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Article Urban Studies

From entrepreneurial to managerial statecraft: New trends of urban governance transformation in post-pandemic China



Urban Studies

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Abstract

The global financial crisis started a new context of late capitalism and austerity urbanism. Instead of a unidirectional governance transformation towards entrepreneurialism, rising finance and financialisation, pervasive state roles in state capitalism and post-growth municipal radicalism are competing trends. Previously, China witnessed private entrepreneurship, economic devolution, and housing commodification at the turn of the millennium. They have been portrayed as urban or state entrepreneurialism. These governance features were transformed as China entered Xi

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Jinping's new era. This paper revisits the transformations in post-pandemic China and finds that rising state capital, re-centralisation of spatial governance and party-state co-governance represent the shift from entrepreneurial to managerial statecraft. The new trends broadly echo changing capital—state—society relationships in the world today. Beyond market rationality, the state mobilises capital and society to pursue strategic intentionality. The transformation has been exacerbated by pandemic urgency, post-pandemic economic downturn and greater geopolitical tension.

Keywords

China, entrepreneurialism, state capitalism, statecraft, urban governance

摘要

全球金融危机开启了晚期资本主义和紧缩城市化的新背景。政府治理不再单向朝着创业精神、金融崛起和金融化转型,国家资本主义中普遍存在的国家角色和后增长时期的激进地方自治主义构成相互竞争的趋势。此前,中国在世纪之交经历了私营企业蓬勃发展、经济权力下放和住房商品化。他们被描绘成城市或国家创业精神。随着中国进入习近平领导的新时代,这些治理特征发生了转变。本文重新审视了后疫情时代的中国变革,发现国有资本的增加、空间治理的重新集中以及党国共治代表着从从企业家型治理向管理型治理的转变。这些新趋势与当今世界资本、国家、社会关系的变化有着广泛的呼应。除了市场理性之外,国家还动员资本和社会追求战略意向性。疫情的紧迫性、疫情后的经济衰退以及地缘政治紧张局势的加剧加剧了这种转变。

关键词

中国、创业精神、国家资本主义、治国方略、城市治理

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Introduction

Market-oriented reform in China has shaken three pillars of socialist urban governance: party-state, household registration, and state 'work units' acting as the organisations of social reproduction (Wu, 2002). At the turn of the millennium, emerging private entrepreneurship, economic devolution and housing commodification were identified as three trends of Deng Xiaoping's post-reform regime. These transformations echo neoliberalism at the time in the world. Indeed, the 'reforms just happened to coincide – and it is very hard to consider as anything other than a conjunctural accident of world-historical significance – with the turn to neoliberal solutions in Britain and the United States' (Harvey, 2005: 120). Market logic has

transformed the state, broadly characterised as urban entrepreneurialism or its varieties – state entrepreneurialism (He, 2024; Phelps and Miao, 2020; Wu and Zhang, 2025). However, it is questionable whether new urban governance is a variety of neoliberalism or the 'territorialisation' of state, market and society relations (Robinson et al., 2022).

This question deserves serious attention as the world came into another conjunction in 2008 – the global financial crisis (GFC). It has since entered the so-called late capitalism moment when state capitalism arises with fiscal austerity (Peck, 2012). As Peck (2014: 400) suggests, 'post-2008 austerity measures are being imposed onto already-rationalised public services and onto already-lean urban

governments'. But instead of unidirectional transformation, austerity urbanism presented competing trends such as the rising dominance of finance and financialised governance (Peck and Whiteside, 2016), the reappearance of state capitalism (Alami and Dixon, 2023), and post-growth social insurgence and municipal radicalism (Roth et al., 2023). These trends reveal the changing relationships between state, capital, territory and society. In short, it seems to become questionable whether public-sector entrepreneurialism can survive.

In a similar vein, the GFC transformed China. This paper follows the framework of capital, state, and society relationships to detect major trends in the transformation of post-GFC urban governance. The approach adopted in this paper goes beyond the overarching hypothesis of neoliberalism that emphasises increasing capital dominance (Harvey, 2005). We ask what the new trends of urban governance transformation in China are. This question is interrogated in the same timeline because soon after the GFC, China entered the new era of Xi Jinping. The pandemic exacerbated the 'new normal' of slow growth, and post-pandemic geopolitical tension made the direction of change much more apparent.

We proceed with an overview of urban governance transformations worldwide, after which we present a framework for China's changing state—capital, state—territory, and state—society relationships. Three sections provide further diagnosis and evidence for each trend in the changing relationship: rising state capital and financialised statecraft, recentralisation of territorial governance and party-state social co-governance. These three more empirically oriented sections examine cases developed through more extensive indepth fieldwork. We conclude with a brief comparison of China's new trends with global urban transformations.

Urban governance transformations: The variety debate

In the aftermath of the GFC, Western economies implemented significant budget cuts in public finance and reduced service delivery (Peck, 2012, 2014). State austerity measures and the accelerating privatisation of services, housing and infrastructure have weakened the state's financial control. Austerity facilitates financial overreach (Peck, 2014). This approach differs from urban entrepreneurialism, which emphasises the construction of a market-centric ideology through public–private partnerships (Harvey, 1989).

There have been competing trends of urban governance departing from urban entrepreneurialism since the GFC. This paper reviews the literature explicitly using the state, market, and society relations framework. First, regarding the state-capital relationship, urban governance experiences financialisation towards financialised gov-(Peck and Whiteside, ernance Austerity programmes led to financial expansion and compelled local states to embrace financial logic (Beswick and Penny, 2018; Peck, 2014). The aggressive and predatory financial sector has replaced the entrepreneurial public sector in urban governance. Public finance is subject to a dominant capital market. Technocratic forms management of financial bondholder-value disciplines over resources and assets have been deepening and spreading (Peck and Whiteside, 2016), particularly in land, infrastructure and housing. The state adopts financial instruments as statecraft for crisis management (Pike et al., 2019). External investors and the financial sector take control. Financial actors, including investors, asset managers, digital platform owners and transnational landlords, package portfolios new and

speculative strategies to extract revenues from the built environment.

Second, in terms of the state-territorial relationship, there is a trend towards a more state-centred approach to governance, known as new state capitalism (Alami and Dixon, 2023). In response to the GFC, some US municipalities adopted 'pragmatic municipalism' to deliver public goods (Aldag et al., 2019). Closely tied to territorial politics, the state plays diverse roles as enablers and promoters (Beswick and Penny, 2018; Hasenberger, 2024). Summarising these roles as a rising 'new state capitalism', Alami and Dixon (2023) portray the state as a 'promoter, supervisor and owner of capital'. State agencies proactively reshape political and institutional forms of capital and financial markets through sovereign wealth funds, state-owned enterprises, national development banks and government venture capital funds (Su and Lim, 2024). The state's role in urban governance represents new public management – introducing market operation into public management and statecraft as an art of governance and state survival (Lauermann, 2018; Pike et al., 2019). The state responds to challenges imposed by capitalism, societal needs and the political rationales underpinning urban governance. New state capitalism and geopolitical relations are intertwined.

Third, in terms of the *state–society* relationship, everyday urbanism challenges the state–capital nexus and develops more radical municipalism. Market-friendly civil society has evolved into contested politics with concrete, radical democratic, and systematic responses to the crises in late capitalism (Roth et al., 2023; Russell, 2019; Thompson, 2023). There have been increasing interventionist roles of autonomous municipalities that pursue 'multiple political logics in parallel with growth, in ways that are not only speculative in an economic sense but more broadly experimental' (Lauermann, 2018:

212). This shift manifests as a societal movement towards 'municipal radicalism', which challenges an external capital logic and topdown narratives through a collaborative relationship among local government, civic organisations and the non-profit industrial complex (Thompson, 2023). It transcends state-centred governance by demanding greater local autonomy through grassroots cooperative movements (Roth et al., 2023). In the Global South, urban politics often diverge from the formal structure of middleclass civil society. Social agencies of everyday life in the post-colonial present political dimensions of governance that cannot be neatly categorised within neoliberal capitalism hegemony (Robinson et al., 2022). Various social groups mobilise through their everyday interactions with the urban environment and their political struggles for the right to the city.

Observing these trends – financialised governance, state capitalism and post-growth social movements - raises a question of whether we continue to see a variety of urban entrepreneurialism. At the core of this is the question of entrepreneurialism itself, as a reorientation of state-market relationship, entrepreneurialism versus 'new managerialism' (Jonas, 2020). Thinking of statecraft as an art of the state staying in power (Pike, 2023) and territorial logic interwoven with capitalist logic (Wu et al., 2024), we argue that the state acts more than a private sector partner. It has intentionality beyond the market, treats it as a tool and ultimately upholds state power centrality (Wu, 2018). He (2020) expands the notion of entrepreneurialism in three aspects: financialisation as a state financing innovation (see also Wu, 2023), entrepreneurial state across scales (see also He et al., 2018; Sun et al., 2024), and entrepreneurial governance beyond the state (see also, Teo, 2023 for social agencies, and Robinson et al., 2024 for a dialogue between postcolonial society, state entrepreneurialism,

Relationships	Worldwide	China	
		Political economies	Urban governance
State-capital	Austerity and financialisation	State capital and financialised statecraft	Urban development and investment corporations (UDICs) Urban venturism
State-territory	State capitalism	Recentralisation of spatial governance	City-regions and nationally guided city planning
State-society	Municipal radicalism	Party-state social co-governance	Participatory neighbourhood governance

Table 1. An analytical framework of urban governance transformation.

and post-politics). Sun et al. (2024) interpret entrepreneurialism as social and public innovation, not necessarily 'pro-market' and competitive-minded. In this way, it is imperative to interrogate 'entrepreneurialism' more analytically — with extra-market interests, it evolves into new managerialism as a form of statecraft (He, 2024; Lauermann, 2018).

The framework of changing statecapital, state-territory and statesociety relationships in China

Following the previous section on rethinking 'entrepreneurialism' as governance innovation, we explicitly examine three pairs of relations. Since China's market reform, the state's role has not simply been reduced but is constantly restructuring and strengthening economic and social governance. upscaling of governance in city regionalism, financialised statecraft in urban development and state-led neighbourhood cogovernance have reasserted the state's prominent role (Wu and Zhang, 2022). Intrastate relations and state-capital interactions are co-evolving, adapting to risks and crises related to accumulation and territorial politics. Concurrently, the state-society relationship has seen the emergence of participatory forms and new modalities of power

dynamics. The party-state's proactive reembeddedness into grassroots neighbourhoods encounters diverse social agencies, generating new tensions. Specifically, the analytical framework is developed through threefold relationships (Table 1).

First, the state-capital relationship evolves towards rising state capital and financialised statecraft. Land finance has been a key driver of Chinese urbanisation over the past two decades. With a monopoly on land ownership, the state maintains control over land development. It generates revenues, in addition to local tax income, through land transfer fees, commonly called (Su and Tao, finance' Consequently, local governments proactively facilitate, promote, and direct marketoriented entrepreneurial activities (Su and Tao, 2017; Wu, 2018).

After 2008, urban development shifted from land finance – making profits through the land market – to land financialisation – using land as a financial asset to generate capital for urban development projects. Land financialisation often takes a financial approach to leverage capital with debts (e.g. the bonds we explain later). Land financialisation has strengthened the state's role significantly. Local governments operate through the market using state-owned urban development and investment corporations

(UDICs, known as *chengtou* in Chinese) as vehicles for capital mobilisation (Feng et al., 2023). UDICs have executed large-scale urban development projects, including new towns in suburbs, industrial zones, transportation infrastructure and green initiatives (Li and Chiu, 2018). In these (re)development endeavours, state objectives encompass economic and non-economic agendas, such as enhancing environmental quality and strategic competitiveness, and fostering social cohesion (Li and Zhong, 2021; Li, 2023; Zhang et al., 2022). The state has effectively mobilised capital to pursue its strategic goals.

Land-backed financialisation is crisisladen. Government debts have exacerbated financial risks (Feng et al., 2022; Li et al., 2024). Urban land sales have recently declined tremendously. The state has been exploring new financial channels and asset pools detached from land (Su and Lim, 2024). With multi-scalar state and transterritorial partnerships in financialisation, the state—capital relationship co-evolves with intra-state interaction and tensions (Feng et al., 2023).

Second, regarding the *state-territory* relationship, since the economic reform in 1978, Chinese spatial governance has seen economic devolution, with the increasing roles of both local and central governments (Wu, 2002). With local fiscal autonomy, local cadres are motivated to drive urban growth to advance their careers. They develop partnerships across administrative territories and innovative finance models through state rescaling (He et al., 2018).

In post-reform China, local governments gained greater autonomy in directing economic and urban development, different from the central state domination over resource allocation in state socialist times. Economic agglomeration dynamics and production networks strengthened inter-city connections and promoted bottom-up city regionalism (Li and

Wu, 2018). These processes created subnational governance spaces intersecting with fragmented administrative territories. However, intense inter-city economic competition also led to local protectionism, disjointed infrastructure networks, and social–ecological challenges (Li et al., 2025).

The recent decade has seen a notable trend towards recentralisation by the central government and a strengthening of topdown regulations on spatial governance. The trend of recentralisation is achieved through administrative and institutional reforms, such as establishing leading groups, the national territorial spatial planning system and the 'top-level design' of subnational spaces (Lim, 2019). The central state has upscaled governance from individual cities to city regions to enhance coordinated development and address geopolitical tensions (Li et al., 2025). This shift underscores a recentralising intrastate relationship and the central state's heightened control over spatial territories. City regions become new state spaces for implementing national strategies, including indigenous innovation, national security and environmental governance (Anguelov et al., 2023; Wang et al., 2023).

Third, the state-society relationship has shifted by the state co-governance agenda to strengthen grassroots governance capacity. Social groups emerged in post-reform China (Logan, 2018). The transition from state work-unit housing and the housing markets shifted responsibility for service provision to local governments and property market companies. Different types of urban neighbourhoods emerged, ranging from pre-1949 private housing neighbourhoods, work-unit compounds, ex-municipal housing estates and newly constructed commodity estates to informal settlements and urban villages (Wang and Clarke, 2021; Wu, 2022). Accompanying this transition, homeowners' associations (HoAs) emerged as new governance entities in middle-class enclosed estates

(He, 2013, 2015), showing signs of property-based self-governance (Cai and He, 2022; Lu et al., 2020). Migrant workers in urban villages developed trans-local networks and self-coordinated services (Liu et al., 2015) despite exclusion from formal decision-making processes (Logan, 2018). Their social agencies are associated with informality.

State—society interaction at the grassroots reveals a nuanced dynamic beyond state authoritarianism. Significant local autonomy and diversity exist. Increasingly active social agencies are formed in China but have not evolved into a self-governed society that can be labelled civil society (Wu, 2022).

Participatory governance is experimented with in urban neighbourhoods. The state has developed new governance structures to address the growing and diverse social interests. The government funds various neighbourhood governance experiments and pilot programmes to mobilise social participation (Mai et al., 2023; Wang et al., 2024a). The experiments respond to existing neighbourhood issues regarding service provision and social satisfaction. Governance approaches have become more adaptable, involving various social organisations, including citizen planners, social enterprises, community activists, NGOs and universities, to manage potential conflicts between state and society. The state exercises its influence and integrates itself into everyday life by revitalising residents' committees and establishing grassroots Party branches at the grassroots.

In summary, this section examined three relationships – state–capital, state–territory, and state–market. These relationships do not exist in isolation. Financialised statecraft for urban development is implemented by state-owned enterprises (SOEs) belonging to the central and local governments, whose interactions have intertwined intra-state and state-capital dynamics. Recentralisation and upscaled territorial governance are practically embedded in the crises of land finance

and the emergence of state-centric financial approaches. State-funded social cogovernance and micro-regeneration programmes are implemented through social mobilisation. But, at the same time, they are exposed to profit-making imperatives, constrained by state financial capacity, and prone to external market shocks.

The statecraft of financialised governance

Post-reform China has seen land-driven urbanisation. Local governments sell land to developers to earn land sales income. This income allows them to borrow money using land as collateral and attract external investors. The form of entrepreneurialism – local governments behave like entrepreneurs – is well understood. Land finance makes profits through land markets.

Now, land borrowing is forbidden because of the concern for financial risks. China has seen intensified geopolitical tensions, an economic downturn and declining land profit and foreign investment. Land finance entrepreneurialism has been transformed by statecraft. The statecraft thus undertakes dual functions: managing financial risks and mobilising capital through state credit. Local governments face severe funding challenges for urban development, public services provisioning and strategic goals. The new financial methods increasingly rely on state power, state ownership and state capital (Figure 1).

State ownership: Urban development and investment corporations and central SOEs

State capital in urban development is a key feature. Nationwide, there are 3731 UDICs, which means every prefecture has more than 11 companies on average. Their interest-bearing liabilities were 50.2 trillion yuan in 2022, amounting to 41.8% of national GDP

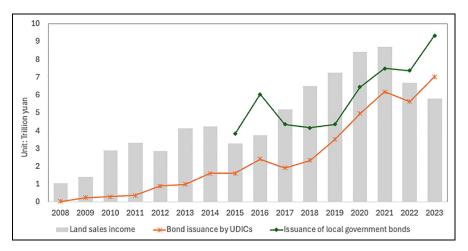


Figure 1. The decline of land sales income and the growth of local government bonds and UDICs' bonds (2008–2023).

Source: Data collated from the Ministry of Finance, Wind dataset and CELMA.

in the same year. UDICs used state-owned land as collateral to raise funds for local governments, causing the issue of local implicit debt.

To ensure their financial viability, local regroup governments valuable local resources to support their corporations in exploring diversified financial products. For example, in Jiaxing City, Jiaxing City Investment and Development Corporation (Jiaxing Chengtou Group for short) was established by the Jiaxing government through consolidating multiple local state-owned enterprises (Feng et al., 2022). The group comprised 41 subsidiaries in various fields, including land development, natural gas supply, real estate, tourism and hospitality. In 2021, the gas sector received an income of 3.39 billion yuan, accounting for 64% of total revenue. The stable cash flow from the gas sector makes the group popular in the financial market (interview with a manager, Jiaxing, September 2019). It explored various financial products, such as enterprise bonds, Super and Short-term Commercial Paper, Middle Term Note and

overseas corporate bonds. Recently, it has favoured private placement bonds. In 2023, 30% of outstanding corporate bonds were private in China. The prosperity of private bonds issued by UDICs demonstrates the local desire for funds and the confidence of the financial market in them. While these corporations take a market form, their operation is still associated with state power.

Another trend is the greater involvement of the central government SOEs in local urban development. This is achieved through a shareholding partnership. Central SOEs are involved in urban development as financial partners. Local governments find it difficult to seek funding because of tightening central regulations and declining land profits in an economic downturn. A typical solution is cooperating with central SOEs because these corporations have a strong financial capacity. In addition, some cities actively pursue an investment state and set up venture capital to fund new industries such as new energy vehicles and digital technologies. They may partner with central SOEs to invest in large corporations. For example,

Wuhan cooperated with five central SOEs to develop Changjiang New Area. The plan for this new area was approved in 2020. However, its construction was suspended due to the COVID-19 pandemic. Although construction resumed after the pandemic, it faces significant financial challenges because local financial capacity is weaker after the pandemic. The municipal government set up a special development corporation, Wuhan Changjiang New Area Construction and Investment Group (Changjiang Group), to develop the land there. Yet, its financial capacity is limited due to its small size. Consequently, the Wuhan government turned to central SOEs. Central SOEs do not subsidise local development. They aim to make a profit (interview with a government official, Wuhan, November 2023). Central SOEs can ensure earnings from the new development model while the city must shoulder the final liabilities.

State capital: Local government bonds and long-term state bonds

Financing urban infrastructure is increasingly impossible to achieve through profit-making land development. Two new financing methods - local government and long-term state bonds – have been introduced, representing state power differently. The central state has regulated local government borrowing to deal with the issue of local government debt since 2014. The most significant solution is to convert implicit debt into explicit debt by introducing Local Government Bonds (LGBs) (Li et al., 2024). Local governments must issue and repay bonds through the upper government (provincial and the Ministry of Finance) rather than through unmonitored channels. As LGBs are managed by a topdown quota approval system, the state demonstrates its substantial interference.

Local governments use bond issuance for various development objectives. For example,

Dali, a fourth-tier city in Yunnan Province, issued a special bond to accomplish an environmental task assigned by upper-level governments. In 2018, the central environmental protection inspection team visited Yunnan Province and found that Erhai Lake was not protected as expected according to the requirement raised by President Xi Jinping's visit. The provincial government required Dali to take immediate action to protect the lake. Dali issued a 10-year special bond of 3 billion yuan in 2019 to support environmental projects, including building waste treatment facilities, sewage treatment facilities, water plants and wetlands. It planned to use land sales income in relevant land parcels to repay the bond. The provincial government approved the special bond in Dali to support the strategic objective of lake protection. When issuing the bond, Dali estimated an income of 3.11 billion yuan from land sales from 2020 to 2023 to repay the bond. However, no income was received to repay the bond until 2023, making its repayment uncertain. This issue becomes more severe due to declining land sales nationwide. LGBs provide a financial conduit for local governments to pursue strategic goals and overcome local debt issues, as local governments suffer from financial distress in post-pandemic China.

The latest strategy is to issue ultra-long-term special state bonds to deal with this challenge. The first batch of one trillion yuan state bonds with a term time of 30 years was successfully issued in May 2024. The central government hopes to use the bonds to alleviate local financial burdens and lay the foundation for high-quality development. The trend of the state—capital relationship reflects a closer symbiosis between state and capital, and that capital is not external to the state. The rising state capital in urban development led to a financialised statecraft, similar to advanced market economies in late capitalism.

The statecraft of recentralised spatial governance

Spatial governance in post-reform China prioritised subnational space (cities, metropolitan areas, mega-regions) and incorporated non-state actors in capital accumulation and social reproduction. Driven by the entrepreneurial endeavours of local states and economic agglomeration, city regions were formed with bottom-up approaches (Li and Wu, 2018; Jonas, 2020; Yeh and Chen, 2020; Zhang et al., 2023). However, the new trend reverses economic devolution through the enhanced role of the nation-state in spatial governance. The state has reasserted its topdown control and regulations on subnational spaces through institutional restructuring, recentralising land administration and regional planning initiatives for national development objectives. The ongoing trend towards 'top-level design' signifies new features and trends of regional governance on the ground, manifested by the reshaped intergovernmental relationships and greater control over markets (Lim, 2019).

Direct central government intervention

Over the last decade, the central government has strengthened its direct and comprehensive interventions at the regional scale. It has created a new wave of city regionalism at various scales, from metropolitan regions to mega regionalism. Under Xi's Regime, several institutional reconfigurations reasserted 'coordinated regional development' as a national strategy. In 2018, the Ministry of Natural Resources was established to integrate spatial planning functions. Within the State Council, the function of spatial planrelocated. The ning was National Development and Reform Commission (NDRC) has become the primary initiator of regional strategic plans. Since the 18th National Congress of the Chinese

Communist Party (CCP), the Political Bureau of the Central Committee initiated several coordinated regional development strategies, including the Beijing-Tianjin-Hebei Region, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area. The State Council established specific leading groups to implement these regional strategies. Special offices were set up under NDRC. In 2023, these leading groups and offices were consolidated into a Leading Group of Regional Coordinated Development, which functions as a central government agency in charge of top-level design and overseeing the implementation of regional development (Wang et al., 2024b). The reform has reduced interministerial conflicts and further institutionalised regional strategies.

Regional strategic planning

The central government employs regional strategic planning for geoeconomic and geopolitical agendas that align with the changing external development context and this reshaped inter-governmental relationships. This new change shows the internationalisation and domestic management of Chinese state territory for multiple purposes (Jonas, 2020). These state-led regional development plans are implemented for multiple national and regional agendas, such as societal and environmental sustainability, supply chain security and technological innovation beyond economic development (Li et al., 2025; Wang et al., 2023).

The state's extra-economic intentionality focuses on intraregional and interregional coordinated development as one of the priorities in retaining the legitimacy of the CCP. The geographical coverage of new regional plans has been further enlarged. The Yangtze River Delta (YRD) Plan considers Anhui province a less developed region. Greater Bay Area (GBA) includes the special administrative regions of Hong Kong

and Macao, which are two political systems within one country.

The Coordinated Development Plan of Beijing-Tianjin-Hebei is the first regional initiative upscaled to a national strategy under Xi's regime in 2014. The region is primarily designed to address Beijing's population overconcentration. Increasingly severe air pollution since 2012 has raised public concerns about 'urban disease'. In the plan, the role of Beijing is stressed as the national capital. All functions unrelated to this role, classified as 'non-capital functions', must be dispersed. The central government proposed this new region for ecological consideration. New environmental regulations and policies have been implemented at the ecological regional scale to achieve the mandated target and promote regional collaboration on environmental protection (Wang et al., 2023). Regional infrastructure projects such as cross-boundary subways and high-speed railways have been built to enhance network connectivity. These regional infrastructure projects received political and financial support from the central government. Infrastructure-led regionalism in the Beijing-Tianjin-Hebei region reflects the essential leadership role of the central government and the party.

National New Areas (NNAs) are one of the new region-building practices (Anguelov et al., 2023). The central government has designated 19 NNAs so far. They are national state spaces with strategic agendas at global and national levels to change uneven spatiality, reinforce state control and experiment with new policies and practices (Lim, 2019). Most NNAs were initially proposed by local governments and later endorsed and approved by the central government. Xiong'an is the 19th NNA established by the State Council on 1 April 2017 after Shenzhen and Pudong. The central government decided to develop a greenfield city outside Beijing to relocate non-capital

functions of Beijing and conducted site selection after the issue of the coordinated development plan. Its development has become an unprecedented national priority and has support from the central government.

Inter-city cooperations

Inter-city competition has transformed into greater inter-city cooperation. Recent collaborations between local governments in YRD and GBA have facilitated regional integration. This bottom-up city regionalism emphasises growth coalition politics and functional integration at the city-regional scale (Zhang et al., 2023). The coordinated regional development envisioned by the central government has resulted in new spatial politics and administrative divisions. The central government leads the top-level design, while local governments are responsible for implementation. This division of labour has further strengthened the administrative hierarchy. It also encourages horizontal cooperation and policy innovation at local and regional scales. Now, the party-state imposes stringent restrictions and top-down political mandates. In regional environmental governance, for example, the central government designates and distributes air quality improvement responsibilities and targets to local governments (Wang et al., 2023).

The central government enhanced cadre management and party discipline control to encourage inter-city cooperation. New regional plans represent political mandates. Local governments and other stakeholders are required to participate in region-building. They participate in new governance arrangements under the overall framework of regional coordinated development (Li et al., 2025; Wang et al., 2024b).

In the Beijing city region, various interjurisdictional development zones are proposed to facilitate the relocation of non-capital

functions from Beijing to nearby development zones and promote industrial supply chain integration. The central government designated Xiong'an, and provincial or local govvarious ernments created collaboration development zones for regional integration. For less-developed areas in Tianjin and Hebei, inter-jurisdictional development is a new economic opportunity, increasing their political status and capacity. Beijing enhances its leading role in innovation and expands urban development capacities. The development zones outside Beijing are primarily driven by political requirements to cooperate, not just their comparative advantages.

The statecraft of social cogovernance

How the state negotiates relationships with its people has experienced significant transformations in the past two decades. First, the state continues to supervise society. Through strengthening grassroots state agencies and co-opting social organisations, the state seeks to enhance its infrastructural power and address challenges from the rapidly evolving society (Cai and He, 2022). This has been particularly true since the pandemic, as the economic downturn posed new challenges for local governments, forcing them to turn to non-economic arenas to demonstrate political achievements (Wang et al., 2025).

Despite the lack of Western democratic politics and limited societal self-governance, the development of market society increases the sense of individualism. Chinese people find a way 'actively adapting, strategizing and manipulating the conditions of their lives', although they are 'certainly not in control of their futures' (Logan, 2018: 1376). The rising social agencies begin to challenge the state-centred mode of urban governance. The concept of social governance developed by President Xi Jinping marked a watershed of

urban governance in China. It suggests that the state seeks collaboration with society and incorporates societal agencies into governance, thereby transforming the management of social affairs from state responsibility to responsibilities shared by the state and society.

Under this concept, public policies advocate co-production (gongjian), co-governance (gongzhi), and co-sharing (gongxiang) in managing social affairs. There has been a discursive change from 'community building' and 'social management' in the 2000s to 'social co-governance'. The rationality of this change reflects an understanding that the people should no longer be viewed as the passive recipients of state welfare and policies. Instead, the state expects collaborative citizens who share responsibilities with the state. All people should fulfil their responsibilities and share the benefits in the community under social governance.

Encouraging social mobilisation and participation

Co-governance has recently become a new buzzword. In public policies, it highlights the role of people in urban governance. The policy objective is to build the People's City and new community governance experiments aim to mobilise people and encourage their participation. Two experiments in Beijing and Shanghai shown here are among many of these community experiments. Both are state-funded projects aiming to develop a participatory community planning model. They involve the Street Office government, social organisations, planners and residents. NGOs or professionals outside the communities organised a series of capacity-building workshops and tried to attract residents' interest in community activities.

In Qinghe, Beijing, starting in 2014, a new grassroots institution – the Deliberative Council – was established. Its experiment has become institutionalised. The council

consists of resident representatives elected by all households in the community and these dedicated residents are all concerned about community issues. They were asked to identify community problems and propose potential solutions.

In Dongming, Shanghai, starting in 2020, a local social organisation entrusted by the Street Office organised various community activities to attract residents. The activities centred around parent-child events, community markets and career development programmes. The activities are not confined to community physical renewal. These activities attracted community involvement, cultivated trust and rapport and fostered friendship between participants and members of the social organisation. While organising activities to attract residents is not new, the project was led by a social organisation composed of residents rather than residents' committees.

These social networks are formed to encourage participation by appealing to residents' everyday interests or concerns. While some of these interests are community-oriented, such as calls for elderly services, others are related to personal development or family issues, such as community entrepreneurship, career advancement or child-friendly initiatives (interview with residents, May 2023).

Social mobilisation has been achieved through capacity-building workshops, which aim to transform residents into community-based practitioners, such as citizen planners and community volunteers. A key theme of capacity-building is empowerment. It transfers design skills to residents and connects relevant resources to participants. They are encouraged to propose their ideas for community betterment. They are further supported in drafting their implementation plans, either collaboratively with other

participants, as in Dongming or with the assistance of experts, as in Qinghe.

Fostering collectivism mentality

Co-governance is not private governance. In contrast to a historically specific narrative of governmentality, co-governance fosters collectivist mentalities. It reverses self-interests based on property ownership created by housing commodification. It explicitly treats the residential community as a public realm where the state presents itself. This new social mentality differs from the ideology of individualism or neoliberalism (Mai et al., 2023).

The state aims to empower residents based on communal spirit, such as commuresponsibility and embeddedness. Participation is not for personal gains but communal interests (interview, May 2023). However, residents had mixed motivations. Through participation, the participants internalised the state's strategic goal, transforming 'liveable communities' into an objective shared by the state and citizen planners. The goal of community responsibility was intentionally for citizen planners to reframe it so that their initiatives would be incorporated into the community development agenda.

Tensions emerged at the regeneration between residents with varying demands and citizen planners, appeared to represent the community interests, at least partly. The process of neighbourhood design Oinghe challenging. The design project was led by planning experts and participated in by a small group of residents. Most residents remained indifferent to the project. The wider community did not 'buy in'. While the government strives to develop a community spirit after regeneration, not all residents recognise and embrace its attempt. There are inherent tensions in

collaborative governance projects (Wang et al., 2024a). In Dongming, planners approached residents to garner their support for the regeneration projects (interview, May 2023). Not all plans received full support from residents, with a few even facing strong opposition.

The new statecraft hopes to cultivate social agencies rather than repress social participation. The agenda of co-governance recognises the role of social actors and promotes soft strategies to encourage their agencies. It works through attracting attention, developing skills, mobilising actors and instilling a sense of the community to organise participatory planning to achieve the state's strategic goals, such as building a 'People's City'. During this process, some social actors influenced setting the agenda for community development, representing a partial transfer of power from the state. However, the actual intentions of cogovernance are not power sharing, as key decisions regarding project funding and implementation remain with the state. Instead, collaborative governance arrangecontribute to process a responsibility-sharing and risk-shifting, enabling the state to deliver innovative governance programmes while changing social tensions into a professional management issue, albeit not always successfully.

Conclusion

Along the global trend of governance transformation away from urban entrepreneurialism, we rethink the nature of China's urban governance. This paper critically examined the new trends from the perspective of state-capital-society interplay and state entrepreneurialism (Wu, 2018). The paper demonstrates the dynamic relationship between state intentions and entrepreneurial practices, moving beyond predefined categories like neoliberal capitalism or

urban entrepreneurialism (Robinson et al., 2022). We argue that entrepreneurialism is a too restrictive term for extra-economic rationality and diverse toolkits deployed by a more visible state in governance. The new trends of transformation in financing urban development, spatial governance and social governance all indicate statecraft beyond market logic (Lauermann, 2018); they reveal characteristics beyond the variety of entrepreneurial and financial ethos (Pike, 2023). The managerial statecraft shows some features of welfare state managerialism beyond local entrepreneurial governance, but at the same time, similar to entrepreneurialism, it is a highly versatile and adaptive form of statecraft, as shown in this paper, with the state-capital approach to financialisation, multiscalar state spatial governance and state-society co-production.

The recent trend reveals that state intentions encompass state legitimacy and societal stability (Wu and Zhang, 2025). This requires an understanding of territorial logic. In the communist revolution period, land reform was used to mobilise peasants, while in the post-1979 reform period, partial land commodification - urbanisation of land without people – and financialisation were essentially a tactic to foster urbanisation and mobilising capital (Lim, 2023; Wu, 2018, 2023). The new features of mobilising state capital and state-owned enterprises, more centralised and top-down regulation and social co-governance replaced earlier land markets, local entrepreneurial governance, and 'private' governance based on homeownership. The outcome is a more state-centred governance.

First, state actors from different levels have invented and deployed new financial techniques to fund urban development. The methods are moving beyond conventional land finance and resonate with 'state venturism' in that the state makes 'an increase in capital investments in itself' (Su and Lim,

2024: 19). Financial products, intermediaries, and partnerships have been integrated within state structures. This evolving financialised statecraft does not imply a shift towards dominance of global finance and external capital logic (Wu et al., 2024). Like state capitalism, it is internal. The evolving financial techniques may change power dynamics within the state and reshape state intentions. The introduction of LGBs strengthens central control over local financial activities. The involvement of central SOEs in urban development shows the coexistence of profit-seeking SOEs and local strategic planning.

Second, the state, especially the central state, has demonstrated strategic intentions prioritising territorial politics over capitaldriven objectives. The implementation of 'top-level design' in subnational spaces, including new city-region plans and NNAs, primarily serves national strategies driven by geopolitical considerations. The central government has strengthened its control over spatial planning systems and top-down regulations across regions and municipalities. These efforts are needed for the 'dual circulations' - domestic and international circulations – in post-pandemic China to secure supply chains and enlarge domestic markets. Local governments must align with central directives and deploy strategic plans. This restructuring of the state-territory relationship involves institutional reforms.

Third, state-initiated social governance replaced the old 'social management' model by proactively mobilising community participation and funding co-governance experiments. While the state employed entrepreneurialism as a primary and effective tool with flexibility and pragmatism (Sun et al., 2024), it now stresses its overall rationality beyond entrepreneurialism. In social governance, the state strategically promotes the People's City to foster social

participation at the grassroots. A broader array of innovative policy toolkits has extended beyond entrepreneurial operations, encompassing initiatives such as building grassroots party organisations, supporting community planners and institutionalising participatory activities. The goal is to advance non-economic objectives in the People's City. Emerging co-governance experiments highlight the limits of entrepreneurial approaches. They differ from the trend of capital dominance or the societal changes seen in radical municipalism (Roth et al., 2023; Thompson, 2023). Instead, cogovernance underscores exercising state power through adaptable and innovative approaches to social mobilisation.

The Chinese urban development model, predominantly reliant on land finance, reached its limits in the post-pandemic era. Governance transformations highlight tensions between capitalist and territorial logic (Jonas, 2020; Wu et al., 2024). Understanding future governance trends is incomplete without considering the dialectic relationship between state intentions in statecraft and governance approaches and toolkits. While this paper highlights new trends in contrast to the three pillars in economic governance and managing cities before economic reform (Wu, 2002) and entrepreneurial governance in the early stage of reform, the purpose is not to periodise its urban governance. The party statecraft always occupies the centrality, albeit periodically utilised entrepreneurialism. The visible state role is not an exception during the worldwide trend of re-emerging managerialism under state capitalism (Wijburg and Waldron, 2024). What is significant is China is the periphery rather than the heartland of neoliberalism (Harvey, 2005). The notion of transcalarity – transcalar territorial networks - is generated from African urban settings to reframe urban development politics (Robinson et al., 2025). Similar to a critical

dialogue between post-politics, post-colonial statehood, and state entrepreneurialism (Robinson et al., 2024), this paper engages Chinese experiences with late- and new-state capitalism. With state intentions primarily driven by territorial politics, governance approaches move beyond conventional market-oriented entrepreneurialism as China faces emerging challenges in geopolitics, debt crises and social governance. As Wijburg and Waldron (2024) conclude, 'statism as a driver of global urban development', we situate China's new trend in this proposition and explain the political-economic origin of emerging managerial statecraft.

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Note

 However, the space in this paper does not allow a full report of empirical details. The methodology can be consulted in the respective case study.

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