

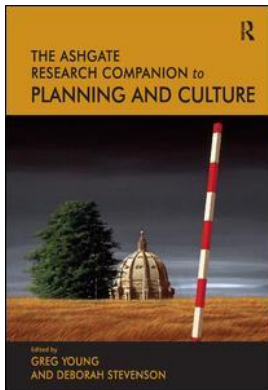
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Case Study Window – Global Cities: Governance Cultures and Urban Policy in New York, Paris, Tokyo and Beijing

Peter Newman and Andy Thornley

Globalization is often viewed as having a homogenizing effect. It increases competition between cities that then pursue similar strategies to capture footloose global investment. The top world cities become models for others to emulate. Similar skylines, prestige projects and policy initiatives can be found across the major cities of the world. However, in our contribution to this book we would like to show that such a perspective is exaggerated. We follow Abu-Lughod (1999) in believing that history, tradition and culture make a difference to the way in which cities respond to the pressures of economic globalization. In particular we focus on the relationship between the market, state and civil society. In our view each country has developed a national consensus around the appropriate balance between these three elements. Although this may continue to be debated and subject to shifts with changes in governments, significant core values remain and allow distinct differences in approach to be identified between countries.

One label that might be attached to such differences in approach to the market/state/civil society balance is 'political culture'. Political culture is seen as specific to a particular nation state and provides the stage on which governmental changes and the formulation of policies are played out. It differs from political ideology (for example democratic socialism or Tory corporatism) in that people will disagree on political ideology while maintaining a consensus on political culture. However, the problem in using 'political culture' is that it was first used in political science to promote the US political system, most famously in Almond and Verba's (1963) work *The Civic Culture*.

So to frame our discussion of global cities in this chapter we prefer the notion 'cultures of governance'. (See also, Duxbury and Jeannotte, and Young, Chapters 21 and 23, this volume.) In this way we hope to convey the broad political nature of our analysis while at the same time not identifying with the US focus of such work as *The Civic Culture*. 'Cultures of governance' also points towards our particular interest in the relationships between different levels of government, national, regional, city and neighbourhood. As

we have said there is a certain enduring consensus on the culture of governance that distinguishes between different national approaches, however at the same time the dominant consensus may be contested. As we will see in our case studies, this can lead to modification and change and, in particular, economic globalization has presented a new pressure.

The national differences in the relationships between the market state and civil society have been analysed from different perspectives by various authors seeking to categorize nations into different approaches or 'models'. Some enter the triad from the economic direction and talk about the cultures of capitalism (for example Hampden-Turner and Trompenaars 1993, Hutton 1995, Thurow 1992). These focus particularly on the shared consensus regarding the degree and nature of state involvement in the economy, utilizing labels such as 'laissez-faire', 'social market' or 'Japanese model' (for a detailed review see Coates 1999). Others focus on how social needs are met and the way the market system is modified. For example, in a much quoted typology, Esping-Andersen (1990) refers to the three models of welfare – social democratic, conservative/corporative and liberal. The first has a strong Welfare State, the second relies on social insurance or the family and is often based on the Catholic principle of subsidiarity, and the third relies on the market and is individualistic.

It is not our aim to develop or use a specific typology. The models mentioned above are ideal types and do not necessarily exactly describe particular countries. However, in the rest of this contribution we will be exploring four case studies that have been chosen to demonstrate a wide range of different cultures of governance. We start with New York that is set within a culture that is at the more liberal, individualistic and laissez-faire end of the spectrum. We then turn to Paris within the French tradition of strong state authority and centralized planning. The third example is Tokyo that operates within a Development State and our final example is Beijing – conditioned by China's socialist market economy while also retaining many cultural features from the past.

In each case we will briefly outline the dominant features of the national culture of governance and how this interacts with political forces and pressures within cities. The impact of this interaction will then be traced through to the strategic policy agendas and approaches of the cities with examples of key development projects (for a more detailed analysis of these issue in a range of world cities see Newman and Thornley 2011).

New York

In federal systems of government such as the United States we should expect governance cultures to vary as sub-national scales of government engage with and at times help shape the national negotiation of market-state relationships. Constitutionally, in the context of overriding US federal law, the states are sovereign. States take a direct role in some policy arenas and they shape the government arrangements of particular cities. In liberal capitalist societies such as the United States we expect a tension between a market liberalism and 'embedded forms' of (Keynesian Welfare State) institutional protections (Indergaard 2011). Perhaps the height of an embedded liberal phase was the New Deal of the 1930s. This progressive, interventionist style had its origins in New York. Governor Roosevelt took interventionist lessons from New York State into his

Presidency from 1932. The strong relationship between the President and New York City's mayor allowed the city itself to embark on extensive interventionist policies (Abu-Lughod 1999). This phase of history contributed to the distinctiveness of New York City government. The city has a much bigger public sector than the rather 'thin' governance of Los Angeles and public expenditure is much higher than spending in Chicago (Mollenkopf 2008: 244 and 259). In subsequent decades we could see the federal government's response to New York City's financial crisis in the 1970s as presaging the neo-liberalism of President Reagan and a city more dependent on private initiative and resources. The strong role of the private sector through the major development projects that reshaped the city in the last two decades was brought into question by the 2008 financial crisis leading to speculation about the next governance regime and new relationships with the federal scale (Indergaard 2011).

Understanding the governance culture that sets the context for planning New York City we are interested therefore in the relationships between scales of government and relationships between public and private sectors. (See also Low, Chapter 17, this volume.) In the period we cover in this chapter we can characterize a distinctive market-oriented style in the city; according to Gladstone and Fainstein a 'pro-growth, corporate led urban regime' (2001: 35). At a city region scale governance is shaped by particular interactions of public and private sectors. Kantor (2009) characterizes this institutional context as 'managed pluralism'. There is regional competition among local governments with a powerful New York City at the centre. Higher-level governments in the city region including the State of New Jersey as well as New York, address aspects of market failure and may attempt to manage intergovernmental competition. In the culture of governance that emerges, Kantor argues, public and private institutions are capable of political coordination and can come together, for example, to deliver transport infrastructure and large development projects. The socially oriented projects of earlier times are less well managed. The city's distinctive history and institutions mean that we should take Mollenkopf's (2008: 244) advice and not look at New York as a 'global template' for world cities.

Following the bankruptcy of the mid 1970s New York City evolved a particular style of planning and development. The city focused on Manhattan as its most marketable asset and on large projects. City-wide development lobbies – the New York City Partnership, the Real Estate Board of New York and the New York Chapter of the American Institute of Architects – exerted considerable influence in City Hall. But essential to the development process were the assets and powers of the public sector. The city's economic development office could offer tax breaks to attract and retain commercial development, city planning could rezone sites and offer zoning incentives, and the state's economic development corporation had the power and resources to acquire and repackage development sites to suit private investors. This proved to be an effective development machine typically led by an agency able to override the normal planning process. Deals could be struck with local interests or community groups overridden.

The ability to mobilize public powers behind private redevelopment and renewal projects marks out the success of New York in this period. Times Square was remodelled as an entertainment district but also offered a substantial amount of new office space. The railway yards on the west side of mid-town Manhattan offered another large redevelopment opportunity. In the 1990s Mayor Giuliani had imagined the Hudson Yards site as a location for a new stadium for the New York Yankees. That scheme

failed but the city continued with a comprehensive rezoning plan that allows for 40m square feet of offices, as well as substantial residential development, expansion of the Jacob Javits Convention Center and a new stadium. The stadium idea was timely as New York City considered a bid for the 2012 Olympic Games. The bid was unsuccessful but the prospect of comprehensive redevelopment made the case for extension of the No. 7 subway train to the stadium site, the city arguing that development over the long term accompanied by transport improvements starting in 2005 would 'make the areas more attractive for investment' (Doctoroff quoted in Bowles 2003). As with other large projects the state's development corporation could acquire land, and another state-controlled body, the MTA, owned the railway land. However, the city's rezoning and comprehensive development plan was initially stalled by local opposition. The opponents represented commercial interests as well as affected residential communities, and small business and manufacturing (Gross and Newman 2005). The state vetoed the Olympic stadium effectively killing off the New York bid but with improved public transport the sites continue to be attractive to development. The city's zoning powers and the state's development agencies and the capacity of 'managed pluralism' to deliver public transport projects characterize a New York style of planning and development. This alliance of public and private interest, city and state power was also evident in the process of rebuilding the sites of the World Trade Center (WTC).

The NYC Infrastructure Task Force held initial meetings with the mayor and the leaseholder of the WTC towers. To organize the development process a subsidiary of the state's development agency was created, the Lower Manhattan Development Corporation (LMDC), and its board appointed by the Governor. The state had substantial interest in redevelopment as the state-controlled Port Authority had been the original developer of the twin towers and the underground public transport links involved the MTA. Progress has not been smooth. An initial architectural competition and grander visions conflicted with the leaseholder's desire to rebuild office space as quickly as possible. An initially inclusive planning process (with 4,000 New Yorkers attending one forum) reviewed schemes drawn from the international architectural competition gave way to more pragmatic plans and wrangling between the leaseholder and the LMDC. One problem was the weakness of the office market as business preferred mid town, however any wider re-planning consideration lay outside the narrow development focus of the state-led development agency (Kantor 2002). The economic crisis in 2008 caused further negotiation over the timing of development and the amount of public subsidy being demanded from the Port Authority (Bagli 2009). Redeveloping the rail station was also delayed and the cost of the Fulton Street Transit Center doubled between 2001 and 2009.

Such project by project planning has been characteristic of the past 40 years of world city building. But returning to our earlier discussion, are there signs of a shift from the market liberal model to more interventionist ambitions? Two initiatives of Mayor Bloomberg might suggest a new approach if not replacing at least complementing the pro-growth, corporate-led planning style. An early Bloomberg initiative, the \$7.5bn 'New Housing Market Place Plan', aimed to provide a range of affordable housing for low and middle incomes (NYCDHPD 2003). In 2005 the target was increased to 165,000 units by 2014 to be achieved through a range of city subsidy mechanisms. A total of 100,000 units had been delivered by 2010. However, this social investment needs to be seen in a context of the loss of 'affordable' housing through the mortgage foreclosures triggered by the 2008 crisis and the steady loss of rent controlled accommodation in the city. In 2008–9 there



Figure 4.1 New York's long term plan

Source: The authors.

were 150,000 foreclosures and these tended to be concentrated in black neighbourhoods that suffered from the aggressive marketing of sub-prime loans (Powell and Roberts 2009). Between 2003 and 2009 some 200,000 apartments affordable to low-income renters were lost (Fernandez 2009). Market forces pose a severe challenge to social planning.

A second Bloomberg initiative in 2007 was the longer term, social and environmental focus of PlaNYC 2030 (see Figure 4.1). The plan predicts substantial population growth in a context of fundamental infrastructure challenges in transportation, water supply and energy. In terms of climate change, New York may be susceptible to a 'heat island effect' with heat waves impacting on residents. This 'sustainability' plan takes a long range and comprehensive planning perspective. However, the infrastructure challenges cross the city boundary. Population growth is outside the city's control and the relative weakness of regional scale plans, and the bias of 'managed pluralism' toward project based planning expose the potential limits of the pursuit of sustainable development.

Paris

Contrasting with New York's market liberal context in which the development industry leads on major projects, Paris is located in a unitary state with a tradition of centralized planning. This tradition has been evolving. We have to acknowledge Paris as a European city in the context of the EU and the Eurozone, and some 'Europeanization' of planning as all cities adapt to EU funding streams and adoption of a general, if poorly understood (CEC 2010), notion of 'territorial cohesion' that fits a 'European model of society' (see Faludi 2007). Within France substantial reform of the state has been underway since the early 1980s. Processes of decentralization transferred planning competence from the central state to the mayors of communes and created a new, elected regional scale of government. More recently the loi Chèvenement encouraged the amalgamation of highly fragmented local governments into larger units capable of strategic planning. The outcome of this long process of reform of the state is that relationships between layers of government are often complex, with overlapping responsibilities sometimes managed through joint contracts in an institutional landscape including numerous centrally or locally created agencies.

This 're-scaling' of government has had particular implications for the nation's capital and economically dominant city-region. Historically there has been a tension within the French state between a foundational guarantee of equality across the republic and individual attachment to place as represented through the local commune. During the latter half of the twentieth century national planning sought to balance the growth and development of major cities. But, relocated within competitive European space, government took a different view and the fortunes of the country's major asset – the Paris city-region – took priority. By the turn of the century the economic competitiveness of Paris was a priority but reform of the state had created competing scales of planning. Additionally, competitive party politics impacts on regional and local responses to perceived global or European challenges.

As in the case of New York there is a dominant unit of government at the centre of the region. The city of Paris is comparatively small (with a population of about 2 million) but has a substantial tax base and comprehensive planning and development powers. Mayoral power is relatively (since 1977) recent, with the mayor taking over from state appointed prefects. But the positional power of the mayor is extensive and the city's resources allow it to initiate and achieve strategic projects. In Paris and other communes in the region the authority of the mayor rests on an embedded faith in representative government and the power to respond to citizen demands. Incumbents tend to be re-elected but over time regimes change as the social base and social attitudes change. To speak of a governance culture we therefore need to refer to a strong state but also to the complex overlaying of decision making between scales, to competitive party politics, and in the case of Paris to powerful city government and evolving tensions between governmental actors in the wider city-region. To explore these cultures of governance at work we take two different perspectives. First we examine the rivalry around strategic direction for the city-region and second we look at the style of planning behind the large-scale remodelling of north-east Paris.

Responsibility for regional planning is not clear cut. In 2007 the regional council's draft regional plan was criticized by central government for its failure to identify more opportunities for job creation (Subra 2009). It was this concern about the economic competitiveness of the capital region that led President Sarkozy's new government to put

forward plans for wholesale administrative reform creating a new unit of government substantially larger than the city of Paris and incorporating the greater part of the inner core of the region (Lefèvre 2009). A new Minister for the Development of the Capital Region was charged with seeing through reform. The (socialist) city and regional governments opposed the idea. It was clear from the 2008 municipal election results that a new government at this scale might have a socialist majority and subsequently the President became less interested in administrative reform. But the competitiveness of Paris remained an issue and the President invited international teams of architects to draw up visions of regional futures looking ahead to 2050. Schemes were presented at an exhibition 'Le Grand Pari de L'agglomération Parisienne' in the spring of 2009 (Présidence de la République, 2009) and it was at the launch of the exhibition of projects that the President introduced an ambitious scheme of regional development, naming eight development zones and construction of a €35bn new automatic metro that would sweep in a 155km figure of eight around the inner part of the region. The scheme known as the 'Grand 8' provoked further political controversy. The law giving authority to the project was approved at the end of 2009 and set up a development agency Société de Grand Paris (SGP). The regional council and other sub-national actors were included as partners in SGP but control rested with central government. SGP had powers to acquire land and determine land uses for a distance of 400 metres around each of the planned 40 new stations. The agency and not local communes would receive increased tax revenues generated by development around the new stations, and SGP's plans for the station zones, to be agreed with the communes by the autumn of 2011, would override existing local plans. The three aims set out for the Grand 8 were to enhance intra-regional connectivity, exploit important economic assets within the region and to secure Paris's position as a world city, 'Ce projet intègre un objectif de croissance économique afin de soutenir la concurrence des autres métropoles mondiales' (Assemblée Nationale 2010: 1).

There was conflict over the scheme. The elected regional tier has responsibility for transport planning in the Paris region and through the regional transportation agency, STIF (Syndicat des Transports d'Ile-de-France) provides a large share of investment in lines and stock. The regional council had its own preferred rail plan, the proposed orbital 'Arc Express', a less ambitious plan but with a similar aim of improving circulation around the inner suburbs. In the autumn of 2010 both the region's Arc Express and the President's Grand 8 began four months of public scrutiny through the Débat Public process. At over 40 public meetings several thousand participants engaged in the debate about the benefits of the scheme. Conclusions were to be published in 2011 and behind this public process negotiations continued between government, region and transport authorities. The main challenge for SGP was to find the funding for its scheme. In a depressed land market it would be hard to find potential developers for the station sites and guaranteed tax revenue. Business groups in the region had made it clear that this transport infrastructure should be a state investment and opposed the idea of public-private partnership (CESR 2010). The culture of governance is that the state leads. However, within the complex and overlapping responsibilities of governments in Ile-de-France, achieving public leadership is no easy task.

In what Subra (2009) labelled a 'counter offensive' to the President's proposed reform of government in the city-region the mayor of Paris set up Paris-Métropole, an informal alliance of over 170 communes in the region (<http://www.parismetropole.fr/>, Lefèvre 2009). In Paris-Métropole each commune is an equal partner, leadership is

handed on each year, and thus in itself the agency is politically weak but nonetheless able to engage willing neighbouring communes in joint studies and strategy. This new form of cooperation has proved effective in the strategic planning of north-east Paris (see Figure 4.2). The city of Paris cooperates with the intercommunal association Plaine Commune, a group of eight neighbouring communes.



Figure 4.2 Paris presents its 'Nord-Est' projects

Source: The authors.

With the direction of a Paris deputy mayor a joint approach has been developed to urban renewal of old industrial and warehousing zones either side of the peripheral motorway. On the Paris side a €7bn project started in 2008 to develop commercial and residential areas with a range of other uses and integrated with extensions to the

tramway network and regional railways (SEMAVIP 2009). The deputy mayor also represents Paris in STIF, the body allocating transport investment. It is through such political coordination that infrastructure can be integrated with ambitious development schemes and priorities shared across administrative boundaries. The development agency undertaking the larger projects within the city of Paris, SEMAVIP, includes some private partners but is 77 per cent owned by the city of Paris. A governance culture is characterized by public sector leadership able to deploy the substantial resources of the state and which defines private sector opportunities. In this case, political coordination makes the overlapping responsibilities of layers of government work.

Tokyo

Although a capitalist economy, Japan has taken a different approach to that of the United States and its alternative model of capitalism is usually termed the Developmental State or 'state development capitalism'. The approach first came to prominence in the 1960s in the light of Japan's dramatically successful post-war economic development – sometimes termed the 'post-war economic miracle'. In analysing the reasons for this the US academic Chalmers Johnson (1982) coined the term 'Developmental State'. The main characteristic of this model is the strong guiding role undertaken by the nation state. (See also Sasaki, Chapter 12, in this volume.) So although there is little government ownership of economic activity there is powerful intervention and regulation with bureaucratic elites, free from political interference, taking a leading role. This gives the state leverage over the private sector. The origin of the approach lies in the post-war crisis of Japan and the desire of the country to rebuild its economy so as to compete in the world markets. The state therefore took control over the long term economic planning of the country and used its power to support national industrial interests. Top priority across government was given to economic growth. A strong alliance grew up between political parties, the bureaucracy and economic interests.

The Japanese economy collapsed in the early 1990s and the following recession led to political confusion and a lack of clear policies. This period was labelled 'the lost decade'. This downturn coincided with the expansion of economic globalization that presented a challenge for the nationalistic and protective approach of the Developmental State. The period since then has been characterized by attempts to marry the approach with the demands and imperatives of a global competitive market. From 2000 onwards there has been an acceptance by the Japanese national government that there is a need for the Japanese economy to become more open and competitive and there have been various policy initiatives oriented to deregulation, particularly in urban development. However, the essential culture and aim of the developmental state remain important. Some have noted how the developmental state could become the vehicle for a particular approach to globalization and a demonstration that the US model is not the only one (for example Hill and Kim 2000). The argument for a continued role for the state has been strengthened by the 2011 earthquake and tsunami.

If the Developmental State prioritizes economic growth then how are social needs met? Japan does have a welfare programme, for example a universal medical system, and has less social polarization than most other developed countries. The culture of

welfare provision is to pursue the Welfare State principle of social equity but with a low level of government spending. How is this achieved? Esping-Anderson provides one analysis (1997, see also Kim 2010). He concludes that Japan is a special, hybrid, case. Welfare provision occurs through three different systems with the state provision supplemented from two other directions. First, many private companies provide welfare support under the concept of life-time employment. Second, Japan still draws upon its older (Buddhist and Confucian) culture in which the family and local communities play important social welfare roles – for example a high proportion of non-working and retired women fulfil caring functions (OECD 1994). However, this approach is under a lot of pressure (Miyamoto 2003). Globalization has resulted in a less stable economic situation with decreasing life-long employment. Social attitudes towards the role of women are changing and there is a rapid growth in the proportion of elderly people in the population and signs of increasing polarization.

Thus the central state has been seen as essential to orchestrating economic growth and enabling the benefits to be enjoyed by all. The approach has been under stress with economic recession and globalization. However the central state continues to be the central element in the culture of governance, focusing on managing the economy. Other issues have been left to alternative mechanisms or even neglected. The culture of governance in relation to these non-economic issues has been rather different. Some policies, such as on housing and environment have been poorly developed (for details see Sorensen 2002). This particular combination of cultures has led to a strong central state with subordinate regional and city authorities and little public participation. Tensions, however, have arisen as the developmental state adapts to the pressures of globalization. We will now illustrate how this has affected national/city relationships and urban policy in Tokyo. In recent years there has been a gradual move to decentralize power, however this has not prevented tension between national and city governments. National government still has a strong influence on the planning of cities including Tokyo, but since his appointment as Governor of Tokyo in 1999, Ishihara has been challenging this central authority.

In 1990 the Prime Minister proposed that a new location should be found for central government functions. This proposal was made in the context of concerns about the over-concentration of activity in Tokyo and the resulting problems of congestion and high land values. However, Governor Ishihara opposed such a move and a major purpose of his Tokyo Circular Megalopolis Concept (TMG 2001) was to reverse this decentralization policy. The plan took a regional approach and contained policies to demonstrate that the region could work efficiently while still retaining the central government functions in central Tokyo. His view was that agglomeration of activity was necessary for Tokyo to operate as a competitive city. Ishihara used the Circular Megalopolis Concept to lobby central government and as many of the proposals were outside his metropolitan jurisdiction he had to get other local authorities on his side. After initial reluctance they accepted that the success of Tokyo was a necessary factor in their own economic future. The relocation of the Capital is no longer a live issue.

Another tension in the state arrangements can be seen in the growing debates over regional policy. Regional policy for Tokyo is traditionally prepared by national government, setting out major infrastructure and investment policies, and local authorities within the region have to conform to this. However, from 1979 a Capital Regional Summit of local authorities was formed although this was generally restricted to a talking shop. A step forward was taken in 2006 with the establishment of the Capital Region

Forum, which included economic interests, and greater regional co-operation developed. Meanwhile Governor Ishihara was taking a regional leadership role in the development of the Megopolis Concept Plan and challenging central government's regional policies.

Recently, national level government has taken more interest in regional policy and passed the National Land Sustainability Act in 2005, which led to the new National Land Sustainability Plan. This included a new national plan and 'wide-area regional plans' for certain areas, including Greater Tokyo. These were seen as an important departure from the previous approach as they were responding to the new competitive challenges of globalization. Within this framework national government and the leaders of the local authorities together prepared a new Tokyo Capital Regional Plan in 2009, although consensus politics meant this lacked a strong strategic direction. Nevertheless the acceptance that globalization demands a strategy at the level of the city region has led attempts to resolve the contested issues of inter-scalar politics.

Beijing

By 2011, China had risen to become the second largest economy in the world measured by GNP. It has achieved this with its own economic approach and hence again challenges the hegemony of the US model of capitalism. The Chinese approach has undergone continual modification and adaptation over the last 30 years or so as it gradually and selectively introduces market elements into its system. Before the reforms of 1979 the country was a centrally planned economy dominated by the central state and the Communist Party. The system focused on economic planning and the process of industrialization utilizing work-place units. Such units were the basis for most services such as housing, education, recreation and medical care. The process of transition to a more market approach began after 1979 with the open-door policy – private investment was allowed in certain sectors and in certain geographical areas. A further step was taken in 1987 with the introduction of a partial land market. The selective application of market principles and decentralized authority is intended to allow the growth of a service sector and urban development projects. By 1991 national political leaders were using the term 'socialist market economy' to describe this transitional process. However, the reforms have not been universal and have therefore created a very complex situation in which both traditional socialist elements and reformist elements co-exist although the central state and the Communist Party remain in overall control. Cities have only gradually been given autonomy and there is considerable variation across the country.

Some have highlighted how this variation leads to the co-existence of two cultural approaches (Leaf 2005). One based upon past traditions of neo-Confucianism in which there is a strong fusion between the authority of the state and the role of the family and one based upon the market and the rule of law. Ding (1994) has described the resultant institutional structures as 'amphibious' where 'the lines between public and private, political and personal, formal and informal, official and nonofficial, governmental and market, legal and customary, and between procedural and substantial, are all blurred' (1994: 317). The complexity is also expressed in the existence of a dual market in land. In one market land is sold at market prices usually through tender or auction and involves

outside investors and in the second land is administratively allocated, usually at low cost, through negotiation.

Another distinguishing feature of the Chinese approach has been the role of the Chinese diaspora in the process of economic globalization. Crawford (2000) has described this as leading to a distinctive 'Chinese capitalism'. Chinese business throughout the world is family-based, drawing on the principles of Confucianism. Wider networks of trust also develop between such family firms based on regional affinities (*guanxi*). With globalization these networks extend more and more across countries and overseas Chinese business networks are crucial to understanding Southeast Asia's political economy. Since China's 1979 open door policy by far the largest investor into the country has been overseas Chinese companies operating through *guanxi* and trusted local partners. We will illustrate how the complex processes involved in the socialist market economy, the combination of a strong central state and a selected decentralization, and dual cultural elements, have influenced urban policy in Beijing. We take the case of the development of the new central business district (CBD).

Municipal planners have been concerned to create a new CBD to accommodate 'world city' functions and establish Beijing as an 'international city'. The Master Plan for Beijing produced in 1993 (Beijing Institute of Urban Planning and Design 1993) included the aim to create a CBD 'as a first step to compete with Shanghai as the financial capital of China' (Ren 2008: 521). However during the 1980s the move to decentralize political



Figure 4.3 The new Beijing downtown

Source: Hyun Bang Shin.

decision-making to District governments within Beijing gave them the autonomy to develop their own schemes and plans and negotiate with multinational corporations. They also obtained the right to administer the sale of land-use rights and this gave them a major incentive to promote intense development to raise revenues. This led to competition between districts to develop the new CBD function (Gaubatz 2005).

At the centre of Beijing lies the historic Forbidden City and plans had always sought to retain the low-rise nature of this area. The CBD in the Master Plan was therefore just beyond this to the east in Chaoyong District – a location that had historically housed international businesses and embassies (see Figure 4.3). In the early 1990s this area was the location of a controversial project called Oriental Plaza that involved a complex of shopping malls, luxury flats, hotel and offices. It was promoted by the city mayor and financed from Hong Kong. Controversy developed because of the evictions involved, the attempt to bypass planning procedures, the role of outside investment, and a



Figure 4.4 Beijing downtown remodelled

Source: Hyun Bang Shin.

corruption scandal over the bribes received by the mayor from the main Hong Kong investor (Broudehoux 2004). The mayor was sentenced to 16 years in jail. Nevertheless Oriental Plaza was eventually opened in 1999 as the 'new address' of Beijing's CBD and the largest shopping centre in Asia (Cook 2006). In the same year, 1999, a former executive of the China Construction Bank was appointed by the central government as the new city mayor with the aim 'to build a financial district that can lure multinational firms to Beijing' (Ren 2008: 522). Many internationally-oriented high-rise offices and residential developments have subsequently been built in this area, and it was the location for new hotel developments for the 2008 Olympics.

Meanwhile on the other side of the Forbidden City, the District of Xicheng was promoting its own centre called 'Financial Street', even though this lies within the low-rise zone and contravenes the official Beijing Master Plan (Gaubatz 2005) (see Figure 4.4). The District was seeking to attract foreign firms to this area on the back of the Bank of China decision to construct its new high-rise headquarters there. In the plan this area was allocated for state-owned financial institutions and ministries but in the 1990s the district initiated a major redevelopment project relocating nearly 5,000 families and building about 3 million square metres of office space (Gaubatz 2005). The development of this alternative CBD stimulated other districts to get in on the act and, slightly further out towards the northwest, Haidian District launched its 'Financial Corridor' in 2002. Thus the political fragmentation resulting from the autonomy of local districts has led to a lack of clarity in planning a location for the new world city functions. Small local authorities without skilled staff have been able to enter into partnerships with large-scale foreign firms with experience of world city projects in other cities. Their plans tend to be used in a symbolic fashion to present a vision that can convince external investors. The application of the new approach in Beijing is proving difficult (Zhao 2010) because of the continuation of past planning traditions, the speed of urban growth and the complexities of the dual market. There are a large number of actors – both from the different levels of government and the different economic interests.

Planning and Governance Cultures

Economic competitiveness drives strategic planning in the four cities that were the focus of this chapter. But whilst concern about economic globalization may be shared we see distinctive responses due to the continuing influence of political traditions and the complex relationships between market/state/civil society and levels of government, which frame strategic planning approaches. The struggle to develop city-wide or city-regional strategy appears to be particularly acute. PlaNYC has great ambition but limited institutional support. There are competing versions of the next Paris region. In both Tokyo and Beijing national and sub-national governments compete to plan at the larger scale. We can see the desire to get the right scale of economic space as a response to economic globalization, but it is equally clear that the effectiveness of cities is firmly embedded in governance cultures. There is change, particularly as different scales of government interact with each other and with markets and civil society, but we have also shown the *longue durée* of governance traditions.

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