

Local planning and global implementation: Foreign investment and urban development of Pudong, Shanghai

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Abstract

Competitive planning programmes for global integration have been created in cities throughout developed and developing countries during the past 2 decades. In China, global aspiration planning has been characterised by the establishment of Pudong New Area of Shanghai in 1990, with a group of foreign direct investment (FDI)-oriented themed zones targeting different types of global flows. Pudong very rapidly became a focus of FDI in the city, which extended to China as a whole in the 1990s, and now is further extended to playing a global role. However, spatial planning for the themed zones in Pudong has been limited in its scope to the physical design, land use, and the pattern of transport routes. This limited role of land use planning has been inadequate to coordinate the mutual engagement between global and local factors; however, an improved mechanism for coordinating planning has not yet emerged to replace it. The competitive and entrepreneurial approach of land management in conjunction with the imperatives of global firms has effectively diminished the original plan's intention that each zone should focus on particular industries, with each of them complementing the others.

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Introduction

The generation of capital in some cities and its absorption in other has been an influential factor of urban growth and has motivated global competitive urban planning. Nations, regions, cities and places around the world compete for the global capital flows, which provide an increasing standard of living for their people. However, the flow of global capital like all the goods of the world is able to be captured by 'only a fortunate few' (Eisinger, 2004). Different patterns of foreign direct investment (FDI) have been noted at different locations. While small differences in the characteristics of places can have a decisive influence upon the location choices made by foreign firms, the resulting locational clustering of foreign capital investment can, in turn, shape the pattern of urban development for its own need.

Many empirical studies illustrate the powerful influence of government agencies and capitalist firms in shaping and transforming urban space (Feagin & Parker, 1990; Logan & Molotch, 1987; Stone, 1989) and the

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impact of globalisation (Smith & Feagin, 1987). Shanghai has become China's major laboratory for neoliberal policy experiments since the 1990s, with many spatial strategies undertaken to allow for global influences. Much literature has been produced, providing insights into the global linkages that foreign investments have brought to Shanghai and the social and spatial transformation of the city (e.g. Wei, Leung, & Luo, 2006; Wu, 2000, 2003; Zhang, 2002). These include FDI-oriented institutional reform and spatial planning (Marton & Wu, 2006; Olds, 1997), spatial patterns of FDI (Wu & Radbone, 2005) and concentration of FDI in land market in the city (Zhu, Sim, & Zhang, 2006). Pudong New Area (PNA), a 522 km² triangular area east of Huangpu River in Shanghai, is a major project that planned to reposition Shanghai in the global economy. It provides a clear indication of the government's intended policy directions for urban development by the attraction of FDI. The major objective is to turn Shanghai into "China's national financial centre by 2000, Asia's regional financial hub by 2005, and a global financial centre by 2010" (Shi & Hamnett, 2002, p. 129). A group of FDI-oriented themed zones targeting different types of global flows have been created in Pudong, by which each zone focused on particular industries, with each of them complementing the others. The industrial distinctiveness of the themed zones was then to be facilitated through a series of land use planning.

Urban planning is the legitimate force to regulate spaces, mobilise resources and coordinate factors that shape cities, including those "from the state as well as from both the private sector and civil society, each of whom brings relevant knowledge to the table" (Friedmann, 2005, p. 213). While there is a great deal of interest in both the growth in amount of global capital inflows and the development of responsive urban planning of cities, little attention has been given to exploring or explaining how the global capital flows being mobilised influence the implementation of local urban plans.

This paper uses the planning and development of Pudong as a case study, dealing with global competitive urban planning in general and the development of Pudong specifically. Questions posed in the discussion include the following: What are the special features of urban planning in Pudong that are attractive to FDI? What types of global capital flows have been attracted to Pudong? How have these global flows been mobilised to implement the local plans, in particular the implementation of the distinct themes or characterisations of the planned areas? Have the foreign capital investments followed the intent of local plans, and if so, to what extent? What are the social, economic and spatial consequences? What are the challenges of economic globalisation facing the urban planning professional that emerge from the example of Pudong?

Following this introduction, a theoretical insight into the international competitiveness of cities and the global competitive planning approach is given. In the third section, we review China's strategies of global integration and the planning of Pudong. We then deal with the growth of FDI and its economic and spatial characteristics in Pudong in section four. A discussion of the impact of FDI on the implementation of Pudong's plans, and in particular plans dealing with the industrial distinctiveness of themed zones is presented in the fifth section. This is followed by a conclusion.

Global competition: an urban mega-project approach

The competition for global investment is multilayered and complex. Global/world cities compete for 'key command and control functions' (Sassen, 1991) and other cities compete in certain sectors to ascend the hierarchy of global urban systems, depending mainly on their local endowments. The competition for global capital flows has profoundly changed urban policy landscape associated with a broader programme of neoliberal reform. A considerable body of literature has emerged during the last decade that suggests that local competitive advantage is rooted in industrial agglomerations, with forms such as 'new industrial spaces' or 'local high-tech milieux' (Porter, 1990, 2000) and in the institutional capacity of localities (Amin & Thrift, 1995). To Amin and Thrift, local competitiveness depends upon the articulation between institutional thickness and 'economic' variables, which make it worthwhile for industry to remain in a locality. Innovation of urban policies and 'hard and soft networks' which favour global market-liberalism and which create and maintain a distinctive urban culture to 'capture the investor's imagination' has emerged and been implemented at national, regional and city levels. These policies ranged from place-marketing, enterprise and empowerment zones, local tax abatements, urban development corporations, public-private partnerships, and new forms of local boosterism to welfare policies and property redevelopment schemes (Brenner & Theodore, 2002; Peck & Tickell, 2002).

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