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## **Configuring growth coalitions among the projects of urban aggrandizement in Kunming, southwest China**

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### **Introduction: urbanizing Kunming**

It is hard to describe the pace and scale of urban change in China without resorting to cliché and hyperbole, such has been the extent of high-rise intensification of central areas and even higher-rise urbanization in city outskirts. One of the most egregious sites of this transformation is Kunming in south west China. In recent decades an aggressively pro-growth municipal and provincial leadership rolled out a single-minded program of urban aggrandizement based on property-led development (Xue and Jia, 2015). Ambitious plans were drafted to develop new satellite districts, which have only been partially realized; and nearly all of the old city was knocked down and rebuilt in ‘modern’ style. As will become clear, these two urban projects are part of the same process of state-led urbanization; one involves urban restructuring (or densification), and the other, city-building (or sprawl), but both result in the dispossession and displacement of the victims of uneven development. To emphasize the linked nature of these projects, we refer to them together in terms of urban aggrandizement, exploiting thereby the nuances of meaning that the word contains -- both an increase in size and of power on the one hand but also a sense of exaggerated reach on the other.

In our discussion of these two forms of recent urbanization in Kunming -- city center restructuring and construction on the urban edge -- we build on existing work on urban growth coalitions and the entrepreneurial state, paying close attention to the configuration of these coalitions, to the nature of state forces that are players in urban projects, and to the distinctive features that drive urban change in an inland city, in particular one in which an ethnic minority are deeply involved. Our objectives in this paper are threefold. First, by examining in detail the institutional structure of the state’s projects of urban restructuring and expansion, we aim to show how organizations are formed to execute these projects, how they receive support from other state bodies, and how they seek to extract maximum profit from city-(re)building projects in pursuit of grandiose schemes of urban modernization. Secondly, we argue for a distinction between formal and informal coalitions. We see the formal coalition as the default mode of urban restructuring in China, its formal nature deriving from the control and leadership exercised by state organizations. However, when the need arises, we show that forces from outside the state can be brought in to get the job done through informal coalition-building. Finally, we draw attention to the some of the specific characteristics of urban restructuring in inland cities. We show how the local party-state’s nervousness about inter-ethnic relations, a feature of the polity of some (but not all) inland cities, can lead it to explore improvised and informal solutions; and we elaborate on the nature of state involvement in urban projects in an inland city by making reference to the array of state-owned entities that figure either as active promoters or as sometimes reluctant participants.

The background for our case studies, Kunming, is the capital of Yunnan Province and a key Chinese city in attempts to forge a regional sub-grouping with neighboring countries such as Myanmar (Su, 2013). It had a population of around 4.6 million permanent residents within its city

districts in 2013, some of whom were members of ethnic (known in China as national) minorities, including a community of approximately 150,000 Hui Muslims, many of whom had been living in the city center (the Hui are a Muslim ethnic minority who are particularly numerous in northwest China but who also make up a significant minority of the population of Kunming and some other Yunnan cities) (KBS, 2015). Tobacco was once among the most important industries, but in recent years it has been superseded by tourism and horticulture. In response to concern in central government that its economy was growing too slowly (Kunming's economic growth rate had dropped to around 6% in 1999, well below the two-digit national growth rate), Kunming undertook a number of measures including hosting the World Horticultural Expo in 1999. This event was used by the municipal government as a pretext for initiating the complete redevelopment and modernization of the city center, ending in the second of the two case studies examined in this paper. Ironically, however, this process had gone so far that it attracted the attention of the authorities in Beijing. Kunming had been designated one of China's 24 Renowned Cultural-Historical Cities in 1982, but with so little of the traditional urban landscape left, the city government was forced to rebuild a number of streets in traditional style in an act of urban retrofitting (Zhang, 2006).

The specific contribution of this paper lies in its exploration of two closely related urban growth coalitions that are active in the same city, one responsible for the construction of New Kunming City, a mammoth new settlement on the outskirts of Kunming, the other, for the redevelopment of Shuncheng, a largely Hui neighborhood in the city center. While there is no shortage of research that investigates the growth coalitions and the urbanization process on the urban edge or coalitions for urban restructuring in the city center, we -- unusually -- examine both here, seeing them as part of the same mechanism of urban expansion, upwards and outwards, which we refer to as urban aggrandizement, intending thereby to highlight the hubris inherent in the process. There are a number of further contrasts that we draw together in this paper: the construction of New Kunming City involved the expropriation of agricultural land for urban expansion; the rebuilding of Shuncheng, the expropriation and demolition of urban buildings for urban regeneration. Villagers who were predominantly ethnic Han were dispossessed to build New Kunming City on the urban edge; while in the city center, members of the Hui community were similarly affected. Although the restructuring of Shuncheng had begun earlier and was part of a much more extensive re-construction of the whole of the city center, its final resolution was long drawn-out. New Kunming City is a grandiose project specifically linked to the controversial figure of the city's Communist Party boss, Qiu He, who was moved to the city specifically to accelerate urban growth projects.

The research for this paper was conducted over a period of many years, during parts of which one of the authors lived and worked in Kunming. It involved the collection of extensive documentary material. Interviews were undertaken over a five-year period, from 2003 to 2008, and again in 2011 and 2014, with a range of both officials and local residents. These included officials in the municipal planning bureau as well as in specially created project agencies, employees of state-owned and collective enterprises, local residents of central Kunming whose lives were impacted by the reconstruction of Shuncheng and farmers whose land was taken from them and who were displaced as a result of the development of New Kunming City. The choice of local residents depended to a large extent on readiness to speak openly with us, and consequently they were visited on several occasions over a period of time. Other interviewees included the manager of an urban design company and an estate agent involved in the Shuncheng project.

This paper unfolds in the following way. The next section relates the main points of our argument to the existing literature, on urban coalitions and the broader institutional landscape of urban projects in China and more specifically in inland cities such as Kunming. We then apply these

ideas to the two case studies that are both part of the extraordinary story of urbanization in and around Kunming, first New Kunming City on the urban edge and secondly the central city district called Shuncheng. We conclude with some reflections on the pervasive features of profit-fueled projects of urban aggrandizement set against those aspects that show the clear coloration of Kunming, a large inland city with a small but centrally located Hui population.

### **Growth coalitions and the institutional landscape**

It is a commonplace to write about urban restructuring in China in terms of growth coalitions, pro-growth coalitions (Shen and Wu, 2012; Zhang, 2002) or urban growth coalitions (Jiang *et al.*, 2016). According to Shen Jie and Wu Fulong, land is a sort of lost leader for pro-growth coalitions, in which local governments play a prominent role. Pro-growth coalitions “are organized around image building and place marketing” (p. 258). Income generation is central, explaining the leading role of local government. Jiang Yanpeng *et al.* (2016) write in terms of a government-led land-based urban growth coalition, “formed ... on the organizing principle that participants can benefit from rising land values through land development. ... Profit-making through the conversion of land and its development, from use value to exchange value, is the common cause that holds the coalition together” (p. 37).

Some writers have related urban growth coalitions in Chinese cities to Harvey Molotch’s Growth Machine Theory while detailing the principal points of divergence between the forces that drive urban expansion in China and the U.S. Thus, Qian Zhu (2007) applies growth machine to the evolution of Hangzhou High Tech Zone. He discusses the relationship between different local government offices and sees the role of local government and the lack of community strength as helping define a divergent Chinese type of growth machine. Zhang Sumei (2014) considers the applicability of growth machine theorizing to the cases of Suzhou and Shenzhen. She highlights the differential relationships between the two cities and central government and the divergent nature of developers involved in the growth process, seeing the degree of applicability of Growth Machine Theory as varying according to the local histories and conditions of the individual cities.

We argue here that urban restructuring and expansion in China is advanced by growth coalitions formed predominantly by state organizations united in their pursuit of profits that can be ploughed back into further urban restructuring and expansion projects. We do not believe that, especially in the context of an inland city like Kunming, there is a sufficient presence of the private sector to talk easily in terms of a growth machine. Instead, by examining in detail the way these coalitions are constituted, we depart from these analyses first by showing how urban growth coalitions can shift between formality and informality depending on the nature of the project and secondly by emphasizing the central role played by purposely formed state-owned organizations.

Underpinning the institutional landscape are three foundational features: the dual land system, the tax allocation system, and the cadre evaluation and promotion system (Wang, 2013). Foremost among these is the dual land system, according to which the state is the sole owner of all urban land and the sole agent allowed to convert land from rural to urban use; this means that the state is inevitably the lead developer in all urban construction projects. The division of tax revenues between the local and central state in China dictates local government reliance on extra-budgetary sources of income, and these come principally through speculative urbanization projects (Hsing, 2010). In the cadre evaluation and promotion system, higher ranking Chinese officials are appointed to terms of service determined by central party officials, and promotion prospects depend on success in meeting a rather narrow range of developmental targets (Chien, 2007). These tend to be linked either directly or indirectly to ‘urban renewal’ projects.

At the center of this institutional landscape lies the entrepreneurial local state (Duckett,

1998). But the local state is itself multi-scaled, and it is prey to scalar tensions and interventions, especially as central government pulls the strings through its personnel and credit policies. There is no recourse when the central government removes its blessing from a local leader; in that case, the coalition will falter and collapse, as eventually happened in Kunming with the removal of Qiu He (Zhang, 2014; Li *et al.*, 2014). On the other hand, local governments (most often, municipal governments) often see urban growth-related development projects as a means of reinforcing their autonomy from central government (Qian, 2007, p. 223). They are generally portrayed as entrepreneurial in outlook, locked in competition with nearby territories. Local governments see themselves as constrained to make money from land in order to build the infrastructure that urbanization requires. As a consequence, the state, and local government in particular, has an acute interest in land-based growth. There is a relatively low-level participation of private corporations, albeit with variation according to location and nature of the project. Private companies are much more likely to be involved in projects in Shenzhen, Guangzhou and other southern and east coast cities like Shanghai (Zhang, 2002; Zhang, 2014), where an exposure to global economic trends has been reflected in interventions from diaspora Chinese and investment from Taiwan, Hong Kong and Macao (Chien, 2007). There is often, however, a lack of clear-cut distinction between state sector and private companies (Hsing, 2010, p. 43). Companies that appear at first glance to be privately owned turn out to have majority state ownership or indeed to be totally state owned. This applies to the banks that finance urban projects, to many of the property developers involved in transforming the converted land into properties for lease and sale, and to the specialist urban development organizations that we will examine in more detail below.

The research outlined here presents the complex institutional landscape of two different projects that form part of a larger urban restructuring in a specific geographical setting, that of Kunming, a city much closer as the crow flies to Kolkata than it is to Beijing. Although the city's population is predominantly of Han ethnicity, Yunnan Province as a whole is the most ethnically diverse in China. Much of the social science academic work on southwest China has concerned itself with ethnicity and its interplay with the role of the state and representation of ethnic cultures, for example in the context of Lijiang (see, amongst others, Su, 2011). The nature of tourism policy and the diverse impacts of tourism are among issues considered by Zhao Yawei (2015) in his study of ethnicity and urban governance in Dali and by Paul Kendall's in his work (2015) on representations of ethnicity in urban space in a small city in neighboring Guizhou Province. In general, however, very little attention appears to have been paid to the role of ethnic groups in facing down urban restructuring projects, a lacuna which this paper aims to partially fill.

Regarding Kunming itself, Zhang Li's paper (2006) on the politics of spatial restructuring stands out for its trenchant critique of the demolition of traditional urban forms and districts in pursuit of a vision of modernity, while her monograph (2010) tells a wider story of the transformation of the lives of Kunming's middle classes consequent on the commodification of housing. There remains, however, a notable lack of research that examines the nature of urban change in China's large inland cities, cities such as Kunming, Chengdu or Lanzhou, although Chongqing has attracted some attention as a result of the policies introduced by the since disgraced figure of Bo Xilai (Lim, 2014). One exception to this is a paper by Yang Yongchun *et al.* (2016) which discusses urban restructuring in Lanzhou in terms of urban growth coalitions and the maneuvering of a variety of state organizations to enhance their occupation of urban space. Yang and colleagues conclude by arguing that: "The urban spatial restructuring process of Lanzhou appears later and is slower compared to coastal cities" (p. 33). In Kunming too the process has been different. Certainly, as Zhang (2006) points out, the city and local party leadership seemed convinced of a need to catch up with eastern cities, but, unlike in Lanzhou, the speed of urban change has been devastatingly fast. As in Lanzhou, so in Kunming, if not even more so, and in other

inland cities, state organizations play a more prominent role in urban restructuring and expansion projects in ways that will be explored below. In this paper, we emphasize the role of state-owned enterprises including universities, state-owned commercial organizations and hotels that occupy important expanses of urban, and especially city-center, land and that have been involved, sometimes under government pressure, in helping advance both the New Kunming City and Shuncheng projects.

Large urban development projects, whether involving restructuring or urban expansion, tend to be undertaken according to a well-trying managerial formula. This involves the creation of tailor-made uni-functional bodies, wholly owned by the local administration and staffed by local officials, to carry out the project. Such organizations are empowered to issue bonds on the market and are better able to deflect criticism and deal with protests. They are, in other words, arms-length city builders of a sort that would be recognizable in a non-Chinese context were it not for the fact that they are entirely state-owned and managed. As we show in the case of Kunming, these organizations play a special part in urban restructuring and city-building projects. They are arms-length state-owned and state-managed city builders (Jiang *et al.*, 2016, p. 33; Hsing, 2010, p. 44). Zhang Tingwei (2002, p. 495) and Qian Zhu (2007, p. 227) both refer to them as “quasi-government companies”, but they can sometimes act as surrogate private enterprises. These organizations represent a well-oiled mechanism for city-building, one that is normally able to ride out any resistance. Once their work is done, a string of private developers enter the field to build on leased land and sell properties.

Alongside the city-building and restructuring organizations sits a deeply entrenched layer of urban organizations, some with strong vertical links to central government, others, as in many cases in Kunming, with a dominant position in the political economy of the province. Hsing You-Tien (2010, p. 35) refers to them as “socialist land masters”; Zhu Jieming uses the term “urban *danwei*” (2016, p. 4); Yang Yongchun *et al.* (2016, p. 25) refer to “non-productive work units”, which they differentiate from state-owned enterprises and shareholding cooperatives. These land-holding bodies occupy significant swathes of central cities and some of them remain important providers even now of subsidized housing (Qian, 2014), but they are also important allies in urban restructuring and expansion projects, as we shall see below. This is particularly the case in inland cities, where the state sector remains particularly powerful.

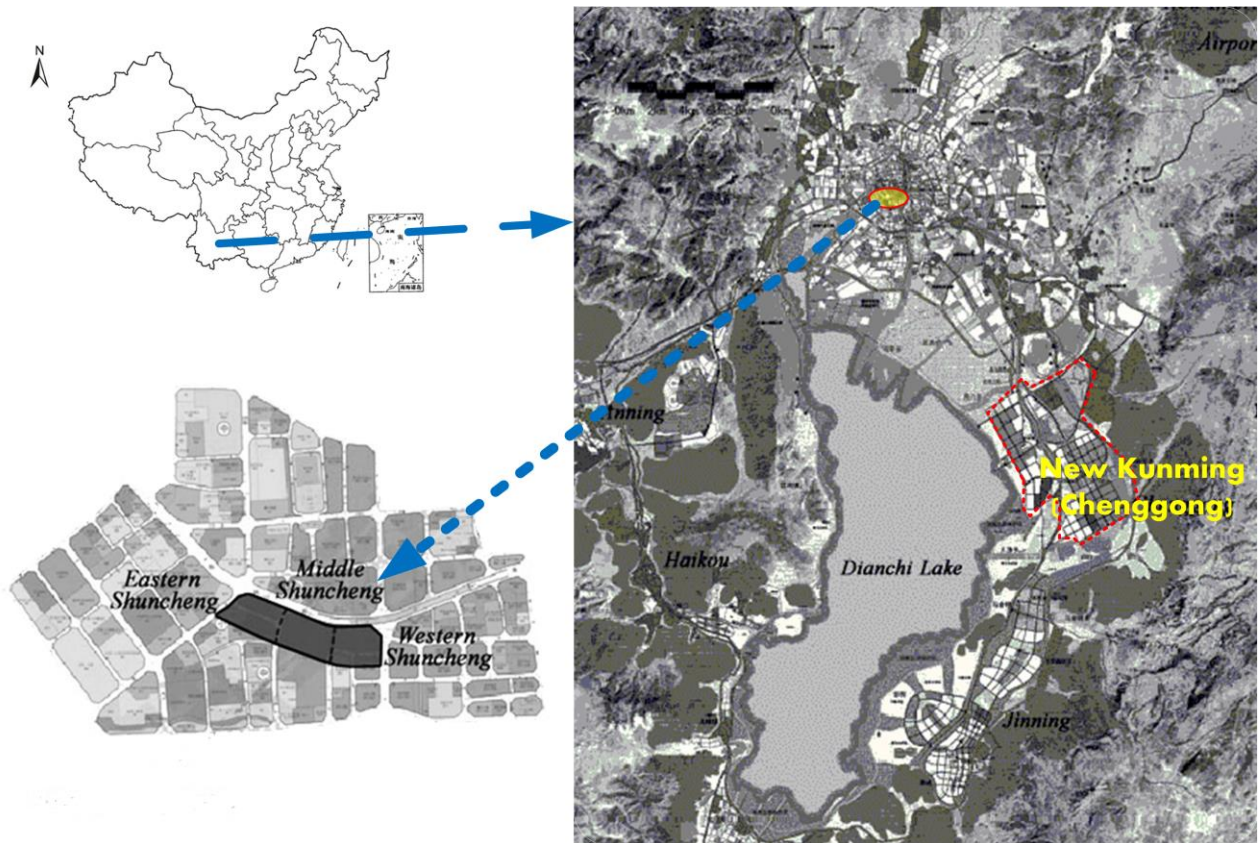
While there are these variations between Kunming and other inland cities on the one hand and the more prosperous cities of eastern China on the other, the institutional underpinnings -- the dual land system, the cadre promotion system, and the division of tax revenues -- remain the same. So too does the entrepreneurial nature of the local state, reliant on its ability to maximize profits from land conversion projects in order to fund infrastructure and further urban expansion projects. A further constant comes in the form of coalition of state-run organizations that are yoked together by local government to undertake large-scale urban projects, and it is to one of the very largest of these that we turn next.

### **New Kunming City and formal coalition as mechanism for city-building**

New Kunming City was designed as the culmination of a number of urban expansion plans -- one of them the 1996 master plan -- that would see the city push outward to north, south, east, and west (Wu *et al.*, 2015). The aim of the ambitious plan of the Kunming leadership was to bring together isolated components into a bigger interlocking metropolis. To the north a new sub-center developed in the early years of the millennium, but it is the southeastern extension, down the banks of Dianchi Lake, that has led to a rewriting of the map of Kunming. In 2003 Kunming City Government launched the development of Chenggong District with New Kunming City as its centerpiece and set

aside a budget of 30 billion RMB for infrastructure projects -- at a time when Kunming's total available income was 10.44 billion RMB (see Figure 1). The initial plan was to have 900,000 people relocate there by 2013, with the population eventually rising to 4.5 million and nearly half a million jobs created (KCPB, 2011). The scale of the project was massive, truly an act of aggrandizement befitting the autocratic figure of Qiu, who served as Kunming party secretary and then as provincial party deputy head from 2007 until his fall from grace in 2015 and who oversaw an increase in the urban built zone from 225 square kilometers in 2007 to 397 square kilometers in 2014 (KBS, 2015). It involved 29 village committees, with the eventual relocation of about 27,000 household heads (farmers who lose their land) and about 100,000 in total. By 2013, 4,161 households comprising 10,472 people had been moved out (KBS, 2015). The relocatees were concentrated into 13 relocated neighborhoods around their demolished former residences.<sup>1</sup>

New Kunming City is largely complete. It is built around a new city hall and municipal government buildings that cover an area of 4 square kilometers within a total planned development area of 100 square kilometers. It contains a significant number of the city's most important enterprises, which have responded to government pressure and moved their head offices there. Similarly, pressure was put on Yunnan University and six other local universities to relocate their main campuses to an expansive new university city within New Kunming City. A large residential district has been built to house the new residents. A subway line connects New Kunming City to the old city center some 18 kilometers away, and many municipal officials prefer to live in the old city. Lack of connectivity, however, remains a serious issue but only one of many that the project faces (Wu *et al.*, 2015). Much of the social infrastructure is only being built now; a hospital has been completed, but staff transfer on a shift basis from the main hospital in the city center, and there are few shops. Chenggong District is indeed often ranked among the most egregious examples of China's notorious ghost cities alongside Kangbashi in Ordos, Inner Mongolia, and Zhengdong New District in Henan Province (Wu, 2015, p. 163; Xue *et al.*, 2013).

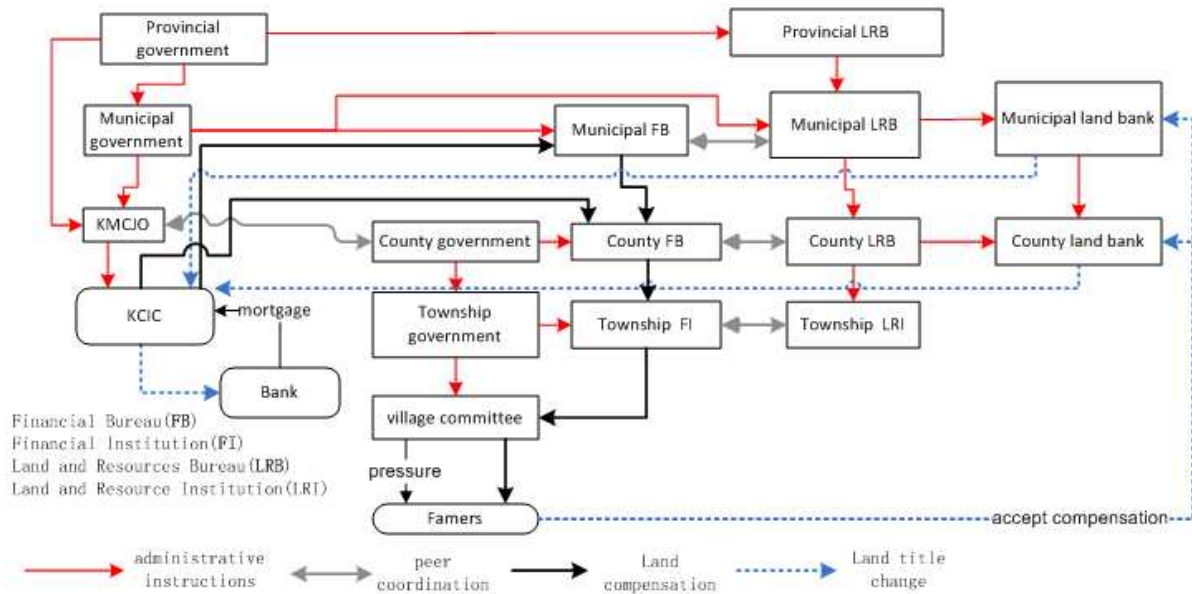


**Figure 1** Kunming and study areas

In the following paragraphs, we examine in more detail the process by which this project has been realized. As is normal practice in planning projects of this size, the municipal government started, in 2003, by creating a special-purpose organization to oversee the project, the New Kunming Construction Joint Office (NKCJO). Its director was the party boss Qiu He. Its first associate director and functional head was the mayor, ranked just lower than the party official. Day-to-day affairs in the NKCJO were conducted by an office manager, who worked as liaison with the mayor and CCP leader. The NKCJO needed to coordinate with lower-level government offices, in this case at township level, as well as keep the provincial government on board and supportive. In addition, it had to coordinate with the two key municipal government departments, Land and Resources, and Finance. Its workings inevitably reflected some of the complexities of the dual land system (see Figure 2). In 2011, it changed its name to Chenggong Construction Headquarters. The municipal government also created a wholly owned affiliated company that actually executed the project, the Kunming Construction Investment Company (KCIC). The KCIC was led by a vice mayor of Kunming. Again, it is normal procedure in China (as indeed in some other countries) to create a wholly owned arms-length organization behind which city officials can ‘hide’ so as to ensure they are not in the firing line if problems arise. The creation of a limited liability company means the municipal government, in its guise as a company, can borrow on commercial markets and undertake other financial transactions (Tsui, 2011).

In order to reinforce its coalition and add prestige to the project, the NKCJO sought to bring in national and international partners. At the horizontal level of interaction among local businesses, the NKCJO courted the local business community, including developers (both state-owned and private enterprises), manufacturers, banks, universities (to build a university town), professional

institutes, and media companies. To leave the otherwise heavy traces of administrative authority in the project, the Shandong Lunneng Group Company, a project developer and subsidiary of the Chinese State Grid Corporation, joined the coalition. The NKCJO also invited contributions from a number of foreign professional design and planning institutes, at least one of which, the American planning firm Perkins Eastman, participated (Perkins Eastman, 2015). Thus, the NKCJO sought to link itself into global circuits of capital and knowledge exchange. But, as it transpired, there was little actual involvement from international companies, and the whole exercise turned out to be largely window-dressing.



**Figure 2** New Kunming City formal growth coalition

The NKCJO expropriated 100 square kilometers, much more land than the project required, and transformed parts of it from collective farming land to urban land for construction. The compensation fee was in line with the regulations stipulated by the Land Administration Act of 1988 and far lower than compensation offered under the current, post-2007 system. There was, therefore, a huge gap between the compensation fee and the market price. The land was then mortgaged by the NKCJO to the Construction Bank of China according to the market price. The NKCJO was thus able to obtain significant funds in addition to an abundant expanse of land enabling it to carry out the project according to plan. Moreover, since it had converted far more land than was needed for the New Kunming City project, it was able to hold a large amount of land back to be ‘cashed in’ for development later on.

The NKCJO and its growth coalition were able to make huge profits because of the gap between the compensation payments and the market valuation of the land, on the basis of which the mortgage was calculated. The compensation payment was set at 1.5 to 1.95 million RMB per hectare, based on outdated calculations of potential revenue from farm land. Title to the land went first to the Kunming Land and Resource Bureau and subsequently, in 2005, reverted to the NKCJO. The rate at which the mortgage was calculated was around 6.0 million RMB per hectare. As is common in projects of this type, however, the farmers were neither paid all of the compensation, nor were they paid immediately. In the first instance, the funds were transferred to the city

government's Financial Bureau and then to the local county government; these offices together retained 60% of the total compensation package and transferred 40% to the village committees, which are the immediate owners of collective land and in theory form a sort of village administration and represent farmers' interests. The village committees top sliced a further 15%, and disbursed the remaining 25% to the farmers (Wu *et al.*, 2013; Ong, 2014; Li *et al.*, 2014). To make matters worse for the farmers, they initially received a promissory note, and were only given the compensation fee after relocation. In addition, it appeared from interviews that they had been misled by the village committee into thinking that compensation was distributed by the county Financial Bureau. As one farmer commented in an interview conducted in June 2005:

I prefer to have cash, but they [the leaders of the village committee] gave me a paper with a seal [promissory note]. They promised me I would get cash once the [Chenggong] county [Financial Bureau] got the [compensation funds].

In general, the land-lost farmers we interviewed told us a familiar story: they had to rely on village committee leaders, whom they did not trust, to deal with the authorities. They were confused by the many laws and regulations that were put to them and found themselves forced to follow the guidance of their committee members, who were closely supervised by a bureaucratic hierarchy of township and county leaders, the NKCJO, and ultimately the mayor and party bosses.

As for the coalition behind the project, it could remain confident in the 'formal' success of the project because it was able to entice and cajole various organizations such as universities and leading corporations to buy leases on the land and move into the new urban district. The irony is that these organizations were themselves different arms of the state, as of course were the banks; none of them were privately owned. The sale of the leases together with profits made from the 'compensation gap' was sufficient to ensure that the project paid handsomely – in other words, that excess profits accrued as a result of the massive speculation well above what was needed for reinvestment (Ong, 2014).

It was virtually impossible to organize a consolidated opposition to resist the formal urban coalition and its New Kunming City project; while in contrast it was relatively easy for the growth coalition to deprive the farmers of their rights to farm the village land. Because so many village committees scarcely function as operating organizations representing local farmers, when farmers require protection, the functionaries of the village committee are neither prepared to confront the growth coalition, which is coordinated by higher authorities, nor forego the opportunity to share the proceeds of the project with coalition members and develop better relations with them. Even though there are so many village committees implicated in land grabbing, as elsewhere with large projects of this nature, dispossessed local farmers and businesses have not been able to organize themselves effectively to oppose the project (Wu, 2012). In the words of a 52-year-old male farmer, also interviewed in June 2005, who had lost the land he farmed:

The village committee cadres never help us.... They all just conspire [with the project developers]. Why? They don't let us go to the city and appeal to the higher authorities. Instead, they even threaten us. All officials protect each other. [Losing land] is our fate.

The growth coalition, on the other hand, has a formal structure and is very well organized. Based on the hunt for excess profit, it emerges around a vertical alignment of official organizations from provincial through to village committee who together form an administrative monopoly. This vertical institutional system appears to ignore -- or artfully sidestep -- issues of legitimacy. A middle ranking officer in the NKCJO's Planning Department put it to us this way in March 2007:

We [government officials] have to work together for each other.... [We] have to carry out well the tasks [we are given] by our superiors and not let them down. Also we must get hold of more land.... We use the differential [between the compensation fee and the market price of land] to undertake development work... and work with [the KCIC] to get mortgages.

New Kunming City represents a significant example of the sort of municipal appetite for grandiose projects that characterized, with periodic shifts in function, the decades of the 1990s and 2000s. As already indicated, it is by no means an isolated case. Indeed, the institutional structures that enabled this project to be undertaken are common to many such mega urban projects in China (Liu *et al.*, 2012). This speculation-fueled growth coalition (Li *et al.*, 2014) involves an elaborate formal coalition of special offices, government bureaus, and fully owned commercial subsidiaries with the financial leverage to execute the project and operationalize the opaque and discriminatory processes that see farmers severely under-compensated for lost land and livelihood.

### **The restructuring of Shuncheng, informal coalition to the rescue**

One of the last parts of Kunming to be earmarked for development and conversion into a modern district was Shuncheng, a 700-year-old largely Muslim neighborhood in the center of the city. Since the mid 1990s, the huge potential that existed for exploiting a rent gap in Shuncheng not only enticed the local government but eventually lured private developers too. However, the local residents resisted; their struggle against the restructuring of their neighborhood lasted nearly two decades. In the process, the coalition that drove the development of New Kunming City and other mega projects decided it was propitious to withdraw and hand over to an informal urban coalition led by a private company but also involving banks and local businesses. New terms were drawn up that split the community, satisfying enough of its wealthier members for the project to go ahead and the traditional neighborhood to be demolished and replaced by a modern high-rise urban landscape.<sup>2</sup>

Before development began, Shuncheng had 7,244 permanent residents with formal registration in this 1.05 square-kilometer neighborhood (Census, 2011). Of these, 4,698 were members of the Hui community. The district contained a further 1,997 people who were not registered residents. Shuncheng consisted of three easily recognizable zones. The Hui were concentrated in the western and eastern zones, living for the most part in old and traditional dwellings, many of which were in need of repair. The central zone of Shuncheng was inhabited mainly by Han Chinese and people from non-Hui ethnic minorities who together constituted about 35% of Shuncheng's total population. This central zone was occupied by a bankrupt collectively owned enterprise (COE) run by the local street committee and specializing in weaving, as well as by a provincial arts troupe.

The residents of the central zone were all tenants, living in state-owned housing or in 1970s work-unit housing attached to the COE and the arts troupe. In the eastern and western parts of the district, some of the Hui residents were officially entitled home owners, but the more common pattern was for residents to be longstanding inhabitants with no legal evidence of ownership. Ownership had not been an issue for them, and they had paid the state little or no rent. Their homes, however, belonged by law to the state, whose legitimate representative is the Department of Housing Administration under the jurisdiction of Kunming municipality.

We found that neither the former employees of the COE nor the Hui inhabitants, who cherished the old Shuncheng as their home, wished to be relocated. However, because of their dependence on the institutional arrangements that the bankrupt COE had embodied, the COE workers felt themselves to be powerless, even though they had seemed to be well-organized in their

workplace. The situation with the Hui inhabitants, however, was different; they expressed their anger to us and their opposition to a forced move.

Under the supervision of the municipal government, the NKCJO pulled down Shuncheng's central zone in no more than two years without trouble. The COE and its workers were constrained to leave. The issues that this created were raised by the manager of a displaced business in an interview we conducted in April 2003:

Of course, I cannot accept their [KCIC's] offer. It's a robbery! But we don't have the qualifications to bargain ourselves. The compensation is too low.... They [government officials] constantly bully me.... I have no way.

In the eastern and western parts of Shuncheng, where the Hui resided, the story was completely different. Local Hui residents ran a well coordinated campaign against redevelopment on the city government's terms (Zhang, 2010, p. 153). In interviews, many of them said that the neighborhood needed regeneration but that they were unhappy at the terms that were offered to them and were particularly unwilling to move out of the neighborhood.

These Hui residents drew strength from their shared identity (Luo and Andreas, 2016). Support for their campaign of resistance was not limited to Shuncheng but spread to many other Hui communities; for example, they elicited the help of other Hui people in Kunming and in neighboring counties. This solidarity grew into a long-term anti-growth coalition which tried everything to resist what they saw as the exploitation of their property, from petitioning higher authorities to sit-ins at the gates of municipal and provincial offices. When we interviewed an old Hui lady in May 2007, she talked of their resistance:

I came here [to the Shuncheng neighborhood] as a seven-year-old with my parents. My whole family have lived here ever since. We are not going to move anywhere else... I don't fear them [the development agents]... How can they make us move? We [neighbors and relatives] will appeal to the higher authorities for help.

On the face of it, as an ethnic and religious minority in Han-dominated China, the Hui lack political power. But the Shuncheng community was unified, and had long been resistant to people moving into their neighborhood. The government attempted to confront them, but ultimately it was reluctant to antagonize them, fearing disturbances along ethnic lines. In 2003 after nearly two decades of Hui opposition and protest, the KCIC decided to withdraw from the project, indicating that the local authority was also pulling out. Thereafter, the pro-growth coalition was transformed, with a private company called in to manage the urban restructuring project. In the words of an officer of the municipal planning bureau interviewed in September 2014:

I think it was wise to do this [turn over the development to a private company]... Hui people are too stubborn [to move out].

The company in question, Kunming Sailun Real Estate Company, was a wholly owned subsidiary of Shulun Co., based in Guangdong Province, whose head had personal connections with Kunming's municipal and party leadership. Sailun put together an informal coalition with a number of commercial enterprises and social organizations, including a large provincial state-owned enterprise running department stores, two state-owned national department store chains, an IMAX cinema, a Hui middle school, two elementary schools, and a home for elderly Hui people -- in other words, the "urban *danwei*" referred to by Zhu (2016, p. 4).

With the support of some key individuals in the city government, Sailun struck a deal with local residents through negotiation. The company's key tactic was to win over the support of the wealthier Shuncheng homeowners. It agreed to allow local residents to hire an independent property assessment agency to assess the value of their houses, and then paid the compensation according to this price. While this clearly benefitted property owners, it did little for the tenants. Sailun therefore built a replacement neighborhood, Jinshun residential district, some 3.5 kilometers away in the city's southern suburbs. As a result of these arrangements, the majority of Hui residents were displaced to a district far from their original homes in an as-yet under-developed suburban area. Only about 30% of the residents, all of them more affluent and likely to be home owners, were able, as a result of the deal struck with Sailun, to remain in situ, occupying apartments and businesses in the newly constructed and far more expensive buildings that had replaced their old dwellings.

By 2006, the municipality and Sailun had got what they had wanted, a new CBD and huge profits. For the local Hui minority, displacement of the poor was the inevitable result, but wealthier members of the community were able to stay in Shuncheng and live in the same geographical space, albeit one that had been totally rebuilt. Today Shuncheng looks like just about any other new city-center urban development in China, except for the presence of a couple of mosques, some Islamic architectural features such as pointed windows on ground floor walls, and a few traditional-style shop fronts.

In Shuncheng, a city center restructuring project, the same formal urban coalition initiated the project as carried out the New Kunming City mega project. But sustained opposition from local residents persuaded government officials that they did not wish to be involved in a sensitive project involving an ethnic minority. They handed over control to the private sector, allowing a private company to reach a deal with protestors, but one that involved 'buying off' the wealthier local residents at the expense of others. The result was the same, and government will profit in various ways including increased tax revenue; nevertheless, it was able to pass the project risk -- and the direct financial reward -- to a private company, albeit one with close links to government officials. We conceptualize this as shift from a formal urban coalition to an informal one.

### **Conclusion: Kunming's central and peripheral projects of urban aggrandizement**

Urban growth coalitions are built on the central tenet that urban growth is in itself a desirable goal and that it is achieved through capital accumulation by means of speculation on exchange value. As we have seen, the New Kunming City project is a case in point. After a land grab of enormous proportions, the project authorities were able to exploit the significant discrepancy between the price paid to farmers based on outdated land valuations and the amount in mortgage they could borrow from banks based on current prices. Urban growth coalitions do not, however, always successfully deliver. Chenggong District, in the core of New Kunming City, remained largely empty of inhabitants in 2016, a reminder of the risks that these projects entail. In Shuncheng, the coalition faltered as a result of the authorities' fear of fomenting ethnic and religious resentment. They therefore eventually struck a deal that enabled sufficient numbers of more influential Hui Muslims to remain in the city center in new apartments.

We return now to the objectives of this research. We have shown how the local party-state has prosecuted its plans for urban aggrandizement by forming growth coalitions to undertake urban restructuring and city-building projects. These projects are managed and undertaken by state organizations, some of them tailor-made for the project, as here the NKCJO, which formed a wholly owned company, the KCIC, to raise the funds and execute the financial aspect of the project. This is a fairly conventional arrangement for the undertaking of projects of this nature and size, and forms the backbone of urban growth coalitions throughout China (Jiang *et al.*, 2016; Hsing, 2010; Qian,

2007; Zhang, 2002).

Secondly, the unexpected fragility of the urban growth coalition has been revealed. Thus, the array of forces that was able successfully to dispossess and to build on the city outskirts -- but not to fill the buildings and give life to the new urban landscape -- was stymied by resistance from local Hui residents. The reaction of project leaders was to switch development mode away from the formal coalition and to bring in a private company, albeit one with close connections to party leaders, to broker the deals that the conventional machines of urban restructuring were hesitant to do for fear of stoking ethnic-based resentment.

Thirdly, as the point above vividly shows, there are some significant areas of difference between how urban development projects unfold in inland China compared with the east of the country, even allowing for the variance that exists between the big eastern cities. In Kunming there were two outstanding features. One, as we have seen, was the role of ethnic politics as a vehicle for resistance to urban restructuring. Another was the centrality of state-owned enterprises to the smooth functioning of urban restructuring processes. With much of Kunming industry still in state hands, it is hardly surprising that the coalition leaders were able to count on the cooperation of state-owned enterprises in obediently leasing their land and moving their head offices to Chenggong District. Institutions such as universities were easily coerced into following suite. In Shuncheng, the informal coalition engineered by Sailun was underpinned by state-owned banks, department stores and other state work units.

By examining these two case studies together, this paper has painted a composite picture of urban growth in inland China. In particular, it has shown how the well-oiled urban expansion and restructuring coalition was able to function on the edge of the city by expropriating land from ethnic Han farmers for little compensation, while in the city centre resistance from a well established Hui population disrupted the work of the formal coalition to the point where outside forces had to be called in. We have seen these two cases as part of one process of outward and upward expansion, a process we have characterized as urban aggrandizement to reflect the overweening ambition and scale of these transformative projects.

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<sup>1</sup> Material in this section is drawn from interviews with officials of the NKCJO and KCIC (see below), the municipal planning bureau, a local bank, and displaced farmers, conducted between 2003 and 2008, with additional interviews in 2014. Quotations, especially those translated from local dialect, have been expanded where necessary to provide context and thus make sense of these comments, reflecting the nuances and innuendo of the points our interlocutors were making.

<sup>2</sup> Material on the restructuring of Shuncheng was obtained from interviews with residents, members of the Shuncheng residents committee, the manager of a displaced enterprise, the manager of a planning and design company as well as NKCJO and KCIC officials. The interviews were held between 2005 and 2008, and again in 2011 and 2014.