

## Commentary

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### Transitional cities

The city is always in transition. The familiar face of the ‘capitalist city’ is now changing, we are told, and taking on the appearance of ‘postmodern urbanism’ or the ‘post-Fordist’ city. Theorists love to discover something original in this process, although the extent to which the transition has produced a distinctively new ‘spatial order’ is still controversial (Marcuse and van Kempen, 2000). The city has witnessed ‘unavoidable continuities’, not only because change in the built environment is much slower than economic restructuring but also because social relations and cultural practices tend to resist sudden and disruptive changes (Beauregard and Haila, 1997).

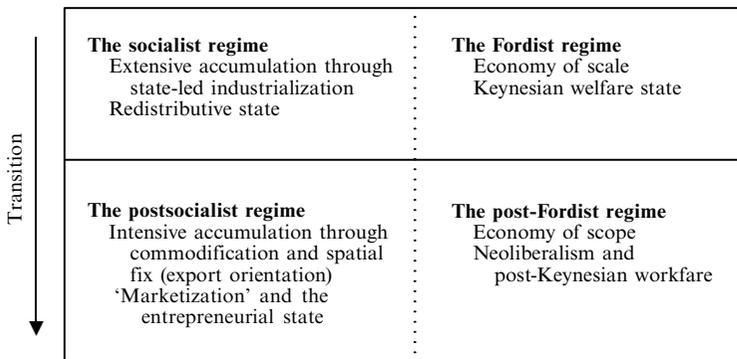
‘Transitional cities’, however, can be coined in a similar way to the widespread use of ‘transitional economies,’ a term emerging since the end of the Cold War and the collapse of former socialist economies. For neoliberal enthusiasts the term is self-illuminating, suggesting the victory of capitalism, the ‘end of history,’ and thus a fundamental transition to the market economy. Less ideologically interpreted the term is a convenient signpost pasted onto the familiar mental map of the bipolar world. Indeed, anything that does not belong to the ‘advanced market economies’ can be handily classified into the other category, be it the socialist city, the Third World city, the developing city, or now the postsocialist city and the transitional city. The idea of ‘transition’ is now increasingly associated with the powerful globalization discourse which sees the converging of the other category back into the unified category through collapsing distance.

In international organizations the classification is practical: ‘developing countries’, ‘countries with economies in transition’, and ‘industrialized countries’ (United Nations Centre for Human Settlements, 2001). To reflect the changing world order, *Third World Planning Review* has changed its title to *International Development Planning Review*; and *Third World Quarterly* has the subtitle *Journal of Emerging Areas*. So, accompanying the idea of transitional economies is the notion of ‘emerging markets’, a term now extended to fast-growing developing countries and even to ‘alternative’ capitalist regimes: for example, newly industrialized nations in Pacific Asia.

In this commentary I attempt to speculate on the validity of treating transitional cities as the other category, with special reference to the Chinese city, with which I am most familiar. The significant variations in ‘transitional cities’ suggest that any tentative conclusions drawn from just this one context need to be further interrogated before being accepted as generally applicable.

I begin my speculation by asking whether there is a transition of ‘urban process’ and whether this transition is qualitatively different from what we have seen in the mainstream urban transition. By the ‘urban process’, I am referring to a fundamental political–economic process rather than simply the concrete manifestations of land development or housing provision. The question is about the fundamental conception of the city and, in this case, I aim to show that the transitional cities become the material, functional, and symbolic means of accumulation—the ‘growth machine’ as conceived by Logan and Molotch (1987).

Today, there is a growing consensus that the regime of accumulation in the advanced economies has experienced a fundamental shift (Amin, 1994), although various labels are given to its results: post-Fordism, postindustrial societies, postmodernism, the new



**Figure 1.** Changing urban processes and transition in 'transitional economies' and advanced market economies.

economy, and globalization. The different discourses, propelled by a wide range of vested interests, visions, and perspectives, do reflect some real and substantive processes of restructuring.

To transitional economies, however, urban changes have so far been understood through policy changes ('economic reform' and 'marketization', the 'open door' policy, and externally imposed 'globalization' brought about by foreign investment). In short, 'transition' is portrayed as convergence from the other to the Western system, rather than an evolutionary internal shift of the logic of production just like the bottom-up process of 'flexible accumulation' driven by the force of production in the advanced Western economies. However, the parallel is apparent (figure 1).

#### **New accumulation regime**

We cannot help noticing some apparent similarities between the state socialist regime and the Fordist regime, although I do not want to overstretch this comparison because the Fordist regime and its regulatory form—the Keynesian welfare state—still follow market fundamentals and view state intervention only as a last-ditch cure for market failure. Both regimes uphold a belief in the comparative advantage of scale economies and both have been invented for crisis management. Industrialization is fostered in state socialism with the aim of establishing an efficient factory system, which would eventually build up the national economic system. This model was necessitated by the Cold War (and consequent economic isolation, military competition, national defense, and prioritization of heavy industries). The implication for urban processes is the creation of the distinctive socialist 'underurbanization' model, where the level of urbanization lags behind the level of industrialization. This rationale of 'forced growth', most extensively elaborated by Kornai (1992; see also Pickvance, 2002), requires its accompanying regulatory processes (Hausner et al 1995): the dominant role of the state in organizing production and consumption.

The regime of state socialism combines two paradoxically contradictory instruments: antiurbanism and urban-biased policies. Ma (2002, page 1558) has made some important distinctions between urbanism and urbanization, to readdress the underurbanization and urban-bias debate (Chan, 1994). Restriction of rural–urban migration and suppression of consumption can be understood with the rationale of antiurbanism: 'urbanism as a way of life' perceived by Louis Wirth is exactly the thing to be avoided. Urban-biased policies, on the other hand, include systematic favors, such as investment given to the state factory system, which is inherently urban based, and the privileges given to urban residents such as comprehensive welfare cover based on employment. At the core of

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this rationale is the conceptualization of the city as the site of production rather than as a conglomeration of a heterogeneous population.

The city under the socialist regime was no more than a physical site for containing industrial production. Although the city was often used for political rituals, it was *not* the basic unit for organizing consumption and did *not* constitute the means of production. The effective extraction of social surplus gave a powerful role of ‘redistribution’ to the state. In fact, the ability of the state to channel the surplus into new arenas of extensive accumulation is the precondition for avoiding overaccumulation. In order to do so, sometimes the redistribution had even to go against the ‘market principle’. To put it simply, factories relied on the state as the ultimate purchaser of their goods in order to sustain and even to expand production.

Similar to the crisis of the Fordist regime, the crisis of the socialist regime is embedded in its accumulation process. First, the regime demanded an overwhelming state which was in no way able to cope with such a requirement. The failure of state socialism was perhaps caused by the *impossibility* of rigorous planning and the *lack* of effective incentives to mobilize subordinated production units, to such an extent that it lost competitive advantage. As complexity grew along with the increase in the scale of the economy, planning became astronomically difficult. Castells (2000, page 7) attributes the rampant crisis which occurred in the former Soviet Union to the “expression of the structural inability of statism and of the Soviet variant of industrialism to ensure the transition towards the information society”. A pragmatic solution is effectively the adoption of more self-reliant and soft budgetary units. This cellular quality is at least evident in the primitive Chinese version of socialism. However, the tendency to overproduction is apparent.

Second, ‘economizing urbanization’ has two implications. Unlike the Fordist regime, mass consumption was not the engine of growth. On the one hand, with the suppression of consumption and urbanism, labor costs were constrained. Low wages meant that maintaining the labor force had to be organized by the state and there was limited demand for market-based commodities. On the other hand, the supply of cheap labor was plentiful, and the full-employment policy meant that enterprises had little incentive to advance technology to take the place of labor. The compulsory and rigid labor system led to hidden redundancy in state enterprises. All these suffocated technological innovation except for a few key areas related to military uses.

The reliance on state-led heavy industrialization created a problem of the lack of effective demand, especially outside the state sector. Although China always needs to improve living standards owing to its sizable population, the lack of affordable demand is a major constraint on economic growth. Since the mid-1980s the Chinese economy has struggled to find an engine of growth. Real estate was one such engine. The decline in the state industrial system is in sharp contrast with profitability in real estate projects. Selling factory sites to real estate and commercial projects is a common practice. Preliminary evidence suggests that there was a shift of capital from manufacturing industries to the real estate business during the building boom of the mid-1990s. In other consumption areas, niche markets have been exploited. With the emergence of middle class, urban China is now truly experiencing a ‘consumer revolution’ (Davis, 2000).

The saturation of effective demand has forced the search for an alternative accumulation regime. This means the shift towards an intensive accumulation regime mainly through two aspects of change: adopting an export-oriented strategy as a spatial fix and commoditizing urban development. They are accompanied by large-scale economic restructuring, which represents a sea change so that the city itself is becoming the physical and functional means of accumulation. The emergence of local state corporatism indicates that the city is becoming an ‘entrepreneurial agent’.

The change from production site to entrepreneurial city is materialized through a sequence of institutional reengineering: besides the change in the fiscal regime which has given greater autonomy to the locality, urban land and housing are 'commodified', allowing rent or profit to be drawn legitimately. Productive infrastructure—airport, deep-water port, metro system, elevated roads and highways, fast rail, info-ports—is becoming the indispensable element for building the entrepreneurial city. As the city is staged at the center of accumulation, the outcome is severe economic competition between cities and within the city. This phenomenon of place promotion is not unfamiliar to the rest of the world.

### **New urban spaces**

Although we have begun to understand the postsocialist transition (Andrusz et al, 1996; Pickles and Smith, 1998; Pickvance, 2002), its spatial restructuring is crudely understood. Szelenyi (1996, pages 310–315) briefly speculated on three consequences in Central and Eastern Europe: the possible end of underurbanization, increasing diversity, and suburbanization with accompanying inner-urban decay. Is the new regime of accumulation creating a new spatial form, as distinctive as the 'socialist city' (French and Hamilton, 1979)?

Recent studies of urban China concentrated on the urban transformation and creation of the new city under globalization and marketization (for example, Logan, 2002; Ma, 2002). For sure, the transition has created new urban spaces. But whether they are organized into a distinctive form is still subject to further study. New urban spaces appear not only in the minor and subtle form of a rented counter in a state-owned department store but also form dramatic and monumental cityscapes composed of glittering office buildings and skyscrapers, high-tech and science parks, joint-venture or wholly foreign retail outlets, shopping complexes and centers, glamorous suburban villas, clustered university campuses, development zones, and financial streets and central business centers. These new elements are inserted into a changing urban space. Parts of the city thus become more globally oriented than others. In this section, I will speculate on some of these aspects.

### *Space of differentiation*

The transition from state-organized collective to commodified housing consumption has created profound changes in work and living. Because of weakened ties between workplace and residence and the emergence of commodity housing development, the self-contained workplace compounds are gradually being replaced by fragmented and scattered commodity housing estates. On the residential landscape, we see constellations of luxury housing estates often built into gated communities, alongside dilapidated neighborhoods and migrant enclaves.

The increasing sociospatial differentiation can be readily observed through growing housing price variation in the metropolitan area. The resorting mechanism is not too difficult to establish from residential mobility surveys. Once homogenous social areas are becoming fragmented, in ways similar to those experienced elsewhere (Dear and Flusty, 1998). Although incomplete socialist transformation meant that residential segregation had never completely disappeared, it is now resurfacing and is signified through various dimensions in postreform urban China.

Sociospatial differentiation is now unfolding according to several dimensions: historical disparities (such as upper versus lower towns; foreign settlements versus Chinese walled cities in history); different modes of housing provision (for example, pre-1949 private housing, socialist workers' living quarters, versus commodity housing); uneven degrees of global orientation (development zones versus inner areas); and divisions between the urban and rural institutions (urban state land versus collectively

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owned rural farmland). The fragmentation of space is complicated by China's long cultural history, creating a unique urban landscape. The Western-style built environment simply coexists with the prereform urban form rather than replacing it. Residential segregation is exacerbated by increasing social stratification—to such an extent that the marginalized (laid-off workers and migrants) are excluded from the choice of residential relocation and entrapped either in dilapidated inner areas or in migrant settlements on the fringe of the city. Many are forced to move because of urban renewal projects. In the suburbs, however, North-American-style detached housing is seen in the luxury villas which are forming a landscape of suburbanization.

### *Space of consumption*

Space of consumption is an inevitable outcome of pursuing commodity-oriented city development. The new spaces are constructed to target those who can afford them. The townscape of merchant stalls in the early years of reform is gradually fading into one of supermarkets, chain stores, shopping centers, and malls. Newly built suburban shopping outlets are competing with inner-city retail centers. Indeed, the emergence of consumption spaces is driven by the changing urban experience: from a place to work and live to a source of leisure and amenity. The main shopping street is now pedestrianized to attract customers. As with differentiated residential space, the retail sector is now highly bifurcated into high and low ends. At the low end of market, with the increase in retail space and deflation in recent years, competition has become severe, intensified by the emergence of informal markets. At the high end, however, middle-class demand seemingly waits to be exploited. Hence, with the end of the 'shortage economy' and the beginning of a consumer revolution (Davis, 2000), the exploitation of niche markets becomes critical but risky. Within the luxury commodity housing estates, consumption space becomes more exclusive—in the form of club restaurants, sports facilities, and green spaces.

First and foremost, consumption is glorified and glamorized through promotional strategies, for example using (decontextualized) heritage development and globally branded images. These new spaces are carefully designed to reawaken historical memories and to stimulate a sense of a new (old) way of life. Very often, city officials see these glamorous consumption spaces as helping to create a positive urban image—a 'city of play'—and thus they are promoted as 'citadels'. However, they are often in sharp contrast to their surroundings. A few blocks from the citadels are found the oceans of lane houses, the traditional courtyard-style compounds, and the monotonous multirises of the workplaces.

### *Space of marginalization*

Chinese urban society lacks a dimension of ethnicity. Although provenance may constitute a form of subethnicity, differentiation based on place of origin is not discernable until the urban–rural division is crossed. The persistence of institutional and cultural discrimination, such as the household registration system, is forcing rural migrants to adapt to the urban environment by creating informal spaces of their own. Excluded from formal housing provision, rural migrants are forced to obtain their accommodation through a self-help approach. This spontaneous growth of migrant settlements is not too different from the squatters' shanty towns seen in the Third World city (Drakakis-Smith, 2000; Potter and Lloyd-Evans, 1998) and is totally unprecedented in the socialist city where order was imposed through state-controlled population mobility. Not all migrants live in the cluster format but, because of institutionally based exclusion in housing and land markets, rural migrants often have to find accommodation on the periphery of the city, converting previous periurban villages into migrant settlements. Providing space for migrants, these 'villages in the city' are the

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scene of the sharpest clash between traditional regulations governing land ownership and acquisition, and the exigencies of the changing present.

### *Space of globalization*

The arrival of global capital, especially in the form of direct foreign investment, has changed the coastal region into an area of export-oriented production zones. But the significance of globalization should be understood beyond its contribution in the material sense such as capital formation and links with overseas markets. Rather, globalization brings a new imperative to countries at the periphery of the global economy. For example, it justifies market-friendly policies for the sake of competitiveness. The local state is now involved with vested interests in local economic growth and is transforming itself into the 'entrepreneurial city'. The new imperative invokes the legitimacy of place remaking, even through substantial public investment. As such, although the state retreats from economic decisionmaking in some areas, it returns more aggressively in others.

As can be seen from the creation of Shanghai's new Pudong area, the change in urban governance to produce new globally orientated space suggests that the remaking of transitional cities is a *state* project, rather than the spontaneous product of global capital. The state in China will remain very strong for years to come, because of historical legacies and the impossible adoption of the purest neoliberal doctrine. However, in examining the relation between the state and market, we cannot ignore the 'entrepreneurial' shift of state involvement, which, rather than remedying market failure, is more aggressively supporting the prevalence of the market. By the term 'state project' I do not mean that the output is guaranteed by thoughtful planning actions by the state. In fact, city planning now, as under the socialist regime, is often only playing the role of justifying the outcome of decisions made outside the arena of urban planning. The need to create more globally oriented space, such as the Lujiazui Financial and Trade Zone and the WORLD EXPO 2010 site in Shanghai, the central business district area between the east 2nd and 3rd ring road, and the Olympic Games area in Beijing, is transforming urban space in profound ways.

The insertion of global space into the urban fabric is not a random process. In addition to careful computation of cost and benefit designed to ensure the vitality of these zones, this process often involves a critical examination of symbolic urban space and exploitation of historical global connections. In Shanghai luxury apartments are reviving historical memories of the division between international settlement and indigenous Chinese quarters. In Beijing the insertion of global nodes, such as glittering offices and gated Western-style housing compounds, linked through fast and elevated roads, is skewed towards the northeast of the city. The city can be viewed and experienced quite differently according to the different vantage points of the expatriate within a multinational or the local laid-off worker.

Is there any form described above that is totally new and unknown to the rest of the world? The answer is 'no'. These are *familiar* processes and outcomes, although their concrete forms might be different. The processes are not totally alien: displacement of the original residents, gentrification of the inner city, and aestheticization of urban space. To a lesser extent, we have seen privatization of public space or 'militarization of space' (Davis, 1990). Acutely aware of crime, new innovative property management has been invented to enhance residential security: homes in Chinese cities are not lacking in iron bars and fences! In fact, containing crime risks and maintaining order and stability are taken very seriously by the government. This is exemplified by recent reconfiguration of local governance which extends state power into urban communities.

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Unlike postmodern urbanism, I do not think these new elements are “occurring on a quasi-random field of opportunities” (Dear and Flusty, 1998, page 66). Whereas fragmentation is salient, restructuring follows economic logic. Although this is new to academics, real estate developers clearly understand the critical importance of relocating existing residents in order to achieve the ‘feasibility’ of their redevelopment projects. A new sorting mechanism is now established to relocate residents according to their varied socioeconomic status. ‘Museumized’ heritage developments such as Xintiandi in Shanghai, recalling the motif of ‘stone-gate’ alleyway housing in the prerevolution era, can only host ostentatious consumption rather than accommodating ‘little urbanities’, because of intensive investment and the need for ensuring economic return.

### **Variants of the neoliberal city**

Transitional cities are not themselves a prototype of something qualitatively different from the emerging neoliberal city. Indeed, transitional cities are *variants* of the latter, based on historical and geographical contingencies. They should not be excluded from being treated in the same way as the city is treated in the West. By overly emphasizing the uniqueness, the regional specialists slip into a self-imposed intellectual exile. By overly emphasizing the otherness, the Western gaze may exclude these variants as important laboratories to observe contemporary urban changes.

Here I have endeavored to draw an analogy between the ‘other’ category—transitional cities—and the post-Fordist city with respect to their accumulation regimes and urban forms. Regarding the outdated notion of the Third World City, Dick and Rimmer (1998, page 2319) point out that the “emerging urban forms take after North American patterns to a remarkable degree that has yet to be recognized, let alone explained”. The same seems to be applicable to transitional cities. I am, however, against the idea of convergence, precisely because the capitalist world itself is changing and transition is temporal rather than regional, and in its broadest sense transition is worldwide.

Why then is the study of transitional cities becoming such an important subject of inquiry? Transitional cities are at the frontier of globalization and becoming the gateway linking the global economy and transitional economies. They are the place where the recombination of production factors is seen in a dramatic way because of hybrid transition, where the unprecedented mobility occurs through ‘jumping scales’, and where relevant agents must reposition themselves on the restless regulatory landscape. In short, globalization and marketization are not so much applied in a unique way to transitional cities: globalization reflecting the change in the accumulation regime and marketization becoming the regulation response to the former. The microcosm of transitional cities reflects the mechanisms of a larger universe. In addition to redressing the geographical bias (Yeung, 2001), transitional cities can provide a valuable experiment site for generating theories and illuminating the path towards a better understanding of changing human settlements.

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