

Urban Development in China: A Regional Development Model with Challenges and Milestones*

Bence Varga

Juan Du:

The Shenzhen Experiment: The Story of China's Instant City
Harvard University Press, 2020, p. 384.

ISBN: 978-0674975286

Hungarian translation:

A senceseni kísérlet – A kínai „azonnali város” története
Pallas Athéné Könyvkiadó, Budapest, 2020, p. 440.

ISBN: 978-615-5884-90-0

Ever since cities have existed, urban development has been a constant challenge and required the continuous commitment of city management and city planners. Developments usually appear not as isolated phenomena: most of the times they should be viewed within the framework of a (geopolitical, economic or social) context. Challenges in this respect are posed particularly by periods of post-war reconstruction or economic downturn. Thus, we also need to know the history of the respective city or region to be able to put the urban development proposals, the relevant debates and courses of action into a proper context. In the absence of this, we can easily make the error of assessing the circumstances of the development of contemporary towns incorrectly. We may face exactly this mistake when assessing the rise of Shenzhen. According to the “myth of Shenzhen”, the success of the city is primarily attributable to the economic opening of China and modern city planning as well as to the circumstance that Shenzhen has no major historical past, and thus during the planning of the city it was not necessary to take into consideration traditions or previously developed expectations, which otherwise could have represented constraints. However, this is not exactly the case. Because this statement ignores a number of important conditions, i.e. it does not give a clear idea of the facts. Shenzhen is not without historical traditions: there are more than 300 “ancient settlements” within the city, which developed from earlier,

* The papers in this issue contain the views of the authors which are not necessarily the same as the official views of the Magyar Nemzeti Bank.

Bence Varga is a Senior Supervisor at the Magyar Nemzeti Bank. Email: vargabe@mnbb.hu

typically agricultural villages, thereby providing the city with a duality and a familiar atmosphere. The basic assumption of the author, contrary to popular belief, is that local negotiations, commercial relations and social networks were as important for the economic rise of Shenzhen as the factors listed before.

1979 is usually mentioned as the year of the foundation of Shenzhen; this is when the Special Economic Zone (SEZ) was created. Although similar zones were created in the 1960s in other countries as well, none of those countries had previously been able to produce real success. The creation of the Shenzhen SEZ was one of the first measures of the presidency of *Deng Xiaoping* in the period of 1978–1989, forming an integral part of China's opening and reform programme. Shenzhen was followed by the creation of the Zhuhai and Shantou zones. These zones were mostly modelled on economically successful Western countries, operating a free market economy. Naturally, these were initially created in the form of small, decentralised zones, and thus they could be regarded as a kind of market reform experiment (until 2006 these areas could only be entered in possession of a passport and visa). The SEZs were of key importance for the implementation of the Chinese reform, which was pioneered by Shenzhen, since it raised millions of Chinese citizens from poverty, and evidenced that the implemented market reforms and the concept of "socialism with Chinese characteristics" can work. These SEZs were subject to permanent criticism, particularly because their operation was surrounded by major uncertainty and – at least initially – they were unpopular. The report from 1982, entitled "*The Origin of Old China's Colonial Concessions*" formulated probably the most severe criticism, which regarded the SEZs as the hotbed of corruption, smuggling, money laundering and collaboration with hostile foreign countries as well as a "degenerate" solution (even within capitalism) and considered its operation as a disgrace overall. Nevertheless, also owing to the creation of the SEZ, between 1980 and 2000 GDP of Shenzhen rose by more than 40 per cent on average annually (from CNY 0.2 billion to CNY 200 billion), and by 2017 it had achieved tenfold growth (GDP rose to CNY 2.2 trillion), exceeding the GDP of most of Asia's largest financial centres. Due to the conditions of that era, jobseekers often spent several days and amounts as high as one year's wage on travelling to Shenzhen in the hope of a better job and more favourable opportunities. They did so despite the fact that due to the household registration system (known as *hukou*) in theory they would have not been permitted to migrate between cities. However, in 1984 the local government of Shenzhen provided employees with temporary residence, thereby making migration legal (after this several cities introduced similar measures, which ultimately led to the reform of the *hukou* system).

Thus, in retrospect, the SEZ was undoubtedly important for the rise of Shenzhen; however, in connection with this we need to point out two fallacies. One of them is that in China the purpose of creating the SEZs, contrary to popular belief, was not

to increase authority and create economic prosperity. Initially, the objective was much less ambitious: the Great Famine (1959–1961) and the Cultural Revolution (1966–1976) thereafter resulted in extreme poverty, and thus alleviating that was the most important consideration. Another common mistake relates to the year when Shenzhen was founded (1979), which – although it was obviously defined so due to propagandistic reasons – omits the importance of historical “legacies”, including the fact that the history of Chiwan Port dates back to the Tang Dynasty (618–907) and that by the age of the Ming Dynasty (1368–1644) it has already become one of the key ports of South China, as an important connecting link to the neighbouring countries. Thus, it was a critical station also for the Silk Road (major local commercial goods, such as china, spices, salt²). In addition to trade, this area also stood out due to religious reasons; its role also appreciated due to the Chiwan Tianhou Temple located here and to the military rituals organised here. The Chiwan Temple gradually expanded over time and gained increasing importance: by the second half of the Qing Dynasty (1644–1912) it already had about 120 halls. However, we can go back even further in time based on historical records and archaeological research: in the years of the Han Dynasty (206 BC – 220 AD) the later Shenzhen (or as it was called at the time, Nunhai Prefecture) was already densely populated and in terms of its civilization, it was a developed region compared to contemporary conditions. The tomb of *Zhao Bing* (1272–1279), the only emperor buried in southern China, is also located here.

There are also many untrue assumptions about Shenzhen’s population prior to urbanisation. According to the widely held view, in 1979 its population was merely 30,000, while in fact the number of inhabitants already then exceeded 300,000. The difference is only partly explained by the fact that Shenzhen was divided into two parts: the southern SEZ and the northern part of the settlement; however, even without the southern SEZ, Shenzhen had a population of 100,000 inhabitants. Referring to it as China’s Silicon Valley, developed from a fishing village, should be also treated with certain qualifications. That is, referring to it as a ‘fishing village’, lacking any special features, would suggest that China’s Silicon Valley could have been established almost anywhere. However, this is not true at all. Shenzhen is a unique zone, where the various agricultural and coastal commercial areas as well as the communities of the central and peripheral regions were equally important factors for the growth of the city. For example, the former agricultural community in the Huanggang area used its own communal and political power as well as the

² Salt trade proved to be an extremely profitable activity during this period, as evidenced by the fact that the proceeds from this made major contribution to the construction of the Great Wall and the Forbidden City. Accordingly, it is no wonder that this was covered by imperial monopoly (in addition to the “iron industry” and the production of spirits), which largely contributed to Emperor Vu’s reign of 54 years. And although most state monopolies were abolished in later centuries, the monopoly on salt production and trade was maintained until 1 January 2017.

regulatory loopholes during the urbanisation and city planning in order to preserve its current unique place in the new metropolis.

There was a construction boom in the 1990s, as a result of which *Di Wang* (i.e. *Land King*, referring to the amount of consideration paid for the plot) was completed by 1995, which – in line with the usual scales of Shenzhen – with its height of 384 meters was the tallest tower building of Asia. The introduction of occupational lease for the use of land and the related changes in real estate law made it possible to announce an international real estate auction in China for the first time in 1992. This was instrumental in the appearance of foreign investors and joint ventures in larger numbers. Based on the foregoing, it is not surprising that in 2011 yet a new record was set: i.e. the *KingKey Financial Tower* (or KK100, referring to the 100 floors), a 442-meter high skyscraper. At the same time, urban development posed significant challenges for the population as well. The term “*nail house*” refers to buildings, the owners of which did not accept the conditions offered to them by construction enterprises in exchange for the land they owned. That is, when investments commenced, those living in the area were offered other housing or compensation, which was not accepted by all owners. This created a stir internationally, but did not hinder the construction. The negotiations usually developed in line with the investors’ expectations (not all owners undertook the long, costly and time-consuming legal procedures), but there were also a few rather special cases. One Chinese family won the lawsuit after a court procedure of almost 3 years, and was thus able to preserve its property in the “middle” of a financial centre. As a result of negotiations between investors and the heads of the districts, certain “villages” were able to survive within the financial centre, being special features of the cityscape of Shenzhen even today.

Thus, the cityscape of Shenzhen is characterised by substantial duality, an example of which, among other things, is the Baishizhou quarter, which is the most densely populated area within Shenzhen with the highest number of buildings, but at the same time it is also the scene of robberies and gang fights. In the knowledge of these, it may come as a surprise that Baishizhou is located in the Nanshan District, which is the technological centre of Shenzhen. Nanshan District also hosts Alibaba and Tencent, the latter being the only social networking portal in the world, other than Facebook, with more than 1 billion registered users.

In addition, Huawei, ZTE, Philips and Lenovo also have offices here; by 2015 a total of 7,675 industrial and commercial enterprises were registered in the district. Shenzhen University, the city’s oldest and largest university, is also located here. The university was founded in 1983, with computer science as its most famous faculty. A number of celebrities graduated from here, including Ma Huateng, the founder of Tencent. The *Overseas Chinese Town* (referred to as “Window of the World”, “Splendid China” or “Chinese Folk Culture Village”) is one of Shenzhen’s

prides with its fascinating landscape, parks and modern buildings, due to which it also serves as one of the tourist centres of Shenzhen. A miniature version of the Eiffel Tower, the Potala Palace and many other attractions can be found here. And of all this is separated from the slum practically merely by a concrete wall.

The success story of Shenzhen is presented in many plays and films. One of the best-known books about Shenzhen, *“Heaven to the Left, Shenzhen to the Right”* is popular primarily with young people due to its noir style. In addition to presenting the obvious achievements, it also sheds light on problems such as housing difficulties or low living standards in the peripheral areas. The city plan for the period of 2019–2025 outlines the integrated rehabilitation of rural areas, but there are still many shortcomings and issues to be clarified in terms of specific procedures. Nevertheless, it is an excellent example of Shenzhen’s desire for continuous development and change, which encourages other cities as well to grow. Although *Deng Xiaoping* forbade that a statue of him be erected in his lifetime, it is no coincidence that the only statue of the contemporary president outside his hometown can be found in Shenzhen, even though he visited Shenzhen only twice, in 1984 and 1992, and hardly spent more than one week there in total.

Based on the lesson learnt from the book, it is not easy to adapt the success of Shenzhen to other cities, since the achievements of Shenzhen are also attributable to many other, special factors. Therefore, it is more important that during city planning and urban development no attempts are made to follow or copy the Shenzhen model; instead, we should try to identify the yet undiscovered lessons learnt from the history of Shenzhen. This book provides genuine guidance on this.