

9 State Strategies, Market Instruments: Governing Suburban Shanghai under State Entrepreneurialism

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Introduction

This chapter examines the governance of suburban development in Shanghai. In order to interrogate the dynamics in a more nuanced way, I use an example of major suburban development in Lingang, located 75 kilometres from central Shanghai. Lingang is an indisputably suburban area outside the main built-up area of Shanghai, under the jurisdiction of Pudong new district. It is a gigantic new town, in terms of space, occupying 315 square kilometres. In a sense, the suburban area has become a new city in itself. While Lingang new town has its specificities because of its scale and significance, it reveals some key features of governing suburbia under state entrepreneurialism in China. However, administratively, Lingang is not a level of government, fitting into the government hierarchy (Table 9.1). Under the district government of Pudong, Lingang is a collection of street offices and towns as well as the functional areas (industrial development and logistic zones). This collection is managed economically by a quasi-government agency – Lingang management committee – but the street offices and towns, administratively under the Pudong district government, manage social affairs. The municipal and district government have planning power. In Lingang, the power is delegated from the municipal government to the Lingang management committee, which can receive direct endorsement from the municipal government.

Governed by state entrepreneurialism, which uses state strategic intervention and the instruments of market development (Wu, 2018), Shanghai has seen a shift from urban sprawl driven by residential development adjacent to the core city to the development of new towns in its city-region (Wu, 2021). The development of Lingang is an example that illustrates this changing suburban governance. The

Table 9.1. Administrative Units of Shanghai as of 2019

Administrative and Territorial Units	Government Bodies	Main Attributions	Number of Units
Shanghai municipality	Shanghai municipal government	Overall government responsibility directly under the central government	1 (24.28 million inhabitants)
District	District government	Comprehensive political, economic, and social governance	16 (including Pudong)
Town and Street office	Town government and Street office	Town is a rural administrative unit (not fully urbanized) Street office is an urban administrative unit They used to have combined economic and social management responsibilities but are now mainly social governance	106 towns; 107 street offices
Residents' committee and Villagers' committee	Not an official government body but de facto they are the bottom-level governing units	Residents' committees are urban and villagers' committees rural "mass organizations" Social management and assistance	4,507 residents' committees and 1,570 villagers' committees

Source: Compiled from *Shanghai Statistics Yearbook* (SSB, 2020).

development was initiated by the Shanghai municipal government, driven by major state-owned development corporations, and governed by a special government agency that is specialized in economic development.

Lingang's suburban governance faces two major challenges: First, the introduction of a municipal development agency and market instruments such as development corporations have led to fragmentation and coordination problems. Institutional innovations have been made in response to this challenge, including, for example, reassigning the agency (the management committee) from the Shanghai municipal government to the Pudong district government. Second, the industrial-oriented development park alongside the new town has led to physical separation of land uses and functional disconnection between employment and residence. To respond to this challenge, two

previously separate governing bodies have been merged into a single management committee.

As illustrated by this development, suburban development in the metropolitan periphery has been strategically initiated by the municipal government to transform Shanghai into a city-region, which has profoundly changed urban-rural dualism under socialism (Wu, 2022b). A third category – the suburb – has been created between the city and countryside. This category is a Chinese version of the space in-between cities (Sieverts, 2003). In the post-suburbia literature, this emergent space and its governance are explained through post-Fordism, neoliberalism, retrofitting, densification, and more recently globalization (Charmes & Keil, 2015; Fishman, 1987; Peck, 2011; Phelps & Wu, 2011; Teaford, 1997). Keil (2018) has noted:

The dichotomies of city-suburb that underlie much of mainstream urbanist discourse and practice are insufficient. Suburbs are no simple and linear extensions of city cores but the product of a combination of dynamics ... The post-suburban in-between city has developed its own logic and dialectics of space, contradictory and productive of new centre-periphery relationships beyond the old city-suburban binary. (p. 75)

The case of Shanghai shows the need to interrogate politics in the specific local context or, in Keil's expression, "new centre-periphery relationships," so as to understand changing urban governance in the metropolitan periphery.

State Entrepreneurialism: Understanding Chinese Urban Governance

The introduction of market mechanisms in its economic development is a salient feature of post-reform China, similar to the global ascent of neoliberalism (Harvey, 2005). Specifically investigating Chinese urbanization and urban development, Logan (2008) documented many aspects of "urban transition," and Yeh et al. (2015) interrogate the interplay of the state and the market. Currently, in the literature of China's urban governance, there are extensive applications of "entrepreneurialism," the growth machine thesis, and land-based finance (Chien, 2013; He et al., 2018; He & Wu, 2009; Hsing, 2010; Lin, 2014; Shen & Wu, 2017; Wu, 2003). The analytical tension between the roles of the state and market, however, remains. While these roles are not necessarily mutually exclusive, since Ekers et al. (2012) show that three modalities – state, capital, and private governance – are all possible, it is not entirely clear how they operate in the governance of Chinese suburban areas.

While the thesis of neoliberalism has been applied to China (Peck & Zhang, 2013), there is a need to situate China's market transition within its historical changes and continuation. Wu (2010) suggests that the introduction of market players into urban development may not follow a neoliberal ideology but rather, practically, uses the market approach to find space for growth. Evolving around this growth imperative, Chinese planning, in a broader sense beyond city design, strives to find its position in economic governance and impose its significant imprint on the built environment (Wu, 2015). Not relying on Chinese uniqueness, Wu (2017) suggests that the core mechanism underlying neoliberalization is still relevant to China. The concept of spatial fix developed by Harvey (1978) is about using an instrument of the built environment to solve the internal tension of capital accumulation of capitalism. It is possible to understand Chinese urban governance through a "more unified framework of analysis, namely the dynamics of accumulation and the regulatory form to support the structural coherence" (Wu, 2017, p. 154). To critique the neoliberal city, Wu (2017) provides the explanation of the "business model" and its political economic foundation of China as the "world workshop."

As for the concept of "state entrepreneurialism," Wu (2018) defines it in this way: "Through institutional reform, the state apparatus, in particular the local state, demonstrates a greater interest in introducing, developing and deploying market instruments and engages in market-like entrepreneurial activities" (p. 1384). These activities, as will be shown in this chapter, evolve around state strategies. Hence, state entrepreneurialism demonstrates greater planning centrality. Centrality does not necessarily mean that development is well planned or implemented according to plans. Rather, planning centrality indicates the end of entrepreneurialism, while market instruments are used as the means. While actual development processes may involve corruption, vested interests, and complex politics, development is often justified by a rationale that enhances the state's governance capacities rather than reducing or abandoning state control.

Suburban Strategies

Chinese cities have seen rapid spatial expansion along with economic growth and urbanization. Pudong new district, set up and developed in the 1990s, is an example of such spatial extension (Shen et al., 2020). It is aimed to accomplish the vision of developing Shanghai as the "dragonhead" of the Yangtze River region and the gateway to China. In the 1990s, the decentralization of economic decision making in the lower tiers of government led to inter-city competition and

urban sprawl (Zhang, 2000). Since the tightening of land regulation (Xu & Yeh, 2009), a more orderly suburban development has been envisioned. The Shanghai master plan in 1999 developed a polycentric spatial structure, which later evolved into a multilayered settlement system. Suburban new towns were adopted as a development strategy, which has led to a much more “ordered” suburban development and “designed suburbs.” Chinese suburbs have been characterized by their heavy concentration of manufacturing industries (Wu & Phelps, 2011). Indeed, the development of suburbs is a “state strategy” that is purposely adopted, as the suburb is regarded as a new space for capital accumulation (Shen & Wu, 2017, 2020). Even for more-developed Shanghai, which has experienced significant economic restructuring from manufacturing industries to the tertiary services sector, the suburbs still accommodate industrial development and are major sites for Chinese strategies as a nation of industrial manufacturing.

In the newest round of the urban master plan (2017–35), Shanghai aspires to be an “excellent global city.” This global city not only foresees Shanghai as a “global finance and economic command centre” but also forges high value-added manufacturing and innovation capacities. The four suburban new towns – Lingang, Songjiang, Qingpu, and Jiading – are trusted with economic specialization. Lingang specializes in heavy equipment manufacturing.

Lingang is especially important because it is near the Shanghai deep-water port at Yangshan. In fact, the new town was originally named “harbour new city” (*hai gang xingcheng*). The port has been regarded as a strategic development to build Shanghai into a global shipping centre. Foreseeing such a status and a “new international division of labour” to relocate heavy equipment manufacturing, Shanghai assigned Lingang to capture export processing industries, maritime services, and advanced manufacturing industries:

The deep-water port must have a support that is connected to the land, a port alone in the sea, actually, would not be able to form a development ... [F]or this reason, Shanghai is researching how to create an “interconnected development.” This is to use a port to bring prosperity to a whole city; therefore, at that place, a new city needs to be constructed as a property support to the port; at the same time, it can bring in an “interconnected effect,” which would also stimulate Shanghai’s growth and achieve synergy. (Interview, former senior planner, Lingang, August 2016)

The development of Lingang is thus not an incidental relocation of population. Behind it is the state strategy (advanced manufacturing plus port development). Its development started from the establishment of a heavy



Figure 9.1. Lingang industrial park.

Source: Fulong Wu.

equipment manufacturing industrial park (Figure 9.1). Further, to support the industrial park, a new town was planned. The new town is a residential and commercial centre plus some service industries. The master design of a German-based architectural firm, Gerkan, Marg and Partners, won the design competition. The new town features a large lake in the centre (known as “water-drop lake”; Figure 9.2), surrounded by circular zones of commerce and residential uses. The master plan of Lingang has transformed the area from an administrative or jurisdictional structure to a “functional” structure, comprising the new town proper, several local towns, manufacturing parks, logistics zones, and the port (Figure 9.3).

The Networked State: The Management Committee

The governance of Lingang is not only “entrepreneurial” but also involves complex coordination between different scales and stakeholders (Shen et al., 2020; Wu, 2018). Although Lingang is a municipally led project, Shanghai had to motivate the support of the district government. The development is located in an underdeveloped district



Figure 9.2. Lingang new town by the lake.
Source: Fulong Wu.

of Shanghai, the Nanhui district, which was annexed to Pudong new district in 2009. This process of “suburbanization” is not due to economic decentralization as seen in the early stage of reform. The central city remains powerful and has organized the development through development agencies, which is in contrast to the widely known model of the local business-centred growth machine (Logan & Molotch, 1987) or neoliberal suburbanism (Peck, 2011). The management committee (*guan wei hui*) in China is quite special, acting more like an agency on behalf of the upper government in the local territory, which has streamlined functions (focusing on attracting investment and organizing economic activities) and acts across different scales. Its operation has been explained in a case study of Beijing Economic and Technological Zone in Yizhuang (Wu & Phelps, 2011): the management structure as the model of “combined government and business.” The composition of the committee reflects a corporate style:

In Yizhuang, this entrepreneurial governance is, if anything, more pronounced in that a specific government agency has been inserted into the local



Figure 9.3. The port near Lingang industrial park.
Source: Fulong Wu.

sphere and invested with significant national economic development objectives. Thus developers indicated the advantages of a streamlined and speedier process for their projects in Yizhuang compared with elsewhere. (p. 424)

In short, the management committee is a government agency that is responsible for the management of development zones. It is a quite unique institution, introduced after economic reform as a task force for coordinating economic development across administrative hierarchies and departments. As a streamlined government authority, the institution leaves traditional social management to existing local governments such as district and town governments (Wang & Wu, 2019). The management committee initiates city planning and coordinates developments in designated areas. These areas, such as various high-tech parks – economic and technological development zones (ETDZs) – are literally “zones of exception” where new market mechanisms are introduced and implemented. The management committee in this case represents the municipal government as its agency to control the development, while the town or district government of the area gives up

development management. The management committee can be set up at various levels of government. For example, the district government can set up a management committee to govern the development zone at the district level, as development zones bear different administrative ranks. In short, management committees are government agencies set up specifically for governing local spaces. They are task-oriented, usually toward economic development. Because Lingang new town is a strategic project of the Shanghai municipal government, its management committee was set up directly under the municipal government.

As the management committee connects various parts of the state across scales, it can be regarded as a form of the “networked” state. Lingang also experienced governance innovation. Originally, there were two separate management committees: one for the industrial park and the other for the new town centre. To better coordinate the development of the Lingang area, these two committees were merged into a new Lingang management committee. Another major change was the reassignment of the Lingang management committee from the municipal government to the district government. Thus, the Lingang management committee is now *shishu quguan* (municipally owned but district managed). There is a tax implication as a result. The industrial output of enterprises registered in the district is normally counted under the district government, and the industrial and commercial tax is shared by the central and local government (in this case, the district). In Lingang, as a municipal agency area, local development is controlled by the municipal government since the territory is under the control of a municipal government agency. However, the reassignment of management to the district means that the local district has the right to retain local tax. In addition, Lingang has a special policy that allows it to retain local taxes (rather than for the district or municipal government). This special treatment is known as “double special policies,” that is, Lingang can retain its own monies and can make its own decisions. As a result, Lingang has greater autonomy and financial resources for economic development. It is perhaps because of this policy that Lingang aims to generate future economic growth and taxes rather than short-term profits from selling state land.

The guidance of the municipal development agency is necessary in these rather underdeveloped suburban areas. In essence, before Lingang, Nanhui was a rural county, which was converted to district status in 2001 and annexed to Pudong in 2009. The local government lacked the capacity to guide or implement the strategic development of Shanghai. The Lingang management committee is thus a powerful municipal government agency inserted into Nanhui to coordinate development in

the area. Indeed, many officials in the Lingang management committee were sent from various functional bureaus of the municipal government to this locality:

Before the Pudong new district taking over Lingang, Lingang itself was under the municipal administration. It had complete authority to act independently [from the district government]. At that time, we represented the city bureau [of planning] when participating in the management of Lingang. I was able to communicate with the city bureau, with its leaders and staff. Because I was a deputy director in the city bureau, the leaders sent me here. I also acted as the deputy principal planner of Lingang new town. Actually, there was no principal planner. There was only me managing the place, only five to six of us completed the master plan of the region, implemented the plan, and made examination and approval. There was no need for the leaders to worry about the project. Anyway, we did not deviate from the approved, statutory planning procedure. (Interview, former senior planner of Lingang, August 2016)

Such a streamlined agency focusing on economic activities appears to be quite effective:

About five or six years ago, we only had a few people, so it was a very able and efficient team working there ... Before we were in good harmony with the developer [Lingang Group], they worked on planning and were actually working like a family with us; we were managing the planning. We would meet and discuss if there were any issues, and if we reached an agreed decision about planning, it would be executed according to the plan. If you thought the plan had any problem, we would start to think how to solve it and how to adjust the plan immediately, and the problem could usually be solved within a few days. (Interview, former senior planner of Lingang, August 2016)

Market Instruments: Development Corporations

Despite the powerful state agency in suburbs, actual developments are usually carried out by various development corporations. The development corporations are the primary market player, responsible for converting rural land into developable land and for infrastructure investment. Since Lingang started with the heavy equipment manufacturing park, the main development corporation is Shanghai Lingang Economic Development Group (hereafter Lingang Group), which was

established in 2003. It is funded by the Shanghai municipal government and hence belongs to the state-asset management committee of Shanghai. It is responsible for land, infrastructure, and industrial development and for attracting external investment. The development model is mainly based on using land as collateral for bank loans. In other words, debt-driven development is the major feature (Robinson et al., 2020).

In 2004, Shanghai Industrial Investment Group used the asset of Caohejin High-Tech Park as registry capital in Lingang, at a price of 450 million Yuan. Since its establishment in 1984, Caohejin High-Tech Park has become a profitable and well-managed high-tech park in Shanghai. In other words, although the Shanghai government used the asset of an established park in the central city to support Lingang in the suburbs, this arrangement was achieved through increasing the capacity for capital mobilization of the latter in addition to cash capital investment by other municipal corporations. It proved very important for Lingang. Another way of reading this transaction is that Lingang Group together with Lingang Investment Corporation invested in Caohejin.

However, because of heavy investment and the slow return of income, Lingang Group had a debt ratio of 83.20 per cent in 2014. To reduce its debt ratio and maintain further capital mobilization capacity, the municipal government of Shanghai “reassigned” profitable assets inside Shanghai city proper to Lingang Group. The shares of Lingang Investment Corporation were transferred to Lingang Group. As a result, Caohejin became a subsidiary enterprise under Lingang Group, which controls 95 per cent of its shares. As a consequence, the debt ratio of Lingang Group was reduced to 75.19 per cent in 2015, 70.02 per cent in 2016, and 69.10 per cent in 2017. Through asset reassignment, the state-asset committee of Shanghai increased its share of Lingang to 51.7 per cent, while other corporations under the state-asset committee of Shanghai invested the majority of the remaining investment. One of the original investors, Nanhui Urban-Rural Construction, Development and Investment Corporation, an urban development and investment corporation (UDIC) belonging to the former Nanhui district and now to Pudong new district, has a 2.15 per cent share in Lingang Group. The Nanhui UDIC is also a state-owned company but belongs to the district government.

In other words, the municipal government injected initial capital for a major development corporation to develop a suburban industrial park and new town by leveraging bank loans and used its assets in central areas of the city to redefine the balance sheet of a suburban development corporation. The Lingang Group also managed to raise capital from the stock market. It bought an existing listed company in

the Shanghai Stock Market and transformed it into its subsidiary in 2015. Shanghai Lingang Holdings reached a value of 13.11 billion Yuan in the Shanghai Stock Market, and the net value of the shareholders was 6.51 billion Yuan in 2017. In 2018, the company raised 1.0 billion Yuan green bonds in the capital market to finance its Lingang Science City project. In 2017, the total net value of Lingang Group reached 19.27 billion Yuan. As a state-owned enterprise under the municipal government, Lingang Group is the major developer of this suburban industrial area. Although Lingang Group is an industrial development corporation, it also plays the role of a UDIC in infrastructure investment.

As can be seen from the history of the development corporation, Lingang Group exists to realize the “strategic goal” of Shanghai and has not made profits in the short term. While its average net profit in the period from 2014 to 2016 was 200 million Yuan, in the same period it received 142 million Yuan, 262 million Yuan, and 237 million Yuan in financial subsidies from the Shanghai government. From this account, it is clear that Lingang Group did not make a financial contribution to Shanghai but has continued to expand its investment. It managed to use financial subsidies from the Shanghai government, investment from the state-asset committee, and capital from the capital market to develop the suburb of Lingang in Shanghai. As stated in the special tax policy formulated in 2012 that “all profits generated from Lingang are retained in and used by Lingang,” Lingang Group is allowed to use the special fund set up under this tax policy to rebate its investment in infrastructure. In other words, it carried out the development for the municipal government.

In addition to the major development corporation of Lingang, a district-level development corporation is responsible for developing the residential area. Shanghai Gangcheng Development Group (“Harbour-city” group) was established in 2002, originally under Nanhui and now under the Pudong state-asset management committee. It is responsible for the development of the main new town centre (the new town surrounding the water-drop lake, now named Nanhui new town).

The area of Lingang is usually presented in functional terms rather than by jurisdiction boundaries because, administratively, it does not form a level of government or an administrative unit. This ordinary area at the metropolitan periphery was in essence a rural area. In this area, there are rural towns and a new town converted from an original rural town. Most of the land for Nanhui new town came from land reclaimed from the sea. However, this area has now become suburbanized. Multiple governments and their development corporations have

participated in this process. There are joint developments between Shanghai municipal government (and its industrial groups), district governments, and town governments (and their development corporations). Outside the original administrative area of Nanhui district, there are a joint investment with Minhang district through Minlian Lingang United Development Corporation and a joint investment with Fengxian district through Lingang Fengxian Economic Development Corporation. These can be seen as cross-border developments but under the economic governance of the Lingang management committee. For example, the rural town of Haiwan, adjacent to Lingang, administratively belongs to Fengxian district. But it has become Lingang Fengxian Park, which was developed as a joint development between Lingang Group, Guangming Group (a municipal industrial group), and the Fengxian district government. Economically, it also became part of the Lingang area and is now under the Lingang management committee in terms of economic governance. In addition to four major development corporations in Lingang, in 2013, to speed up the development of Lingang, the Shanghai municipal government required four major development corporations in Pudong district to develop their Lingang branches (Shen et al., 2020).

The (Civil) Society and Social Innovation

In contrast to a highly mobilized civil society in Western economies, Chinese cities show a lack of formal mechanisms for community participation in decision making. In former rural and now suburbanized areas, the governance structure is particularly weak because former rural township governments are under-resourced. Gated communities are the ubiquitous landscape of new Chinese suburbs. To attract homebuyers and, practically, to manage these estates, developers appointed property management companies, which sounds similar to rising “authoritarian private governance” (Ekers et al., 2012). But the services provided by property management companies are limited to property management such as cleaning and security within the estates. While homeowners’ associations have been set up, they have not become a social force in suburban development. Their role is limited to the delegation of property management to property management companies and perhaps to reporting some social needs to the local government agency (the residents’ committee under the subdistrict government office). The influence of homeowners’ associations over suburban development is fairly limited (Wu, 2022a, 2022b). They are “retrofitted” features to strengthen neighbourhood governance. They do not constitute an

alternative form of “private governance” that residents can choose. A resident of an upper market gated community explains:

[For the theft case], we did report to the police. But eventually they didn’t catch the thief. The previous security guard team was not so good. But we could not go to [live in] open communities. For open communities, how many policemen would you need? The cost would be too high. The government would say your community is not secured enough – there are too many “leakages”! For these individual houses, the government would have to send ten policemen. But when these policemen come, they would tell themselves, “Ok, today you two should be on duty, the other eight go to sleep.” You see, this would be quite low efficiency. That is why it would be ineffective! However, the homeowners’ association also has difficulties, because all board members are volunteers. But they don’t even have to use legal means. They just come to force you – do you really want to live here any longer? (Interview, an upper market suburban gated community resident, November 2018; translated by the author)

The government requires the developers to install gated features, which effectively offload certain duties and costs to residents themselves. This measure, however, is not an active choice by residents as a selection of governance attributes. The explanation of authoritarian private governance may sound attractive. But it is not a result of residents seeking private governance in the suburbs. In other words, the selection of suburban living, for most residents, is not a choice for greater self-management (Wu, 2022a). Legally based management such as contract, conveyance, and restriction (CCR), widely seen in American gated communities (Low, 2003), is rare in Chinese suburbs, and even if there is such a condition, it is difficult to enforce through legal processes. Homeowners’ associations are not legal entities. They do not act through market means to replace the government to create a corporate form of governance (McKenzie, 1994). Rather, they are an enhanced form of “collective control,” as illustrated by the interview.

In terms of governance form, the suburban residential area does not represent a distinctive category from other areas, as participatory governance is generally weak. These suburban gated residential areas are the product of market development, but that does not mean they are self-governed by market mechanisms. The developers designed the qualities, styles, and services according to their prediction of the market preferences of different consumers. Once the residential areas are built, the residents of different estates do not merge and form political

“communities” to exert influence over the government, owing to the absence of participatory politics. These areas are instruments of the state to extend its governance capacities.

Despite the absence of participatory politics, suburban Shanghai has experienced some social innovation to enhance the management of social affairs and the provision of social services. In 2015, a pilot policy of “the joint operation of town and management committee” (*guan zhen lian dong*) was launched. As mentioned earlier, in industrial suburbs, development has been implemented by state-owned development corporations supervised by management committees. The management committee mainly coordinates economic development and leaves the social management functions to the local town government. On the other hand, to maintain its own revenue, the town government is also engaged in economic development, setting up its own industrial park. The lack of social coordination and management has remained a long-term problem in suburbs developed from industrial projects. This situation is often described as “separation between industries and cities” (*chan cheng fengli*), in terms of not just physical distance but also the absence of urban functions in industrial areas. Development in suburban areas has been split into economic and social functions. While the economic function is managed by a committee outside the administrative system across scales, the social function remains the duty of local government, that is, the town or subdistrict offices under the district governments. The separation of industrial and residential functions is fundamentally due to this division between economic and social governance.

Since 2015, the function of economic governance (attracting investment and managing enterprises) of four towns in Lingang has been reassigned to the Lingang management committee. Accordingly, their tax is counted under the management committee. However, their tax revenue is kept and returned to them. In addition, the value added from attracting new enterprises is returned to the respective town. In other words, town governments now rely on fiscal redistribution rather than direct income from economic activities. Their performance is accordingly evaluated in terms of social management rather than gross domestic product (GDP) growth. According to the party secretary of Nicheng town, it means that, from that moment, “I only need to consider spending money rather than earning money.” This change not only enhances the involvement of local society in state-led mega-urban projects but also strengthens environmental maintenance and social functions for suburban residents working in industrial parks.

Conclusion

Ekers et al. (2012) suggest three modalities of governing suburbia: state-led, market-led or capital accumulation, and self-built or authoritarian private governance. By now there are ample examples of each modality or combinations of them (Hamel & Keil, 2015; Keil, 2018). In previous work (Wu & Shen, 2015), we discussed the relevance of each modality to China and suggested that Chinese suburban areas were highly heterogeneous. Just as in other places, these three modalities may contribute to the mechanism of suburban governance to varying degrees. In this chapter, I further develop an explicit view about the relationship between these modalities. Referring to “state entrepreneurialism” (Wu, 2018), I argue that governing suburbia in China conforms to state strategies, while market instruments are deployed. I emphasize that, while suburban development has seen real estate development and profit-making market endeavours, the development is far more strategic than earlier urban sprawl, evolving around efforts to upgrade urban economies. It does not mean that society is passive. As Logan (2018) noted about the agencies of people, “rather than seeing residents as the passive victims of larger political and market forces, an alternative vision understands them as actively adapting, strategizing and manipulating the conditions of their lives, certainly not in the control of their futures but both knowledgeable and active” (p. 1376). In suburban Shanghai, various social and management innovations try to incorporate local communities into the state strategic development.

Governing suburban Shanghai now involves a networked state across scales and horizontal coordination between stakeholders. The hierarchy of local governments consists of the Shanghai municipal government, district governments, town governments, and street offices (also known as subdistrict government; see Table 9.1). The street office, strictly speaking, is not a level of government but rather an agency of district government. Further, under the street office are the residents’ committees, which in theory are “self-organized social organizations” but in reality become the bottom level of government, which manages residential neighbourhoods (Wu, 2002). Parallel to this government structure are the management committee and development corporations. The Lingang management committee, representing the municipal government, is responsible for the supervision and coordination of economic development in the area. The management committee is not a level of government but undertakes some economic management functions for the municipal government and now the district government, after its reassignment. Thus, in the territory of Lingang, multiple

governments and development corporations play their roles under the coordination of the management committee (Shen et al., 2020). The salient feature of governing suburbia, as shown in suburban Shanghai, is the way underlying state strategies are implemented through the market instruments of development corporations. Chinese suburban development presents a salient business model (Robinson et al., 2020). Just like the overall approach to China's urban development, the financial method is deployed together with state development agencies to capture perceived opportunities (here, heavy equipment manufacturing in Lingang) and cope with development and economic challenges (Wu, 2023). We have seen both governance and social innovations transform a peripheral rural area into a suburbanized metropolitan region.

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