDS process and, of course, possibly for political reasons as well.

At the moment, *Kota Bandung* has a Strategic Plan (*Renstra*) for 1998-2003 written and endorsed by the Mayor in March 2000. It is in the form of a small book with colorful picture of *Kota Bandung* but, despite the intention that the plan should be used as an operational guide by all agencies concerned, it does not have any legal basis. Its concept is strongly influenced by the wisdom of Islamic and local culture. It consists of an introduction, description of prevailing conditions of the city, strategic plans, and general rules for implementing these strategies. To some extent, although it was not admitted, the plan incorporates some of the elements of the CDS. *Kota Bandung*'s vision is summarized as '*genah, merenah, tumaninah*' (GMT), which is a liveable city for all the people. Except for its lack of an outward-looking orientation, this is not too different from the CDS vision. *Genah* means happy, convenient, beautiful, proportional, everything is in order, fair, developing relationships with the Creator, with people and with the environment, and achieving a balance between moral, spiritual and material dimensions of life. *Merenah* means well planned, comfortable, productive, creative and innovative, superior, efficient, able to utilize opportunities, struggle and responsive; and *tumaninah* means in order, peaceful, calm, stable, provide an environment supportive of life, happy families and society, orderly governance, and development and services.

*Kota Bandung*'s mission is thus to create an attractive city and improve the welfare of its citizens. Looked at in detail, however, these mission goals are actually quite different--or at least more abstract--than those of the CDS. For instance, the CDS' mission of improving the efficiency, effectiveness, accountability and transparency of the local governance system, and creating and maintaining infrastructure and facilities in support of economic, social, spatial development and the environment would lead to create an *attractive city*; restructuring the economic sectors so that the region could become more competitive globally, managing natural resources in a rational and sustainable way, and empowering all segments of the population would improve the general *welfare of citizens*. This is not quite the same as the general formula of GMT. In any event, it is clear that at least until 2003, *Kota Bandung* will have to struggle to overcome its internal problems which are due mainly to Indonesia's multiple crises and the changing political environment, including decentralization.

## Conclusions

Having observed the recent development in the country in general and in West Java and Metropolitan Bandung in particular, it can be concluded that, beginning with the reformation era in 1998, there has been a significant change in the approach to the planning process at all

government levels. Local governments have started to adopt a participatory approach, in contrast to past decision-making which was strongly top-down and mandatory, while grassroots planning was nothing but rhetoric. Stakeholders from civil society are increasingly recognized by the government to have equal standing with them in the decision-making process. This is clearly reflected in the practices of the Center, where lower level local governments and stakeholders from civil society are both invited to present and discuss their aspirations in the preparation of the National Urban Development Policy. It is also reflected at the local government levels such as West Java province and Metropolitan Bandung that have initiated a lengthy process of dialogue and discussion with representatives from civil society in preparing their respective strategic development plans.

Despite the enthusiasm of the local government and stakeholders from civil society in adopting a participatory approach in the planning process, it is clear that they are still in the process of finding an appropriate method for building consensus. In the case of West Java Province and Metropolitan Bandung, the dialogue with civil society reflects a combination of 'political' process and professional judgment, inasmuch as stakeholders are, for the most part, influentials in local civil society and often professional experts as well. These exercises in consultation and dialogue are also venues where stakeholders 'bargain' and sometimes tenaciously 'fight' for their aspirations and particular interests. Moreover, West Java Province and Metropolitan Bandung have adopted different methods in taking a participatory approach to strategic planning. West Java started with an exercise in scenario planning, followed by strategic planning based on one of these scenarios, whereas Metropolitan Bandung started with strategic planning directly. The results seem to be different in terms of the level of consensus produced. For instance, all stakeholders in West Java seem to have a solid consensus on vision, mission and strategies, whereas the strategies defined through the CDS process in Metropolitan Bandung have not yet been fully adopted by those concerned.

Although both the government and stakeholders are still at the stage of 'learning by doing' in finding the most appropriate and acceptable methods of participatory planning, the ongoing discussions have already promoted a certain excitement, increased awareness, as well as improved stakeholders' capacity to exercise their rights to participation. The continuing dialogue and discussion have improved stakeholders' maturity in implementing 'democracy' by, among other things, learning to listen to each other, speak out, communicate with each other and appreciate and respond to a diversity of opinions. They have also increased a sense of moral responsibility to participate in public discussions. Moreover, as stakeholders come from a great variety of backgrounds, experiences and level of maturity with respect to democratization, participatory planning has also served to promote the transfer of information and knowledge among them.

Although stakeholders have gained significantly from participatory planning so far, the process has been very time-consuming and expensive, and has required capable facilitators. But, of course, there were failures as well, or at least partial failures, and this has raised some questions, especially among planners who, in the pre-reform era used to prepare development plans by themselves with the assistance of professional consultants, but without engaging civil society. This, no doubt, was a more expedient way of planning. But now central government "guidance" is no more, and local governments have to decide for themselves what should be done.

Participatory planning, in its search for consensus, is essential in a decentralized system of governance. It also involves mutual learning, and this, without question, is a time-consuming process.



Figure 1: National and Local Development Planning Framework (After and before Law No. 22, 1999)

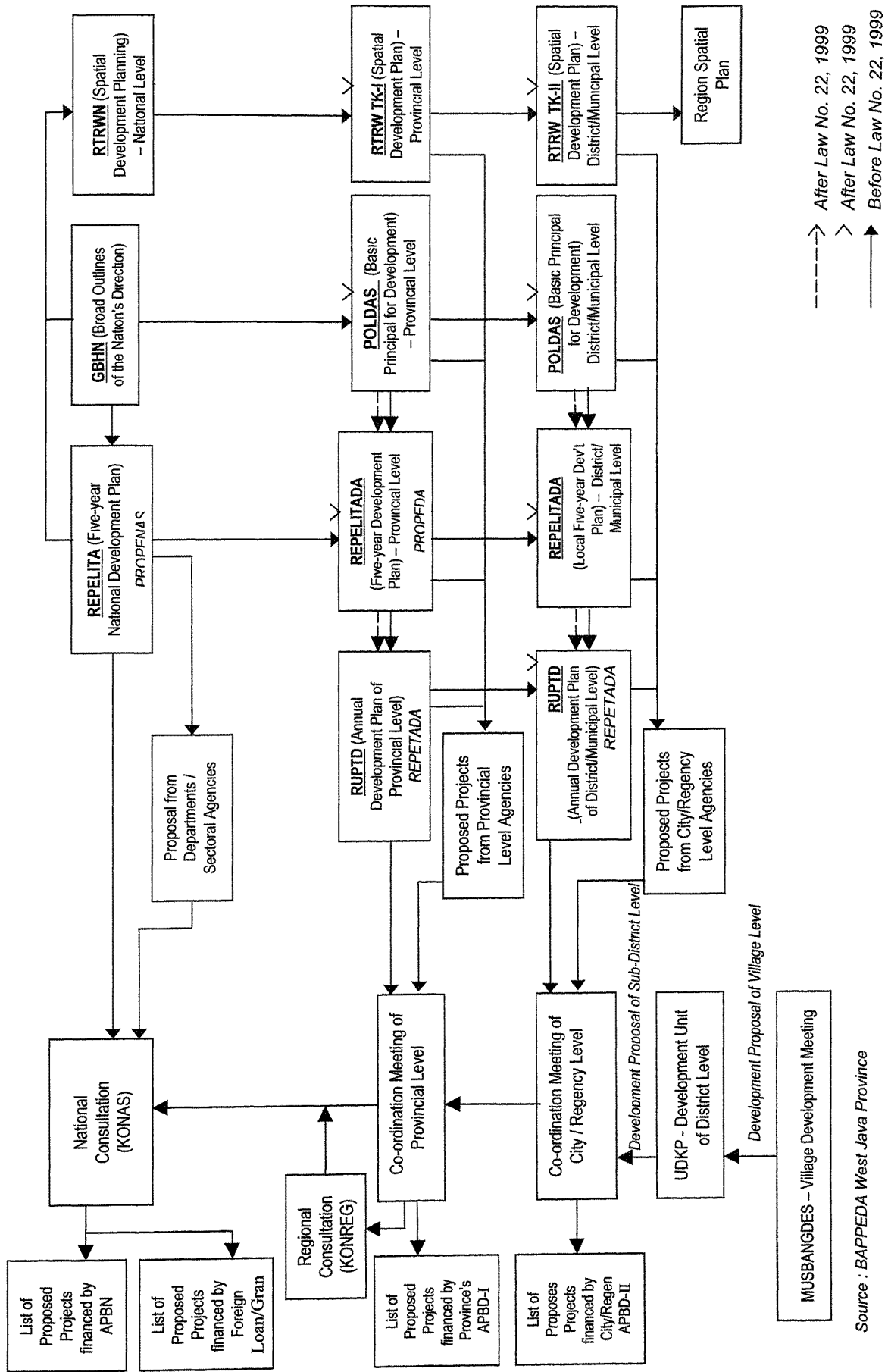
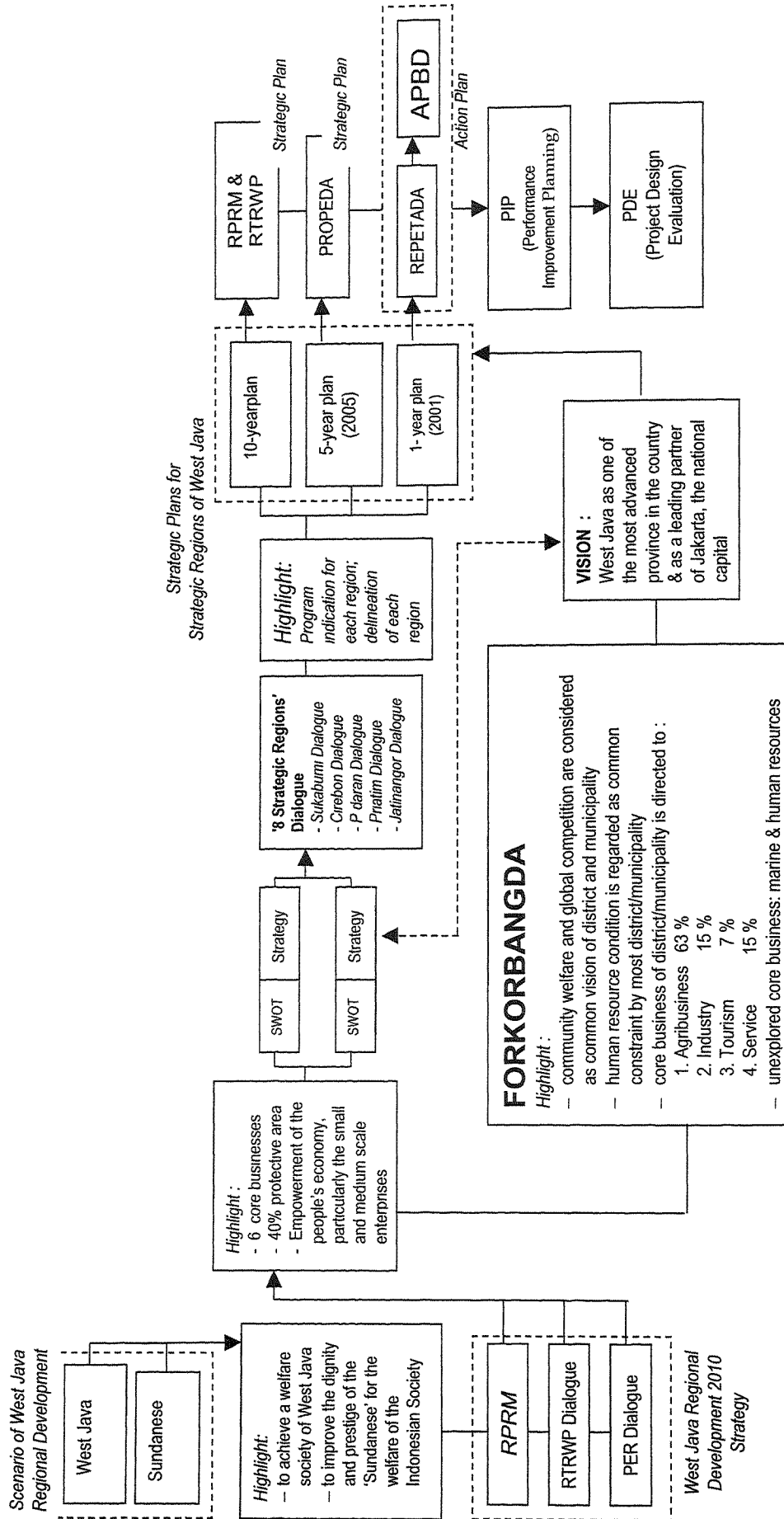


Figure 2: Strategic Planning Process of West Java Regional Development, 2001 - 2010



## GLOSSARY

APBD B I:	Regional Development Budget (Provincial Level)
APBD B II:	Local Development Budget (Municipality and Regency Level)
APBN:	National Development Budget
Bappeda :	Local Development Planning Board
Bappenas :	National Development Planning Agency
BKTRN :	Co-ordinating Body of the National Spatial Development
Bupati / Walikota :	Head of the district / Mayor
DPR :	National Parliament
DPRD :	Local Council
Forkorbangda :	Co-ordination Forum of Regional Development
Forum Tatar Bandung :	Bandung Metropolitan Forum
GBHN :	Broad Outlines of the Nation's Direction
ICS :	Institute of Community Service
ITB :	Institute of Technology Bandung
Kawasan Andalan :	Strategic Region
KONAS:	National Consultation
Lurah :	Head of the urban village
MPR:	People's Consultative Council
MSRI :	Ministry of Settlement and Regional Infrastructure
MUSBANGDES:	Village Development Meeting
National PJP II :	National Second Long-term Development Planning
NUDP :	National Urban Development Policy
Poldas :	Basic Principles for Development
Propeda :	Five-year Development Plan (Provincial, district/municipality)
Propenas :	Five-year National Development Plan
Rakorbang :	Co-ordination Development Meeting
Rakorbangda :	Co-ordination Meeting of Regional Development
Renstra :	Strategic Plan
Repelita :	Five-year Development Plan
Repelitada:	Regional Five-year Development Plan
Repetada / RUPTD:	Annual Development Plan (Provincial, district/municipality)
RPRM :	Regional Macro Development Plan
RTRW :	Regional Spatial Development Plan
RTRW TK-I:	Provincial Spatial Development Plan
RTRW TK-II:	City/Regency Spatial Development Plan
RTRWN:	National Spatial Development Plan
UDKP:	Development Unit of District Level

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# DEVELOPMENT PLANNING FOR HANOI IN THE 21<sup>ST</sup> CENTURY NEW IDEAS, NEW APPROACHES

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Hanoi is the capital of the Socialist Republic of Vietnam. It has been established since the 11th century. In October 2000, Hanoi, the capital of Vietnam, celebrated its 990th Anniversary. And Hanoi has generated a plan for its development in the 21st century.

The planners faced a great task in planning for this thousand years old city. In order to complete the task, key ideas have been developed. It is hoped that the city of Hanoi will be built on “the national cultural tradition and is also an ecological, modern, friendly and peaceful city” in the 21<sup>st</sup> century. Urban development should be rational and sustainable in the new millennium.

## **Hanoi- a city with rich history and tradition**

THANG LONG, means the “Flight Dragon”. The name has been used since 1010 when it became the capital of DAI CO VIET. THANG LONG was selected by King LY CONG UAN to be a sustainable and stable capital for the country.

The city has changed names from time to time: THANG LONG (1010), DONG DO (1400-1407), DONG QUAN (1407-1428), DONG KINH (1428-1533), THANG LONG again (1533-1788) and HANOI (since 1831) under KING of NGUYEN.

HANOI ANCIENT RAMPART was built in 1805 under KING GIA LONG in a very small area of 1.0 km<sup>2</sup>. Around the rampart were a channel and gates of the East, West, South and North.

The First National University, namely VANMIEU-QUOC TU GIAM temple was established in the 11th century. This University has trained many well-known men in cultural studies, literature, etc. Today, this University is conserved and exalted as a symbol of high level education and training in the country. The University offers Big Awards on literature, history, painting, architecture, planning, etc.

The famous HOAN KIEM lake, meaning “Returning of the sword”. It is about an interesting historical legend. In 1010, a Yellow Tortoise with a marvelous sword in its mouth appeared in a lake. The sword was a precious sword from the King. So the King ordered the building of the Tortoise Tower and the lake was given the name HOAN KIEM. People in Hanoi and Vietnam are very proud it and conserved it as a National Heritage and a very significant symbol of Hanoi city and the country.

There are one hundred and seventy three TEMPLES, POGODAs...and other ancient buildings. All of these embed valuable histories, stories and cultural tradition not only for Hanoi but also for Vietnam as a whole. Every building has its own history and interesting

legends. For example, the NGOC SON temple with THE HUC bridge and HOAN KIEM lake constitute one of the most beautiful landscape in Hanoi. The TRAN QUOC temple means defending the country; MOT COT temple means stability and strength with unique architecture; QUAN THANH temple (year 1010) means a symbol of force against typhoons and aggressions; VAN MIEU-QUOC TU GIAM temple (1070) is the First National University, where the first 82 Literature Doctors were trained (1442-1779). And today it offers National Wards on Natural and Social Science, Arts, Architectures, Painting...

The 36 ANCIENT STREETS of Hanoi contain architecture of a small ancient town in the Asian context. Houses are lined with red ridge tiles. Streets are long and narrow, using foodstuffs or things as their names. For example, HANG DUONG (sugar) street, HANG CA (fish) street, HANG BAC (silver) street, HANG TRONG (drum) street, HANG BUN (rice noodle) street... There are many handicraft shops, restaurants with traditional foods, markets such as DONG XUAN, BAC QUA, HANG DA... There are a hundred temples and pagodas. These ancient streets are conserved by law by Hanoi city authorities today.

There are many traditional handicraft villages in the suburban of Hanoi such as copper casting, textile, ceramic, paper, flower.... For example, flower village NHAT TAN, NGOC HA...with a hundred hectares for planting many kinds of flower. They supply flowers for the city, especially every TET HOLLIDAYs, a celebration of the traditional New Year of the country when people buy beautiful flowers for the new year. ATTRANG produces many famous ceramic products for decoration for domestic and overseas markets.

The "OPEN MARKETs" network in the residential areas as well as traditional places reflect deeply the characteristic of Hanoi city such as XANH market, TROI market, BUOI market... The biggest and most famous one is DONG XUAN market. It was built in 1889 and reconstructed in 1994 and 1996. The opening times of the markets vary. It depends on habits of the local people: some open at 3.00 or 4.00 a.m. every morning; some open in late afternoon around 4.00 or 5.00 p.m.; some markets open all day long. The goods are agricultural produce from the rural areas and from other provinces around Hanoi city.

Hanoi as well as the cities of the Northern region have bred many FAMOUS PERSONs on Culture, Revolution, History, Art since the foundation of the Country.

### ***There fore, the first idea:***

*The development plan for Hanoi city is to protect and conserve the above as National Heritages The plan tries to combine features of national tradition with modern development. The heritages should be used rationally for tourism and economic development. It is the best solution for Hanoi, given its rich history, and cultural and architectural heritages.*

## **Hanoi--An Ecological and Environmental city**

The population of Hanoi is about one million. Future population should be distributed around the city in the forms of satellite cities, district towns, commune centers, etc. This solution may reduce population density in inner city and slow down rural-urban migration. This will allow urban residents to live in a lower density environment. This will create a wonderful ecological system for the city.

Hanoi city, the four suburban districts of Gia lam, Thanh tri, Tu liem and Socson, and the surrounding provinces possess many favourable factors for development. There are rivers, lakes, forestry, hills and mountains, rural communes, large rice fields and historic marks and cultural heritages. They are distributed relatively evenly from inner city to suburban areas.

- There are many forests, mountains and hills in suburban areas such as: BA VI, TAN DA, TAM DAO...forest and mountains; SUOI HAI, DAI LAI, DONG MO, lakes. They contribute to domestic and international recreation services and tourist development. They are also very important for environmental protection in the city and the region, serving as “great big green lungs”.
- A river system is in around areas and in inner Hanoi city. They are the HONG river, the biggest river with wide surface river flow for Hanoi and other cities. Many other rivers such NHUE, SET, LU, KIM NGUU and TO LICH rivers in the city are becoming networks for drainage and sewage treatments to clean the city. In fact, with best efforts of the city, these rivers have contributed more and more effectively for these environmental issues.
- Together with the rivers is a lake system with an area of a thousand hectares. They are WEST, BAY MAU, TRUC BACH, THIEN QUANG, THU LE, THANH NHAN, LINH DAM, GIANG VO, THANH CONG, ...lakes. And each lake is not only a very beautiful landscape but also has very interesting legend stories. They serve as green spaces with recreational functions at weekends, very important for urbanites in Hanoi city. Beside, they also create wonderful natural and manmade landscapes in the city.
- More than twenty city parks have been rebuilt and constructed in Hanoi such as big city parks LE NIN, THU LE, THANH NHAN. Green rings, river system and water bodies, city parks have been created to serve as smaller green spaces at city. With two days holidays a week, city parks serve very important functions for city residents. It will contribute to improving the spiritual life of city people. At the same time, parks can improve city landscape and provide a clean environment.
- Garden housing is becoming an attractive development trend for every body in the renovation of Hanoi city today. People with high income in Hanoi consider housing the most important thing in improving their living conditions. Therefore, many garden housing have been planned and designed. However, this is for the few rich people only. In the future, the trend of garden housing should become a trend for Hanoi as well as other cities in Vietnam, especially for medium and small size cities. Step by step, it is hoped that Hanoi will become an ecological city with ecological architecture.
- The rural communes in suburban areas are natural and manmade phenomena in the urbanization process. Normally the rural communes will be changed by new housing development with new forms of urban housing and architecture. Urban design and city planning are very popular in the country. These changes may not be desirable for the socio-economic and environmental development in the city of Hanoi.

### ***There fore, the second idea:***

*One of the key principles in city planning is to keep and improve the spatial and social aspects of the rural communes; and how to reconcile these with demands generated by urban development and habits of the urbanites. Maybe the answer is to turn Hanoi into an ecological and environmental city.*

## **Hanoi will become a modern city built on national tradition**

Besides conserving and improving the areas of the old city, a new town in the left of HONG river, and located in Northern Hanoi city will be planned for the next decades in the 21<sup>st</sup> century. The image of a modern and traditional Hanoi city will be built there. Some main spatial functions in the new town of modern Hanoi are planned as follows:

- A **modern city center** with full functions for economic, political, cultural, administrative, commercial, business, service, financial activities. The urban design and planning, architectural design of buildings here should be modern and with national tradition. They will reflect the characteristics of Hanoi people. They will become a symbol of Hanoi. This area will be the core of new Hanoi city in future, contributing to significant social and economic development for Hanoi as well as the whole country.
- In this regeneration period, a special function will be established in new town. It will become an “**international exchange city**” where local people can meet one another and with foreigner visitors. These contacts will create understanding among Vietnamese in the country and Hanoi city and encourage working in partnership to promote social equity.
- The big **residential areas** with many different architectural styles, specially a combination between traditional and modern styles. But the following housing architecture should be designed and constructed:
  - The residential areas with “**high rise**” form will be a popular housing architectural style to be built in this area. The people, who have had low and middle income, and some high income will live here. Housing will be more than 7-9 storey at least. Facilities will be provided to serve the rising demands of the population. Public service buildings like schools, shops, health care, clubs, restaurants, small parks as well as technical infrastructure should be built comprehensively.
  - Other residential areas with “**garden housing**” will be distributed here as a key housing architectural form to suit Hanoi people’s cultural habit and tradition, and at the same time, combine modern living style. As a main principle for living conditions is to provide quality services. These garden housing areas contributes to environmental improvement and protection of the city. The garden housing areas usually consist of very beautiful natural and architectural landscape in the city.
- Another important function of new town is the recreation function. In order to meet this demand for the people of new town as well as others, a **recreation city park** will be constructed at same time. There are many different areas for servicing different activities by night and by day. Especially, **an ancient rampart**, namely CO LOA was built here a long time ago with an interesting legend. It is also to meet the service demands for different age groups in city. It is an important resort for daily and weekend recreation, providing beautiful natural landscape and help improve the environment of the city.

### ***There fore, the third idea:***

*A new town will be built in the North, on the left of HONG River. The HONG River in this case will become a river located in the center of Hanoi city. This is a significant solution not only for expanding Hanoi city but also for creating a good natural landscape and environmental improvement and protection. And another significant issue is to create suitable conditions for constructing a new Hanoi, built with traditional and modern characteristics.*



## Some Conclusions

Hanoi has great achievements in economic and social development in general, and in urban development and management in particular. One of the key reasons for success is the work of the Hanoi city planning for development in the short term and the long term. It requires a strong legal base and multi-sectoral coordination for establishing a framework for urban management. This is no simple task. The following summarizes the approaches and contents of the plan:

- **Ecological balance, environmental protection and sustainable development** are of prime importance, especially for a city with a long history (over a thousand years), unique human and traditional characteristic, very beautiful natural and manmade landscape ...
- Contents of Hanoi city planning need to **conserve and protect the spiritual and material values** found in historical buildings and city forms built many years ago. Therefore, while reconstructing parts of the old city and constructing for a new town, a very important issue is how to combine harmoniously traditional values and modern style in urban planning, urban design and architectural design.
- Considering the above, the best method for planning Hanoi city development in future is to build **“Hanoi city as an ecological and environmental city”**. To succeed, we may focus on the following issues:
  - Control population growth and distribute population in Hanoi and satellite cities.
  - Conserving and protecting the Hanoi heritages in history, culture, architecture, natural landscape as the main principle in urban development planning and management.
  - Keeping and expanding water bodies and green spaces from inner city, suburban and around city for landscape improvement, ecological balance and environmental protection.
  - When selecting industrial sectors for development, the government has to consider carefully and should select the clean industrial sectors, especially encourage investment projects of “High Technology Parks”.
  - Need to have strong regulations for urban management and effective development control.

UNESCO awarded Hanoi as a **“Peaceful City”** in July 1999. It is a unique city in the Asian Pacific. In October 2000, The National Assembly of Socialist Republic of Vietnam named Hanoi as a **“Heroic City”**. With these great honors, Hanoi will try its best in achieving ecological, environmental and sustainable development in a comprehensive manner.

# IMPETUS, DIMENSIONS AND THE LIMITS OF REINVENTION: THE CASE OF SINGAPORE\*

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## **The Process of Reinventing the City**

What is reinvention? Why do we use this term “reinvention” rather than “invention” or “creation”? I will like to suggest that reinvention is used to suggest a departure of the old, or as a replacement an existing form, or perhaps as an alternative to the current, and perhaps dominant version. Used in such a fashion, there are number of key points about reinvention that need highlighting.

The notion of reinvention suggests an active, purposive and constructive nature to action. If we are to associate this process to cities and nation, then the process of reinvention must necessarily be associated with the actions of government agencies in fashioning policies that enhance the economic political and socio-cultural reputation of territories under their charge.

A major impetus to reinvention efforts undertaken by these agencies is in response to the pressures of inter-city competition for investments and other forms of revenue. To the extent that inter-city processes are complex and poorly understood, such agencies also resort to symbolic mechanisms to represent strategies and various other elements of the process of economic reinvention. I will also add another caveat, and this is that non-global cities lack the external inter-city competitive pressures, the ambition, and the institutional ability for reinvention

When the process involves capital cities, the notion of reinvention is also linked to national politics and international relations. To the extent that states need to represent themselves to the local populace and to rest of the world, than one effective way of attempting such tasks is to embark on national projects using the capital city as the canvas for this projection.

To a more limited extent, reinvention may involve a cultural dimension through the actions of the cultural industry when its actions define a particular global city in a certain light. This happens when promotion agencies work to incorporate elements from the industry in their place marketing efforts.

And lastly, if reinvention involves the reputations of places, then it is also important to recognize that place reputations can be as much due to the purposive actions of agencies as well as a passive outcome of uncoordinated individual actions that accumulates over the years. Suttles (1984) highlights this process of sedimentation as the cumulative texture of local urban culture. Thus, there is the possibility that apart from the purposive action of agencies, the reputation of a place has the ability of being accumulated through the seemingly uncoordinated actions of “famous” and influential individuals, such that a process of “museumization” takes place over time, as cities and places become invested with certain typifications. Reinvention therefore represents only one segment of the reputation of places.

My paper is an attempt to illustrate these processes at work using examples of Singapore and other cities in the Asia Pacific.

## **Economic Reinvention**

### *Inter-city competition and the role of government agencies*

Back in 1992, Haider argued that while companies have been quick to realise the realities of economic globalisation a decade or two earlier, it was only in the 1990s that governments and places have caught up, and “place wars have become a permanent and expanding phenomenon in the American competitiveness agenda” (page 133). While the rising economic activism of local governments in looking overseas to attract foreign investment is a response to increasing global competition for foreign investment, part of this drive is a result of the disenchantment of local states with the ineffectiveness of federal governments (Soldatos, 1990: 41). Expanding state capabilities and the increased realisation that exports, direct foreign investment, tourism are crucial to the state’s economic viability has added to this activism (Fry, 1990: 120-121). In the global economy, places have become commodities that governments and growth coalitions market and companies select, as investment sites (Logan and Molotch, 1987).

Globalisation has therefore meant that the economic fortunes of cities and regions are increasingly fragile and closely tied to the competitiveness of their local industries. There is an increasing need for city and state governments to develop at the local level, strategies to attract and retain industry and businesses (e.g. Eisinger, 1988; Logan and Molotch, 1990; Peirce, 1993). This comes with the increasing awareness that cities and regions not only compete with places nationally, but with cities from distant shores (Markusen and Gwiasda, 1994). As a result, scholars point to the rise of citi-states and the need for cities to move away from housekeeping functions to take on entrepreneurial functions. As Eisenger (1989; 9) argues, there is a need for the state to “identify, evaluate, anticipate and even help develop and create markets for private producers to exploit, aided if necessary by government as subsidizer or co-investor”.

If we define economic globalization as production on a global scale with an international division of labour between cities and nations (Waters, 1995), then much of the impetus for this evolution is driven by the nature of capital using locations to secure economic advantage in research, production, administration and sales. The hyper-mobility of firms has consequences for places. At the local level, such consequences are being experienced in terms of sunrise and sunset industries. For small territories like Singapore, the window of opportunities in which industries positively contribute to employment growth, skills improvement and revenue may be as short as 5 to 8 years, before new places emerge as lower cost competitors for these economic activities. There is a constant need by Investment Promotion Agencies to ensure the companies under their charge upgrade operations, and at the same time, identify and attract new companies that will keep the national economy competitive.

This drive to attract new forms of investments therefore represents one of the major impetuses behind the need for cities to reinvent their economic reputations. That as places change in the profile of their economic activities, investment promotion agencies need to create new labels to describe the economic niches their cities are placed.

In tourism, the inter-place competition is even more intense, and national tourism organizations (NTOs) are forced to continuously market their countries (Euchner, 1999). Since the 1980s, NTOs have shifted their promotional strategies from selling permanent attractions to emphasizing event-based attractions. Moving to promoting events allow NTOs to continuously change their place character: arts, sports, conventions, sales (Sim, 2000).

### *The role of symbolic production as an important accessory*

The material aspects of reinvention discussed in the previous section relates to the purposive actions of agencies to keep fashioning labels for cities as attempts to attract new investments and keep up the economic competitiveness of cities. Such purposive actions are reinforced by concrete programmes in the form of a set of incentives as well as infrastructure developments.

In the process of creating economic policies, symbols and symbolic production enters the picture as attempts to communicate and simplify to multiple audiences a set of complex elements. In the context of competition and reinvention, the production at the symbolic level works as the glue that holds the process, that is, the symbolic supports the material process. Production at the symbolic level is necessary because it provides clarity by simplification, and by bridging the unknowns, through the construction of explanations for events and relationships that are not clearly understood.

Because the competitive process is a shifting and episodic game that players are drawn into. As the literature points out, cities do compete. But they compete to attract different activities, for mobile investments, skilled labour, tourists, and hallmark events such as the Olympic Games (Lever and Turok, 1999). Such diverse “prize sets” means that the competitors differ depending on the potential prize. The competition process does not only involve city officials as participants. City officials have domestic constituencies to contend with. The domestic constituencies also differ. With tourism, supporters of urban policy and action come from direct beneficiaries such as hotels and local tour agents.

Attracting manufacturing and producer services investments will involve another set of supporters. The arena of competition is regionally organised because that is how MNCs work in organising production and markets. Evidence that competitors take each other seriously: news accounts of battles between places. The process is defined by uncertainty because corporate clients use different criteria to decide on outcomes, including the illusive factor “where does the regional director choose to live”? Information available to competing agencies is incomplete because of strategic withholding of information by “clients” which in this case are Multinational Companies. Because of incomplete information, stakeholders need to create myths to achieve closure. This notion works within the central notion of policies and programs functioning as powerful myths (Meyer and Rowan, 1977) and goes against perspectives, which maintain that policy is an integrated and well-conceived idea (e.g. van den Berg and Braun; 1999: 997). Closure is important because stakeholders need to convey meanings within different constituencies to get support. Because stakeholders need to defend positions against domestic opponents and find support of backers. In the process, stakeholders end up believing in their own myths and become passionate defenders. Success and failures get constructed by stakeholders and media. Such affirmation and criticisms are taken seriously. Learning from rivals also lead to closure, as rivals copy recipes of success. Recipes, which not just include policies, but language and images as well.

The table below illustrates this interplay between the symbolic and material dimensions:

**Table 1: The Interplay between Symbolic & Material Dimensions:  
The Case of Singapore**

<b>Material</b> <i>Symbolic</i> Spatial Dimensions	1960s	1970s	1980s	1990s and Beyond
Port	<b>Seaport</b> <i>Ships</i> Harbour		<b>Maritime Hub</b> <i>Cranes</i> Port Complex	
Manufacturing	<b>Low-cost production</b> <i>assembly line</i> industrial estates, free- enterprise zones		<b>Value-added</b> <i>clean room</i> new-tech factory	<b>Research+Development</b> <i>laboratories</i> Science Park, Bohemian Quarter
Services		<b>Banking</b> <i>Office Towers</i> CBD		<b>Regional Headquarters</b> <i>Office Towers</i> CBD
Tourism Marketing Themes	"Instant Asia"		"Surprising Singapore"	"Tourism Capital"

[Powerpoint slides to show how Sydney, Melbourne, Singapore, Kuala Lumpur and Taipei market themselves to potential clients.]

### **Nation Building, National Projects and Reinvention**

Southeast Asia is a region of young nations. One feature of the youthfulness of nations is the need to project its aspirations at two levels, to the local population as part of a process of national identity building and at the global stage as attempts to maintain an international standing among the league of nations. Such processes fit within the definition of "reinvention" introduced at the beginning of the paper because it represents an attempt to break with the previous era and regime. Such nation building efforts often appear in capital cities in the form of national building projects. Nation building projects serve two functions. At the international circuit of global cities, such projects serve to mark the country as belonging to the modern and developed league of nations. National projects thus have clear demonstration effect and can be thought of as conspicuous consumption. With the audience as citizens, the national project represents an attempt to mobilize disparate population segments towards a national goal. As such, national projects become objects of national pride, sponsored by national leaders, and getting more than its fair share of the national budget.

[Powerpoint slides of Kuala Lumpur (multimedia super-corridor) and Singapore (marina bay).]

## **Reinvention and Cultural Production**

The cultural industry of global cities is in the most part, insulated from the reinvention process of image making and reputation building. The industry itself has diverse elements and projects that result a heterogeneity that is a cosmopolitan appendage to global cities. While one can argue that a certain sub-field within the industry (fashion, music, etc) has a certain broad identity: a New York, Paris, or Tokyo fashion style, two features are worth noting: (a) this process takes the characteristic of an uncoordinated, cumulative trait described in the next section; and (b) style is not connected to the reinvention process because the production process is often within a sub-cultural circuit that is not linked to a mainstream reinvention process.

Reinvention occurs when the efforts of the industry is appropriated by place promotion agencies tasked with selling cultural features of the city to different clientele. Thus the theatre districts of New York or London and Melbourne only enters into the mainstream reinvention process when place making agencies incorporate these elements into their reinvention strategies.

[Powerpoint slides of Singapore a global city for the arts, illustrating the forces behind this attempt at cultural reinvention]

## **The Flip Side of Reinvention**

If reinvention involves purposive actions by metropolitan agencies at reputation-making in an attempt to break with the past, we should in closing spare a thought for the flip side of this process, namely (a) non-agency attempts at reputation making and (b) how local neighbourhood process may actually come to have an influence on city reputations.

The focus on state agencies and the role they play in the reinvention of cities may in some way divert attention from the role of powerful developers, influential architects, active citizenry in shaping the reputations of cities over time.

Within the city, certain inner city neighbourhoods emerge as “trendy, cosmopolitan, yuppie areas”. From the gentrification literature, we note that different factors (low rents, accessibility, architecturally distinct housing stock) and varied businesses (art galleries, fashionable boutiques, bookstores, cafes, etc) conspire to change the character of such neighbourhoods. Other areas decline to a sufficient extent that they become areas of high crime and deviance. Both types of neighbourhoods emerge as key shapers of a city’s character. Soho in London, Broadway for New York City providing positive markers of a city’s character, while slums, red-light and high crime areas signify to locals and tourists alike the dangers of the metropolis.

It is important is to recognize that apart from the work of place promotion agencies, the reputation of cities is also associated when the characters of their more famous and infamous neighbourhoods, and the such changes happen as a process of evolution over time. The neighbourhoods, which come to be associated with cities, may either reinforce the reinvented characters of cities in some cases, or may in fact challenge attempts by agencies to associate the city with certain traits.

## Limits of Reinvention?

If reinvention involves attempts to re-engineer the economic advantages of global cities, are there limits and constraints to the stock of options?

One position is to think of a city's development as a path that is generally influenced by historical choices and present conditions, and specifically conditioned by institutions and relationship between capital, labour and the state (Haggard, 1990). We can see how this perspective can be applied to the Singapore case. The first 150 years, the British developed Singapore as a port city. In the next 40 years, this particular characteristic continues to influence in positive ways, the development of other economic identities (air-hub; MNC export platform, regional office hub, etc). Another key factor in the case of Singapore is the role of the state. But this active role, unfortunately has led to over-regulation, which results in the scale back of individual efforts. Thus, alternative efforts at influencing the reputation of Singapore may remain limited unless the state lets go. A visiting Taiwanese industrialist has recently expressed this particular sentiment in an interview:

“Asked why Taiwan churns out more patents and entrepreneurs consistently than Singapore, he (Stan Shih, founder of Acer Group) refers to an old Chinese adage: It is better to be the head of a chicken than the tail of an ox. Most managers in Taiwan, he notes, believe it is better to be the boss of a small company than an employee in a large organization. Also, he notes that the Taiwanese government is not so powerful or protective as in Singapore. ‘So the private sector has to find its own way to survive,’ he reasons.” (*Straits Times*, 11 August 2000, page 46)

Another limit to reinvention is tied to the geographic and economic size of cities. Urbanization agglomeration economies mean that larger cities necessarily have more latitude when it comes to reinvention. Part of it is linked to just size. The size of cities and the heterogeneity, greater possibilities of subcultures and the possibility of neighbourhood changes at the local scale. Geographic and economic size also creates larger possibilities of reinvention because of what Castells and Hall (1994) refer to as the innovation milieu of large metropolises. This has to do with the strength of inter-industry linkages in influencing the economic and cultural character of cities.

Heritage and tradition forms the third set of factors constraining the boundaries of reinvention. As a central element in the identity of places, place cultures exert an important influence on the possibilities of reinvention. Singapore is a city without much of a past, as the past has been systematically removed in the name of progress. This condition is captured in the following observation by Koolhaas:

As a former theater of the tabula rasa, Singapore now has the tenuous quality of a freeze frame, of an arrested movement that can be set in motion again at any time on its way to yet another configuration; it is a city perpetually morphed to the next state. The curse of the tabula rasa is that, once, applied, it proves not only previous occupancies expendable, but also each future occupancy provisional too.  
Rem Koolhaas (2000[1995])

If the state of tabula rasa, the term Koolhaas used, leaves the place without anchors, and then this condition allow place agencies the capacity for an endless reinvention. But is such a condition necessarily “good” for society?

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# STRATEGIC PLANNING FOR WORLD CITIES: A CRITICAL COMPARISON OF SINGAPORE AND HONG KONG

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## Introduction

Strategic planning generally connotes a long-term forward look for a country, region, or city. It is a way of imagining what the future may hold in store for us (assumptions, projections, scenarios), and, against this background, what we, in our role as citizens, would *like* to happen (values, visions, goals, policies). For some, it is also a way of linking short-term actions with long-term goals (Ravetz 2000, p. 46). Strategic planning is thus a *discourse* about the future rather than a detailed plan for the development of a city or region. Without a forward look, say, over a time horizon of ten or twenty years and even longer, we are stuck in a worrisome, extended present without a sense of direction. For a conference such as this which concerns the re-imagining of cities in the Asia Pacific region, strategic planning would seem to be an appropriate focus.

I would argue that the discourse of strategic planning is also, of necessity, a *political* discourse, because it necessarily involves (or *should* involve) different conceptions of the desirable future. In addition to differences in value perspectives and interests within a society, no one can know the flux of events over which we have little or no control. Hence, a political dialogue among all interested parties is essential. In strategic planning, all of us are “stakeholders” with a legitimate claim to be heard.

Not all strategic planning discourses, however, acknowledge this political dimension. In the specific examples I will be discussing in this paper, the strategic planning experiences of Singapore and Hong Kong, we will see quite different approaches from the one I am putting forward here. With its central concern to build a strong, dynamic, multi-racial nation, the Government of Singapore sees its principal role as that of teacher to its people, exhorting them to passionately commit themselves to an ideology of “shared Asian values” and of intense loyalty to the nation-state itself.<sup>1</sup> Such an approach does not encourage controversy and dissent and, indeed, many questions remain “out of bounds.” By way of contrast, the Government of the SAR is not a national government, and its visioning exercise is thus constrained to operate within the formula of “one country, two systems.” Although it, too, would like Hong Kong’s citizens to have a greater sense of commitment and belonging, it comes close to believing that “what’s good for business is good for the SAR.” Its hegemonic ideology is one of *laissez faire*: of small government, unobtrusive and transparent business regulations, and a belief in the “abundant benefits” that flow from private property and a market unhampered by government restrictions.

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<sup>1</sup> A 1991 Government White Paper listed five such values: (1) nation before community and society above self; (2) family as a basic unit of society; (3) regard and community support for the individual; (4) consensus instead of contention; and (5) racial and religious harmony. For a critical discussion of this document, see Clammer 1993 and Tamney 1996. The term “multi-racial” is preferred over multi-cultural.

The strategic planning discourse of Hong Kong is therefore confined chiefly to economic matters which concern corporate business and the SAR Government more than they do ordinary citizens. Its approach is technocratic rather than political.

Before getting into the substance of my review of strategic planning documents in these two Asian “city-states,” I would like to compare them along a few critical dimensions. To begin with, both are generally considered to be “world” or “global” cities, in the sense that they are regionally dominant financial and business service cities--Singapore in Southeast Asia, Hong Kong in southern China--that are used as “platforms” by global capital for regional market penetration.

According to World Bank statistics for 1998, Singapore had a population of 3.2 million, growing at 2.2% annually, compared to Hong Kong’s 6.7 million, growing at 2.3% (World Bank, 2000). Both are compact city-regions with relatively high population densities (5,186/km<sup>2</sup> vs 6,755/km<sup>2</sup>). Although Singapore’s GNP per person in PPP dollars (\$28,620) is 30 percent higher than Hong Kong’s \$22,000, ranking 5 and 18 respectively among all countries, both are closely ranked together on the United Nations Human Development Index (22 and 24 respectively) (UNDP, 1999).

Both cities also have a deep colonial past, and Hong Kong could (still) be called, a bit facetiously perhaps, a “Chinese city with British characteristics.” Singapore is a more multilingual/cultural city, with a strong influx of Malaysian, Indonesian, and Indian people, but the country’s official language is English. And although Singapore presents itself to the world as an “Asian” city, some of its citizens are concerned that the country is becoming “sinified,” reducing Malays, Indians, and other ethnic groups to the status of “minorities.”

Both city-regions have been engaged in strategic planning, and it is therefore reasonable to undertake a critical comparison of these two major efforts to lay out the course of their future development. The basis for my study is essentially three documents: two issued by the Singapore Government and one by the Government of the Hong Kong SAR. *Singapore: The Next Lap* was published in 1991, shortly after Goh Chok Tong took over as Prime Minister from Lee Kwan Yew (Government 1991). *Singapore 21: Together We Make the Difference* was published in 2000 as a forward look into the new millennium (Government, 2000). As for Hong Kong, *Bringing the Vision to Life: Hong Kong’s Long-Term Development Needs and Goals* was published in February of this year (Commission, 2000) and, like *Singapore 21*, could be called a millennium threshold publication. It is also the Government’s first comprehensive policy statement since reunification with China in 1997.

## **The Singapore Story: The Next Lap**

*The Next Lap* was the result of an initiative taken by First Deputy Prime Minister Goh Chok Tong.<sup>2</sup> Writing the Foreword, he explains: “In 1989, I ...asked a Committee of Ministers of State to draw on the ideas that had been thrown up and present a comprehensive synthesis of our hopes and plans for Singapore over the next generation” (p.13). Reference to “the ideas that had been thrown up” was to a series of what I would call strategic planning exercises that go back to at least 1984, when the government put forward a report entitled *Vision 1999*.

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<sup>2</sup> All references to the report in this section will be found in Government (1991).

This was followed in 1986 by a report on strategies for economic development, in 1988 by the *Agenda for Action*, in 1989 by the work of six Advisory Councils on various aspects of social development, and in 1990 by the work of a committee (receiving submissions) on Shared Values. Clearly, the Singapore government has been continuously engaged for a long time in long-range thinking about the future of the country.

*The Next Lap* was to be a “synthesis”, suggesting an integrated treatment of how the new government under Prime Minister Goh and the leadership of the People’s Action Party intended to confront its tasks and hence the need for pulling together all of the insights gained from previous studies, as well as further consultations, into a book. I have no information about the detailed workings of the Committee of Ministers of State in the preparation of their report, but the acknowledgments in the volume run to eight pages in small type and contain an estimated 1800 names of individuals who contributed to it in various ways. A large number of committees, subcommittees, working groups, task forces, and steering committees were set up, most importantly a Long-term National Development Committee, with working groups on population size, education, the lowest socio-economic groups in Singapore, land use and quality of life, international planning and transportation, and overseas Singapore clubs.

Even a cursory look at these acknowledged contributors to *The Next Lap* reveals, not unexpectedly, the overwhelming presence of men, so that one could argue that the vision resulting from these two years of deliberation is a predominantly male vision. Undoubtedly, the Council of State Ministers did not see it as such, but rather as a wise and good vision for Singaporeans. Still, women are visible here and there in the acknowledgments, though in numbers significantly smaller than even the very low percentage (7.2%) of women working at all levels in the government (UNDP 1999, Table 28).<sup>3</sup> One wonders, therefore, to what extent the way issues were framed and problems posed (and resolved) would have been different had women’s participation been at the same levels, say, as their recent participation in the labour force, which in Singapore stands at 64.8% of the male participation rate (UNDP 1999, Table 26).

The Singapore government is widely known to ‘run a tight ship,’ and open debate in the media is not encouraged. As the recent *Singapore 21* report proposes in a section on promoting active citizenship, the government should “spell out ‘out-of-bound markers’” so that “people will be encouraged to take a more active part in civic life, knowing there is less danger of straying into them unwittingly” [i.e., into the ‘out-of-bounds’ (OB) territories of civic and political life] ([www.gov.sg/singapore 21](http://www.gov.sg/singapore21)). As widely consultative as the process of putting together *The Next Lap* clearly was, it most likely did not generate a lively public debate over the future direction of the city. Even today, according to a government survey reported in *Singapore 21*, 83% of Singaporeans trust the government in its “ability to run the country,” that is, they are by and large content to let their leaders do their thinking for them. Or, to put it another way, only a small minority (according to this survey) would prefer to speak out and be heard. But given Singapore’s reputation for “running a tight ship,” an apathetic citizenry must be regarded as something of a self-fulfilling prophecy.

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<sup>3</sup> For comparison’s sake, in Australia, the same proportion is 22.6% and, in the U.S., 33.1%...all figures for 1996.

## The Report

*The Next Lap* is a very handsome publication. It is beautifully designed, with excellent colour illustrations most of which show happy people doing happy things. The text is professionally crafted and clearly intended for a wide audience. It is a concise statement of the government's intentions, projects, and long-term goals, and in this sense, it is programmatic. The impression one gains is that the Report is intended primarily to *inform* the public rather than to provide them with the information they would need to gain a deeper understanding of the issues confronting their city-state and contribute to a debate about its future. Controversial issues, such as language policy, sinification, governance, multiplicity of community values (in contrast with the presumed universalism of officially promulgated so-called Asian values), are avoided. Although background papers and technical studies are undoubtedly on file somewhere, the Report is largely devoid of statistics or even qualitative assessments of policy options, and it fails to spell out alternative scenarios for Singapore's future. A notable exception to this is the chapter on population policy (see below). Overall, the Report presents the future as a *fait accompli* rather than as an on-going debate about future policy directions. Its overall intent seems to be to make Singaporeans develop strong positive feelings for their government, their state, and their country. In one of its many exhortations, they are told to "strengthen our national identity and national consciousness. To progress in this uncertain world, we must stand united as one people and one nation" (p.29).

Despite its title, which suggests an economic race in a pitiless world-system, the Report's emphasis on social development is striking. The lead-off chapter is entitled "People: Our Most Precious Resource" and sets the tone for the entire volume. Other chapters deal with education, housing and urbanism ("Singapore: Our Home"), the arts and sports, social services, Singapore's projections abroad, and national security. Only one chapter is specifically devoted to the economy, and is all about "winning" the imagined race among Southeast Asian cities to become a major regional "hub."

We compete in the race of nations, whether we like it or not. We have done quite well competing in the second league. The next step is to make it to the top league. Our competitors are already doing that. Unless we do the same, we shall be left behind" (p.57).

Coming from one of the wealthiest countries in the world, a city-state that ranks 5th in GNP per capita measured in 1998 PPP dollars, this is a curious statement indeed!<sup>4</sup>

Although "the economy" appears to play a subordinate role in this socially-oriented "strategic plan," even social strategies may serve a deeper economic purpose. This is clearly evident from the lead chapter on population policy which places demographics at the very centre of Singapore's strategic planning. More than two years prior to its publication, a so-called New Population Policy was introduced by the government to halt and, if possible, reverse what was perceived as a dangerous decline in the fertility of Singaporean women. Whereas in the rest of Asia, countries are making strenuous efforts to *reduce* the growth of their population, Singapore saw natural increase as the road to national salvation.

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<sup>4</sup> Except in the very special and limited sense of developing the triangular arrangement which has come to be known as SIJORI, the question of inter-city cooperation was evidently not on the government's agenda. For a recent discussion of such an alternative development path, see Friedmann (forthcoming in Scott).

The population is not growing fast enough to replace itself in the long term; many Singaporeans remain unmarried; and those who do marry tend to have fewer children. As a result, the population may peak in the year 2020 and thereafter begin to decline. Fortunately we have spotted the problem in time” (p.19).

In addition to encouraging the immigration of “talent” from abroad, the government recommitted itself to the following programmatic statement:

We must...make a greater effort to encourage more Singaporeans to marry, to do so earlier and to have three children, and more if they can afford it....Broadly speaking, we need 50,000 babies a year (pp.21 and 25).

In the arguments for such a policy, much was made of an increase in the rate of dependency. Whereas in 1990, eight people of working age contributed to the support of an aging parent, by 2030, according to one scenario, this ratio would dwindle to only 2.2 in support of one dependant, a much heavier dependency burden clearly. In a country without a significant welfare system, it is indeed the family and, in a wider sense, the respective ethnic communities (Chinese, Malay, Indian, and “others”), that are saddled with the task of supporting the aged, the unemployed, the sick, and the poor.<sup>5</sup> Dependency ratios are obviously of crucial importance in a situation where the state refuses responsibility for these social issues.

The intense concern with demographics is reflected in other chapters as well, where talk is about turning Singapore from a “platform” for international capital into a “home” for its citizens and establishing the Singapore International Foundation as a “vehicle to bring Singapore closer to Singaporeans overseas, ex-Singaporeans and friends of Singapore around the world” (p.131).

Education policy is an important and related chapter. With 22 pages of text and pictures, it is one of the two longest, most comprehensive chapters in the Report (the other is on housing and urban development). Although the government announces here its determination to raise its contribution to the sector from 4 to 5% of gross domestic product, a quick look at national comparisons shows that Singapore’s public commitment to education is actually less than that of comparable countries. Expressed as a percentage of gross *national* product for 1996, Singapore’s investment in the education of its citizens was only 3% in contrast to Sweden’s 8.3%, Israel’s 7.2%, Australia’s 5.6%, and Switzerland’s 5.3% (World Bank 2000, Table 6). Even so, Singapore is a highly educated society. One must, therefore, assume that at least part of Singapore’s relatively low status in an international comparison of the levels of public investment in education is accounted for by contributions to the educational sector from the private purse. Or to put it more simply, the financial burden of education in Singapore falls heavily on families.<sup>6</sup>

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<sup>5</sup> “Singapore’s social security programs are explicitly designed not to provide adequate social protection to all those who need it.” M. Ramesh, quoted in Tamney 1996, 91.

<sup>6</sup> Singapore’s tax burden, on the other hand, is extremely low by global standards. As a percentage of gross *domestic* product for the year 1997, Singapore recorded only 15.9%, compared to Sweden’s 36.9%, Israel’s 36.8%, Australia’s 23.2%, and Switzerland’s 21.1% (World Bank 2000, Table 14).

Overall, Singapore's government is a relatively small affair. The fiscal burden on its citizens is not large (see footnote 6). The state must therefore rely a great deal on individuals, families, and the "community" (i.e., civil society) to create the kind of Singapore with which it hopes people will come to identify.<sup>7</sup> This is made explicit in a chapter on social services, entitled "Many Helping Hands." To illustrate this point, I shall quote selectively from this chapter.

We encourage the spirit of Gotong Royong, our local brand of community self-help. Already the community organizations have spearheaded a number of welfare programmes for the community and the needy. The bursary and welfare funds of the Citizens' Consultative Committees and other community organizations are examples. Residents' Committees also give help to families in their neighbourhoods in this same spirit of self-help....

A good example of the many helping hands approach is the 25th Anniversary Charity Fund....the Community Chest of Singapore and the National Kidney Foundation are other examples...

Ultimately, we believe that it is better than increasing taxes and leaving the government to be the sole provider for the welfare of the people. We believe in equalizing opportunities for each new generation. We believe in a compassionate society where Singaporeans look after each other. It is the Singapore Way (pp. 127-8).

Thus the government's position. And indeed, in one perspective, Singapore is a very privileged enclave with only small numbers of destitute households (3.8% in 1989). On the other hand, there is no mention in the Report of the many temporary foreign workers who, comprising up to one-fifth of the labour force, make the Singaporean way of life possible and who do not share in its prosperity nor have "helping hands" to succor them in their need (Castles and Miller 1998, pp.151-2).<sup>8</sup>

## Ten Years On: Singapore 21

The Asian financial crisis of 1997 which heavily impacted the economies and, even more, the politics of Indonesia, Malaysia, and Thailand, but left Singapore relatively unscathed, led the government to undertake yet another strategic planning exercise, the results of which, entitled *Singapore 21: Together We Make the Difference*, were posted on the Internet ([www.gov.sg/singapore21](http://www.gov.sg/singapore21)). This statement of a vision for Singapore introduces a new term, *heartware*, to the English language, referring to the so-called 'intangibles' of social life: social cohesion, political stability, and the collective will, values, and attitudes of the people.

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<sup>7</sup> On the current concept of civil society as supplementary to the state in Singapore, Simon Tay writes: "The supplementary work of civil society is seen to be, first, to take over selected functions that the state chooses to retreat from (for example, welfare, education) and, secondly, to supply the 'emotional attachment' of citizens to the state (Tay 1998, p.251).

<sup>8</sup> In the first half of the 1990s, between 60 and 80% of construction workers came from Malaysia, Thailand, India, and Bangladesh. Singapore's domestic workers, chiefly female and from the Philippines, numbered 81,000. Other sectors employing large numbers of temporary migrant workers included transportation and services.

A decade on from *The Next Lap*, these appear to be the major preoccupations of the PAP government.

A Committee appointed by Prime Minister Goh and co-chaired by the Minister for Education and the Second Minister for Defence, Rear-Admiral Teo Chee Hean, comprised 10 members of Parliament. In the course of its deliberations, it conducted more than 80 forums, carried out surveys, and maintained a website in order to solicit the views of Singaporeans on the issues. In all, some 6,000 Singaporeans are said to have been involved in the Singapore 21 process.

Having become one of the richest countries in the world, Singapore now faces what could be described as a “crisis of conscience,” confronting five dilemmas or, as others might put it, ‘contradictions’ that stem from the very success of Singapore’s development strategy down to the present:

- a less stressful life vs “retaining the Drive” (a desire to work less and enjoy the fruits of leisure)
- the needs of senior citizens vs aspirations of the young (an ageing population)
- attracting talent vs looking after Singaporeans (immigration policy)
- internationalisation/regionalisation vs Singapore as “Home” (globalisation)<sup>9</sup>
- consultation and consensus vs decisiveness and quick action (democracy)

After 35 years as an independent republic, the government is worried that Singaporeans have perhaps become ‘too soft’ and overly materialistic in their aspirations, are lacking in ideological fervor, and pursue the good life as individual consumers more than as citizens who are passionate about their country, who put “nation before community, and society before self.”

The Report set out a number of assumptions about the future that Singaporeans would have to face together: the growth of a knowledge-based economy, an increasingly “borderless” world made possible by the Internet and global money markets, and certain changes in national demographics, including an ageing population, younger people increasingly restless and inquiring, more immigrants (permanent residents) from abroad, an increasingly unequal income distribution, and a desire on the part of a new generation of highly educated professionals for greater participation in public affairs.

Thinking about their country’s “heartware,” the Singapore 21 Committee reaffirmed continuing ideals of meritocracy, racial harmony, strong leadership, and a government free from corruption. In addition, it articulated five new ideals, reaching “for a vision of a home that we as Singaporeans will build together.” The Committee called them the five pillars of Singapore 21:

1. Every Singaporean matters.
2. Strong families: our foundation and our future
3. Opportunities for all
4. The Singapore heartbeat: feeling passionately about Singapore
5. Active citizens: making the difference

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<sup>9</sup> As Simon Tay explains, “The PAP government has identified the outward emigration of Singaporeans as a potential problem. In response, it has sought to make them think of Singapore as their home, rather than a ‘hotel’” (Tay 1998, p.250).

The Committee's report is interesting in that it positions the state very much in a Confucian tradition as the moral teacher of its people:

There are recommendations and conclusions, but no detailed plans, targets and deadlines to be met. There is no one government agency or council or civic body responsible for implementing it. Singapore 21 is not the responsibility of any one person or body or agency. It is the responsibility of everybody, every agency, every Singaporean, to interpret these broad strokes and translate them into plans and action.

For each of the five pillars, specific recommendations are proposed, each set organised into three parts: what the individual can do, what society can do, and what the government can do. I shall only list the major headings for the first pillar--Every Singaporean Matters-- to give the reader a sense of the sort of recommendations being made.

What the individual can do:

- Realise that drive and stress are not opposites
- Take responsibility for ourselves
- Be the best that we can be

What society can do:

- Pursue professional pride, not social prestige
- Be more broad-minded
- Heighten sense of social responsibility
- Second chances ("Trying again and encouraging others to try again should become part of our culture")

What the Government can do:

- Lead the way
- Educate the people
- Break the mould ("The Government can break the perception that economic and material considerations dominate its decisions. By encouraging Singaporeans to pursue their interests in the arts or in sports, it send a strong signal that being Singaporean is more than being an economic machine").

The rest of the recommendations consist of similar maxims. And specific short-term actions to realise this vision are not mentioned.

## **Hong Kong: Bringing the Vision to Life**

I shall now leave Singapore and move further North, to China, to the newly minted Special Administrative Region (SAR) of Hong Kong and this city's first attempt at strategic planning, *Bringing the Vision to Life* (Commission, 2000).



...China's resumption of sovereignty over Hong Kong represented a momentous and positive change for Hong Kong. Hong Kong people are now running Hong Kong with a high degree of autonomy. The problem of limited planning horizons that inevitably characterised the period prior to this historical event has been removed and it is vital that Hong Kong now considers how it will chart its longer-term development. The vision needs to map out a common set of goals which will help to galvanise the public and private sectors and the community as a whole (p.3).

Tung Chee Hwa, Hong Kong's Chief Executive, appointed the Commission on Strategic Development in October 1997, and gave it a terse Terms of Reference: first, to advise himself on the SAR's long-term development needs and goals and second, to conduct such reviews and studies of Hong Kong's economy and related matters "so that Hong Kong keeps up with world trends in competitive terms and that the vitality of Hong Kong's economic development is maintained." The membership of the Commission included himself as Chairman and a total of 15 men and one woman. They are described as "public and private sector leaders in our community" and included such notables as Mrs. Anson Chan, Chief Secretary for Administration; the Financial Secretary, Mr. Donald Tsang; The Honourable Leung Chun-ying, Chairman of DTZ Debenham Tie Leung Ltd and a member of the Executive Council; Professor Chia-Wei Woo, President of The Hong Kong University of Science and Technology; Professor Liu Pak Wei, Pro-Vice Chancellor and Professor of Economics, the Chinese University of Hong Kong; and Mr. Victor Li Tzar Kuai, Managing Director and Deputy Chairman of Chung Kong (holdings) Ltd.

The Commission worked for two years to produce their Report. In this work, they had the help of the Government's Central Policy Unit and three consultant groups (Pricewaterhouse Coopers Consultants Hong Kong Limited, the School of Business at the University of Hong Kong, and a study group in the Central People's Government State Development Planning Commission in Beijing). Over the period of their deliberations, the Commission interviewed nearly 200 people in a narrowly circumscribed group repeatedly described as "stakeholders," representing chiefly the Government, key business associations, and the media, with a sprinkling of academics. Twenty-eight of those interviewed were women.<sup>10</sup>

In physical appearance, *Bringing the Vision to Life* is a very different object from the glossy splendor of *The Next Lap*. Hong Kong's *Vision* is an unadorned, plain text with numbered paragraphs and a soft, two-toned cover of pleasing but undistinguished design that marks it as primarily an administrative document, a government report like so many others. Singapore's strategic planning effort from a decade earlier was presented by the Prime Minister of the Republic to the citizens of Singapore. It was therefore conceived and written as a *political* document. But the SAR has not that degree of autonomy. It has a sovereign who sits in Beijing, and it is merely a regional administration whose long-term vision is not a political document but a report drafted by the Commission members for their chairman and CEO.

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<sup>10</sup>. A much smaller Singapore managed to consult with about 1,500 people for its 1990 report, and 6,000 for its Singapore 21 effort. In this connection, it is perhaps revealing that *Vision* typically speaks of public and private sectors as collective actors, while referring to the rest of Hong Kong society by that cloudy and ultimately misleading term of "the community," misleading, because it suggests a homogeneity of provenance, occupation, interest, and sense of belonging that is simply not there, neither in Hong Kong nor in any other "cosmopolitan" city.

Tung Chee Hwa expresses the hope that the report will serve as a catalyst “for discussion within the community about the important issues that are driving Hong Kong’s future” (op. cit., iii). But the way it is written is unlikely to move many Hong Kong denizens to seriously think about and debate their city’s future. As Mr. Tung clarifies in his Foreword,

The work of the Commission was meant to complement, not duplicate, the work of other bodies such as the Commission on Innovation and Technology, the Education Commission, the Government policy bureaux, and even private sector organisations. As such, it leaves detailed recommendations to these and other groups (ibid.).

## The Vision

The vision that inspires the Commission is a formula that appears several times throughout the Report. Quoting their Chief Executive, they write that it is Hong Kong’s aspiration to become “*Asia’s World City, a Major City in China*” (p. v). This curious formula is unlikely to be greeted with fervent enthusiasm by Hong Kong households. At most, it is a businessman-politician’s dream to think that in thirty years’ time, Hong Kong might be for Asia what London is for Europe and New York for North America. Sometimes this dream is also called a ‘truly great international city,’ ‘the most cosmopolitan city in Asia,’ and ‘a melting pot for Chinese and Western cultures’ (p. 5). It is a vision that can hardly be said to inspire the everyday life of the vast majority of Hong Kong’s denizens.

## The Goals

Hong Kong’s strategic planning was, so the Commission, a “goal-driven process.” Five goals were doing the “driving.” First in order of appearance was continuing “to enhance per capita income, at least in line with advances in other world cities, and to ensure that all members of society have the opportunity to benefit” (p. 4). Hong Kong, as we have seen, is among the world’s wealthiest regions, and it strikes one as curious that further enrichment should rank as the first of the five long-term goals of the city. But on reflection, the goal suggests no more than what Dr. Mee Kam Ng has called Hong Kong’s mindset of “business as usual” (Ng 2000). The next thirty years of autonomous development should, in the Commission’s opinion, be very much like the last thirty years under colonial rule, rendering plausible the dream of ‘Asia’s World City, a Major City in China.’

As formulated, the second part of this goal deserves closer scrutiny. At first sight, it looks like a ritual bow to an equity objective, but a more careful reading reveals nothing of the sort. The Commission says, all members of society should have the *opportunity* to benefit [from income growth], but this is not the same thing as saying, for example, that income growth should be distributed equitably or fairly. In point of fact, there is no further discussion in the remainder of the Report of this aspect of Goal No. 1. The requirements of a knowledge-based economy, lead the Commission to advocate “skills, productivity, reliability, and creativity” as desiderata, and thus to an emphasis on educational reform, but this is surely an inadequate answer to what has actually been happening in the Hong Kong economy over the past twenty years.

A process of deindustrialisation began in the 1980s, when local firms shifted many of their labour-intensive operations to southern China, principally the Delta region, to avail themselves of labour costs and other charges that were but a tiny fraction of these costs in Hong Kong and earned them huge profits. Much of this money found its way into speculative property investments in Hong Kong--without irony, the Commission calls real estate Hong Kong's "economic base"--pumping up the notorious "bubble economy" of the 90s. For many residents the result was impoverishment.<sup>11</sup> As wages fell (though not to the levels on the Mainland) and property values sky-rocketed, workers formerly employed in industry found it increasingly difficult to maintain their level of living. Then in 1997-8, the "bubble" burst and lots of people lost much of what they had. As for the future, it is now widely acknowledged that a sizeable part of the population of even the most technically advanced countries is going to be left out in the cold as the IT revolution sweeps across the globe. Under these circumstances, to simply posit a euphonious goal of "equal opportunities to benefit" is little more than a smokescreen for unfettered capitalist accumulation rather than a call to greater equity.

Four other goals are posited: the overall quality of life should rise to become the highest of any city in Asia; the society should be cohesive, stable, *and* cosmopolitan; Hong Kong should contribute to China's modernisation in ways that will benefit Hong Kong's own long-term development; and the SAR's political development should meet "community aspirations" but always be in line with the pace and provisions outlined by the Basic Law. Except for occasional sound bites, these goals are not further elaborated in the Report. Instead, the Commission identifies what it calls *Four Strategic Themes* and *Seven Key Sectors* which help it to organise its recommendations for "bringing the vision to life" (ch. 3). The themes include: strengthening links with the Mainland; enhancing competitiveness; improving quality of life; and reinforcing identity and image. They are cross-sectoral themes, and I shall comment on them briefly.

## **Four Strategic Themes**

As the Chief executive remarks in his Foreword,

There is no question on the part of the Members of the Commission that [our relationship with the Mainland] is key to Hong Kong achieving its full potential both as Asia's World City and strengthening its position as a major city in China... (op. cit., p. iv).

This critical theme therefore deserves our fullest attention. What thoughts did the Commission have about Hong Kong's linkages with the Mainland? Paragraph 2.35 provides a glimpse into its thinking.

The Mainland's growth from its current position as the world's seventh largest economy to its widely projected move to second or third largest within the next 30 years will simply make a large market for Hong Kong even bigger (p. 11).

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<sup>11</sup> According to Shu-ki Tsang, income inequality in Hong Kong was the worst among economies of comparable development levels in the late 80s and early 90s (Tsang, 1995, p. 99). The recent economic crisis has undoubtedly worsened an already unenviable situation.

Its discussion of policy directions scarcely go beyond this simplistic analysis. There is mention of China's probable accession to membership in the World Trade Organisation, of how Hong Kong can continue to provide a springboard into China for foreign business, of how central government policies may provide new investment opportunities for Hong Kong businesses and financiers in the central and western regions of China, and of how even under a *laissez faire* regime such as Hong Kong's, the SAR government would have a vital role to play in facilitating and supporting the private sector in its business development activities in the Mainland (pp.24-6).

Two additional ideas draw attention. The first contemplates the possibility that Hong Kong's lower income residents might become long-distance commuters by being encouraged to change their residence to beyond the border in Guandong, where housing and other living costs are still affordable (pars.2.43 and 3.33). The language here is somewhat vague, but it does contemplate the possibility, at least in the longer term, of providing education and community facilities to these 'expat' families. Meanwhile, the Commission holds, the pressure for development in Hong Kong would be reduced. A more emphatic formulation appears as a scenario in a recent essay by Professor Shu-ki Tsang. Because of rising property values and declining wages,

The Hong Kong urban centre in the 21st century would be quite 'uninhabitable' for the non-rich, who may be driven out to the cheaper outskirts, or even to Shenzhen and other areas of the Pearl River Delta. A 24-hour customs at the border between Hong Kong and China and commensurate rapid-transit transport would render it possible for the white collars, and the blue collars (if there are any left), to work in Hong Kong but live in the southern part of Guandong. Whether they like it or not, is another story. So are the political implications for 'one country, two systems' (Tsang, 1995, pp102-3).

The second and related idea is the emergence, as the Commission sees it, of the Pearl River Delta as a 'multi-centred city-region' that is focused on Hong Kong as 'Asia's World City, a Major City in China.' One of the challenges for the future is to devise an appropriate system of governance for this city-region. Or, as the Commission puts it,

continued co-operation is needed to foster better regional planning and economic development...including better understanding of the respective roles of the Government, non-governmental organisations, the private sector and professional institutions, on how the strengths of Hong Kong and the rest of the PRD Region can best be enhanced for the multi-centred city-region to compete successfully in world markets ( p.25).

Although the Commission doesn't venture beyond these generalities, one possibility would be the creation of a cooperative inter-city network along lines being developed in the European Union and about to be initiated in Pusan, Korea (Friedmann, forthcoming). The absence of concrete ideas for so central an issue for Hong Kong's future as its relations with China, the lack of alternative scenarios (not all of them necessarily with a rosy outlook), is a failure of the imagination. Works from the mid-nineties such as the already cited essay by Professor Tsang and a similarly provocative article by Professor Anthony Gar-On Yeh on "Planning of Hong Kong's Border Area" (Yeh, 1996) are far more instructive (and unsettling) than the Commission's bland expectation that China's continued economic growth will simply result in more business opportunities for the SAR.

The remaining three themes contain “sound bites” on a variety of topics on the order of “improvements in energy efficiency,” “ a more favourable business environment,” “innovative planning and design to provide a more attractive and environmentally friendly city-form,” “flexible retirement programmes should be explored,” and similar non-committal phrases.

Rather than pursuing these themes, I would like to turn briefly to some important issues the Commission failed to address.

## Some Gaps

The Commission’s conclusions are, one assumes, based on economic, social, spatial, and political analyses, but there is no textual evidence that any of this was, in fact, done. When I now identify a number of blatant “gaps” in the *Vision*, the Commission may very well reply that “of course, we know all this. But our task was to develop a ‘goal-driven,’ not an analytical report. There are agencies throughout the SAR Government which are quite familiar with the analytics of urban and regional development and, as the Chief Executive has indicated, it is up to these other Commissions, policy bureaux, and even the private sector to carry out these more detailed, specialised studies.” While I grant that this may well be the case, the Commission’s failure to engage analytical questions head on, along with the policy issues arising from them, is a serious omission. It is well-known that, for all of its vaunted efficiency, the SAR bureaucracy is a fragmented, secretive system whose fiefdoms are not inclined to coordinate their actions except when absolutely necessary. In this situation, a strategic, long-term overview based on *analysis* rather than “driven” by goals would have been welcome. In the absence of *any statistical data*, however, and of *maps* detailing spatial development options, it is extremely difficult for anyone unfamiliar with the details of Hong Kong’s development (and even for those with a knowledge of some its aspects) to arrive at an informed opinion about the Commission’s work, let alone the future of the SAR.

That said, I would like to call attention to four serious omissions.

A really surprising omission in view of its salience as a global discourse is any discussion of Hong Kong’s development as “sustainable.” At the very least, environmental issues concern the SAR in the narrow sense of an administratively bounded territory, though its ecological “footprint” must now take account of the Delta region as well into which Hong Kong investments have massively extended. Moreover, the abatement of pollution is now considered to be only one facet of a much more comprehensively imagined “sustainability.” Others dimensions have to do with energy policy, waste management and recycling, the protection of natural areas, the regeneration of natural areas, poverty and exclusion, and more (Ravetz 2000).

*Bringing the Vision to Life* ignores the demographic dynamics of the Hong Kong SAR. As demonstrated some years ago in an article by John Bacon-Shone (1996), Hong Kong’s population projections in the 80s and 90s have consistently fallen short of actual numbers. Currently, the World Bank estimates that Hong Kong’s population stood at 6.7 million in 1998, and United Nations projections suggest that another million might be added by 2015 (UNDP, 1999).

One of the questions that might be asked about even such a simple scenario is, where will the next million of Hong Kongers be housed? And can they be adequately housed, given budgetary constraints, while large parts of Hong Kong's over-age housing, which is in a bad state of deterioration, must be redeveloped? That question was also not addressed. Pious statements about 'quality of life' are no substitute for the sort of hard issues posed by demographic growth and resource limitations. And not only this, but in what occupations will the next million be economically employed? Since a large part of the new population increment is likely to be neither skilled in the types of jobs that are the leading edge of Hong Kong new economy nor English-speaking or, for that matter, comfortable with Madarin, what provisions can be made to incorporate them into the SAR as local citizens?

The Commission has nothing to offer on strategic issues of spatial development. Among others, it has failed to pronounce itself on the ongoing and heated debates about further landfills in Hong Kong harbor and the alternative of further urbanising the New Territories (Chu, 1996). A number of environmental problems that the Commission addresses only in the most general terms are closely related to this. Many of the most urgent ones, including air and water pollution, can only be addressed as *cross-border issues* and solutions will require extensive collaboration on regulatory legislation as well as joint investments by SAR, Provincial, and local levels of government in the treatment of effluents and other major environmental engineering projects, so that the multi-centric city-region of the Pearl River Delta does not turn into a world pariah. Local fisheries, public health, recreational potentials, and overseas tourism are all at risk.

Social issues were evidently not on the Commission's agenda, and reference to them is made, if at all, only in passing. This is strange, since the Commission thought that "*efforts should ...be addressed at creating within the people of Hong Kong a greater sense of commitment and belonging and with it, a greater commitment to the achievement of a common vision for Hong Kong's future*" (par. 3.42). How this might be done in the face of growing income polarisation, the exodus of many households (with the SAR Government's blessing) into southern Guangdong Province, continued in-migration from the Mainland (another million in 15 years), an ageing population living in increasingly squalid quarters, a restless youth for whom appropriate jobs are not available, and without civic involvement in the governance of Hong Kong's development is not explained. Blinded by its obsession with 'world city' competition, the Commission has failed to see that these issues are much more than peripheral to the main thrust of continued long-term economic growth. In this it is quite unlike the Government of Singapore with its orientation to nation-building and its moralistic inheritance from the Lee Kuan Yew era.

## **Assessing Strategic Planning for World Cities in Asia**

Strategic planning for a so-called re-engineering effort in Hong Kong and for a somewhat differently motivated process of nation-building in Singapore should, it seems to me, draw on the whole of society for its views and not merely on government and business sectors. Nor is this a one-off assignment terminated when a report has been issued but an *ongoing*,

*continuing process* that should involve not only the government and the private sector but trade unions, organised civil society, public intellectuals, and academic experts in an open political dialogue. Independent media are essential to such a process which will turn on long-term goals, options, and the relative urgency of critical problems facing the society.

In order for such a dialogue to be properly informed, citizens must have access to relevant information. Key statistical data and forward projections must be shared with the public. Because the long-term future cannot be predicted with any accuracy, and because there are multiple contingencies and risks inherent in all options, strategic planning should ideally be based on alternative scenarios rather than on single-value outcomes. Alternative actions might be given an order-of-magnitude costing, with some idea of how these costs might be shared among various parties. And attention should be drawn to strategic choices together with their respective implications for different segments of the population.

The substance of strategic planning will undoubtedly have different emphases, depending on the local situation, the major problems facing the society, and the global context. At the very least, however, it should touch not only on economic stability and growth, but also on spatial development, major infrastructure projects, the built environment, social and environmental sustainability, issues of urban and regional governance, social development, and issues related to poverty, inequality, and social exclusion.

Both Singapore and Hong Kong are physically delimited governmental entities, and strategic planning will, in the first instance, be concerned with the officially bounded territory of each. But urban development in both, and indeed in every other 'world city', inevitably spills across borders, and cities' contiguous economies are far more extensive than their delimited territories alone. This means that strategic planning should extend in scale to the entire city-region, involving neighbouring national, provincial, and urban governments and administrations. At least in some of its aspects, strategic planning will therefore, need to be collaborative across administrative, provincial, and national boundaries. To cite but one example, Hong Kong's interest in resettling part of its low-income population in southern Guangdong Province cannot be a unilateral initiative but will require extensive negotiations and joint planning. Questions of regional airport development and environmental management are also critical cross-border issues.

The strategic planning reports reviewed in this essay are interesting both in what they accomplished and what they failed to do. As top-down efforts with very limited involvement of others than government and certain business sectors, they fall short of the criterion of active citizen participation posited above. They also provide very little data and analysis that an informed public would need in order to take part in a process of planning for the next generation. The examples of strategic planning that we looked at also stop at territorial borders rather than extend to the whole of their respective city-regions. And in terms of subject matter, particularly in Hong Kong's case, there are large areas of inattention. Despite these shortcomings, however, Singapore's and Hong Kong's strategic planning are extremely worthwhile endeavours that in one form or another will undoubtedly be continued. For whatever they can teach us, they deserve to be closely monitored.

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# SESSION FOUR

## CHINESE GLOBAL CITIES



# SHANGHAI—DEVELOPMENT STRATEGIES AND PLANNING IMPLICATIONS

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## **Abstract**

*Shanghai became a treaty port in 1843. It had since been rapidly developed from a small township along the Suzhou Creek into one of the world metropolises during the inter-war years. Internal warfare after 1945 and the subsequent liberation by the Chinese Communist Party brought about a twist in the fate of the city. The city paid a heavy price during the years of transformation from a 'consumptive' city into a 'productive' one. The development of Pudong in 1990 instilled, a new lease of life into Shanghai. This paper argues that whilst it is imperative that Shanghai develops into a financial and servicing economy in the informational era, it is equally important that the city maintains its traditional economic sector. The former strategy serve to place Shanghai on the map of global and regional competition while the latter helps to foster a horizontal (inward) linkage vis-à-vis the lower Yangtze Delta region. This two-pronged development strategy will no doubt call for complimentary development plans, and in turn a revision of the development proposal.*

Keywords: development strategies, urban and regional governance, Shanghai.

## **Background**

The process of economic transformation in China since the 1980s has to be evaluated in the light of the New International Division of Labour. Dicken (1998) argued that transnational corporations have relocating their production bases to the so-called Newly Industrialised Countries (NICs) in search of cheaper and more economical production sites outside the industrial heartland of Europe and North America. Foreign Direct Investment (FDI) has thus become a fashionable and often-quoted concept for the purpose of reflecting the extent of integration with the global economy of a particular state. At the same time, as is demonstrated in China, nation-state's action is still influential in determining national development strategy. Although China is a latecomer in the race towards globalization, she is able to transform her coastal region into one of the much discussed growth regions not only in China but also within the Pacific Rim (Lo and Yeung, 1996).

The economic restructuring of the western economies since the oil crises of the 1970s, hence changes in the global economy, had been much alluded to in studies on international division of labour (Froebel and Heinrichs et al., 1980). FDI is welcome with the process of 'industrial devolution' being of paramount significance. These changes leading to the discussion of post-industrialisation and re-industrialisation, such as in the case of the industrial districts of Italy. The literature is alive with studies of post-Fordism (Amin, 1994; Harrison, 1992; Ohmae, 1995), flexible industrialisation (Sabel, 1989), industrial districts, industrial clusters and the new regional development (Porter, 1990).

In China, the 'economic reform and opening-up' measures implemented in the last 20 years have attracted vast international capital this is particularly true for the coastal region. Pannell and Veeck (1989) once remarked that "...the Zhujiang and Sunan regions are changing rapidly, and economic systems in these regions are displaying remarkable vigour and dynamism." Their study examines the impacts of economic restructuring on the development of the urban systems. The success of the Pearl River Delta region has convinced the central leadership that more ambitious plan can be introduced. The launching of the Pudong New District in Shanghai was to revitalise the economy in Shanghai as well as that of the lower Yangtze Delta region. The Pudong project was also deemed as an answer to pacify the regional rivalry in coastal China (Jia and Lin, 1994). The notions of attracting FDI and participation in the international division of labour were repeatedly emphasized in various development proposals. Castells (1998) argued that it is the "bureaucratic entrepreneurs" that had let the emergence new capitalism in China.

As she participates in the 'new economy', China rapidly re-formulates and redefines her development strategies. A review on the impacts of the digital economy and globalization on the development of Shanghai is therefore a matter of prime concern. With China all set to join the WTO, leading cities such as Shanghai will no doubt become the 'bridgeheads' for international and multi-national firms to set up their operations in China, with a view to exploring her vast market. On the other hand, Shanghai is expecting severe competition from the outside world. This coupled with the pressure for reform the State owned sector, will mean a new wave of unemployment.

The survival and reinforcement of the traditional sector of the Shanghai economy is one of the imminent challenges the city government needs to address. The city also must secure her position as the principal port in southeast China, serving the Yangtze Delta region and the Yangtze River as a whole.

In the new epoch of post-industrial and sustainable development, Shanghai is also to serve as the hi-tech hub of China. It is important to see how the new strategy planned for Shanghai works for the people of Shanghai and her environs. The juxtaposition of the traditional sector and the high-tech sector, and the evolution from planned economy to quasi-market economy, will surely put Shanghai to test. Issues such as public participation, civil society and empowerment are essential issues to explore in the context of the new development proposal.

## **Shanghai: The Progressive City**

From a fishing village to a treaty port and to a metropolitan city during the interwar period, Shanghai has always been the progressive city of China (Ramo, 1998). The prime advantage enjoyed by the city lies in its location being situated at the estuary of the Yangtze River and along the strategic position of China's coastline, the city provides a gateway to a market of about 400 million people and an outlet for their produce to the Asia Pacific and beyond.

Shanghai's port condition ranks next to its natural strength. The Huangpu River, which is 80 km long and mostly 7-9 m deep, provides a great port potential with a gross tonnage of about 20,000 tons. A naturally developed network of the branches of Huangpu River offers convenient access to a wide hinterland beyond its administrative region. Encompassing an area of 6,340 square kilometers, metropolitan Shanghai offers sufficient size for allowing physical expansion and population increases.

These geographical strengths make Shanghai a gateway to China in terms of trading and investment.

In the 1930s, Shanghai was once the premier center of trade, transport, and industry. It was also the financial center of China. In 1932-1937, about half of gross industry value of the nation was from Shanghai. A total of 30 foreign banks and 80 domestic banks, among which 58 were headquarters, were located in the city. Shanghai was one of the largest shipping ports of the world, and the second major financial centers in the Far East, trailing Tokyo at the time.

The effort since 1949 has been on modernization, namely, to transform and update the semi-colonial and semi-feudalist and war-torn national economy, with a view to enabling the country to become one of the leading economic powers in the world. As socialist construction is synonymous with rapid industrialization, an area in which China had hitherto little experience, she had to look to the 'Big Brother', the former Soviet Union, for initial inspiration and assistance. China was left at the crossroad of development after 1960 when Sino-Soviet relations turned sour. A self-reliance development strategy was then formulated. In his writing entitled *The Ten Great Relations*, Mao Zedong reflected on the course China should take on the road to nation building. The emphasis was on industrial development, with a preference for heavy industries (Chan, 1994). During the highly charged period amidst the Sino-Soviet rift and the Cultural Revolution, development was hold back. The introduction of the Open Door policy since December 1978 has opened up a new chapter in socialist development in China. Since 1980, market force has formed part of the planned strategy and also played a significant role in reshaping the urban land use and landscape of the metropolises in China. In the course of these changes, urban configuration of major cities also evolved and changed so as to accommodate industrial development plan under the national and regional development strategies (Olds, 1997).

Being one of the important and major Chinese metropolises, Shanghai has experienced growth and development which are unparalleled by other cities and metropolitan regions. Industrial development during Mao's time had prompted the expansion of city fringes and the setting up of industrial satellite towns. In Deng's era, the process of urban development proves to be economically viable because of the potential avenues for materials gains. In the last two decades, land reform and leasing of land are considered as means of achieving more cost-effective land use planning. Land plots in the city centre are therefore closely sought after by both domestic developers and overseas investors. The increase in population caused by rural migration and the return of former residents who had been 'sent down' to the countryside during Mao's time have greatly affected the urban development and redevelopment in Shanghai.

## **Post-1949 Development in Shanghai**

Shanghai was initially a small river-port township along the mouth of the Huangpu River that joins the Yangtze River. Under the Treaty of Nanking in 1842, the city became one of the five treaty ports to be opened up for foreign trade. The first foreign settlement was established in 1848. Henceforth, the city was transformed from a walled-city to a city with a built-up area of 82.4 sq. km. in 1949. The size of the city was further expanded in 1957 to 116 sq. km. After a series of administrative changes and expansion, the spatial coverage of the city region of Shanghai in late 1958 was 6,340.5 sq. km. (Fung, 1981; Fung et al., 1992).

In the early days of the socialist construction, Shanghai was not among the designated key point cities. The geo-political location of the municipality renders her too vulnerable to foreign attack in the event of warfare. Development was focused on the interior and the northeast region of the country during the First Five-Year Plan. In the meantime, there was conscious effort to relocate the working population from the city centre to the suburban. New workers communities were built with a comprehensive range of facilities. New quarters were built near the factories and industrial districts so as to reduce the cost and time involved in the journey to work. Large scale housing development for Shanghai was triggered-off. More than 20,000 housing units were earmarked in nine different locations (Fung, 1981, p.282).

In brief, throughout the first thirty years of construction and development in post-liberation Shanghai, a series of issues presented themselves on the urban scene and stood in the way of the subsequent planning and development for the metropolis. In spite of the various master plans, there was a lack of impetus for urban construction. Plans were either implemented half-heartedly or not carried out at all.

The situation was particularly acute during the chaotic Cultural Revolution when all were at a standstill. This can be reflected by the policies on population distribution and industrial location. With more than 41,000 people per sq. km. in the main urban area, there were over 10,000 production sites. The interface between residential and industrial areas was a serious issue confronting urban planners, particularly when people began to aspire after a better living environment as their living standard improved. The new satellite towns were unable to attract voluntary migration out of the old urban areas where services and other amenities concentrate. Investment on housing stock as well as infrastructure, such as road and other means of communications, was evidently lacking. These inadequacies, however, tend to be universal rather than being unique to Shanghai. People choose to stay in the city core in spite of deteriorating standard of living. In the 1980s, about 27% of the city dwellers were regarded as 'households of poor living standard' while some 3-million sq. metres of slum areas were identified. Industrial development took place at the expense of the environment so that the once prided Suzhou Creek has since degenerated into the dirty nullah of Shanghai.

## **Development in Shanghai since the Eighties**

The 1984 Master Plan is probably the first comprehensive plan for Shanghai since the 1960s. Spatially speaking, it aims to renew and reinforce the urban centre by a parallel development of the north (Baoshan-Wusong area) - south (Jinshanwei-Chaohejing area) axis of Shanghai. The population for central Shanghai was earmarked at 6.5 million. The central city was divided into 11 zones, all of which independent commercial centres. The central city and its outer zones were separated by green belts comprising agricultural land, parks and botanical gardens and zoos. About 30-40 km. from the central city lie a set of satellite towns, including Minhang, Jiading, Songjiang, Wujing and Anting. The estimated population of the satellite towns was 1.5 million, the majority of which was resettled from the central area. Urban sprawl had been a noted feature of the rapid urban development since 1980s. Four of the ten counties were upgraded to districts, making a total of 14 districts. Second-level cities were planned for the suburban areas too.

In February 1985, the State Council approved the *General Report on the Strategy to Develop Shanghai's Economy*. In order to realise the objectives stated in the Report, which represented a long-term commitment on the part of the municipality towards a new development strategy, a General Development Plan was ushered in 1986. The Plan consists of three sections: (1) guiding principles for Shanghai's economic development; (2) the policies and tasks for Shanghai's Economic Development Strategies; and (3) the measures for reforming the urban economic system (Chen, 1986). Five measures were suggested for bringing to fruition the following objectives:

- to promote the "open to the outside world" policy;
- to remodel the traditional industry;
- to develop new industries such as hi-tech and bio-tech;
- to develop the tertiary sector from being 30% of the GDP to 60% by the year 2000; and
- to renew the old urban districts and to construct new urban areas.

The Pudong development plan was officially announced in 1990. Under it, four economic and technological development zones with a total area of 44 sq. km. were to be set up. Preferential policies to attract foreign investment were also introduced. The opening up of Pudong has provided the impetus for improving the overall transportation in Shanghai. The city's inner ring road (a highway constructed above the existing one along the Zhongshan road) was put into operation in late 1994. In April 1995, the first line of the Metro began to serve the commuters. The ring road, an elevated orbital except for the section in Pudong, together with the underground railway system, had opened up a new spectrum in transport geography for Shanghai.

On 11 November 1994, the Municipal Government of Shanghai sponsored the International Conference on *The Development Strategy of Shanghai Towards the 21<sup>st</sup> Century*. The objective of developing the metropolis into the international economic and financial centre of China in the next century was discussed and a report under the same title was published (Cai, 1995). The promotion of the urban spatial location and sectoral restructuring was regarded as the means to achieving the target of economic development.

The report highlighted the advantages the city stood to gain from the increased manufacturing activities in the Asia-Pacific region and the rapid economic growth in East Asia. It was considered that China, under the reform and open era, would compliment and fit into the development trend in the region. At the same time, due to its strategic location, Shanghai would become the focal point of development of both China and the region as a whole under the development plan of Pudong. To that end, Shanghai has to catch up with other international metropolitan cities in Southeast and East Asia in the coming decade in a number of areas. The strategic development objectives to be attained by the municipality by the year 2010 were set out at:

- A total urban area of 6,300 sq. km. with a multiple-center, multiple-function megalopolis.
- A GDP of RMB 150,000 per capita, with an average growth rate of 11.4% between 1995 and 2000, and 9.8% for the first decade in the next century. This will bring to fruition the targeted GDP of RMB 2,000 billion.
- A world city level of scale of economy and integrated capability. An extensive network of domestic and international linkages.

- A tertiary-oriented economy with emphasis being laid on finance, trade, information exchange, service sector and attracting multinational corporations to set up regional headquarters in Shanghai.
- A total population of 14 million (with an additional 4-5 million 'floating population') meaning an urbanization level of 80%.
- Restructuring the urban land use with a 5 sq. km. new city business centre that spans across the Bund (in Puxi) and the Lujiazui area (in Pudong).
- An infrastructure development that includes a modern highway system, port facilities and a new international airport at Pudong. Shanghai will become an informational city with a well development communication network

(*Wah Kiu Yat Po*, 23 November 1994, p.24; Cui, 1995; Liu, 1999).

## **Shanghai's Development in 1990s**

Shanghai achieved great accomplishment in its development since 1990. The GDP in 1998 was 368.82 billion yuan, which is almost five times that of 1990, 75.63 billion yuan. The highest growth rate of GDP reached 35.7% in 1993 and the average is above 15% (Tang & Luan, 2000) (Table 1). Pudong's GDP growth averaged at 21% per annum between 1990 and 1998 (Rui, 2000).

An account of the recent development reveals that Shanghai has experienced evident industrial restructuring. The proportion of the tertiary industry in the urban economy is also increasing gradually. Its contribution to the whole urban economy rose from 31.9% in 1990 to 47.8% in 1998, while the secondary industry decreased from 63.8% to 50.1% and the primary sector from 4.3% to 2.1% (Tang and Luan, 2000) (Table 2).

The impact of foreign investment on Shanghai's economy is becoming more and more prominent trends of globalization and market economy. Between 1990 and 1998, the accumulated foreign investment in Shanghai reached US\$35.04 billion with the annual ratio of the foreign investment and GDP being on the increase every year. The contribution to industrial output of foreign or Sino-foreign joined enterprises rose from 15.5% in 1993 to 47.2% in 1998, and the number of foreign financial organizations in Shanghai increased from 79 in 1993 to 160 in 1998 (Tang & Luan, 2000) (Table 3 and Table 4).

Alongside with the economic development, investment on built environment also grew significantly. This can be illustrated by the data of investment increase in fixed assets, infrastructure, and real estate. (Table 1)

Investment on infrastructure also enjoyed a great rise from 4.722 billion yuan in 1990 to 53.138 billion yuan in 1998. The proportion spent on public facilities (electricity, water, and gas supply facilities) dropped evidently while the proportion on transportation facilities, telecommunication facilities, and utility facilities (including environmental facilities) increased greatly. The upgrading of infrastructure obviously had improved the investment environment.

The ratio between investment on real estate and that on fixed assets increased from 3.6% in 1990 to 29.4% in 1998, exemplifying the impact of market-oriented reform on urban housing stock.

Along with industrial restructuring, the city proper undertook active urban land redevelopment during the last decade. Within the inner ring, enterprises that were the source of pollution, low profit or low efficiency in land use, and substandard housing gave way to more profitable tertiary industrial and higher standard housing development. The total area of the buildings for the secondary industry dropped 11% while that of office, commercial building, and housing increased by 120%, 70%, and 50% respectively.

**Table 1**

Year		1990	1991	1992	1993	1994	1995	1996	1997	1998
GDP	Amount(billion yuan)	75.7	89.4	111.4	151.2	197.2	246.3	290.2	336.0	368.8
	Growth rate (%)	8.6	18.2	24.7	35.7	30.5	24.9	17.9	15.8	9.8
Investments on fixed assets(IF)	Amount (billion yuan)	22.7	25.8	35.7	65.4	11.2	160.2	195.2	197.8	196.5
	Growth rate (%)	5.7	13.7	38.4	83.0	71.8	42.6	21.9	1.3	-0.6
	IF/GDP(%)	30.0	28.9	32.1	43.3	57.0	65.0	67.3	58.9	53.3
Investment on infrastructure (II)	Amount (billion yuan)	4.72	6.14	8.4	16.8	23.8	27.4	37.9	41.3	53.1
	Growth rate(%)	30.1	30.0	37.5	98.9	41.9	14.9	38.3	9.0	28.7
	II/GDP(%)	6.2	6.9	7.6	11.1	12.1	11.1	13.1	12.3	14.4
Investment on real estate (IR)	Amount(billion yuan)	0.82	0.76	1.27	2.2	11.7	46.6	65.8	61.4	57.7
	Growth rate(%)	---	-7.3	67.1	73.2	-43.6	297.1	41.1	-6.6	-6.0
	IR/GDP(%)	1.1	0.9	1.1	1.5	6.0	18.9	22.7	18.3	15.6
	IR/IF(%)	3.6	2.9	3.6	3.4	10.5	29.1	33.7	31.1	29.4

Source: Tang and Luan, (2000).

**Table 2**

Year	GDP		Primary sector		Secondary sector		Tertiary sector	
	Billion yuan	%	Billion yuan	%	Billion yuan	%	Billion yuan	%
1990	75.6	100	3.3	4.3	48.3	63.8	24.1	31.9
1991	89.4	100	3.3	3.7	55.1	61.7	30.9	34.6
1992	111.4	100	3.4	3.1	67.7	60.8	40.3	36.1
1993	151.2	100	3.8	2.5	90.0	59.6	57.3	37.9
1994	197.2	100	4.9	2.5	114.3	57.8	78.0	39.6
1995	246.3	100	6.7	2.5	141.0	57.3	99.1	40.2
1996	290.2	100	7.2	2.5	158.3	54.5	124.8	43.0
1997	336.0	100	7.6	2.3	174.4	52.2	153.0	45.5
1998	368.8	100	7.9	2.1	184.7	50.1	176.3	47.8

Source: Tang and Luan, (2000).

**Table 3**

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Foreign investment(FI) (billion US dollar)	7.8	8.7	22.4	31.8	39.9	53.0	75.1	63.5	48.2
FI/GDP	4.9	5.2	10.5	10.5	17.4	17.9	21.5	15.7	10.8

Source: Tang and Luan, (2000).



**Table 4**

Year	Industrial output(IO) (billion yuan)	Output of foreign-related enterprises(OFE)	
		Billion yuan	OFE/IO (%)
1993	299.0	46.3	15.5
1994	375.8	83.8	22.3
1995	395.7	115.9	29.3
1996	433.0	150.5	34.8
1997	544.8	211.9	38.9
1998	550.4	259.8	47.2

Source: Tang and Luan, (2000).

By the end of 1999, the good infrastructure network enabled Pudong to become an integral part of greater Shanghai. There are four bridges, a tunnel and a metro line linking both sides of the Huangpu. The increase in accessibility and reduction in commuting time further boost the popularity of Pudong (*Far Eastern Economic Review*, November 2, 2000, p.57)

With Pudong as the new district of development, Shanghai city in turn forms the ‘Dragon’s Head’ of the Yangtze Delta region. Administratively, the region includes Shanghai city, southern Jiangsu province and northern Zhejiang province. The Yangtze Delta region is thus represented by an area of 99,610 sq.km. with a population of 73.71 million people, of which 30 million are urban dwellers. It is the most developed economic region in China with a high degree of urbanization. The urban hierarchy includes three super-large cities (Shanghai, Nanjing and Hangzhou), four large cities (Wuxi, Suzhou, Zhangzhou and Ningbo), 17 medium-size cities and 30 small cities. In 1982, the State Council gave approval for the setting up of the Shanghai Economic Zone. The zone covers 10 cities in the Yangtze Delta and 55 counties. It was subsequently enlarged to include parts of Jiangsu, Zhejiang, Anhui and Jiangxi provinces in 1985.

Urban development (in the form of sprawl and rural urbanization) in the region has been undergoing at a rapid rate. There are two development corridors: the northern one, running from Shanghai to Nanjing, has 34 cities (63% of the region’s total) with a GDP of RMB396.7 billion. The southern corridor, ranging from Shanghai to Hangzhou, has 19 cities (35% of the region’s total) and a GDP of RMB240.4 billion.

Apart from the development legacy inherited from the Maoist era, the infrastructure system is an additional attribute accounting for the different pace of development within the Yangtze delta region. The pattern of urban development is reflected by key transportation arteries of the Shanghai-Nanjing, Shanghai-Hangzhou and Hangzhou-Ningbo railway systems. The 248 km. highway between Shanghai and Nanjing has shortened the travel time between the two places while augmenting their economic interaction. Towards these ends, the city authorities in the northern corridor have been working closely together with Shanghai. Development along the southern corridor, however, is hampered by the indecision of the local authorities to improve its inter and intra-regional transportation network (Report, 1997).

Shanghai’s achievements in 1990s have been greatly pushing this city’s growth towards the goals stipulated in its development strategy. While entering the 21<sup>st</sup> century, we will need to review the development strategy in the global, regional, and city context, by which we can determine what role Shanghai should play to keep pace with changes in the world and to sustain and strengthen its prosperity and stability.

## **Development Strategy of Shanghai for the 21<sup>st</sup> Century: The Global Context**

### *New Trends*

Rapidly developing information technology and hi-tech industries are the icons of the knowledge-based economy at the dawn of the new millennium. Economic development no longer depends on primary production factors (such as capital, natural resources and labour). Technology and information become the most important capital and assume making a key role in such economic process as management, production, and circulation. They form an “embedded” economic network (Evans, 1995). As the largest city in China, Shanghai cannot afford to miss out on the new trends of globalized economy and knowledge-based economy.

### *Challenges*

The principal challenges for Shanghai as a global city in the informational era are:

- The research and development of hi-tech industries in Shanghai are lagging behind the key incubator cities;
- The constraint and the legacy of the planned economy have hampered the formation of a market-oriented economy operating on international standards;
- Infrastructure and transportation facilities are still inadequate;
- With its substandard industrial structure, Shanghai cannot provide sufficient and efficient services for international economic affairs; and
- The WTO membership will subject business operation in Shanghai to severe competition, as the economic structure is not open enough.

### *Hi-Tech Industrial Development*

Industrial parks developed rapidly in Shanghai since the development of Pudong. Jin Qiao Industrial Park has attracted 312 investment projects in the setting up of a modern industrial structure with six pillar industries that include Motor Vehicles Manufacturing, Electronic Telecommunication Equipment Manufacturing, Household Electrical Equipment Manufacturing. More than ten leading multi-national corporations in the computer industry such as HP, IBM, INTEL, PHILIPS, operate from Wai Gao Qiao Bonded Warehouses District. Advanced technological industrial projects gather in Zhang Jiang Hi-tech Industrial Park examples of which include modern communication industry, biotechnology and pharmaceutical industry, computer and software industry and microelectronic industry (Rui, 2000).

However, there is still a long way to go before Shanghai can keep pace with the leading cities in the information age. An institutional environment in which hi-tech industrial development is encouraged would be a key solution to enhance the development of hi-tech industrial parks of Shanghai amidst the intensive competition of the knowledge-based economy. Policies such as allowing foreign science research and education organizations to set up R&D organizations and hi-tech industrial enterprises, and offering equal or even preferential treatment over tax and credit policy are called for. The establishment of investment mechanism to encourage the development of hi-tech industries and so on in industrial and hi-tech development parks should also be explored.

Meanwhile, the continued progress of Shanghai is heavily dependent on the availability of well-trained professionals and workers. It is urgent for Shanghai to set up a fine mechanism of attracting talented professional that will include employment institution, payment institution, social welfare institution. Equally important is the need to improve educational institution, especially the professional educational system. The out-migration of Shanghai's talented professional is a main concern for the hi-tech industrial development strategy too. Improved residential environment is also be an important factor in encouraging the talents to stay or attracting others to move to Shanghai.

## **Development Strategy of Shanghai for the 21<sup>st</sup> Century: The Regional Context**

The Yangtze Delta region, centered on Shanghai, includes eight cities in Jiangsu Province, six cities in Zhejiang Province, covering 99530 km<sup>2</sup>. It is the nuclear of the national economy and one of the most developed regions in China. In 1995, the region contributed 15.4% of the total GDP with only 6.1% of the national population.

As Shanghai and the Yangtze Delta entered a new era of development in the 1990s, the cities within region has become more and more complementary to each other. Integrated development is an inevitable trend. After the rapid growth of one decade, the time has come to review Shanghai's development in 1990s in a regional context (UNESCAP, 2000).

### ***Tiers of Government***

#### Local Government and Central Government

The relationship between central and local government follows a model of unified leadership and proper decentralization of powers. The main function of the local government is the management of the economy of the area under its jurisdiction. Central government manages the administrative affairs of the country centrally and makes the macro decisions.

Owing to the tradition of planned economy, central government plays an excessively important role in power distribution, and it can exert its influence on local administration in many aspects. Affairs of harmonizing regional development are for the Central government, which often falls behind or is incompatible with other regional development because of the vast number of regions and imbalance in development.

#### Categories of Local Government and Hierarchies

Local governments of China comprise a hierarchical system at different levels. At present, the organization system of local government is divided into 4 levels: Provincial level (Provincial, Autonomous Region, and Municipal government), city level, county level, and village (town) level. At the same time, the government of each level includes several branches, which concerned with different departments such as finance, education and environment.

Within this model, the vertical relationship between the different levels of government is emphasized, while communication and coordination between within governments of the same level is often ignored. Individual city, county, town and village in the YD therefore steer their courses of economic growth and infrastructure development according to their own interests

and objectives. Taking the construction of development zones as an example, although all cities endorse the macro strategy of supporting Pudong's growth as a central development zone, every city attempt to develop its own economic infrastructure and to construct its own development zone. There are now 7 national grade high technology development zones in YD, representing approximately one fourth of the national total. The south Jiangsu Province alone has 24 development zones with a total area of 242.8 km<sup>2</sup>. Some of these zones offer policies and incentives that are even more preferential than those in Pudong in the bid to scramble for investment, development project, human resources and market.

### ***Administrative District-based Economy***

Institutional reform of the government structure since 1978 that followed a model of decentralization, local government is becoming an economic entity with fiscal independence. Under this system, as local administration pursues its own maximum economic profits, the administrative-district-based economy emerged and becomes intensified, assuming an essential role in the regional market.

The negative effects of these phenomena are various segmenting the regional factors market, similarity in industrial structure, scattering and low level repetitions of construction and incompatible urban plans. There are no economy of scale and effective division of labour achieve and this affect the competence of the whole YD. This is also a key factor accounting for the disadvantage suffered by the YD when compared with the Pearl River Delta in terms of an integrated, boundless economy.

### ***Regional Development Pattern: Integrated Development***

As Shanghai continues to develop and grow, the relationship between Shanghai and the Yangtze Delta ought to be more complementary of each other. Integrated development in the Yangtze Delta would be the only choice for Shanghai and the Yangtze Delta region in order that they can assume competitive positions in the globalized economy.

### ***Integrated Primary Production Factors Market***

Unified factor market is the basis for economic coordination. Owing to the boundary problems of administrative districts and the incompatible tax and revenue system within cities in the Yangtze Delta, the flow of production factors, including capital and labour, was considerably restrained. This in turn hampered the common development in the region significantly. Removing the administrative bulwark, and enhancing the communication and cooperation within the Yangtze Delta region for the purpose of setting up an integrated factors market will be the first step to upgrade the industrial structure, to achieve proper division of revenue, and ultimately to attain complimentary development.

### ***Integrated Industrial Structure***

Unlike the Pearl River Delta, whose development is the product of external economic force, the Yangtze Delta has a sound internal industrial basis. However, similarity in the industrial structure of the cities has caused excessive competitions for raw material, investment, equipment and market within the region, and results in the diversion and reduction in economic benefit.

As the region becomes one economic entity, it is necessary for all cities in the region to be informed of the overall development plan so as to maximize the benefits through coordination. In the light of the industrial restructuring of Shanghai, other cities in the Yangtze Delta should adjust their industrial structure and development plans so as to foster the co-operation with Shanghai. Only by systematic and conscious coordination and cooperation can economy of scale and effective division of labour be achieved.

A shift of industries within the Yangtze Delta is also essential to bring about the change in economic structure. By relocating operations to various parts of the Yangtze Delta where land and labour costs are significantly lower, the manufacturing sector of Shanghai will be able to concentrate on more capital intensive and high value-added activities. At the same time, it would be an opportunity for the cities in the Yangtze Delta to utilize development of Pudong and to join force in forming new development trend.

### ***Integrated Infrastructure and Transport Network Construction***

The rapid rate of growth in the Yangtze Delta has exerted tremendous pressure on its capacity of transportation system and infrastructure. However, the solution does not lie on any individual city. The efforts of all concerned are required. Construction of airports, ports, railways, highways networks require considerable support of the regional hinterland. Repetition in these construction projects means low efficiency, excessive land occupation, insufficient funding and hence delay in project completion. The solution to this problem lies in the construction of a transportation network that dismembers administrative boundary.

### ***Integrated Environmental Conservation and Utilization of Natural Resources***

Regional resources and environment are the physical basis for regional development. Conservation and improvement of natural environment ought therefore to be a key consideration in commercial and industrial development. In the Yangtze Delta, rapid, large-scale and somewhat random development has resulted in increasingly severe and widespread environmental and land use problems. They range from pollution of the river system, degradation of air quality, loss of fertile farmland and damage to ecologically sensitive areas. Again, environment and resources problems can only be solved by the joint and coordinated efforts of all concerned. It is necessary for city governments in the Yangtze Delta to establish a framework within which environmental conservation can be carried out in an integrated manner so as to ensure the sustainable development of the whole region.

## **Development Strategy of Shanghai for the 21<sup>st</sup> Century: The Urban Context**

### ***The Organization of Shanghai Municipal Government***

Shanghai Municipal People's Congress with its standing committee is the policy-making authority. With the Municipal Government acting as its executive arm. Shanghai municipality is divided into 14 urban districts and 6 rural counties. The administrative hierarchy of Shanghai consists of four levels: the Shanghai municipal government, 14 district governments (or 6 county governments), 98 sub-districts (or 214 townships), 2,902 neighbourhood (2,984 villages) (Report, 1997; Statistical Yearbook of Shanghai, 1997).

Shanghai has adopted what is known as the “two-tier government (municipality and district or county government), three-tier administration (municipality, district or county, and sub-district or township administration)”. Under this system, the district or county level administration can deal with local affairs in a much more independently manner. Sub-districts or townships, as one level administration, are able to play an important role in social service and management.

### ***Urban Planning System***

Shanghai has a fairly comprehensive urban planning system. The planning system is in three levels: metropolitan comprehensive plan, district plan, detailed plan. The comprehensive plan is the master plan covering Shanghai municipal administration region, setting out the urban planning development strategies and policies. The district plan or town plan is the second level master plan covering local areas. Detailed plan or site plan is similar to site development control plans that set out detailed land use zones and regulatory requirements.

The Shanghai Urban Planning Administration Bureau is the authority responsible for urban planning. It operates under the Shanghai municipal government. The Shanghai Urban Planning, Design and Research Institute, a subsidiary of the bureau, is charge of the professional tasks of planning related research and of drafting and drawing up of plans under the direction of the bureau. Within the district and county governments are the district and county planning administration bureau. They are responsible for local planning affairs. In discharging their duties, they are subject to the directions of the Shanghai urban planning administration bureau as well as the supervising district or county governments.

### ***The Changing Roles of Shanghai Government***

As a result of the economic reform, local governments have assumed a more active role in economic construction. Government participation often takes the form of co-operation. Sometimes local governments even play a leading role in the development of enterprises. One of the adverse results is over intervention by government into enterprises (Wu, 2000).

There were instances of the government establishing official or quasi-official enterprises as one of the actors in the market. For example, in the early 1990s, Shanghai government set up official real estate corporations in each development zone, such as Lu Jia Zui, Jin Qiao, Wai Gao Qiao and Zhang Jiang to take charge of the planning development and management of the development zone. On one hand, government acted as a manger that should guarantee public goods; on the other hand, it is an economic entity looking after its own micro-economic profits. Conflict of interest, both apparent and real, is inevitable. It is not unknown that government would intervene in urban planning an even change the approved plan to ensure economic gains to herself. At the same time, since the government would have to bear the business loss of official corporations, the latter tend to act unreasonably and without regard to commercial reality and principles. The over supply of prime office spaces in Pudong the 1990s is a clear example of this.

As the planned economy change towards a market-oriented one, the functions of local government should have shifted from intervention to the fostering of the market and guaranteeing its normal operation. The local government should disassociate itself from micro-economic activities and be responsible for macro adjustment and social development instead. The municipal government should also undergo changing its role and functions.

This is to be achieved by adopting an administrative model that is compatible with market-oriented economic reform; establishing international acceptable standard of management and a simplified, unified and efficient administrative structure; enhancing administrative ability in macro level; and exercising indirect control over the economic activities.

Meanwhile, a new trend of localisation appears to have emerged. Cities that can preserve their own cultural characters, keep and make full use of their unique natural advantages when they develop according to an international standard, will be better places for living, visiting, and investing. While accepting the same responsibility, rights, and obligations as other government, Shanghai municipal government plays a special role in such aspects as resources distribution, policy renovation and experiment. Given such a unique position, the Shanghai municipal government should aim at shaping Shanghai as an economic centre of international standard and to bring about the economic growth of the Yangtze River Delta region.

Shanghai has set up a grand goal for her development in the 21<sup>st</sup> century. However, it is crucial to acknowledge that the ultimate goal of development should be a balance between economic growth and human well being. In the final analysis, the viability of Shanghai as a global central city will depend on its quality as a human settlement.

### **Conclusion: *re-engineering* Shanghai**

Castells (1998) argued that in the informational era, at least four problems are of prime concern to future development in China. They include the floating population, the inter-provincial rivalry, the adjustment from a planned economy to a market one, and the dilemma of the application of technology in a (semi) closed society. Shanghai is at the forefront to tackle these challenges.

The policy adopted in the 1980s had avoided the real battleground. The Special Economic Zones, the urban reforms and the housing changes were premised on the notion of “feeling the stones while crossing the river.” Over caution and the readiness to abandon or shift of the policy were evident. To introduce the “anti-spiritual pollution” campaign in the 1980s is a case in point. The fact is while China would like to benefit from the western hardware of know-how, she was avoiding at all costs the so-called ‘undesirable’ side effects that follow suit.

As Wu (2000) expounded, “The Shanghai case clearly shows a local dimension to globalisation—decentralisation of power, redefinition and redistribution of state land property, the incentive for and willingness to reorientate urban development strategies. All these are essential factors in urban restructuring.”

Notwithstanding the seemingly complacency, there are challenges in the way. Whilst it is imperative that Shanghai develops into a finance and service economy in the informational era, it is equally important that the city maintains its traditional sector. The former strategy serve to place Shanghai on the map of global and regional competition while the latter helps to foster a horizontal (inward) linkage vis-à-vis the lower Yangtze Delta region. This two-pronged development strategy will no doubt call for complimentary development plans, and in turn a revision of the development proposal.

At the domestic front, it is of importance to focus on the urban and regional governance and to promote devolution of decision and public participation. To encourage positive competition at the local government level with participation by members of the public will afford a bottom-up approach (Stohr and Taylor, 1981). If the change is implemented smoothly, this will bring forth better planning and coordination in Shanghai and the lower Yangtze Delta region.

The strategy of developing Shanghai into an international financial centre is just one of the many moves to put China back to the globe. To aspire to become a hi-tech and telecommunication hub will add on to the reform in the planning and governance realms (Graham and Marvin, 1996). The success of the two-pronged development strategy will keep Shanghai abreast in the race as one of the world cities.

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# CHANGING LAND USE IN A CHANGING ECONOMY: REJUVENATING OBSOLETE INDUSTRIAL LAND IN HONG KONG<sup>1</sup>

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## Summary

With rapid structural changes undergoing in the manufacturing sector in the Hong Kong economy, a sign of transformation in the demand for industrial premises has also been observed. The Hong Kong government responds to such changes by allowing flexible planning permission controls over the change of land use process within the proposed "Business Zone". This paper aims at examining the effectiveness of this rejuvenating mechanism by looking at the background of such policy. More importantly, factors contributing to a more optimal land use/zoning policy, in which the business zone will have an important impact will be identified. The relevant policy issues will be examined first with an international perspective that review experiences from abroad in dealing with rejuvenation of obsolete land.

## Introduction

Hong Kong has witnessed a structural change in the industrial sub-sector of the land market when the overall economy undergoes great changes from industrial-based to service-based economy. Underlying such drastic changes, the industrial property sub-sector experiences some form of metamorphosis as the relationship between manufacturing firms and the mode of utilization of industrial buildings has also been transfigured.

Having observed these structural changes in the demand side of the industrial property sub-sector, the government reacted by first introducing the I/O concept as a means to regenerate old land use in the conventional industrial areas. When this failed, the government further introduced the new idea of "Business Zone" as a planning tool to accommodate the changing nature of demand for industrial and office properties, a measure similar to the simplified planning zone and urban rejuvenation programmes in other countries. This paper attempts to examine the effectiveness of this planning proposal in rejuvenating obsolete industrial land to cope with Hong Kong's changing economy. In addition, an international perspective is given in highlighting some major policy issues for consideration in formulating urban obsolete land rejuvenation programmes. First of all, we will briefly examine the structural change taken place in the industrial land market.

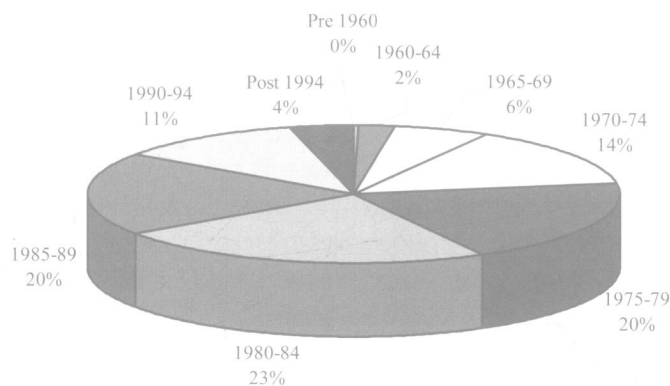
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<sup>1</sup> This is a draft paper for discussion only. The research underpinning this paper was sponsored by the Real Estate Developers' Association of Hong Kong

## Structural Changes in the Industrial Property Market

During the boom of manufacturing industries from the 1950s to the mid 1980s, there was a huge demand for industrial premises in order to facilitate industrial development. Due to the lack of space and industrial land, intensified property development leading to tremendous amount of multi-storey factory buildings being built during this period. It can be seen from Figure 1 that until the end of 1998, over 60% of the industrial buildings in Hong Kong were completed before 1985. However, these buildings were built to cater for the special specifications suitable for production activities prevailing at that period of time only. Following the industrial restructuring of the Hong Kong manufacturing sector, these premises may have become obsolete and no longer suitable for the present need of the industry.

Figure 1 : Industrial Building Stock Distribution By Age at the End of 1998



Source: Rating and Valuation Department. *Property Review*. Hong Kong, Government Printer. 1999. p.34

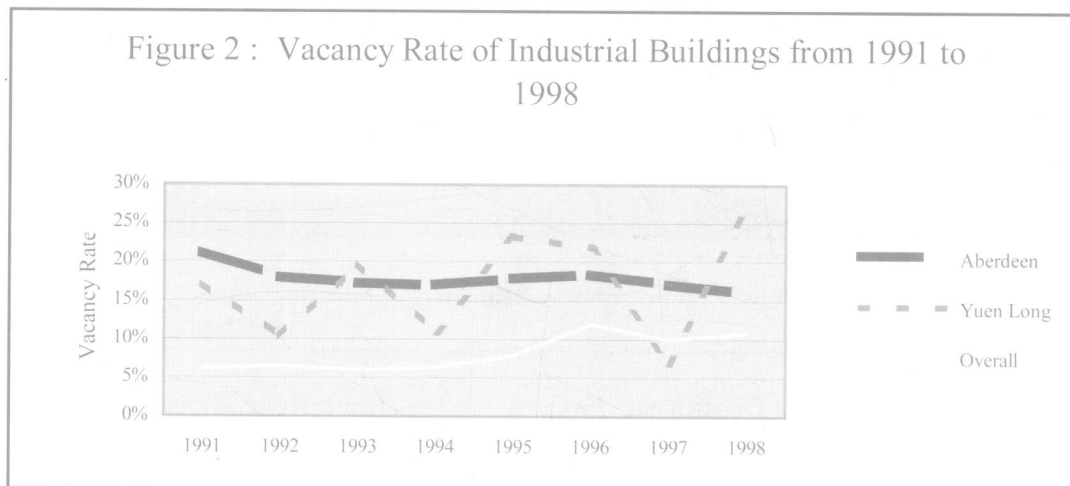
With this change in the spatial requirement for industrial production in Hong Kong, there is a growing demand for up-market, office-like industrial premises in the market. Consequently, there exists great discrepancies between the product demanded by industrialists for the premises they occupy and the product that is actually supplied to them in the local market.

At the same time, with this growing demand for more sophisticated industrial premises observed in the market, property developers turn their effort to capture this new market niche. Good news for developers came when the composite industrial/office concept was being implemented in 1992. Most of the industrial buildings completed after 1992 were built to a high specification comparable to I/O buildings of prime quality. These buildings marked a great contrast to the traditional flatted factories. As a result, the entire industrial property market is divided into two different tiers, each with different performance.

This lower-tier of market is, naturally, composed of older, inferior industrial properties which will fall into the category of obsolete premise, if not already in this group.<sup>2</sup> Aberdeen and Yuen Long are typical examples of the industrial districts that this older-tier market will be found.

<sup>2</sup> *Richard Ellis Quarterly Report*. Hong Kong, Richard Ellis Ltd. Jan 94. p.8.

Vacancy rates for Aberdeen, Yuen Long and the overall industrial market from 1991 to 1998 are shown in Figure 2. It can be seen that the vacancy rates for Aberdeen and Yuen Long were much higher than the overall vacancy rate in the whole market during this period. While the overall vacancy rate was kept at around 5 to 10%, the vacancy rates for Aberdeen and Yuen Long were fluctuating around 10 to 20%. This means that these two sub-markets under-performed the rest of the market in terms of take-up ratio as they contained mainly older flatted factories.



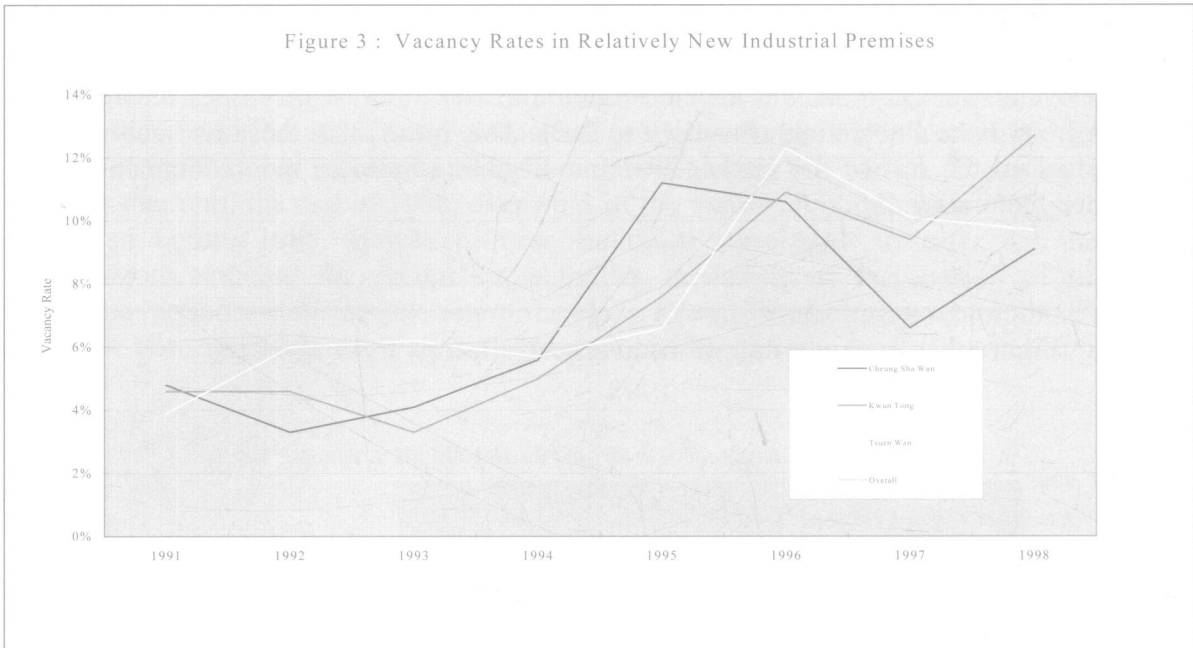
Source: Rating and Valuation Department. *Property Review*. Hong Kong, Government Printer. Various Years. Table 42.

On the other hand, premises belonging to the upper-tier sector of the market are characterised by their better quality, sufficient and advanced building facilities and good management. They are built to a high specification which can adequately satisfy users' needs in terms of industrial production requirements as well as administrative and service functions. Due to the relative new structures, maintenance cost for this group of industrial premises is much lower than the older ones.<sup>3</sup> Consequently, demand for this upper-tier market is higher leading to a higher take-up rate.<sup>4</sup> This is evident from the vacancy rate of the newly-completed/renovated industrial buildings in Cheung Sha Wan, Kwun Tong and Tsuen Wan. Vacancy rates in the recently completed industrial buildings are generally lower than the overall vacancy rate in the whole market (Figure 3). This confirms with a common understanding that industrial buildings in the new sector are more appealing to users than those in the older one.

<sup>3</sup> *Colliers Jardine Bulletin - Hong Kong Industrial Property Market*. Hong Kong, Colliers Jardine. June 1999. p.3

<sup>4</sup> *Industrial Office Bulletin*. Hong Kong, C.Y. Leung & Company Limited. January 1998. p.1

Figure 3 : Vacancy Rates in Relatively New Industrial Premises



Source: Rating and Valuation Department. *Property Review*. Hong Kong, Government Printer. Various Years. Table 42.

## The Advent of I/O Building Concept

In view of this change, the so-called I/O concept was endorsed by the Town Planning Board in November 1989. An I/O building is defined by the Town Planning Board as ‘a dual-purpose building in which every unit of the building can be used flexibly for both industrial and office purposes’.<sup>5</sup>

With the exception of unrelated pure office use to any industrial operations (which may be difficult to prove); heavy and noxious industrial operations causing disturbance and pollution problems to adjacent areas, all other industrial operations, quasi-industrial operations and office ancillary or directly related to these industrial/quasi-industrial operations will be permitted. In addition, no restriction is imposed on the size of the contents of office use to be established as long as it is directly related to an industrial operation.<sup>6</sup> Starting from September 1997, commercial uses are also permitted on the lowest three floors so as to provide supporting functions to the I/O uses and convenience for workers.<sup>7</sup>

Initially, the I/O concept would seem to be a proactive response on the part of the government to the changing market needs. However, an examination of the actual take-up rate of completed I/O buildings does not support this premises.

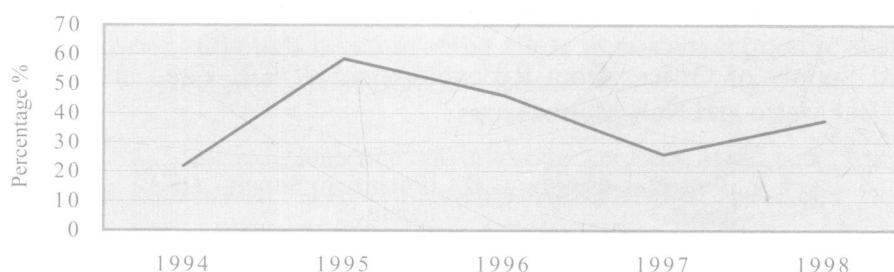
<sup>5</sup> Town Planning Board. *Town Planning Board Guidelines for Application for Composite Industrial-Office Buildings in Industrial Zone under Section 16 of the Town Planning Ordinance*. Hong Kong, Planning Department. 1997. p.1.

<sup>6</sup> Town Planning Board. *Town Planning Board Guidelines for Application for Composite Industrial-Office Buildings in Industrial Zone under Section 16 of the Town Planning Ordinance*. Hong Kong, Planning Department. 1997. pp.1-2.

<sup>7</sup> *Ibid*, p.1

Figure 4 shows the overall vacancy rate of I/O buildings from 1994 to 1999. It can be seen that vacancy rate has been staying at a relatively high level, ranging from 21.9% to 58.4%. The average vacancy rate throughout these five years is 38%. Taking year 1998 as example, this is equivalent to 179,600 m<sup>2</sup> of vacant I/O space in the market.

Fig 4 : Overall Vacancy of I/O Premises from 1994 to 1998



Source: Rating and Valuation Department. *Hong Kong Property Review 1999*. Hong Kong, Government Printer, 1999.

If one of the objectives in devising the I/O concept is decentralization of CBD, the role played by I/O buildings in this agenda is minimal when compared with the generic office buildings. As at December 1998, total stock of I/O buildings in Hong Kong was 477,800 m<sup>2</sup>, which was only 5.5% of total stock of office at that time. Taken together, no matter how dispersedly I/O buildings are located in Hong Kong, the overall impact to the pace of office decentralization is, in fact, insignificant.

The aim of office decentralization stipulated in the Metroplan and TDS is in fact best achieved by the generic office buildings. The annual supply and total stock of office building is greater and hence the effect of decentralization will be more prominent if land supply policy coordinates.

Table 1: Annual Supply of Grade A, B and C Office and I/O Premises from 1994 to 1998 and Total Stock as on End of 1998

Annual Supply	Grade A (m <sup>2</sup> )	Grade B (m <sup>2</sup> )	Grade C (m <sup>2</sup> )	I/O Premises (m <sup>2</sup> )
1994	328,900	114,000	58,000	23,700
1995	221,800	81,800	50,900	77,100
1996	130,500	89,800	48,400	114,700
1997	337,800	48,400	69,900	72,500
1998	635,100	62,700	38,900	145,000
<b>Total Stock as at End of 1998</b>	<b>5,281,000</b>	<b>1,926,700</b>	<b>1,426,400</b>	<b>477,800</b>

Source: Rating and Valuation Department. *Hong Kong Property Review 1999*. Hong Kong, Government Printer, 1999. Tables 23 & 57.

Moreover, it is legally feasible to develop office buildings on C/R zones, and hence the existing residential buildings built on C/R zone can be treated as a reserve of land for development into office buildings. Table 2 shows the potential supply of office space from redevelopment of these residential buildings. It can be seen that a total of two million square meter of G.F.A. are capable of development, two-third of which is situated in non-CBDs. Together with the nearly two hundred thousand square meter of developable G.F.A in the non-metro areas, the development potential in non-CBDs is in fact enormous.

Table 2 : Potential Supply of Offices from Redevelopment of C/R Zone in Non-CBD Metro and Non-Metro Areas

<b>OZP Area</b>	<b>Potential Supply G.F.A. (sq.m.)</b>	<b>Potential Supply I.F.A. (sq.m.)*</b>
Wan Chai & Causeway Bay	699,300	489,511
Sai Ying Pun & Sheung Wan	352,958	247,071
Wong Nai Chung	11,340	7,938
North Point & Quarry Bay	684,248	478,974
Shau Kei Wan & Chai Wan	156,128	109,290
Aberdeen & Ap Lei Chau	78,705	55,094
Tsuen Wan & Kwai Chung	894,716	626,302
Tsing Yi	122,918	86,043
<b>CBD</b>		662,460
<b>Non-CBD</b>		1,437,759
<b>Metro</b>		2,100,219
Sha Tin ,Tai Po & Ma On Shan	104,293	73,005.1
Fanling/Sheung Shui	47880	33516
Tuen Mun & Yuen Long	97,360	68,152
Tseung Kwun O	27458	19220.6
<b>Non-Metro</b>		193893.7
<b>TOTAL</b>		2294114
* I.F.A. – Internal Floor Area, which is calculated by multiplying G.F.A. by 70%		

Source: Townland Consultants and Roger Tym & Partners. *Study of the Propensity for Office Decentralization and the Formulation of an Office Land Development Strategy*. Hong Kong, Planning Department. 1999 Table 7 15

## **Business Zone Concept**

The Business Zone concept is a step further from the I/O mechanism. It was proposed by the Planning Department in November 1999 which came out of the findings and recommendations of the planning study titled '*Study on the Provision of Industrial Premises and the Development of Planning Guidelines and Design Parameters for New Industrial Areas and Business Parks*'.

The study aimed at reviewing the provision of industrial land and examining the scope of rezoning of existing industrial land for other uses and to see what changes should be made to the planning framework in response to the continual restructuring in the industrial sector.<sup>8</sup>

A major finding in the study revealed that even though 110 hectares of industrial land have already been rezoned for other uses since mid-1997 due to the continual changes in manufacturing industries, the amount of surplus industrial land still reached 66 hectares. On the other hand, it was found that there existed certain basic demand for land use from the industrial sector, although it had become a less important economic sector. The result of this conclusion was the proposal of Business Zone.<sup>9</sup>

The Business Zone is in essence an integrated employment zone for industrial, office and commercial land users. The core element of the Business Zone is the higher degree of flexibility as far as planning application is concerned.

### ***Potential Problems:***

Since larger number of car parking spaces would be required for buildings in the Business Zone for various groups of users than in the case of pure industrial use, this may exclude some existing industrial sites constrained by site configuration or characteristics in such provision. Hence, “additional flexibility” is required from the Transport Department on this issue in order to make the concept feasible. Discretion has to be granted from Transport Department after investigation on site layout and adjacent parking facilities.

As Business Zone is a new land use concept in Hong Kong, the easier and quicker option of development will be conversion from existing industrial buildings (except for new development on land which has been rezoned to Business Zone by the Town Planning Board). In such case, there involves a change of user clause in the lease condition, and modification to the existing lease is required. Upon approval of the lease modification, payment of premium to the government is required, which involves a determination of the enhanced value of land after the proposed change of use. As the concept is new in most industrial areas, it will be very difficult and even arbitrary in the production of market comparables for such assessment.

Moreover, since the Planning Department’s intention is to rezone surplus industrial land, the Business Zone will inevitably be located in traditional industrial areas. The locational disadvantages of some of these old industrial areas might turn out to be an disincentive for office and commercial users, especially high-tech firms, to locate.

In summary, the major demand for business buildings will possibly originate from industrial users demanding for premises with a good image for their own administrative functions, together with a minor demand from lower-end office and commercial users. Nevertheless, these industrial users showing interest in Business Zone can be equally and easily satisfied with the existing high quality I/O buildings (which are currently abundant in supply). Therefore, the demand for Business Zone properties remains doubtful at this stage.

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<sup>8</sup> Planning Department. ‘Revised Planning Strategy for Industrial Land Development’. <http://www.info.gov.hk/gia/general/199911/03/1103198.htm> (17 November 1999)

<sup>9</sup> Planning Department. ‘“Business” Zone Concept and Guidelines for Rezoning of Industrial Land’. [http://www.info.gov.hk/planning/studies/industrial\\_land/index.htm](http://www.info.gov.hk/planning/studies/industrial_land/index.htm) (4 December 1999)



Generally speaking, the Business Zone concept is designed to cope with the problem of obsolete urban land use. Difficulties of implementation lie in the actual functional and effective role of such new concept, which in turn is a function of several elements. First of all, it depends on the attitude of the developers, who would be looking at the premium assessment mechanism and the market demand. More importantly, the mechanism of the Business Zone should be examined in the context of the overall land use strategy as well as economic development plan in relations to urban land rejuvenation. This would involve the examination of the roles of the public and private sectors. Without such a comprehensive view of the land use mechanism, the Business Zone concept might fall to be another I/O saga. In the following, major policy issues that would affect the formulation of a more comprehensive land use strategy are highlighted. These issues are examined within the context of international perspective such that foreign experiences can be reviewed whilst discussing these items.

## **Policy Issues for Considerations**

### ***Role of public and private sectors***

The study from the international cases illustrates that successful urban land rejuvenation programmes depend on well-structured government organisation with well-defined macro and micro objectives in both the aspects of planning and economic development. Government acting in the role of a media/agent with minimal intervention to facilitate the working of the market mechanism seems to be an appropriate model as a starting point. The failure of the River IJ project in Amsterdam supports this premises.

Amsterdam has been, to some extent, insulated from speculative activities in the office market sector. A major factor limiting speculative office development in Amsterdam is its lack of a dominant business centre. Planning policies having been aiming at discouraging high-rise construction and car access. The government subsequently realized that they had overdone the restrictive policy. Rather than the centre's being in danger of turning into an exclusive office enclave, it was threatened by the prospect of becoming only a dull entertainment community. The wish to maintain the city's diversity of functions led to plans for the development of a vast, mixed-use waterfront complex in the old port.

With this deterioration of the city centre area, the municipal government then started the major urban rejuvenation project on the southern banks of the River IJ. However, due to the high vacancy rates for the office sector, hence the inherent risk structure in the project, the private partner eventually withdrew from the project leaving the local authority as the sole owner of the scheme. Although the central government did promise development funds for the project, the implementation of the project is now much more piecemeal than planned.

Where market failures evidently persist, government fine-tuning should be carefully formulated. An exception however is found in Singapore where the URA has a strong and active involvement in the land use mechanism. But this should be taken in the context of the socio-political development of the overall Singaporean economy. In addition, the URA in Singapore has a unique organisational structure of having a large degree of land administration, redevelopment and planning functions attaching to a single agency.

Bureaucratically, this effectuates policy formulation and implementation as the organization is “relatively” less prone to internal communication blocks. This also makes the government response to the changes in market relatively more prompt and direct.

Hence, as far as government structure is concerned, an integrated structure taking care not just physical planning policy, but also land administration as well as macro economic growth and development planning should be promoted. If this constitutes bureaucratic problems among organizational units, more efficient and direct communication channel among should be targeted such that opportunities of using optimal land use policy to promote or even revitalize economic growth will not be missed. In any case, the simpler the government structure in dealing with responsibilities of this agency role the better.

An international tendency from the case studies can be generated that more planning authority is choosing to let go of the rigid control system and replace it with a more flexible planning regime, and sometimes supplemented by financial incentives for attracting private sector into the rejuvenation role. This is the case of the enterprise zone in both the US and the UK, or the simplified planning zone in the UK or the empowerment zone in the US.

In 1994 Chicago was awarded an Empowerment Zone, as one of the six urban areas by the federal government on the basis of a comprehensive strategic plan submitted by the City. The Empowerment Zone Program is a component part of a nationwide initiative to revitalize distressed neighborhoods. The Coordinating Council in the city government guides implementation of the strategic plan and oversees disbursement of federal funds for economic development and social services in the Empowerment Zone.

In principle, the Empowerment Zone program establishes special tax incentives for qualified businesses designed to stimulate private investment and create jobs within the community. These incentives, which have an estimated aggregate value of approximately \$225 million over the 10-year life of the program includes such programmes as Redevelopment Area Designation Program by which renewal of derelict areas is carried out in a lot of different formats through land acquisition, relocation of individuals/businesses displaced by acquisition, demolition, site improvements, and disposition to a developer through a competitive request for proposal process or a negotiated sale. Moreover, blight areas area identified in specific geographic areas once they meet criteria stipulated by the relevant government bodies. Once so designated, these areas can benefit from various government programs, loans or investments. In addition, designation enables the City to exercise its power of eminent domain to facilitate land assemblage. This land is sold through open bidding or negotiated sales for specific purposes as established by the approved Redevelopment Plan.

The role of private sector in the operation of the land market, especially in the process of regenerating derelict land uses is much enhanced such that private sector are being invited to take an active part in the rejuvenation such as proposing comprehensive development plan.

Does this mean we can totally dispense of the public sector or zoning in our urban land system? Proposals of replacing zoning completely by a market-based property (development) rights option tendering system have been suggested (eg. Colwell, 1997) in the US. These radical approaches need a much more mature market mechanism and there is no evidence that government’s responsibilities and burdens on monitoring the land use pattern and minimising negative externalities can be eliminated.

Both public and private sectors as well as semi-public agents such as redevelopment agents are fundamental to success of urban land policy. A proper partnership relationship should therefore be fostered in order to improve the overall response of all the actors to the changing environment. Constant dialogue among partners and attempts in arriving mutual understanding underpin the nature of this partnering relationship. The lack of this understanding often seeds the hindrance to the process of rejuvenation, especially when the time scale of the project spans over a long period.

There are at least two important tasks on the part of the public partner in order for the private sector to be successfully coordinated into public land use policy. By being supportive and flexible, degree of certainty from the market point of view can be maximised. This leaves the private sector with only market risks, which are to some extent an acceptable part of the investment deal in any forms of investment, to be the controlling parameter in their funding decision.

More importantly, by introducing private sector into a more active role in the context of urban land policy, socio-political pressure will increase due to re-distribution of wealth and property rights issues. These pressures must be carefully and delicately mediated and eventually ironed out from the public sector's point of view. For this mediating task to be carried out effectively, the government needs to strike a fine balance between public participation and development efficiency. This would need further in-depth studies before a proper formula can be achieved by the public actor.

### ***Role of Planning Mechanism***

The first and utmost important message for our administration is the role of planning in the overall economy. Planning and the associated planning tools should not be seen as a separate entity that are living within their technical myth. Planning should be seen as part of our economic environs such that planning controls have to coordinate and support the macro economic development. Effective planning policy, be it zoning controls, housing policy or industrial land policy, should be carefully sought in the context of our long term economic growth, rather than just piecemeal action.

A good and effective planning control system should allow for flexibility to cope with the changing environment in order for planning policies to serve their functions. Currently in Hong Kong, a small degree of "flexibility" is allowed to the extent stipulated in the Schedule of Notes attached to the outline zoning plan. This schedule contains column 1 uses which are always permitted, and column 2 uses which require a statutory approval from the Town Planning Board. This statutory barrier becomes *de facto* constraint on the application of this flexibility function.

Lai (1999) indicates that while the approval rate of Section 16 application to the Town Planning Board stood above 60% between 1993 to 1996, the chance of getting a rejected application approved in the Section 17(1) review application was on average 36% for the same period<sup>10</sup>.

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<sup>10</sup> Lai, L.W.C. (1999), *Town Planning in Hong Kong : A Review of Planning Appeal Decisions*, Hong Kong: HKU Press.

In this respect, the interim zoning controls adopted in San Francisco provide a policy reference to allow land users to cope with the changing physical and economic environment in maintaining their land in the “best and highest use” while the local authority still maintain certain controls on the distribution of land uses in the neighbourhood.

“Flexibility” on the other hand, is not the panacea to land use problems because rigidity is not the only source of problem. The undesirable effect of developers rushing to build office development after the creation of B1 Use Class Order in the UK illustrates this point. Every land use policy must be able to underpin certain objectives for the long term economic growth of the city such that economic activities to be taken place on and above land can fully benefit from the particular attributes of the location. For industrial land use policy, the first issue on the policy agenda therefore is the understanding of the requirements of industrial development so that the treatment of derelict industrial land can be devised.

The prime element in fulfilling this understanding is the assessment of the changing needs of the industrial sector. Prior to industrial restructuring, production activities are mainly labour intensive in nature with little technology input. It is thus easy to distinguish between industrial productions and activities that are only ancillary but not directly related to it. However, with the modernized production processes, the boundary between production itself and its supportive functions are increasingly blurred. This creates problem on enforcement as on distinguishing between industrial use and ancillary office function.

At present, the Planning Department’s version of definition for industrial use is ‘*any premises, structure, building or part of building or place (other than a mine or quarry), in which articles are manufactured, altered, cleansed, repaired, ornamented, finished, adapted for sale, broken up or demolished or in which materials are transformed, or where goods and cargo are stored, loaded, unloaded or handled, or where goods and cargo are stored, loaded, unloaded or handled, or where the training, research and development, design work, quality control and packaging related to the above processes are carried out*’.<sup>11</sup>

With advancement in technology, this lengthy definition creates much room for disputes when deciding whether a firm has committed a breach in this guidelines, and these disputes have often been brought to court for resolution.

Various legal cases ( Mexx Consolidated (Far East) Ltd. v Attorney General and Another<sup>12</sup>; Cavendish Property Development Ltd. v Attorney General,<sup>13</sup> and Raider Ltd. v Secretary for Justice<sup>14</sup>) have shown that with the increasingly sophisticated processes employed in the manufacturing industry, particularly on the engagement of information and computer technology, there will be more disputes on the use of industrial premises.

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<sup>11</sup> Town Planning Board. *Town Planning Board Guidelines for Application for Office and Showroom Uses in Industrial Building within Industrial Zone Under Section 16 of the Town Planning Ordinance*. Hong Kong, Planning Department. 1999. p.2.

<sup>12</sup> Mexx Consolidated (Far East) Ltd v Attorney General and Another [1987] HKLR 1210

<sup>13</sup> Cavendish Property Development Ltd. v Attorney General [1988] HKLY 565

<sup>14</sup> Raider Limited v The Secretary for Justice. [1998] No. MP2523 In this case, the plaintiff operated the manufacture of pager and the supply of paging service to its customers in an industrial building. The defendant took action on the view that the supply of paging service is a commercial use not ancillary to the production of pager. The judge at the Court of First Instance declared the primary use of plaintiff’s premise was industrial and the supply of paging service is an integral part of production of pager. Nevertheless, upon appeal by the defendant, this judgment was overturned and the appeal court sided with the view that the use was non-industrial. The case is now under judicial review.

### *Trend of Mixed-Use District*

The emphasis of zoning policy on bulk control of the American cities shows that planning controls on development intensity should receive more attention from the public sector's point of view than the segregation of uses. In fact, studies have shown that mixed use strategy creates more vibrant neighbourhood, provided always that no major negative nuisance will be created. The town of Emeryville near San Francisco is one of such few examples. The town was an industrial suburb in slow decline. Emeryville made the transition from smokestack industry to vibrant mixed-use by scrapping antiquated zoning conventions. Obsolete factory buildings, many of them were likely to be selected for demolition, were converted into high-tech commercial and live/work spaces. Abandoned interstitial land was transformed into urban miniparks and plazas. A whole range of retail businesses developed among residential and commercial uses. In fact, in 1986, the City of San Francisco also created 16 neighbourhood commercial special use districts which integrate various uses such as residential, retail, office hotel and culture into a mixed use area to promote livelier environment. In Japan, planners are retreating from the conventional wisdom that different land users should be strictly segregated, especially in the city centre. The adoption of the mixed-use approach signifies a more flexible land use principle. A typical example of this change of mind is found in the Tokyo Teleport Town project, a reclaimed piece of land along the Tokyo Bay waterfront. The town should still have distinct residential, commercial, business and cultural zones, but they are linked by 80-metre wide promenades and 10-metre wide pedestrian skyways.

Hence, the current proposal by the Planning Department in Hong Kong of the mixed use Business Zoning concept is, in general, feasible and is in the right track. More importantly, the land use regulation system must be formulated on the full and comprehensive examination of the changing economic environment so that our zoning system can work as a catalyst to fuel (or revitalize) the economic growth, rather than a piecemeal and ad hoc solution to the land use problems.

### *Positive Incentives to Stimulate Rejuvenation from Private Sector*

- a) Land premium assessment. Financially, taxation incentives are the most common form of package while in the case of leasehold land tenure system, preferential assessment of land premium can be considered. Land premium in a change of use situation under a leasehold land tenure system refers to the payment of extra value for the new land use type being applied for. As the new use type applied is regarded as more valuable and profitable than the existing use type, the land owner, ie the government has the right to charge the difference. Hence, the difference in land values between before change of use and after change becomes the land premium payable. This is theoretically logical except that the calculations of both the before and after values are always subject to lengthy negotiation between the public authority and private developers. This is mainly due to the various assumptions applied in the process of calculation.

As an incentive, the authority should adopt a more generous approach in the setting of these assumptions, especially the estimation of future property prices and the use of discount rate. In the assessment of expected property prices, though the proposed new use is normally more valuable, the authority should also take into account of risk factor. This especially important in a conventional industrial area, where good evidence of property values for office or commercial use, for instance, is difficult to find.

In such case, it is always problematic and contentious to apply market comparables from other districts.

In addition, since most of the land use changes take place in transitional localities, it is also doubtful whether developers will be able to realize existing market property values of the new use. This risky situation has been evident in some of the I/O developments in Hong Kong. To compensate such market risk, the discount rate applied in the process of assessing land value should also be risk-adjusted.

Another option is to charge developers in changing obsolete industrial land into more vibrant a standard nominal premium. Currently in Hong Kong, lease modifications resulting in enhancement of land value which cannot be assessed easily under conventional valuation method will lead to payment of an empirical premium plus normal administrative fee will be charged, subject to approval of the senior officials such as government land agent in the Lands Department. A similar measure can be employed where fair market comparables are difficult to find in the case of rejuvenation and where such financial incentive is acceptable.

- b) Tax and grants. Financial incentives can take quite different forms. The common packages adopted in North America, where large scale brownfields (contaminated or obsolete industrial sites) redevelopment schemes have been in place for a long time, would allow tax exemption for certain expenditures in the redevelopment process; offer property tax abatements; and provide government grants (in the case of HKSAR, new categories of support grants can be extended under the new Innovation and Technology Fund) over certain period of time to allow private sector and local authorities to facilitate planning and community interaction towards the goal of revitalizing blighted and underused industrial sites. In this type of direct financial assistance, small private developers; semi-public institutes and even local communities can jointly conduct site assessments and undertake community outreach and education for the purpose of obsolete industrial sites rejuvenation. The experiences in North America have illustrated that a small amount of federal money directed at brownfields can attract major private investment in redevelopment efforts. The leverage effects can therefore outweigh the loss of tax incomes.
- c) In situ conversion. By *in situ* conversion, or industrial property gentrification, developers can renovate existing obsolete industrial buildings for the new requirements, without having to spend too much time and money to rebuild the structure, provided of course the building is structurally sound enough. *In situ* conversion or gentrification allows gradual transformation of the locality without the timely process of site assembly. In addition, it also gives the authority an opportunity to observe possible impact the new changes are bringing to the neighbourhood, before major rezoning decision can be made. To the developers / investors, industrial gentrification allows them to adapt to the changing market demand swiftly in the structurally sound industrial buildings. Moreover, in a strata-titled industrial building, this even provides the developer an opportunity to accommodate to the new users based on their own portfolio while negotiating purchase of all other legal titles left in the whole property. In Detroit, USA, gentrification gives life back to obsolete industrial area with mixed-use facilities, while in the UK, reuse of “dead area” at the back of the office and retail buildings in Hackney, London provides a cheap alternative for people who are starting out their businesses.

Basically, there is no limit to the gentrification process of old buildings in the right location. Such “re-cycled buildings” have been proved to be very popular among young people and business people elsewhere. Other uses include workplace for small firms; community workshops for enhancement of skills for citizens; innovation centers with emphasis on higher and continuous education; enterprise centers and various kinds of business centers. These can all provide serviced office centers or compact upgraded industrial suites for new industries within one complex of building. In addition, such complex can also accommodate recreational and leisure uses such as art galleries and sport centers which require cheap rentals and flexible space. In any case, “city life” is being brought back to run-down area. In the UK and US experiences, private and public funding also provides the best foundation for the gentrification process.

- d) Interim Mixed-Use Zoning Policies. Where the public authority intends to favour the retention and creation of building space suitable for certain use such as industrial, or housing over other uses in a transitional period, interim mixed-use zoning policies can be considered. Interim zoning controls (for a certain maximum period until further study of the issue has been carefully made by the authority) can be adopted with an objective to balance the need to provide space for various land users and direct developments to occur in locations where land is available and best suited for those uses. Such interim control measures can be applied to protect and preserve the city's diminishing supply of certain land and building space which is worth protecting. They can also serve to maintain development and conservation of the city's commerce and industry so as to upkeep the city's economic vitality. By providing flexible zoning control within an interim period, it provides citizens with adequate jobs and business opportunities while preserving neighborhoods with mixed residential and commercial character as the economy itself is undergoing structural changes.

In the US, such interim zones have been created to serve at least two purposes. The first one is to protect relatively unprofitable but worth preserving land uses which have been pushed out of the city center. The main objective in this protection of unprofitable land uses, mainly industrial, is protection of job in the inner area in a large metropolis. In addition, there is also an intention to encourage mixed-use activities in the mixed-use zone, with an emphasis on maximizing certain desirable development opportunity in the long run. To maintain balanced distribution among the various mixed uses, where new use, for example housing, is allowable by some conditional use authorization, ground floor space suitable for commercial use or production, distribution and repair businesses would also be encouraged.

## **Conclusion**

Land use planning policies should always be viewed by the authority as a physical means to enhance macro economic growth. This implies that land use mechanism should only be part of a macro economic policy package, but not a separate entity. In essence, planning policies are to be implemented after careful study has been made on how optimal land use pattern can facilitate current and future economic growth, given the government long term socio-economic policy.

Planning policy, especially negative control mechanism, should not therefore be sought merely for the sake of correcting land use problems caused by changes in environment.

The failure in the I/O policy in the past exhibits this piecemeal action pattern. Another example is the small and medium enterprises policy. These enterprises need spatial support from efficient planning policy. If government intends to support these enterprises, relevant planning policy in the allocation of industrial as well as commercial land should have taken such objective into consideration.

Various academic studies have shown that a mature urban land market mechanism will bring impetus to the overall urban development in a positive way, if the government policy can balance the interests of different parties. For instance, Archer (1972) has recommended that a good public leasehold land system can provide an efficient system of urban development with a maximum private enterprise role in building development and investment. Muller (1976) on the other hand expresses his views on the macro impacts brought about by urban land development on employment, urban migration, community housing choice and property values. Li (1999) has also provided an analysis that there is a positive correlation between urban land development and urban developments in Shanghai. All of these show that urban land use policy has ramifications on both social and economic developments in a society and should always be formulated with these implications being fully considered.

This paper provides some considerations to be taken on various policy issues concerning rejuvenation of obsolete land use, in particular industrial land use, by the HKSAR government. Such considerations come in a time when the government is working on new idea of improving the current slow progress of reviving old industrial buildings whose demand is diminishing in the recent years due to restructuring of the sector. Attempts have been made in the past in this kind of revival action, notably the creation of the I/O buildings with very limited success.

The main message highlighted in the paper emphasizes the need to consider and formulate planning and land use policies within a macro context of the overall economic development pattern envisaged by the society. Where changes in the nature of our economic activities are inevitable due to changing socio-technological advancement, government policies should also be geared towards this direction. With almost all human and economic activities taken place on and above land, public authority should be very careful not to instigate piecemeal planning and land use policies that may only solve temporary problems without addressing to the long term needs of our changing society. Preparing planning and land use policies into a positive and supportive system is more instrumental to our long term economic growth than formulating them into just physical containment mechanism.

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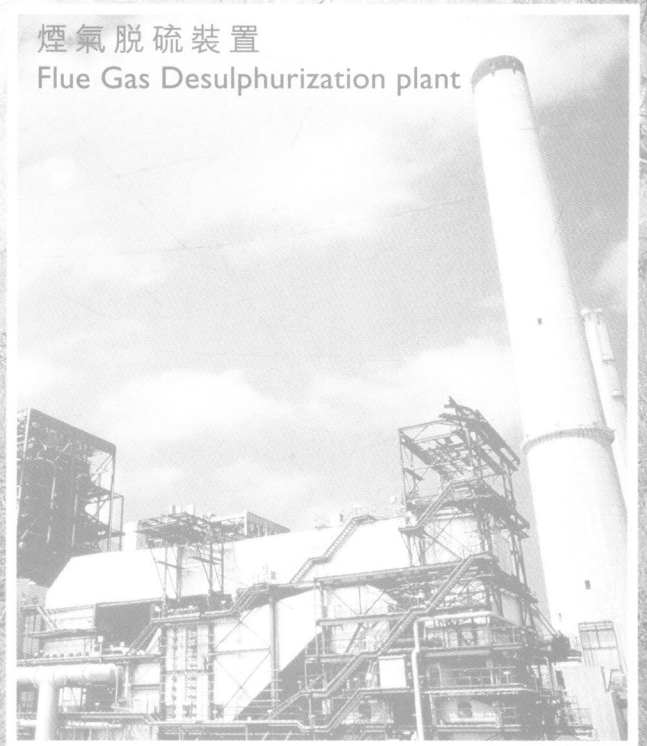
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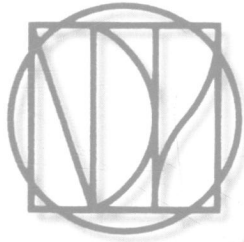
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E-MAIL: inflow@townplanning.com

WEB SITE: <http://www.townplanning.com>

都市設計

綜合發展建議

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2.1

產業研究

2.2

There will be further  
in short distance tra  
alleviate the environ

社會及經濟影響評估

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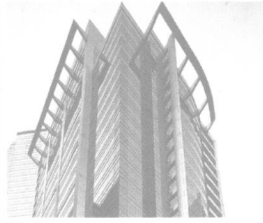
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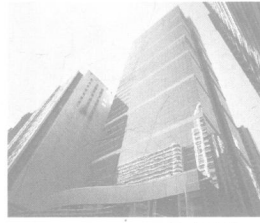
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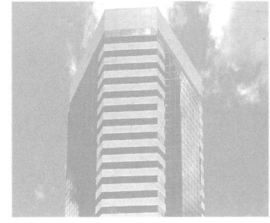
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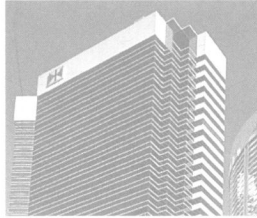
Lincoln House



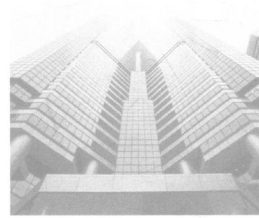
Oxford House



Devon House



One Pacific Place



Dorset House

'Excellent Rating' awarded by  
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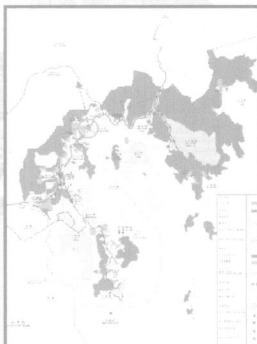
## 都市規劃顧問有限公司 CITY PLANNING CONSULTANTS LTD

We were established in 1991  
in response to the growing need for  
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Services Include:

### Planning Study

strategic and regional planning,  
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plans, analysis and formulation of  
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GIS application, master layout  
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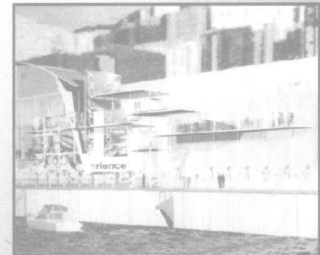


### Development Consultancy

site planning, feasibility and viability studies,  
management of projects at planning & design stage,  
professional advices

### Statutory Planning

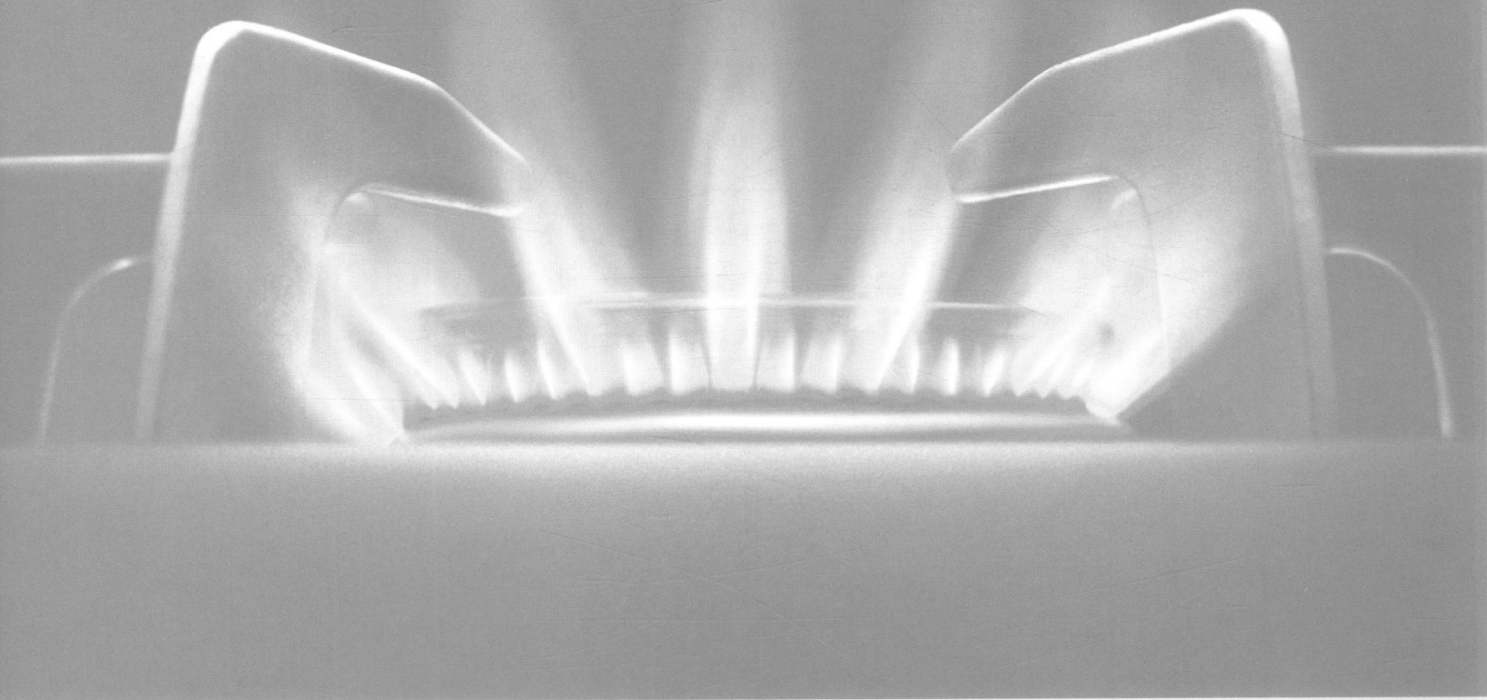
planning applications, rezoning applications,  
objection to statutory plans,  
planning review, planning appeals



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**Congratulations to  
The Centre of Urban Planning & Environmental Management  
on its 20<sup>th</sup> Anniversary**

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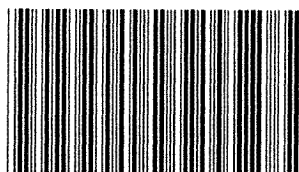
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