

RESEARCH NOTE—THE “INSTANT CITY” COMING OF AGE:
PRODUCTION OF SPACES IN CHINA’S SHENZHEN
SPECIAL ECONOMIC ZONE¹

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Abstract: Shenzhen, China’s first special economic zone (SEZ), not only heralds the essence and evolution of the PRC’s earlier domestic reform and global integration, but also demonstrates how urban spaces are rapidly produced in a socialist economy undergoing market transformation. This note identifies three such spaces: an economic space of globalization; a social space of exclusion and contestation; and a political space of governance. [Key words: Shenzhen, instant city, production of space.]

INTRODUCTION

This article reviews the accelerated growth of Shenzhen since 1980 in order to examine the broad implications of its unique evolution over three decades of China’s reform and opening and to assess its likely future. In the late 1970s, China’s first special economic zone (SEZ) was established in Shenzhen city to attract overseas investment and initiate domestic reform. Because of its location adjacent to Hong Kong, the city’s explosive growth (from ca. 30,000 in 1979 to more than 10 million in 2009) has made it a victim of its own success. Shenzhen today confronts cumulative economic, social, and political challenges that stem from its superfast growth. Among other things, it is China’s largest city of immigrants, and therefore particularly vulnerable to the effects of the current global economic recession.

After a brief discussion of Shenzhen in the context of research on boomtowns, this study focuses on three aspects of Shenzhen that reflect both the progress and pain of its rapid economic ascent: its primary emergence as a dynamic SEZ; its evolution into a complete industrial city; and its vulnerability to economic problems. By highlighting Shenzhen’s experience in dealing with industrial transition, migrant labor, and governance reform, it will be shown how urban spaces have been produced in a transitional socialist economy in response to intensified global market competition, increased labor mobility, and heightened demand for governance and innovative spatial planning.

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BOOMTOWNS, INSTANT CITIES, AND THE PRODUCTION OF URBAN SPACE

After scattered early work on the fast rise of certain European cities, a stronger focus on boomtowns has developed with studies of urban centers in the U.S. Great Plains that arose in the second half of the 19th century (see Kalman, 1999). Research on these “instant cities” in the developing world is more recent and rare. Boomtowns or instant cities vary in their growth trajectories in response to the relative role of and dynamic interaction between local and extra-local forces that induce change. Clearly, Shenzhen is an “instant city” that boomed on a larger scale, at a faster speed, and, most importantly, in a distinctive fashion. Shenzhen has become a boomtown because of its designation as an SEZ and its boom has been sustained by the extended implementation of favorable policies and the rapid and continued build-up of state-financed infrastructure.

In recent decades, increased global competition among cities has led scholars to focus on how urban space has been produced, contested, and transformed in different political, social, and cultural environments (MacLeod, et al., 2003; Nijman, 2007; Lin, 2007). In this study, the concept of “coming of age” is used to examine Shenzhen’s developmental pathways and prospects. We also investigate the production of space, focusing on three kinds of urban spaces that have been created during the transformation of Shenzhen since 1980: (1) the space of economic growth and globalization; (2) the space of labor separation, exclusion, and contestation; and (3) space of governance, planning, and control.

SPACES OF ECONOMIC GROWTH AND GLOBALIZATION

Shenzhen’s unprecedented growth was triggered by its designation as an SEZ, “an area where enterprises are treated more preferentially ... in order to attract foreign capital and advanced technology for modernization” (Chen, 1995). SEZs were not entirely new in 1980, as they bore a resemblance to the export processing zones (EPZs) that Taiwan, South Korea, and other countries had been using since the 1960s to drive their export-oriented industrialization efforts. However, SEZs were a new concept for China, a bold stroke given the entrenchment of socialism in the political economy during the PRC’s first three decades.

Starting with a population size of only about 30,000 people in 1979, Shenzhen increased its official population count (as of 2007) to 8.6 million, of which only 2.1 million were registered households or *hukou* (a designation that confers on household members the status of legal permanent residents) (Shenzhen Statistical Bureau, 2008). The true demographic situation would reveal an additional population of another four to six million migrant laborers who live in the city temporarily and were not counted in the official tally.

Shenzhen’s annual economic growth of 30% since 1980 is unequalled anywhere in the world. In 2007, it had a GDP of almost U.S. \$100 billion, ranking it fourth among all Chinese cities. Its GDP per capita surpassed U.S. \$10,000, the first Chinese city to do so, and per capita GDP is projected to reach U.S. \$20,000 by 2020. Shenzhen also marked 2007 as the fifteenth straight year it ranked as China’s leading export city, and today has the world’s fourth largest container port.

Head-Start Advantages

Shenzhen would never have experienced growth at such a pace without its head-start (or so-called “first-mover” advantages). It quickly became a living laboratory for applying new economic principles and practices that were alien to the communist planned political economy prior to 1980. Of course, Shenzhen’s head-start advantages got an enormous boost from neighboring Hong Kong, whose established global economic relationships provided Shenzhen with an entry point to markets outside of China. This facilitated low-cost production in Shenzhen, where land and labor were relatively cheap; convenient, low-cost shipping to international destinations; easy supervision of the production process; and coordination with headquarters in Hong Kong.

Shenzhen’s Growing Pains

The accelerated rise of Shenzhen compared to other Chinese cities was not unexpected given its decade-long head start. However, the robust early years of Shenzhen’s development were somewhat short-lived because, like any developing city, it was not immune to the growing pains of hyperactive economic growth and commensurate developmental adjustments.

In 2005, Shenzhen’s mayor enunciated “four difficulties” facing the city: limited land, shortages of energy and water, demographic pressures, and environmental contamination. He pointed out the obsolescence of the conventional strategy of increasing the labor supply to raise GDP, as Shenzhen was already bearing an increasingly heavy demographic burden. His municipal government responded with a suite of policy responses to confront these problems. These included increasing restrictions on land approval, raising the minimum wage to the highest level among large Chinese cities, and tightening environmental standards by banning such polluting industries as papermaking, tanning, and electric-coating. The inevitable rise in both land and labor costs due to rapid growth led to an exodus of capital and increased industrial restructuring in affected sectors (Hu, 2007).

Despite its SEZ head-start advantages, tax breaks were no longer sufficient to induce businesses to maintain operations in Shenzhen. By 2002, many began to question whether Shenzhen was being sidetracked as other Chinese cities were being promoted. The city’s government responded with a new planning effort that reflected and reinforced Shenzhen’s pioneering role in economic reform and development over the previous two decades. By refocusing the local economy on export-oriented light industries and then moving toward high-tech industries, the new plans were quite successful, but they also created imbalances and left a void in Shenzhen’s industrial foundation. To redress this, Shenzhen promoted the growth of certain heavy industries, and the city became adept in developing the skills required and competencies to design products instead of merely manufacturing them. As a result, the national government in 2008 approved Shenzhen to be the first experimental city aimed at becoming an innovation center.

Given its entrenched industrial history and the intense competition of cities like Shanghai for developing modern services, Shenzhen may still find self-reinvention difficult. Maturation following after 30 years of breakneck growth has indeed presented challenges to Shenzhen’s future prosperity, but with prudent planning these challenges are

also opportunities for an “instant city” to rebalance itself as a more permanent hub for sustainable development.

SPACES OF LABOR SEPARATION, EXCLUSION, AND CONTESTATION

Shenzhen is China's largest city of immigrants. Migration to Shenzhen was among the earliest and largest rural-to-urban population movements in post-reform China. This was due to the city's appeal as a destination of unprecedented opportunity, its association with large-scale infrastructure construction, and its plentiful supply of factory jobs. This migration also occurred at a time when inter-city and inter-provincial migration in China was still tightly controlled, and it included many people who were willing to risk much for the prospect of a better life—an aspiration that was violently suppressed during the Maoist era.

Although millions of migrants have since collectively built up the wealth of Shenzhen, individual success for a vast majority of them has proven far more elusive. They are not accorded a household registration nor its attendant privileges and social standing relative to education level and professional credentials. They are denied low-cost access to education and healthcare, and have to pay a large sponsoring fee for their children to be able to attend local schools. Migrant nurses, for example, are paid at most half the wages of colleagues who are legal residents. Whereas Shenzhen's permanent residents can easily apply for and get travel permits to visit neighboring Hong Kong, migrant workers must return to their hometowns to apply for the same privilege.

Addressing the needs and long-term prospects for millions of migrant workers, most of whom feel they are second-citizens, is a major challenge. This has aroused widespread concerns as well as recent policy responses. A former mayor of Shenzhen expressed grave concern that if temporary workers do not identify with the city, they were more likely to leave, and their departure would be particularly detrimental at a time when they were needed for industrial upgrading (Zhang, 2007). Perhaps prompted by concern about the conditions of migrant workers, the Shenzhen government has introduced several policy measures. These include a new medical insurance program, persuading factory owners to come up with back pay owed to migrant workers, and the introduction of new educational programs.

In 2008, the Shenzhen government took its biggest step and began to issue “permanent residence cards” to temporary migrant workers. In principle, this new card will allow migrant workers to enjoy the same housing, medical, educational, and pension benefits as those with *hukou* or household registration, even though they are not legally equivalent. At this point it is unclear if this will be sufficient to bridge the gap between the small proportion of Shenzhen residents with *hukou* and the majority migrant population expected to receive the permanent residence card. One of its immediate effects will be to blur the distinction between the “local and legal” resident with *hukou* and the “outside” migrant, testing the government's desire and ability to make this program really work.

SPACES OF GOVERNANCE, PLANNING, AND CONTROL

The dual challenges of industrial upgrading and absorbing the migrant labor influx place the third dimension of Shenzhen's coming of age—pioneering in governance—in

sharp relief. The more Shenzhen became a pioneer and replicable model for reforms, the more pressure mounted for the deepening of its own reforms. As a new city, Shenzhen was placed on an uncharted course for developing new and innovative governance reforms because it was less tainted with strong state control and economic planning. These reforms took on a more political or institutional focus after its earlier successful economic reforms lost some of their power in sustaining rapid growth. That Shenzhen has attempted unprecedented political reforms is ultimately spurred by the approval of the national government, which could not afford to have China's first SEZ and its unique historical significance languish.

The general thrust of Shenzhen's political reform has been the improvement of its governance through a comprehensive redefinition and restructuring of the municipal government from an omnipresent to a more limited one, from a regulator/administrator to a service provider, and from a power-holder and influence-wielder to one with a greater civil service identity and accountability. This involves separating the government's functions of decision-making, implementation, and monitoring. And a particularly ambitious measure was unveiled in 2008, wherein the city government could institute a multi-candidate mayoral election and introduce the Hong Kong model of clean and corruption-free government within three years, allowing unaffiliated and Party-nominated candidates to run limited campaigns.

Before Shenzhen can implement the next round of new political reforms, it must deal with multiple challenges arising from earlier success and recent developments within and beyond its borders. Governing a city of almost 14 million people who are crowded into a built-up area of 720 square kilometers (versus only three in 1979) is daunting. Although Shenzhen is sometimes regarded as a planned city, it suffers from a lack of overall planning and a failure to anticipate the problems of a city of this magnitude. Millions of migrant laborers who contributed to Shenzhen's boom have not been fully integrated into the city's social and built environments. Until quite recently, the layered government bureaucracy has made it both difficult and expensive for migrant workers to obtain a temporary residential permit. In response to the higher proportion of migrant-committed crimes, Shenzhen's police have been heavy handed. Moreover, the speculative real estate market stemming from rapid economic growth has pushed up housing prices in central Shenzhen to the level of Hong Kong's New Territory across the border. This has forced migrant workers to the city's periphery and into slum housing on ecologically fragile hills.

And finally, the progress in governance reform experienced a setback when the global economic crisis hit Shenzhen in 2008. It swiftly eroded the government's willingness to enforce China's new Labor Law, which provided more effective protection for migrant labor's interests and rights. Not surprisingly, many companies shut down and abandoned their workers soon thereafter.

THE FUTURE PRODUCTION OF SPACES IN SHENZHEN

The Shenzhen SEZ was the innovator of economic reform and open policy during the early stage of China's transition to a hybrid system that blends socialism with capitalism. Although China has become progressively more open to globalization since reform began around 1980, it was Shenzhen that set the tone and stage as it became *the* experimental ground for FDI, joint ventures, land tendering, contractual employment, and the blurring

of urban and rural distinctions through migration. When these successful experiments became transplantable and replicable in other areas, Shenzhen began to lose its special status.

Beyond its head start, and role-model status as an SEZ, Shenzhen has grown out of its instant-city stage to become a huge industrial city confronting new challenges that threaten its continued prosperity. In a sense, Shenzhen has become too successful too quickly. As a new city built rapidly on labor-intensive processing and manufacturing, Shenzhen lacks a deeper and more diverse economic base that can cushion the undesirable effects of industrial restructuring and global economic recession. Shenzhen's locational advantage in bordering Hong Kong, which propelled its headlong growth through the convenient cross-boundary transfer of capital for export-oriented production, has also reinforced the city's shallow, single-dimensional economic strength. As Hong Kong's own disadvantages—high salaries, expensive land, and overwhelming dominance of the service and real estate sectors—persist, it may become less capable in helping Shenzhen when that assistance is mostly needed for Shenzhen to achieve industrial upgrading in the midst of the current global economic downturn.

Nonetheless, Shenzhen has (re)turned to its neighbor as a key component of Shenzhen's 2030 Urban Development Strategy, which envisions the city becoming a global urban center for sustainable development (Shen, 2008). This is the first time Shenzhen has taken economic integration with Hong Kong into consideration in its long-term development plan. The draft blueprint calls for Shenzhen and Hong Kong to convert themselves into a twin financial, trade, and shipping hub. One of the priorities is to build a common capital market, with Shenzhen's financial institutions going international through Hong Kong while more financial institutions in the former British territory would set up branches in Shenzhen. The Shenzhen blueprint focuses on four major themes: improving cooperation vis-à-vis financial systems; building a Shen(zhen)–(Hong) Kong Innovation Rim; improving cross-border transportation; and enhancing cooperation with Hong Kong in high-technology and high-end service industries. To build the *Shen-Kong* metropolis, the Shenzhen government has reiterated its intent to become the “backyard” of Hong Kong as the region's international financial hub.

The overriding lesson from Shenzhen's “instant-city” experience is the dilemma of dealing with millions of migrant laborers. Although many of them have lived in Shenzhen for a long time with or without permanent residence, many more have yet to feel at home and develop an attachment to the city. Clearly, this lack of identity with Shenzhen is a roadblock to its transition into a more sophisticated city because some of the more skilled and educated temporary workers (Shenzhen boasts the highest percentage of Ph.D.s among Chinese cities) will not be fully committed to working in the city. By beginning to issue permanent residence cards, the Shenzhen government has taken a major step forward in governing this transitional city as a more equitable and sustainable urban community. How this translates into benefits and rights for the millions affected will determine Shenzhen's future. As this transformation unfolds, Shenzhen will continue to be an important laboratory for studying the dynamic and contentious nature of the production of urban spaces in a socialist political economy undergoing unprecedented change.

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